



# POLITICAL OFFICE- BEARERS PENSION FUND

## LEAVERS PACK

### BENEFITS AND OPTIONS PROVIDED BY THE FUND ON

### RETIREMENT AND RESIGNATION

#### Disclaimer

- The information in this guide does not constitute advice by either the Board of Trustees or its professional advisors. Members are encouraged to seek expert advice from a personal financial advisor before taking decisions regarding their benefits from the Fund.
- The Fund will try to ensure that the material in this guide is up to date and accurate, but this cannot be guaranteed at all times.
- **This version is dated September 2024.**

This section deals with the benefits you are entitled to, after you leave office.

**Members exiting the Fund who are under age 50 will have different options to those members who are aged 50 and older.** In summary, the differences are:

- **IF YOU ARE UNDER AGE 50:** You can receive your Fund benefit as a **resignation benefit only**. Note that there are restrictions affecting your Retirement Pot and possibly also your Savings Pot, when you take a resignation benefit – these are explained below.
- **IF YOU ARE AGED 50 AND OVER:** You have the option to receive the Fund benefit as a **resignation benefit or as a retirement benefit**.

The **amount** of the benefit is the same, but the **form** of the benefit and the **tax treatment** differs.

These benefits as well the various options available to you are discussed below.

Please note that if you serve until the end of the term of Parliament or your Provincial Legislature and then immediately return to office after the Election, i.e. are sworn in to office as part of the new intake of members following the Election, your service is treated as being unbroken and you are NOT entitled to take benefits from the Fund.

## **BENEFIT QUOTATIONS (VALUES)**

You can register on the AF Connect system for online access to your Fund Credit value – details are shown under “Member Online Registration” on the home page of the Fund’s website, at [www.pobpf.co.za](http://www.pobpf.co.za), or go directly to [online@alexforbes.com](mailto:online@alexforbes.com). You can also contact Alexforbes for a benefit quotation: e-mail: [zzPOBPen@alexforbes.com](mailto:zzPOBPen@alexforbes.com).

**THIS FIRST SECTION EXPLAINS THE OPTIONS AVAILABLE TO ALL MEMBERS REGARDLESS OF YOUR AGE.**

## **RESIGNATION BENEFIT**

### **What is the resignation benefit provided by the Fund?**

When you leave office, your benefit is your FUND CREDIT. This is the savings balance you have in the Fund (as shown on your benefit statement every year). Your Fund Credit comprises your **Vested Pot, Savings Pot and Retirement Pot**. There is a short brochure, “**The Two-pot System – Everything You Need to Know**”, available under Member Guides on the Fund website, [www.pobpf.co.za](http://www.pobpf.co.za).

### **What options do I have, in respect of my resignation benefit?**

When you leave office, you will automatically become a “deferred beneficiary” (also called a “paid-up member”) – this means that your Fund Credit (your savings balance in the Fund – **all three Pots**) will remain invested in the Fund’s main investment portfolio, until you instruct the Fund otherwise.

However, you can make the following choices when you leave office or at any time thereafter:

- You can take a cash lump sum (though this will be subject to tax, and will reduce your ability to enjoy a financially comfortable retirement, and is generally not a good idea). There are restrictions affecting your Retirement Pot and possibly also your Savings Pot, so you will not be able to take your full Fund Credit in cash (after 31 August 2024) – this is explained below.

OR

- You can transfer the full benefit (all three Pots) to another retirement fund (an approved Preservation Pension Fund, Retirement Annuity Fund, or your new employer's retirement fund), immediately or at a later stage

OR

- You can choose a combination of part cash and part transfer to another fund. (Note that you will have to leave at least your Retirement Pot as a paid-up benefit in the Fund, or transfer everything that you do not take in cash to another fund – this is explained below.)

OR

- When you are over 50, you can take a retirement benefit – see below.

**Note:** (1) If you have a housing loan backed by a guarantee given by the Fund to the lender (the bank), and the Fund has to honour the guarantee by paying the bank to settle the loan after you leave office, then the loan balance amount which the Fund has to pay to the bank will be deducted from your Fund Credit, together with any tax levied by SARS. This applies even if you choose to be a “paid-up” member.

