

THE ALEXANDER FORBES
RETIREMENT INCOME SOLUTION
PRESERVATION PENSION FUND



Information guide for members

INDIVIDUAL CLIENT ADMINISTRATION


ALEXANDERFORBES
Securing your financial well-being

This information guide gives you all the information you need about belonging to the Preservation Pension Fund. It explains how the fund works, what the fund benefits are and how to sign up. This information guide forms part of your application to join the fund and includes the terms and conditions of membership. Keep it in a safe place so that you can refer to it when you need to.



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What's in it for you?

How does the fund work?

1. Your investment in the fund
2. Contributions
3. Investment portfolios
4. Risk
5. Who may act on your behalf

The Preservation Pension Fund is registered according to pension law and approved as a Preservation Pension Fund according to tax law.

A board of trustees manages the fund. There are three internal and three external trustees who are all appointed by the administrator.

<ul style="list-style-type: none"> ■ Pension law <i>The Pension Funds Act</i> 	<ul style="list-style-type: none"> ■ Fund The Preservation Pension Fund (Alexander Forbes Retirement Income Solution)
<ul style="list-style-type: none"> ■ Tax law <i>The Income Tax Act</i> 	<ul style="list-style-type: none"> ■ Administrator Alexander Forbes Individual Client Administration (Pty) Ltd
<ul style="list-style-type: none"> ■ Trustees The people responsible for managing the fund 	

The board has appointed these people and organisations to carry out various functions.

Who was appointed	What they do
Principal officer	Manage the fund
Alexander Forbes Financial Services Consultants & Actuaries department	Provide consulting and actuarial services to the fund
Alexander Forbes Asset Consulting	Advise about investments
Alexander Forbes Individual Client Administration (Pty) Ltd	Attend to the fund's administration

1. Your investment in the fund

The money held in the fund for you is called your preservation benefit. It's made up of:

your total contributions to the fund



- any amount you transferred into the fund from an approved retirement fund
- investment returns (positive and negative returns)



- administration, advice and investment fees, deductions according to pension law, and fund expenses



2. Contributions

You can contribute by transferring money or units from another approved pension fund or pension preservation fund.

Money must be paid into the fund's bank account. The money will only be invested after the bank has cleared it.

Unit transfers can only be made to the same investment portfolios available to members of the fund.

Note: Investments must meet the minimum amount requirements that apply at the time of your contribution. Speak to your financial adviser about minimum investment amounts. For information on phasing-in and investment changes, read the section on how long it takes to carry out instructions on page 7.

3. Investment portfolios

The trustees maintain a list of investment portfolios for you to choose from. You can find the list of available portfolios on pages 6 or from your financial adviser or the administrator. The portfolios available are offered by Alexander Forbes Investments Limited.

You can choose to invest in a maximum of five investment portfolios from the list. You can also switch investment portfolios. Please note that your investment strategy must comply with pension law limits and exchange control regulations.

A collective investment scheme portfolio is a pool of assets bought with money from a group of investors, commonly referred to as a unit trust, and is subject to the *Collective Investment Schemes Control Act*.

4. Risk

You're encouraged to seek professional financial advice as you carry the investment risk and are responsible for the choice and review of your investment portfolios. Please also remember that the investment portfolios provide no guarantees.

The value of your pension fund or pension preservation fund may go up or down over time. It's important for you and your financial adviser to monitor your investment with your long-term investment strategy in mind.

5. Who may act on your behalf?

The fund will accept instructions from you or from people who are authorised to act on your behalf, referred to as authorised persons. These are, for example, legal guardians, curators, trustees of insolvent estates and agents by power of attorney.

You must notify the administrator in writing if you no longer want the fund to take instructions from your authorised persons.

What benefits will you get?

1. If you retire

2. If you withdraw

3. If you transfer out of the fund

4. If you pass away

1. If you retire

You can retire from the Preservation Pension Fund from age 55. You can use your full preservation benefit to buy a pension (compulsory annuity) or you can take up to one-third of your preservation benefit as a cash lump sum.

You must use at least two-thirds of your preservation benefit to buy a pension. However, if you have less than R247 500 or an amount as defined by legislation then you may take the full benefit in cash.

You can also retire before age 55 if the trustees are satisfied, based on medical evidence, that you are permanently disabled.

