

wealth investment series
retirement annuity option

*The strongest principle of
preserving wealth, lies in human choice*





Is this the right product for you?

If you want to save for retirement on your own terms and benefit from tax deductions or want to transfer the benefits from a pension or provident fund, then the Retirement Annuity Option is the option for you.

Helping you understand our product better

We are committed to providing you with superior investment products and remarkable service.

In this brochure you will find:

- the most important features of the Retirement Annuity Option,
- a basic description of how the product works, for example, the possible tax implication for you on this investment,
- the option of using the Enhancer Benefit, and
- the different options you have when investing.

We hope that the information in this brochure helps you, together with your financial adviser, to make an informed decision. The investment industry is dynamic and there will be changes and updates to the information in this brochure. For the latest updates and information you can contact us (details on page 7) or you can go to www.momentum.co.za.

What does this product offer you?

Tax-free investment growth

Under current tax laws, the investment returns within the retirement annuity is not taxable. You enjoy tax-free investment growth.

Tax-deductible investments

Retirement annuity investments may be tax deductible. This allows you to save for retirement over the long term and benefit from tax efficiency.

Flexibility

You can stop and start regular investments at any time.

The Enhancer Benefit

You qualify for the Enhancer Benefit at retirement if your Retirement Annuity Option is older than five years. This allows you to enjoy the benefits of a matured endowment by taking ownership of one.

This gives you a tax efficient and liquid investment vehicle with estate planning benefits. You now own an endowment containing your one-third (after tax) lump sum with the balance as a loan value. The total of the endowment is equal to your entire retirement savings. This means that you can choose to invest future amounts up to the value of your compulsory retirement benefit and get tax benefits. You can save executor's fees. This is because any investment in the endowment can pass directly to your nominated beneficiaries when you die.

Details of this Benefit are available in the Guide to our Rules and Practices or on our website.

Protection from creditors

Retirement annuity benefits are generally protected against claims from creditors and other parties. However, there are specific circumstances where this protection does not apply.

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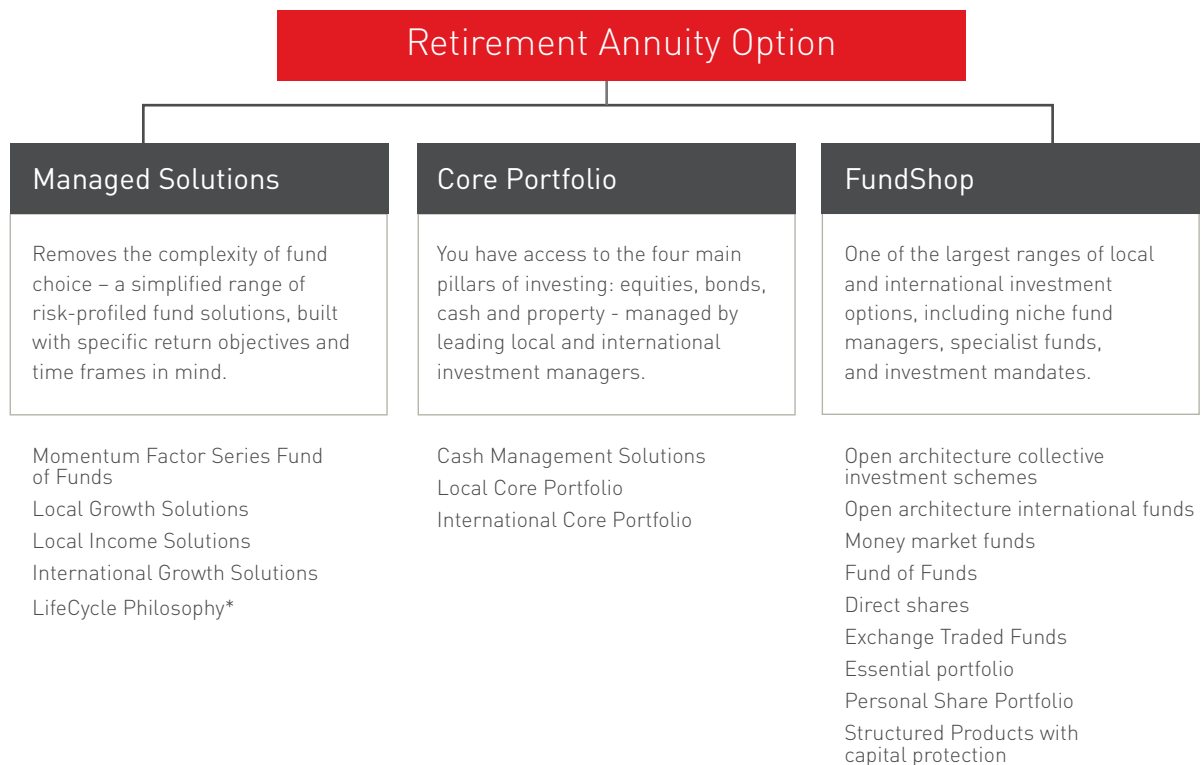


What are your options when investing in this product?

