



# WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

# IN-FUND LIVING ANNUITY

## WHAT YOU NEED TO KNOW

### THE TRUSTEES HAVE INTRODUCED AN IN-FUND LIVING ANNUITY FOR RETIRING MEMBERS.

THIS IS A COST-EFFICIENT ADDITIONAL  
RETIREMENT OPTION.



**The Woolworths Group Retirement Fund is a pension fund. This means that when you retire, you are required to buy a pension with at least two thirds of your Fund Credit.**

#### Your Fund Credit

During your working life you contribute to the retirement fund. These contributions are invested for you and accumulate. The total amount of your investment in the fund is called your Fund Credit. The larger your Fund Credit, the greater the pension you will receive once you retire.

#### Your options when you retire

- You can use your full Fund Credit to buy a pension.
- You can take up to one third of your Fund Credit in cash. You must then buy a pension with the balance of your Fund Credit.

#### Types of pensions available

##### A LIFE ANNUITY

A **life annuity** is an insurance product that you purchase from an insurer of your choice. The insurer guarantees to pay you a specified monthly pension

for the rest of your life. Should your investments run out while you are still alive, the insurer is required to continue paying your pension regardless. The insurer carries all of the risks associated with the investment of your Fund Credit and how long you live for. When you die, your remaining investments are retained by the insurer.

##### A LIVING ANNUITY

A **living annuity** is an investment product that you purchase from an insurer of your choice. You have greater flexibility in terms of investment choices, and may have up to 100% invested offshore. You decide on your monthly income required, but you do need to work within the confines of the prevailing regulations. Should you have money left in the fund after your death, this will be passed on to your nominated beneficiaries.

##### THE IN-FUND LIVING ANNUITY

**You may now choose this option and remain a member of the Fund.**

This means that you stay part of the Woolworths family when you retire. **This is also the pension option that has the lowest fees.**

THINK BIG. START SMALL. ACT NOW!

# YOUR PENSION OPTIONS WHEN YOU RETIRE

## IN-FUND LIVING ANNUITY

The In-fund Living Annuity option is limited to the investment portfolios as chosen by the trustees.

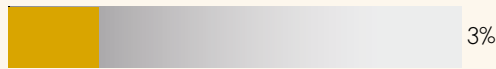
These are:

- Balanced Growth Portfolio
- Conservative Growth Portfolio
- Money Market
- Shari'ah Portfolio

### FEES

**The lowest investment fees.**

**0.3 to 0.6% per annum**



## AFRIS OUT-OF-FUND LIVING ANNUITY

Here you are limited to four portfolios chosen by the Fund's trustees. These are:

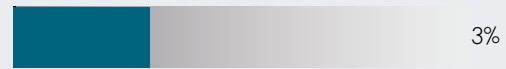
- AFI Performer
- AFI Protector
- AFI Passive Bold
- AFI Passive Protector

When you retire, you will move out of the Woolworths Group Retirement Fund and no longer be part of the Woolworths family.

### FEES

**The fees here are low.**

**0.5 to 0.8% per annum**



## RETAIL OUT-OF-FUND LIVING ANNUITY

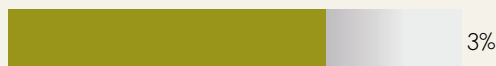
There are a broad choice of portfolios available. You can have up to 100% invested offshore. When you retire, you will draw from your Fund Credit.

### FEES

**Here the fees are higher.**

Some providers will quote low or nil administration fees, but their margin is made on their high investment fees.

**0.4 to 2.2% per annum**



## OUT-OF-FUND LIFE ANNUITY

Life Annuities are purchased from an insurer of your choice and the pension is guaranteed for the rest of your life.

There is a 'capital charge' that is included in this investment fee. The insurer levies this charge for the cost of the guarantee of longevity.

### FEES

**These investment fees and costs are much higher** as this is an insurance product.

**1.0 to 2.5% per annum**



# THE BENEFITS OF THE IN-FUND LIVING ANNUITY

## Lowest fees

**The administration fees and the investment portfolio fees are generally much lower than if you buy a pension with an external provider.**

With the In-fund Living Annuity our fund trustees negotiate the fees on everyone's behalf. Because so many members are investing in the same product, you enjoy the benefit of economy of scale – in other words, cheaper fees because the cost is split among many people. As an individual using an external provider, you pay more because the fees are not shared across as many people and you alone will absorb all the costs.

## It's easier

With the In-fund Living Annuity, **your retirement savings remain invested in the Woolworths Group Retirement Fund** when you retire.

## Tax-efficient

**The In-fund Living Annuity is as tax-efficient as possible** and there are advantages to investing in this option. Speak to a [certified financial planner](#) for advice.

## Ease of administration

For many years you have received communication, made contributions and invested with the Woolworths Group Retirement Fund. By choosing the In-fund Living Annuity, **the Fund remains the administrator and it will be familiar territory.**

**The Fund arranges for your pension to be paid to you each month.** The trustees are responsible for monitoring the Fund and ensuring that it remains sustainable and complies with legislation. They also report regularly to you on the Fund's performance.

