



OLDMUTUAL

# OLDMUTUAL SUPERFUND RETIREMENT GUIDE



**CORPORATE**

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# AS AN OLD MUTUAL SUPERFUND MEMBER, YOU NOW HAVE A NUMBER OF OPTIONS IF YOU LEAVE YOUR EMPLOYER DUE TO RETIREMENT.

## **THIS GUIDE IS INTENDED TO HELP YOU:**

1. Understand your benefits and options
2. Make your investment decision
3. Complete the paperwork

## **NOTE:**

1. The purpose of this Retirement Guide is to give information only.
2. This Retirement Guide has been prepared based on legislation and the Rules of the Old Mutual SuperFund Pension and Old Mutual SuperFund Provident Funds (hereafter referred to as Old Mutual SuperFund).
3. Every effort has been made to ensure the information provided in your Retirement Guide is correct. However, should any error have been made, the Rules of the Old Mutual SuperFund will apply.
4. You are encouraged to read the Rules of the Old Mutual SuperFund. You can obtain these from your employer or by contacting the Old Mutual SuperFund Service Centre on 0860 20 30 40 or [superfund@oldmutual.com](mailto:superfund@oldmutual.com).

## **Remember:**

**Your rights as a member of the Fund are contained in the Fund Rules.**

# CONTENTS

- 1. UNDERSTAND YOUR BENEFITS AND OPTIONS **4**
- 2. DEFER YOUR RETIREMENT FROM OLD MUTUAL SUPERFUND **5**
- 3. TRANSFER YOUR BENEFIT TO A PRESERVATION FUND\*  
OR RETIREMENT ANNUITY FUND **7**
- 4. RETIRE FROM OLD MUTUAL SUPERFUND AT RETIREMENT FROM EMPLOYER **8**
- 5. OLD MUTUAL SUPERFUND SOLUTIONS AT RETIREMENT **11**
- 6. COUNTDOWN TO RETIREMENT **13**

# 1. UNDERSTAND YOUR BENEFITS AND OPTIONS

There are many considerations for someone approaching their retirement date. These include general issues like where you will live and what you will do, as well as more specific financial decisions that will affect your financial security during your golden years. One of the most important decisions you need to make is how best to invest your retirement capital 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:

**1. You can postpone your retirement from Old Mutual SuperFund.**

This means that you continue your fund membership in Old Mutual SuperFund as a Deferred Retirement member. This allows your retirement savings to remain invested and grow while you decide on a more appropriate time to access your retirement benefit.

**2. You can choose to transfer your retirement benefit to a preservation fund or retirement annuity fund.**

This allows your retirement savings to remain invested and grow while you decide on a more appropriate time to access your retirement benefit.

**3. You can choose to retire from Old Mutual SuperFund right away.**

This means that you will receive your retirement benefit and will have to make an annuitisation/pension decision.

Before making a decision, there are a number of important considerations that you need to bear in mind.

- Do you have enough saved for a comfortable retirement?
- Do you plan on taking up other employment after retiring from your current employer?
- Will you have other sources of income other than your accumulated retirement savings in Old Mutual SuperFund?

If you do not have enough saved and you will have alternative income sources after retiring from your employer, then you may want to consider postponing your retirement from Old Mutual SuperFund for a few more years. This will allow your retirement savings to grow and afford you better annuity rates when you decide to retire from the Fund. The decision you make at this point should be well considered as it will determine the quality of life you will have after retirement.

**FOR FREE GUIDANCE, speak to an Old Mutual Retirement Benefits Counsellor (RBC) or call Old Mutual Member Support Services on 0860 388 873 – who will answer any questions you have about the options available to you and help you to reach a decision. This RBC will not, however, give you advice on what option you should choose. Alternatively, speak to your financial adviser.**

For more information on what Old Mutual SuperFund has to offer, visit [oldmutual.co.za/superfund](http://oldmutual.co.za/superfund) or contact the Old Mutual SuperFund Service Centre on 0860 20 30 40.

