UCTRF

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UCT RETIREMENT FUND
LIVING ANNUITANTS' WORKSHOP

20 November 2025

CORPORATE
CONSULTING

DO GREAT THINGS EVERY DAY

AGENDA

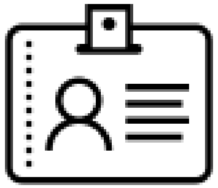
- Managing your UCTRF Living Annuity
- Options when existing the UCTRF Annuity
- Tax implications
- Financial Advice

MANAGING YOUR UCTRF LIVING ANNUITY

Three key factors to consider that impact on how long you will be able to produce a regular income:

Investment option

Drawdown rate



Lifespan

Make **informed decisions** to manage your capital

No guarantees =
your capital may run out.

- **Investment option -** Make **informed decisions** to manage your capital
- **Risk** (investment volatility) vs **Return** considerations
- You have **choice** but you also carry the **investment risk**
- You choose the portfolio/s you want your **capital to be invested in** based on your needs and from which you want your **drawdown (pension) to be paid from**

Portfolio Name	Feature / asset class	Return Objective	Risk Profile
Capital Preservation Portfolio	Money market instruments	Inflation + 1% to 3%	Low / Medium
Balanced Portfolio	Market-linked	Inflation + 5%	High
Shari-ah Compliant Balanced Portfolio	Complies with Islamic law	Inflation + 4%	Medium to High

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INVESTMENT CHOICE - PROCESS

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When: ANYTIME

How:

1. Switch <u>investment portfolios</u> (capital):
    - Complete the form titled **Member investment selection form – Living Annuitant**

   and / or

2. Switch <u>portfolio for drawdown</u> (pension):
    - Complete the form titled **Pension payment portfolio selection form - Living Annuitants**

3. Submit to the UCTRF Administrator, Alexforbes: Retirement Fund Administration
    - Processed within 5 days
    - If no acknowledgement within 5 days – please follow-up and enquire via Call Centre

Forms available on https://uctrf.co.za/uctrf/forms:

Living Annuitant Switch Forms

If you want to switch the portfolio/s in which your existing investments are invested complete Form 1 below.

ILLA Investment Selection: Form 1 Download

And, if you want to switch the portfolio/s from which your drawdown amount is disinvested complete Form 2 below.

ILLA Pension Payment Portfolio Selection: Form 2 Download

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INVESTMENTS – MORE INFORMATION

- Investment Guide https://uctrf.co.za/uctrf/member-guides)

Remember:

- Seek advice
- Make informed decision

Time in the market more important than timing the market

Investment Guide

Investment Guide Read

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DRAWDOWN RATES

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Drawdown rates - Make **informed decisions** to manage your capital

SARS Legislated limits:
- Minimum 2.5%
- Maximum 17.5%

FSCA publishes RECOMMENDED RATES

You control the **RISK** by the drawdown election you make

FSCA recommended drawdown rates

Age	Recommended	Maximum
60	4.5%	7.0%
65	5.0%	8.0%
70	5.0%	8.0%
75	5.5%	8.5%
80	6.0%	9.5%

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DRAWDOWN RISKS

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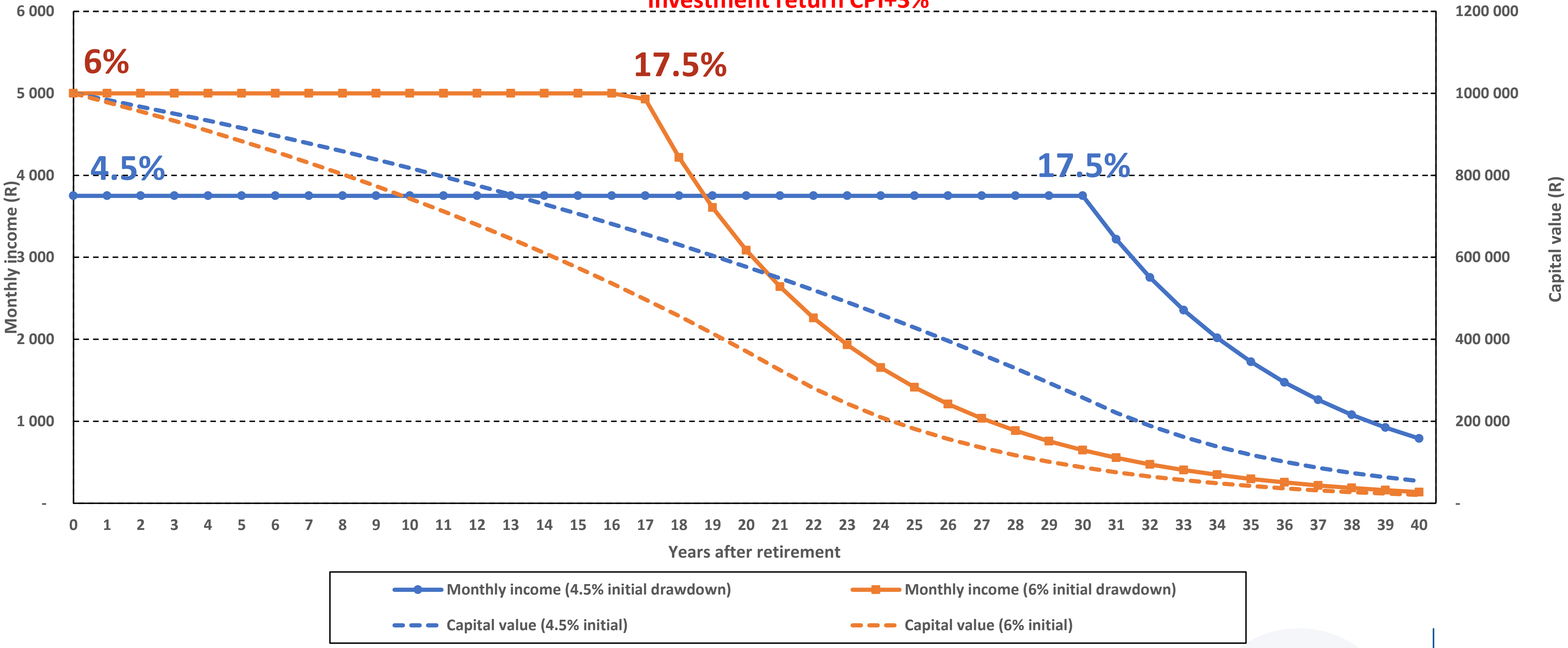
Living annuity maintain real income:

