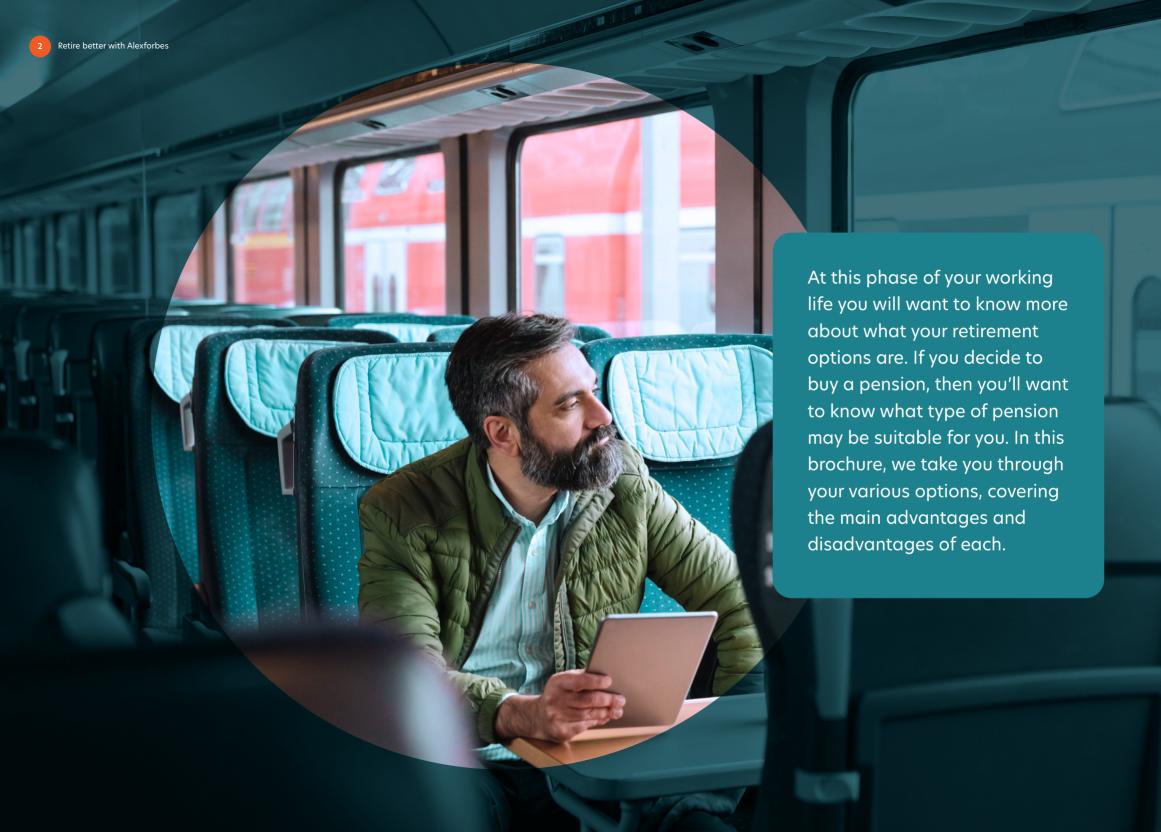


Options on retiring from your employer

Prepare to make informed choices about your money



Retire now or retire later?

Did you know?

Retiring at age 65 rather than 55 can almost double both your replacement ratio and retirement income.¹

If your pensionable salary is R10 000 and you have a 30% replacement ratio at age 55, you'll retire on R3 000 a month. If you retire at age 65 instead, your replacement ratio could double to 60% and you'll retire on almost R6 000 a month.

