PSG Wealth



Key Information Document

PSG Wealth
Retirement Annuity

This document is a summary of key information about the PSG Wealth Retirement Annuity. It will help you to understand the product and make an informed decision. This is only a summary. It is not a legal and binding document, nor should it be considered as advice. Before deciding to invest in this product we suggest that you read the whole document together with the terms and conditions of the investment contract.

About this product

What is the PSG Wealth Retirement Annuity?

The PSG Wealth Retirement Annuity is a savings vehicle that provides you with a tax-efficient way to save for retirement. Its primary purpose is to help you accumulate and grow your savings so that when you retire, you can earn an income.

Who provides it to me?

The PSG Wealth Retirement Annuity is underwritten by PSG Life Ltd (FSP 22557) and administered by PSG Invest (Pty) Ltd (FSP 563). Both of these entities form part of PSG Wealth, the brand under which this product is marketed. If you invest in the PSG Wealth Retirement Annuity, your investment contract will be with PSG Life Ltd.

Key features of the PSG Wealth Retirement Annuity

Who is this product most suitable for?

- Any individual who wants to save for retirement or to supplement their existing retirement savings that they already have accumulated in a pension, provident or preservation fund.
- Investors who want the flexibility to stop and start contributions to their retirement savings.
- Individuals who would like flexibility in selecting their underlying investment instruments.
- Individuals who wish to have the proceeds of their investment paid to their beneficiaries at death.

Who is this product less suitable for?

- Individuals who may need to access all of their retirement savings before they turn 55.
- Any organisation or trust – this investment is only available to individuals.

Contributions

The 'two-pot' retirement system came into effect on 1 September 2024 and effectively split retirement savings into different pots. The impact for members who are part of the two-pot system is that 10% of their investment as at 31 August 2024 (limited to a maximum of R30 000), was transferred to their 'savings pot' as 'seeding capital'. The balance of their investment as at 31 August 2024 was allocated to their 'vested pot'.

- You cannot make any new contributions to your vested pot.
- Two thirds of any new contributions will be allocated to your retirement pot and the remaining one third will be allocated to your savings pot.
- You can transfer an existing benefit from another retirement fund. These funds will be allocated to the same pots as they were allocated to in the transferring fund.
- The minimum initial lump sum investment for the PSG Wealth Retirement Annuity is R20 000.
- Minimum debit order investments are R500 a month, R1 500 a quarter, R3 000 half-yearly or R6 000 yearly.
- You can combine debit order and lump sum investments.
- You can add to your investment or increase your debit order amount at any time.
- You can choose to automatically increase your regular debit order contribution each year.

Building 1, The Ingress, Corner of Magwa and Lone Creek Crescents, Waterfall City, Waterfall, 2090 | PO Box 61295, Marshalltown, Gauteng, 2107
Tel: 0860 774 774 | Fax: +27 (11) 996 5499
psg.co.za

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What will happen if I miss, stop or reduce debit order investments?

You won't be penalised, but the growth of your retirement savings will be impacted.



Investment options

- You can invest in a range of unit trusts and personal share portfolios (exclusively through PSG advisers) available on the PSG Wealth investment platform.
- Regulation 28 of the Pension Funds Act restricts the amount of money that you can invest in certain asset classes.
- You can switch between these underlying investment instruments at any time.

Tax



Tax considerations

- Contributions are tax deductible up to a maximum of 27.5% of the highest of taxable income or remuneration, limited to R430 000 per tax year. However, excess contributions may be carried forward to be deducted in the following tax year.
- There is no tax on interest, dividends or capital gains earned from the underlying instruments of the investment.
- Income tax is payable on any lump sum benefits taken at retirement.
- The portion transferred to a compulsory annuity is taxed when annuity payments are made.
- Withdrawals made from your savings pot will be taxed at your marginal income tax rate in the year of the withdrawal.

Access to your investment

- You can retire from the fund at any time after reaching the age of 55.
- You may retire from the fund even if you are still employed.
- You can retire early because of ill health or disability, subject to the rules of the fund.
- If your investment amount is less than R15 000, a full withdrawal is allowed, subject to tax.
- Legislative changes that came into effect on 1 March 2021 allow members of retirement funds who cease to be South African tax residents, and who remain non-tax resident for at least three consecutive years, to take a lump-sum withdrawal benefit.
- You may contact us for retirement benefits counselling on 0860 000 368 or at wealth@psg.co.za.

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Vested pot

Key characteristics	How these impact you
Fund and tax rules before 1 September 2024	These will continue to apply.
Retirement	If the total combined value of your retirement pot plus the portion of your vested pot not taken as a cash lump sum is R240 000 or less at retirement, you can elect to receive the full value of your vested pot as a cash lump sum.