Investment options

At Momentum Wealth you will find a complete range of cost-effective investment opportunities, designed to cater for all market conditions. These investments make

it possible for you to achieve your investment goals. You can choose from local and international investment options. This means that you can spread your investment across asset classes, investment managers, risk profiles, and currencies.



* The LifeCycle Philosophy eliminates the concern of knowing which asset allocation is suitable for your investment as you near retirement and when to apply that asset allocation. We automatically amend your investment portfolio as you get older and your needs change.

Please read the Guide to our Rules and Practices or visit our website for more details about these fund choices.

Monitoring your investments

We suggest that you, together with your financial adviser, regularly review your investment to make sure that the overall asset composition of your portfolio is in line with your investment objectives and identified risk profile.

Different ways to access your statements

We make it easy for you to monitor your investment by sending your statements to you electronically, either via SMS, e-mail or the Internet. You can also access your statements by phoning our dedicated voice activated service.

These statements will contain:

- your asset allocation and the performance of your portfolio,
- a complete breakdown of dividends and interest declared and accrued, withdrawals or additional investments made, and
- details of fees paid from your investment and tax deductions.

Switching between investments options

We make it easy and affordable for you to rebalance your portfolio and to switch between investment options. If financial advisers have discretionary mandates or a signed instruction from you they can switch your investment online. We do not charge switching fees for online transactions.

Regulation 28 of the Pension Funds Act.

- The Momentum Retirement Annuity Fund is governed by the Pension Funds Act.
- Regulation 28 requires that all new retirement contracts meet the requirements.
- Regulation 28 aims to protect you. It therefore limits

the maximum allowed for each asset class to make sure that your contributions are invested wisely.

- Amongst other stipulations, Regulation 28 prescribes the maximum exposure that retirement fund investments may have to various asset classes, as follows:
 - 75% in equities
 - 25% in property
 - 25% in offshore assets.

Please discuss this with your financial adviser. We will not execute instructions that do not comply with the above requirements.

Death Benefit Guarantee

This option allows you to protect the investment value of your portfolio each year if your investment value decreases because financial markets declined during the year of your death.

It acts as a “top-up guarantee” when you die. We use the anniversary date of your investment to set the minimum market value of the benefit each year. If your investment value at the time of your death is less than its value at the previous anniversary date, we will “top-up” your investment with the difference.

Please read the Death Benefit Guarantee Brochure for more information.





A summary of the Retirement Annuity Option

What is the investment minimum?	R50 000 R1 000 a month for regular investments (other frequencies have higher minimums). Important: Specific minimums may apply to the underlying investment options you have selected.										
What is the minimum amount you can invest in an investment option?	R100 for each local investment option. R20 000 for each international investment option. For direct shares and Exchange Traded Funds (ETFs) the minimum is R5 000 for each share or ETF (after stock broking fees). Please look at the specific details of your investment option to find out if your selected investment may have larger trading minimums.										
How often can you invest?	There are no limits for making investments. You may invest one-off or regularly.										
How can you withdraw money from the Retirement Annuity Fund?	You are only allowed to make withdrawals: <ul style="list-style-type: none">• When you retire. You may retire from the age of 55, or• If you have proven to the Board of Trustees of the Momentum Retirement Annuity Fund that you are permanently disabled and have to retire, or• If you emigrate as per the SA Reserve Bank requirements, you can have full access to your retirement benefit.										
When can you retire from the Fund?	You can retire from the age of 55. If you intend to remain in the retirement fund after you turn 70, you must notify us of this within six months before you turn 70. Every three years after 70 you have to notify us again within six months before the end of those three years. So, for example you have to notify us within six months before you turn 73, 76 and 79 if you want to remain invested in the fund.										
What happens when you retire from the retirement annuity?	When you retire you can choose to have up to one-third of the investment value paid out as a lump sum. The lump sum will be taxed as per the table below. The remaining two-thirds of the investment value must be used to buy a life annuity. You may choose: <ul style="list-style-type: none">• to buy a Retirement Income Option (linked annuity) that will pay you a regular income as per your selected income percentage, or• to buy a traditional life annuity from us, that gives you a fixed income for life. <table><tr><th>Taxable portion of lump sum</th><th>Tax rate</th></tr><tr><td>R0 – R315 000 (based on the member's withdrawals over a life-time across all retirement funds)</td><td>0%</td></tr><tr><td>R315 001 – R630 000</td><td>18% of the amount over R315 000</td></tr><tr><td>R630 001 – R945 000</td><td>R56 700 + 27% of the amount over R630 000</td></tr><tr><td>R945 001 and above</td><td>R141 750 + 36% of the amount over R945 000</td></tr></table>	Taxable portion of lump sum	Tax rate	R0 – R315 000 (based on the member's withdrawals over a life-time across all retirement funds)	0%	R315 001 – R630 000	18% of the amount over R315 000	R630 001 – R945 000	R56 700 + 27% of the amount over R630 000	R945 001 and above	R141 750 + 36% of the amount over R945 000
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Can you borrow against this product?	The Pension Funds Act does not allow you to borrow or use your retirement annuity as collateral security.										



