OPTIONS ON RESIGNATION

PetroSA Retirement Fund

All about your fund and what it does for you

LEGAL DISCLAIMER

- This guide is a summary of the Rules of the Fund. In the event of a conflict between this guide and the Rules, the Rules will apply.
- The contents of this guide does not constitute advice either by the Trustees, or by its consultants.

YOUR FUND – YOUR DECISIONS

Dear member,

We are sorry to see you leaving PetroSA and wish you the very best on your journey. Before you leave however, there is one more decision which you need to make.

What are you going to do with the money invested in the PetroSA Retirement Fund?

Your options are as follows:

- Defer your full benefits in the Fund – i.e. stay in the Fund until you decide to take cash, transfer your benefits out of or retire from the Fund
- Transfer your full benefits to another Fund
- Take the full benefit in cash (this will be subject to tax)
- Take a combination of transfer and cash

These are detailed further below.

Please note that if you do NOT make a decision, you will AUTOMATICALLY become a deferred member in the Fund (as required by legislation).

1. DEFERRING YOUR BENEFITS IN THE FUND – become a "deferred member"

This means that your full benefit stays invested in the Fund UNTIL you decide to retire from the Fund or until you decide to transfer or encash your benefits out of the Fund.

Your benefit in the Fund is called a **DEFERRED PENSION ACCOUNT** and is equal to your member individual account at the point of deferment plus investment returns less any benefits paid out (e.g. divorce orders etc) less fees. The fees are shown on page 7.

- No further contributions are paid to the Fund, though the Fund can still accept transfers from other approved funds, which will be added to your Deferred Pension Account.
- You will still need to decide where your funds are invested. The investment options available to you are shown on page 6.
- No tax is payable on any amounts deferred in the Fund.

The main advantage of this option is that your costs are likely to be much lower than transferring the benefit to another vehicle. There is no commission. The investment management fees are at the level that the Fund has negotiated for all its investments, and therefore you will benefit from the economies of scale that the Fund has been able to achieve, instead of most likely paying higher fees associated with 'retail' savings options such as preservation funds or retirement annuities.

The following benefits will be payable from the Fund should you choose to defer your benefits in the Fund:

TRANSFER BENEFITS

When? When you decide to transfer your benefits out of the PetroSA Retirement Fund

What? Your deferred pension account

How? Your transfer benefit will be transferred to a fund of your choice. Please note that after the age of 65 years only transfers to retirement annuity funds or provident preservation funds are permitted.

Please see 2 below for more details on various transfers.

DEATH BENEFITS

When? When you die while being a deferred member of the Fund

What? Your deferred pension account

How? The Trustees will allocate your death benefits in line with Section 37 C of the Pension Funds Act (but may be guided by your beneficiary nomination form)

ENCASHMENT BENEFITS

When? When you decide to take your benefits out of the PetroSA Retirement Fund in cash before reaching normal retirement date (65 years)

What? Your deferred pension account

How? Your benefit will be paid to you as a cash lump sum

The option to take the benefit in cash falls away at the age of 65 years (though the option to take a portion of the benefit in cash at retirement remains).

Please note that any amounts taken in cash will be subject to tax. The current tax table (effective 1 March 2021) is as follows (please note that any previous amounts taken in cash from a retirement fund will be taken into account in this calculation):

Amount taken as a lump sum on withdrawal	Tax payable
R0 – R25 000	0%
R25 001 – R660 000	18% of the amount above R25 000
R660 001 – R990 000	R114 300 + 27% of the amount above R660 000
Above R990 001	R203 400 + 36% of the amount above R990 000

Please note that taking any of your retirement savings in cash will affect your ability to reach a financially comfortable retirement and is in general not advised.

PART TRANSFER PART ENCASHMENT BENEFITS

When? When you decide to take part of your benefits out of the PetroSA Retirement Fund in cash and transfer the remainder to another fund before reaching normal retirement date (65 years)

What? Your deferred pension account

How? You choose how much of the benefit will be paid to you as a cash lump sum and how much will be transferred to a fund of your choice.

The option to take the benefit in cash falls away at the age of 65 years (though the option to take a portion of the benefit in cash at retirement remains).

The provisions in the “Transfer Benefits” and “Encashment Benefits” sections above apply.

