



**NEDGROUP**  
INVESTMENTS

NEDGROUP INVESTMENTS RETIREMENT FUNDS  
**OPTIONS AT RETIREMENT**

see money differently



# APPROACHING RETIREMENT: WHAT YOU NEED TO KNOW

## When can you retire?

On turning 55 you are at the age when you can retire from your Nedgroup Investments Retirement Funds if you are ready to do so. “Nedgroup Investments Retirement Funds” means Nedgroup Investments Retirement Annuity Fund; Nedgroup Investments Pension Preservation Fund; and/or Nedgroup Investments Provident Preservation Fund.

Retirement is that point in your life when you start drawing an income from the money you have saved. The right time to retire depends on your personal circumstances and is an important choice that you will need to make.

Importantly, you don’t have to retire now from your Nedgroup Investments Retirement Funds because the longer you remain invested, the more time your money has to grow. Your investment will continue as is until you are ready to retire.

## Do you retire from one or more of your retirement funds (if you have more than one)?

Choosing to retire from your Nedgroup Investments Retirement Funds is independent of your membership to any other retirement fund.

For example, you don’t have to retire from your employer retirement fund (or any other retirement fund that you are a member of ) in order to retire from your Nedgroup Investments Retirement Funds. And likewise, you can retire from your employer retirement fund (or any other retirement fund that you are a member of) and not retire from your Nedgroup Investments Retirement Funds.

If you are a member of more than one Nedgroup Investments Retirement Funds, you can choose to retire from one and not the others.

## What should you think about before deciding to retire?

Do you have enough savings to retire and draw a sustainable income to meet your post-retirement living expenses? Remember to factor in inflation and expenses as well as the tax you will need to pay on your income.

You should plan for your savings to sustain you with an income that can last for your lifetime.

It is strongly recommended to seek guidance from a financial adviser that is best suited to your unique circumstances and who will help you to make informed decisions.

## Can you stagger your retirement?

If you have multiple investment accounts administered for you in one of the Nedgroup Investments Retirement Funds, you need not retire from all your accounts in that retirement fund at the same time. This option is subject to rules, and you will have to make enquiries at the time if staggered retirement is available to you.

## What are your options when retiring?

You can take a maximum of one-third of the retirement value as a cash lump sum. The balance must be invested in a financial product that pays you an income or “pension”. This financial product is called an annuity.



### There are exceptions to the one-third cash lump sum rule

- You can take more than one-third of the retirement value as a cash lump sum if the investment or a portion thereof has “vested provident fund rights”.
- You can also take the full retirement value as a cash lump sum if your investment value in the retirement fund (less any “vested provident fund rights”) is R247 500 or less.

You do not have to take a cash lump sum and can invest the full retirement value in one or more annuities.

Any amount taken as cash may be taxed and will also reduce the amount you have to invest in an annuity and the income you will receive in retirement from your annuity.

### What are vested provident fund rights?

- For members of the Nedgroup Investments Retirement Annuity and Pension Preservation Funds, vested provident fund rights means, subject to legislative requirements:

The value of an investment account in the Retirement Annuity or Pension Preservation Fund provided it is attributable to a transfer from a provident fund or provident preservation fund after 1 March 2021 and such transferred benefit is designated as a vested provident fund right (due to membership of the transferor provident fund or provident preservation fund on 1 March 2021).

- For members of the Nedgroup Investments Provident Preservation Fund, vested provident fund rights means, subject to legislative requirements:
  - a. The value of an investment account in the Provident Preservation Fund, provided that the investment account was already in administration under the Provident Preservation Fund on 1 March 2021; or
  - b. The value of an investment account in the Provident Preservation Fund provided it is attributable to a transfer from a provident fund or provident preservation fund after 1 March 2021 and such transferred benefit is designated as a vested provident fund right (due to membership of the transferor provident fund or provident preservation fund on 1 March 2021).



### How much tax will you pay if you take a cash lump sum?

The amount of tax is determined according to a sliding scale. The first R500 000 is taxed at 0% but this tax-free amount will be less if you have previously withdrawn any of your retirement savings.

