



OLD MUTUAL

# PRESERVATION FUNDS

**Old Mutual unit trust-based preservation funds offer you flexibility, transparency and tax efficiency, at very low costs.**

## WHO SHOULD INVEST?

If you change your job you need to consider what to do with the proceeds of your investment in your previous employer's retirement fund. A good option to consider is to preserve and grow your retirement capital. When you retire, you should then have a healthy capital lump sum which you can invest in a living or life annuity that will pay you an income when you are no longer receiving a salary.

## WHAT IS A PRESERVATION FUND?

It is a retirement fund designed specifically to receive lump sum transfers from your employer's retirement fund if you leave your job before retirement; and which allows you to grow your retirement capital through exposure to the investment markets.

- Old Mutual Preservation Pension – for money from pension funds.
- Old Mutual Preservation Provident – for money from provident and pension funds.

## FEATURES AND BENEFITS

### Cost efficiency

The Old Mutual Preservation Funds are extremely cost-effective:

- Minimum investment amount: R10 000.
- No hidden costs. Where applicable a savings and withdrawal fee will be incurred. See Fees & Charges below.

### Investment choice and flexibility

You can tailor a portfolio\* to suit your specific investor profile from our comprehensive range of local and international unit trusts.

Find out about our entire suite of over 40 unit trust funds by visiting our fund centre at [www.oldmutualinvest.com](http://www.oldmutualinvest.com)

If you aren't sure which unit trusts are right for you, consult a qualified financial planner to help you structure and maintain a suitable investment portfolio. In this case, you will pay planner fees as negotiated with your planner. See more details under Fees & Charges.

\* Regulation 28

Your portfolio must comply with the asset exposure limits set out by Regulation 28 of the Pension Funds Act:

- Equities: maximum of 75% (local and foreign)
- Listed property: maximum 25% (local and foreign)
- Offshore assets: maximum 45% (including Africa)

## PROTECT AND GROW YOUR RETIREMENT CAPITAL

- **Affordability:** Only pay for the unit trusts you choose!
- **Transparent:** No hidden costs
- **Convenient:** Manage your portfolio online
- **Flexible:** Change your portfolio as your needs change
- **Access your capital:** Once off pre-retiral withdrawal and savings withdrawal accessible

## Old Mutual Wealth and Unit Trusts Secure Client Website

The secure client website was designed with you in mind. Once you are an investor with Old Mutual you can register for access and then log in to a dedicated and secure website to perform essential activities. It's fully integrated with our back-end system to provide fast, reliable access to the information you need at the click of a mouse!

## RETIREMENT BENEFITS AND WITHDRAWALS

You may retire from a preservation fund from the age of 55 onwards.

### On retirement

- Any benefit in the savings component can be taken in cash or transferred to your retirement component. The amount in the retirement component must be used to purchase a compulsory annuity.
- The amount in the vested component may be taken as a cash lump sum (after tax) provided that, it is allowed by the rules of the fund and prevailing legislation, and the balance can be used to purchase a compulsory annuity.
- If the amount in your retirement component calculated together with the amount in the retirement component is less than R165 000, you can take the full amount as a cash lump sum.

### Early retirement

This is permitted if you are permanently incapacitated due to infirmity of body or mind.



## Pre-retirement withdrawals

Both preservation funds allow you one full or partial withdrawal before retirement, subject to the provisions of the Income Tax Act

## Two-pot Retirement System

The two-pot retirement system is designed to encourage preservation of retirement savings, while allowing you to access a portion of your contributions in the event of an emergency. You will see 10% of the value of your retirement fund as of 31 August 2024 capped at R30 000 allocated to your Savings Pot under the new system. From that point on, two-thirds of any new contributions will be reserved for retirement and cannot be accessed until your retirement date.

Please note that the savings pot withdrawal provision is intended for emergencies only. Your retirement fund is a long-term investment to provide for retirement and consistently withdrawing from it for emergencies will be detrimental to your long-term savings. Every savings pot withdrawal before retirement will be taxed at your marginal tax rate and attracts an administration fee.

This new system is a sustainable and practical means for South Africans to balance managing immediate financial needs and long-term retirement planning. However, its ultimate success will depend on individual discipline and comprehensive financial education.

Should you consider exercising your emergency withdrawal option, we advise that you consult a qualified financial planner for guidance, as your ultimate retirement benefit may be adversely affected. Please note that you will only be able to request a withdrawal from your savings pot on the Old Mutual Wealth and Unit Trusts Secure Client Website. For more detailed information on the two-pot system, please [CLICK HERE](#)

## TRANSFERS

You can transfer your capital to another retirement fund pre-retirement as follows:

- Old Mutual Preservation Funds allows a tax free transfer to a retirement annuity or a pension fund of your choice.
- Old Mutual Preservation Funds allows a tax free transfer to a retirement annuity or a provident fund of your choice.

## FEES & CHARGES

These charges are used by Old Mutual to cover all management and administration costs as well as any planner fees payable to your planner, if you have chosen to use one.

### Underlying unit trust charges

The following fees are reflected in the Total Expense Ratio (TER) and the Transaction Cost (TC) of a unit trust, disclosing the historical fees paid over a three-year period:

## MEETING YOUR CHANGING NEEDS

Young investors can invest in riskier unit trusts that offer high growth potential, and as they near retirement, they can switch into more moderate unit trusts that also offer capital protection. The ability to switch at any time ensures your portfolio can change as your needs change.

