

OLDMUTUAL



# OLD MUTUAL SUPERFUND SOLUTIONS AT RETIREMENT

## FREQUENTLY ASKED QUESTIONS



**CORPORATE  
RETIREMENT SOLUTIONS**

**DO GREAT THINGS EVERY DAY**

QUESTION	ANSWER
<b>GENERAL</b>	
<b>What is Old Mutual SuperFund Solutions At Retirement?</b>	This is a range of annuity solutions from Old Mutual SuperFund, combined with a service which supports and helps members to make good decisions about the type of annuity to purchase when they retire.
<b>What is an annuity?</b>	An annuity is the regular income you receive during your retirement years. The annuity is provided through products which then pay the regular income.
<b>What are the Old Mutual SuperFund endorsed annuity options at retirement?</b>	The Old Mutual SuperFund Management Board have endorsed two annuity options for Old Mutual SuperFund members. These are the Old Mutual Fund Select Annuity (which is a conventional annuity) and the Old Mutual Max Income Living Annuity. You may of course consult an adviser if you wish to select a different annuity to these.
<b>The annuities in Old Mutual SuperFund Solutions At Retirement are ‘trustee-endorsed’. What does that mean?</b>	The Old Mutual SuperFund Management Board (which was previously called the trustee board) has selected these two annuities as the preferred options that are suitable for the retirement income needs of most Old Mutual SuperFund members.
<b>I’m an Old Mutual SuperFund member approaching retirement age. How do I know which annuity is best for me?</b>	That will depend on your living costs, dependants, lifestyle preferences and the amount of money you have at retirement to buy an annuity. While Old Mutual’s Retirement Benefits Counsellors (RBC) can offer you guidance on your choices, you should also speak to a financial adviser if you want a complete needs analysis and detailed advice.
<b>Can a person who is not a Old Mutual SuperFund member invest in the annuities offered through Old Mutual SuperFund Solutions At Retirement?</b>	No, the two annuities have been pre-selected by the Old Mutual SuperFund Management Board as the preferred options for Old Mutual SuperFund members at retirement. However, non-members seeking similar types of annuities can buy them from Old Mutual by contacting an Old Mutual adviser or speaking to their own financial consultant or broker.
<b>Why does Old Mutual SuperFund need two at-retirement annuity options?</b>	A living annuity and a guaranteed annuity have different features. Depending on the member’s needs and preferences, one of these annuities may be better suited to the member.

## GENERAL (CONTINUED)

<p><b>What are the main benefits of the Old Mutual SuperFund Solutions At Retirement for members?</b></p>	<p>The Old Mutual Fund Select Annuity guarantees a certain income for life. The risks linked to this are passed on to Old Mutual, as the insurer, which means that the member doesn't have to worry about ever losing his or her income.</p> <p>The Old Mutual Max Income Living Annuity allows the retired person to choose, within allowable ranges, how much they want to receive as an initial income (as a percentage of their total annuity purchase value). This is called the drawdown rate. However, when you buy a living annuity you carry the risks linked to providing the income, so if your drawdown is higher than the investment growth, your income could run out eventually. If there is capital left in your investments when you pass away, this can be left to your beneficiaries or added to your deceased estate or it can be used to underpin an annuity in the name of your nominated beneficiary.</p>
<p><b>Are there any risks of investing in one of the Old Mutual SuperFund Solutions At Retirement annuities?</b></p>	<p>For the Old Mutual Max Income Living Annuity, the main risks are:</p> <ul style="list-style-type: none"> <li>• The assets that underpin the annuity are invested in investment funds that are exposed to market conditions and risks</li> <li>• If the pensioner withdraws an income that is higher than the investment growth can cover, the investment amount could run out before he or she passes away, leaving no further income for that pensioner</li> </ul> <p>For the Old Mutual Fund Select Annuity, the main risk is the pensioner has no control of the increase level for their income each year, so there may be years when the pension increase is low due to various reasons (most likely poor overall performance by investment markets).</p>
<p><b>What is the difference between the Old Mutual Fund Select Annuity and the Old Mutual Max Income Living Annuity?</b></p>	<p>The Old Mutual Fund Select Annuity is a guaranteed with-profit annuity which pays an income for the rest of the pensioner's life. This income is guaranteed not to run out while the person is still alive. The amount of income inclusive of yearly increases aims to keep pace with inflation. Since Old Mutual takes all the risk involved in this product, no capital is available to leave to loved ones or dependants when the pensioner passes away.</p> <p>The Old Mutual Max Income Living Annuity is a living annuity which allows the pensioner to choose a drawdown rate (the amount of income as a percentage of total invested). This means there is a risk that the capital might not last for the rest of the pensioner's life. If, however, there is capital left in the investment when the pensioner passes away, this can be left to loved ones or other beneficiaries.</p>