R1mil initial capital

Drawdown comparison of 4.5% vs 6% per annum

Investment return CPI+3%



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DRAWDOWN CHOICE - PROCESS

When: ONCE A YEAR ONLY (anniversary of inception)

How:

- Notified 2 months before election (anniversary of inception)
- Return completed for by the **due date** as reflected on **your** letter

If you do nothing and remain on the same % - this could also be a **RISK**

REMEMBER TO MANAGE DRAWDOWN IN RELATION TO CAPITAL AVAILABLE

If markets run, **keep pension increase to inflation -** bank the good performance for the bad years

If markets fall, **will need to adjust income (same proportion of a lower capital value at best case)**

This is an example of the letter you would receive from Alexforbes

UCTRF LIVING ANNUITANT ANNUAL DRAWDOWN FORM

Your personal details

Name: xxxxx	Membership No: xxxxx
Date of Birth: xxxxx	Date of Purchasing Living Annuity: xxxxx
Fund value as at «DATA9»: xxxxx	

SECTION 1

Do you wish to change your drawdown rate and/or payment frequency for your next annual cycle? If you wish to receive the **SAME DRAWDOWN AMOUNT** in Rand terms you **MUST** complete Section 2.

Yes ☐ No ☐

If **Yes,** complete **Section 2**.

If **No**, please sign below as confirmation.

Signature ____________________ Date ____________________

SECTION 2

DRAWDOWN PERCENTAGE

What percentage of the capital value at (between 2.50% - 17.50%) would you like to receive for the period xxxxx to xxxxx?

☐ Percentage

OR

☐ I would like the **SAME DRAWDOWN AMOUNT in Rand terms** as I received in the period xxxx to xxxxx, subject to a maximum drawdown of 17.5%.

OR

☐ I would like a **DIFFERENT DRAWDOWN AMOUNT in rand terms** for the period xxxxx to xxxxx, subject to a maximum drawdown of 17.5%., of:

R_________________ per month; or

R_________________ per quarter, or

R_________________ biannually; or

R_________________ annually.

PAYMENT FREQUENCY

How often would you like to receive payment? Please tick the appropriate block below. You have the option of receiving your annual pension in a monthly, quarterly, half-yearly or annual payment in arrears or in advance.

☐ **In arrears** (Please note payment will be made on the 25th of the months reflected below for your selection.)

- ☐ Monthly (at the end of each month)
- ☐ Quarterly (xxxx, xxxx, xxxx, xxxx)
- ☐ Half-yearly (xxxx, xxxx)
- ☐ Annually (xxxx)

OR

☐ **In advance** (Please note payment will be made on the 25th of the months reflected below for your selection.)

- ☐ Quarterly (xxxx, xxxx, xxxx, xxxx)
- ☐ Half-yearly (xxxx, xxxx)
- ☐ Annually (xxxx)

Signature ____________________________ Date ____________________________

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Bank details: If you have changed your bank details, please give the new details in the space below. (Please provide a bank statement with your new account details or a confirmation letter from the Bank)

Bank name: ________________________ Account type: ______________________________

Account no: ________________________ Tax ref. no. : ______________________________

Branch code: ________________________

Contact details: Please state your email address, address and or telephone number in the space below.

Email: ________________________ Postal Address: ___________________________

Cell Number: ________________________ Home Phone: ___________________________

Contact details for next of kin: This is the person we can contact if we are not able to reach you at the above contact details.