#### Retirement Tax Table

Taxable portion of cash lump sum	Rate of tax
R0 - R500 000	0%
R500 001 - R700 000	18% of taxable amount above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable amount above R700 000
R1 050 001 and above	R130 500 + 36% of taxable amount above R1 050 000



# What is an annuity?

An annuity is the financial product that is purchased from an insurer with that portion of your retirement value that is not taken as a cash lump sum. Annuities are grouped into two broad categories: living annuities and guaranteed annuities. There are also annuities that are a combination of these two categories called hybrid annuities.

## Living annuity

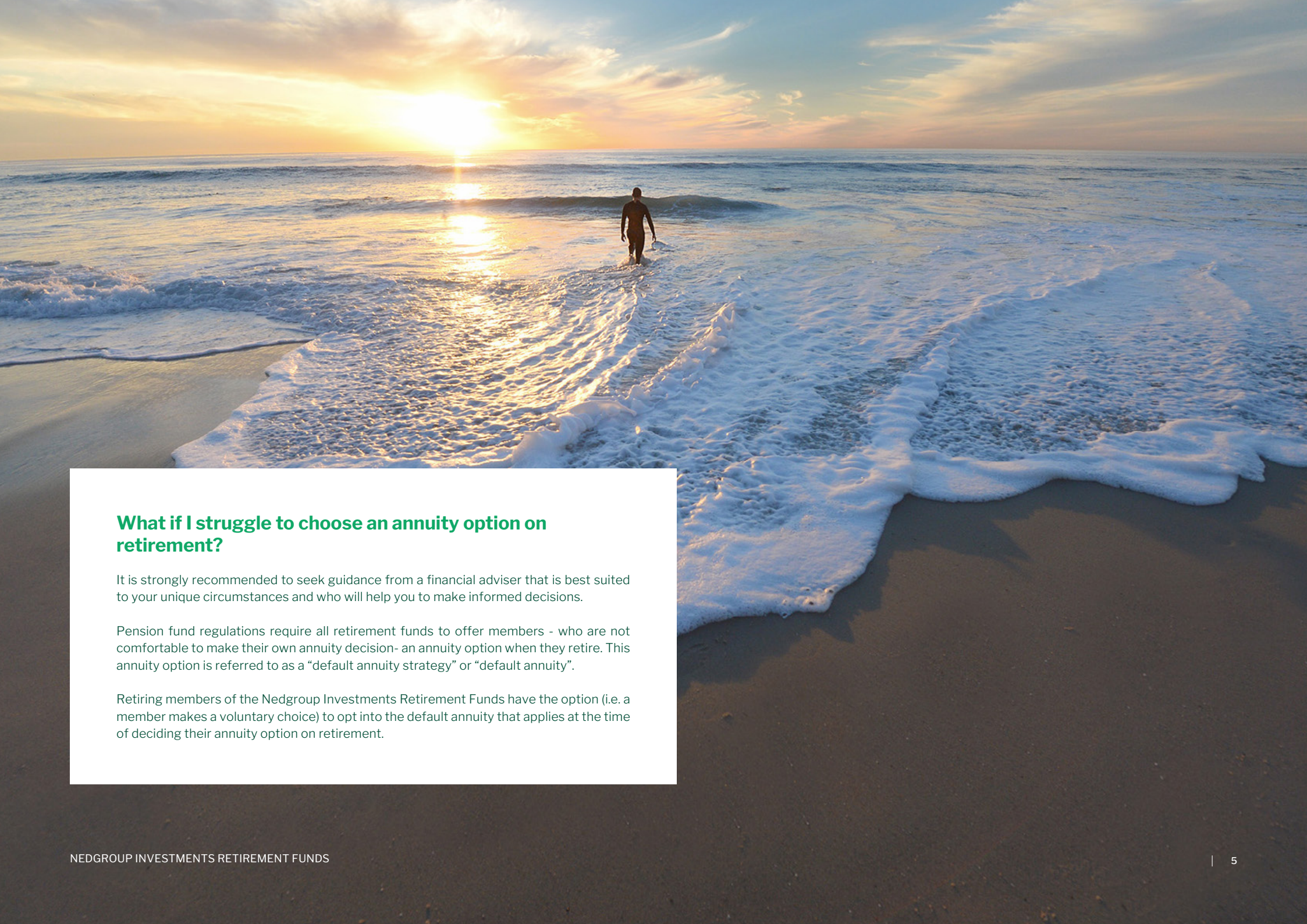
<div><p>A living annuity pays a regular income in retirement that is based on a draw-down of your capital. The income is not guaranteed.</p><p>If you choose a living annuity, you take the responsibility of:</p></div>	<div><p>A living annuity is suitable if you:</p></div>	<div><p>Risks of a living annuity:</p></div>
<div><ul style="list-style-type: none"><li>• choosing the underlying investments;</li><li>• choosing the level of income once a year (within legal limits, currently between 2.5% and 17.5% of investment value);</li><li>• making sure your money lasts for your lifetime.</li></ul></div>	<div><ul style="list-style-type: none"><li>• want flexibility and control;</li><li>• can take investment risk because you want your savings to continue to grow over time (depending on the performance of the investments);</li><li>• want any money left when you die to be paid to your beneficiaries;</li><li>• can take longevity risk i.e. making sure your money lasts for your lifetime;</li><li>• want the option of transferring your investment to another insurer to purchase another living annuity or a guaranteed annuity at a later stage.</li></ul></div>	<div><ul style="list-style-type: none"><li>• you take the investment risk because the value of your investment is determined by the performance of the underlying investments that you have chosen;</li><li>• you take the longevity risk because a reduced or poor investment performance may mean that you outlive your money;</li><li>• if the investment return is not higher than inflation you may not be able to maintain the buying power of your income;</li><li>• the value of your investment reduces with high income draw downs, and this increases the chances of your capital becoming depleted and you not being able to draw a sustainable income i.e., you run out of money.</li></ul></div>