**REMEMBER, JUST BECAUSE YOU ARE RETIRING FROM YOUR EMPLOYER DOES NOT MEAN THAT YOU HAVE TO RETIRE FROM OLD MUTUAL SUPERFUND!**

## 2. DEFER YOUR RETIREMENT FROM OLD MUTUAL SUPERFUND

### REMAIN AN OLD MUTUAL SUPERFUND MEMBER

Old Mutual SuperFund allows retired members to continue their membership even though they have retired from their employer. This means that you are no longer forced to retire from the Fund when you still have other sources of income and don't need your retirement benefit yet.

Old Mutual SuperFund Deferred Retirement provides you with the option of keeping your retirement savings invested, protected and growing while you decide on a more appropriate time to access your retirement benefit. This is especially important if you are concerned that you may not have enough saved to retire comfortably, or if you want to give your accumulated savings an extra boost.

#### Below are some of the benefits that you could enjoy by deferring your retirement:

- Get your retirement plan back on track. Postponing your retirement from Old Mutual SuperFund will give your savings the extra boost needed for a more comfortable retirement.
- You are not forced to take the payment of your retirement benefit. You can postpone the payment of your retirement benefit to when you want to and have considered all your options.
- You remain invested in a cost effective solution. You benefit from low administration fees and institutional investment management fees.
- You enjoy flexibility in investment choice. You decide how you want your savings to be invested from a range of investment funds.
- You can consolidate your retirement savings in Old Mutual Superfund Deferred Retirement. You can transfer any other pension, provident and preservation fund savings that you may have to Old Mutual SuperFund Deferred Retirement if the source fund rules allow for it.
- You can select your retirement age. You can retire from Old Mutual SuperFund at any time.

All you need to do to join the Old Mutual SuperFund Deferred Retirement solution is to ELECT to postpone your retirement from Old Mutual SuperFund by notifying your payroll administrator or contacting the Old Mutual SuperFund Service Centre.

#### NOTE: Important information about your Old Mutual SuperFund Deferred Retirement membership

1. Old Mutual SuperFund Deferred Retirement is a facility that allows your retirement savings to remain invested and grow in Old Mutual SuperFund after you retire from your employer.
2. There are no additional contributions allowed, only retirement saving transfers from registered retirement funds, excluding retirement annuities, will be allowed into the Old Mutual SuperFund Deferred Retirement account.
3. Old Mutual SuperFund Deferred Retirement membership is available to all members of the Old Mutual SuperFund.
4. Old Mutual SuperFund Deferred Retirement membership is not available if, on exit from employment, an employer lien deduction has to be made against your benefit in terms of section 37D(1)(b) of the Pension Funds Act.
5. Even though Old Mutual SuperFund Deferred Retirement membership offers you lots of investment choice, it does not include all of the investment portfolios offered under the Old Mutual SuperFund Customised Option.
6. If you were invested in the Old Mutual SuperFund Customised Option you will have 60 days from the date you start your Old Mutual SuperFund Deferred Retirement membership to submit an Investment Change Form, informing us of your investment choice. If you don't do this, your retirement savings will be switched to the Trustee elected default investment portfolio. You can always switch out of this at a later stage. Download the Investment Change Form at [oldmutual.co.za/SuperFundForms](http://oldmutual.co.za/SuperFundForms)
7. There is no minimum amount for investing in Old Mutual SuperFund Deferred Retirement.
8. We recommend that members with R30 000 or less in their Old Mutual SuperFund Member Account invest in the Trustee Choice investment package to keep fees to a minimum. This will protect you against the risk that fees reduce your investment growth over time.

## ACTIVATING YOUR OLD MUTUAL SUPERFUND DEFERRED RETIREMENT MEMBERSHIP IS EASY – NO FORMS, NO FUSS!

### Here's how:

Tell your payroll administrator that you are choosing to defer retirement from Old Mutual SuperFund and make sure that your current contact details are sent to Old Mutual SuperFund.

