

**UMBRELLA  
RETIREMENT FUND**

**Options when leaving your employer**

EFFECTIVE 13 SEPTEMBER 2024

### Options when leaving your employer

As a member of the Allan Gray Umbrella Pension or Allan Gray Umbrella Provident Fund (collectively referred to as the Allan Gray Umbrella Retirement Fund or "the Fund"), when you leave your employer, your retirement investment will automatically remain invested in the Fund for as long as you want, and you can access your money at any point in the future.

## Take your time and make the right decision

We encourage you to carefully consider what to do with your investment when you change jobs. You may want to speak to your scheme-appointed adviser or your personal financial adviser to help you decide on the best course of action. If you do not have an adviser but feel that you need advice, we can help you find one in your area. Please visit our website at [www.allangray.co.za/find-an-ifa](http://www.allangray.co.za/find-an-ifa). Alternatively, you can contact us on 0860 000 654 or email us at [info@allangray.co.za](mailto:info@allangray.co.za).

## Update your contact details to stay informed

Your contact details may change when you change jobs. Please log in to your secure Allan Gray Online account at [www.allangray.co.za](http://www.allangray.co.za) to check that your contact details are correct and update them if necessary. Alternatively, you can contact us on 0860 000 654 or email us at [info@allangray.co.za](mailto:info@allangray.co.za).

## Impact of the two-pot retirement system

Since the implementation of the two-pot retirement system on 1 September 2024, your retirement investment may consist of various components. Your accumulated investment up until the implementation date is allocated to your vested component. One-third of all new contributions from 1 September 2024 are allocated to your savings component, which you can access once per tax year before retirement. You should only access this portion in case of severe financial stress, as withdrawing may negatively impact your future retirement income. The remaining two-thirds are allocated to your retirement component which is inaccessible before you retire and must be used to purchase a retirement income product at retirement.

## There are three options for you to consider when you leave your employer:

### Option 1: Preserve your investment in the Allan Gray Umbrella Retirement Fund

When you leave your employer, you can remain invested in the Allan Gray Umbrella Retirement Fund. This is known as **in-fund preservation** – i.e. leaving your money invested so that you can continue to benefit from compound growth over time. If you choose this option, you will become a paid-up member of the Fund.

**You do not need to do anything for your investment to continue as is.** The money that has been contributed so far can remain invested in your current portfolio allocation, which you can change at any time if you need to. If you remain invested in one of the trustee-approved defaults, your investment will automatically be placed in portfolios that are appropriate for your investment horizon to retirement. This is called "life-staging".

#### Benefits of preserving your investment:

- **Long-term growth:** The longer you leave your money invested, the more time it will have to grow and the higher your income in retirement could be.
- **Safeguard your retirement:** If you keep your investment for its intended purpose – your retirement – you increase your chances of maintaining your lifestyle when you stop working.
- **Keep your tax benefits:** By preserving your investment, you keep all your tax benefits for when it really matters – when you retire. At retirement, the first R550 000 you withdraw as cash is not taxed, but this tax-free portion applies over your lifetime and across all your retirement funds. This means that the tax-free amount available to you when you retire may be lower if you have previously withdrawn from your retirement funds before 1 September 2024 or from your vested component thereafter. It is important to note that the South Africa Revenue Service (SARS) will take any pre-retirement withdrawals, severance benefits and retirement cash lump sums into account when determining your remaining tax-free benefit.

#### How do I preserve my investment?

The good news is that you **don't need to do anything** for your investment to continue as is. Remember that your contact details may change when you change jobs, so please log in to your secure Allan Gray Online account at [www.allangray.co.za](http://www.allangray.co.za) to check that your contact details are correct.

## Option 2: Transfer to another retirement fund

If you feel that a different retirement product is better suited to your needs, you may transfer your investment to another product. You **will not have to pay tax** if you transfer to a retirement annuity fund, a preservation fund or your new employer's retirement fund.

You can transfer to a retirement product offered by Allan Gray or by another financial services provider.

**Allan Gray offers two retirement products that are available to individual investors:**

The Allan Gray Retirement Annuity Fund	The Allan Gray Pension or Provident Preservation Fund
Contributions to a retirement annuity (RA) are tax-deductible and the returns you earn while invested are tax-free.	A preservation fund allows you to preserve and grow your investment until you retire, without losing the tax benefits you enjoyed within your original fund. The investment returns you earn are also tax-free.
You can continue contributing to your investment in an RA. You can invest a monthly amount (of at least R1 000) or an initial lump sum of R50 000 or more. The minimum for additional lump sums is also R1 000.	You cannot add to your investment in a preservation fund. If you want to continue adding to your investment, you can start another investment, such as a retirement annuity.

