



The Golden Living Annuity range

momentum
corporate



A successful retirement means that you are able to maintain your standard of living, without financial assistance. Secure your financial success in retirement with our Golden Living Annuity range.

Will you be comfortable and financially secure in retirement?

What is a living annuity?

A living annuity pays you a regular retirement income based on the returns of a market-linked investment portfolio. A portion is withdrawn from your retirement savings each month to pay you a regular income. In addition to the monthly payments, the aim is to grow the remaining money in your living annuity. The market value of the living annuity varies depending on the performance of the underlying investment portfolios and the level of the monthly income that you withdraw.

The Golden Living Annuity range

While there are many annuity choices available, the Golden Living Annuity range is a great choice if you:

- are a member of a retirement fund that has chosen to make the Golden Living Annuity available to their members;
- want a regular retirement income but still want exposure to the investment markets;
- want the flexibility of choosing an income that suits your needs during retirement, and the opportunity to change it annually as your needs change;
- want the convenience to choose from a limited range of easy-to-understand, pre-selected investment portfolios;
- want access to the outcome-based investing (OBI) portfolio range offered by Momentum Investments;
- want your beneficiaries, for example your spouse or children, to receive the money that remains in your Golden Living Annuity when you pass away; and
- have at least R100 000 to invest.



Key benefits and features

Choose from a range of pre-selected investment portfolios

Our range of outcome-based investing portfolios aims to grow your retirement savings over the long term by delivering inflation-beating returns. This means your retirement income has the potential to keep up with inflation, as long as the income you draw is at a level that is sustainable.

These portfolios are managed by specialist investment managers using Momentum Investments' OBI philosophy. The OBI philosophy targets a specific return over a chosen period and defines risk as the likelihood that the investment portfolio won't deliver the return it's targeting. This means that risk is not reduced to three simple definitions of 'low', 'medium' and 'high' any longer, but is described in sync with your goals. Will you achieve your goal or not, and if you miss it, by how much will it be missed?

Choose an income level to suit your needs

Current legislation allows you to draw an annual income of between 2.5% and 17.5% of the value of your Golden Living Annuity. If the Golden Living Annuity is part of your retirement fund's annuity strategy, additional drawdown rules may apply. The level of income you choose to draw becomes your monthly retirement income and it will remain at that level for the next year.

You can change your income level (the percentage of your retirement savings that you draw) once a year on the anniversary date of your Golden Living Annuity. We will contact you to remind you of this option every year.

There are no investment guarantees

The retirement income from your Golden Living Annuity is not guaranteed. If the level of income you draw is consistently higher than the investment returns of the portfolios, the money in your Golden Living Annuity may run out sooner than you had planned. Although you take the risk that you may outlive the money in your Golden Living Annuity, any money left when you pass away will go to your beneficiaries or your estate.



Fees

You pay the following fees:

- An ongoing administration fee;
- Ongoing investment portfolio fees; and
- Financial adviser fees, where applicable.

Golden Living Annuity range

Our range of Golden Living Annuities consists of two groups:

- Default Golden Living Annuities; or
- Non-default Golden Living Annuities.

These groups help to make it clear to members of retirement funds which Golden Living Annuities they are eligible to buy. The main differences between these two groups are:

	Default Golden Living Annuities	Non-default Golden Living Annuities
Must comply with Regulation 39 of the Pensions Fund Act *	Yes	No
Investment portfolios must comply with Regulation 28 of the Pension Funds Act *	Yes	No
Maximum number of investment portfolios available	4	Not limited to 4

** Read the frequently asked questions to get a better understanding of the legislation.*



The Golden Living Annuity range

Default Golden Living Annuities

- The Momentum Default Golden Living Annuity is available to members of retirement funds that have selected it as part of their annuity strategy, according to Regulation 39 of the Pension Funds Act.

Non-default Golden Living Annuities

- The Momentum Golden Living Annuity is available to members of all retirement funds who are clients of Momentum Corporate.
- The Local Authority Golden Living Annuity is available to members of Local Authority Funds, the Government Employees Pension Fund (GEPF) and State-Owned Enterprises (SOEs) Funds.
- The NFMW Golden Living Annuity is available to members of the National Fund for Municipal Workers (NFMW).
- The CRF Golden Living Annuity is available to members of the Consolidated Retirement Fund (CRF).

In addition to the Golden Living Annuities mentioned above, there may be other Golden Living Annuities tailored for specific retirement funds or that may become available in the future.

Sustainable drawdown rates

Deciding on your drawdown rate is a very important decision. The drawdown rate is the portion of your investment in a living annuity that you withdraw each year. It is reflected as a percentage. It's important to set a rate that is sustainable so that you reduce the risk of running out of money while still on retirement.

The draft Financial Sector Conduct Authority's (FSCA) Conduct Standard on Default Living Annuities has identified maximum drawdown rates for males and females at different ages. Age is an important factor. The younger you are, the longer your retirement income needs to last. This table provides guidance for setting a drawdown rate according to your age.

