



FOR PROFESSIONALS

SINCE 1941

Take control of your  
**PPS Profit-Share Account**



# What is the PPS Profit-Share Account?

The PPS Profit-Share Account is a retirement benefit to PPS members in respect of the profits generated by the company. Because PPS has no external shareholders and operates solely to add value to its members, 100% of the profits generated by the company are shared exclusively among PPS members\* by means of the PPS Profit- Share Account.

Members receive profit allocations to their PPS Profit-Share Account based on the insurance policies held with PPS Insurance as well as the value of retail investments with PPS Investments.

The more Units of Benefit in a PPS Sickness and Permanent Incapacity Benefit, the more PPS Provider™ products held and the larger the policy premiums, the greater the profit allocation from PPS Insurance.

PPS members who invest with PPS Investments will also receive profit allocations from the profits made by the investment company based on the size of their investments. Members also earn additional profit allocation for investments into any of the PPS Unit Trusts (e.g. PPS Balanced Fund of Funds).

Profit allocations are distributed to the PPS Profit-Share Account and invested on behalf of the members before becoming accessible at retirement via the Vested PPS Profit-Share Account. This offers members a unique advantage of supplementing existing retirement savings whilst having the opportunity to continue sharing in the profit allocations from PPS Investments.

*\*As part of a PPS Provider™ policy*

# How does the PPS Profit-Share Account work?

There are three phases to the PPS Profit-Share Account:

## **Accumulation Phase - Before age 55**

All profit allocations are invested in the Pooled PPS Profit-Share Account Portfolio (High Equity), which targets a return of 5.3% above inflation over rolling five year periods. This strategy aims to achieve maximum levels of capital growth over the long term.

This portfolio seeks to provide a total return in excess of 5% above inflation over the medium term.

Mandated to hold no less than 50% of its assets in equities (and typically around 70%), the portfolio is therefore emphatically weighted towards capital growth assets.

**PHASE 01:**  
**Accumulation**

## YOUR CURRENT PHASE

### **Pre-retirement Phase - Age 55 to retirement**

From age 55, you can take control of the investment strategy of your PPS Profit-Share Account and choose how your accumulated profits are invested through the PPS Profit-Share Account Portfolio Choice. This allows you to align the investment strategy of your PPS Profit-Share Account to your other retirement assets.

The opportunity to utilise the PPS Profit-Share Account Portfolio Choice will be provided once a year until your retirement.

**PHASE 02:**  
**Pre-retirement**

### **Post-retirement Phase - Age 66**

Your PPS Profit-Share Account vests at the age of 66, if you discontinue your sickness benefits. Your accumulated profits are then retained in the Vested PPS Profit-Share Account. You will then gain full control over how these funds are invested and can set up regular withdrawals from your Vested PPS Profit-Share Account to supplement your retirement income.

Upon vesting of your PPS Profit-Share Account, you will continue sharing in the profit allocations from PPS Investments for as long as your Vested PPS Profit-Share Account remains invested with PPS Investments.

**PHASE 03:**  
**Post-retirement**

# Your portfolio choices

You now have the option of having your PPS Profit-Share Account invested in one of the following portfolio choices.

## \* Medium Equity Portfolio

This portfolio seeks to provide a total return of 4% above inflation over the medium term. Mandated to hold no more than 60% of its assets in equities, the portfolio provides considerable exposure to capital growth assets and reduced exposure to income generating assets. It is suited to investors who place a significantly larger emphasis on targeting inflation-beating returns than on limiting exposure to short-term market fluctuations. You can consider this portfolio if you have an expected investment horizon of at least five years.

**40%** Shorter-term assets

**60%** Maximum of 60%  
Longer term assets

## \* Low Equity Portfolio

This portfolio seeks to provide a total return of 2% above inflation over the medium term. Mandated to hold no more than 40% in equities, the portfolio primarily provides exposure to assets likely to result in stable capital growth, as well as exposure to income-generating assets. It is suited to investors who place a relatively larger emphasis on targeting inflation-beating returns than on limiting exposure to short-term market fluctuations. You can consider this portfolio if you have an investment horizon of at least three years.

**60%** Shorter-term assets

**40%** Maximum of 40%  
Longer term assets

### \* Fixed Interest Portfolio

This portfolio has a strong income bias in excess of a broad fixed income market index. Mandated to hold no more than 10% in equities, the portfolio provides greater exposure to income-generating assets and reduced exposure to capital growth assets. It is suited to investors who place a larger emphasis on limiting exposure to short-term market fluctuations than on targeting inflation-beating returns. You can consider this portfolio if you have an investment horizon of one to three years.