The table below outlines the differences between preserving in the Allan Gray Umbrella Retirement Fund, transferring to the Allan Gray Pension or Provident Preservation Fund and transferring to the Allan Gray Retirement Annuity Fund:

	Preserving in-fund (Allan Gray Umbrella Retirement Fund)	Transferring to the Allan Gray Pension or Provident Preservation Fund	Transferring to the Allan Gray Retirement Annuity Fund
<b>Investment choice</b>	You can remain invested in the portfolios that you are currently invested in. Where you are invested in a default investment strategy, life-staging will continue to apply to your investment.  You will retain access to all portfolios available in the Fund. You also have the option of changing your portfolio selection at no cost and at any time.	You can choose your own selection of unit trusts from the Allan Gray Investment Platform list which has more options from various investment managers.  You will no longer be able to access the default investment strategies nor the institutionally priced investment portfolios available in the Umbrella Fund.	
<b>Fees</b> ▪ Platform administration fee ▪ Investment management fee ▪ Advice fee (where applicable)	<ul style="list-style-type: none"> <li>As a paid-up member, you will pay administration fees charged as a percentage of the market value across all your investments.</li> <li>You will pay the investment management fees applicable to the underlying investment portfolios you choose to invest in.</li> <li>Where there was a scheme adviser appointed by your employer, you will no longer have access to that adviser. You can appoint your own financial adviser. You will pay an advice fee as negotiated between you and your appointed financial adviser.</li> </ul>	<ul style="list-style-type: none"> <li>You will pay administration fees charged as a percentage of the market value across all your investments.</li> <li>You will pay the investment management fees applicable to the underlying unit trusts that you choose to invest in.</li> <li>You can appoint your own financial adviser. You will pay an advice fee as negotiated between you and your appointed financial adviser.</li> </ul>	
<b>Minimum balance required</b>	There is no minimum balance required to remain paid-up in the Fund.	R50 000	R50 000
<b>Additional contributions</b>	Additional contributions are not allowed.		Additional contributions are allowed and are tax-deductible.

	Preserving in-fund (Allan Gray Umbrella Retirement Fund)	Transferring to the Allan Gray Pension or Provident Preservation Fund	Transferring to the Allan Gray Retirement Annuity Fund
<b>Withdrawals before retirement</b>	<p>You can access a portion of your investment once per tax year from your savings component. If you leave your employer and choose to exit your Umbrella Retirement Fund, you may also access your vested component, where applicable. You should only withdraw from your accessible portion as a last resort, as withdrawing could significantly reduce the amount you have available at retirement. Your remaining balance can stay invested in the Fund along with your retirement component.</p> <p>You can also withdraw upon expiry of your visa if you are a foreign national or if you have ceased to be a South African tax resident for an uninterrupted period of at least three years on or after 1 March 2021.</p>	<p>You can access a portion of your investment once per tax year before you reach your retirement age. For investments made before 1 September 2024, you are allowed a once-off withdrawal before retirement, provided there are no restrictions in place from the transferring fund, and subject to the requirements of legislation and the regulatory authorities. Your remaining balance can stay invested in the Fund. You can also withdraw upon expiry of your visa if you are a foreign national or if you have ceased to be a South African tax resident for an uninterrupted period of at least three years on or after 1 March 2021.</p>	<p>Prior to retirement, you will be allowed to make one withdrawal of at least R2 000 per account per tax year from your savings component. Although this portion is accessible, it should only be used in case of severe financial stress, as withdrawing may negatively impact your future retirement income. You may only make a full withdrawal, which includes your retirement component, before retirement under specific circumstances, for example if you become permanently disabled or if you have ceased to be a South African tax resident for an uninterrupted period of at least three years on or after 1 March 2021.</p>

#### How do I transfer to another retirement fund?

1. Complete and sign the Umbrella Retirement Fund member exit instruction.
2. Complete and sign the relevant application form:
  - Transfer to the Allan Gray Retirement Annuity Fund by completing and signing the Retirement Annuity Fund application instruction.
  - Transfer to the Allan Gray Pension or Provident Preservation Fund by completing and signing the Pension/Provident Preservation Fund application instruction.
  - Transfer to your new employer's retirement fund by sending us a copy of your membership certificate. You can request this document from your new employer.
  - Transfer to any other external fund by completing their relevant application form.
3. Email copies of the above forms to [instructions@allangray.co.za](mailto:instructions@allangray.co.za).

### Option 3: Withdraw from your investment

When you leave your employer, you have the option of withdrawing from the savings component and vested component, where applicable, of your Allan Gray Umbrella Retirement Fund.

#### Reasons this option may not be suitable for you:

- Withdrawing from a retirement fund **reduces the tax benefits** you enjoy in the fund.
- Pre-retirement withdrawals are **taxed significantly more** than cash lump sums at retirement.
- Withdrawing and spending your investment may **negatively affect your lifestyle** in retirement.

