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Wisdom Wealth

Living Annuity Webinar
Starting Soon...

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Webinar Agenda



How Living Annuities Work



How to Invest



Investment Options



Comparison to Pre-Retirement Funds



Drawing a Sustainable Income



Tax & Estate Planning



Financial Planning for Retirement



Questions?

How Living Annuities Work

What is a Living Annuity?

- A Living Annuity is an investment vehicle designed to provide you with a regular retirement income.
- Investment / Market linked.

Living Annuity Income Rules

- Income mandatory.
 - Minimum 2.5% per annum.
 - Maximum 17.5% per annum.
- Income can be received monthly, quarterly, half-yearly or annually.
- Level of income can be changed once per year.
- Income withdrawn is fully taxable.

How To Invest

Compulsory Purchase

- Anyone retiring from a pre-retirement fund (who is age 55 or older) can choose to invest in a Living Annuity.
- Examples of pre-retirement funds:
 - Retirement Annuities
 - Pension or Provident Funds
 - Preservation Funds

Voluntary Purchase

- Discretionary (accessible) money can also be used to invest in a Living Annuity.

Investment Options

Underlying Investment Options:

- Many investment options available. Unit trust funds are most common.
- Types of unit trust funds available:
 - Local and offshore equity funds.
 - Multi-asset funds, such as stable and balanced funds.
 - Income and money market funds.
- Switching flexibility.

Offshore Investment Rules:

- Regulation 28 (Pensions Fund Act) compliance not required.
- Can have up to 100% offshore investment exposure.

Comparison to Pre-Retirement Funds

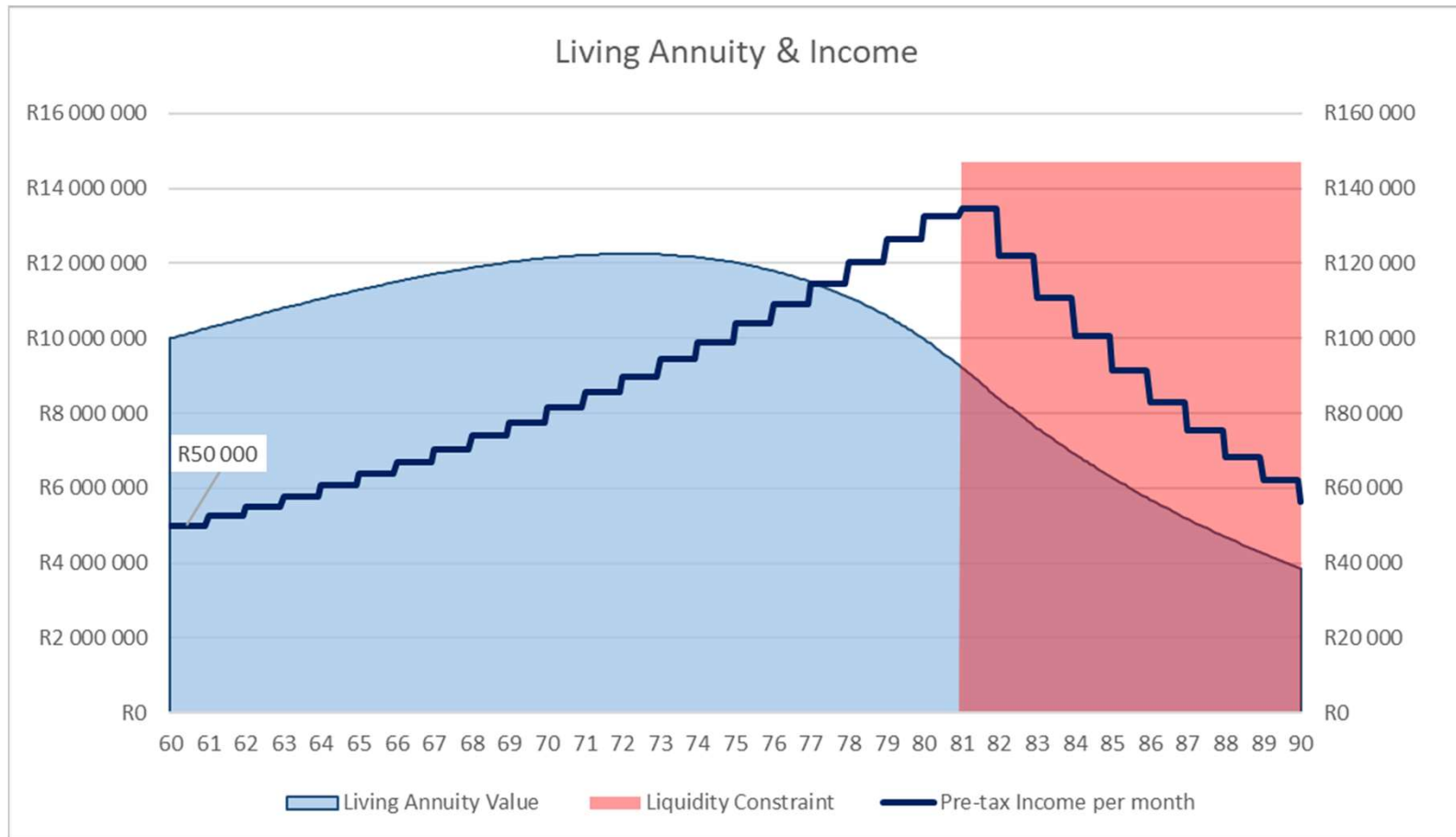
	PRE-RETIREMENT FUND	LIVING ANNUITY
Income Withdrawals	None, but two-pot retirement reform will allow limited access.	Yes, between 2.5% and 17.5% per annum.
Regulation 28 Rules	✓	✗
Maximum Offshore	45%	100%
Beneficiary Nomination	✓	✓
Trustee Discretion	✓	✗