To find out more about Old Mutual SuperFund Deferred Retirement membership visit [oldmutual.co.za/SuperFund](http://oldmutual.co.za/SuperFund) or contact the Old Mutual SuperFund Service Centre on 0860 20 30 40.

If you become a Old Mutual SuperFund Deferred Retirement member, Old Mutual SuperFund will be able to give you updates on your retirement savings in the future and make sure you can easily claim your retirement benefit when you are ready to retire from the Fund.

### What happens next?

When you become a Old Mutual SuperFund Deferred Retirement member, you will receive a letter explaining how your membership works and what you need to do next.

If you do not receive your letter, please call the Old Mutual SuperFund Service Centre on 0860 20 30 40.

### Who qualifies?

All Old Mutual SuperFund members except those with employer liens, as per Section 37D(1)(b) of the Pensions Fund Act, at the time of leaving employment due to retirement.

It is advised that members considering Old Mutual SuperFund Deferred Retirement have a steady income to rely on during the deferment term.

## MORE DETAIL ON OLD MUTUAL SUPERFUND DEFERRED RETIREMENT

OLD MUTUAL SUPERFUND DEFERRED RETIREMENT	
<b>Joining</b>	
When available	Retirement from Employer (Early; Ill Health; Normal; Late)
Advice Fees	No.
Remain invested	Yes. Members in the Old Mutual SuperFund Customised Option have 60 days from the date they join the Old Mutual SuperFund Deferred Retirement facility to submit an Investment Change Form, making a new investment election. If no instruction is received after this period, the retirement savings will be switched to the Trustee selected default investment portfolio. Download the Investment Change Form at: <a href="http://oldmutual.co.za/SuperFundForms">oldmutual.co.za/SuperFundForms</a>
Continue contributing	No. Only accumulated retirement savings from registered retirement funds, excluding retirement annuities, will be allowed into Old Mutual SuperFund Deferred Retirement.
Risk Benefits	No.
<b>Membership</b>	
Administration Fees (pm)	Charged according to investment package. For the latest administration fees, please <a href="#">click here</a> .
<b>Benefit Payments</b>	
Transfer in (Consolidate)	Yes
Cash in/Transfer out	No
Death benefit	Your retirement savings are paid to your dependants and/or nominees.
Retirement benefit	Accessible at any time.

### 3. TRANSFER YOUR BENEFIT TO A PRESERVATION FUND\* OR RETIREMENT ANNUITY FUND

When you retire from your employer you may elect to defer your retirement and transfer your retirement benefit to a preservation fund or retirement annuity fund, subject to the terms allowed in the Income Tax Act.

You cannot take a portion of the benefit and transfer the rest to the preservation or retirement annuity fund, the full retirement benefit must be transferred.

\*Members who transfer their retirement benefit (at retirement) to a preservation fund will not be allowed to take the once-off withdrawal that is applicable to non-retirees.

## 4. TAKE YOUR BENEFIT

### RETIRE FROM OLD MUTUAL SUPERFUND AND BUY A PENSION

#### Annuity Options

Always remember that the original purpose of being part of a retirement fund is to save up enough capital to provide you with a good income after you retire. Before deciding whether to take any part of your retirement capital as a cash lump sum, carefully look at the annuity quotes you will receive from insurers.

These quotes will show you how much your monthly annuity will be and if it is too low for your needs, it may be a better idea to use more of your retirement capital towards your annuity rather than taking all of the cash you are allowed to.

#### 1. Level Annuity

Your monthly pension will remain exactly the same from year to year. This annuity therefore does not offer any protection against inflation.

#### 2. Guaranteed Escalation Annuity

Your monthly pension will increase at a pre-determined rate each year, offering some protection against inflation.

#### 3. Inflation-linked Annuity

Your monthly pension will increase at an inflation-related rate. Your pension plus increases are guaranteed and paid until you die. This pension will keep up with inflation.

