



# TAKE CONTROL OF YOUR PPS PROFIT-SHARE ACCOUNT™

MAKE YOUR PROFIT-SHARE  
WORK FOR YOU WHILE YOU  
ENJOY YOUR RETIREMENT

CHOOSING YOUR  
INVESTMENT PORTFOLIO



# THE PPS PROFIT-SHARE ACCOUNT™

THE PPS PROFIT-SHARE  
ACCOUNT™ IS AN EXCLUSIVE  
RETIREMENT BENEFIT  
**AVAILABLE TO PPS HOLDING  
A LIFE-RISK PRODUCT**

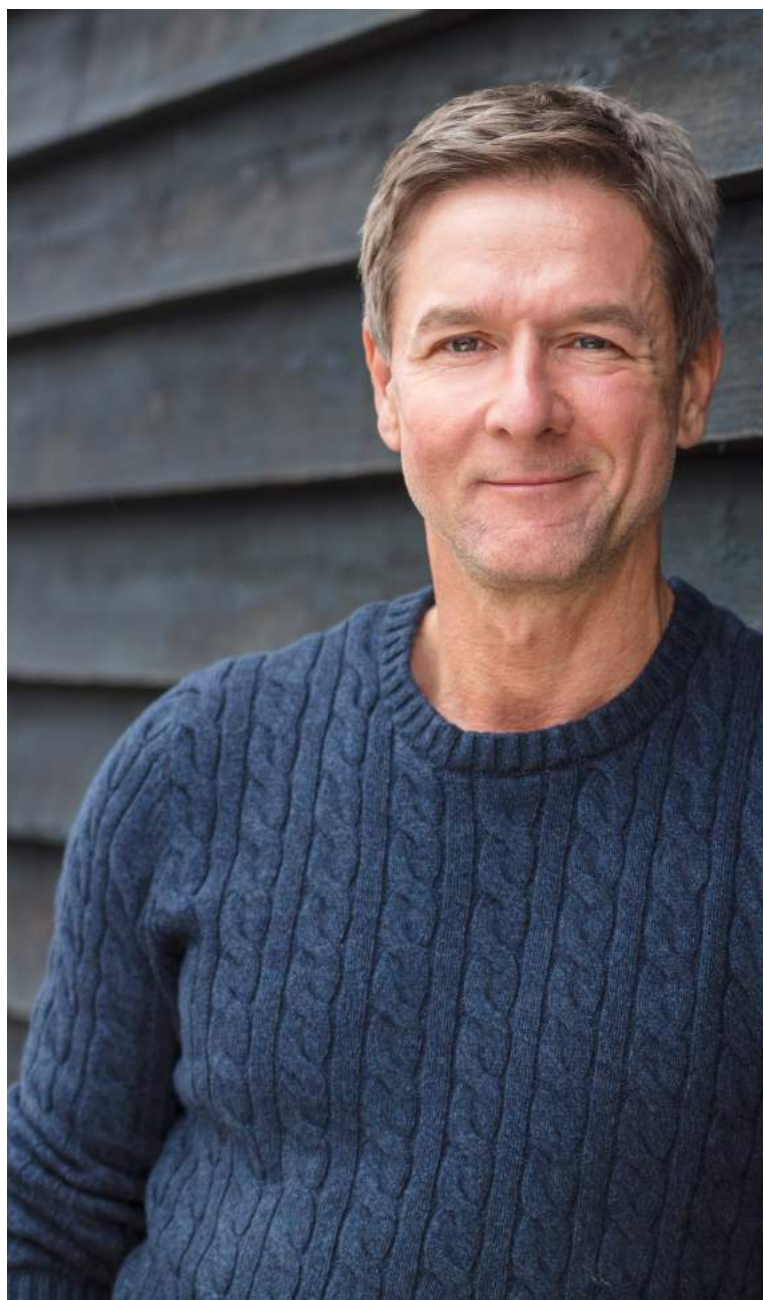
## BEING A MEMBER OF PPS

As a company operating on the ethos of mutuality, PPS has no external shareholders and operates solely for the benefit of its members. Therefore, 100% of the returns (operational and investment) generated by the company are shared among PPS members\* through the notional PPS Profit-Share Account™.