## What is a guaranteed annuity?

A guaranteed annuity pays a guaranteed income for the rest of your life. There are different types of guaranteed annuities. You can choose income increases and income protection (to provide for a guaranteed income to continue to be paid to your spouse after your death). You do not take the investment or longevity risk. Depending on the income option you choose, you may take the risk of your income not keeping up with inflation.

A guaranteed annuity is suitable if you:	Risks of a guaranteed annuity:
<ul style="list-style-type: none"><li>• do not want to take longevity risk and want an income that is guaranteed to be paid for the rest of your life;</li><li>• do not mind that no money is paid out to your beneficiaries when you die (unless you purchased income protection);</li><li>• do not mind that there is no flexibility to transfer to another insurer to buy another annuity product;</li><li>• do not mind that you cannot change your income;</li><li>• want your spouse to get a guaranteed income for the rest of their life after your death i.e., you purchase income protection;</li><li>• do not want the responsibility of making investment decisions that could impact your income.</li></ul>	<ul style="list-style-type: none"><li>• you do not have the flexibility to change your income;</li><li>• your beneficiaries do not get a pay-out on your death, unless you purchased income protection to provide a guaranteed income for them (the cost of this guarantee will reduce your starting income);</li><li>• you cannot transfer your investment to another insurer at a later stage to purchase another living or guaranteed annuity;</li><li>• depending on the income option you choose, there is a risk of your income not keeping up with inflation.</li></ul>



A full-page background image showing a person walking away from the viewer on a sandy beach towards the ocean. The sun is low on the horizon, creating a bright, golden glow that reflects on the water and sand. Waves are breaking around the person, and the sky is filled with soft, colorful clouds.

## What if I struggle to choose an annuity option on retirement?

It is strongly recommended to seek guidance from a financial adviser that is best suited to your unique circumstances and who will help you to make informed decisions.

Pension fund regulations require all retirement funds to offer members - who are not comfortable to make their own annuity decision- an annuity option when they retire. This annuity option is referred to as a “default annuity strategy” or “default annuity”.

Retiring members of the Nedgroup Investments Retirement Funds have the option (i.e. a member makes a voluntary choice) to opt into the default annuity that applies at the time of deciding their annuity option on retirement.

# NEDGROUP INVESTMENTS DEFAULT ANNUITY OPTION

There are many living annuity products available for you to choose from, at Nedgroup Investments we offer a default annuity option, as well as other options that may suit your needs.

## The default annuity option of the Nedgroup Investments Retirement Funds

The trustees of the Nedgroup Investments Retirement Funds have decided on the Nedgroup Investments Living Annuity (underwritten by Nedgroup Structured Life Limited) as their current default annuity option. The default annuity strategy is reviewed annually, and the default annuity option may therefore change from time to time.