Age	Males	Females
55	4.50%	4.00%
60	5.00%	4.50%
65	5.50%	5.00%
70	5.50%	5.00%
75	6.00%	5.50%
80	7.00%	6.00%
85	8.00%	7.00%

If your living annuity has to provide an income for your spouse too, choose the lower drawdown rate based on your age or your spouse's age and deduct a further 0.5%.

You need to monitor the performance of your investment regularly and decide on sustainable drawdown rates based on your unique circumstances. Talk to a financial adviser to help you select a drawdown rate right for you.

We are publishing this brochure in November 2019 and as of this date, the FSCA Conduct Standard on Default Living Annuities has not been finalised. This means the above table may change in the future. The table may also change when expectations of future investment return and how long people live changes.



Frequently asked questions

<p>Can I add money to my Golden Living Annuity?</p>	<p>Only savings from other retirement funds can be added to your Golden Living Annuity. You may combine your savings from different retirement and preservation funds into a single Golden Living Annuity.</p>
<p>How can I monitor my Golden Living Annuity?</p>	<p>It is important that you stay informed and up-to-date on how your investment portfolios are performing. Momentum will send you a three-month statement at the end of each quarter. For updated information in between, you can view the investment information, plus your personal information on our secure website. You can also use SMS or email to request information such as investment statements and tax certificates. You may change your communication preferences at any stage.</p>
<p>Can I change investment portfolios?</p>	<p>You may change investment portfolios but can only switch between the portfolios available within the Golden Living Annuity.</p>
<p>What tax will I pay?</p>	<p>You will only pay tax on the monthly income you receive, based on the SARS income tax tables. All growth, in the form of interest, dividends and capital gains on your chosen investment portfolios, is tax free.</p>
<p>Can I transfer ownership of my Golden Living Annuity?</p>	<p>You cannot transfer ownership.</p>
<p>Can I cancel my Momentum Golden Living Annuity</p>	<p>You cannot cancel your Golden Living Annuity, but you can transfer it to another living annuity product offered by Momentum or another registered insurer. You can also withdraw the full amount of your Golden Living Annuity if its value falls below R50 000, or R75 000 if you didn't choose a lump sum benefit at retirement.</p>
<p>Can I change the Momentum Golden Living Annuity to a guaranteed annuity?</p>	<p>If during retirement you decide that you want the certainty of a guaranteed income for life, you can convert your Golden Living Annuity to a Momentum Golden With-Profit Annuity or any other guaranteed annuity. Once made, this change cannot be reversed.</p>
<p>What happens to my Golden Living Annuity when I pass away?</p>	<p>A benefit equal to the value of your Golden Living Annuity at the time of your death will be paid to your nominated beneficiaries. Your beneficiaries can:</p> <ul style="list-style-type: none"> ▪ Withdraw the full amount as a lump sum, after tax is deducted. ▪ Remain invested in a Golden Living Annuity in their own name and pay tax at their marginal rate; or ▪ Combine these two options by taking part of the Golden Living Annuity as a lump sum and leaving the balance in a Golden Living Annuity in their own name. <p>If you did not nominate any beneficiaries, the Golden Living Annuity will form part of your estate.</p>

Can I cede my Golden Living Annuity as collateral security?	You cannot use your annuity as collateral security for a loan.
What is inflation?	The easiest way to explain inflation is by an example. Over a 10-year period the price of white bread increased from R3.75 to R11.59. This difference in price is because of inflation. Inflation means that the general level of prices go up, so you will need more money today to buy the same loaf of bread than you did 10 years ago.
What is CPI?	The Consumer Price Index, or CPI, measures the changes in the price of a certain collection of good and services over a period of time, usually a year. It is used to reflect inflation (the increase in prices over time) and the fall in the purchasing power of money.
What is Regulation 39 of the Pension Funds Act?	The Regulation requires retirement funds to have an annuity strategy. This involves selecting an annuity, or annuities, which the trustees of a retirement fund believe is appropriate for the average member, or a particular group of members, in their retirement fund. This Regulation was implemented on 1 March 2019. It aims to help members make smarter financial choices at retirement.
What is Regulation 28 of the Pension Funds Act?	The aim of Regulation 28 is to make sure that your retirement savings is invested in a manner that protects you and achieves economic development and growth. Regulation 28 sets the maximum percentage that portfolios may invest in different asset classes, for example 25% in property, 30% in offshore assets and 75% in equities.
What is the drawdown rate?	It is the portion of your investment in a living annuity that you withdraw each year. It is reflected as a percentage. Current legislation allows you to draw between 2.5% and 17.5% of the value of your Golden Living Annuity, which then becomes your monthly retirement income for the year. In addition to these limits, some retirement funds may have their own rules when it comes to how much you can draw each year.

For more information please contact your Corporate Specialist or email annuityquotes@momentum.co.za.

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