Please note that you might have to pay tax if you take cash from the fund when you retire.

2. If you withdraw

You can make a full or a partial cash lump sum withdrawal in respect of each transfer benefit subject to the following:

- The restrictions that the transferring fund may have placed on your right to make a withdrawal
- That you haven't received a withdrawal benefit from the provident preservation fund that made the transfer to the fund
- If you choose a partial withdrawal, you won't be able to make another withdrawal for the remainder of the transfer benefit and the remainder will be kept in the fund until your retirement, transfer to another approved retirement fund or your death

3. If you transfer out of the fund

Subject to the rules of the fund, you can transfer your preservation benefit to another approved pension or provident preservation fund, pension or provident fund or retirement annuity fund, or a combination that's allowed by the South African Revenue Service. Following your written request, the value that will be transferred will be made up of your preservation benefit less the cost of the transfer.

4. If you pass away

If you're a member of the fund at the time of your death, the trustees will share out your preservation benefit

according to pension law. This law requires that the trustees must:

- consider who your dependants and nominees are
- decide a fair basis for sharing your preservation benefit
- consider how to pay those who have been allocated a share

1

Dependants

This is a special category of people who qualify as your financial and legal dependants. Your spouse and children are always included. The trustees must take these people into account when sharing out your death benefit. The trustees will always take into account all your dependants even if you have not written their names on your application form or the nomination of beneficiaries form.

2

Nominees

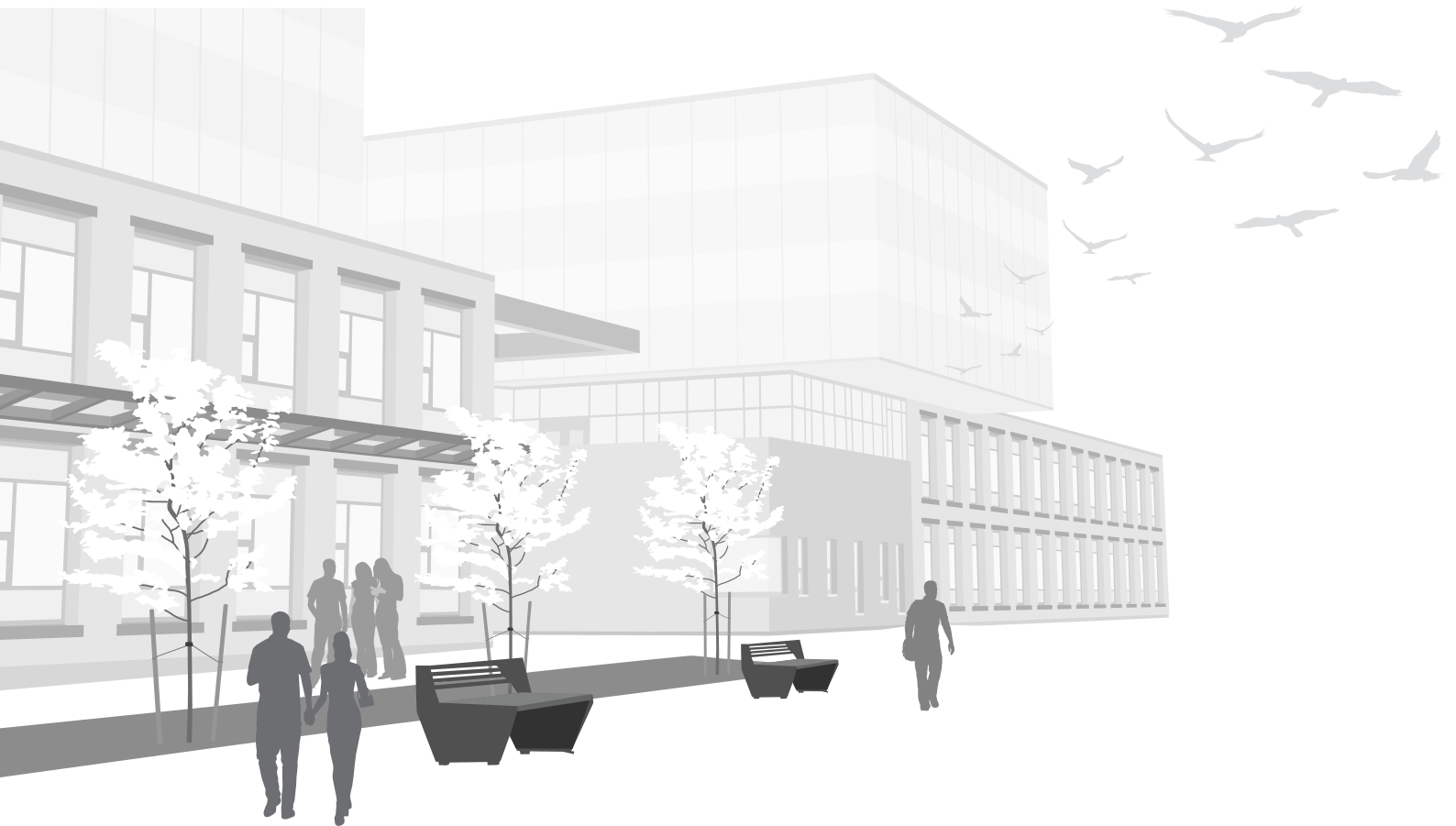
This is a category of people whose names you must have given to the trustees on your application form or the nomination of beneficiaries form but who are not your dependants, for example a friend. The trustees must take them into account when sharing out your death benefit.

