RETIREMENT FUND
PetroSA

COMMISSION FREE WITH-PROFIT PENSION QUOTATIONS

It is very important for you to first read the guide titled **"OPTIONS AVAILABLE TO YOU WHEN YOU RETIRE".** From that guide you will note that, when you reach retirement, you will face a difficult decision as to what pension to purchase with your retirement savings in the **PetroSA Retirement Fund**. There are many different types of pensions available and this can be a daunting experience for some members and very often members are unable to access good advice.

The **PetroSA Retirement Fund** has therefore negotiated special arrangements with a registered Insurance Company (Old Mutual Platinum Pension 2003). This arrangement may allow you to access pensions at a better rate than you would be able to secure if you approached Old Mutual in your personal capacity.

To assist you in making your decision, the **PetroSA Retirement Fund** will, at your request, arrange for a commission-free quotation to be provided to you. From this, you will be able to see the amount of pension your retirement savings could purchase.

The information in this document can also be used to assist you in assessing the relative value of any other pension quotations that you may obtain.

This pension has the following features:

- It is a with profit pension **payable for the rest of your life** and the life of your wife/husband, if she/he outlives you.
- A **lump sum is paid to your heirs** if you (and your wife/husband if you are married) die within 5 years after retirement.
- Your **monthly pension will never decrease** (as may be the case for a living annuity).
- Your pension will continue at the full monthly amount for the rest of your life, even if you live longer than the average person (which may not be the case for a living annuity).
- **Annual pension increases** should help offset the effects of inflation although the level of these pension increases is not guaranteed.
- The amount of your monthly pension is determined on retirement and increases with pension increases each year - you do not have to make difficult decisions each year as to how much pension to draw and where to invest your retirement capital (as is the case with a living annuity).
- The pension is **commission free** resulting in more of your money going toward your pension, which will increase your monthly pension amount.

THE TRUSTEES RECOMMEND THAT YOU REQUEST THIS QUOTE TO BETTER UNDERSTAND YOUR OPTIONS. THERE IS NO OBLIGATION TO ACCEPT THE QUOTE.

COMMISSION FREE WITH-PROFIT PENSION QUOTATION

.DETAILS OF THE COMMISSION FREE WITH-PROFIT PENSION ARRANGEMENT

The Trustees have negotiated with **Old Mutual Corporate** (a division of the Old Mutual Life Assurance Company (SA) Limited) to offer you preferential rates on their **Old Mutual Platinum Pension 2003**.

Old Mutual has agreed to provide quotations based on your personal information. Information on Old Mutual can be found on their website: www.oldmutual.co.za

How a With-Profit annuity works was discussed in the guide titled **"RETIREMENT OPTIONS GUIDE".** If you choose this option, it is important to note that this pension will not be paid by the **PetroSA Retirement Fund**. It will be paid by the Insurer (Old Mutual). As this is an arrangement between the **PetroSA Retirement Fund** and Old Mutual, the costs will be lower as no broker commission will be payable.

The pension quotations from Old Mutual is based on the standard characteristics set out in section 1.1. below.

If the standard quotations do not meet your needs, but you would still like to access a preferential pension rate, you may do so.

1.1 Standard pension quotation (alternate pension options are also shown below in red)

Type of pension	With-profit life pension payable until your death (or the later date of death of your husband/wife if a spouse's pension is included in the pension purchase amount).
Second life pension	Spouse's pension of 75% of your monthly pension commencing at the later of the date of your death and the expiry of the guarantee period (only applicable to members married at retirement). You may request a different spouse's pension of: 0%; 25%; 50% or 100%.
Guarantee period	If you (and your husband/wife if you are married) die within 5 years of retirement, the pension payments for the balance of the 5 year period will be paid as a lump sum to your estate. You may request a different guaranteed period other than the standard 5 years. These are: 0; 10 or 15 year guaranteed period.
Pricing basis and **pension increases**	3% per annum net interest rate. Annual pension increases are declared by the Insurance Company to help counter the effects of inflation (the level of increases are not guaranteed).
Pension increase date and first pension increase	Increases are effective on 1 April each year. The first increase after retirement is proportionate to the number of months your retirement date is before 1 April.

Pension payments	The pension is paid monthly on the 25th day of the month.
Payments in the month of death	A full pension payment is payable in the month of your death and in the month of death of your husband/wife, if you are married.
Commutation on retirement	You may elect to take up to 100% of your Member Share Account in cash at retirement. It is important to note that the less you take in cash at retirement, the higher will be the pension that you can buy on retirement.

2. PENSION INCREASE METHODOLOGY

As a pensioner, one of your main concerns is how much your pension will increase each year. Ideally, you would like your pension to keep pace with inflation to ensure that you can maintain your standard of living in retirement.

The philosophy used by Old Mutual in declaring pension increases is to ensure stable increases over time, so that market volatility is absorbed as far as possible and not passed on to you, as the policyholder.