SIMEKA

member of Sanlam group

The best of both worlds:
Tailor your pension to suit your needs

According to retirement fund regulations, all retiring fund members must be offered a cost-effective annuity strategy option, to secure a pension income after you stop earning a salary. This can be either:

1 - An in-fund annuity	2 - An external annuity
This is a pension provided by the retirement fund of which you were a member while you worked, if your fund provides this option	This is a pension provided by an external annuity provider such as a life insurer (your retirement fund will pay your benefit over to the insurer to purchase such a pension)

You can now choose to make the best of both worlds!

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TYPE OF ANNUITY

Both an in-fund annuity and an external annuity may be either in the form of a life annuity or a living annuity.

LIFE ANNUITY

What is a life annuity?

A life annuity is a traditional pension, guaranteed for life

Possibility of a spouse's pension in the event of you passing away

Peace of mind that your pension is guaranteed

LIVING ANNUITY

What is a living annuity?

A living annuity is not guaranteed. It is tied to the investment market performance and governed by draw down percentage limitations. The amount available is dependent on the performance of the portfolios in which the pensioner is invested and the monthly pension will depend on the percentage the pensioner chooses annually, within the applicable draw down limitations.

Any balance will be paid to your beneficiaries in the event of you passing away

Ability to control a portion of your retirement investment

A draw down percentage is the portion of a living annuity account that a pensioner withdraws each year. If the draw down percentage is too high, the pensioner may outlive their savings and struggle financially towards the end of their life. If the draw down percentage is too low, the pensioner may pass away with money left over.

You can choose any combination. For instance, you may choose a life annuity from your retirement fund and a living annuity from an insurer, or a living annuity from your fund, and a life annuity from an insurer. This will provide you with the combination of a guaranteed income (from a life annuity) and potential growth on the portion invested in a living annuity, subject to the investment performance of the portfolio/s you choose.

The costs and charges of an annuity that forms part of your retirement fund's annuity strategy, would usually be lower. If you choose an in-fund annuity, it would be commission free. Where retirement funds have included external life annuities in their annuity strategies, these are generally now commission-free as well.

BUT… before you make any decisions, there are a number of questions you need to ask yourself.

Here are the top ten most important factors that you need to consider:

1. How much will you have saved by the time you retire?
2. Will you have paid off all your debt by the time you retire?
3. Do you have an 'emergency fund' for unexpected expenses?
4. How much money will you need to replace your income when you retire, so that you can live comfortably?
5. Which of your expenses will decrease (e.g. travel expenses to go to work) and which will be likely to increase (e.g. medical aid and health related costs)?
6. Have you spoken to your retirement benefit counsellor or financial advisor about your retirement needs and goals?
7. Are you comfortable with managing your own investments, or would you prefer someone else to manage them for you?
8. Do you want to be able to leave money for your family when you pass away?
9. Do you have any retirement dreams that will need to be funded in order to fulfil?
10. Have you carefully considered the advantages and disadvantages of all the options available to you, along with your financial advisor?

Once you have answered all these questions, you are ready to make the best choice for your long-term financial well-being.