(2) The insured benefits provided to Fund members cease (fall away) when you leave office.

(3) Your benefit will remain invested (therefore earning investment returns in accordance with the Fund's main investment strategy) until you provide the Fund with a valid and complete instruction to take your benefit from the Fund (in cash / by transfer to another fund / as a retirement benefit).

(4) As from 1 September 2024, the following applies to the “three Pots” which together comprise your Fund Credit, when you wish to take a resignation benefit from the Fund:

- Whatever you may have in your **Vested Pot**, you can take in cash (minus some tax), in full or in part, if you so wish – but there are other options.
- Whatever you may have in your **Savings Pot**, you can also take in cash (minus tax), but NOT if you have made a Savings Pot Withdrawal in the same tax year, unless the balance remaining in your Savings Pot is below R 2 000. (If this restriction applies and you cannot take an immediate cash withdrawal, you can wait until the next tax year and make a cash withdrawal at that stage.)
- You may NOT take your **Retirement Pot** balance in cash – the Retirement Pot is only available when you take a retirement benefit (see below), and MUST then be used to provide you with a pension (unless the amount is less than a prescribed minimum, which will not apply in most cases).
- Whatever parts of your Fund Credit you do NOT take in cash, you can leave as “paid-up” benefits in the Fund, OR you can transfer them to another fund of your choice (e.g. a new employer's retirement fund, or a preservation fund).

**PLEASE NOTE:** There is a monthly fee for continuing as a “paid-up” member of the Fund after you leave office. Details are in the Paid-up Members Guide which is available on the Fund website. This fee will be deducted from your ongoing savings balance in the Fund (your Fund Credit – split across all three pots).

The issues to consider in deciding what to do with your resignation benefit are quite complex. The next section deals with these options in more detail.

## **RESIGNATION OPTIONS**

### **Cash option**

- Your cash resignation benefit is payable immediately, and is subject to tax.
- You have complete flexibility in deciding how you wish to use the after-tax resignation benefit that you take in cash.
- However, you must remember that if you don't set this money aside for your retirement, you will have less money available when you finally retire. The reality is that many people retire with inadequate savings because they have not left their resignation benefits saved for retirement.
- Importantly, **you will NOT be able to take your Retirement Pot balance in cash**, and you MAY not be able to take your Savings Pot in cash (see the next point below). Whatever part(s) of your total benefit that you cannot take in cash, can either be left in the Fund as paid-up amounts, or can be transferred to another fund (e.g. a new employer's retirement fund, or a preservation fund) – but (if transferring) you MUST transfer the WHOLE benefit that is left after any amount that you take in cash.
- Savings Pot - whatever you have in your Savings Pot, you can also take in cash (minus tax), but NOT if you have made a Savings Pot Withdrawal in the same tax year, unless the balance remaining in your Savings Pot is below R 2 000. (If this restriction applies and you cannot take an immediate cash withdrawal, you can wait until the next tax year and make a cash withdrawal at that stage.)

**Savings Pot Withdrawals** are explained in the “Two-Pot Savings Claim Process” guide that is available on the Fund website.

### **The tax treatment of the cash resignation option is as follows:**

The following table summarises the tax treatment of lump sums payable in terms of the rules of a pension fund on resignation. It is based on our understanding of the tax scales in the Income Tax Act.

The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

| <b>Lump sum resignation benefit – from your Vested Pot</b>                          | <b>Tax liability</b>                         |
|---|--|
| R0 to R 27 500  | 0%   |
| From R27 501 to R726 000  | 18% of amount above R27 500                  |
| From R726 001 to R1 089 000   | R125 730 plus 27% of amount above R726 000   |
| R1 089 001 and above  | R223 740 plus 36% of amount above R1 089 000 |
| The tax-threshold of R27 500 is cumulative and applies to the aggregate amount of a |  |

|   |
|---|
| member's resignation over the member's lifetime.  |
| The R 27 500 tax-free amount plus the resignation lump sum(s) taken will reduce the R550 000 tax-free amount at retirement. |

|   |   |
|---|---|
| <b>Lump sum resignation benefit – from your Savings Pot</b> | <b>Tax liability:</b> Any cash that you take from your Savings Pot as (part of) a resignation benefit will be taxed as income, at your marginal tax rate. |
|---|---|