AGE

55

Replacement ratio

30%

4

65

Replacement ratio

60%





Retire on **R6 000** a month

Retiring two years later, for example at age 63 rather than 61, can add 8% to 15% additional retirement income.¹

The value of advice

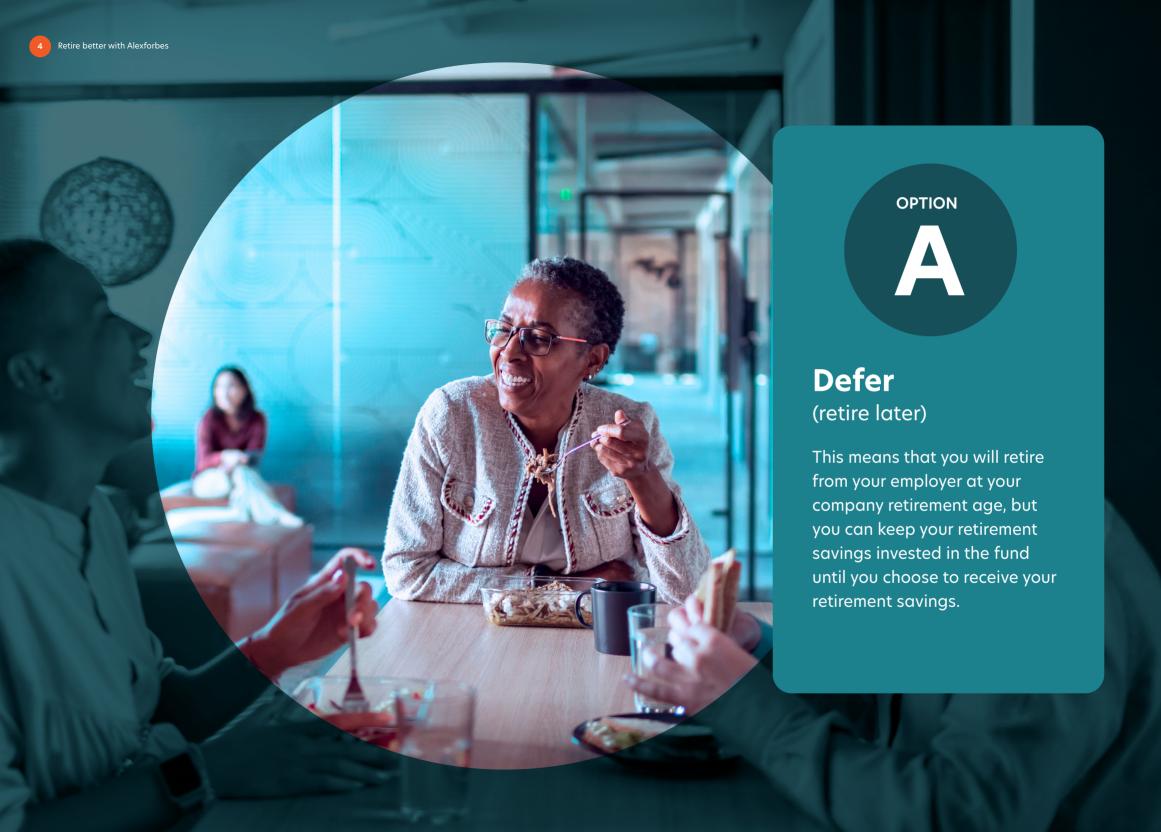
Getting personalised information and advice from one of our financial consultants can lead to better decision-making and improve your retirement success.

My Money Matters Centre

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What to consider if you choose to defer retirement in your employer's fund:

- () You and your employer won't contribute to your fund.
- You won't have the same benefits, like life or disability cover.

Tip: Discuss a continuation option with your financial adviser.

- > Your retirement savings will stay invested in the fund.
- There will still be investment fees and administration costs.
- Positive or negative investment returns will be added to or deducted from your investment in the fund until the date you decide to receive your retirement savings.

You can:

Defer IN the fund

You keep your money in your employer's retirement fund until you're ready to retire. Benefits might be that fees and costs could be less than with other options.



You will stay invested in the investment portfolio you were invested in at your retirement age, unless you are invested in a closed portfolio or make an investment switch.