Drawing a Sustainable Income

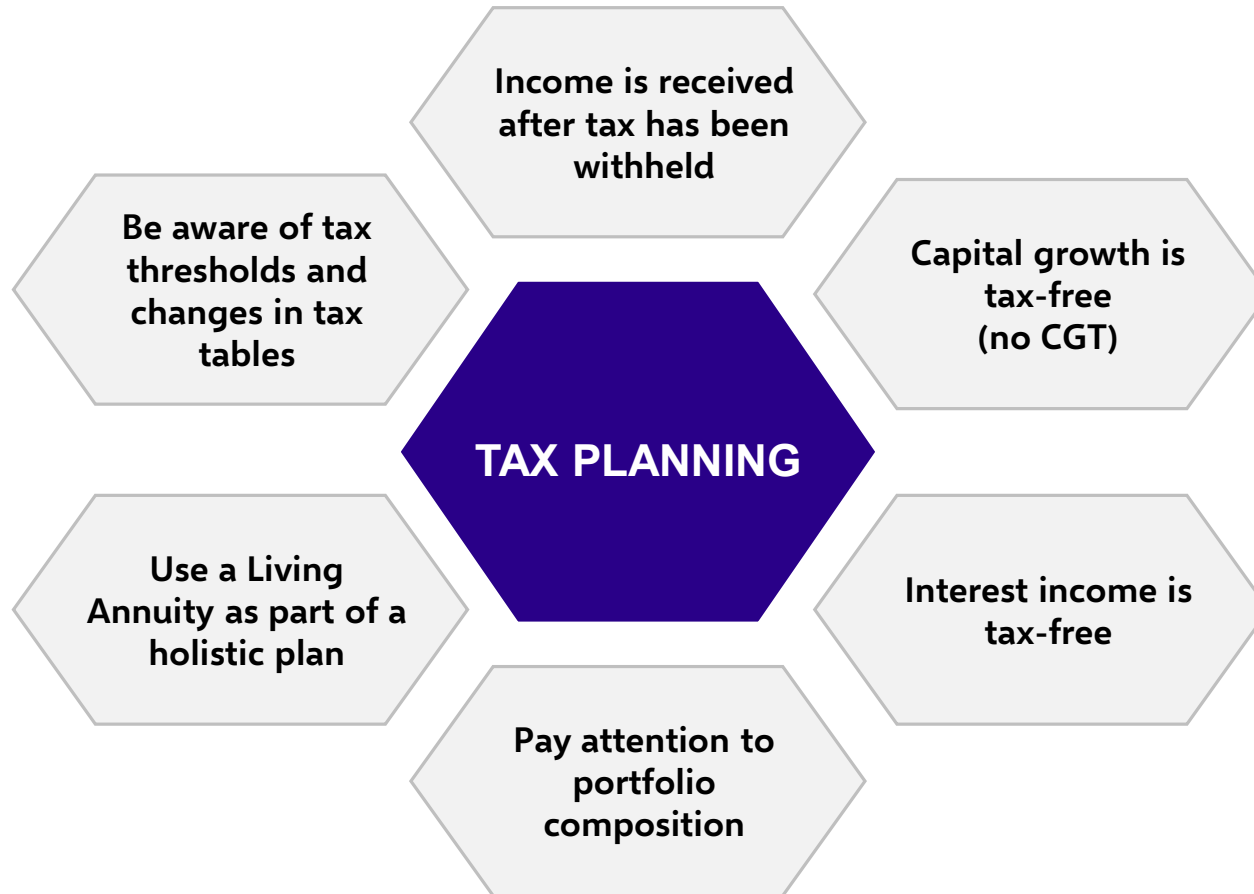
What is a reasonable income percentage / drawdown?

