LINK2LINK
UMBRELLA PENSION & RETIREMENT FUND

A product of GQM Fund Administrators (Pty)Ltd
PF Reg No. 12/8/3814, PF Reg No. 12/8/3842

Preferred Annuity Brochure

Your Preferred Retirement Pension (Annuity) Option - Planning for Retirement Made Simple

When you retire, one of the most important decisions you will make is how to turn your retirement savings into a regular income (pension) for the rest of your life.

To help members make informed decisions, the Link2Link Umbrella Retirement Fund has selected a Preferred Annuity Option as part of its retirement strategy. This option has been chosen by the Fund Trustees after considering the needs of Fund members, costs, expected income levels, and member protection.

What is an Annuity?
An annuity is simply a retirement pension that provides you with a regular income after you retire. You use some or all of your retirement savings to buy an annuity, and in return you receive a monthly pension.

The Fund's Preferred Annuity Option
The Fund's preferred annuity provider is Old Mutual, offering a With-Profit Life Annuity (Single or Joint Life).

This annuity:

- Pays you an income for the rest of your life
- Pools investment and longevity risks across many pensioners
- Provides protection against outliving your savings
- Offers the potential for annual pension increases
- Includes guarantees on the pension purchased and future increases granted by the insurer

Why Did the Trustees Choose This Option?
The Trustees reviewed various retirement products available in the market and considered:

- The level of income members could expect in retirement
- Protection against inflation
- Investment performance
- Fees and costs
- Suitability for Fund members' retirement savings levels

After this review, the Trustees concluded that a With-Profit Life Annuity was an appropriate preferred option for members of the Fund.

What Happens at Retirement?
You are not required to choose the Fund's preferred annuity.

At retirement, you may:

Option 1: Choose the Fund's Preferred Annuity
Purchase the Old Mutual With-Profit Life Annuity (Joint or Single Life – see below for more detail).

Option 2: Choose Another Annuity
Use your retirement savings to purchase any other approved annuity product available in the market.

Option 3: Take a Portion in Cash
You may take part of your retirement benefit as a cash lump sum, subject to legislation and applicable tax.

Option 4: Postpone Retirement
You may leave your benefit invested in the Fund and retire at a later date

Single Life or Joint Life Pension – What Does This Mean?
When you retire and choose to buy an annuity (pension), you can usually choose between a Single Life Annuity and a Joint Life Annuity. The Fund's preferred annuity provider can offer either option.

Single Life Annuity
A Single Life Annuity pays a monthly pension to you for the rest of your life.

- You receive an income for as long as you live.
- When you pass away, the pension normally stops, unless you selected additional guarantees when you purchased the annuity.
- Because the pension is based on one person's life, the starting income is generally higher than that of a joint life annuity.

This option may be suitable if you do not have a spouse or financially dependent partner who would need an income after your death.

Joint Life Annuity
A Joint Life Annuity pays a monthly pension for your lifetime and continues to pay an income to your spouse or partner after your death.

- You receive a pension while you are alive.
- If you die before your spouse or partner, the pension (or a selected percentage of it) continues to be paid to them.
- This provides financial security for your surviving spouse or partner.
- Because the pension may need to be paid for a longer period, the starting income is usually lower than a single life annuity.

This option may be suitable if you want to ensure that your spouse or partner continues to receive an income after your death.

Which Option Is Right for Me?
There is no one-size-fits-all answer. The right choice will depend on your personal circumstances, including:

- Whether you have a spouse or partner who depends on your income.
- Your financial needs in retirement.
- Your health and family situation.
- The level of pension income you require.

Important
Before deciding on a pension option, the Fund strongly recommends that you speak to a qualified financial adviser or your employer-appointed employee benefits consultant to help you make the choice that best suits your needs.

Can I Take My Entire Benefit in Cash?
If your retirement benefit is R360,000 or less, current legislation allows you to take the full amount as a cash lump sum when you retire. If your benefit is more than R360,000, you will generally need to use part of it to buy a pension (annuity) that provides you with a regular income during retirement.

Important Tax Information

Money Used to Purchase an Annuity
You do not pay tax immediately on the portion of your retirement benefit used to purchase an annuity. However, the pension income you receive may be taxable.

Cash Taken at Retirement
Any cash portion taken at retirement may be taxed according to SARS retirement lump-sum tax tables.

Before You Retire
The Fund strongly recommends that you:

- Start planning for retirement well before your retirement date.

- Obtain retirement benefit counselling.
- Speak to an accredited financial adviser.
- Discuss your options with your employer-appointed employee benefits consultant.

- Members are encouraged to begin these discussions at least three months before retirement.

Need Help?
Retirement is one of the most important financial decisions you will ever make.
If you need assistance:

- Speak to your employer-appointed employee benefits consultant.
- Contact your financial adviser.

Important Notice
The Fund's Preferred Annuity Option is intended to assist members in making informed retirement decisions. It is not financial advice and may not be suitable for every member. Members should consider obtaining professional financial advice before making a final decision.