Name: ________________________ Relationship to you: _______________________

Email: ________________________ Postal Address: _______________________

Cell Number: ________________________ Home Phone: _______________________

Signature ________________________ Date _______________________

Name ________________________

OPTIONS WHEN EXITING UCTRF LIVING ANNUITY

Can I ENCASH my benefit?	**Only if the capital value falls below SARS minimum of** R125 000
Can I TRANSFER to another living annuity?	**YES – S14 process with approval from FSCA** Full amount must be transferred out of the UCTRF
Can I TRANSFER to life annuity?	**YES – S14 process with approval from FSCA** Full amount must be transferred out of the UCTRF

Please Note:

- You **cannot** split between your existing UCTRF living annuity and an external living annuity
- You **cannot** split between your existing UCTRF living annuity and an external life annuity
- However, there are some hybrid or blended options available which could be considered if you wish to explore an external combination

Living Annuity

- Bank account
- You could outlive your savings
- Withdraw money each month until it is gone
- Can be inherited if savings are available
- Can change later

Life Annuity

- Income as long as you live
- Guarantee periods
- Spouse’s pension options
- Cannot be inherited
- Cannot change your mind

FEES – UCTRF VS RETAIL LIVING ANNUITY

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Fee structure (including VAT)	UCTRF Living Annuity	Retail Living Annuity
Initial fees:		
Annuity payment fee	**R719.37 once-off**	Included in the annuity administration
Advice fee	**R0 if you use the UCTRF appointed advisor, GMI.**	Generally negotiable up to 1.725%
Ongoing fees:		
Annuity payment fee	**R18.04 per month (R216.48 per annum)**	Included in administration and / or investment fee
Annuity administration fee	**R127.00 per month (R1524 per annum)**	0.50% first 0 to R1.5 million 0.20% next R1.5mil to R5mil
Advice fee	**R0 is charged by the UCTRF.** However, if you have an advisor, they may wish to charge a fee for this service.	Generally negotiable up to 1.15%
Investment Fee (minimum - maximum)	**0.2% p.a. - 0.9% p.a.**	Approx. 0.5% p.a.- 2% p.a.

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TYPES OF LIFE ANNUITIES

Inflation-linked Life Annuity
Pension increases are “in line” with published CPI (inflation)

With Profit Life Annuity
Pension increases are determined by insurer and linked to investment performance

Fixed Escalation Life Annuity
Pension increases are guaranteed at a fixed percentage

Level Life Annuity
There are no pension increases i.e. the pension never increases

Enhanced Life Annuities (also known as impaired life annuities)
Socio-economic, lifestyle and health conditions are considered when determining an annuity rate - may result in a higher pension

Hybrid, Blended or Combined Annuity

OPTIONS WHEN EXITING - PROCESS

Section 14 Transfer Process

1. Member completes the application form
2. **Form plus proof of advice and product comparisons to be sent to UCTRF Office**
   - Sent to the Administrator and Consultant to complete relevant forms
   - Check for outstanding information
3. Forms are sent to the Principal Officer and Trustees to sign (oversight process)
4. **Signed forms submitted to the FSCA by Administrator (Alexforbes)**
   - FSCA can take between 6 to 8 weeks (as a minimum) to approve transfer before sending the approval to the Administrator (Alexforbes)
5. Once approval is obtained the Administrator has 60 days to make the payment

Please note:

1. **The whole process can take up to 6 months**
2. Once approval obtained by Alexforbes, they can no longer make any pension payments. So, depending when the S14 is approved, and how quickly the Insurer can set-up the life/living annuity, there may be a period when you do not receive a pension payment.

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FINANCIAL ADVICE

- Your **own** financial advisor or **Gradidge Mahura Investments (GMI)**
- The UCTRF has negotiated **preferential rates** with GMI to provide financial advice to any Living Annuitant requiring this service.
- Tips when appointing your own financial advisor
  - ✓ Ask for references and investigate
  - ✓ Check credentials and qualifications
  - ✓ Validate on FSCA website if FAIS registered
  - ✓ Validate on FPI website if Certified Financial Planner (CFP)
  - ✓ Make sure all fees and costs are disclosed in full upfront
  - ✓ Independent or affiliated; Ask about conflicts of interest – you want impartial advice!
- The fee may be paid:
  - directly to GMI; or
  - deducted from your Living Annuity Account Balance in the UCTRF. In such instances the administrator (Alexforbes) will charge a payment fee for deducting GMI's fee from your Living Annuity Account Balance and paying it to GMI.
- UCTRF Office provides information – not advice

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TAXATION IMPLICATIONS

Taxation is a complex space, so it is recommended that you ensure that this aspect is carefully covered by your financial advisor when making decisions around both the structure of your pension and the drawdown rates

- Monthly income from your annuity is treated as normal taxable income.
- Tax is deducted monthly before payment is made to you
- If you have multiple sources of income, this will impact your taxable income and may result in a tax liability at the end of the year. Plan ahead to make provision for this.
- Fixed rates of tax:
  - If SARS identifies that you have multiple annuity incomes they may issue your annuity provider with a Fixed Rate of tax to be applied
  - Your annuity provider has to deduct this rate, unless you formally communicate an option to opt-out.

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THANK YOU

Megan Houston and Marsha Bowers are benefit consultants employed at Old Mutual Corporate Consultants, a division of Fairbairn Consult (Pty) Ltd.
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