



OLDMUTUAL

THE SOUTH AFRICAN RETIREMENT
ANNUITY FUND (SARAF)

MAKING RETIREMENT DECISIONS AS EASY AS POSSIBLE



DO GREAT THINGS EVERY DAY

INTRODUCTION

Approaching retirement can be a daunting time because you need to make critical financial decisions that will impact you for the rest of your retired life. One of the most important of these decisions is how best to use your retirement savings to ensure that you get the income that you need.

As a member of SARAF, you have already taken significant steps to secure your life in retirement, however there are important decisions to be made about your plan, considerations to keep in mind and options to choose from.

Different people have different needs and we are committed to being your trusted partner, offering you access to the support and solutions you need to secure the retirement you deserve.

OPTIONS AT RETIREMENT

One of the most important decisions you need to make is how best to invest your retirement savings to ensure that you will get the income you need once you stop working.

Your basic options when you retire from your employer are as follows:

CHOOSE TO RETIRE LATER

There is a myth that once you reach a certain age you are required to retire. This is not true and many people are more than capable to continue their working life. You can postpone your retirement from SARAF and choose to carry on contributing to your retirement savings. This will allow your retirement savings to remain invested and grow while you decide on a more convenient time to retire from the fund.



CHOOSE TO RETIRE NOW

Choosing to retire right away means that you need to understand how to use your retirement savings to secure an income in retirement.

To assist you in making the right choices, the SARAF Management Board has reviewed the various types of annuities available at retirement and identified two annuity options to be made available as part of SARAF's official annuitisation strategy.

As a SARAF member, you can make use of a dedicated Retirement Benefits Counsellor (RBC) who will assist you in explaining the Fund's annuitisation strategy and providing information on the approved annuity options available to you.

The two options available to you are :

The Old Mutual Max Income Guaranteed Bonus Escalation Option and the Old Mutual Max Income Living Annuity

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MAX INCOME GUARANTEED BONUS ESCALATION ANNUITY

This annuity pays you a guaranteed income for the rest of your life. Your income will increase every year with annually declared bonuses - a benefit that cannot be reversed, and that will continue to increase your income over time. This option also gives you the best of both worlds i.e. a reasonable starting income and an increasing future income.

The Guaranteed Bonus Escalation Annuity does not offer a lump sum benefit pay out in the event of your death. You can however cover a second person or choose a minimum guaranteed period (up to 25 years) during which time your beneficiaries will continue to receive income payments of you pass away. These options will reduce the starting amount of income that you will receive.

A Guaranteed Bonus Escalation Annuity may be an option if:

- You want absolute certainty of an income for as long as you live
- You want a reasonable starting income with future increases
- You do not want to risk underperforming investment markets that could influence your income level.

MAX INCOME LIVING ANNUITY

This annuity allows you to decide how much income you would like to earn each year. Your chosen yearly income is converted to a percentage of your retirement savings and is known as your drawdown rate.

Unlike the Guaranteed Bonus Escalation Annuity, there is no guarantee that this income in retirement will continue for the rest of your life - so you will need to think carefully about what percentage of your capital you would like to receive as an income every year. The higher your drawdown rate the higher the risk is of depleting your retirement savings. Any remaining savings will however be paid to your beneficiaries in the event of your death.

A Living Annuity may be an option if:

You want investment freedom and market-based performance.

You are prepared to take the risk of running out of capital due to:

- Drawing too much income over time
- Markets not performing to expectations
- Living longer than expected
- You want to leave the balance of your retirement savings at your death to your beneficiaries

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UNDERSTANDING THE DIFFERENCE BETWEEN THE TWO ANNUITY OPTIONS

The information below provides a guide to the main differences between the annuity options.

MAX INCOME GUARANTEED BONUS ESCALATION ANNUITY

MAX INCOME LIVING ANNUITY

CAN I SELECT THE INITIAL INCOME AMOUNT I GET?

No, based on various factors the Insurer (Old Mutual in this instance) will determine your starting income.

Yes. The Retirement Benefits Counsellor will explain the implications of the different drawdown rates.

CAN I CHOOSE WHERE MY RETIREMENT SAVINGS ARE INVESTED?

No. The investment portfolios which support your annuity have been selected so as to provide an income for life as well as provide for increases to your annuity.

Yes. The Retirement Benefit Counsellor will provide information on the default investment portfolios as approved by the SARAF Management Board.

DO I AUTOMATICALLY RECEIVE AN INCOME INCREASE EVERY YEAR?

While this is not guaranteed, once an increase is given, it is added to your income and is thereafter also guaranteed for life and cannot be removed.

You can decide. But remember that if the amount you choose as an income (drawdown rate) is more than the investment growth, over time, you could run out of money.

CAN I ADJUST THE INCOME I RECEIVE?

No. Your starting income is determined when you buy your annuity. Thereafter your income may increase with annually declared bonuses.

Yes. Once a year, you can adjust how much income you receive as a percentage of the fund value available in your Living Annuity.

AM I PROTECTED AGAINST OUTLIVING MY MONEY?

Yes. You receive a guaranteed income for the rest of your life.

No. The money used to pay your income could run out if the amount you receive is higher than the growth of the underlying investment over a period of time. Increases or decreases in the investment value will also impact the income you receive.

AM I ABLE TO SWITCH TO ANOTHER ANNUITY?

No. Yes.

CAN ANY MONEY THAT IS LEFT IN MY ANNUITY BE PAID TO MY BENEFICIARIES OR ESTATE WHEN I DIE?

No. You may however choose a minimum guaranteed period or a second life to cover. These options will reduce your starting income amount.

Yes. If there are still savings remaining.

AM I ONLY ABLE TO CHOOSE ONE OF THE ANNUITIES?

No. Depending on your needs and the amount of your retirement savings, a combination of the two could suit you best. You can also speak to your financial adviser about other annuity options available.



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A WORD ABOUT ADVICE

Although you have free access to a Retirement Benefits Counsellor who can give you factual information about your annuity options, this is a critical financial decision that may require professional financial advice.

Consulting with a professional financial adviser is highly recommended to make sure you get the right guidance

and advice for your specific financial situation. We strongly encourage you to consult with your financial adviser. If you do not have one, visit www.oldmutual.co.za/financial-advice-and-planning/find-an-adviser or contact 0860 60 60 60



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CONTACT US

Should you need any further help or assistance regarding the annuity options that have been made available, please don't hesitate to get in touch with one of our Retirement Benefits Counsellors on 0860 722 222

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