## Leave your benefit in the Fund (i.e. become a “paid-up” member of the Fund)

You may remain a “paid-up” member of the Fund – the term used in the Rules is “deferred beneficiary”. This will be the default, if you do not make another choice when you leave office. In this case:

- Your benefit remains in the Political Office-Bearers Pension Fund to earn investment returns until your retirement (from age 50 onwards).
- From age 50 onwards you can choose to take a retirement benefit from the Fund – this is explained below.
- You can choose the “Cash Option” as set out below, at any time after you become a paid-up member. (Note the restrictions on the Retirement Pot and possibly also on the Savings Pot, as explained below.)
- Similarly, at any time after the benefit becomes “paid-up”, you have the option to transfer your Fund Credit (all three pots) to another suitable fund - an approved Preservation Pension Fund, Retirement Annuity Fund, or your new employer's pension fund.
- The main advantage of the “paid-up” option is that your costs are likely to be much lower. There is no commission. The investment management fees are at the level that the Fund has negotiated for all its investments, and therefore you will benefit from the economies of scale that the Fund has been able to achieve, instead of most likely paying higher fees associated with “retail” savings options such as Preservation Funds.
- You also have the advantage that the Trustees monitor the performance of the investment managers with whom your money is invested on an ongoing basis. However, you do not have a choice of investment portfolios – all members are invested in the same strategy chosen by the Trustees, and all members therefore receive the same investment returns (good or bad).

## Transfer your benefit to another fund (and continue to save)

### New employer's Retirement Fund

If you leave office but take up employment with an employer who offers you membership of a retirement fund, you can usually transfer your Fund benefit (all three pots) to your new fund.

No tax is payable on transfer to a new employer's fund, regardless of whether it is a pension fund or a provident fund.

The principles that apply to retirement benefits from the Political Office-Bearers Pension Fund (e.g. the maximum amount that can be taken in cash, and the requirement that the full Retirement Pot be used to provide you with a pension, along with whatever parts of the Vested and Savings Pots that you do not take in cash) follow through to the new employer's fund.

Similarly, the principles that apply to resignation benefits from the Political Office-Bearers Pension Fund (e.g. the maximum amount that can be taken in cash, and the requirement that you may not take your Retirement Pot in cash) also follow through to the new employer's fund.

The possible advantages of this option are:

- You preserve your Fund savings for your eventual retirement;
- It is likely to be a cheaper option than a Preservation Fund or Retirement Annuity Fund (e.g. no commissions are payable).

## Preservation Fund

You can transfer your resignation benefit to a Preservation Fund, usually provided by a financial services company (e.g. an insurance company).

- In this case no tax is payable until you receive a benefit from the Preservation Fund.
- The principles that apply to retirement benefits from the Political Office-Bearers Pension Fund (e.g. the maximum amount that can be taken in cash, and the requirement that the full Retirement Pot be used to provide you with a pension, along with whatever parts of the Vested and Savings Pots that you do not take in cash) follow through to the Preservation Fund.
- If you take a benefit from the Preservation Fund before retirement, it will be taxed as a resignation benefit. You should note that Preservation Funds generally have a minimum retirement age of **55** (not 50 as in the Political Office-Bearers Pension Fund).
- Any benefit you receive at retirement (after 55) will be taxed as part of your retirement benefits.
- As a member of a Preservation Fund, you can usually make one cash withdrawal before your retirement. Once you have made such a withdrawal, the balance of your money must be left in the Preservation Fund until you retire. As noted above, this cash withdrawal will be taxed as a resignation benefit. **You should check whether this option will be available to you, before deciding to transfer to a Preservation Fund.**
- The principles that apply to resignation benefits from the Political Office-Bearers Pension Fund (e.g. the maximum amount that can be taken in cash, and the requirement that you may not take your Retirement Pot in cash) also follow through to the Preservation Fund.
- You can transfer from one Preservation Fund to another, but there may be costs involved.
- The main disadvantage of this option is that your costs (both the administration fees and the investment management fees) are likely to be higher compared to leaving your money in the Political Office-Bearers Pension Fund. So, if you choose to invest your money in a Preservation Fund, make sure that you get full details of the commission payable to your financial advisor, and the ongoing administration fees and investment fees. An additional cost of say 1% per annum over 20 years will reduce your retirement benefit by as much as 20%!
- You (or your financial advisor) will need to monitor on an ongoing basis the performance of the investment managers with whom your money is invested in the Preservation Fund – you will have a choice of investment portfolios, which you do not have in the Political Office-Bearers Pension Fund.