You can tell the trustees who you would like to share in your preservation benefit. You do this by completing the beneficiary details section on your application form or by sending the fund's standard nomination of beneficiaries form to the administrator.

You can also ask the trustees to pay a particular dependant's or nominee's benefit to the trustee of a trust nominated by you.

Notes

- Update your nomination of beneficiaries form every time your life circumstances change, like when you get married or divorced or have a child.
- The trustees don't have to follow your nomination of beneficiaries form. The law requires that they must make the final decision about who will share in the preservation benefit and how it will be paid.
- An investigation will be done and various parties such as your surviving family members, relatives and friends will be consulted before the trustees make their final decision.
- Your preservation benefit is not an asset in your estate. You can't use your will to give instructions about who must share in your preservation benefit.



Who will your preservation benefit be paid to?

- Your preservation benefit will be paid to your estate if the trustees cannot find any dependants and you have not nominated any nominees.
- If you have dependants, your preservation benefit can't be used towards payment of the debts in your estate.
- If you have nominees, but you don't have dependants, your preservation benefit must be used towards payment of the debts in your insolvent estate. If there is any money left after payment of your debts, your nominees will share in the balance.
- Where you have asked for payment to a trustee of a trust nominated by you, the trustees of the fund will only be able to consider your request if the trust has vested the benefit in the dependant or nominee.

What can your dependants and beneficiaries do with a share of your preservation benefit?

They can:

- take the full share as a cash lump sum
- convert the full share into a compulsory annuity
- take part of the amount in cash and convert part into a compulsory annuity

Benefit tax

The tax on the benefit is:

- determined by the tax law applicable at the time
- the same whether you retire as a result of disability before age 55 or after age 55
- according to special tax tables for cash lump sums
- according to the normal individual tax tables for income received from compulsory annuities

The choices that need to be made regarding benefits and their taxation can be complicated. It's recommended that you seek professional financial advice.

How much will it cost?

- 1. For advice
- 2. For administration

- 3. For investment management



- advice fees
- administration fees
- investment management fees

Value-added tax (VAT) is added to fees where applicable.

1. For advice

1 Initial advice fee
 The initial advice fee is for the initial advice your financial adviser gives you. The agreed percentage is set out in the application form. The initial advice fee on lump sum contributions is deducted from your contribution before it's invested. If the contribution is a unit transfer, units will be sold to pay the fee.

Initial advice fee on lump sum (excluding VAT)	2.50% on the first R500 000
	2.00% on the next R500 000
	1.50% on the next R2 million
	1.25% on the next R2 million
	1.00% thereafter

2 Yearly advice fee
 The yearly advice fee is calculated and deducted monthly. Units will be sold to pay the yearly advice fee.

If you have chosen that the annual advice fee must be deducted proportionately to the assets held in the portfolios from certain investment portfolios only and the investments become depleted or you switch out of the chosen portfolios, the fees will be deducted from all your investment portfolios proportionately.