## The Nedgroup Investments Living Annuity (Nedgroup Investments Retirement Funds Default Annuity)

The Nedgroup Investments Living Annuity is held in the name of the retiring member and the underlying investments are the following two collective investment scheme portfolios (unit trusts):

**Nedgroup Investments  
Core Guarded Fund**

**50%**

**Nedgroup Investments  
Core Diversified Fund**

**50%**

Information about these collective investment scheme portfolios and their performance is available on the Nedgroup Investments website [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za).

The trustees consider the default annuity option appropriate for members of the Nedgroup Investments Retirement Funds for the following reasons:

- As the member base consists of retail investors, the most appropriate annuity strategy is to use a living annuity investment vehicle. A living annuity allows members the flexibility of changing their investment portfolios when their circumstances change as well as the ability to transfer their retirement savings to another provider.
- A 50/50 split between Nedgroup Investments Core Diversified and Nedgroup Investments Core Guarded Funds is appropriate for the member base. This is the typical asset allocation within living annuities and is aligned to a Human Capital model where an investor has around 50% in growth assets and 50% in income assets.
- Low-cost multi-asset unit trust portfolios (passive balanced funds) were selected from the Nedgroup Investments Core Range as these funds are aligned to the default regulations. They offer investors low overall costs, typically 1% lower than the average multi-asset unit trust portfolio. They also offer investors simplicity and transparency as their asset allocation and stock selection are determined by pre-defined rules and indices. This removes the complexity of manager selection for the end investor.



## Fees associated with the Default Living Annuity

- Investment management fees
  - Initial fees = 0%
  - Annual fees = 0.57% (including VAT)
  - There are no exit penalties

Should a member appoint a financial planner they may charge an initial and annual fee.

## How much income can you take on retirement from your Default Living Annuity?

The table below shows the maximum income levels that a member can withdraw if they opt into the Nedgroup Investments Default Living Annuity. These are based on the values provided by the Financial Services Conduct Authority (FSCA) in their draft conduct standard dated 7 November 2018. This table may be changed in future either by the FSCA, the trustees of the Nedgroup Investments Retirement Funds or any other relevant authority. Any changes to the table may result in the trustees having to reduce the elected drawdown percentage. Whilst the trustees will elect maximum drawdown rates to ensure income sustainability, they are not able to guarantee that the percentages below will last for the remainder of the annuitants' life.

Age	Male	Female
55 to 59	4.5%	4.0%
60 to 64	5.0%	4.5%
65 to 69	5.5%	5.0%
70 to 74%	5.5%	5.0%
75 to 79	6.0%	5.5%
80 to 84	7.0%	6.0%
85 and older	8.0%	7.0%

## How often can you change your income on your Default Annuity?

You can change your income once a year in the anniversary month i.e., the month you first purchased your annuity.



# NEDGROUP INVESTMENTS PRODUCTS OFFERED AT RETIREMENT

Living Annuity

Living Annuity Plus

MyRetirement Solution

## Nedgroup Investments Living Annuity

The Nedgroup Investments Living Annuity is a post-retirement investment product that:

- allows investors to re-invest accumulated retirement savings after retirement to receive an income;
- provides a retirement income for retired investors or their beneficiaries (after their death);
- targets further investment return after retirement;
- allows investors flexibility to select annuity income amount (subject to legal limits); and
- enables a death benefit to be paid to nominated beneficiaries.

Minimum investment amount

**R125 000**

## Benefits

The Nedgroup Investments Living Annuity offers investors:

- access to a wide range of Nedgroup Investment local and offshore funds; and
- no causal event fees or penalties (on transfer to another provider).

## Who should consider this investment?

The Nedgroup Investments Living Annuity is suitable for any investors who:

- want to select their annuity income amount in retirement; and
- want to choose from a range of underlying investments.

## Fees associated with the Default Living Annuity

- Investment management fees
  - Initial fees = 0%
  - Annual fees = 0.57% (including VAT)
- There are no exit penalties

# Nedgroup Investments Living Annuity Plus

Nedgroup Investments does not offer a guaranteed product but offers a hybrid annuity that combines the features of a guaranteed annuity and a living annuity. It provides the same flexibility that a living annuity does in terms of choosing your investments and income but helps your money last longer as it pays extra money into your annuity account on top of your investment returns. These extra payments are called top-ups. This top-up percentage increases with age.

