

OLD MUTUAL FUND SELECT ANNUITY

PLATINUM PENSION 2003 - CATEGORY A

EMPLOYER GUIDE

AVAILABLE TO PARTICIPATING EMPLOYERS
OF OLD MUTUAL SUPERFUND



Your members are reaching retirement age: **What now?**

Approaching retirement can be a daunting time for your employees as members of Old Mutual SuperFund. This is a time when your members must make critical financial decisions that will have an impact on the rest of their lives. One of the most important being, how to best use their retirement savings.

The Old Mutual SuperFund Trustees have considered ways of making this decision easier for your members who may not be comfortable, have the financial knowledge, or don't have a financial adviser. In doing so, they have made available, a default annuity (pension) in the form of the Old Mutual Fund Select Annuity – which allows for a seamless transition of members' retirement savings to a monthly pension payable for their lifetime.

Your members may choose the Old Mutual Fund Select Annuity in combination with any other annuity type or annuity provider.

What is **Old Mutual Fund Select Annuity**?

The Old Mutual Fund Select Annuity works just like other guaranteed annuity products where your members' retirement savings are invested at retirement and used to provide them with a regular monthly pension into the future.

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

What are the **features** of Old Mutual Fund Select Annuity?

Your members may choose:

- **The portion** of their retirement savings they want to use to buy a monthly pension with the Old Mutual Fund Select Annuity and use the balance to buy a different pension also through Old Mutual or through another provider.
- The portion of their retirement savings they want to **take in cash** (subject to Income Tax regulations) and use the balance to buy a monthly pension. The less they take in cash the higher their starting monthly pension will be.
- To add retirement savings, from other approved funds (e.g. a Preservation fund). This consolidated amount will buy them a bigger monthly pension.
- A **guaranteed period** effective from their date of retirement, for which their monthly pension will continue to be paid even if they pass away. They may choose a period between 1 and 25 years.
- To include a **second life** (e.g. a spouse, partner or disabled child etc. – more than one may be added) to receive a monthly pension if the member passes away before the chosen beneficiary. 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. the member 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 the member passes away before him/her).

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- The **percentage** (e.g. 50%, 75% or 100%) of their monthly pension that will continue to be **paid to the second life** if the member passes away before him/her.
- If your employee has **chosen both a second life and a guaranteed period** and passes away within the elected period, their 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 the member elected to apply to the second life. If the second life passes away before the member and the member passes away within the elected period. A lump sum instead of the remaining payments will be paid to their estate.
- To buy a pension without professional financial advice, in which case **no advice fees** are payable. If they 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 they would like to speak to an Old Mutual financial adviser, one can easily be made available to them).

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

How does Fund Select Annuity **work?**

- The Old Mutual Fund Select Annuity provides a monthly pension guaranteed to be payable for the duration of member's lifetime.
- The product aims to provide protection against inflation through participation in the bonus of the underlying investment portfolios. There is however no guarantee that the pension will increase every year, or that increases will be in line with inflation, as any annual increases are based on the declared bonus rate which 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 the member's lifetime and cannot be removed.

What are the **benefits** of Fund Select Annuity for your members?

- **Security** in that the monthly pension is guaranteed to be payable for the duration of your members' life and so is that of the chosen second life.
- **Cost effective** as favorable annuity basis have been negotiated by the Trustees with Old Mutual.
- **Trusted product** endorsed by the Trustees.

- **Simple decision-making process**, not compulsory, provides a retirement option.
- **No commission or advice fees** are payable as the option is available without professional financial advice.
- **Member Support Services**, either via Call Centre or email, is available to clarify any questions your members may have about the product or to offer assistance with the administrative processes and documents required. While this is not a financial advice line, our consultants can easily put members in touch with a financial adviser.

Is Old Mutual Fund Select Annuity **suitable for everyone?**

Old Mutual Fund Select Annuity has been chosen by the Trustees as a pre-packaged best fit for most retiring members of the Old Mutual SuperFund Pension and Provident funds. If this option does not suit their specific needs they may consider other annuity options available.

Members need to have a clear understanding of their personal financial situation before making a decision regarding what option will best suit them. We encourage members to seek further information about the options available or to talk to financial adviser.

For more information about annuity options you may refer your members to the **Member Booklet: Managing your Benefits at Retirement** which is available under "Guide" at <http://www.oldmutual.co.za/superfundfsa>.

How to get an Old Mutual Fund Select Annuity **quote?**

Your members can access a Fund Select Annuity quote directly from Old Mutual (no commission or advice fees payable). If they need more guidance, via their financial adviser (commission as negotiated with the adviser may be payable) the adviser can request a quote on their behalf.

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

Email fundselect@oldmutual.com

Tel **0860 388 873**

Website www.oldmutual.co.za/superfundfsa

Your members are not obligated to accept any quote so obtained.

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