- Assuming an 9% investment return (after fees) and 6% inflation.
- Investment / income to last X years:
 - 35 years = 4.2% = R3,500 gross income per R1million.
 - 30 years = 4.5% = R3,750 gross income per R1million.
 - 25 years = 4.9% = R4,083 gross income per R1million.
 - 20 years = 5.5% = R4,583 gross income per R1million.
 - 15 years = 6.3% = R5,223 gross income per R1million.
 - 10 years = 7.7% = R6,406 gross income per R1million.

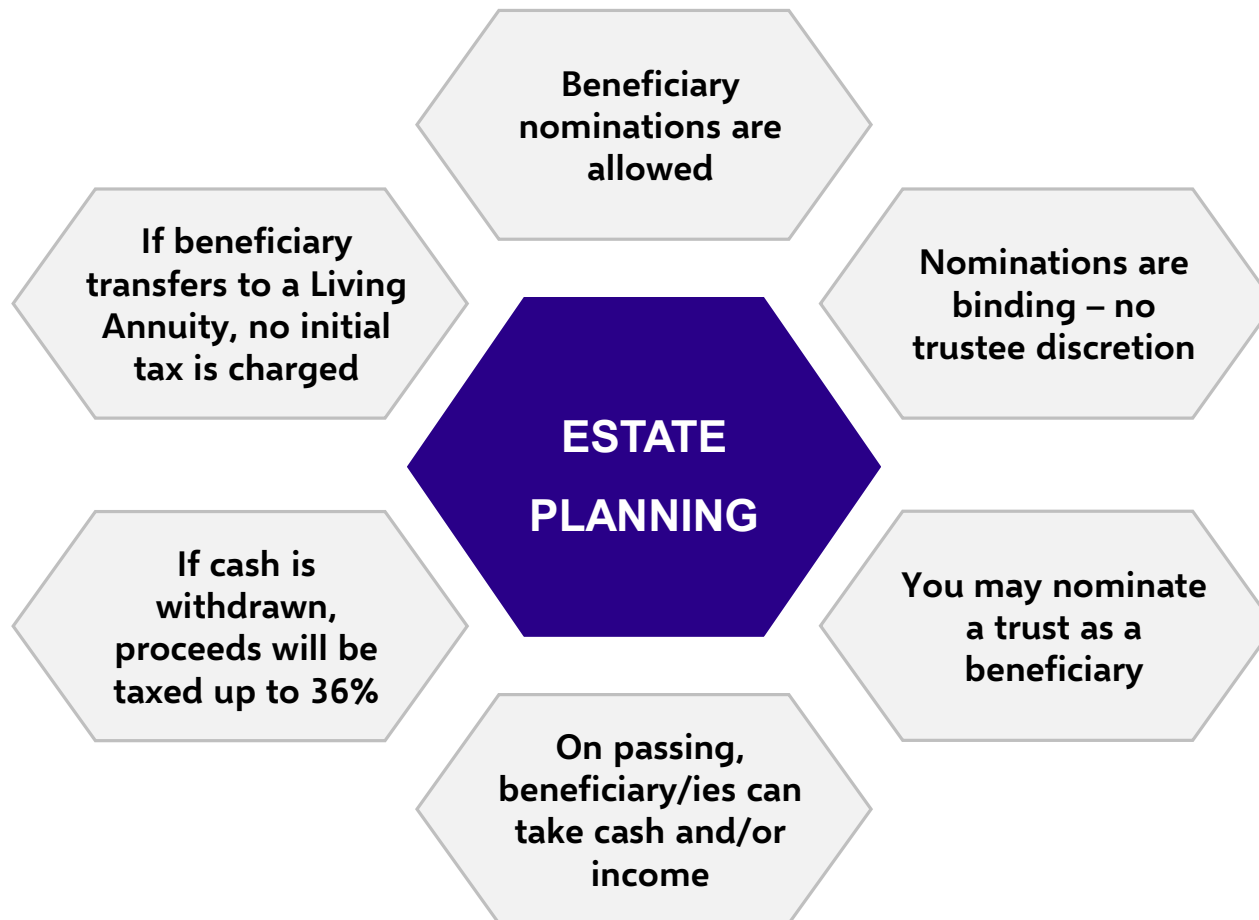
Drawing a Sustainable Income



Tax Planning & Living Annuities



Estate Planning & Living Annuities



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Financial Planning for Retirement