With the Living Annuity Plus:	<p>Like a living annuity, the Living Annuity Plus pays a regular income in retirement that is based on a draw-down of your capital. The income is not guaranteed.</p> <p>If you choose the Living Annuity Plus, you take the responsibility of:</p>	The Living Annuity Plus is suitable if you:	Risks of the Living Annuity Plus:
<ul style="list-style-type: none"><li>• your income is not guaranteed for life, but it will last longer than a traditional living annuity;</li><li>• you have the flexibility to choose your investments and once a year to choose your income (within legal limits, currently between 2.5% and 17.5% of investment value);</li><li>• you can leave a portion of your total savings left in your annuity when you die as an inheritance for your dependents;</li><li>• based on the percentage you choose to leave as inheritance; we calculate the top-up amount that we will pay into your annuity account each month. There is a trade-off: the greater the percentage you leave for your dependents, the smaller your top-ups will be and the greater the risk that your income won't last, and vice versa;</li><li>• You have the option to transfer your money out of the Living Annuity Plus and into either a similar annuity where you give up at least the same % on death, or into a life annuity.</li></ul>	<ul style="list-style-type: none"><li>• choosing the underlying investments;</li><li>• choosing the level of income once a year (within legal limits, currently between 2.5% and 17.5% of investment value);</li><li>• choosing the percentage of your savings that you leave as an inheritance;</li><li>• making sure your money lasts for your lifetime.</li></ul>	<ul style="list-style-type: none"><li>• want flexibility and control;</li><li>• can take investment risk because you want your savings to continue to grow over time (depending on the performance of the investments);</li><li>• want to leave some inheritance to beneficiaries;</li><li>• want the comfort of earning extra 'returns' in the form of top-ups to help your income last longer;</li><li>• can take longevity risk i.e. making sure your money lasts for your lifetime.</li></ul>	<ul style="list-style-type: none"><li>• you take the investment risk because the value of your investment is determined by the performance of the underlying investments that you have chosen;</li><li>• although the top-ups help your money last longer, you still take the longevity risk because a reduced or poor investment performance may mean that you outlive your money;</li><li>• the value of your investment reduces with high income draw downs, and this increases the chances of your capital becoming depleted and you not being able to draw a sustainable income i.e., you run out of money.</li></ul>



# Nedgroup Investments MyRetirement Solution: Developed with Retirees

We developed the MyRetirement Solution together with South Africans from all walks of life who are approaching retirement, or who are already retired, incorporating their input, feedback and experiences. We chose the name MyRetirement Solution as it was co-created with retirees. It is suitable for anyone retiring in the next 5 years or less.

Retirement is often an exciting yet daunting time. It is something most look forward to for many years, but this is often dampened by the fear of not knowing what to do with your hard-earned savings and whether your savings will last. We can assist you by answering your questions and recommending the right options for your circumstances.

## Important retirement questions to ask

The typical questions that retirees want answered and that we will help you answer in the Nedgroup Investments MyRetirement Solution are:

How much cash should I take when I retire?

How should I spend this cash?

What income can I safely take in retirement?

How long will this income last?

What happens to my retirement savings if markets are poor?

## MyRetirement fees (based on inhouse coach default investment funds) when making use of the Nedgroup Investments Living Annuity or LA Plus

- Ongoing investment management:

0.57% incl VAT
- Ongoing advice fee (this is for a retirement coach and tool):

0.29% incl VAT

## A free retirement coaching session

Our retirement coaches can help you answer these questions. You can set up a no obligation, free session with a retirement coach if you are retiring in the next five years. In this session, your coach will ask for more information about your circumstances and generate a retirement plan tailored to your needs using our online retirement tool. You are also able to make changes to this plan and see the long-term impact.

[CLICK HERE TO LEAVE US YOUR DETAILS AND WE WILL CONTACT YOU.](#)





## Who can you speak to?

It is strongly recommended that you seek guidance from a licensed financial adviser that is best suited to your unique circumstances and who will help you to make informed decisions.

There is also the option to set up a meeting with a retirement coach from the Nedgroup Investments MyRetirement solution who will help you make an informed decision. For more information [click here](#).

As Nedgroup Investments cannot give you advice but can give you information, you can contact us on the details below:

### Nedgroup Investments (Pty) Limited

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