#### A withdrawal instruction cannot be cancelled

Many retirement fund members want to change their minds about making a withdrawal once they see how much tax they will pay, but they are not able to do so. It is important to realise that you **cannot cancel your instruction once you have submitted it**.

We are legally required to apply for a tax directive from SARS when we receive a withdrawal instruction. In terms of legislation, once SARS has received an application for a tax directive, the withdrawal instruction cannot be cancelled. SARS may also include a deduction order (IT88) if you have any outstanding taxes, which we will need to apply to your withdrawal. The amount of tax owed, as stipulated on the directive, is final and will be paid to SARS from your account before the balance of your requested withdrawal amount is paid to you.

#### A tax directive simulation can give you an estimate of your tax impact

If you intend to withdraw from your investment, you may want to **request a tax directive simulation** from Allan Gray. This allows you to **establish your estimated tax impact**. It is important to submit your simulation request before, or at the same time that you submit your member exit instruction, to ensure you are comfortable to proceed, given your estimated tax impact.

## How will my withdrawal be taxed?

### Savings component withdrawals

Pre-retirement withdrawals from your savings component are taxed at your marginal tax rate. This is the highest rate of tax that is applicable to you, according to the personal income tax table.

### Vested component withdrawals: Resignation, dismissal and non-qualifying retrenchments

All previous withdrawals (including retirement cash lump sums and severance benefits) are taken into account when calculating how much tax you will pay. This means that your withdrawal amount may be significantly reduced by tax.

Taxable lump sum (R)	Rate of tax
R0 - R27 500	0%
R27 501 - R726 000	18% of the taxable amount above R27 500
R726 001 - R1 089 000	R125 730 + 27% of the taxable amount above R726 000
R1 089 001 and above	R223 740 + 36% of the taxable amount above R1 089 000

**Example 1:** If you withdraw R150 000 and have not previously withdrawn from any of your retirement funds, you will pay R22 050 to SARS (18% of R122 500).

**Example 2:** If you withdraw R800 000 and have not previously withdrawn from any of your retirement funds, you will pay R145 710 to SARS (R125 730 + 27% of R74 000).

### Vested component withdrawals: Qualifying retrenchments

A qualifying retrenchment means that your instruction will be taxed according to the retirement fund lump sum tax table instead of the retirement fund withdrawal tax table. Your retrenchment may be considered a qualifying retrenchment if:

- Your employer stopped or intends to stop doing what you were employed to do.
- You became redundant as a result of a general reduction in personnel.

All previous withdrawals (including retirement cash lump sums and severance benefits) are taken into account when calculating how much tax you will pay. This means that your cash lump sum amount may be significantly reduced by tax.

Taxable lump sum (R)	Rate of tax
R0 - R550 000	0%
R550 001 - R770 000	18% of the taxable amount above R550 000
R770 001 - R1 155 000	R39 600 + 27% of the taxable amount above R770 000
R1 155 001 and above	R143 550 + 36% of the taxable amount above R1 155 000

**Example 1:** If you take a cash lump sum of R650 000 and have not previously withdrawn from any of your retirement funds, you will pay R18 000 to SARS (18% of R100 000).

**Example 2:** If you take a cash lump sum of R1 200 000 and have not previously withdrawn from any of your retirement funds, you will pay R159 750 to SARS (R143 550 + 36% of R45 000).

### How do I withdraw from my investment?

1. To withdraw from your savings component, you can submit a withdrawal instruction via your secure Allan Gray Online account.
2. To withdraw from your vested component, where applicable, complete and sign the Umbrella Retirement Fund member exit instruction. You can email your completed form to [instructions@allangray.co.za](mailto:instructions@allangray.co.za).

## Important information for investors

### Copyright notice

© 2024 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

### Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray Unit Trust Management (RF) Proprietary Limited (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). Allan Gray Proprietary Limited (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. Except for the Allan Gray Money Market Fund, where the Investment Manager aims to maintain a constant unit price, the value of units may go down as well as up. Past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of its unit trusts.

### Additional information for retirement fund members

The Allan Gray Retirement Annuity Fund, Allan Gray Pension Preservation Fund, Allan Gray Provident Preservation Fund and Allan Gray Umbrella Retirement Fund (comprising the Allan Gray Umbrella Pension Fund and Allan Gray Umbrella Provident Fund) are all administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider and approved pension funds administrator under section 13B of the Pension Funds Act 24 of 1956. Allan Gray (Pty) Ltd, also an authorised financial services provider, is the sponsor of the Allan Gray retirement funds. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds) and life-pooled investments.

1 Silo Square  
V&A Waterfront  
Cape Town  
8001  
South Africa

P O Box 51605  
V&A Waterfront  
Cape Town  
8002  
South Africa

**Client Service Centre**

**T** 0860 000 654 or +27 (0)21 415 2301

**E** [info@allangray.co.za](mailto:info@allangray.co.za)

**www.allangray.co.za**