



SENTINEL
retirement fund

PENSION INCOME CHOICE

Brochure - May 2025

This brochure applies to:
Members who elect to retire in the Fund,
Members who have been awarded a disability benefit,
and Spouses of deceased members.

Your Future Preserved

INTRODUCTION

Sentinel provides a flexible retirement solution with its Pension Income Choice model, allowing retiring members, disability retirees, and spouses of deceased members to customise their pension income according to their financial needs. This brochure will help you explore the available options.

Please note that information in this booklet is a summary of the Rules of the Fund and does not create any rights and obligations. In the event that differences or disputes may arise, the Rules will prevail. The full set of Rules is available on the Fund's website and at its offices.

QUALIFICATION CRITERIA

Sentinel's **Pension Income Choice** model applies to members who elect to retire in the fund, members who have been awarded a disability benefit, and spouses of deceased members.

Members may elect to retire in the Fund at any time between the date on which they are within 10 years from their National Retirement Age (NRA) and have reached age 50 (being the earliest retirement date), and any chosen later date, even if this extends beyond their NRA.

Disability retirees and spouses of deceased members must convert the prescribed benefit funds into a regular monthly pension (annuitise) within the Fund. This must be done once the application for disability has been approved, or benefits have been awarded in terms of the Rules and Section 37C of the Pension Funds Act, respectively.

BENEFIT OPTIONS AND TAXATION

Pension Income Choice options elected will be based on:

- Total Fund Credit on the elected date of retirement for **retiring members**,
- Total Fund Credit plus risk cover (if applicable) for approved **disability retirees**, and
- At least 50% of the member's Fund Credit plus risk cover (if applicable) for **the spouse of a deceased member**.



LUMP SUM OPTIONS

| Vested Component | Savings Component | Retirement Component |
|--|--|---|
| RETIREMENT & DISABILITY RETIREMENT | | |
| <p>A maximum one-third lump sum of the balance may be selected.</p> <p>The remaining balance will be added to your Retirement Component.</p> | <p>The balance, or any part thereof, can be:</p> <ul style="list-style-type: none">• Taken as a lump sum even if a Savings Withdrawal Benefit has been taken in the same tax year; OR• Be added to the Retirement Component to increase your monthly pension. | <p>The full amount available at retirement will be used to provide you with a monthly pension.</p> <p>Your monthly pension will be based on the balance of the Retirement Component, plus a minimum two-thirds of the Vested Component, plus any amount remaining in the Savings Component. No lump sum benefits are permitted.</p> |
| TAX IMPLICATIONS | | |
| <p>Any lump sum elected at retirement from this component is taxed in terms of the Retirement Lump Sum tax table, meaning that up to R550,000 may be tax-free.</p> | <p>The amount taken as a lump sum at retirement will be taxed in terms of the Retirement Lump Sum tax table (added to any Vested Component lump sum).</p> | <p>Taxed as an annuity (pension) income. All pensions paid by the Fund are taxable in terms of the current income tax table for individual taxpayers.</p> |

LUMP SUM OPTIONS (CONTINUED)

The Fund must obtain a tax deduction directive from SARS before any elected lump sum, less tax, can be paid.

From 1 September 2024, under the two-pot system, the qualifying criteria for the de minimis provision changed. To determine whether your benefit is below the de minimis threshold, calculate two-thirds of your vested component (fund credit as at 31 August 2024 plus growth earned) and add the full value of your retirement component. If the total is below R165,000, you may withdraw your entire fund credit as a lump sum.

Please note that the savings component does not form part of this calculation, and the full savings component may be withdrawn.