Advice fees are paid by the fund to the administrator as administration fees and the administrator pays an equal amount to your appointed financial services.

The yearly advice fee excluding VAT is 0.75% a year.

2. For administration

These are the fees paid to the administrator of the fund. There are no initial administration fees, only the ongoing administration fee, which is calculated and deducted monthly. Units will be sold to pay the ongoing administration fee.

The ongoing administration fees exclude VAT and are based on a percentage every year of the amount in your investment account.

0.3375% on the first R1 million
0.1875% on the next R1.5 million
0.15% on the next R5 million
0.0938% thereafter

3. For investment management

These are the fees and charges of the managers of the investment portfolios. They are set out in the fund fact sheets of each investment portfolio and may change from time to time.

Investment portfolios	Investment management fees
Portfolio	Fee
AF High Growth	0.70%
AF Passive Bold	0.35%
AF Passive Cautious	0.35%
AF Passive Moderate	0.35%
AF Passive Protector	0.35%
AF Protector	0.60%
Conservar	0.60%
Performer	0.50%
Accelerator	0.90%
AF Aggressive	1.10%
AF Balanced	1.00%
AF Conservative	0.90%
AF Long-term Growth	1.05%
AF Moderate	0.95%
AF Enhanced Income	0.74%
Banker	0.30%
Global Balanced	1.20%
Inflation-linked Bond	0.70%
Property	1.20%
Purchasing Power Enhancer	1.10%
Purchasing Power Moderator	1.00%
Purchasing Power Preserver	0.90%
Pure Equity	1.25%
Pure Fixed Interest	1.00%
Real Return Focus	1.10%
Global Navigator	0.70%
Shariah High Growth	1.10%
Shariah Medium Growth	1.00%

Notice of increase in fees

You'll be given 14 days' notice of any increase in administration fees.

Other payments to the administrator

The administrator may receive fees, commissions, rebates or platform fees from product providers of financial products. They are entitled to keep these amounts for their own account.

How long does it take to carry out instructions?

1. To invest in the fund

2. To switch portfolios

3. To claim

1. To invest in the fund

Investments must meet the minimum amount requirements that apply at the time of your contribution. For details on minimum investment amounts, please refer to the application or speak to your financial adviser. No debit orders or monthly contributions allowed

Note: Money will only be invested once the bank has cleared it. Unit transfers can only be made to the same investment portfolios available to members of the fund and require four additional business days for rebalancing.

Phasing in lump sums is available, at your election, on certain investment portfolios. Please ask your financial adviser for the investment portfolio list for details. The phasing-in will apply to the portion of the lump sum you choose, with the balance invested once off in the selected portfolio.

Investment instructions

The administrator will carry out your investment instructions within four business days if all the following conditions are met:

- They receive your written instructions before 10:30 on a business day.
- Your instructions are complete and accurate.
- The investment amount reflects in the fund bank account and has been cleared.

Note: The administrator and the fund are not responsible for any loss that arises if money credited to the fund bank account is reversed for any reason.

If the administrator receives your instructions after 10:30, they'll treat it as if it were received on the following business day. In the case of phasing-in, they will invest the money within the first four business days of each month. The terms and conditions on the fund's standard investment instruction form apply to all investments that you make.

The price at which units are purchased is determined by the date of purchase.

If a third party causes a delay in carrying out your instruction, the administrator will take all reasonable steps to make sure your investment takes place within the specified time. If they aren't able to do so, the administrator and the fund are not responsible for any loss you or anyone else suffers.

The fund and administrator are not responsible for any losses that may be suffered as a result of:

- errors made by the provider of an investment portfolio
- unauthorised instructions received from those representing you
- failures of networks or electronic or mechanical devices
- acting on incorrect information where you have failed to notify them of changes to such information
- delayed transactions as a result of factors beyond their control

As long as the fund, administrator and providers of the investment portfolios have exercised reasonable care and diligence in managing your investment, they won't be liable to you or anyone claiming for any loss or damages suffered as a result of your investment in the fund.

If you have chosen to split your contribution or transfer between different investment portfolios, the proportions of the initial split will change over time because of different investment returns. Please make sure you monitor this and make appropriate changes as necessary.

If your chosen investment portfolio is not available for any reason, your contribution or transfer amount will be invested in the Alexander Forbes Investments Banker portfolio until you send the fund a new investment instruction.