## Retirement Annuity Fund

Retirement Annuity Funds are somewhat similar to Preservation Funds and are also provided by financial services companies such as insurers.

- You will not pay any tax at the time you transfer the money, and you will be preserving your benefit for your retirement.

- Importantly, you can **only** receive a benefit from a Retirement Annuity Fund on your retirement on or after age 55 (or on your earlier death or ill-health retirement) – you cannot access your savings in the Retirement Annuity Fund before this.
- The principles that apply to retirement benefits from the Political Office-Bearers Pension Fund (e.g. the maximum amount that can be taken in cash, and the requirement that the full Retirement Pot be used to provide you with a pension, along with whatever parts of the Vested and Savings Pots that you do not take in cash) follow through to the Retirement Annuity Fund.
- You should also be aware that the cost structure of a retirement annuity will very likely be higher than if you remain as a “paid-up” member of the Political Office-Bearers Pension Fund.

## **Take part in cash, and transfer the rest**

You can choose to take part of your resignation benefit in cash, up to the maximum permitted by law and subject to tax as explained above, and transfer the rest to another fund.



**NOTE: IF YOU ARE YOUNGER THAN AGE 50 THE NEXT SECTION DOES NOT APPLY TO YOU.**

**IF YOU ARE AGED 50 OR OLDER IT IS IMPORTANT THAT YOU READ THE NEXT SECTION, AS IT SETS OUT EXTRA OPTIONS THAT YOU HAVE.**

Even though (when you are aged 50 or over) you still have the option to take a **resignation benefit** (as explained above), you **also** qualify to take a **retirement benefit** from the Fund as an alternative. You should consider taking specialist financial advice before deciding which benefit is best for you. The retirement benefit is as follows:

## **RETIREMENT BENEFIT**

The Political Office-Bearers Pension Fund is a *Pension Fund*, which means that if you take your FUND CREDIT (all three pots) in the form of a **retirement benefit** from the Fund when you leave office (or later), you may take up to a **maximum of 1/3rd** of your Vested Pot as a **cash lump sum** (subject to some tax). You may also take part or all of your Savings Pot as a cash lump sum (also subject to tax).

The balance of your retirement benefit that you don't take in cash must be used to provide yourself with a pension (an "annuity") – the pension options are explained further below. Note that your full Retirement Pot (and at least two-thirds of your Vested Pot) must be used to buy a pension.

(There may also be additional gratuity amounts paid by your legislature - we will not deal with these here, although some details can be found on the Fund's website.)

**Note:** If you have a housing loan backed by a guarantee given by the Fund to the lender (the bank), and the Fund has to honour the guarantee by paying the bank to settle the loan after you leave office, then the loan balance amount which the Fund has to pay to the bank will be deducted from your Fund Credit, together with any tax levied by SARS.

## **At what age can I take a retirement benefit?**

In terms of the Fund Rules, once you leave office, you may take a retirement benefit at any time from age 50 onwards (or earlier if you are forced to leave office on the grounds of ill-health).

Put differently, this means that, if you are 50 or over when your term of office ends, you can choose to take your Fund benefits in the form of a retirement benefit (pension).

It is important to understand that, when you leave office (and assuming that you do not immediately take up political office elsewhere, e.g. by moving from a Provincial Legislature to Parliament), you can continue as a "paid-up" member of the Fund – this was explained above, under Resignation Benefits. However, if you are aged 50 or over, you can **immediately** choose to take a retirement benefit from the Fund – or you can do this later on, if you prefer.

A "paid-up" member can choose to take a retirement benefit as soon as they turn 50, or at any time thereafter.



## What is my retirement benefit, and how can I receive this benefit?

When you take a retirement benefit from the Fund, you will need to use your FUND CREDIT to provide a pension for yourself (and your dependents).