As a PPS member, you receive profit allocations to your PPS Profit-Share Account™ based on the qualifying products you hold with PPS as well as the profitability and investment returns the company earns. You could earn additional profit allocations from Profmed and PPS Short-Term Insurance products, as well as by investing with PPS Investments. Profit allocations are distributed to the PPS Profit-Share Account™ and invested on your behalf.

Before reaching retirement – from the age of 55 – PPS offers you the opportunity to align the manner in which your share of the PPS Profit-Share Account™ is invested, to what your overall retirement plans are. This is done by way of the Portfolio Choice.

\*PPS members (as part of a PPS Provider Policy) through the PPS Profit-ShareAccount.



# WAYS TO INCREASE YOUR PROFIT-SHARE ALLOCATION

1.

Take up any of the range of PPS Provider™ Products such as life cover, sickness cover, critical illness and disability

2.

Hold qualifying PPS Provider™ Products for all your financial needs (risk insurance, short-term insurance, medical aid and investments) with PPS Group.

3.

Choose PPS Investments to grow your investments through our comprehensive investment solutions and funds.

4.

Link your spouse, children, parents and/or parents-in-law's investments to your PPS member number to earn additional profits.

5.

Protect your assets through PPS Short-Term Insurance.

6.

Take advantage of the PPS Profit-Share Cross-Holdings Booster and boost your Profit-Share allocations by up to 30%\*

\* Percentages will be determined once PPS has declared Profit-Share. These percentages may differ each year and will be declared each year with Profit-Share declarations



# PHASES OF THE PPS PROFIT-SHARE ACCOUNT™

There are various phases a member's PPS Profit-Share Account™ moves through as they age. The first is the accumulation phase, followed by the pre-retirement and finally the retirement phase.

## **ACCUMULATION PHASE**

Before age 55

During this phase, you are building up a unique retirement benefit that will help in achieving your retirement goals via the PPS Profit-Share Account™.

Your annual PPS Profit-Share Account™ 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 portfolio aims to achieve maximum levels of capital growth over the long term. The portfolio typically holds around 90% in equities and is, therefore, emphatically weighted towards capital growth assets.







## PRE-RETIREMENT PHASE

Age 55 to retirement

As you are nearing retirement, we provide you with an opportunity to align your PPS Profit-Share Account™ to your retirement plan. You have the option to elect how your PPS Profit-Share Account™ is invested from a range of portfolio options, which are suited to different savings goals.

You can exercise your Portfolio Choice on your PPS Profit-Share Account™ annually until you reach retirement.

While equity tends to outperform other asset classes (such as property, bonds and cash) over the long term, it also results in short-term volatility and heightens the risk of losing capital over shorter periods. It is, therefore, essential that your portfolio selection is not based purely on performance history, but also takes your retirement savings goal, risk appetite and time horizon into account.

You need to ensure that the portfolio matches your intended saving period not only up to retirement, but also for the intended period after retirement. It is important that you consider the volatility of a portfolio if you intend to make monthly withdrawals once you retire. You should also consider offshore exposure relative to the currency of your monthly expenses in retirement.

# YOUR PORTFOLIO CHOICES

From the age of 55, PPS offers you the opportunity to invest your profits in one of a range of portfolios. The portfolios aim to provide different investment mandates suited to various retirement goals. Portfolio Choice provides the opportunity to align how your PPS Profit-Share Account™ is invested to your retirement plan. Choosing a portfolio should be carefully considered, as it can impact on your ability to retire in comfort.

You can select one of the following portfolio choices:

## ENHANCED YIELD PORTFOLIO

This portfolio allows you to prioritise capital preservation with a relatively stable return profile and holds the lowest risk amongst the portfolio choice options. The bulk of the portfolio is invested in floating rate securities and the fund is expected to deliver a return in excess of cash over time, by investing in income-generating assets.

It is suited to investors who place a larger emphasis on limiting exposure to short-term market fluctuations rather than targeting inflation-beating returns. You can consider this portfolio if you have an investment horizon of one to three years.