#### 4. With-Profit Annuity

You share in the actual investment returns – even though the size of increases is not guaranteed, the actual pension plus past increases are guaranteed and paid until you die. This pension should keep up with inflation.

All of the above are also called “guaranteed annuities”, “conventional annuities” or “annuities for life”. The annuity is purchased with that part of your retirement capital that you did not or could not take in cash and provides for a guaranteed income for your full lifetime. When you die it will stop being paid immediately and nothing will remain payable to your estate or any beneficiary, unless you selected additional options such as “Joint and Survivorship” or “Term Certain and Thereafter” or a Capital Preservation option. Speak to a financial adviser if you are unsure about these options.

#### 5. Living Annuity (also called investment-funded income)

This option allows you to actively control how the retirement capital is invested and how you wish to access it. You can choose annually to draw between 2.5% and 17.5% of the capital as a monthly income. You are solely responsible for ensuring that the investment keeps up with inflation and that the money lasts until your death and if you don't manage this properly then there is the real risk of the money running out during your retirement. Under this annuity, your dependents or beneficiaries will receive the remaining capital when you die.

### SUMMARY: ANNUITY PAYOUT PROFILES COMPARED

These annuities may be chosen on their own or in combination if you have a big enough retirement capital. Every individual's circumstances must be properly assessed by a financial adviser before a decision is made whether to choose a Guaranteed Annuity or a Living Annuity.



It is generally felt that the Living Annuity option is best suited to those who are wealthy and is not well-suited to those who have not saved sufficiently for their retirement. However, it depends on the individual's circumstances and it may even be a good idea to first go into a Living Annuity when interest rates are low and then switch to a Guaranteed Annuity when interest rates are more favourable, since a Guaranteed Annuity is determined on the basis of the prevailing interest rates and once chosen cannot be changed at any stage.

	GUARANTEED ANNUITY (ANNUITY FOR LIFE)	LIVING ANNUITY (INVESTMENT FUNDED INCOME)
<b>Is income guaranteed for life</b>	Yes	No, the income will cease if the capital is totally consumed by way of the drawdown rate being too high and/or the investment returns being poor.
<b>Initial Income</b>	Level: Highest Fixed escalation: Intermediate With-profits: Intermediate Inflation-linked: Lowest	Depends on drawdown rate. Annual income limited to 2.5% to 17.5% p.a.
<b>Can the level of income be changed</b>	No, determined on the basis of the interest rate environment and other factors as at inception and remains so.	Yes, annually.
<b>Annual increases</b>	Level: None Fixed escalation: Guaranteed increase With-profits: Targets inflation Inflation-linked: Guarantees inflation	If investment performance is consistently: <ul style="list-style-type: none"> <li>• Greater than your drawdown rate – sustainable annual increases.</li> <li>• Equal to your drawdown rate – increases not sustainable.</li> <li>• Less than your drawdown rate – risks rapid depletion of funds and consequent reduction in income.</li> </ul>
<b>Is income dependant on investment returns</b>	No	Yes
<b>Can the type of annuity be changed</b>	No	Yes, can convert to a Guaranteed Annuity.
<b>Capital to beneficiaries on death</b>	No*	Yes, provided funds have not been completely depleted.
<b>Protection against living too long (longevity protection)</b>	Yes (all types)	No, unless investment performance is consistently greater than your drawdown rate.

\* Exceptions: Single life annuity with guaranteed term and capital preservation option

## CASH OPTION

If you are a member of a pension fund, you may take up to one third of your retirement capital amount in cash and use it as you wish. Of course, if you don't need cash, it will be a good idea to rather apply the amount towards an annuity option and thereby secure a bigger monthly income.

If you are a member of a provident fund, there is currently no restriction on the portion of your retirement capital you can take in cash. However, bear in mind that this money is intended for your retirement so it is best to invest towards an annuity option.

