

Certain events during your working life may trigger the need for a preservation fund. These events include a change in employer, resignation, retrenchment, or the termination/closing of an occupational retirement fund.

WHY A PRESERVATION FUND MAKES SENSE

Deciding what to do with your accumulated occupational retirement fund contributions at the point of one of these events, requires careful consideration. Preservation funds are aimed at making this decision simpler.

That is because preservation funds allow you to **preserve and grow your savings** until you retire **without losing the tax benefits** enjoyed within your original occupational retirement fund. **The investment return you earn within a preservation fund is also not taxed.**

By preserving and growing your accumulated savings, you substantially enhance your post-retirement benefits and maximise the tax shield (i.e., the tax-free retirement lump sum available to you at the point of retirement).

FEATURES AND BENEFITS OF A CORONATION PRESERVATION FUND

The Coronation Preservation Pension Fund and Coronation Preservation Provident Fund (the Coronation Preservation Funds) are:

- ▶ Flexible,
- ▶ Cost-effective, and
- ▶ Transparent.

The funds are designed to allow you to switch between investment options as your circumstances change. We do not charge initial fees or annual administration fees. The only fees payable are the [annual management fees](#) applicable to the underlying unit trust funds selected by the investor. You can also switch from another preservation fund provider to a Coronation Preservation Fund.

What are my investment options?

Your investment must comply with Regulation 28 of the Pension Funds Act. Investing in the [Coronation Balanced Plus Fund](#) is the simplest way to achieve that using Coronation's best investment views. Alternatively, you may select from a wide range of Coronation unit trust funds in a way that meets the compliance requirement.

What are the investment minimums?

You can invest R50 000 (minimum) as a lumpsum into the Coronation Preservation Funds.

What about tax?

All investment growth is tax free. When you withdraw or retire from the fund, you will be taxed according to tax tables issued by SARS. Read more about the specific taxes in the following section.



When can I access my money?

Note that your accumulated savings from a prior occupational fund into a preservation fund or transfer from another provident fund may include a Vested Component, a Retirement Lump Sum Component and a Retirement Income Component. Access to each of these components differs, as explained below.

Pre-retirement

If your preservation fund investment has a Vested Component and you haven't made any prior withdrawals against it, you may be allowed to make one withdrawal of up to 100%, subject to the withdrawal lump sum benefits tax tables. If your preservation fund has a Retirement Lump Sum Component that hasn't been accessed in full while you were invested in your original retirement fund, you may also make one withdrawal (minimum of R2 000) from this component per tax year, but this will be taxed at your marginal tax rate.

At retirement

The full value in your Retirement Lump Sum Component (if you have one) plus a portion of the value in your Vested Component* (also, if you have one) may be taken as cash. The remainder of your investment must be used to buy a post-retirement income like a living annuity or guaranteed life annuity.

**Note that monies invested into a Provident Fund prior to March 2021 can be withdrawn in full and do not have to be annuitised.*

When can you retire from a preservation fund?

You can retire from the preservation fund after your 55th birthday. The more favourable retirement lump sum tax tables will apply at this point. If you are permanently disabled due to injury or illness, you may be allowed to retire from the fund early (i.e., before the age of 55).

Will the investment end after a certain period?

No. After the age of 55, it is up to you to decide when to retire and start drawing an income. The longer you delay the drawdown of income, the longer your investment can grow, and the longer your retirement income could last you.

Can I continue contributing to the Coronation Preservation Funds?

No. If you wish to make ongoing contributions to your retirement savings and don't have a new employer fund, consider investing in a [retirement annuity fund](#).

What are my investment options?

You may select from a wide range of Coronation unit trust funds. To simplify the investment decision, we believe the [Coronation Balanced Plus Fund](#) is best suited to growing and maintaining retirement benefits for the majority of investors over the long term.

If you choose to select a combination of underlying unit trust funds, please ensure that the combination complies with Regulation 28 of the Pension Funds Act.

Do my investments need to comply with any regulations?

Yes. The Coronation Preservation Funds are required to comply with Regulation 28 of the Pension Funds Act and Exchange Control legislation. Accordingly, the Fund requires that your investment complies with the following limits:

- ▶ a maximum exposure of 75% to equity investments,
- ▶ 45% to international investments, and
- ▶ 25% to property investments.



Coronation Client Services monitors compliance with these limits at the time of your initial investment and on each transaction thereafter. If your investment exceeds these limits due to market movements, you will be notified to rebalance your portfolio.

Can I switch between underlying funds?

You may switch between the underlying unit trust funds as your investment objectives and circumstances change.

Can I transfer between preservation funds?

You may transfer between an external Preservation Fund and the Coronation Preservation Pension Fund or Coronation Preservation Provident Fund. Please note that the transfer is for the full benefit amount and may not be split across different preservation funds.

Can I cede my investment in the Coronation Preservation funds?

No, you may not cede your investment in the Coronation Preservation Pension Fund or the Coronation Preservation Provident Fund nor use it as security for personal debt. Your benefits within the funds are protected and may not be attached by your creditors for an outstanding debt commitment.

Can I borrow against my investment in a Coronation Preservation Fund?

No.

What happens to my investment when I die?

In the event of your death before retirement, the proceeds of your investment in the Coronation Preservation Funds will be distributed to your dependants or nominees, who may elect to take the benefit as a cash lump sum (which may be subject to tax) or purchase an annuity of their choice.

The trustees of the Fund are required to investigate the claim, determine who the dependants are and make payment according to S37C of the Pensions Funds Act.