## INCOME PORTFOLIO

This portfolio has a strong income bias in excess of a broad fixed-income market index. The portfolio can hold no more than 10% in equities. It 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 rather than on targeting inflation-beating returns. You can consider this portfolio if you have an investment horizon of one to three years.

## LOW EQUITY PORTFOLIO

This portfolio seeks to provide a total return of 2% above inflation over the medium term. The portfolio can hold no more than 40% in equities. It 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 rather 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.



## MEDIUM EQUITY PORTFOLIO

This portfolio seeks to provide a total return of 4% above inflation over the long term. The portfolio can hold no more than 60% of its assets in equities. It 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 rather 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.



## SOUTH AFRICA DOMESTIC-ONLY EQUITY PORTFOLIO

This portfolio seeks to outperform the South African listed equity market. It can be fully invested in domestic equity, providing maximum exposure to the South African equity market. It is suited to investors who place an emphasis on domestic growth assets and long-term capital growth. You can consider this portfolio if you have an investment horizon of at least seven years.

## WORLDWIDE FLEXIBLE PORTFOLIO

This portfolio seeks to provide a return of 6% above inflation over the long term. The portfolio can hold approximately 90% in equity, and between 30% and 60% offshore. It provides aggressive exposure to growth assets, combining both local and offshore. It is suited to investors who place an emphasis on offshore diversification and long-term capital growth. You can consider this portfolio if you have an investment horizon of at least seven years.



Alternatively, you can choose to remain invested in the default Pooled PPS Profit-Share Account Portfolio (High Equity) or select to move your funds back.

## POOLED PPS PROFIT-SHARE ACCOUNT (HIGH EQUITY)

This portfolio seeks to provide a return of 5.3% above inflation over the long term. The portfolio can hold no more than 90% in equity. It provides a high degree of capital growth over the medium to long-term. You can consider this portfolio if you have a capital growth objective, and you have an expected investment horizon of at least seven years.

NB: Consult your financial adviser to help you choose the portfolio that will align best to your retirement plan.



## RETIREMENT PHASE

From age 60

On retirement from the age of 60, the allocations you have accumulated through the PPS Profit-ShareAccount™ can be vested in your name via the Vested PPS Profit-Share Account.

Once you elect to vest your PPS Profit-Share Account™, it will be referred to as the Vested PPS Profit-Share Account™. At this point, you can include this unique benefit into your retirement plan.





# HOW THE VESTED PPS PROFIT-SHARE ACCOUNT™ CAN BOOST YOUR RETIREMENT INCOME



## GENERATE FURTHER RETURNS

It allows you to keep your accumulated Profit-Share assets invested for longer to generate further returns and capital growth.



## SUPPLEMENT RETIREMENT SAVINGS

You can use the Vested PPS Profit-Share Account™ to supplement and prolong your retirement savings by only making withdrawals when necessary, e.g., pay for medical aid contributions or short and long-term insurance needs. Supplement your post-retirement income by combining regular withdrawals from your Vested PPS Profit-Share Account™ with PPS Living Annuity income payments, allowing your annuity capital to last longer.



## CONTINUE SHARING IN PPS RETURNS

Provides you with an opportunity to continue sharing in PPS returns attributable to PPS Investments, during your retirement years.



## MAXIMISE THE TAX BENEFITS

Withdrawals are net of tax and therefore the tax reporting is not your responsibility.



## EFFICIENT ESTATE PLANNING

The proceeds of the Vested PPS Profit-Share Account™ will flow directly to your beneficiaries and not via your estate upon death. The funds will form part of the estate duty but the executor's fees will be lower.







For information, call us on 0860 123 777, Mondays to Fridays between 07:00 and 19:00, or e-mail us at [memberservices@pps.co.za](mailto:memberservices@pps.co.za).

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

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The PPS Profit-Share Account and PPS Profit-Share Cross-holdings Booster are benefits available to PPS members only and are not financial services regulated by the FAIS Act, but are Insurance obligations in terms of the Insurance Act 18 of 2017.

PPS Investments is only available in South Africa.