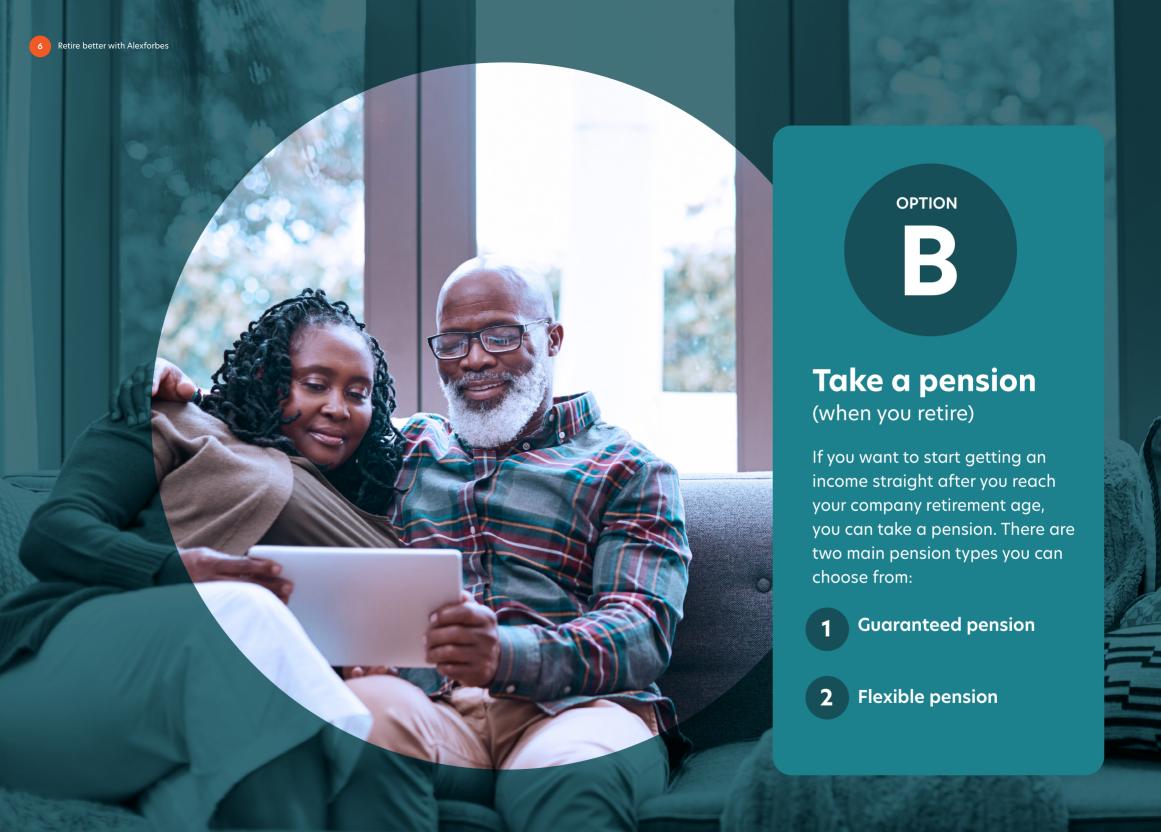
You can:

Defer OUTSIDE the fund

You transfer your money into an approved retirement annuity fund (or a preservation fund from 1 March 2019) until you're ready to retire.



When deciding to transfer, consider the fees and whether you can continue making contributions. If you still have questions, please speak to a financial adviser.



You have different options available to you.

Depending on whether you retire from a provident or pension fund or a retirement annuity fund, these options are:

For provident funds	For pension funds or retirement annuity funds
If you are 55 years or older on 1 March 2021, you can use all your money to buy a pension or you can take your all your retirement savings in the fund in cash.	You can take up to one-third of your retirement savings in the fund as cash.
If you were younger than 55 on 1 March 2021, you can take all the savings you made before 1 March 2021 in cash.	You must use at least two-thirds of your retirement savings to buy a pension.
You can take up to one-third of your additional contributions saved after 1 March 2021 in cash.	You can use all your money to buy a pension.
You must use the remaining two-thirds to buy a pension.	

What you need to think about before you choose to take a pension:

- What's your cost of living?
- O How much money will you need every month?
- Could you risk exposing your savings to ups and downs in the markets over short periods and stay invested in the markets for longer?
- Description How is your health?

- What will happen if you live longer than you expect?
- If you have a spouse, will your spouse need an income when you die?
- Do you have other savings to boost your pension?
- Do you need to leave money for your loved ones when you die?

