

## LIVING ANNUITY DECLARATION AND INDEMNITY

I .....(full names), a Member of the..... (hereafter referred to as “the Fund”)

hereby irrevocably elect in terms of the rules of the Fund to receive a cash commutation of R ..... and to apply the balance of the retirement proceeds of R.....to a pension in the form of a living annuity with effect from the “inception date” of 1<sup>st</sup> .....(month) .....(year) with the first living annuity instalment payable towards the end of the month of inception, as follows:

**(complete one of the following blocks):**

I hereby acknowledge and declare:

1. The living annuity is to be invested in a separate living annuity account in the Fund Investment Portfolios indicated below which I may initially elect and subsequently switch subject to the Fund’s investment portfolio and switching rules and charges as revised by the Trustees from time to time. The living annuity account will be credited monthly with the investment returns net of investment management and tax charges achieved on the relevant investment portfolio. I understand that these returns may be positive or negative.
2. I must elect initially with effect from the inception date and annually thereafter on the anniversary of the inception date, a draw-down percentage between such percentage of the total living annuity account balance that is laid down from time to time by SARS. These elections are further subject to such conditions and limitations as the Trustees may lay down from time to time. This election must be provided to the Fund 1calendar month prior to the effective date of the election.
3. I hereby elect the initial investment portfolios and initial annual draw-down percentage as follows:

| Investment Portfolio | Initial Investment Allocation (specify %) | Annual Draw-Down % to be applied to all investment portfolios (specify %) |
|----------------------|---|---|
|                      | %   | .....%<br>(Annual draw down must comply with the limits imposed by SARS)  |
|                      | %   |   |
|                      | %   |   |
|                      | %   |   |
|                      | 100%                                      |   |

4. My elected draw-down percentage from time to time will be applied initially from the inception date and annually thereafter on the anniversary of the inception date to the then balance in the relevant investment portfolio in my living annuity account (less an allowance for expenses as determined by the Trustees) to determine my annual pension. The annual pension so determined will be payable in fixed monthly instalments over the ensuing year. In the event of a significant decline in the market value of the living annuity account balance at any time in future, the Fund reserves the right to either apply my elected percentage draw-down to the new balance in the living annuity account and/or the Fund may require me to re-elect the percentage draw-down.
5. The living annuity account will be debited with administrative expenses, any taxation or other statutory charges. These expenses will be debited as they arise to each investment portfolio in proportion to the monthly pension drawn from the respective investment portfolios.

6. The Fund will levy a once-off administration fee of R800 (plus VAT) for the establishment of my living annuity account, deducted from my Fund Credit at retirement. In addition there will be a monthly administrative charge of R63 per month (plus VAT) deducted from my monthly pension. These amounts will be subject to review by the Trustees from time to time.
7. I acknowledge that the Fund requires me to consult with a financial counsellor initially and that the Fund recommends that I consult with a financial counsellor on an annual basis thereafter to assist me in reviewing my investment strategy and percentage pension draw-down. I understand that I will be liable for the costs of such advice.
8. Following my death, the then balance in the living annuity account will be allocated by the Trustees to provide either a living annuity or other pension benefits as decided by the Trustees to my dependant(s) and/or nominated Beneficiaries in accordance with Section 37C of the Pension Funds Act. Such a living annuity or other pension provided by the Fund will be subject to the rules of the Fund and the conditions set out in this declaration.
9. If there are no remaining dependants then the then living annuity account balance will be paid to the estate of the last dying of myself or my spouse.
10. The maximum liability of the Fund at any time is the remaining balance in the living annuity account.
11. Subject to one calendar month's notice, I may at any time hereafter instruct the Fund to apply the then living annuity account balance to purchase from an insurer either a life annuity or a living annuity with myself as the owner and subject to such conditions as may be laid down by legislation from time to time. I understand that thereafter I, my spouse and dependant(s) will have no further claim against the Fund and that my membership of the Fund shall then cease accordingly.
12. I understand that should the living annuity account balance at any stage reduce below the capital required to purchase the then State Old Age Pension, the living annuity account balance must be applied to purchase a life annuity from an insurer with myself as owner and subject to such conditions as may be laid down by legislation from time to time. I understand that thereafter I, my spouse and dependant(s) will have no further claim against the Fund and that my membership of the Fund shall then cease accordingly.
13. I may switch investment portfolios in accordance with the Fund's standard terms and conditions on switching. I have referred to the Fund's switching guide and I understand the charging structure, and the requirements and procedures for issuing my switching instructions to the administrator.

---

I hereby declare that:

1. I have received financial advice regarding the option to select an alternative pension in the form of a living annuity and on the basis thereof I have elected the option indicated above. I have received financial advice on how to make provision to counter the effects of future inflation and to provide for a pension on my death to my spouse.
2. I understand that by selecting a living annuity, I directly take on the full risk that the pension provided by the underlying capital balance from time to time might be inadequate. I understand that the capital may also be diminished prior to my death and the death of my spouse and dependant(s).

I understand that these situations may arise for a variety of reasons including:

- **FLUCTUATIONS IN THE MARKET VALUE OF THE CAPITAL**

The value of the underlying capital balance will increase and decrease from time to time depending on the fluctuations in the market value of the underlying investments.

- **FLUCTUATIONS IN THE INVESTMENT INCOME**

The investment earnings on the underlying capital balance will fluctuate from time to time.

- **DRAW DOWN OF CAPITAL**

The pension that is drawn will be supported partly by investment income earned on the underlying capital. To the extent that the investment income earned on the capital is insufficient to cover the pension drawn, the capital itself will be reduced. Periods of poor investment performance will worsen this.

- **LIFE EXPECTANCY**

I and/or my dependants may live longer than expected.

3. By electing a living annuity, I acknowledge that myself my spouse and any current and future dependants have no further claim against the Fund or my employer except to the extent of the balance in my living annuity account (while furnished from the Fund).

**AMBIT OF INDEMNITY**

I, the abovementioned member, do hereby –

- (a) indemnify and irrevocably hold the FUND harmless as a result of my decision to elect a living annuity and/or as a result of any diminution of my living annuity account in the FUND owing to the investment choices and percentage pension draw down I elect from time to time, and
- (b) acknowledge this indemnification to bind also my heirs, executors, administrators and assigns.

---

Signed by the Member/Pensioner:

\_\_\_\_\_  
(member) (date)  
(place)

\_\_\_\_\_  
(witness)

\_\_\_\_\_  
(witness)

Co-signed by the spouse of the Member/Pensioner:

\_\_\_\_\_  
(spouse) (date)  
(place)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Signed by the Fund:

\_\_\_\_\_  
(on behalf of the Fund)  
the signatory warrants that he/she is duly authorized

NAME OF FUND SIGNATORY \_\_\_\_\_

PLACE: \_\_\_\_\_

DATE: \_\_\_\_\_