STANLIB Classic Preservation Provident Plan

Information Document

STANLIB

STANLIB Classic Preservation Provident Plan Terms and Conditions

Saving for your retirement is vital. The Classic Preservation Provident Plan allows you to save the money you receive from an employer provident fund when you leave a job. It provides disciplined saving while offering flexibility in investment choice. You may choose to invest in a selection of unit trust funds, model portfolios, share portfolios, and other investment portfolio options.

Contributing to your investment

You can invest money in this product through a transfer from another retirement fund. We accept transfers from:

- An employer provident fund, which becomes due to you when you leave the company
- Another preservation provident fund
- The proceeds of a divorce settlement from another provident or preservation provident fund.

A minimum investment amount of R25 000 applies.

You are not able to invest any additional money in your Classic Preservation Provident Plan, either via a once-off investment or a recurring debit order investment.

Withdrawing from your investment before retirement

You are only allowed to withdraw once from this investment before you retire from the Fund, and you may select a partial or full withdrawal. If you transfer to us from another Preservation Fund, and you have already taken a withdrawal from the previously preserved money, the previous withdrawal will count as your one withdrawal, and you will not be able to withdraw from the investment again until you retire. If you leave your employer fund and preserve your savings when you are over the normal retirement age of the employer fund, you will not be permitted to make a withdrawal from your Preservation Fund investment before you retire.

You may withdraw the full amount from your investment should you officially emigrate with the South African Reserve Bank.

If you become permanently disabled or incapacitated and can no longer work, you may access your money earlier by applying for an early retirement. We discuss this process in more detail later. If your investment originates from the Government Employees Pension Fund, you are permitted to withdraw one third of your benefit, either before or at retirement, or a combination of the two.

When you withdraw from you investment, you may be required to pay income tax on the proceeds. We will apply for a tax directive on your behalf from the South African Revenue Service (SARS) when you withdraw. SARS will inform us if tax is due, and we will deduct this amount from your proceeds before we pay them over to you. From time to time, SARS may instruct us to deduct additional tax owed by you from the withdrawal through an IT88 directive. We will let you know should this occur. By law, we are required to pay this amount to SARS and may not reverse the directive.

It is important to understand the long term adverse implications on retirement capital and the level of income available in retirement should you withdraw from your retirement savings. We recommend that you discuss any changes to your investment account with your financial adviser before making the change.

Product suitability

This product is suitable for individuals saving for their retirement. It is not intended for clients who wish to access their investment in the short to medium term, or who wish to invest in a mix of asset classes which is not compliant with the Regulation 28 limits applied to all retirement funds.

Key terms

Retirement fund

A legal structure which allows members to save for retirement in a way which is regulated and tax efficient. Retirement funds include retirement annuity funds, pension funds, provident funds, and preservation funds.

Classic Preservation Provident Plan (“the Fund”)

An independent legal entity, Reg. No. 12/8/34309, and registered retirement fund in terms of the Pension Funds Act. When you invest in the Classic Preservation Provident Plan, you become a member of the Fund.

Board of Trustees (“Trustees”)

An independent Board of Trustees appointed by the Fund, and responsible for the management and control of the Fund and its operations, and most importantly the protection of Member interests, in accordance with the Fund Rules and relevant legislation.

Fund Rules (“Rules”)

A document which sets out the rights, obligations, benefits, and operating procedures of the Fund, its Members, and Board of Trustees. The Rules are governed and approved by the Registrar of Pension Funds. A copy of the Rules is available on our website, and you may also request a copy of the Rules at any time. The Trustees may change the Rules from time to time and we will communicate these changes to you.

Member (“You, Your”)

The individual who invests in the Fund and becomes entitled to a benefit from the Fund, in accordance with the Rules.

Member Share

This is your share of the assets held by the Fund on behalf of all the members.

STANLIB Wealth Management (“STANLIB”)

STANLIB Wealth Management (Pty) Limited (Reg. No. 1996/005412/07) (590) is the administrator of your investment and is an authorised financial services provider (FSP) in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS). The Fund has appointed STANLIB as its administrator.

