



# OLD MUTUAL FUND SELECT ANNUITY WITH-PROFIT LIFE GUARANTEED ANNUITY PLATINUM PENSION 2003

Available to retiring members of funds where the Management Board has entered into an agreement with Old Mutual Corporate to provide this With-Profit Life Guaranteed Annuity.

## Reaching retirement age: What now?

Approaching retirement can be a daunting time. This is when you need to make critical financial decisions that will impact you for the rest of your life. One of the most important decisions is how best to use your retirement savings to provide an income in retirement.

Your retirement fund's Management Board has worked diligently to make a straight-forward default option available to members. Old Mutual With-Profit Life Guaranteed Annuity allows a seamless transition of your retirement savings to an income in retirement payable for your lifetime.

## What type of annuity is this?

Old Mutual With-Profit Life Guaranteed Annuity's underlying portfolio is the Old Mutual Platinum Pension 2003. Like other annuity products, your retirement savings are invested at retirement and used to provide you with a regular retirement income into the future.

(This annuity is also referred to as a "bonus-escalating" annuity.)

## How does this With-Profit Annuity work?

- Old Mutual With-Profit Life Guaranteed Annuity provides a retirement income guaranteed to be payable for the duration of your life.
- In exchange for this security throughout your retirement, Old Mutual With-Profit Life Guaranteed Annuity does not offer a lump sum benefit payout to your loved ones when you pass away. You can however cover a second life and/or choose a minimum guaranteed period, which pays the balance of your guaranteed period retirement income to your second life/beneficiaries if you pass away in this period.
- This With-Profit Life Guaranteed Annuity aims to provide protection against inflation through participation in the investment growth of the product's underlying asset portfolios. There is no guarantee that the retirement income will increase every year, or that increases will be in line with inflation. Any annual increase is dependent on investment market performance and various other factors.
- Once an increase is given (in April each year), it is added to the retirement income and is thereafter also guaranteed for life and cannot be removed.



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## What are the features of this With-Profit Annuity?

- You may **choose a guaranteed period**, effective from your date of retirement, between 1 and 25 years.
- If you pass away before the selected guaranteed period expires, the balance of your guaranteed period retirement income is payable.
- You may **choose to include a second life** (e.g. your spouse, partner or child over age 18). The retirement income payable to this second life is also payable for his/her lifetime. Once a second life has been added, he/she cannot be removed or changed (i.e. you will not be able to add a different life at a later stage). In the event of divorce, (where a spouse was added), your ex-spouse will still receive a retirement income if you pass away before him/her. You may **choose the percentage** (e.g. 50%, 75% or 100%) of your retirement income that will continue **to be paid to the second life** if you pass away before him/her.
- If you have **chosen both a second life and a guaranteed period** and pass away within the guaranteed period, the following will apply:
  - If your second life survives you, your second life will receive 100% of your retirement income for the remainder of the guaranteed period. Once the guaranteed period has expired, the retirement income will reduce to the percentage you elected to apply to the second life. However, if your second life passes away during the guaranteed period, the present value of the remaining retirement income instalments for the guaranteed period will be paid to your second life's deceased estate as a lump sum, unless you had nominated beneficiaries who at the time of your second life's passing are still alive. In this case the present value of the remaining retirement income instalments for the guaranteed period will be paid to them as a lump sum.
  - If your second life has pre-deceased you and you have not nominated beneficiaries to receive the balance of the guaranteed period, the present value of the remaining retirement income instalments for the guaranteed period will be paid to your deceased estate as a lump sum.
  - If your second life has pre-deceased you and you have nominated beneficiaries to receive the balance of the guaranteed period, all those beneficiaries will be paid the present value of the remaining retirement income instalments for the guaranteed period as a lump sum. If one or more of these beneficiaries have pre-deceased you, his/her nominated percentage will be equally allocated amongst the remaining beneficiaries and paid to them as a lump sum.
  - If your second life as well as all your nominated beneficiaries have pre-deceased you, you pass away simultaneously, or they pass away after you yet in the same month of you passing away, the present value of the remaining retirement income instalments for the guaranteed period will be paid to your deceased estate as a lump sum.
- If you have chosen a **guaranteed period without a second life** and pass away within the guaranteed period, the following will apply:
  - If you have not nominated beneficiaries to receive the balance of the guaranteed period, the present value of the remaining retirement income instalments for the guaranteed period will be paid to your deceased estate as a lump sum.
  - If you have nominated beneficiaries to receive the balance of the guaranteed period and you are survived by all of them, they will be paid the present value of the remaining retirement income instalments for the guaranteed period as a lump sum. If one or more of these beneficiaries have pre-deceased you, his/her nominated percentage will be equally allocated amongst the remaining beneficiaries and paid to them as a lump sum.
  - If you have nominated beneficiaries to receive the balance of the guaranteed period, but all the beneficiaries have pre-deceased you, the present value of the remaining retirement income instalments for the guaranteed period will be paid your deceased estate as a lump sum.
- You may choose to buy this retirement income without professional financial advice, in which case **no commission or advice fees are payable**. If you prefer to consult with a financial adviser, commission as negotiated with the adviser, to a maximum of 1.5% plus VAT of the capital value invested, may be payable. (If you would like to speak to an Old Mutual financial adviser, one can easily be made available to you.)
- You may choose **what portion** of your retirement savings you want to **use to buy a retirement income** from Old Mutual With-Profit Life Guaranteed Annuity and use the balance to buy a different annuity also through Old Mutual or another provider.



- You may choose what portion of your retirement savings you want to take in cash (subject to Income Tax legislation) and use the balance to buy a retirement income. **Remember the less you take in cash**, the higher your starting retirement income will be.
- You may choose to add retirement savings, from other approved funds (e.g. a preservation fund). This **consolidated** amount will buy you a bigger retirement income.

