

PRESERVATION FUNDS

PRODUCT SUMMARY

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What are the Prescient Preservation Pension & Preservation Provident Funds?

The Prescient Preservation Funds (“the Funds”) are vehicles which are suitable if you have left an employer because of resignation or retrenchment and you wish to preserve the benefit that you have accumulated within your employer’s retirement fund in a tax-efficient manner. The Funds are legal entities which are each managed by a Board of Trustees who are appointed to control and oversee their operations.

If you transfer your benefit from an employer fund into a Prescient Preservation Fund then the benefit you will be able to access at retirement (from age 55) will be an accumulation of the transferred benefit(s) plus the investment returns achieved on your investment choice, less any fees and charges. You are not allowed to make regular contributions to a preservation fund but may transfer in benefits that have been accumulated in your previous employers’ retirement funds.

There are two types of preservation fund: pension and provident. Benefits from an employer pension fund can only be transferred to preservation pension funds; benefits from an employer provident fund can be transferred to a preservation provident fund. The two types of preservation funds differ in terms of the amount of cash (commutation) you can take at retirement. Within a preservation pension fund, you will be entitled to take a maximum of one third of your benefit as a cash lump-sum whilst within a preservation provident fund you will be entitled to take all of the benefit as a cash lump-sum. In both cases, a portion of the lump-sum will be tax free. The portion of your retirement benefit that is not commuted (taken as cash) must be utilised to purchase an annuity which will provide you with an income during retirement.

You may also transfer your existing preservation fund to a Prescient Preservation Fund and there will be no penalties should you wish to transfer your preservation fund from Prescient to another provider. In the event of your death, the trustees will need to decide on how to apportion your accumulated investment value. This decision is made at the trustees’ discretion, based on the needs of your dependents and nominated beneficiaries.

Why should I choose a Prescient Preservation Fund?

The Prescient Preservation Funds are tax-efficient, low cost, flexible preservation products which are easy to understand. The Prescient Preservation Funds will give you access to a range of investment options¹ with exposure to all the relevant asset classes necessary to diversify your retirement benefit. The various investment options are managed by Prescient Investment Management and a number of other managers for whom we perform administration.

Within a preservation fund, the income, capital gains and dividends generated from the investments are exempt from taxation and transfers into the preservation fund from an employer fund are exempt from tax, provided that you do not take any cash withdrawals.

¹Your investment will need to be compliant with Regulation 28 of the Pensions Fund Act No.24 of 1956. Please see the Prescient Preservation Funds Application Form, the “Investment Options” brochure or the Prescient website (www.prescient.co.za) for further detail.

The Prescient Preservation Funds allow you to take one partial or full withdrawal per fund before retirement from the fund at age 55. There is no restriction on the amount you can withdraw from your pension or provident preservation fund but the tax rates that apply are more punitive than on commutations at retirement. The withdrawal is subject to the conditions that may have been imposed by the transferring fund.

What is it going to cost me?

You will pay an on-going administration fee which depends on the size of your investment. All fees are quoted as a percentage of assets under management on an annual basis:

	Investments < R510m	Investments R510m-R120m	Investments > R120m
Prescient-Administered Funds Administration	0.4722%	0.2517%	0.1815%
Externally Administered Funds Fund Costs fee	0.1334%	0.1028%	0.0725%

The on-going administration fee includes [web access](#). ~~Fund Costs fee is the fees applicable to the operation of the fund and include but is not limited to fees such as audit, FSB levies, actuarial and trustee expenses, all fund costs apart from the expenses associated with the management of the investments.~~ The investment management costs are shown in the "Investment Options" brochure in the Total Expense Ratio column.

Prescient do not charge initial fees when you become a member of the fund or switching fees should you decide to switch underlying investment options.

What do I need to do to get started?

1. Complete the Prescient Preservation Funds application form
2. Compile the following supporting documentation:

ID document containing a photo, full names, date of birth and ID number, valid passport or a valid driver's licence	✓
A document less than 3 months old containing residential address that is a utility bill, bank statement, rates account or tax invoice	✓
Proof of banking details	✓
Proof of Tax number	✓

3. Send the completed application form and supporting documentation to ~~Prescient~~ [the administrator](#):

Fax	+27-086 605 3877/21-700-5425
Email	retirement@prescient@thecycle.co.za

What happens after I sign up?

The administrator of the fund will provide you with the following:

1. A transaction confirmation statement and a membership certificate
2. ~~Quarterly statements~~ [provide you with online access](#)
3. Annual benefit statements

How can I get help?

If any of the above is not clear, you can obtain further information from Prescient:

Website	www.prescient.co.za
Email	retirement@prescient@thecycle.co.za
Phone	+27 21 700 3600

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Disclosures

The Prescient Retirement Funds (“the Funds”) are registered with the Financial Services Board (“FSB”) and approved by the South African Revenue Services (“SARS”). The Funds are administered by an administrator chosen by the Funds’ Trustees from time to time. The current benefit administrator of the Funds is Prescient Life (RF) Ltd, Reg. No. 2004/014436/06 (“PLife”). PLife is an approved fund administrator and authorised Financial Services Provider. Prescient Life has outsourced certain aspects of the administration function to D&D The Cycle (Pty) Limited (Reg. No: 2013/157477/07) who is also an approved retirement benefit administrator (reference number 24/766), specifically in relation to Personal Share Portfolios selected by Members. The current investment options available to the members in the Funds are selected portfolios of Collective Investment Schemes in Securities (CISs) registered with Prescient Management Company (Pty) Ltd (“PManco”), selected pooled investments underwritten by PLife, ~~and~~ approved external funds which are managed and administered by approved third party managers and administrators and Personalised Share Portfolios (PSP) managed and administered by approved third party managers and administrators. PManco is an approved management company and PLife is a registered long-term insurer. CIS portfolios, ~~and~~ pooled investments and PSP’s should be considered medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance.

This guide has been compiled to provide factual information on the product offered and does not constitute advice.