**90%** Shorter-term assets

**10%** Maximum of 10%  
Longer term assets

Alternatively, you can choose to remain invested in the Pooled PPS Profit-Share Account Portfolio High Equity.

\*These portfolios are to varying extents not without risk and subject to movements in the markets in which they are invested. The more conservative portfolios have lower expected long-term returns and aim for lower risk exposure.

# Why you should utilise the PPS Profit-Share Account Portfolio Choice

The PPS Profit-Share Account Portfolio Choice gives you control and flexibility in terms of the investment strategy of your PPS Profit-Share Account as well as the ability to align with the investment strategy of your other retirement assets.

By choosing to remain invested in the Pooled PPS Profit-Share Account Portfolio (High Equity), you should be comfortable that you either have enough time until your intended retirement to make up potential market losses or can withstand the financial impact of retiring with a potentially smaller profit share.

It is therefore essential that your portfolio selection is not based purely on performance history, but also takes your risk profile into account.



## What is the current value of my PPS Profit-Share Account?

The value of your PPS Profit-Share Account is reflected in your PPS Statement of Benefits. This amount is split into an "Apportionment Account," which reflects your share of the profits of PPS Insurance and/or PPS Investments and Profmed and the "Special Benefit Account", which reflects the returns you have earned on these profits through investment in the PPS Profit-Share Account. Your PPS Statement of Benefits will reflect the value of your PPS Profit-Share Account as at the PPS Group's previous financial year-end (31 December 2015). This value is updated at the end of April each year, when the Group's annual financial results are finalised.

Should you therefore request your PPS Statement of Benefits between January and April of any given year, this amount will not yet reflect the value as at the most recent year-end, but as at the end of December for the preceding year.

## How much is allocated to my PPS Profit-Share Account in the year I retire?

You will receive a pro-rata allocation for the portion of the year from 31 December to your retirement date, based on the previous year's allocations. The investment return you receive will be based on the year-to-date investment return.

# A unique retirement proposition

Exclusively available to PPS members, the combination of the Vested PPS Profit-Share Account with the PPS Living Annuity presents an exceptional advantage in managing your retirement savings.

The most important aspect of retiring securely is ensuring that your savings last throughout the course of your retirement. The drawdown you select from your living annuity (the amount and frequency of your annuity payments) therefore plays a vital role in the sustainability of your retirement funding. The Vested PPS Profit-Share Account allows you to supplement the income from your Living Annuity and to keep your drawdown to a minimum. It therefore increases the longevity of your Living Annuity and other sources of retirement funding.

You will continue sharing in the profit allocations from PPS Investments for as long as your Vested PPS Profit-Share Account remains invested with PPS Investments.

The Professional Provident Society Holdings Trust No IT 312/2011 (PPS). PPS Insurance Company Limited Reg. No. 2001/017730/06 - Licence No. 1044 (PPS Insurance). Professional Provident Society Investments Proprietary Limited Reg. No. 2005/029098/07 - License No. 39270 (PPS Investments). Professional Provident Society Management Company Proprietary Limited (RF) Reg. No. 2008/017040/07 (PPS ManCo).

Please note: All information and opinions provided are of a general nature and are not intended to address the circumstances of any of the individual investor. We are not acting and do not purport to act in any way as an adviser. Any representation or opinion is provided for information purposes only. We endeavour to provide accurate and timely information (updated on an annual basis) but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. We do not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. The portfolios are to varying extents not without risk and are subject to movements in the markets in which they are invested. The more conservative portfolios have lower expected long-term returns and aim for lower risk and past performance is not necessarily a guide to future performance.

PPS Insurance or PPS Investments will not be held liable or responsible for any direct or consequential loss or damage suffered by any party as a result of that party acting on the basis of the information provided in any of these guides.

PPS Insurance and PPS Investments are licensed Financial Services Providers. PPS Investments is only available in South Africa.



FOR PROFESSIONALS

SINCE 1941

Contact your accredited PPS Intermediary or  
contact us directly on 0860 123 777  
or at [portfoliochoice@pps.co.za](mailto:portfoliochoice@pps.co.za)

[www.pps.co.za](http://www.pps.co.za)