OPN PRESERVATION PLANS

PPS INVESTMENTS

The OPN Preservation Plans are pre-retirement products that reinvest your retirement capital with the aim of preserving these savings once you have left either a pension or provident fund.

You may transfer to a preservation fund from a pension or provident fund without paying tax at transfer, which means that you are able to delay your tax liability until retirement. Preserving the tax status of an investment in this way has the effect of maximising the tax-free lump sum available and therefore gives the potential to generate higher investment returns. Preservation funds are especially beneficial for individuals who have changed employment as a result of resignation or retrenchment or for individuals whose occupational retirement fund has been closed.

Upon retiring from the OPN Preservation Pension Plan, a maximum of one third of your retirement proceeds may be taken as a cash lump sum, a portion of which is tax free (the first R500 000, provided that no previous withdrawals have been made). The remaining two thirds of your capital need to be utilised to purchase post-retirement income from a registered insurer. The OPN Preservation Provident Plan has no prescribed codicil relating to the purchase of an annuity. The full value of your retirement proceeds may thus be taken as a cash lump sum, of which the first R500 000 may be tax free.

KEY BENEFITS

Minimum investment

Lump sum:	R50 000
Recurring:	Not applicable
*Ad hoc:	Only if fund origin is the same

*Additional permissible investments would specifically be surplus payments due to accruals from the transferring fund.

Investment Options

You have access to a selection of premium single manager unit trusts as well as the multi-managed unit trusts and funds of funds managed by PPS Multi-Managers.

Transfers

You may transfer an existing preservation fund, depending on the source, to the OPN Preservation Pension or OPN Preservation Provident Plan. You may also transfer your investment from either of the OPN Preservation Plans to another registered preservation fund. This is known as a Section 14 transfer.

Switching

You may change your selection of underlying unit trusts as often as you choose without incurring a transaction fee. However, should an asset manager charge an initial up front fee for investing into its unit trusts, this fee would be applied should you switch to those unit trusts.

Cessions

You may not cede your investment in the OPN Preservation Pension or OPN Preservation Provident Plan, or use it as security for debt.

Loans

You may not borrow from your OPN Preservation Pension or OPN Preservation Provident Plan.

Tax

The growth on your OPN Preservation Pension or OPN Preservation Provident Plan does not attract capital gains tax or withholding tax on dividends. Interest, foreign dividends and rental income are also currently untaxed.

Withdrawals

You may make one withdrawal up to the full value of the preservation fund before retirement. Where the source of the funds is the Government Employee Pension Fund, the withdrawals will be limited to one-third of the value. Currently R25 000 of this withdrawal is tax-free.

Regulation 28 compliance

The OPN Preservation Pension and OPN Preservation Provident Plan are required to comply with the Prudential Investment Guidelines of Regulation 28 of the Pension Funds Act and with Exchange Control legislation. As such, you are allowed maximum exposures of 75% of the investment amount to equity investments, 25% to property investments, 30% to international investments and 10% to African investments. This is applied on an individual member level as well as on an overall Fund level.

Board of Trustees

The OPN Preservation Pension and OPN Preservation Provident Plan are governed by an independent Board of Trustees with extensive experience and understanding of retirement fund issues. The Board comprises a Chairman, a professional Principal Officer and several Trustees.

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Death benefits

Upon death, the proceeds of your OPN Preservation Pension or OPN Preservation Provident Plan may be used to purchase an annuity to provide an income for your dependants and/or beneficiaries*. Such income would be taxed at the marginal tax rate of the recipient(s).

Your beneficiaries or dependants would also have the option of commuting the proceeds to a cash lump sum. In this instance, the lump sum would be taxed according to the tax tables at your average tax rate.

*Please note that the allocation to the beneficiaries is at the discretion of the Trustees, based on the Provision of section 37C of the Pension Funds Act, No. 24 of 1956. Your nomination will serve to assist the Trustees in making these decisions, but may not be binding on them.

Do you want more information?

Visit www.ppsinvestments.co.za or contact your PPS Investments accredited financial adviser.

Alternatively, the PPS Investments Client Service Centre is available at clientservices@ppsinvestments.co.za or on 0860 468 777 (0860 INV PPS), Mondays to Fridays from 08:00 to 17:00.

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