The Fund has appointed STANLIB to administer investments on behalf of its members and to administer the affairs of the Fund. Any indemnity given to STANLIB in these Terms and Conditions is given in favour of the Trustees as well. STANLIB and the Fund hold adequate professional indemnity and fidelity insurance cover as prescribed by legislation.

Benefit

This is the money which you are entitled to as a member of the Fund. The Fund is a defined contribution Fund, meaning that the amount which is due to you as a benefit will be the total of all your contributions, plus investment growth, less fees and costs. This benefit may become due when you retire, die, divorce, or withdraw from your investment.

Dependant

Any person who depends on you for financial support at the time of your death. Your spouse and all your children are automatically classified as dependants.

Nominated beneficiary

A person who you nominate to receive a portion of the death benefit from your account should you pass away. This person does not need to be financially dependent on you.

Annuity

A registered and regulated financial product designed to pay you a regular income when you retire from the Fund.

Unit trust portfolio/ Collective investment scheme

An investment product in which many different investors pool their money into a portfolio, which is managed by professional investment managers, according to the mandate of the portfolio.

Investment manager

The licensed and registered party who manages the investment portfolio.

Investment portfolio

Unit trusts, share portfolios, and other solutions which you can choose to invest in via your investment account.

Investment account

Your Classic Preservation Provident Plan, for which you will receive an account number.

Financial adviser

The person you have appointed to provide you with financial advice and intermediary services.

Financial services provider (“FSP”)

Your adviser is employed by a registered FSP, which is a separate legal entity from STANLIB. The FSP is required to be correctly licensed by the Financial Sector Conduct Authority (FSCA) to provide specific services. STANLIB will check this for you.

Model portfolio

Investors with a similar risk outlook, return objective, and investment timeframe have their money invested in a range of investment portfolios by a specialist manager. The manager tailors the mix and proportion of investment portfolios in a model portfolio to the needs of that group of investors. This grouping of investment portfolios is known as a model portfolio.

Important rules which apply to this investment

Guarantees and risk

STANLIB, the Fund, and the investment manager do not guarantee the value of your investment or the performance of the investment portfolios in your investment account. The market value of your investment may fluctuate and past performance is not necessarily a guide to the future. You bear the investment and market risk, which includes the possibility of losing capital.

The investment portfolios which you select may expose you to risks such as political, currency, regulatory, settlement, market, credit, liquidity, taxation, or premium risk. It is your responsibility, in conjunction with your financial adviser, to understand the risks in your investment.

Protecting your Investment through diversification

Your retirement savings are vital to your long-term planning and well-being. The Pension Funds Registrar recognises this and has put steps in place to limit the risk which you may take in your retirement fund investments. These limitations are called Regulation 28 of the Prudential Investment Guidelines ("Regulation (Reg) 28"), and they regulate the extent to which a member may invest in certain asset classes and equity and debt issuers. We are required to ensure that your investment does not exceed these limits, and we will do so when you invest with us and through quarterly checks. If your investment breaches the limits due to a transaction you have done, we are required to request you to correct this immediately by amending your investment portfolio selection. If your investment exceeds the limits as a result of market movement, you have 12 months in which to bring it back in line with the requirements. We will communicate this to you on a quarterly basis. If we don't hear back from you in the required timelines, we will change the affected portion of your investment portfolio selection on your behalf through a switch into a Money Market Fund, so please do get back to us.

Broadly speaking, the limits are a cap of:

- 75% exposure to equities
- 50% exposure to non-government debt instruments
- 30% exposure to offshore assets
- A further 10% exposure to assets from the rest of Africa
- 25% exposure to property.

We encourage you to make use of the tools on our secure online system and our website to check how your intended transaction will affect your Regulation 28 compliance. Your financial adviser will also be able to assist you with this.

Transferring your membership to STANLIB from another retirement fund

Please check that the retirement fund you want to transfer from will allow the transfer.

Transferring your membership from the Classic Preservation Provident Plan to another retirement fund

You may transfer your full benefit to another retirement fund, including the employer provident or pension fund of your current employer, if you are a member of the fund and the rules of the fund permit the transfer. It is important that you understand the implications and costs before you do this. Before you initiate the transfer, please check that the retirement fund you want to transfer to can accept your transfer from the Fund.