RETIREMENT BENEFITS

When you retire from service, you can choose to remain a deferred pensioner in the Fund

In this case you stay invested in the Fund **until you choose** to retire from the Fund. Alternatively you can transfer the benefit to a retirement annuity fund or a preservation fund prior to retirement from the Fund. (Should you die prior to exiting the Fund, your benefit will be allocated in terms of Section 37 C of the Pension Funds Act).

OR you can choose to immediately retire from the Fund.

The retirement benefit payable when you choose to retire from the Fund is as follows:

When? When you choose to retire from the Fund (which can be after retirement from employment)

Normal retirement age is 65 years (unless you have different conditions of service)

Early retirement is permitted from the age of 55.

What? Your member individual account

How? You can use the **full benefit to buy a pension** from an insurer and / or from the Fund (the pension payments will be subject to tax) OR

You can take **a maximum of your full vested benefit plus one third of the non-vested benefit in cash** as a lump sum (though this will be subject to tax) and **use the rest to buy a pension** from an insurer and / or the Fund (the pension payments will be subject to tax)

Vested benefit: Any amount in any provident fund of which you were a member as at 1 March 2021 (including the PetroSA Fund) which is ultimately transferred into the PetroSA Fund (even if it is first transferred somewhere else), plus returns thereon. Plus, if you were over 55 and a member of the PetroSA Fund on 1 March 2021, the contributions to the PetroSA Fund after 1 March 2021, plus fund returns thereon. This amount may be taken in cash on retirement.

Non-vested benefit: Any amount contributed to any fund after 1 March 2021 plus returns thereon, which is ultimately transferred to the PetroSA Fund, and all contributions to the PetroSA Fund after 1 March 2021 (except for those who were over 55 and members of the PetroSA Fund as at 1 March 2021 in which case these are vested benefits). If this amount is lower than R247,500 at retirement, it may be taken in cash. If not, a maximum of one-third may be taken in cash and the remainder must be used to purchase a pension.

The Fund will provide you with quotations for a **life annuity** (pension purchased from an insurer which is guaranteed to be paid until your death). The Fund also offers a **living annuity**, which functions like a bank account where you decide where the money is invested (within certain limits); and how much pension you take (within certain limits). You of course also have the option to choose any other permissable annuity of your choosing. Further and more detailed information will be provided to you on retirement.

2. TRANSFERRING YOUR BENEFITS TO ANOTHER FUND

Alternatively you can choose to transfer the entire benefit, or a portion thereof (taking the rest in cash) to your next employer's fund, a preservation fund or a retirement annuity.

Transferred amounts are not subject to tax.

Points to note about transfers to the various alternative vehicles:

New Employer's Fund

The possible advantage of this option is that it is likely to be a cheaper option (e.g. no commissions are payable) than a retirement annuity or preservation fund and it allows you to consolidate all your retirement savings in one vehicle. You should find out about the investment options available and the costs thereof prior to making this choice.

Retirement Annuity Fund

It is important to note that you can only receive a benefit from a Retirement Annuity Fund on your retirement on or after age 55 (or on your earlier death or ill-health retirement).

You should also be aware that the cost structure of a retirement annuity will be higher than that of becoming a deferred pensioner of the PetroSA Retirement Fund.

Preservation Fund

The possible advantage of a Preservation Fund is that if the rules allow it you may make one cash withdrawal prior to your retirement. Once you have made such a withdrawal, the balance of your money must be left in the Preservation Fund until you retire. Such withdrawal is of course subject to tax. And of course, **taking any of your retirement savings in cash will affect your ability to reach a financially comfortable retirement and is in general not advised.**

You can transfer from one Preservation Fund to another, but there are costs involved.

The main disadvantage of this option is that your costs are higher compared to leaving your money in the PetroSA Retirement Fund. You could pay commission at entry and the on-going administration fee could be as high as 0,5% per annum of the market value of your assets. The investment management fee could be as high as 1,5% per annum of the market value of your investment. If you elect to invest your money in a Preservation Fund make sure that you get full details of the commission, on-going administration fee and investment fees. An additional cost of say 1% per annum over 20 years will reduce your retirement benefit by as much as 20%!

3. CASH

Alternatively you can choose to take the entire benefit, or a portion thereof (transferring the rest to another fund) as a cash lump sum.