Because the Fund is a Pension Fund, you can choose to take up to a maximum of 1/3rd of your Vested Pot as a cash lump sum (minus some tax). You may also take part or all of your Savings Pot as a cash lump sum (also subject to tax). The rest of your retirement benefit (that you do not take in cash) must then be used to buy a pension – this will definitely be your full Retirement Pot plus at least two-thirds of your Vested Pot. (Note that this pension requirement includes a so-called “living annuity”. The big life insurance companies and investment management firms provide these, and as discussed below, there is now also the option of a living annuity provided by the Fund itself.)

Once you have received your retirement benefit in full, your membership of the Fund ends. This means that you and your dependents have no further claim for benefits against the Fund, including insured death and disability benefits.

**As from 1 March 2024, the Fund also offers retiring members the option of an in-Fund living annuity – i.e. you will be able to choose to remain a member of the Fund after retirement, and to draw a monthly income (subject to the normal tax rules) from your retirement savings invested in the Fund. (Note that a minimum investment of R 2 000 000 applies. There will be no insured benefits for retired members taking this option.)**

If you decide to take a retirement benefit, you therefore face two important choices, namely:

- How much of your benefit should you take in cash? (the tax treatment of this cash lump sum is dealt with below); and
- What type of pension should you receive in retirement (and who should provide it)?

**These two issues are dealt with in the tab titled “Retirement Options” on the web-site: [www.pobpf.co.za](http://www.pobpf.co.za)**

## Tax treatment of lump sums on retirement

The following table summarises the tax treatment of lump sums payable in terms of the rules of a pension fund on retirement. It is based on our current understanding of the tax scales in the Income Tax Act. The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

| Lump sum death or retirement benefit (from Vested Pot and/or Savings Pot) | Tax liability  |
|---|--|
| R0 to R 550 000   | 0%   |
| From R570 001 to R770 000   | 18% of taxable income exceeding R550 000                 |
| From R770 001 to R1 155 000   | R 39 600 plus 27% of taxable income exceeding R770 000   |
| R1 155 001 and above  | R143 550 plus 36% of taxable income exceeding R1 155 000 |

However, it is important to note that, in our current understanding, **any gratuity that you may receive from Parliament or your Legislature will also count towards this tax-free amount** if you are aged 55 and older - you cannot receive the tax-free amount twice (once from the Fund and again from the gratuity).

Also, the tax-free amount is reduced by any tax-free amounts that you have received previously on withdrawal (resignation) or retirement. In other words, the tax-free amount of R550 000 counts as a “lifetime allowance”.

## **WHAT IS THE PROCESS FOR TAKING A BENEFIT FROM THE FUND?**

Claim forms for whichever option you have decided upon, can be obtained from the HR office, the Fund’s website or from Alexforbes.

The form needs to be fully completed by yourself, signed and stamped by your HR office, and returned to Alexforbes for processing.

### **Alexforbes Contact Details:**

E-mail: [zzPOBPen@alexforbes.com](mailto:zzPOBPen@alexforbes.com)

Telephone: 021 401 9300

## CHOOSING A PENSION PROVIDER

If you are taking a retirement benefit from the Fund (as explained above), you will need to use a large part of your Fund Credit to buy a pension (lifetime income) for yourself. You should read the “**Retirement Options**” guide (on the Fund’s website at [www.pobpf.co.za](http://www.pobpf.co.za)) which explains the different types of pension, and their pros and cons. You may also want to discuss this with a personal financial advisor.

As from March 2024, you can **split** the portion of your Fund Credit that you will be using to provide a pension, and buy **more than one pension** from different providers – you can (for example) use some of the money to buy a “life annuity” (fixed pension) from an insurance company, and the rest of it to invest in a living annuity (either from the Fund itself, or from an external provider). You will very likely need expert financial advice before making a decision to split your capital in this way.

