

The Allan Gray Group Retirement Annuity System is a group-based administration system that allows your employer to deduct monthly contributions from your salary and pay them into the Allan Gray Retirement Annuity Fund (the Fund) on your behalf. Your contributions are flexible and may either form part of your cost to company or be deducted on a voluntary basis - depending on your arrangement with your employer. Once we approve your application and receive your first payment, you will become a member of the Fund. We will send you confirmation of your investment as well as your Conditions of Membership.

### **A tax-efficient way to save for your retirement**

As a member of the Fund, a portion of your contributions is tax-deductible. You may deduct your contributions (and contributions made by your employer on your behalf) up to a maximum of 27.5%, of the higher of your taxable income or remuneration, subject to an annual ceiling of R350 000. Contributions made by your employer on your behalf will be treated as a taxable fringe benefit in your hands.

### **Choice and flexibility**

The growth of your retirement savings is determined by the underlying unit trusts that you invest in. You and/or your financial adviser need to choose unit trusts from the range available on our investment platform. You can also add to your investment or switch between different unit trusts at any time. The combination of unit trusts that you choose must comply with the asset allocation limits for retirement funds as prescribed by the Registrar of Pension Funds (e.g. 75% in equities, 45% in foreign assets). You can invest in 'solution' unit trusts, where the asset allocation decisions are handled by investment managers, who ensure compliance with Regulation 28.

Alternatively, you can invest in individual asset class unit trusts, such as equities, and use a combination of these to create your own portfolio. You can choose from Allan Gray unit trusts and other asset managers, as long as you remain within the prescribed limits.

### **Accessing your money**

As a member of the Fund, your investment is subject to the regulations and legislation that govern retirement annuities. Rules for retirement annuities are different to rules for traditional occupation retirement schemes, especially regarding accessing your money.

#### **At retirement**

You can only retire from the Fund after the age of 55. At retirement you may take a maximum of one-third of your investment's market value as a cash lump sum; you will need to use the remainder to purchase a compulsory pension-providing vehicle, such as a living annuity. You can choose to invest in one or more annuities, or a combination of annuities. From 1 March 2022, if you choose to invest in more than one annuity, or a combination of annuities, the portion used to purchase each annuity must exceed R165 000 and must meet the rules and requirements of the Fund, the rules of the insurer(s) of your choice and any legislative and/or regulatory requirements. If the market value of your investment is equal to or less than R247 500 (across all your investment accounts in the Fund) you can take the full amount as a cash lump sum. All cash lump sum payments are subject to tax.

#### **Before retirement**

Withdrawing from the Fund before retirement is not allowed, unless: the market value of your investment is less than R15 000; you become permanently disabled; you have emigrated from South Africa, as recognised by the South African Reserve Bank for the purposes of exchange control, and the emigration application was submitted on or before 28 February 2021 and approved on or before 28 February 2022; if you have not been a South African tax resident for an uninterrupted period of three years on or after 1 March 2021; or if you left South Africa at the expiry of a work or visit visa.

If you die before you retire, your dependants/beneficiaries can choose to receive their benefit as: an annuity (taxed at their marginal tax rate), a lump sum payment (taxed according to the retirement tax tables) or a combination of an annuity and a lump sum payment.

### **What happens if you leave your employer?**

We will preserve your existing investment in the Fund. This means that your investment in the Fund can remain as is and will continue to grow based on the performance of your underlying unit trusts. You will not be penalised in any way if you stop contributing to the Fund.

You may choose to continue your contributions into the Fund if, for example: your new employer does not facilitate retirement savings, you have decided to become self-employed or you would like to augment your retirement savings. You can choose to continue contributing to your retirement investment via a monthly debit order (minimum of R1 000 per month) or ad hoc additional contributions. Alternatively, you can transfer it to another retirement annuity fund.

**Transferring your retirement savings**

Transferring your retirement annuity between different retirement annuity funds is allowed subject to the rules of the retirement funds involved in the transfer. Allan Gray will not charge you any penalties if you transfer to another retirement annuity fund. However, you should check with the transferring fund if there are any penalties.

**Need more information?**

Please contact your financial adviser, our Client Service Centre on 0860 000 654 or email us at [grouppra@allangray.co.za](mailto:grouppra@allangray.co.za).

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**Information for retirement fund members**

The Allan Gray Retirement Annuity Fund is administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider and approved pension funds administrator under section 13B of the Pension Funds Act 24 of 1956. Allan Gray (Pty) Ltd, also an authorised financial services provider, is the sponsor of the Allan Gray retirement funds. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).