**It should be noted that each of the above features will have an impact on your starting retirement income.**

### What are the benefits for you of this With-Profit Annuity?

- Security**, in that your retirement income is guaranteed to be payable for your lifetime and that of a second life (if one has been elected).
- Trusted product** selected by your retirement fund's Management Board.
- Simple decision-making process.**
- No commission or advice fees** are payable unless you utilise the services of a financial adviser.
- Free Retirement Benefits Counselling**

### What fees does With-Profit Annuity charge?

#### Investment Management Fee (including VAT and asset manager costs)

The investment management fee is approximately 0.75% to 0.85% of assets per annum. In any particular year going forward this percentage can change as the asset allocation varies, and as asset manager performance varies relative to benchmark. Fees can be above this level from time to time due to tactical allocations away from the benchmark or outperformance by asset managers.

**Annual retirement income increases declared are net of this fee.**

#### Capital Charge (VAT is not payable)

The capital charge is 1% per annum of the underlying portfolio.

**Annual retirement income increases declared are net of this charge.**

#### Administration Fee (VAT is not payable)

- A once-off initial fee of R2 120 is deducted from the capital value invested.
- To prevent any monthly administrator fee being deducted from your retirement income, R95 per month (plus anticipated inflationary increases thereon) is applied/accrued for the expected term of the policy and is deducted upfront from the capital value invested.

**Any quotes you receive already take these fee deductions into account, i.e. quotes are net of all administration fees.**

### How does this With-Profit Annuity's underlying investments work?

The assets underlying Old Mutual With-Profit Life Guaranteed Annuity are managed by the Old Mutual Investment Group (Pty) Limited in a specially designated portfolio. This portfolio is further split into separate asset pools, each with its own asset mix.

The asset mix shown on the next column is the long term strategic asset allocation as at 31 December 2022, and will change around these allocations.

STRATEGIC ASSET ALLOCATION	PLATINUM PENSION 2003 PRI* CATEGORIES	
ASSET CLASS	2.5% & 3.0%	3.5% & 4.0%
Local Matched Bonds	37.0%	47.0%
Local Equity	19.5%	16.4%
Local Property	8.2%	6.9%
Local Alternative	8.8%	7.4%
Local IBA	0.6%	0.5%
Global Equity	20.2%	17.0%
Global Alternative	4.4%	3.7%
Africa	1.3%	1.1%
<b>Total Portfolio</b>	<b>100%</b>	<b>100%</b>

\*Refer below for explanation.

### How has this With-Profit Annuity performed?

**Each category of Platinum Pension 2003 declares a different increase depending on the post-retirement interest (PRI) rate of that category. \*The PRI is the minimum rate of return that must be achieved by the underlying investment portfolio before any profits, in the form of increases, can be passed on to you.**

To find out which category or PRI your fund has selected to be available for its members, contact Member Support Services (details below).



The table below reflects the last 10 years' increases:

	CPI**	2.5% PRI	3.0% PRI	3.5% PRI	4.0% PRI
<b>ANNUAL INCREASES</b>					
2014	5.4%	8.5%	8.0%	7.0%	6.5%
2015	5.3%	8.5%	8.0%	6.0%	5.5%
2016	5.2%	8.0%	7.5%	5.5%	5.0%
2017	6.8%	7.5%	7.0%	5.0%	4.5%
2018	4.7%	7.0%	6.5%	4.5%	4.0%
2019	4.5%	5.5%	5.0%	3.5%	3.0%
2020	4.0%	3.5%	3.0%	1.5%	1.0%
2021	3.1%	4.0%	3.5%	2.5%	2.0%
2022	5.9%	8.0%	7.5%	7.0%	6.5%
2023	7.2%	6.5%	6.0%	5.5%	5.0%
<b>ANNUALISED INCREASES OVER 3, 5 AND 10 YEARS</b>					
3 years	5.4%	6.2%	5.7%	5.0%	4.5%
5 years	4.9%	5.5%	5.0%	4.0%	3.5%
10 years	5.2%	6.7%	6.2%	4.8%	4.3%

\*\* The CPI numbers are the year-on-year figures that correlate with the corresponding investment year i.e. they are the year-on-year figures to 31 December of the previous year.

Increases depend on what the underlying assets earn, which, in turn, are affected by the SA and global environment.

For more details about the investment and increase philosophy [click here](#) to access the Old Mutual Corporate With-Profit Annuity Disclosure Report.

### Is this With-Profit Annuity suitable for everyone?

Your retirement fund's Management Board has chosen Old Mutual With-Profit Life Guaranteed Annuity which is a good pre-packaged fit for most retiring members. If this option does not suit your specific needs, you are encouraged to consider other annuity options available.

You need to have a clear understanding of your personal financial situation before making a decision on what option will best suit you. Your retirement fund's Management Board therefore encourages you to seek further information about the options available or to talk to your financial adviser.

## HOW TO GET AN OLD MUTUAL FUND SELECT ANNUITY WITH-PROFIT LIFE GUARANTEED ANNUITY QUOTE?

**FOR ADVICE ON YOUR OPTIONS**, contact either your personal financial adviser, your HR department for your employer fund intermediary details (where applicable) or an Old Mutual Retirement Benefits Counsellor who will put one in touch with you.

**FOR FREE INFORMATION, GUIDANCE AND QUOTATION**, contact an Old Mutual Retirement Benefits Counsellor (RBC) or Old Mutual Member Support Services on either:

 021 503 0069/0860 388 873, or

 [fundselect@oldmutual.com](mailto:fundselect@oldmutual.com)

For more information about Old Mutual Fund Select Annuity With-Profit Life Guaranteed Annuity visit our [website](#).

