Head Office:
26 Augrabies Road, Waterfall Park
Bekker Road, Midrand
P.O. Box 76014, Wendywood, 2144
Tel. (011) 790 4400

**First Technology Group Retirement Annuity**

The First Technology retirement annuity will be administered by Allan Gray Investor Services. For all practical purposes this is a member owned product and you, as the investor, may invest your contributions in any of the available investment portfolios in the Allan Gray Group Retirement Annuity.

We are, however, aware that most investors aren't necessarily aware of which investment portfolio is most suited to them. Furthermore, we as First Technology are compelled to pay your contributions, and these must be invested within a specified period. For this purpose, we as the Board of Management have decided that in the event of a member not indicating a specific investment portfolio, your contributions will be allocated to the PSG Wealth Moderate Fund of Funds.

This portfolio conforms to the guidelines of the Pension Funds Act and is suited for most investors with a medium to long term investment horizon (i.e., more than 5 years to go before retirement date) and has a medium risk investment mandate. Funds are jointly managed by Coronation, Ninety One, Prudential, PSG and Sanlam Investment Management (SIM).

First Technology and its staff **may not** provide any financial advice and may merely facilitate your contributions towards your retirement fund.

Contact details for PSG Wealth:
Alexi Coutsoudis, CFP / Candice Goosen, CFP Tel: 031-566 1261
E-mail: office@psg.co.za

Below is an overview of some of the benefits of saving for your retirement with the Allan Gray RA. We also include **'Frequently Asked Questions'** that we hope will provide you with answers to some of the questions you may have.

For more detail about the benefits of becoming a member of the Allan Gray RA, please refer to the **Allan Gray RA Conditions of Membership**.

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**1. The Allan Gray RA is a tax efficient way to save for retirement.**

Using the Allan Gray RA is a tax-efficient way to save for your retirement as a portion of your contribution is tax deductible. You are now able to deduct your contributions to all retirement funds, with the maximum tax deduction you may make in a tax year limited to the greater of 27.5% of taxable income or remuneration, subject to an annual ceiling of R350 000. Contributions above this limit made directly by your employer are also now taxable as a fringe benefit in your hands. If you contribute more than the limits, your excess contributions can be used to increase the value of any cash lump sum you take before or at retirement or to reduce the taxable portion of your living annuity income in retirement. Excess contributions in one year can also be carried over and deducted in the next year.

**2. It gives you flexibility and investment freedom.**

Your benefit is held in an individual investment account for you, which means that you have more control over your underlying investment choice, and how much you wish to contribute.

- You have access to an uncomplicated range of unit trusts across different sectors, from different providers. You and/or financial adviser can choose the unit trusts that best suit your needs as your underlying investments. The unit trusts you select will make up your investment account. You may switch between unit trusts at any time if your needs change after your initial selection.
- You may stop and start contributions without penalties and change your contributions at any stage (subject to minimum contribution limits)
- If you leave your current job, your membership will not end, it will continue. But if you wish to transfer your benefits in the Allan Gray RA to another approved Retirement Annuity Fund (RA), you may do so without any restrictions or penalties.

**3. The Allan Gray RA helps you remain disciplined about your retirement savings.**

We all know how hard it is to save and to be disciplined about not using your accumulated savings for other shorter-term needs. Because the purpose of the Allan Gray RA is to provide you with a benefit when you retire, your membership in the RA will continue until you are at least 55 years old. By contributing to the Allan Gray RA, your retirement savings are preserved and continue to grow as the money in the Allan Gray RA cannot be withdrawn before your retirement (even if you leave your current job) unless the value of your investment is less than **R15 000**, in which case you may leave the Allan Gray RA and take the full value as a taxable cash benefit. Should you emigrate, you will be able to access the funds as a cash lump sum 3 years from the date at which you left South Africa – this cash lump sum benefit is subject to tax.

**4. Making it easy for you to reconcile contributions made by us on your behalf.**

As a member, your benefits are based on contributions received by the Allan Gray RA. Our mandate, as employer, is to deduct your contributions from your salary and pay these to Allan Gray. In order to help members monitor and reconcile the contributions made on their behalf and to check that these contributions have been invested in their selected unit trusts, Allan Gray sends regular quarterly statements to members and makes this information available at more regular frequency via the secure online site at www.AllanGray.co.za.