**If you do not have your own financial advisor and do not know where to start looking for a pension**, the Trustees suggest that you contact one of the following firms for information (and if necessary, a referral to a personal financial advisor):

- **Alexforbes** – contact details (per Province) are shown on the last page below.
- **Liberty Life** – contact [benefitcounselling@liberty.co.za](mailto:benefitcounselling@liberty.co.za) or call 011 558 2999 and select the “Benefits counselling” option

**In each case you should say that you are a retiring member of the Political Office-Bearers Pension Fund, and that you are looking for information about the Living Annuity product that is being offered to Fund members.**

Before contacting either of the firms, you may want to check your current Fund Credit value, and decide roughly how much you want to take in cash and how much you will be investing in the pension product. You can contact Alexforbes for a benefit quotation – see contact details at the end of this document.

The Trustees recognise that many retiring members will want to invest in a “Living Annuity” pension, and have therefore reviewed suitable Living Annuity products from a wide range of providers before deciding on the firms listed above. The firms were chosen because they had suitable products at reasonable cost and were able to offer suitable support to members of our Fund.

A summary of the chosen Living Annuity products from the firms follows, but you should speak to either or both of the firms for further information and a detailed quotation (if you want this). **Please also be aware that a Living Annuity is not suitable for everyone. If you are in any doubt as to whether a Living Annuity is suitable for you (after reading the “Options at Retirement” guide), you should discuss this with a financial advisor.** If you do not have your own personal financial advisor, either of the firms listed above will be able to refer you to one.

Please note also that **from 1 March 2024, the Fund also offers retiring members the option of an in-Fund Living Annuity** – i.e. you will be able to choose to remain a member of the Fund after retirement, and to draw a monthly income (subject to the normal tax rules) from your retirement savings invested in the Fund. For comparative purposes, details are shown in the following table. Note that a minimum investment of R 2 000 000 applies.

|  |  |  |   |
|--|--|--|---|
| Provider                               | Alexforbes   | Liberty Life                           | Political Office-Bearers Pension Fund   |
| Product name                           | AFRIS Living Annuity   | Liberty Corporate Group Living Annuity | In-Fund living annuity  |
| What is a Living Annuity?              | <p>All products are Living Annuities. This means that you invest the chosen portion of your retirement benefit (not less than two-thirds of your Fund Credit) in the Living Annuity product that you have selected – there will be a choice of investment portfolios, and you can combine or switch between the investment portfolios. You then draw an income (pension) from the investment every month. You can choose the starting level of income - by law, the yearly amount that you draw cannot be less than 2.5% of the amount invested, and cannot be more than 17.5%. You can change your income draw each year, as long as you stay within these limits. <b>Note that if you are in your 50s or 60s, a yearly income draw of more than 5% of the amount invested is probably too high</b> – this is something to discuss with a financial advisor. (If you cannot manage on a yearly income of 5% of the amount you are investing, maybe a Living Annuity is not the right product for you. Remember that your monthly pension payments are taxed.)</p> |  | <p>Same applies, except that the Fund does <b>not</b> offer a choice of investment portfolios.</p> <p><b>The minimum amount that you may invest in the in-Fund living annuity is <u>R 2 million</u>.</b></p>  |
| What investment choices are available? | <ul style="list-style-type: none"> <li>• AFI Performer, a balanced / aggressive “actively managed” fund;</li> <li>• AFI Conserver, a balanced / conservative “actively managed” fund;</li> <li>• AFI Passive Bold, a balanced / aggressive “index-tracking” fund;</li> <li>• AFI Passive Protector, a balanced / conservative “index-tracking” fund.</li> </ul> <p>(These are the four portfolios chosen by the Trustees for investments by Fund retirees in terms of this option put forward by the Fund. The AFRIS Living Annuity product has several other investment portfolios as well.)</p>  |  | <p>Your capital will be invested in the main Member Portfolio, which follows a fairly conservative investment strategy (probably suitable for many pensioners who wish to invest in a living annuity) – but at this time there is no choice of investment portfolios, i.e. no alternatives.</p> |