Savings pot

Key characteristics	How these impact you
Withdrawals	You can make one withdrawal from your savings pot every tax year. The amount withdrawn must be at least R2 000, but there is no prescribed maximum. These withdrawals will be taxed at your marginal tax rate.
Retirement	You may withdraw the funds in your savings pot as a lump sum or add them to your retirement pot to purchase an annuity. Such withdrawals will be taxed according to the retirement tax tables.

Retirement pot

Key characteristics	How these impact you
Withdrawals	No withdrawals from your retirement pot are allowed before retirement.
Retirement	At retirement, all funds in your retirement pot must be used to purchase an annuity (income from that annuity will be taxed at your marginal tax rate).

Transfers between pots within your retirement fund

The table below indicates the different types of transfers between pots that are allowed under the two-pot retirement system.

Type of transfer between pots	Is it allowed?
Savings pot to retirement pot	Yes
Vested pot to retirement pot	Yes
Retirement pot to savings pot	No
Retirement pot to vested pot	No
Vested pot to savings pot	No

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Can I use the product as security for a loan?

No.

Is it protected against my creditors?

Yes.

Can I transfer my PSG Wealth Retirement Annuity to another product provider?

Yes.

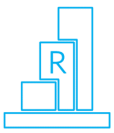
What happens if I die before retirement?

- When a member of a retirement fund dies, their beneficiaries can opt to receive the benefit from all three pots as a lump-sum payment, use the benefits to purchase a compulsory annuity, or a combination of a cash lump sum and compulsory annuity.
- Payment to beneficiaries will be determined by the trustees of the PSG Wealth Retirement Annuity Fund in terms of Section 37C of the Pension Funds Act of 1956.
- Payments to beneficiaries are free of estate duty.

Cooling-off period

There is no cooling-off period applicable to this investment.

Benefits



What type of benefits can I expect?

- The PSG Wealth Retirement Annuity helps you to grow your retirement savings and supplement any existing retirement savings.
- Up to a certain amount, the contributions that you pay into a retirement annuity are tax deductible.
- Membership of the PSG Wealth Retirement Annuity fund is independent of your employer and is not affected if you change jobs.
- No tax is payable when transferring from an existing retirement fund to the PSG Wealth Retirement Annuity Fund. This allows for more growth on your investment.

Risks



Can I lose money?

- Yes, your investment returns may not perform as expected. Your investment is linked to the market value of the underlying instruments chosen and is not guaranteed.
- It is important to ensure that you are comfortable with the level of investment risk your chosen investment instruments carry. If you are unsure of how to invest, a financial adviser can help you to make appropriate choices.
- You will not receive money from an underlying instrument that does not pay out.

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When will benefits not be provided?

- Retirement Annuity Fund benefits are not protected in the case of divorce. The Retirement Annuity Fund may be obliged to pay benefits to an ex-spouse in terms of a divorce order (unless your spouse consents to the contrary).
- When you withdraw money from a retirement fund, Section 37D deductions like maintenance orders and divorce orders may be made by the retirement fund before paying you. These deductions will be made proportionately across all three pots and may also impact the amount available for withdrawal from your savings pot each tax year.
- SARS may instruct your retirement fund's administrator to deduct any outstanding tax or penalties from any lump sums you withdraw from your fund (including withdrawals from your savings pot).

Before you decide



Before you decide whether or not to buy this product, it is recommended that you consider the following:

1. Compare this product with other products that could also meet your financial needs. These could include:
   - Other types of products, available from PSG Wealth or other providers.
   - Other retirement annuities available from other product providers.

2. A Key Information Document like this one has to be produced for all financial products to help you make these comparisons. Find Key Information Documents for other products that could suit your needs or ask your financial adviser to get these for you.

3. If you do not have a financial adviser, consider whether an authorised financial adviser could help you to make appropriate financial decisions. If you obtain advice, insist that your adviser gives you proof that he or she is qualified to advise you on this type of product. You should also get full details of the fees, commission or incentives your adviser will get if you invest in this product with his or her assistance.

This document is only a high-level summary of the PSG Wealth Retirement Annuity. We encourage you to ask further questions. You should also read the detailed terms and conditions for the PSG Wealth Retirement Annuity, which you can request from us. You can get more information from your financial adviser or from PSG Wealth directly: email clientservice@psg.co.za, call 0860 774 774 or visit www.psg.co.za.

PSG Wealth offers a range of unit trusts and multi-managed portfolios, each with different underlying instruments. Make sure you read their Minimum Disclosure Documents (MDDs) for important information on investment fees, risks and objectives. You can request the relevant MDDs from us.

Ask your financial adviser or one of our client service consultants to give you details on the overall impact of investment fees on your investment over time. Also ask for information on the past performance of the underlying instruments you want to include in your investment: email clientservice@psg.co.za, call 0860 774 774 or visit www.psg.co.za – but remember that past performance is not a guarantee of future performance.

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