Knowing all of this will help guide you to which type of pension will meet your needs.

The value of advice

The purpose of financial advice is to support individuals in making decisions that are right for them, based on their personal needs and circumstances.

People who receive financial advice can make the most of what they have and have the best chance of reaching their goals.

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Your pension income options

This page and the next give you an overview of some of the main types of pensions you can choose from. Speak to a financial adviser before you make any decisions.

Guaranteed pension (life annuity)



Income

- It's guaranteed for life.
- > Your income will never reduce.



Beneficiaries

Your beneficiaries may only receive a benefit within your chosen guaranteed period.



Investment risk

- There's no investment risk (except for a with-profit annuity).
- Your income is guaranteed.



Flexibility

- It's not flexible.
- Your type of income is fixed for life once you've chosen a specific income type.



Inflation

Your money may lose buying power if you don't choose an inflation-linked annuity.

Types of guaranteed pension (life annuities)



Fixed-increase

- Ochoose a flat yearly increase, for example 3%, 5% or 10%.
- The greater the increase, the lower the initial income you will receive.



With-profit

- Investment performance affects increases.
- Increases are determined by the insurance company based on investment performance.
- ② Your increases can be more or less than inflation.



Inflation-linked

- ① Your income is guaranteed to keep up with inflation.
- 🕥 Increases are based on inflation during the year.



Level

- You receive the same amount of income for the rest of your life.
- The initial income is high compared with other options. Inflation reduces your buying power.

Your pension income options

We recommend that you speak to a financial adviser to help you understand the risks and benefits on this option.

Flexible pension (living annuity)



Income

- The income you draw can be anything from 2.5% to 17.5% of your total investment.
- You choose your income level.
- () There's a risk that you may outlive your savings.
- Your income is not guaranteed for life.
- O Your income may reduce over time if you draw more than your investment grows.



Beneficiaries

O You can nominate beneficiaries to receive any balance remaining in your investment at death.



Investment risk

You choose your investment portfolios.
There's a risk that your investment may not perform well.



Flexibility

- It's flexible.
- You can choose to increase or decrease your income once every year on the anniversary of the investment.



Inflation

(>) Your money may lose buying power if your investment doesn't perform well.

The value of advice

The purpose of financial advice is to support individuals in making decisions that are right for them, based on their personal needs and circumstances.

People who receive financial advice can make the most of what they have and have the best chance of reaching their goals.



The AFRIS living annuity is available to you if your fund or employer has implemented AFRIS. You might benefit from lower fees in this option. Contact us to find out if you qualify for this option.

What else you need to know

How you're taxed when you withdraw your retirement savings in cash

During your lifetime you can take a total of R500 000 of your retirement savings tax free on retirement. However, all amounts you withdraw in cash (above R25 000) before retirement will reduce this amount. How much you are taxed depends on how much you take and when you take it.

The rate of tax is shown in the retirement tax table below.

If you retire	
How much you take	Rate of tax
R0 to R500 000	0%
R500 001 to R700 000	18%
R700 001 to R1 050 000	27%
R1 050 000 and above	36%

When SARS determines the tax payable on the table, it will take into account previous withdrawals taken from retirement funds and severance benefits from your employer.

Fees and charges

Advice fees

Initial advice fee

This is for the initial advice your financial adviser gives you. It's a percentage of the money you invest and the actual percentage is agreed between you and your adviser.

Yearly advice fee

This is deducted monthly from your investments. The fee as a percentage is agreed between you and your adviser.

Administration fees

These are the fees paid to the administrator of the fund. The fees are calculated and deducted monthly from your investments.

Investment management fees

These are the fees and charges of the managers of the investment portfolios. They are set out in the fund fact sheets of each portfolio and may change from time to time.

Value-added tax (VAT) is added to fees where applicable.

Important tip

Now that you're leaving your employer you may be rethinking a lot of things. Here are some factors to consider for achieving your retirement goals:

- keep your retirement savings invested whenever you can
- contribute the most that you can to your savings
- ensure you are protected for emergencies by having adequate insurance and savings
- (>) manage debt effectively
- speak to a financial adviser to help you prioritise your needs and make decisions that are right for you

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