



PLATINUM PENSION 2003

OLD MUTUAL FUND SELECT ANNUITY

Available to retiring members of funds where the trustees have entered into an agreement with Old Mutual Corporate to provide Fund Select Annuity.

REACHING RETIREMENT AGE: WHAT NOW?

Approaching retirement can be a daunting time. This is a time 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 a monthly pension (monthly income).

Your Trustees have worked diligently to make a straight-forward default option available to members. Old Mutual Fund Select Annuity allows a seamless transition of your retirement savings to a monthly pension payable for your lifetime.

WHAT IS OLD MUTUAL FUND SELECT ANNUITY?

Old Mutual Fund Select Annuity is a solution linked to 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 monthly pension into the future.

(This annuity is also referred to as a “with-profit” or “bonus-escalating” annuity.)

HOW DOES OLD MUTUAL FUND SELECT ANNUITY WORK?

- Old Mutual Fund Select Annuity provides a monthly pension guaranteed to be payable for the duration of your life.
- The product 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 pension 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, it is added to the monthly pension and is thereafter also guaranteed for life and cannot be removed.

WHAT ARE THE FEATURES OF OLD MUTUAL FUND SELECT ANNUITY?

- 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.



CORPORATE

DO GREAT THINGS EVERY DAY

- You may **choose to include a second life** (e.g. your spouse, partner or child over age 18 etc.) The monthly pension 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 has been added), the second life will still receive a monthly pension if you pass away before him/her.
- You may **choose the percentage** (e.g. 50%, 75% or 100%) of your monthly pension 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, **your full monthly pension will continue** to be paid to the second life for the remainder of that period. Once the guaranteed period has expired the monthly pension will reduce to the percentage you elected to apply to the second life. If your second life passes away before you and you pass away within the guaranteed period, a lump sum instead of the remaining payments will be paid to your estate unless you nominate new beneficiaries to receive the pension for this guaranteed period.
- You may choose to buy a pension 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, 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 monthly pension** from Old Mutual Fund Select Annuity and use the balance to buy a different pension also through Old Mutual or through 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 monthly pension. **The less you take in cash**, the higher your starting monthly pension 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 monthly pension.

It should be noted that each of the above features will have an impact on your starting monthly pension.



WHAT ARE THE BENEFITS FOR YOU OF OLD MUTUAL FUND SELECT ANNUITY?

- **Security** in that your monthly pension is guaranteed to be payable for your lifetime and that of a second life (if you choose).
- **Trusted product** endorsed by your Trustees.
- **Simple decision-making process**.
- **No commission or advice fees** are payable unless the services of a financial adviser are utilised.
- **Member Support Services**, either via Call Centre or email, is available to **clarify any questions** you may have about the product or to offer assistance with the administrative processes and documents required. While this is not a financial advice line, consultants can easily **put you in touch with a financial adviser**.

WHAT FEES DOES OLD MUTUAL FUND SELECT ANNUITY CHARGE?

Investment Management Charge

The investment management charge (including VAT & asset manager costs) 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 increases declared are net of this charge.

Capital Charge

The capital charge is 1% per annum of the underlying portfolio. **Annual increases declared are net of this charge.**

Administration Fee

- A once-off initial fee of R2 110 is deducted from the capital value invested.
- To prevent any monthly administrator fee being deducted from your pension, R95 per month is applied/accrued for the anticipated 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 DO OLD MUTUAL FUND SELECT ANNUITY UNDERLYING INVESTMENTS WORK?

The assets underlying Old Mutual Fund Select 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 below is as at 31 December 2017, and will change in line with tactical allocations around the long term strategic asset mix.

ASSET CLASS	PLATINUM PENSION 2003 PRI* CATEGORIES	
	2.5% & 3%	3.5% & 4%
Local Matched Bonds	37.0%	47.0%
Local Equity	18.9%	15.9%
Local Property	8.2%	6.9%
Local Alternative	9.5%	8.0%
Local IBA	0.6%	0.5%
Global Equity	20.7%	17.4%
Global Alternative	3.8%	3.2%
Africa	1.3%	1.1%
Total Portfolio	100%	100%

*Refer below for explanation.

HOW HAS OLD MUTUAL FUND SELECT 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
ANNUAL INCREASES					
2010	6.3%	3.0%	2.5%	2.5%	2.0%
2011	3.5%	3.5%	3.0%	3.0%	2.5%
2012	6.1%	3.0%	2.5%	2.5%	2.0%
2013	5.7%	5.5%	5.0%	4.5%	4.0%
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%
ANNUALISED INCREASES OVER 3, 5 AND 10 YEARS					
3 years	5.3%	6.7%	6.2%	4.3%	3.8%
5 years	5.3%	7.3%	6.8%	4.9%	4.4%
10 years	5.3%	6.0%	5.5%	4.4%	3.9%

** 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 OLD MUTUAL FUND SELECT ANNUITY SUITABLE FOR EVERYONE?

Your Trustees have chosen Old Mutual Fund Select 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 Trustees therefore encourage you to seek further information about the options available or to talk to your financial adviser.

For more information about annuity options [click here](#) to access the Member Booklet: Options at Retirement.

HOW TO GET AN OLD MUTUAL FUND SELECT ANNUITY QUOTE?

You can access a Fund Select Annuity quote directly from Old Mutual (no commission or advice fees payable). If you need more guidance via your financial adviser, he/she can request a quote on your behalf, and then commission, as negotiated with your adviser, will be payable.

A quote can be requested from Old Mutual Member Support Services through one of the following channels or logging into our website:

Tel 0860 388 873
Email fundselect@oldmutual.com
Website oldmutual.co.za/fsa

