Retirement Annuity Plan

Liberty Investments

LIBERTY

Own your life

LIFE • HEALTH • INVESTMENTS • BUSINESS

Retirement is a golden time in your life. After years of hard work it is finally time to relax and enjoy the people around you. Take a trip to see the wondrous colours of the flowers in Namaqualand or learn to cook fusion food. This is your time, but as with everything you need to make **financial provision for your retirement.**

Even if you will receive a pension from your employer, it is always a good financial decision to have **additional funds available when you retire.** If you are an entrepreneur, you have to make provision for your own retirement; you do not have the security of a company pension or provident fund.

Our answer is a retirement annuity. It functions independently of your employment or employer and is the **perfect savings vehicle** for people who are self-employed or those who want to supplement their existing pension or provident fund.

The **Retirement Annuity Plan** is aimed at investors who want to **create wealth** for a secure retirement. It provides access to world-class investment management and portfolios that have been constructed to meet the needs of long-term investors.

Why is funding for your retirement important?

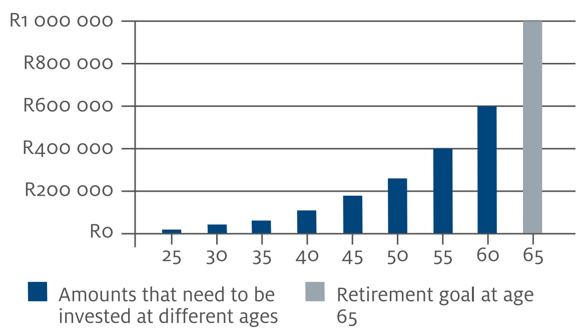
Did you know that as many as **94%** of South Africans **do not make sufficient provision** for a comfortable retirement? This means that they have to continue working long after their ideal retirement age, or depend on their families for support.

Why must you provide for a financially secure retirement?

- People are **living longer** – this is good news, but it also means that you will need more money when you retire.
- You might want to **retire at an earlier age** – you will need more money for your retirement.
- Your **retirement income may not keep up with inflation** – and if you live longer your income must increase sufficiently to ensure that you can afford your lifestyle.
- The global economic situation has forced many companies **to stop paying medical scheme contributions** for retirees; this means you have to make provision for your own healthcare costs after retirement.

Start saving today, you can't afford to delay

The earlier you start saving for your retirement, the better. The graph below illustrates how much you need to invest at different ages to reach a goal of R1 000 000 at retirement. Please note that this is only an illustration. The graph is based on an investment return of 10% p.a. after charges.



It's quite clear, the longer you wait, the more you have to invest later in life to ensure a comfortable retirement.

How does the Retirement Annuity Plan work?

It is an investment for retirement where you can make a lump sum investment. It also provides you with the flexibility to pay additional amounts into the policy at any time to make use of the tax deductions available to you.

Single premium

↓

Investment value
- Will grow in line with portfolio performance
- Additional premiums allowed

↓

Retirement benefits

The **minimum premiums** are:
- per policy: R12 500
- per investment portfolio: R2 500
- any additional premiums: R2 500.

You can select any retirement age from 55 onwards, and you have the flexibility to defer retirement beyond your selected date if you want to. You can only access this investment before age 55 if you are forced to retire due to ill health, if you emigrate, or have to make a payment in terms of a divorce or maintenance order.

Only morality in our actions can give beauty and dignity to our lives.

Albert Einstein

What happens when you retire?

Up to **one third** of the proceeds of the investment may be taken as a **lump sum.** You must use the balance to buy a **compulsory annuity.** If you have more than one retirement annuity policy in the retirement fund, you can retire from each policy at different dates. This provides you with the flexibility to receive benefits in line with your changing income needs.

Why choose a Liberty Investments Retirement Annuity Plan?

- It is a portable retirement vehicle that is independent of your employer, so even if you should change employer, the retirement annuity is not affected.
- **You can make additional payments** whenever it suits you, and these payments are allocated to your current portfolios, using the current allocation percentages.
- **Your money is safe from most creditors** – legislation only allows certain withdrawals prior to retirement, such as payment in terms of a divorce or maintenance order.
- You can choose to **phase** your investment into your **chosen portfolio(s)** from a money market portfolio, if you are concerned about the markets falling soon after investing.
- Your portfolio is **professionally managed** and suited to your risk profile:
    - You can select up to **seven different portfolios.** These include cash, bond, property and equity. You can choose a combination to suit your unique needs and which allows you to manage your investment more actively.
    - Alternatively, you can choose to invest in the Excelsior Lifetime portfolio. This provides you with a pre-determined investment strategy to create and preserve wealth by automatically switching your investment from more aggressive to more conservative portfolios as you get closer to retirement.
- **You can switch between portfolios** if your investment needs change (subject to any business rules). You do not pay any switching fees at the moment (except for any buy/sell spread that may apply to some portfolios).
- **You can add investment guarantees** to a large selection of portfolios. An investment guarantee **protects** your retirement funds against the volatility of the investment markets, ensuring that you will always receive a **minimum guaranteed return** irrespective of market movements. Liberty Investments is the only company offering **absolute guarantees on aggressive investment portfolios.**
- If you should die before retirement, your beneficiaries are **guaranteed to receive a minimum death benefit payout.** This benefit is already included in your retirement product at **no extra charge.** The death benefit equals the higher of the total premiums invested and the value of the investment fund (less any legislative withdrawals and tax).

Our guarantees equal peace of mind

Our investment guarantees **safeguard your money against the unpredictability of the markets.**

We offer two guarantee options:
- **Capital:** you **preserve your investment** value if the selected portfolio experiences negative returns. At the guarantee date you receive at least your original invested amount.
- **Capital Plus:** you secure your original amount invested plus an additional agreed minimum return at the guarantee date.

It is important to note that these guarantees only apply when the chosen portfolio has not provided a return in excess of the minimum guarantee. You can **benefit from uncapped growth** should your investment grow substantially while enjoying protection against loss if your investment does not outperform the minimum guarantee over this period.

What about tax?

The Retirement Annuity Plan is tax efficient – which is good news for all investors. The tax benefits include:
- Your contributions to a retirement annuity are **tax-deductible** up to certain limits.
- **Income and capital gains** of the underlying portfolios are currently untaxed. The money you save on tax means a higher investment return which compounds over time.
- A **portion of the lump sum** you receive when you retire may be tax free, and the balance is taxed at flat tax rates depending on the value of the lump sum. **When you retire you must use two thirds to buy an annuity.** This amount is transferred free of tax to the compulsory annuity.

We put you in control

Information is provided to you that enables you to stay informed and in control of your investment:
- The Liberty website, www.liberty.co.za, provides 'Policy Servicing' where investors can manage and monitor their investment policies with Liberty easily and in their own time.
- Communication about your investment will be forwarded to you on a regular basis.

For more information about the Retirement Annuity Plan call your Liberty Wealth Adviser today or give us a call at 0860 456 789 or visit www.liberty.co.za.

Own your life

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