## Tax - how to avoid paying too much

The following tiered tax table is used at retirement:

RETIREMENT LUMP SUM BENEFIT	RATE OF TAX
R0 - R500 000	0%
R500 001 - R700 000	18% of taxable income above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 +	R130 500 + 36% of taxable income above R1 050 000

## GETTING FINANCIAL ADVICE IS A GOOD IDEA

Before you make a final decision about what to do with your retirement savings, it makes good sense to discuss your options with a financial adviser. An adviser will help you make suitable decisions, taking your future retirement needs into account. An adviser can also help you to make sure you have enough death, disability, funeral and medical cover going forward.

If you don't have a financial adviser or broker, you can call the Old Mutual Member Support Services on 0860 38 88 73 for help.

## 5. OLD MUTUAL SUPERFUND SOLUTIONS AT RETIREMENT

### MAKING YOUR INVESTMENT DECISION SO MUCH EASIER

With so many options available to you when you retire, it can be difficult to make the right decision about what to do with your retirement fund savings. As your partner throughout your retirement journey, Old Mutual SuperFund not only makes it possible to save for your retirement, it also supports you in choosing and buying an annuity that will provide you with an income in retirement.

**Old Mutual SuperFund Solutions At Retirement** is comprised of two simple, but effective at-retirement annuity options that have been carefully selected by the Old Mutual SuperFund Management Board. These annuity options are Old Mutual Fund Select Annuity (Guaranteed Annuity) and Old Mutual Max Income Living Annuity (Living Annuity) and both offer you an easy and cost-effective way to seamlessly go from saving for retirement to earning the income you need in retirement (your pension).

### FEATURES OF FUND SELECT ANNUITY (GUARANTEED ANNUITY)

This annuity pays you a guaranteed monthly income for the rest of your life. Depending on various factors, including how well the market performs, you may receive a yearly pension increase, which will then also be guaranteed for life and will never be taken away. Importantly, the guarantees that are part of Fund Select Annuity mean that you will never stop receiving your income for as long as you are alive. In exchange for this security throughout your retirement, Fund Select Annuity does not offer a lump sum benefit that can be paid out to your loved ones when you die. You can however cover a second life or choose a minimum capital guarantee period (up to 25 years) during which time your beneficiaries will receive an income if you pass away. These options will reduce the amount of retirement income that you receive.

### BENEFITS OF FUND SELECT ANNUITY (GUARANTEED ANNUITY)

- **Security** – your monthly income in retirement is guaranteed to be paid for your lifetime. All increases granted are also guaranteed for life.
- **Trusted Product** – chosen and endorsed by your Old Mutual SuperFund Management Board.
- **Simple yet effective** – an easy and seamless decision and purchase process.
- **The Option of Personal Advice** – get the guidance of a Personal Financial Adviser to help you make your annuity decision. You will need to pay any extra costs that such an adviser charges.
- **Free Access to a Retirement Benefits Counsellor (RBC)** – who will answer any questions you have about the solutions available to you and help you to reach a decision. This RBC will not, however, give you advice on what solution you should choose.

### FEATURES OF MAX INCOME LIVING ANNUITY

This living annuity allows you to choose which investment portfolio your retirement savings are invested into, and, what percentage of your total invested amount will get paid to you as an income. You can choose this income amount from the options recommended by the Old Mutual SuperFund Management Board. Unlike Fund Select Annuity, there is no guarantee that this income in retirement will continue for the rest of your life - so you need to make good decisions about how much income you want to receive. However, unlike with Fund Select Annuity, should you pass away before your invested amount is used up, the remaining amount can be left to your loved ones or form part of your estate.

## **BENEFITS OF MAX INCOME LIVING ANNUITY**

- **Income Flexibility** – choose your own level and frequency of income.
- **Investment Choice** – tailor your underlying investments to suit your needs and preferences using the portfolios endorsed by the Management Board.
- **Legacy** – 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.
- **The Option of Personal Advice** – get the guidance of a Personal Financial Adviser to help you make your annuity decision. You will need to negotiate the fee with the relevant adviser.
- **Free Access to a Retirement Benefits Counsellor (RBC)** – who will answer any questions you have about the solutions available to you and help you to reach a decision. This RBC will not, however, give you advice on what solution you should choose.