| Provider  | Alexforbes   | Liberty Life  | Political Office-Bearers Pension Fund  |
|---|--|---|--|
| What are the costs of investing in the Living Annuity products? | There are various costs: (1) the provider may charge an Administration Fee; (2) there will be investment management fees (and related costs and charges); (3) if you use a financial advisor to help you make the investment in the Living Annuity, or to help you manage the investment in the coming years, there will be fees payable to the advisor. More details are given below.                                 |   |  |
| (1) Administration fees   | <p>Alexforbes will charge administration fees on a sliding scale. The fees are expressed as a percentage of the value invested in the Living Annuity – these are fees <u>per year</u>:</p> <p>0.388% of the first R1 million invested, plus.</p> <p>0.216% of the next R1.5 million, plus</p> <p>0.173% of the next R5 million, plus</p> <p>0.11% of the amount about R7.5 million.</p> <p>These fees include VAT.</p> | <p>Liberty Life will <b>not</b> charge an administration fee.</p>   | <p>The Fund will charge an initial fee of R 1 265, and then an ongoing monthly fee of R 550 p.m. (which will be increased from time to time).</p> <p>These fees cover the costs charged to the Fund by the administrator (Alexforbes) as well as a contribution to the ongoing costs of operating the Fund.</p> <p>These fees include VAT.</p> |
| (2) Investment management fees                                  | <ul style="list-style-type: none"> <li>• AFI Performer – 0.50% p.a. plus performance fees and fees on the offshore portion</li> <li>• AFI Conserver – 0.60% p.a. plus performance fees</li> <li>• AFI Passive portfolios – 0.35% p.a.</li> </ul> <p>These fees include VAT. Further details of all investment fees and charges can be obtained from the living annuity provider.</p>                                   | <ul style="list-style-type: none"> <li>• Risk-profiled “index-tracking” funds – 0.35% p.a.</li> <li>• Money Market fund – 0.30% p.a.</li> </ul> <p>These fees include VAT. Further details of all investment fees and charges can be obtained from the living annuity provider.</p> | <p>The fees applicable to the Member Portfolio average at some 0.45% p.a., including VAT.</p>  |

| Provider                      | Alexforbes  | Liberty Life | Political Office-Bearers Pension Fund |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
|-------------------------------|---|--------------|---------------------------------------|------------------|-------|----------------------------|-------|---------------------|-------|--------------------|-------|--------------------|-------|--|---|
| (3) Fees for financial advice | <p><b>If you ask for personal financial advice</b>, Alexforbes will refer you to one of their financial advisors. There will be a <b>fixed charge of R10 000 + VAT for an initial session with the advisor</b> – this will be deducted from your Fund Credit. If you choose to invest in the Living Annuity product, there will be also an ongoing annual advice fee, which will not be greater than the following:</p> <table><tr><th>Fund Value</th><th>Ongoing fee p.a. (excl. of VAT)</th></tr><tr><td>Up to R5 million</td><td>0.50%</td></tr><tr><td>R5 million to R7.5 million</td><td>0.40%</td></tr><tr><td>R7.5 to R10 million</td><td>0.35%</td></tr><tr><td>R10 to R15 million</td><td>0.30%</td></tr><tr><td>R15 to R20 million</td><td>0.25%</td></tr></table> <p>(To clarify, an investment of R6 million would attract a fee of 0.40% p.a. on the <u>whole</u> amount, not just on the excess above R5 million.)</p> <p>These fees are open to negotiation between you and the advisor, depending on the complexity of the financial planning required (especially for amounts above R20 million).</p> <p>If you invest in a different pension product under the advice of the financial advisor, different fees may be payable – you can negotiate these with the advisor, who must disclose these to you.</p> | Fund Value   | Ongoing fee p.a. (excl. of VAT)       | Up to R5 million | 0.50% | R5 million to R7.5 million | 0.40% | R7.5 to R10 million | 0.35% | R10 to R15 million | 0.30% | R15 to R20 million | 0.25% | <p><b>If you ask for personal financial advice</b>, Liberty may refer you to a financial advisor from a firm called MenteNova, who have been selected and approved by Liberty Life.</p> <p>If you choose to invest in the Living Annuity product, there would be an initial charge of 0.3% on the first R3m to be invested (which may be waived by the advisor) and an ongoing annual charge of 0.3% p.a. on the amount invested, up to R5m (with charges on assets above R5m being negotiable between you and the advisor). These are charges before VAT.</p> <p>This negotiated rate is for financial advice rendered, even if you choose to invest in a living annuity from a different provider (under the advice of MenteNova). The fee applicable to a “life annuity” pension will be a once-off 0.5%, plus VAT.</p> | <p>The Fund will not pay any fees or commission to a financial advisor.</p> |
| Fund Value                    | Ongoing fee p.a. (excl. of VAT)   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
| Up to R5 million              | 0.50%   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
| R5 million to R7.5 million    | 0.40%   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
| R7.5 to R10 million           | 0.35%   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
| R10 to R15 million            | 0.30%   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |
| R15 to R20 million            | 0.25%   |              |                                       |                  |       |                            |       |                     |       |                    |       |                    |       |  |   |