PENSION INCOME CHOICE OPTIONS

| PENSION INCOME CHOICE OPTIONS | | |
|--|--|--|
| TIER 1 THE DEFAULT OPTION | TIER 2 OPTION | TIER 3 OPTION |
| COMPULSORY COMPONENT, WITH BUY-UP OPTIONS | MULTIPLE PENSION OPTIONS | |
| | AVAILABLE ONLY ONCE A TIER 1 PENSION OF R12,500 pm HAS BEEN PROVIDED FOR | |
| GUARANTEED PENSION Includes: <ul style="list-style-type: none">Lifelong guarantee for pensioner and spouse(s)75% or 100% Spouse pension options5-, 10-, 15-, 20- or 25-year term certain optionsWith-profit increases | 2nd GUARANTEED PENSION : Includes: <ul style="list-style-type: none">Lifelong guarantee for pensioner and spouse(s)0%, 25%, 50%, 75% or 100% Spouse pension options5-, 10-, 15-, 20- or 25-year term certain optionsWith-profit increases | FLEXIBLE PENSION: Includes: <ul style="list-style-type: none">Self-managed income and investment choice optionsAnnual income draw-down rate between 2.5% and 17.5%.Option to convert to guaranteed pension later |

NOTE:
Spouse pension provisions are not applicable to the spouse of a deceased member (member death benefit)!

TIERS

1

TIER 1: THE DEFAULT OPTION

2

TIER 2: SECOND GUARANTEED PENSION OPTION

3

TIER 3: FLEXIBLE PENSION OPTION

1

TIER 1 THE DEFAULT OPTION

GUARANTEED FOR LIFE

- Pension may not be reduced or suspended while you are alive.
- Applies to both your pension and your spouse's pension after your death.

TERM CERTAIN GUARANTEE

- Can be selected for 5, 10, 15, 20, or 25 years of retirement.
- Ensures your pension payments for the selected term regardless of your lifespan.

SPOUSE(S) PENSION PROVISION

- The Funds Rules define a spouse as the person:
 - To whom you are legally married.
 - To whom you are married in customary union.
 - With whom you are living in a union recognised as a marriage under any religion.
 - With whom you are, in the discretion of the Fund Trustees, in a relationship intended to be permanent and involves cohabitation, if you wholly or partially support such a partner financially.
- If you are married at retirement, you must provide for a spouse's pension, choosing either 75% or 100% of your pension, starting upon your death. If you have multiple spouses, they will share the pension.
- The spouse pension will begin after your death and the minimum term certain guarantee period. If the nominated spouse is alive at your death, they will receive the pension regardless of your marital status at that time.

SPOUSE(S) PENSION PROVISION

- If you pass away during the term-certain period selected at retirement, your spouse will receive your full pension for the remainder of that period, followed by the spouse pension.
- If you remarry after retirement, the new spouse will not be entitled to a guaranteed pension but may be eligible for a capitalised term-certain lump sum benefit, if applicable.

'WITH PROFIT' PENSION INCREASES

- Annual increases are reviewed by the Board of Trustees to counteract inflation's impact on guaranteed pensions.
- The Fund aims to provide pension increases of at least 80% of the Consumer Price Index (CPI) as of 30 June each year, if financially feasible.

ACTUARIAL FACTORS

- The Fund applies a floating discount rate in its annuity factor to determine the value of starting pensions.
- This takes account of changes in investment markets from time to time and in doing so, reduces cross-subsidisation between groups of pensioners.
- The effect of this approach is that:
 - **In strong markets**, members nearing retirement may see an increase in Fund Credit, but future returns are less certain. A lower discount rate leads to a lower starting pension but offers the potential for higher future increases.
 - **In weak markets**, members face a decrease in Fund Credit, but future investment returns are expected to improve. A higher discount rate is applied, resulting in a higher initial pension.



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TIER 1 WITH ADDED FLEXIBILITY

This pension option offers the same features as a Tier 1 guaranteed pension option, explained above, but allows for different spouse pension options of 0% (single life pension with no spouse pension provision), 25%, 50%, 75% or 100%, and a different term guarantee option than was selected in Tier 1.

THIS MAY BE AN ATTRACTIVE OPTION FOR A RETIREE WHO:

- Has a spouse with sufficient retirement provision for himself/herself and a spouse pension provision is not required on the retiree's full pension; or
- Has an enhanced cash flow need and is aware of the consequences of reducing the spouse's pension provision.

FLEXIBLE PENSION OPTION

This pension option provides for capital to be invested in the Fund's investment portfolios with individual investment choices provided in the same manner that applies to members. The pensioner selects the value of the monthly pension draw-down on an annual basis (retirement anniversary date). In terms of current regulations, this pension draw down may vary between 2.5% and 17.5% of capital.

