



## PRODUCT OVERVIEW

The Fairbairn Capital Pension Preservation Fund and Fairbairn Capital Provident Preservation Fund offer members the opportunity to preserve their pension or provident fund benefits for retirement, while at the same time allowing for potential capital growth through a wide range of selected underlying investment options.

When you invest in the Fairbairn Capital Pension Preservation Plan or the Fairbairn Capital Provident Preservation Plan, you become a member of the Fairbairn Capital Pension Preservation Fund or Fairbairn Capital Provident Preservation Fund, respectively.

The Fairbairn Capital Preservation Pension Fund accepts pension fund benefits, while provident fund benefits are invested in the Fairbairn Capital Preservation Provident Fund.

## INVESTOR PROFILE

The Fairbairn Capital Preservation Plan is suitable for anyone leaving an employer as a result of resignation, dismissal or retrenchment and who wishes to preserve the benefits of their pension and/or provident fund membership with their previous employer, until retirement, by transferring to an approved preservation fund.

Members can tailor their portfolios to suit their particular financial needs, investment objectives and risk profile.

## FEATURES & BENEFITS

### A choice of asset managers

- Access to a range of leading asset managers.

### A choice of underlying investment options

The range of underlying investment options from which members may select up to ten funds includes:

- SYm|mETRY Multi-manager Unit Trust Funds
- Old Mutual Smoothed Bonus Funds:
  - Old Mutual Absolute Smooth Growth Portfolio
  - Old Mutual Absolute Stable Growth Portfolio
  - Old Mutual Guaranteed Fund
  - Old Mutual Core Growth Fund
  - Old Mutual Smooth Performance Fund
- Fixed Bonds over 300 Unit Trust Funds
- Elite Range of Fixed Bonds
- Capital depreciation risk may be reduced during volatile market conditions by switching into a money market fund.

### Asset limits

- Regulation 28 of the Pension Funds Act limits the assets into which members of a registered retirement fund may invest.
- These limits may be broadly stated as follows:
  - A maximum of 75% exposure to equity
  - A maximum of 25% exposure to international investments
  - A maximum of 25% exposure to property

### Phased-in investment option

- Members can phase in their investments monthly via the Call Account over three, six, nine or twelve instalments.

### Investment parameters

- Members may only invest in the Fairbairn Capital Preservation Plan by way of transfer from another approved pension or provident fund, at any stage.

### Additional or scheduled investments

- Allowed. (Additional investments are only allowed under certain conditions, e.g. late payments from the originating fund. Please contact the Fairbairn Capital Service Centre for more details.)

### Liquidity

- Members may only retire from the age of 55, although earlier retirement may be permitted in the event of permanent disability.
- Prior to retirement, one taxable withdrawal is allowed, of which the first R22 500 is tax free, subject to any restrictions which may be imposed by the transferring fund.
- This limitation to one withdrawal includes any amount withdrawn at the time of the initial transfer to the preservation fund. Thus, if a cash amount is taken at that point, no further withdrawal will be allowed.

### Fairbairn Capital Pension Preservation Fund only

- On retirement, up to a maximum of one-third of the value of the investment may be taken in the form of a lump sum, subject to tax.
- The balance must be used to purchase an approved compulsory annuity.



## FAIRBAIRN CAPITAL PRESERVATION PLAN

### Fairbairn Capital Provident Preservation Fund only

- On retirement, the full value of the investment can be withdrawn in the form of a lump sum, subject to tax.
- Alternatively, the benefit may be taken partly as an annuity and partly as a lump sum.

### Loans

- Not allowed.

### Switching flexibility

Investors may switch between underlying investment options, subject to the terms and conditions of the options available at the time, and according to their changing investment needs.

### Transfers

- You may transfer from one pension fund to another pension fund.
- You may transfer from one provident fund to another provident fund.
- It is not advisable to transfer from a Preservation Fund to a Retirement Annuity Fund as it is currently not tax free.

### Income tax efficiency

- No tax is payable on transfer from another approved pension or provident fund into the Fairbairn Capital Preservation Funds.
- Of the lump sum payout at retirement, up to R315 000 may be tax free within certain limits. The balance will be taxed at between 18% and 36%, subject to limits as determined by the Income Tax Act.
- Currently preservation funds are not taxed on capital gains.

### Outright cessions

- Not allowed.

### Collateral cessions

- Not allowed.

### Estate planning

- Upon the death of the member, the investment is not subject to estate duty.
- Members may nominate beneficiaries. However, the trustees of the fund are obliged to meet the needs of the dependants first before giving effect to a member's nomination (Pension Funds Act).

### Insolvency protection

- In terms of current legislation, the member's benefit is protected in the fund should the member become insolvent.

### Ownership

- The underlying assets are owned by the relevant Fairbairn Capital Preservation Fund.

## PRODUCT SPECIFICATIONS

### Investment limits

INVESTMENT MINIMUMS	Lump sum investments	R50 000
	Additional investments*	Not allowed*
	Scheduled investments	Not allowed
UNDERLYING INVESTMENT OPTION MINIMUMS (SUBJECT TO THE OVERALL INVESTMENT MINIMUMS)	Unit trust funds (maximum of 10 underlying unit trust funds may be selected)	R10 000

\* Additional investments are only allowed under certain conditions. Please contact the Fairbairn Capital Service Centre for more details.

### Term

- The Fairbairn Capital Preservation Plan is not subject to a minimum contractual term. Members may retire from the age of 55, although earlier retirement may be permitted in the event of proven permanent disability.

## GOVERNING LEGISLATION

The Fairbairn Capital Preservation Plans are governed by the rules of the Fairbairn Capital Preservation Pension Fund and the Fairbairn Capital Preservation Provident Fund which have been registered with the Registrar of Pension Funds and approved by the Commissioner for South African Revenue Services. The investment must, at all times, comply with the rules of the Fund, the Pension Funds Act and the Income Tax Act.

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