## GENERAL (CONTINUED)

<p><b>What other annuity options are there?</b></p>	<p>There are many types of annuities. These include the following: Level Annuity; Guaranteed Escalating Annuity; Inflation Linked (or CPI) Annuity; Living Annuity with greater investment options and greater drawdown flexibility.</p> <p>For more information on these, you should speak to your financial adviser. The two annuities that make up Old Mutual SuperFund Solutions At Retirement have been chosen by the SuperFund Management Board as being best suited to the needs of most Old Mutual SuperFund members. However, Old Mutual SuperFund members do not have to choose these annuities and can make their own decision about which annuity to buy when they retire.</p>
<p><b>Am I able to select an inflation linked guaranteed annuity through Old Mutual Solutions At Retirement?</b></p>	<p>No. To access an inflation linked guaranteed annuity you would need to speak to your adviser and access it outside of the Old Mutual SuperFund Management Board endorsed solution. Old Mutual does offer an inflation linked guaranteed annuity but not through Old Mutual Solutions At Retirement.</p>

## INCREASES

<p><b>Will my income increase over the period of my annuity?</b></p>	<p>The Old Mutual Fund Select Annuity is a with-profit annuity, which means it aims to provide you with increases that keep pace with inflation over the long term. There may, however, be periods where low or zero increases are declared.</p> <p>With the Old Mutual Max Income Living Annuity you have the option to review your drawdown rate, which directly impacts the income you receive (and also affects the amount of capital remaining in your living annuity). You will receive an option letter to review your drawdown rate 3 months before the anniversary of your annuity every year.</p>
<p><b>Are increases guaranteed in a with-profit annuity like the Old Mutual Fund Select Annuity or the Old Mutual Max Living Annuity?</b></p>	<p>With the Old Mutual Fund Select Annuity you are not guaranteed to receive an increase every year because this is determined by many different factors, including investment market performance. However, your annuity income will never decrease. Put slightly differently, the lowest increase that can be declared in any year is 0%. Once an increase is declared, however, it is guaranteed. That means the increases you receive can never be taken away or reduced in the future.</p> <p>With the Old Mutual Max Living Annuity you have the flexibility of selecting your drawdown rate annually. However, you run the risk of out-living your capital should you select an unsustainable drawdown rate.</p>

## SELECTIONS & SWITCHING

<b>Can I change my Living Annuity to the Old Mutual Fund Select Annuity at a later stage?</b>	Yes
<b>Can I change my Old Mutual Fund Select Annuity to a Living Annuity at a later stage?</b>	No. Once you have selected the Old Mutual Fund Select Annuity, you cannot change from that option for the rest of your retirement.
<b>I have money in a preservation fund with another service provider. Can I add this money to my Old Mutual SuperFund retirement savings to buy an annuity?</b>	Yes

