

WHY A RETIREMENT ANNUITY MAKES SENSE

One of the simplest ways to save tax-efficiently for your retirement is through a retirement annuity.

A retirement annuity is an ideal way **to build a retirement nest egg if you are self-employed, or to supplement your existing pension or provident fund** if you are currently employed and have other sources of income that result in unused tax benefits. This product is particularly appropriate for people with an irregular earnings pattern, as contributions can be reduced, stopped or resumed at any time without incurring penalties.

Contributions to an RA are tax deductible within certain limits (see below) and investment growth within the fund (such as interest, net rental income and foreign dividends) are not taxed.

Annual tax-free contributions are limited to:

- ▶ 27.5% of your taxable income, or remuneration
- ▶ limited to R350 000 per tax year

If you exceed the above limits, then the excess contribution will be carried over to the next tax year.

FEATURES AND BENEFITS OF A CORONATION RETIREMENT ANNUITY

The Coronation Retirement Annuity Fund is:

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

It is designed to allow you to stop and restart your contributions and/or 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.

What are my investment options?

Your investment in an RA 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.

Am I able to switch between underlying unit trust funds?

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

What about tax?

You will receive a tax deduction on your contributions to the fund up to a maximum of 27.5% of income, capped at R350 000 per annum. The investment growth in the fund will not be taxed at all.



When you retire from the fund, any cash lump sum taken will be taxable according to SARS's retirement tax tables. The monthly pension (also referred to as a retirement income) that is paid with the remaining investment, will be taxed at your marginal rate.

When can I access my money?

Pre-retirement

Note that one-third of your contributions to the fund will go into a Retirement Lump Sum Component, while the other two-thirds will go into a Retirement Income Component.

You can make one withdrawal (minimum of R2 000) from your Retirement Lump Sum Component per tax year, that will be taxed at your marginal tax rate. You may not access your Retirement Income Component before you retire from the fund.

At retirement

You may retire from the fund any time after your 55th birthday or earlier if you are permanently unable to carry on with your occupation due to injury or illness.

At retirement, you must use the full value in your Retirement Income Component to purchase a retirement income annuity from a registered insurer under the Insurance Act. The value in your Retirement Lump Sum Component may be withdrawn as cash, subject to tax as per the more favourable retirement tax tables, or it may be added to the value invested in the Retirement Income Component to increase the value of the retirement income annuity you purchase. Should the value of your Retirement Income Component be below a certain threshold value, you may be able to take the full proceeds in cash.

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.

Are there compulsory investment amounts?

No, the Coronation Retirement Annuity Fund is designed to allow you the flexibility to stop and restart your contributions at any point in time without incurring any penalties.

What are the risks of investing and are there any guarantees?

The risks of the Coronation Retirement Annuity Fund depend on the underlying investment options (unit trusts) that you choose. The value of the underlying unit trusts may go down as well as up, and is therefore not guaranteed. Each unit trust has a different risk rating, defined by the funds exposure to different types and levels of risks. More information on the risk and return profiles of the individual fund(s) you have selected is available on the fund fact sheets published on our website.

Can I cede my investment or borrow from my investment?

No

Is my investment protected from creditors?

Yes, with the exception of SARS where you owe arrear taxes, and with the exception of arrear maintenance payments due under a court order.



Can I transfer my Coronation Retirement Annuity to another provider?

Yes, this is called a section 14 transfer.

What happens to my Coronation Retirement Annuity if I pass away before retirement?

The proceeds of your Coronation Retirement Annuity Fund will be distributed to your dependents and/or beneficiaries, according to their financial dependency on you. A thorough investigation will be conducted to find out who your dependents are and to decide how to allocate the money fairly between any dependents you may have and the beneficiaries you nominated. This process can take up to a year to finalise. The benefits may be paid partly in cash. The remaining balance must be used to purchase a regular annuity. Your retirement annuity won't be included in your estate for the calculation of estate duty.