Taxes applicable when you take money from the investment

Income tax will be deducted from any benefit taken in cash before it is paid out to you, in accordance with income tax legislation. You will be provided with an income tax certificate to reflect any tax paid to SARS on your behalf.

Taxes applicable to your investment returns

The returns on your investment are exempt from capital gains tax, income tax on interest, dividends tax, and Real Estate Investment Trust (REIT) tax.

Voting in ballots

When the Manager of a unit trust fund in your investment account wishes to change a unit trust fund mandate, close, or merge a unit trust fund with another unit trust fund. The Fund will participate on your behalf in a ballot vote for the proposed changes. The Trustees always consider the best interests of the members when voting. STANLIB will publish the results of the various ballots on our website.

Once a ballot has been approved, a change will take place for your affected investment portfolio(s). These details will appear on your quarterly investment statement.

What happens to your investment if you get divorced

The court may award a portion of your benefit to your ex-spouse. We will withdraw this amount from your investment at the time of receiving the Court Order. The portion withdrawn is taxed in the name of the non-member spouse. The transaction will reflect in your next quarterly statement.

What happens to your investment if you are required to pay maintenance

The court will instruct us to withdraw a portion of your benefit and pay it to the Maintenance Court. The withdrawal will be taxed in your name. The transaction will reflect in your next quarterly statement.

Cooling off

No cooling-off period applies to this investment and you will not be allowed to cancel your membership, so please consider carefully before you apply for membership.

Ceding of your investment as collateral or security

You are not allowed to cede your membership or your rights to your benefits.

Transferring ownership of your investment

You may not transfer your investment to another party.

Transferring your investment from STANLIB to another retirement fund

You may transfer your full benefit to another retirement fund, including the employer provident fund of your current employer, if you are a member of the Fund and rules of the fund permit the transfer. It is important that you understand the actual and possible implications and costs before you do this. Before you initiate the transfer, please check that the retirement fund you want to transfer to can accept your benefit.

Retirement

Eligibility

You may retire from the Fund once you have reached the age of 55. It is important to understand the long term implications of this big decision, and we recommend that you have a discussion with your financial adviser before taking any action. If you have more than one retirement savings product, you are not required to retire from them all at once.

If you have become permanently disabled or incapacitated and can no longer work, you may apply to retire earlier. You will need to provide evidence of your permanent disability due to ill-health or injury. The Trustees will review the details of your situation and, taking into account the Rules and applicable legislation, either grant or reject your request.

Retirement benefit

When you retire from the Fund, you have a choice to either take your full benefit in cash, or invest it to provide you with a regular income in your retirement. It is important to note that a new law may soon come into effect whereby you are only allowed to withdraw a maximum of one third of your retirement benefit in cash when you retire, and the portion of the benefit which you do not cash out must be used to purchase an Annuity from a registered long-term insurer. This law will not affect any money saved in a provident fund or provident preservation fund prior to the law coming into effect.

Your retirement benefit is the value of your investment at the time that we process your retirement instruction. If on the date which you retire from the Fund, the benefit is R247 500 or less, you may withdraw the entire benefit in cash and you are not required to purchase an Annuity. This amount is stipulated by law and can change from time to time, so when you want to retire be sure to find out the latest amount from us.

You may be required to pay income tax on the portion of your retirement benefit which you cash out. The first R500 000 which you withdraw at retirement is tax free. We will apply for a tax directive on your behalf from SARS when you withdraw. SARS will inform us if tax is due, and we will deduct this amount from your proceeds before we pay them over to you. Keep in mind that SARS calculates the tax applicable to your withdrawal in aggregation with all your retirement investments. This means that if you have already received the benefit of your tax-free portion from another retirement investment, your withdrawal from your Classic Pension Preservation Plan will not be eligible for this tax-free portion again.

From time to time, SARS may instruct us to deduct additional tax owed by you from the withdrawal through an IT88 directive. We will let you know should this occur. By law we are required to pay this amount to SARS and may not reverse the directive.

Retirement payments

Withdrawal processing will only begin once a valid tax directive is received from SARS.

What happens to the investment when you pass away

If you pass away, your benefit will not form part of your estate and therefore will not be subject to estate-duty tax or executor fees. The value of the death benefit will be the value in your investment account at the time the benefit is distributed. The distribution of your benefit is determined by the Trustees of the Fund. This is a responsibility which our Trustees take extremely seriously and undertake with due skill and care.