## 6. COUNTDOWN TO RETIREMENT FROM YOUR EMPLOYER

Now that you are well informed about your options at retirement from your employer, you can start counting down to the date you retire from your employer.

SIX MONTHS TO RETIREMENT	THREE MONTHS TO RETIREMENT	SIX WEEKS TO RETIREMENT
<p>You should:</p> <ul style="list-style-type: none"> <li>• Notify your Employer and Old Mutual SuperFund of your approaching retirement and request your latest retirement benefit value by calling 0860 20 30 40.</li> </ul> <p>Note that your retirement benefit value can also be accessed via the secure member website and on the mobile site.</p>	<p>You should:</p> <ul style="list-style-type: none"> <li>• Find out more about Old Mutual SuperFund Deferred Retirement and Old Mutual SuperFund Solutions At Retirement which are offered by Old Mutual SuperFund;</li> <li>• Speak to a qualified financial adviser about your options at retirement.</li> </ul>	<p>You should ensure that:</p> <ul style="list-style-type: none"> <li>• Your Employer has forwarded your exit documents, or your election to defer retirement to Old Mutual;</li> <li>• Old Mutual has your tax registration number;</li> <li>• You select the type of annuity (or combination of annuities) that best suits your needs.</li> </ul>
ONE MONTH TO RETIREMENT	RETIREMENT! YOUR BIG DAY!	
<p>You should by now:</p> <ul style="list-style-type: none"> <li>• Have made an election to defer retirement from Old Mutual SuperFund.</li> </ul> <p><b>OR</b></p> <p>If you choose to annuitise:</p> <ul style="list-style-type: none"> <li>• Have requested your final quotation;</li> <li>• Have arranged for the purchase of your annuity; and</li> <li>• Have completed and signed the application form for your preferred annuity product (or combination of annuities).</li> </ul>	<ul style="list-style-type: none"> <li>• If you choose to defer your retirement, you will remain invested and your savings will keep growing. You will receive a welcome letter shortly after, confirming your membership in Old Mutual SuperFund Deferred Retirement, with further information on your investment and benefits.</li> </ul> <p><b>OR</b></p> <p>If you choose to annuitise you should receive your:</p> <ul style="list-style-type: none"> <li>• Cash lump sum, if you have selected one (subject to the required tax clearance being obtained from the Receiver of Revenue); and</li> <li>• First pension payout from the annuity product you have selected, unless you took 100% of the benefit as a cash lump sum (Provident Fund only).</li> </ul>	

# 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 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/selfservice](http://oldmutual.co.za/selfservice)

Visit [oldmutual.co.za/Superfund](http://oldmutual.co.za/Superfund)

Call 0860 20 30 40 or email [superfund@oldmutual.com](mailto:superfund@oldmutual.com) for service related queries.

#### REGULATORY INFORMATION:

Old Mutual Corporate is a division of Old Mutual Life Assurance Company (South Africa) Limited, Jan Smuts Drive, Pinelands, 7405, South Africa. Registration no: 1999/004643/06. A licensed financial services provider authorised in terms of the Financial Advisery and Intermediary Services Act, 2002, to furnish advice and render intermediary services with regard to long-term insurance and pension fund benefits, as well as providing intermediary services as a discretionary investment manager. Please note that this license does not cover the marketing of this product by persons other than Old Mutual and its staff. Every effort has been made to ensure that this document and the products referred to, meet the statutory and regulatory requirements, pertaining to the manner and format in which information regarding financial products is presented. However, should you become aware of any breach of such statutory and regulatory requirements, please address the matter in writing to: The Compliance Officer, Old Mutual Corporate, PO Box 728, Cape Town 8000, South Africa.

