

YOUR DREAMS



Taking the best route

LIFE ANNUITY OR LIVING ANNUITY?

Unless you're in a provident fund, you are legally required to invest at least two thirds of your retirement savings in an annuity when you retire. At that point, you will have to decide between a life or a living annuity, each with its own benefits.



LIFE ANNUITY

A LIFE ANNUITY ASSURES YOU OF AN INCOME FOR THE REST OF YOUR LIFE, WHICH IS WHY IT'S ALSO KNOWN AS A GUARANTEED ANNUITY.

WITHIN CERTAIN LIMITS, A LIVING ANNUITY LETS YOU DECIDE HOW MUCH YOU'D LIKE TO EARN. IT'S IMPORTANT NOT TO TAKE MORE THAN THE INVESTMENT GROWTH TO AVOID RUNNING OUT OF MONEY.

LIVING ANNUITY



If you'd like to provide for someone else, you can choose a **guaranteed payment period** that guarantees payment for the specified number of years, or you could **insure a second life**.



If there is **any money left** after your death, your **beneficiary can continue to receive your pension payouts** or get a lump-sum payment.



At its most basic, a single-life annuity without any add-ons will stop paying upon your death. If you'd like to preserve your initial capital, select a **capital preservation option**.



Payouts will continue for as long as there is money in the funds you chose to invest in. Therefore, it's important not to take out more than your investment earns. For example, don't take 6% when your capital is growing by 5%.



A **life annuity** is a type of insurance whereby you pay a single amount to an insurer in exchange for a regular, predetermined income. You cannot change from a life to a living annuity.



Because **living annuities** are linked to the underlying funds' performance, the value (your capital) could go up or down as with any other investment. You can change the drawdown rate (the percentage you take) once a year and you may change to a life annuity.



TO GET STARTED

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VISIT www.oldmutual.co.za/personal/retirement-planning



GOOD TO KNOW

When you have to decide between a life and a living annuity, and whether to use all your savings to buy one or to take a percentage in cash, speak to a financial adviser who can explain all the options, their pros and cons, and how your decision would impact your retirement income.