## Part of the Woolworths family

**Once you retire, you remain a retiree in the Fund and stay part of the Woolworths family.** The trustees, as members of the Fund themselves and as your former colleagues, will continue to protect and oversee the Fund and your retirement savings.

## Support

As a retiree in the Fund, **you will be adequately supported and informed** when having to make any important decisions.

## Investment choices

When you retire, **you can elect to invest in one of the four default investment portfolios chosen by the trustees** if you choose the In-Fund Living Annuity option.

## Switching your investment choices

**You may change your investment strategy** by submitting a [Switching Form](#) – you can choose the investment of your retirement savings from the available choices. However, if you decide to invest your Fund Credit with another provider (outside of the fund), then you cannot convert it back to the In-fund Living Annuity.

## Less risk

The trustees of the Fund are responsible for the investment strategy. Their approach is long-term and they use financial advisors to get the best results. **This means that for you, there is less risk involved.**

## Flexibility

- You decide the level of pension you wish to draw once you retire. You should speak to a [certified financial planner](#) when making this decision as it is important that your Fund Credit does not get depleted.
- You can decide how aggressively or conservatively your retirement savings are invested, based on your need to preserve your capital or to continue wealth accumulation.

## Recourse

If you ever run into financial difficulty and creditors want to seize your assets, **they may not take any money from your In-fund Living Annuity.**

## Transferability

If you are at any stage unhappy with the In-fund Living Annuity, **you can transfer to another pension or provider at any time. You are never locked in.**

## Continuity

**Your investments will continue to be managed by the trustees of the Fund.** A default investment strategy will apply but you will continue to be able to make your own investment choices. You will receive regular communication updating you on your Fund Credit and the appropriateness of your investment strategy.

# MORE INFO ABOUT YOUR PENSION

## Your pension payments (draw-down)

When you retire and have a living annuity, you will draw from your Fund Credit. The amount of pension you take per year is called your draw-down rate and is expressed as a percentage of your Fund Credit.

**Example:** If you have a Fund Credit of **R200 000** and want a pension of **R10 000** per year, then your draw-down percentage is **5%**

If your income drawn is too high, you could run low on money and will receive little pension when you retire. If this is ever depleted you will run out of money and no longer receive a pension.

The SARS requirements are that the draw-down rate is between 2.5% and 17.5%.

### When you choose the In-fund Living Annuity, you must decide:

- How much pension you wish to take per year.
- How often do you wish for this to be paid?  
Monthly / quarterly / bi-annually / annually

The pension payment date is the 25th of each month and your monthly pension is subject to normal tax rates.

## Your insurance benefits will stop

Once you retire, neither you nor your employer will pay contributions to the Fund and **you will no longer qualify for any of the insured benefits** offered by the Fund.

## Annual review for sustainability

### Your In-fund Living Annuity is reviewed every year.

You will receive an annual review form and will need to confirm your draw-down percentage and investment strategy for the following year. This review process ensures that your draw-down percentage is within the prescribed limits and also includes a sustainability test – to check how long your pension will last.

## If you die

The In-fund Living Annuity is regulated by the Pension Funds Act. This means that although you nominate beneficiaries to your annuity, in the event of your death it remains the duty of the trustees to allocate the death benefits in a manner that they deem fair. They are under no obligation to honour your wishes but instead conduct an investigation to establish who your financial dependants are and distribute accordingly. **It is important to keep your [Nomination of Beneficiary Form](#) up-to-date.** The Trustees use this as a guide as to who should receive your remaining Fund Credit.



## WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

**HOW MUCH DO YOU HAVE SAVED IN THE FUND?** To find out what your Fund Credit is, go to [online.alexanderforbes.co.za](https://online.alexanderforbes.co.za). You will require your pin and password. Alternatively, please visit PeopleSoft.

**THE VALUE OF GOOD ADVICE:** We recommend getting financial advice from a qualified financial adviser. Contact Alexforbes Individual Advice Centre (IAC): Call **0860 100 444** or email [iac@aforbes.com](mailto:iac@aforbes.com)

**FUND QUERIES:** For information about the Fund, call **021 401 9300** or email [wgrfmbqueries@aforbes.co.za](mailto:wgrfmbqueries@aforbes.co.za)

**You can write to us:** Woolworths Group Retirement Fund, PO Box 680, Cape Town 8000

[WWW.WGRF.CO.ZA](http://WWW.WGRF.CO.ZA)

**DISCLAIMER:** Although every effort has been made to ensure that the information in this brochure is correct, the Board of Trustees, Woolworths and the administrators take no responsibility for any loss or damage suffered by any person as a result of their reliance on the information in this brochure. Any information provided is of a general nature and you must take into account your own personal retirement objectives and financial circumstances. In the event of a dispute, the rules of the Woolworths Group Retirement Fund will prevail.