



Group Retirement Annuity for Associations

Next-gen retirement solution for groups
of connected individuals

Enter



alexforbes.com

 **alexforbes**

insight • advice • impact

- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings



Invest better

Insight

39%



of business owners say setting up a retirement plan is too expensive.*

Many individuals must save for retirement on their own, which costs more than belonging to a group retirement scheme. Higher costs reduce their savings, so they are looking for a solution to invest better for retirement.

Group retirement schemes are typically for employees who must belong to their employer's scheme. However, Alexforbes offers a flexible retirement solution where members from the same association, club or organisation can also belong to the same retirement fund.

Source: Cerulli Associates, in partnership with The SPARK Institute



This retirement fund solution is:

easy:

Alexforbes does all fund administration and communication to members

flexible:

members can choose to belong to the fund and contribute from R500 a month

convenient:

it's a lifetime fund and does not end when members end ties with the group

At Alexforbes we have designed a voluntary and **cost-effective alternative retirement solution for groups of connected individuals**. The pricing is comparable to that of employer-sponsored institutional umbrella funds.



- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings



Traditional RAs compared to new-gen RAs

A retirement annuity (RA) is an individual retirement account available to anyone who wants to save tax efficiently for their retirement.

| Traditional policy-based RAs were dreaded | New-generation RAs are transparent |
|---|--|
| <ul style="list-style-type: none">Sold by an insurance company through a broker, who received the full commission up front | <ul style="list-style-type: none">1 Straightforward Also sold by a linked investment service provider (LISP) |
| <ul style="list-style-type: none">Inflexible – contract can’t be changed when a member’s needs change | <ul style="list-style-type: none">2 Flexible<ul style="list-style-type: none">Make once-off or regular investmentsStart, stop or change contributions as a member’s needs change without penaltiesSwitch providers any time without penalties |
| <ul style="list-style-type: none">Stiff termination penalties when ending the contract or becoming paid-up (costing a member up to 30% of their investment) | <ul style="list-style-type: none">1 Transparent costs<ul style="list-style-type: none">Typically, fees include:<ul style="list-style-type: none">advice fees, which are typically negotiated, with no clawbacks or penaltiesadministration feesinvestment fees, depending on the underlying portfolio(s) chosen by the member |
| <ul style="list-style-type: none">Lower returns given the layers of costs that aren’t always straightforward to unpack | |



- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings



Who it is for

The Alexforbes Group Retirement Annuity for Associations (Group RA) is a new-generation RA for groups of connected individuals, such as:

- associations (similar interest groups, professional associations)
- clubs or affinity groups (sporting, social, cultural)
- organisations (non-profits)

To improve their value proposition to members, such organisations may be interested in offering their members the option to participate in a low-cost, voluntary retirement fund.

Is this for you?

Sharing the same interests?

Playing sport together?

Belonging to the same profession? Sharing social, cultural or religious activities?

Working for the same non-profit organisation?



- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings

How it works

The Group RA is a product offering within the Retirement Annuity Fund. Individuals belonging to the same club, organisation or association can save flexibly and effectively for retirement. It offers the following benefits:

> **Attractive pricing**

- Preferential investment and administration fees
- Lower costs generally than retail RAs, which could have administration and investment fees above 2% of assets per year

> **Flexibility**

- Contributions are flexible and members choose their own monthly contribution from R500 a month or more. Contributions are collected on a direct debit basis from the members' bank accounts.
- Members choose their own investment portfolio(s) from the listing available, up to five portfolios
- Members choose their own retirement age, from age 55 onwards

> **Simplicity**

- Easy to open an account for a group of at least five individuals - assisted at place of gathering
- A lifetime fund - does not end when affiliation with group ends
- A licensed financial adviser provides advice to clients
- Consolidate other RAs into this one or transfer among RAs



- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings



Low fees

Compared to other new-generation RAs, the Group RA has attractive pricing – it’s comparable to the institutional fees paid by smaller employer schemes in our corporate umbrella retirement fund offerings.

Administration fees

Administration fees are charged as an ongoing yearly fee as a percentage of the members’ assets:

| Members’ assets | Fees (including VAT) |
|-------------------------|----------------------|
| First R1 000 000 | 0.388% |
| Next R1 500 000 | 0.216% |
| Next R5 000 000 | 0.173% |
| Amount above R7 500 000 | 0.110% |

Investment fees depend on the underlying portfolio. The agreed range of investment portfolios and their corresponding yearly service charges as a percentage of the members’ assets is as follows:

| | Yearly service charge |
|----------------------|-----------------------|
| AF High Growth | 0.82% |
| AF Protector | 0.75% |
| Performer | 0.67% |
| Conserver | 0.70% |
| Banker | 0.40% |
| AF Passive Bold | 0.30% |
| AF Passive Moderate | 0.30% |
| AF Passive Cautious | 0.30% |
| AF Passive Protector | 0.30% |

Advice fees

A licensed financial adviser provides advice to members on an individual basis. The club, organisation or association agrees what the advice fee is at group level with the adviser:

- The maximum ongoing advice fee 0.8625% per year (including VAT)
- A sliding scale applies to upfront fees on lump sums (if applicable)
- Advice fees are charged as a percentage of the members’ assets



- Invest better
- Benefits of new-gen RAs
- Who it is for
- How it works
- Low fees
- Extra savings

The projections are shown at the end of a 40-year period. Forecasts and examples are for illustrative purposes only. Any projections contained in the information are estimates – the amounts shown are not guaranteed. These projections depend on market influences and matters outside our control, so may not be achieved in the future.

Past performance is not a reliable indicator of future returns and the value of investments will fluctuate over time. Please speak to your financial adviser before you make financial decisions based on this information.



Extra savings from lower fees

Neil contributes R500 every month, escalated by 6% inflation every year. The return over and above inflation is 4.5%. However, because of the cost savings in the examples shown below, the return in effect increases by an ...

... extra
0.5% return

12% more

R750 100 more



... extra
1% return

26% more

R1 605 600 more



... extra
1.5% return

42% more

R2 581 900 more



This is by how much Neil's retirement savings increase as a result of the extra return.

R1.6 MILLION
EXTRA



A **1% extra return** because of lower overall fees could give Neil almost R1.6 million extra in retirement savings.



It's good to know that we have several FSP licences so you can be confident in our advice.

Alexander Forbes Individual Client Administration (Pty) Ltd (AFICA) is the sponsor and administrator of The Retirement Annuity Fund (12/8/16005). It is an authorised financial services provider (FSP 32494 and registration number 2007/015632/07).

Alexander Forbes Investments Limited manages the investments in The Retirement Annuity Fund. It is an authorised financial services provider (FSP 711 and registration number 1997/000595/06), a registered insurer (10/10/155) and an approved retirement fund administrator (24/217).

We take data protection seriously. We also comply with legislation that protects data and personal information like the Protection of Personal Information Act.