In terms of Section 37C of the Pension Funds Act 24 of 1956 ("the Act"), trustees are required to:

- Identify and trace dependants and nominated beneficiaries of deceased members;
- Make death benefit allocations on a fair basis; and
- Distribute the benefits.

The Trustees have discretion to pay the benefits to the deceased member's dependants and/or nominees in such proportions as they deem fair, and dependants will take preference.

Dependants are a special category of persons as described in the Pension Funds Act, as persons dependant on you for financial support, along with your spouse and children. You may also nominate one or more natural persons to receive any benefits payable on your death, should you not have any dependants. We refer to these persons as Nominated Beneficiaries. It is important to keep your beneficiary nomination up to date as nominations may be considered by the Trustees when the death benefit is awarded.

Each party who has been awarded a portion of the benefit may choose how they wish to receive it. The options are as follows:

- The death benefit may be used to purchase an Annuity from a registered long-term insurer.
- The death benefit may be paid out as a cash lump sum. Any cash pay-outs will be subject to income tax in the name of the deceased member.
- The death benefit may be provided as a combination of an annuity purchase and a cash pay-out.

Conflict of interest

We will, wherever possible, avoid situations which result in a conflict of interest for STANLIB and the Fund. Where it is not possible to avoid such conflict, we will advise you of the conflict in writing at the earliest reasonable opportunity and will mitigate the conflict in accordance with our Conflict of Interest Management Policy.

A copy of this policy is available on our website. STANLIB is part of the Standard Bank Group of companies. Intermediaries of both the Liberty Group and Standard Bank Financial Consultancy (a division of the Standard Bank of South Africa Limited) are permitted to sell STANLIB products.

Board of trustees ("Trustees") details

Trustees

- MK Mitchell (Chairman)
- GD Le Grellier (Independent)
- RJ Venter
- JPB Drotschie (Independent)
- MP Thulare (Independent)

Principal Officer

- N Mitha

Deputy Principal Officer

- S Sobazile

Complaints

If you are not satisfied with the service we have provided to you and you wish to make a formal complaint, please request a copy of the complaints process. This is available on the website together with a Complaints Form. If your complaint concerns unfair practice by the Fund, the Principal Officer will review your complaint and bring it to the attention of the Trustees. If you are not happy with the response of the Trustees, we will then escalate it to the group Internal Adjudicator. If there is still no satisfaction, you may then refer it to the Pension Funds Adjudicator, detailing the steps you have already taken.

If you are not satisfied with the response you receive from us, or if your complaint relates to the advice provided to you by a financial adviser, you can write to

For complaints relating to the Fund:

The Pension Funds Adjudicator

Postal address: PO Box 580, Menlyn 0063
Tel: 012 346 1738
Fax: 0866 693 7472
Email: enquiries@pfa.org.za

For complaints relating to STANLIB as your administrator or your financial adviser:

The FAIS Ombud

Postal address: PO Box 74571, Lynnwood Ridge, 0040
Toll-free: 0860 324 766
Email: info@faisombud.co.za

The Ombud for Financial Services Providers / The FAIS Ombud

Postal address: PO Box 74571, Lynnwood Ridge, 0040
Toll-free: 0860 324 766
Tel: 012 762 5000 / 012 470 9080
Fax: 012 348 3447
Email: info@faisombud.co.za

Legislation which governs your investment

Amendments to or replacement of the legislation and directives for the following Acts, among others, may change the Terms and Conditions of your investment. Several of the below also require us to collect and retain your information in a specific manner:

- **The Pension Funds Act**
- **The Long Term Insurance Act**
- **The Collective Investments Schemes Control Act**
- **The Financial Advisory and Intermediary Services Act**
- **The Financial Intelligence Centre Act**
- **The Income Tax Act**
- **The Protection of Personal Information Act**
- **Exchange Control Regulations**

Our contact details:

Queries:

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Tel: +27 (0) 860 123 003

Instructions:

lispinstructions@stanlib.com

Compliance Department:

Email: LISPRiskandCompliance@stanlib.com

Registered Office: 17 Melrose Arch Boulevard, Melrose Arch, 2196

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