The portion taken in cash will be subject to tax. The current tax table (effective 1 March 2021) is as follows (please note that any previous amounts taken in cash from a retirement fund will be taken into account in this calculation):

Amount taken as a lump sum at resignation	Tax payable
R0 – R25 000	0%
R25 001– R660 000	18% of the amount above R25 000
R660 001 – R990 000	R114 300+ 27% of the amount above R660 000
Above R990 001	R203 400+ 36% of the amount above R990 000

Please note that taking any of your retirement savings in cash will affect your ability to reach a financially comfortable retirement and is in general not advised.

YOUR BENEFIT IF YOU ARE DISMISSED

If you have been dismissed and have a pending case with the employer, your benefit may be retained in the Fund until the court case is finalised (and the benefit may be reduced).

INVESTMENT OPTIONS

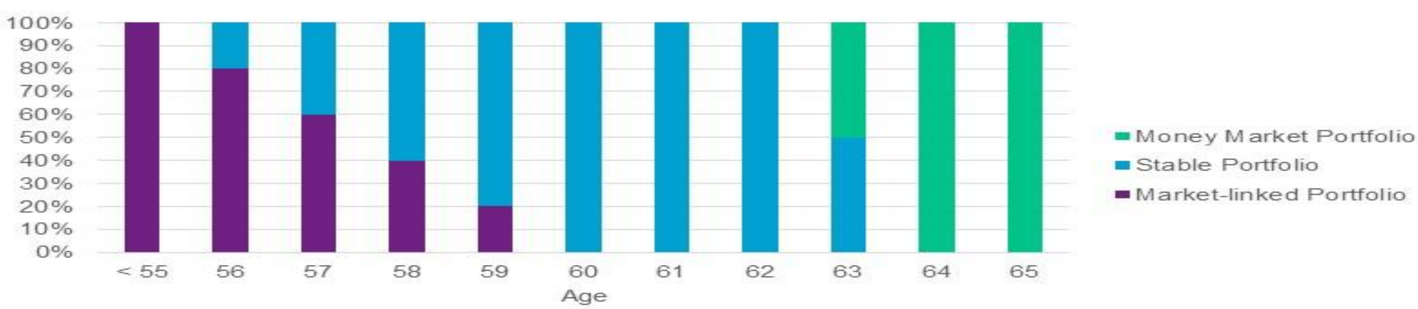
INVESTMENTS

The Fund offers you **MEMBER INVESTMENT CHOICE.** You need to decide which portfolios you want your deferred pension account to be invested in from a range of portfolios (combinations are also permitted) as highlighted in the table below.

Portfolio name	Target return and comment	Asset allocation (as at 30 June 2021)
Market Linked Portfolio	Target return CPI + 5% per annum over a rolling 7 year period Highest potential return; highest volatility; highest chance of negative returns over short periods Most appropriate for long term investing (>10 years)	Strategic asset allocation determined by the Board. 46% SA equities (managed equally by Allan Gray, Coronation and Abax) 24% SA bonds (managed by Ninety One (37.5%), Coronation (37.5%) and Futuregrowth (25%)) 30% offshore (various managers across bonds (15%); equity (67.5%); listed infrastructure (7.5%) and listed property (10%))
Stable Portfolio	Target return of CPI + 3% per annum over a rolling 3 year period Lower volatility than the Market Linked portfolio	Actual asset allocation determined by the managers. 19.2% SA equity + 1.8% SA property 40.5% SA bonds + 6.5% SA cash 29.3% offshore + 2.7% other (commodities and hedge funds) (managed by Allan Gray (33.3%), Coronation (33.3%) and Ninety One (33.3%)
Money Market Portfolio	Target Return of CPI + 1% per annum Least appropriate for long term investing Most chance of capital preservation	100% SA cash and money market instruments (managed by Ninety One)
Shari'ah Portfolio	Target returns of CPI + 4% per annum over a rolling 5 year period Adheres to Shari'ah principles of the ban of interest and the ban on investment in certain sectors – eg conventional financial, alcohol and tobacco; non-halaal food production; some entertainment (eg casinos) and arms manufacturing.	Strategic asset allocation determined by the manager 37.8% SA equities + 4.5% commodities + 31.6% SA cash + 22.6% offshore equities + 3.6% offshore sukuk (managed by 27Four Investment Managers)

You can change the investment choice at any time (costs of switching are shown in the next section).