## QUOTATIONS & PURCHASE

<b>Is there any way of knowing what my pension income will be before I choose the Old Mutual SuperFund Solutions At Retirement annuity I want to invest in?</b>	Yes. The Retirement Benefits Counsellors (RBC) can provide you with a quote based on the information you provide and your preferences.
<b>How long is the quotation valid?</b>	The quotations for annuities in the Old Mutual SuperFund Solutions At Retirement are valid for 90 calendar days.
<b>Do I have to accept this quote?</b>	No. The quotation is done to help you make the best possible decision about buying an income in retirement. You are under no obligation to accept it.
<b>If I'm not happy with the calculated monthly pension, can I request a different quotation based on different quotation details (inputs)?</b>	Yes. Quotations can be worked out using different choices and options.
<b>Are the annuity amounts quoted before or after the deduction of fees (charges)?</b>	The amounts quoted are after the deduction of charges.
<b>What must I do to accept the quotation?</b>	You need to complete and sign the Quotation Acceptance form and submit it to your HR department or Old Mutual SuperFund along with all required supporting documents.
<b>What are the required documents to process my annuity payment?</b>	You will need to provide the following: Quotation Acceptance form; a copy of your ID; copies of the ID's of any contingent lives (if joint life was selected); and a Retirement Claim form.
<b>What are the required documents to process my annuity payment?</b>	You will need to provide the following: a Quotation Acceptance form; a copy of your ID; copies of the ID's of any contingent lives (if joint life was selected); and a Retirement Claim form.
<b>Do I have to consult a financial adviser in order to accept an annuity quotation and buy the annuity?</b>	No. But it is advisable to make use of an accredited financial adviser to do a full analysis of your needs.
<b>Can I cancel my Old Mutual Fund Select Annuity policy once it has been issued?</b>	No. Once the Old Mutual Fund Select Annuity policy has been issued you may not cancel it. As it involves investments, there is no cooling-off period.

## QUOTATIONS & PURCHASE (CONTINUED)

<b>Are there any fees payable for a quote request?</b>	No
<b>Is the process involved in buying an annuity complicated?</b>	No. Once you choose your annuity and we receive all the supporting documents, we will implement your decision and purchase the annuity on your behalf. It's a quick and uncomplicated process.

## CASH OPTION

<b>Do I have to take some of my fund savings amount in cash (cash commutation) when I retire?</b>	No. The decision to take a cash commutation is entirely yours to make. If you choose not to take any cash amount, and rather use it all to buy an annuity, the amount of income available to you in retirement could increase.
<b>When am I allowed to take all my funds in cash?</b>	A total fund value of R247 500 or less will not be subject to annuitisation requirements and can be taken as a cash lump sum at retirement. This applies to all provident, pension and retirement annuity funds.
<b>If I decide to take cash, how will it affect my annuity income?</b>	Taking cash will lower your purchase amount and this will lead to a lower monthly income than if you used the full amount to buy your annuity.
<b>If I decide not to take cash at retirement but later decide that I want to take a cash amount, can I do this?</b>	No, once a decision is made not to take cash there is no option to later decide to take cash.
<b>Will I be taxed if I take the cash option?</b>	At retirement, R500 000 of the cash commutation is tax free. The amount that exceeds this, is taxable as per the retirement fund lump sum benefit scales.

## FUND SELECT ANNUITY GUARANTEE & SECOND LIFE

<b>What does guaranteed term option mean?</b>	While your monthly pension is payable for your lifetime, you may choose a guaranteed period - effective from your date of retirement - for which your monthly pension will continue to be paid even if you pass away. You may choose a period between 1 and 25 years. The higher the period chosen of the lower the starting monthly income you will receive.
<b>What is the default period for the guaranteed term?</b>	The default guaranteed term is 5 years.
<b>Once I've chosen a guaranteed term, can I change it later if my life circumstances change?</b>	No
<b>If I choose to include a second life, how will it affect my monthly pension?</b>	Choosing a second life beneficiary on your pension will result in you receiving a lower starting income in retirement.
<b>Will my monthly income increase if the second life on the pension dies?</b>	No

## FUND SELECT ANNUITY GUARANTEE & SECOND LIFE (CONTINUED)

<b>With the Fund Select Annuity, what happens to my pension if my spouse and I die in an accident?</b>	No further benefits will be payable (joint and survivorship) unless you had a guaranteed term and you die within that time.
<b>If I get divorced from the second life (spouse), may I replace him/her with another beneficiary?</b>	Once a second life has been added, it cannot be removed or changed, so you will not be able to add a different life at a later stage. In the event of divorce from the person you added as a second life, that person will still receive a monthly pension if you pass away before them.