Can you transfer this to another person?	The Pension Funds Act does not allow transfer of ownership.
International investing	You can invest in an international investment using Momentum's institutional offshore capacity, within the limits of Regulation 28.
What will happen to your investment when you die?	You may nominate beneficiaries. When you die, the trustees of the retirement fund have a legal duty to make sure that any of your dependents receive a benefit. The trustees' decision may not always be in line with your nominated beneficiaries.
Death Benefit Guarantee	<p>You may choose to add the death benefit on your investment or at the start of a new investment. The protected investment value only applies from the starting date of the Death Benefit Guarantee. When you die, the Death Benefit Guarantee will top-up your existing investment to the value of the last anniversary value.</p> <p>To qualify for the Death Benefit Guarantee, you must make sure that your overall mix of investment funds complies with Regulation 28.</p> <p>We will not pay the Death Benefit Guarantee if you commit suicide.</p>
Tax	<p>Investments in a retirement annuity may be tax deductible.</p> <p>The growth in the investment portfolio are not taxable. DWT does not apply to retirement investments.</p>
Can you cancel your membership?	You cannot cancel the retirement annuity. You may transfer your retirement annuity to another registered fund under Section 14 of the Pension Funds Act.
Can you phase your investment allocation over a term?	You can choose to allocate a portion or all of the investment to a money market fund. We will then invest into your selected investment portfolio by regularly withdrawing from the money market fund until you are fully invested in the selected investment portfolio. You may choose a phase-in term of between two weeks to 24 months.
Who can invest in this product?	Individuals only.

Please contact us if you have any questions:

You can find us at

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More information about us

MMI Group Ltd is registered as a long-term insurer under the Long-term Insurance Act No 52 of 1998. Momentum, a division of MMI Group Limited, administers the product and it is marketed under Momentum Wealth.

Disclaimer:

The information provided in this brochure are for general information purposes only and is not intended to be advice as contemplated in the Financial Advisory and Intermediary Services Act of 2002 (FAIS). Investment decisions should be made in consultation with your financial adviser who will consider your specific risk profile and investment goals.

The information in this brochure was accurate at the date of its publication and is subject to change due to changes in legislation. Please refer to the Momentum website for updated information when applicable. Momentum will not be held responsible for any person acting on outdated information in this brochure or the incorrect application of this information.

Investment risk

The investor accepts all investment risk underlying the investment funds selected. There are specific investment risks for every type of investment fund, such as shares, collective investment schemes and insurer funds. The following risks are specifically mentioned, but not limited hereto, and it remains the investors' responsibility to educate themselves and remain informed on investment risks that applies:

1. **Collective Investment Schemes in Securities (CIS)** are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs.
2. **Money market portfolios:** The price of each unit is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the Fund.
3. **Exchange Traded Funds and shares trade within a day.** This means the price fluctuates continuously. We (and those acting for or with us) try to buy these at the closing price of the day, but we cannot guarantee it.
4. **Alternative dealing/Hedge funds:** Investments in these investment structures carry a substantial risk of loss. This loss may exceed the original investment when there is an equally small adverse movement. This may result in a total loss that is greater than the original invested amount. These investments may be, or become, illiquid for a variety of reasons and it may be difficult or impossible to close out a position under certain market conditions, for example where trading is suspended or restricted at times of rapid price movements. Also note these funds only deal on specific days and no dealing can take place on any other business days. As a result, certain prescribed prior notices will be required if you wish to make withdrawals from the fund.

Currency risk

If your reference currency differs from that in which the fund is denominated, your investment may be subject to exchange rate movements that may cause fluctuations in the value of your investments. Investments that expose your investment to a currency other than that in which the fund is denominated, may also cause values to fluctuate.

Market Value Adjusters may be applied.

For more information about this, please read the document called "Principles and Practices of Financial Management of Momentum's discretionary participation products" at www.momentum.co.za.

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