If you have chosen to split your contribution or transfer between different investment portfolios, the proportions of the initial split will change over time because of different investment returns. Please make sure you monitor this and make appropriate changes as necessary.

2. To switch portfolios

The following applies if the portfolios belong to the same investment manager:

Number of business days in which your switch instruction will be carried out	4
Conditions to switch happening in specified number of days	<ul style="list-style-type: none"> ■ They receive your written instructions on the fund's standard switch instruction form before 10:30 on a business day. ■ Your instructions are complete and accurate. ■ Your investment strategy complies with pension law limitations and exchange control regulations. ■ The investment manager that you're switching from pays the proceeds to the relevant bank account within 24 hours.
When value of units is determined	On the day that the switch takes place
Terms and conditions	The terms and conditions on the fund's standard switch instruction form apply to all switches.
What if the administrator receives your switch instruction after 10:30?	They will treat it as received on the following business day.
Exceptions to these time periods	<ul style="list-style-type: none"> ■ A portfolio has restricted dealing days. ■ The prices of a portfolio are not provided or reported every day. ■ An investment manager does not pay the proceeds of a disinvestment within two business days. ■ The switch involves more than one switch. <p>In these circumstances, the relevant time period will start on the first business day, and end on the last business day, that they can comply with the conditions of the transaction. For example, if a portfolio trades only monthly or quarterly, the time periods for them to carry out your instructions will start from the monthly or quarterly trade date.</p>
Notes	<p>For multiple switches, such as when the switch involves multiple portfolios, rand values and percentages, each switch will take four business days and will take place one after the other.</p> <p>Until the administrator is able to carry out your instruction, the fund will hold the investment in the existing portfolio, or the relevant bank account, until the next business day that they can carry out your instruction.</p>

3. To claim

Number of business days in which your claim instruction will be carried out	10
Conditions to benefit claim happening in specified number of days	<ul style="list-style-type: none"> ■ They receive your written instructions on the fund's standard claim forms. ■ Your instructions are complete and accurate. ■ Your tax affairs are in order and any tax directives applied for to SARS have been received and complied with.
Notes	The terms and conditions on the standard claim instructions form apply to all benefit claims that you make.



Want to sign up?

What is your contract with the fund based on?

The following documents, which may be amended from time to time, form the basis of your contract and agreement with the fund:

- Your completed and signed application form
- The terms and conditions of this guide
- All documents signed by you or on your behalf and submitted to and accepted by the administrator or the fund
- The rules of the fund

Your agreement with the fund comes into effect when the last of these three requirements happens:

- We receive your completed and signed application form with all the requirements met.
- We receive your contribution in the fund's bank account.
- We accept your application.

How do you apply for the Preservation Pension?

1. Decide whether to appoint a financial services provider

The fund, administrator and provider of the investment portfolios don't provide financial advice and can't be held liable for the advice you receive from your appointed financial services provider. Please make sure you consult with a financial adviser before making any investment decisions.

Make sure the financial services provider you appoint:

- is a licensed financial services provider according to the Financial Advisory and Intermediary Services Act (FAIS)
- has a contract with the administrator to give advice about the financial products they administer

If your financial services provider is a legal entity, then you'll deal with a representative of your financial services provider. The representative will be referred to as your financial adviser.

You must provide instructions to the fund in your personal capacity or through authorised persons. By appointing a financial services provider, you instruct the fund to accept written instructions from you, which are communicated to the fund by your financial services provider.

If your financial services provider is an approved and licensed discretionary financial services provider and licensed by the Financial Services Board according to FAIS, the fund will accept instructions about your investments directly from them. The administrator will only carry out the financial services provider's instructions if they receive a copy of your signed discretionary mandate. If you have any questions about this process, please speak to your financial services provider.

The administrator will pay your financial services provider the advice fees you have agreed to, as set out in your application form. Your financial services provider and financial adviser are your agents and have no authority to bind the fund, administrator or providers of the investment portfolios.

If you cancel a financial services provider appointment, you must give the administrator written notice. The administrator will stop paying fees to that financial services provider, other than fees earned at the date of cancellation. If you replace the financial services provider named in your application form, you must give the administrator written notice of the new appointment and new fee payment instructions.

