

SANLAM UMBRELLA PROVIDENT FUND (SUF) PARTICIPATING EMPLOYER: SANLAM GROUP

In-Fund Living Annuity

1. BACKGROUND:

At retirement, members with a retirement benefit after commutation, of at least R1 million, may elect to become an In-Fund Living Annuitant. Such an annuitant draws a monthly pension from the SUF, which is debited to their member share.

2. ADMINISTRATION DETAIL:

The annuitant:

- will be transferred within the SUF to an In-Fund Living Annuitant group;
- will receive a new membership number that will be different from the one before retirement;
- will be granted Retirement Fund Member Portal access on the new membership number;
- will receive a pension statement by email;
- will receive a monthly arrears pension net of income tax payable on the 25th of each month;
- can elect the investment portfolio(s) to which the monthly pension and cost thereof must be debited (if his/her total after commutation member share is R2 million or more);
- will be allowed to transfer the full In-fund Living Annuity to a life or a living annuity with a registered insurer. Such transfer will be subject to Section 14 of the Pension Funds Act (partial transfers or withdrawals of cash lump sums are not allowed); and
- will NOT be allowed to transfer annuity policies or other funds to be added to the SUF In-Fund Living Annuity.

3. INVESTMENTS:

Living annuity accounts will be credited daily with the investment returns net of investment management fees and associated charges of the relevant investment portfolios;

Important: If your total member share (after commutation) is R1 million or more, but less than R2 million then it will be invested in the Stable Bonus Portfolio. **You do not have the option to select other investment portfolios. Points 3.1 to 3.4 are NOT applicable to you.**

The following investment options are only applicable if your member share is R2 million or more:

- 3.1 Your investment portfolio selection will remain as at retirement (except for members in the Lifestage option), until you (the annuitant) submits an Investment Option form indicating a different choice;
- 3.2 You will only be allowed to invest in investment portfolios on the SUF: Sanlam Group investment menu which are approved by the Trustees (Including the Glacier/SPW option). All investments must be Regulation 28 compliant;
- 3.3 You will be allowed to make investment switches, free of charge;
- 3.4 You may indicate the investment portfolios from which the monthly pension and cost must be paid. **It is very important to ensure that selected portfolios are sufficiently funded to pay the monthly pension payment and administration cost over the ensuing year.**

4. MINIMUM REQUIRED MEMBER SHARE:

The annuity amounts to be applied for the In-Fund Living Annuity must be a minimum of R1 million.

5. DRAWDOWN RATES (PENSION PAYMENT)

- You (the annuitant) must initially at inception date elect a drawdown rate and may thereafter annually on anniversary of the inception date of the In-Fund Living Annuity, select a new rate.
- The drawdown rate will be subject to certain conditions and limitations as set by the authorities and trustees.
- A minimum drawdown rate of 2.5 % is applicable.
- The recommended and maximum drawdown rates approved by the trustees are:

Age	50		55		60		65		70		75		80		85	
Recommended	3.5 %		3.75 %		4.0 %		4.5 %		5.0 %		5.5 %		6.0 %		7.0 %	
Maximum drawdown rate for member share = R2 million or more	4.0 %		4.5 %		5.0 %		6.0 %		7.0 %		10.0 %		15.0 %		N/A	
Maximum drawdown rate for member share = R1 million or more but less than R2 million	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	4.5 %	4.0 %	4.5 %	4.0 %	5.0 %	4.5 %	5.5 %	5.0 %	6.0 %	5.5 %	7.0 %	6.0 %	7.0 %	6.0 %	8.0 %	7.0 %

The rates for in between ages are that applicable at the beginning of the 5 year age interval e.g. in the case of a R1 million member share, the maximum rate for a male age 61 to 64 is 5 %.

Example: Retirement benefit = R1 million
 Drawdown rate = 5 %
 Monthly pension = $R1 \text{ million} \times 5 \% \div 12$
 = R4 166.67 pm

- The annual pension will be paid in fixed monthly pension instalments over the ensuing year.

6. COST:

- **Administration fee** : R138.16 (R120.14 plus VAT) per month for payment of monthly pension.
- **Investment cost** : As applicable to the different investment options on the SUF: Sanlam Group investment menu.
- **Investment switch fees** : No fees applicable. (Please note: Investment switches are only allowed if your member share is R2 million or more.)
- **Other** : Any other cost as agreed to on by the trustees and communicated to the annuitant 60 days in advance.

The above cost will be reviewed annually and debited monthly to the fund value of the annuitant.

7. DEATH

At death of the annuitant the remaining balance in the annuitant's Living Annuity Accounts will in accordance with Section 37C of the Pension Funds Act be allocated by the Trustees according to their discretion to the dependant(s) and/or nominated beneficiaries of the annuitant.

The beneficiaries will have the following options:

- to continue with the Living Annuity; or
- purchase an annuity outside the SUF; or
- elect to receive the amount allocated to him/her in cash.

Such an annuity or other benefit provided by the SUF will be subject to the rules of the SUF: Sanlam Group and the conditions as set by the trustees.

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**ALFREDA APRIL
 RETIREMENT FUND MANAGER**