- An annual service fee: calculated on the market value of a unit trust's assets. It is deducted daily from each underlying unit trust's portfolio. This fee may include planner fee payments.
- Further fees that may be deducted from the unit trust's portfolio: compulsory and bank charges, brokerage, securities transfer tax, other taxes and levies, custodian and trustee fees, and audit fees.

Total Investment Charges equal the sum of the Total Expense Ratio (TER) and the Transaction Costs (TC). Please refer to the individual unit trust fund fact sheet for more details on its particular fee structure.

### Preservation Fund fees

- No additional fees are associated with the Old Mutual Preservation Funds.
- There is no administration fee applicable to this investment however an administration fee of R90.00 will be applicable when the value of your investment drops to R90.00 or less.

### On-going planner fees

These fees are only deducted if you have employed a financial planner:

- The initial planner fee: maximum of 3.45% (incl. VAT).
- Annual planner fee up to a maximum of 1.15% per year (incl. VAT). This fee, negotiated between yourself and your planner, will be deducted from your Old Mutual Preservation Fund's value on a monthly basis, and paid to the planner by the Fund in terms of the registered rules of the Fund.

## TAX

Transfers into the Old Mutual Preservation Funds are untaxed. Transfers out of the preservation fund to similar preservation funds are also untaxed. A certain portion of the cash taken on retirement may be tax free. Savings withdrawals are taxed at a marginal tax rate.



## Estate planning benefits and divorce

- On your death, this investment is not subject to estate duty.
- You can nominate beneficiaries, but the Pension Funds Act states that Trustees may overrule your nomination in favour of your dependants.

If a valid divorce order that complies with the requirements of the Divorce Act and the Pension Funds Act is received, the Administrator will make the stipulated payment to the member's ex-spouse.

Any growth on the capital value of your units is currently tax free. No local dividend tax or tax on interest is charged to retirement annuity accounts. In addition, switches between unit trusts within your Fund will not trigger a capital gains tax event, neither will benefits that are paid to you on leaving the Fund.

## Insolvency protection benefit

Your preservation fund is protected in terms of the Pension Funds Act and cannot be attached by your creditors if you are declared insolvent.

## RULES & RISKS

- All risks associated with this investment are carried in full by you.
- This investment is not guaranteed as the value of a unit trust portfolio may fluctuate due to market and currency movement. The value may drop below your original investment amount due to negative market performance. We recommend that this is not your only source of retirement savings.
- Interest and dividends (distributions) are automatically reinvested. This historical information is available on the individual unit trust fact sheets (minimum disclosure documents).
- You are investing in a retirement fund and are subject to the registered Rules of the Fund.
- The Fund is subject to the Pension Funds Act of 1956 and the Income Tax Act of 1962 (which may be amended from time to time).
- Ownership of the underlying assets vests in the Fund and not the member.
- The Fund reserves the right to amend member benefits in the event of a legislative change to taxation rates or the type of tax that may apply.
- The Fund reserves the right to restructure any member's portfolio that is in breach of the legislation.

## GOOD GOVERNANCE

The Trustees and the Principal Officer are responsible and accountable for the good governance of the Fund and aim to ensure that:

- The benefits owing to members are delivered.
- The administrative process is transparent and the associated costs are transparent and quantifiable.
- The Fund is administered in accordance with various regulatory frameworks, including the prudent management of Fund assets i.e compliance with Regulation 28, mentioned earlier.

## INVESTMENT SERIES

The Investment Series is a core range of funds, handpicked and tailor-made to meet the needs of any investor, at any stage of life.

Old Mutual **Money Market** Fund

Old Mutual **Real Income** Fund

Old Mutual **Stable Growth** Fund

Old Mutual **Moderate Balanced** Fund

Old Mutual **Balanced** Fund

Old Mutual **Flexible** Fund

Old Mutual **Maximum Return** Fund

Old Mutual **Investors** Fund

Old Mutual **Equity** Fund

Old Mutual **Global Equity** Fund



## CONTACT DETAILS

### Old Mutual Investment Services (Pty) Ltd

(Registration no. 1996/000452/07)

Registered address: Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa.

PO Box 207, Cape Town 8000, South Africa.

Telephone no.: +27 (0)21 503 1770

Compliance Department: +27 (0)21 503 1770

Professional indemnity cover and fidelity insurance cover are in place.

### Old Mutual Wealth Preservation Pension Fund

FSB No.: 12/8/37160/1 & SARS No.: 18/20/4/41437

### Old Mutual Wealth Preservation Provident Fund

FSB No.: 12/8/37161/1 & SARS No.: 18/20/4/41460

Registered address: Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa.

PO Box 207, Cape Town 8000, South Africa.

Telephone no.: 0860 234 234 (RSA only), +27 (0)21 503 1770 (other countries)

Email: [retire@oldmutual.com](mailto:retire@oldmutual.com)

**Board of Trustees:** D L D Turpin\* (Chairman), D I Johnson\*, N V Pillay\*, F Samodien, J Chirkoot, N A Brundyn, T E P Browne#, T D Naidoo#

**Principal Officer:** S Harilall\*

**Deputy Principal Officer:** AG Pelsler\*

\* Independent

# Alternate trustee

Visit [www.oldmutualinvest.com](http://www.oldmutualinvest.com) for unit trust information, prices and news. Log in to view your portfolio online.