OPTION TO CONVERT TO A GUARANTEED PENSION OPTION

Retirees who select the flexible pension option at retirement may convert to a guaranteed pension option on any future retirement anniversary date. This option is also available to the nominated spouse when a flexible pensioner passes away.



IMPORTANT MATTERS TO CONSIDER

The following summarises the essential differences between guaranteed and flexible pensions:

| | GUARANTEED PENSION | FLEXIBLE PENSION |
|-----------------------|--|---|
| Features | <ul style="list-style-type: none"> Pensions are guaranteed for life. Increases are awarded by the Fund, based on affordability. | <ul style="list-style-type: none"> Pensions are not guaranteed for life. You determine increases, based on returns earned on capital invested and longevity assumptions. |
| Advantages | <ul style="list-style-type: none"> Income and awarded increases are guaranteed for your life and your spouse's life thereafter. Increases protect against the eroding effect of inflation. Term-certain guarantees secure payment for a predetermined period. Legislation protects longer term minimum increases. Benefits are excluded from your Estate. | <ul style="list-style-type: none"> You manage your own money and determine your own pension (2.5% to 17.5% drawdown per year). You determine your own pension increases. The balance of your investment at your death is transferred to your spouse or paid to your dependants, nominees or Estate. You can adjust your income to suit your needs and tax is payable only on the amount drawn monthly. Growth earned on capital invested, is not subject to tax in the Fund Benefits are excluded from your Estate. |
| Disadvantages | <ul style="list-style-type: none"> If you and/or your spouse outlive the term certain option selected, other dependants will not share in benefits. | <ul style="list-style-type: none"> If not managed properly, you can outlive your capital. Investment market volatility can force you to reduce your income at an inconvenient time. |
| Typically suited for: | <ul style="list-style-type: none"> Any retiree, especially those who expect to live long. Retirees who do not want to be involved in investment decision making after retirement. | <ul style="list-style-type: none"> Retirees who are financially aware, understand the investment arena, are capable of, and have a desire to manage their own finances. Retirees who do not need their full retirement income immediately after retirement. Retirees who seek an alternative, taxeffective investment solution for their lump sum or part thereof. |