If you become a deferred member and do not make an investment choice, your deferred pension account will remain invested in the same portfolios as current (if currently in Lifestage, will continue to be transitioned in the lifestage model). The Life Stage Model transitions you from the most aggressive portfolio (the Market Linked) to the least aggressive portfolio (the Money Market) in the 10 years prior to retirement as follows:



COSTS

Administration and Fund costs (applicable from 1 May 2021) applicable to deferred members

- Deferred members – Administration costs of R 44.05 pmpm plus VAT deducted from deferred pension account

Switching costs (cost of changing investment decision) – first switch in the year is free. Thereafter R 467.49 plus VAT is deducted from your account per switch.

Investment management fees are deducted from the return earned on the investments as follows:

Portfolio	Manager	Fee charged (as at September 2021)
Market linked	Allan Gray Equity	0.5% p.a. plus 20% of the out-performance of the benchmark (FTSE/JSE All Share Index) capped at 2%
Market linked	Coronation Equity	0.2% p.a. (reduced to 0.1% p.a. from 1 October 2018 until a performance fee becomes payable) plus 20% of out-performance of benchmark (FTSE/JSE Capped Shareholder Weighted Index) over preceding 12 months capped at 1%
Market linked	Abax Equity	0.45% p.a. plus VAT
Market linked	Ninety One Bonds	0.35% p.a. changes to 0.4% on out-performance of All Bond Index (ALBI)+2%
Market linked	Coronation Bonds	0.2% p.a. plus 10% of out-performance over ALBI over preceding 12 months capped at 1%
Market linked	Futuregrowth IDB	0.5% p.a. plus VAT
Market linked	Sygnia (WTW Diversified Global Balanced)	The Sygnia Life administration fee (based on total WTW client funds) is 0.09% p.a. for the first 4 billion, 0.04% p.a. for the next 2 billion and 0.02% p.a. thereafter. The AMX platform fee is 0.08% p.a fee plus approx. 0.552% p.a. for the underlying manager fees).
Stable	Allan Gray Global Stable	0.37% p.a. plus 20% of the out-performance of the benchmark (AF 3 Month Deposit Index) subject to a 1.8% overall fee
Stable	Coronation Inflation Plus	0.70% p.a.
Stable	Ninety One Cautious Managed	0.50% p.a.
Money Market	Ninety One Money Fund	0.09% p.a.
Shari'ah	27Four	the 27four underlying weighted manager fees are 0.41% p.a. excl. VAT (based on underlying manager weights) from 1 May 2020. The 27four multi-manager, administration and life policy fees remain 0.30% p.a. excl. VAT.

ABOUT THE PETROSA RETIREMENT FUND

- Established on 1 February 1996.
- Membership of the Fund is compulsory for all employees

MISSION AND VALUES

- Honesty – the Fund will always act towards its members in a transparent and honest manner
- Empowerment – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- Innovation – the Fund aims to be at the forefront of developments in the retirement fund industry

GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 4 individuals elected by members of the Fund + 4 individuals appointed by the Employer
- Term of 3 years
- Meets 4 times a year
- Responsibilities are to run the Fund in the best interest of the members and manage the Fund in terms of the Rules and applicable laws

The Rules of the Fund can be obtained from the Principal Officer on request – details below

COMMUNICATION

More information is provided via the following:

- Fund Website for all Fund information: www.petrosaretirementfund.co.za
- Newsletters will be issued quarterly
- Presentations and workshops are held regularly. Please attend these to learn more!
- Benefit statements showing your benefits will be issued annually towards the end of March
- Alexander Forbes Online facility where you can check your own information on a real time basis and access various tools and calculators: www.alexanderforbes.co.za
- Fund Rules can be obtained from the principal officer (details below) or from the Fund website.

QUESTIONS OR QUERIES- PLEASE CONTACT:

The Principal Officer:	Reinhard Buhr
Address:	151 Frans Conradie Drive, Parow, 7500, Cape Town
Telephone:	(021) 929 3133
E-Mail:	reinhard.buhr@petrosa.co.za

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing.

Cape Town (and Tzaneen, Bloemfontein and SFF):	Mossel Bay (and offshore and Voorbaai):
Reinhard Buhr	Dorothy Cedras
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