Contact us if you need us to refer you to a financial adviser.

2. Understand why we need your personal information

For you to become a member of the fund, you must give us the personal information we ask for. We process your personal information for valid and lawful reasons only. It's Alexander Forbes and Alexander Forbes Investments that are collecting and processing this information.

Why we need your personal information

We collect your personal information so that we can:

- pay your benefit from your fund
- share it with a third party who we contract with to provide services to you so that we can provide services and products to you

Children's information

We have the right to collect personal information about children. We will process this personal information to decide how to pay benefits that might be due to them. Issues we will assess include dependency, paternity, maintenance, age and schooling.

Other parties that may get your personal information from us

We have the right to share your personal information with the following parties:

- regulators or government entities so that they can perform their duties to us
- our auditors so that they can perform their duties to us
- any person or organisation that has a legal right to access your information

Keeping your personal information safe and confidential

We will take care to keep your personal information safe, and obey any legal requirements about protecting your personal information, for example the *Protection of Personal Information Act*.

We will keep your personal information confidential, and won't share it except in the circumstances explained in this guide. We will keep your personal information for as long as:

- we need it, to achieve the purposes set out above
- any law or contract requires us to keep the information
- the current fund or insurer needs it for lawful purposes linked to its functions

Once we are no longer authorised to keep your information, we have the right to take any one, or more, of the following actions:

- destroy the information
- delete the information
- de-identify the information

We don't have to let you know when we take any of these actions.

3. Fill in and sign the application form

Your financial adviser will help you with this.

4. Read all the terms and conditions in this guide

This guide makes up the terms and conditions of being a member of the Preservation Pension Fund. We recommend you go through the whole guide.





Staying in touch

When do you receive your benefit statement?

1. Your benefit statement

Benefit statements are sent twice a year (in February and August). These show the value of your preservation benefit and investment performance over the reporting period. You can also view the value of your fund credit at www.alexanderforbes.co.za under Online Services.

You must notify the fund of any errors within 60 days of receiving any benefit, transaction or investment statement. The fund, administrator and provider of the investment portfolios won't be liable for any losses or damages you suffer if you don't notify the fund on time.

Who must you contact?

1. To view fund rules, annual financial statements and the valuator report

You can get a copy of the fund's legal documents at the fund's registered office:

- the rules
- the most recent annual financial statements
- the most recent valuator report

The fund's registered office is:
Alexander Forbes
115 West Street
Sandown
2196

You can also ask to be sent a copy of the rules and the most recent annual financial statements. There might be a fee for this.

2. For complaints

You can write to the trustees if you have any complaints about:

- the administration of the fund
- your investments in the fund
- the interpretation and application of the rules

The fund must reply within 30 days of receiving your complaint. If the fund doesn't reply in time, or if you're not satisfied with the reply, you may send a complaint to the:

Pension Funds Adjudicator
PO Box 580
Menlyn
0063

Website: www.pfa.org.za

3. For questions

Alexander Forbes Contact Centre

Telephone: 0860 66 4444
 Fax: +27 (0)11 263 1227
 Email: investadmin@forbes.co.za
 Physical address: Alexander Forbes,
 115 West Street, Sandown, 2196
 PO Box 787240, Sandton, 2146

Head office

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 Richards Bay, 3900
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 Fax: +27 (0)35 789 5210

Stellenbosch

40 Dorp Street
 Stellenbosch
 PO Box 501
 Stellenbosch, 7599
 Telephone: +27 (0)21 809 3600
 Fax: +27 (0)21 886 5216

Administration services

Telephone: 0860 11 00 333

Individual advice centre

Telephone: 0860 100 983

If you fax us, you must phone to confirm we received it.

You agree that the fund and administrator can use the phone numbers, email, postal and residential addresses that you gave in your application form to communicate with you. If you change these details, you must write to let them know and give them the new details. If you don't give them new details, they have the right to communicate with you based on the details in your application form.

If there are any conflicts between the information in this guide and the rules of the fund, the rules of the fund will always apply.

Alexander Forbes Individual Client Administration is a licensed financial services provider (FSP 32494).

While care has been taken to present correct information, Alexander Forbes and its directors, officers and employees take no responsibility for any actions taken based on this information, all of which require financial advice.

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