## PAYMENTS AND STATEMENTS

<b>When will I receive my annuity payment (pension)?</b>	The 25th of each month is the default payment date for the Old Mutual Fund Select Annuity. With the Old Mutual Max Living Annuity, you are allowed to choose when you receive your income (annually, bi-annually, quarterly or monthly) and the day on which it is paid.
<b>Can I change my annuity pay day?</b>	No
<b>Am I allowed to change my frequency of payment? For example, from monthly to quarterly?</b>	You cannot choose the frequency for the Old Mutual Fund Select Annuity. You may change the frequency for the Old Mutual Max Living Annuity upfront.
<b>Will I receive a monthly statement?</b>	Yes. These will be mailed to your postal address. Please keep it updated to ensure you receive your statements or you may opt to receive your statement via email.
<b>Can I view my monthly statement online?</b>	Yes. Monthly statements can be viewed online through 'My Portfolio' which can be accessed via the web at oldmutual.co.za or via the Old Mutual mobile app.

## ADMIN & TAX

<b>I am in the process of emigrating. Can I still make use of the annuities offered by Old Mutual Retirement Solutions At Retirement?</b>	Yes. Your bank in South Africa must submit an Emigration and Foreign Exchange Application so that your pension can be paid to your international bank account.  NB: Please refer to the annuity fact sheet for a more detailed explanation.
<b>Can I instruct Old Mutual to deduct expenses from my income before I receive my pension?</b>	No. Only SARS deductions and Court Orders may be deducted before the income is paid.
<b>Will you pay my pension into my joint account?</b>	Yes. You will need to complete an Indemnity and Release of Liability form.
<b>Will my income be subject to tax?</b>	That depends on the amount of income you receive. Usually it is subject to marginal rate tax, which is levied according to the tax tables for the given year.
<b>Will I receive a tax concession if I work abroad (Foreign Service Exemption)?</b>	No. The Foreign Service Exemption no longer applies under SA tax laws.

## FEES & CHARGES

<p><b>What fees and charges will I have to pay on an annuity?</b></p>	<p>The fees you will need to pay are as follows:</p> <p>The Old Mutual Max Income Living Annuity - investment management charge and administration fee.</p> <p>The Old Mutual Fund Select Annuity - investment management charge, administration charge and a capital charge.</p> <p>The amounts of these fees/charges will depend on the amount you are spending on your annuity.</p> <p><b>NB: The capital charge provides for the guarantee that your pension will be payable for your lifetime even if the capital amount you invested runs out.</b></p>
<p><b>What commission will I have to pay when I buy an annuity?</b></p>	<p>If you choose to buy your annuity directly from Old Mutual, without using an adviser, you don't pay any commission. If you consult an adviser, they will charge you for their advice.</p> <p>The maximum commission payable is as follows:</p> <p>The Old Mutual Fund Select Annuity = 1.5% plus VAT (i.e. 1.725% including VAT where the Adviser is VAT registered)</p> <p>The Old Mutual Max Living Annuity = 1.5% plus VAT (i.e. 1.725% including VAT) initial commission and ongoing commission of 1% plus VAT (i.e. 1.15% including VAT).</p>
<p><b>Do I have to get professional financial advice before I choose my annuity from Old Mutual SuperFund Retirement Solutions?</b></p>	<p>No. An Old Mutual SuperFund Retirement Benefits Counsellors (RBC) can provide you with retirement guidance and help you to make the best decision for your circumstance. They do not, however, give financial advice.</p>
<p><b>Can I get professional financial advice before I choose my annuity from Old Mutual SuperFund At Retirement Solutions?</b></p>	<p>Yes. If you don't have a financial adviser, Old Mutual can put you in touch with one.</p>
<p><b>I want to invest in an Old Mutual SuperFund Solutions At Retirement annuity, but I have a broker. Can I get him or her to manage the investment transaction for me?</b></p>	<p>Yes. As long as the adviser is accredited to sell the Old Mutual Fund Select Annuity and the Old Mutual Max Income Living Annuity.</p>
<p><b>I don't have a broker, but I'd like some guidance when I decide on an annuity. Is there anyone who can help me with that?</b></p>	<p>Yes. Old Mutual SuperFund Retirement Benefits Counsellors (RBC) are available to answer any questions you have. The counsellor can also put you in touch with a financial adviser if you want full financial advice.</p>
<p><b>What if I have a question after I have invested? Who can I call for help or answers?</b></p>	<p>You may contact the Old Mutual Max Income service centre on 0860 50 60 70 (for support with your Max Income Living Annuity) or Member Support Services on 0860 388 873 for support with your Old Mutual Fund Select Annuity.</p>