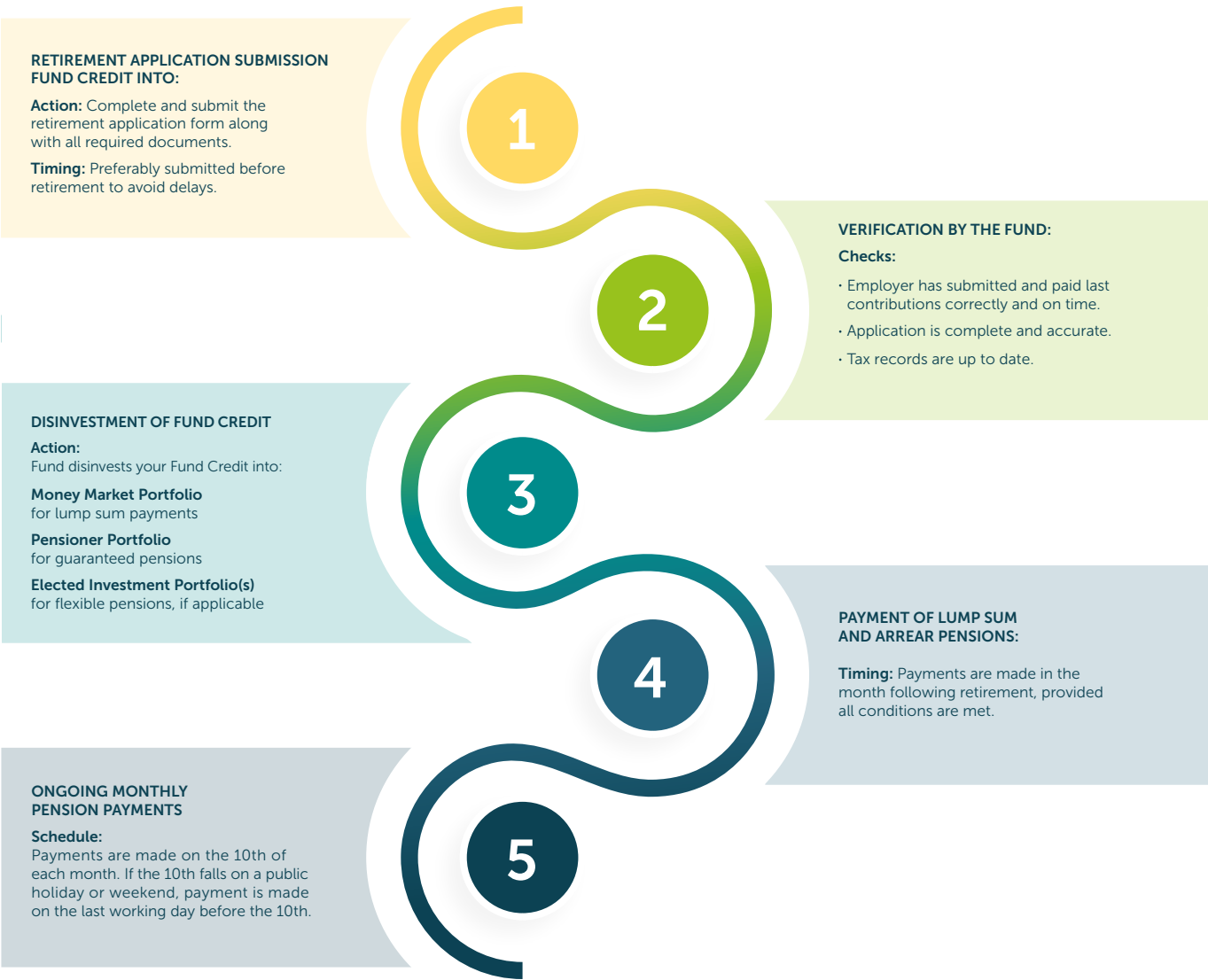
It is advisable to clarify matters with your employer before you retire.

These include:

- When must you vacate employer provided housing?
- Are you entitled to lump sum payments from your employer, i.e. a retirement gratuity or accumulated leave?
- Will you be able to continue membership with your medical aid?
- Are you entitled to a continuation of the company’s medical aid contribution?
- Have you obtained all relevant documents required to submit an Unemployment Insurance Claim?

You may also want to clarify matters with you Labour Union regarding extended membership and funeral cover.

APPLICATION AND PAYMENT PROCEDURES



For calculation purposes, your benefit effective date will be determined as follows:

- If the Fund receives your application prior to or on your last day of service, your benefit effective date will be the day following your last day of service.
- If the Fund receives your application after your last day of service, your benefit effective date will be the date on which the Fund receives your application.

Guaranteed pensions are paid in advance, and you will receive back pay for the period it took to process your benefit.

WHAT WILL YOU RECEIVE FROM SENTINEL

At retirement, you will receive a letter confirming payment of your benefits and a pensioner card.

The Fund also provides the following to pensioners:


- The informant newsletter twice a year,
- An annual benefit statement and explanatory brochure,
- Pensioner information sessions at various venues across South Africa (when feasible),
- Breaking News Informant newflashes to explain important events or changes.

Monthly pensioner payslips and annual income tax certificates are loaded onto a pensioner's secure account on the Fund website and can also be requested from the Fund directly.



CONTACT DETAILS

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-  Ethics Hotline 0800 00 594

CLIENT SERVICE CENTRES

| Carletonville | Klerksdorp | Welkom | Emalahleni |
|--|---|--------------------------------------|--|
| S Buys Office Park Shop no. 10 Corner Kaolin and Radium Streets | 54 Buffelsdoorn Road, Flamwood, Klerksdorp, 2570. | Shop 24 The Strip 314 Stateway | WCMAS Building Corner OR Tambo and Susanna Streets Emalahleni (Witbank) |
| Tel (011) 481 8290/1 | Tel (011) 481 8024/8 | Tel (011) 481 8025/6 | Tel (011) 481 8295/6 |

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