**Frequently Asked Questions**

**When can you access your retirement benefit and what is the benefit at retirement?**

You may retire from the Allan Gray RA at any time after you turn 55 years of age. If you become permanently disabled, you may access the funds sooner.

Your retirement benefit options are:

- The full benefit may be used to buy a Compulsory Annuity (i.e., pension) in your name.
- A maximum of one-third of the benefit may be taken as a cash lump sum. The remaining two thirds must be used to buy a Compulsory Annuity in your name.
- The full benefit may be taken as a cash lump sum at retirement if the pre-tax value of the benefit, on the date of retirement, is equal to or not more than R247 500 or any other amount determined by legislation or regulatory authorities from time to time.

**If you invest in an Allan Gray RA, what is meant by and referred to as the Allan Gray Group Retirement Annuity System (Allan Gray Group RA)?**

This is simply a way for us as an employer to make the Allan Gray RA available to staff such as you, with the benefits of group administration. We use the Allan Gray Group RA administration system to deduct your monthly contributions from your salary and pay them over to the Allan Gray RA on your behalf. In this way, we will manage the contribution process for you.

**How do you reconcile your contributions and stay informed about your investment?**

Allan Gray will provide you with regular quarterly statements so that you can reconcile your contributions and stay informed about how your retirement savings are growing. You will also be able to access your investment more frequently through a secure online website via www.allangray.co.za. This is updated daily.

**What happens if you leave our employment?**

If you leave our employment, you may stop contributing, either temporarily or permanently, but you may continue contributing to your Allan Gray RA in your personal capacity. You may also transfer your Allan Gray RA to another approved retirement annuity fund. There are no penalties or fees for doing this.

**Can I transfer my existing Pension or Provident Fund from my previous employer to the Allan Gray Retirement Annuity?**

You are not able to transfer your existing Pension/Provident Funds to the Allan Gray Group Retirement Annuity. You will need to set up a new preservation fund or Retirement Annuity with Allan Gray by either engaging with Allan Gray directly or engaging with PSG. There are a number of factors to consider when transferring your existing benefits and this should be discussed with your financial advisor.

**What is the minimum contribution?**

The minimum contribution is R250-00 per month. If you leave First Technology but wish to continue contributing to the Allan Gray RA fund the minimum contribution amount would be R500-00 per month.

**What are the fees?**

First Technology has negotiated with PSG Wealth Financial Planning to provide us with investment advice and to facilitate the Group RA. There are no initial fees and a 0.75% per annum on-going advice fee. Allan Gray do not charge upfront fees; the administration fees are 0.4% on an on-going basis.

**How does the Allan Gray RA differ from conventional pension funds?**

The Allan Gray RA is not a conventional pension fund. Some of the important differences are below.

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1. If you resign from our employment, you cannot take a cash withdrawal. The money in the Allan Gray RA must be preserved until age 55 unless the value of the investment is less than **R15 000**.
2. We as an employer have no rights or duties according to the rules of the Allan Gray RA, but you give us permission to deduct and pay over contributions on your behalf. There is no statutory protection for non-payment of contributions as provided for with pension funds, which means that if we as an employer don't pay over the money, we deduct from your salary to your Allan Gray RA, you will need to address this with us. Your benefit from the Allan Gray RA is dependent on the contributions. Therefore, it is important (and for your own protection) that you stay up to date with your Allan Gray RA and regularly reconcile contributions using your statements.
3. Membership of the Allan Gray RA is compulsory and is a condition of employment. You must be sure that the investment choices that are available as the underlying unit trusts are suitable for your needs. For more information about the choices available, the Allan Gray Investment Platform fund list will be made available to you.
4. The Allan Gray RA is governed by a board of trustees, some of whom are independent pension's experts. Allan Gray pays for the board-level and some other expenses of the Allan Gray RA (i.e., they are not currently deducted from your investment in the Allan Gray RA). You do not play a role in electing trustees of the Allan Gray RA.