## UNDERLYING INVESTMENTS

<p><b>Can I choose my investment funds?</b></p>	<p>With the Old Mutual Max Income Living Annuity you may choose from a selection of investment portfolios. The Old Mutual Fund Select Annuity does not require you to choose the underlying funds as these have already been selected so as to provide an income for life as well as provide for increases to your annuity.</p>
<p><b>What is the default investment portfolio for each of the Old Mutual SuperFund Solutions At Retirement annuities?</b></p>	<p>The Old Mutual Absolute Stable Growth is the default for the Old Mutual Max Income Living Annuity option.</p> <p>For the Old Mutual Fund Select Annuity, there is a balanced portfolio that applies to all investments in the product. There is no investment choice for pensioners who buy this annuity.</p>
<p><b>Can I switch between the underlying investments once I've invested in one of the Old Mutual SuperFund Solutions At Retirement annuities?</b></p>	<p>There is no switching option when you buy the Old Mutual Fund Select Annuity because as previously explained the portfolio of investments that underpin your annuity have been carefully selected so as to support your annuity for your lifetime.</p> <p>Switches are allowed in the Old Mutual Max Income Living Annuity, but it is recommended that you speak to a financial adviser to understand the implications of switching between different underlying investments.</p>
<p><b>I'm worried that my monthly pension could run out while I'm still alive. Which annuity will prevent that from happening?</b></p>	<p>The Old Mutual Fund Select Annuity is a guaranteed with-profit annuity which pays an income for the rest of the pensioner's life and aims to keep pace with inflation. Since this is a guaranteed annuity, the product pays you an income for the rest of your life no matter what happens with the investment markets during that time.</p> <p>The Old Mutual Max Income Living Annuity is a living annuity, which allows you to select the starting income you want as a percentage of the amount you invest (i.e. the drawdown rate). However, the capital might not last, as this is not a guaranteed annuity, so there is a chance that the money you put in (your capital) could run out while you are still alive.</p>
<p><b>How often can I switch between the underlying investments?</b></p>	<p>There is no switching option for the Old Mutual Fund Select Annuity. With the Old Mutual Max Income Living Annuity, you are able to switch to the different investment portfolios once per year after you have purchased the annuity.</p>
<p><b>Why have the Old Mutual SuperFund Management Board members limited the investment options available on the Max Income Annuity?</b></p>	<p>These options were chosen to keep the product simple, but still ensure that the Old Mutual SuperFund Solutions At Retirement strategy meets the needs of most members. The management board recognises that having a large range of funds to choose from can make the investment decision challenging for many members. That said, members who are interested in a broader underlying investment portfolio can speak to their financial adviser about this option.</p> <p>If you decide to access and select a portfolio from the wider Max Income universe of portfolios you will no longer be in line with the Old Mutual SuperFund Management Board endorsed strategy for Old Mutual SuperFund members.</p>

## DEFERRED RETIREMENT

**Do I have to start drawing an income from my retirement fund when I retire from my employer?**

No. As a Old Mutual SuperFund member you can choose to stay invested in the Old Mutual SuperFund until you need to access your retirement savings. However, when you do decide to retire from Old Mutual SuperFund, you need to access all the retirement benefits that are due to you

In other words, you can't invest some of your retirement savings and leave some in the Old Mutual SuperFund.



## DO NOT WAIT TOO LONG TO PLAN FOR YOUR INCOME IN RETIREMENT

Use any of the channels below to get the help and support you need to plan for a successful retirement.

**FOR ADVICE ON YOUR OPTIONS**, contact either your Personal Financial Adviser or your HR department for your employer fund intermediary details.

**FOR FREE GUIDANCE**, speak to an Old Mutual SuperFund Retirement Benefits Counsellor (RBC) or call Old Mutual Member Support Services on 0860 38 88 73.

**FOR MORE INFORMATION**, send an email to [superfundannuity@oldmutual.com](mailto:superfundannuity@oldmutual.com) or visit our website at [oldmutual.co.za/SuperFundAnnuity](http://oldmutual.co.za/SuperFundAnnuity)

**FOR THE CURRENT VALUE OF YOUR RETIREMENT FUND SAVINGS** in Old Mutual SuperFund, register for Secure Services at [oldmutual.co.za/self-service](http://oldmutual.co.za/self-service)

