

Old Mutual Unit Trusts

Old Mutual Personal Retirement Annuity

FEBRUARY 2008



Old Mutual Personal Retirement Annuity is a unit trust - linked investment vehicle that helps you save for retirement. By selecting from Old Mutual's range of unit trusts, investors can tailor this retirement annuity to suit their unique investment needs.

Managing your Portfolio

This retirement annuity gives you the flexibility to choose where you want to invest your money. Old Mutual has a wide range of unit trusts investing across local and global* shares, bonds and cash. Your investment objectives, risk tolerance and time frames will determine your choice of fund/s. Speak to your broker or Old Mutual Personal Financial Adviser for assistance in selecting suitable funds.

If over time your investment needs or market outlook changes you can switch all or part of your portfolio to another of Old Mutual's unit trusts. For example, when nearing retirement you could move out of a higher risk, growth-focused fund to a lower risk, capital preservation fund.

Investors and intermediaries can view and manage this annuity in a secure online environment. To register for this facility go to www.oldmutualunittrusts.co.za.

Investment Minimums and Details

- Investments can be made on a monthly and/or lump sum basis. The individual fund minimums apply – these range from minimum R500 for monthly investments to lump sums of R10 000.
- Monthly contributions can be stopped and restarted at any time.
- Funds can be transferred from approved pension/provident funds on a tax-neutral basis, i.e. without incurring tax.

Nominating a Beneficiary

You can select a beneficiary/beneficiaries on this investment. On the death of the member before the retirement date, the value of the unit trust portfolio becomes available. However, the trustees of the retirement annuity will apply section 37C of the Pension Fund Act to determine how the death benefit will be paid out.

*** NOTE: Our foreign funds are currently closed to new business as the Old Mutual Personal Retirement Annuity's rules allow for only 15% of the market value of its total holdings to be invested in offshore assets. Some offshore exposure may be obtained via our local funds that have limited offshore exposure.**

Retirement Benefit

You can retire from Old Mutual Personal Retirement Annuity at any time between the ages of 55 and 69. Upon retirement, you have the option of taking one-third of the retirement proceeds in cash. The remaining two-thirds must be transferred to a life annuity. Alternatively, the full retirement benefit can be transferred to a life annuity.

Tax Benefits

Retirement annuity contributions are tax deductible. The maximum tax-deductible contribution per tax year is subject to the greatest of:

- 15% of the taxpayer's non-retirement funding taxable income, or
- R3 500 LESS the deductible pension fund contribution, or
- R1 750.

Any capital appreciation in the value of your units is currently tax free.

Charges

The charges outlined in Old Mutual's Illustrator are the full expenses that will be charged to this policy. These charges are used by Old Mutual to cover all management and administration costs as well as the commission payable to the intermediary. They consist of:

(a) Charges against the policy:

- Initial charge: maximum 5.7% of the investment amount. This charge may include commission payable to the intermediary (maximum 3.42%). The initial charge is deducted prior to the purchase of units.
- Reinvested distributions incur an initial charge of 2.28%, deducted prior to the purchase of units.

(b) Charges against the underlying funds:

- An annual service fee (from 0.57% to 2% based on the fund selected) is calculated on the market value of a fund's assets (excluding income and

continued overleaf...

Charges *continued...*

permissible deductions). It is deducted daily from each underlying fund's portfolio.

- Further costs incurred by the fund may be deducted from its portfolio. These are compulsory and bank charges, brokerage, marketable securities tax, other taxes and levies, custodian and trustee fees, and audit fees.

These fees are jointly reflected in the Total Expense Ratio of a fund, disclosing the *historical* fees paid over a one-year period.

A schedule of all charges, fees and commission is available from Old Mutual Unit Trusts.

Investment Risk

All risks associated with this investment are carried in full by you, the annuitant. It is vital that you understand these risks in light of your retirement income needs:

- Unit trusts are generally medium to long term investments. It is important that you are prepared for some shorter term fluctuations as your investment moves in line with the markets. In addition, fluctuations in exchange rates may cause the value of underlying international investments to go up or down. It is therefore important to note that past performance is not an indication of future growth.
- As the performance of Old Mutual Personal Retirement Annuity is dependent on the performance of the selected fund/s, there are no guarantees on the future value of this annuity. We thus recommend that this should not be your sole source of retirement savings.

Important Notes

- Interest and dividends are automatically reinvested. Historical income distributions are available on the individual fund fact sheets or on our website.
- No early withdrawals are allowed against this retirement annuity.
- This is a retirement annuity policy and members of a fund are subject to the fund's rules (governed by the Pension Funds and Income Tax Acts). These rules prohibit the cancellation of the policy and make it

unlawful to cancel the contract in terms of a cooling-off period. If you cancel an existing policy to take out a new one, it is important that you understand the potential detrimental consequences it may have on your financial planning. Your adviser will discuss this with you.

- Ownership of the annuity's underlying assets vests in the assurer and not the annuitant.
- Old Mutual reserves the right to amend the member's benefit in the event of a change in taxation basis or rate, such as the introduction of Capital Gains Tax (CGT) or a future increase of the effective CGT rate.
- In terms of section 14 of the Pension Fund Act issued by the Financial Services Board, you have the right to transfer your retirement annuity to another retirement annuity.

For more information on Old Mutual Personal Retirement Annuity and the range of unit trusts available to you, please contact your broker or Old Mutual Personal Financial Adviser. Alternatively, call our Service Centre at 0860 234 234 or visit our website at www.oldmutualunittrusts.co.za.

What does it mean?

Retirement annuity: A contract providing for the payment of a regular pension after retirement. It incorporates valuable tax saving benefits as pension contributions are tax deductible.

Living annuity: A living annuity is a market-linked product that does not offer any income guarantees and its value will fluctuate in line with the performance of the underlying investments you have selected. It gives the client the ability to select the rate at which the retirement capital is withdrawn. Any retirement capital remaining after the death of the client will remain in the estate (assuming no beneficiaries are documented in the application form/contract).

Life annuity: A life annuity is a retirement income-generating product that pays a guaranteed income for life.