PLANNING FOR RETIREMENT

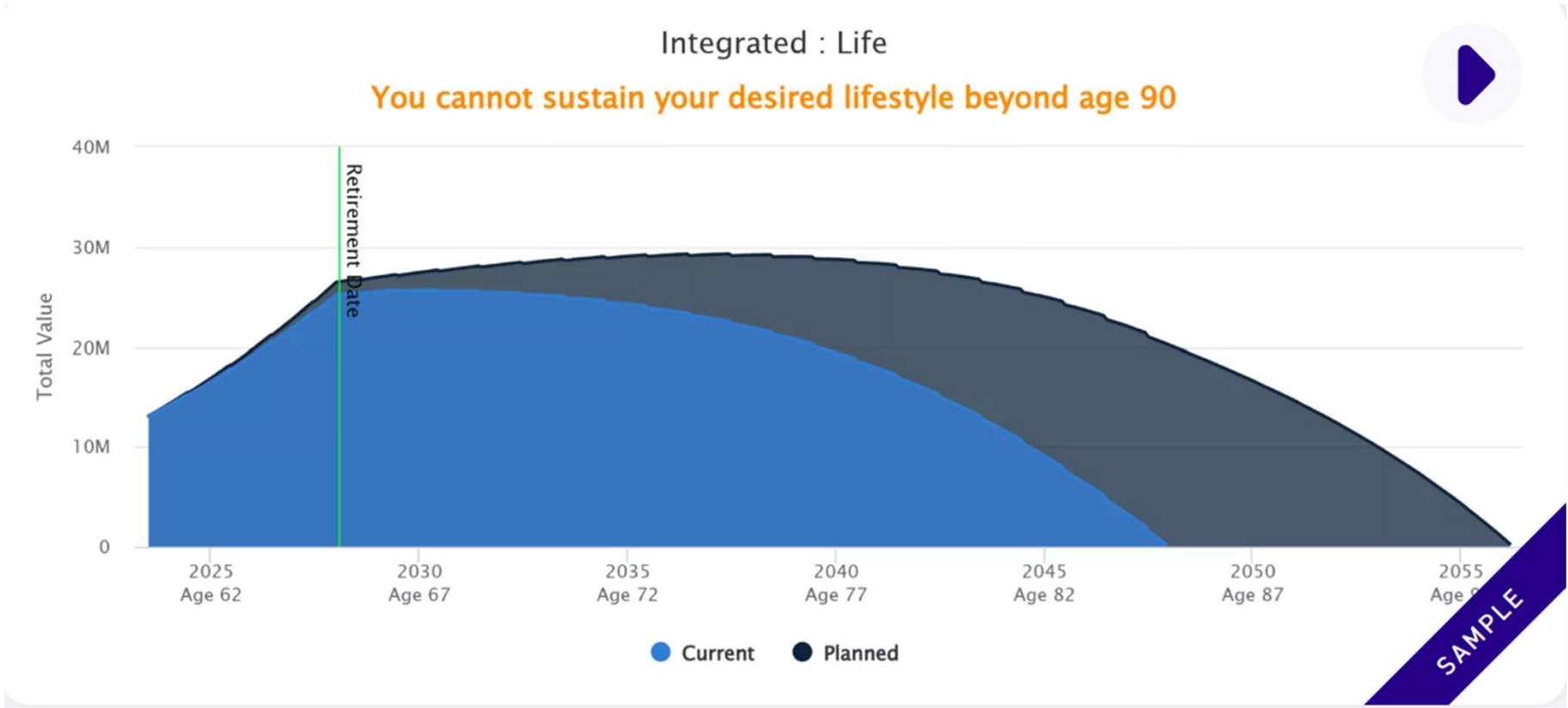
- **Create a comprehensive retirement plan.**
- **Review your investment portfolio holdings and risk.**
- **Carefully consider your investment contributions.**
- **Don't ignore the importance of liquidity and flexibility.**
- **Run tax simulations for your retirement lump sum.**
- **If married, plan to split your taxable income to be more tax efficient.**

Financial Planning for Retirement

ALREADY RETIRED

- **Create a comprehensive retirement plan.**
- **Review your investment portfolio holdings and risk.**
- **Review your retirement plan at least once per year.**
- **Keep a record of your monthly budget.**
- **Monitor your personal inflation.**
- **Don't ignore your lifestyle expenses – holidays, vehicles, family events, personal goals.**

Financial Planning for Retirement





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