| Provider                | Alexforbes   | Liberty Life  | Political Office-Bearers Pension Fund  |
|-------------------------|--|---|--|
| How do I find out more? | <p>Contact names for each Province are:</p> <ul style="list-style-type: none"> <li>• <b>Western Cape and Northern Cape</b> – Justin Wendover, 021 415 1802, <a href="mailto:wendoverj@alexforbes.com">wendoverj@alexforbes.com</a></li> <li>• <b>Eastern Cape</b> - Buntu Bam, 041 392 8349, <a href="mailto:bamb@alexforbes.com">bamb@alexforbes.com</a></li> <li>• <b>Free State</b> - Ockert Claassens, 051 403 6526, <a href="mailto:claassenso@alexforbes.com">claassenso@alexforbes.com</a></li> <li>• <b>Gauteng</b> - Sizwe Buthelezi, 011 269 1296, <a href="mailto:buthelezi@alexforbes.com">buthelezi@alexforbes.com</a></li> <li>• <b>Gauteng North</b> - Jaco Prinsloo, 012 452 7060, <a href="mailto:prinslooja@alexforbes.com">prinslooja@alexforbes.com</a> OR Palesa Mamogale, 012 452 7061, <a href="mailto:mamogalep@alexforbes.com">mamogalep@alexforbes.com</a></li> <li>• <b>KwaZulu-Natal</b> - Ntsho Ntshangase, 031 573 8298, <a href="mailto:ntshangase@alexforbes.com">ntshangase@alexforbes.com</a></li> <li>• <b>Limpopo</b> - Reuben Els, 012 452 7081, <a href="mailto:elsre@alexforbes.co.za">elsre@alexforbes.co.za</a></li> <li>• <b>Mpumalanga</b> - Muzaifa Noorbhai, 012 452 7153, <a href="mailto:NoorbhaiM@alexforbes.com">NoorbhaiM@alexforbes.com</a> OR Ayanda Sibindi, 012 452 7040, <a href="mailto:sibindia@alexforbes.com">sibindia@alexforbes.com</a></li> <li>• <b>North West</b> - Veoshan Govender, 012 452 7013, <a href="mailto:govenderv1@alexforbes.com">govenderv1@alexforbes.com</a> OR Megan Mc Namara, 012 452 7039, <a href="mailto:namaram@alexforbes.com">namaram@alexforbes.com</a></li> </ul> | <p>Contact <a href="mailto:benefitcounselling@liberty.co.za">benefitcounselling@liberty.co.za</a> or 011 558 2999 and select the “Benefits counselling” option.</p> <p>Alternatively, for comprehensive financial planning guidance and services contact a Financial Advisor by visit <a href="http://www.liberty.co.za">www.liberty.co.za</a> and select 'Get Advice'.</p> | <p>Material will be provided on the Fund's website.</p> <p>Alternatively, for information (but not financial advice), you may e-mail the Principal Officer, Belinda Burger, at <a href="mailto:belindaburger1406@outlook.com">belindaburger1406@outlook.com</a>.</p> |
|                         | <p>Before contacting any of the providers, you may want to check your current Fund Credit value, and decide roughly how much you want to take in cash and how much you will be investing in the pension product. You can contact Alexforbes for a benefit quotation: e-mail: <a href="mailto:zzPOBPen@alexforbes.com">zzPOBPen@alexforbes.com</a>.</p>   |   |  |



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|  | (Remember that you can also register for online access to your Fund Credit value – details are shown under “Member Online Registration” on the home page of the Fund’s website, at <a href="http://www.pobpf.co.za">www.pobpf.co.za</a> .) |
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