LIVING ANNUITY (FLEXIBLE PENSION) ELECTION RISK ACKNOWLEDGEMENT

SENTINEL
retirement fund

Please send your completed form to:

Email: info@sentinel.za.com
Hand in: at your nearest Client Service Centres situated in Sandton, Welkom, Klerksdorp, Carletonville and Witbank/Emalahleni.

Industry / Participant Number (Member)	Identity Number (Member)

PERSONAL DETAIL

Title	Initials	Surname

Full Names (First Two Names in Full)			
1		2	

Identity | Passport Number		Gender	M	F
Birth Date	Y Y Y Y M M D D			

CONTACT DETAILS

Tel Number		Mobile Number	
Email			

Please indicate the preferred method of communication	SMS		Email		Telephonic		Postal	

ACKNOWLEDGMENT OF NATURE OF A LIVING ANNUITY

I acknowledge that a Living Annuity is a **self-managed pension** where:

- My retirement capital remains invested; and
- My income is not guaranteed; and
- I bear full responsibility for:
  - Investment selection; and
  - The level of income (drawdown rate) selected.

KEY RISKS ACKNOWLEDGED

1. Capital Depletion Risk

- My income is not guaranteed for life.
- If my drawdown rate is too high relative to investment returns, my capital may be exhausted.
- This may result in **no further income during my lifetime** .

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KEY RISKS ACKNOWLEDGED *(CONTINUED)*

2. Drawdown Risk

- I am responsible for selecting an annual drawdown rate within legislated limits (currently **2.5% to 17.5%).**
- **I understand that:**
  - Higher drawdown rates significantly reduce sustainability;
  - Drawdown rates above approximately **5%–6%** per annum materially increase the risk of capital depletion;
  - My drawdown decision is a primary driver of whether my income will last.

3. Investment Market Risk

- My capital is exposed to market fluctuations.
- Investment returns are not guaranteed and may be volatile.
- Poor market performance, particularly early in retirement, may significantly reduce sustainability.

4. Inflation Risk

- Inflation will reduce the purchasing power of my income over time.
- If investment returns do not exceed:
  drawdown rate + fees + inflation,
  my capital and real income will decline ("sustainability equation").

5. Longevity Risk

- I may live longer than expected.
- If my capital is depleted during my lifetime, **no further income will be payable.**

6. Income Variability

- My income is not guaranteed and may need to be reduced over time.
- Maintaining an income that keeps pace with inflation may not be possible.

7. Irreversibility

- I understand that this decision cannot be reversed.
- While conversion to a guaranteed annuity may be possible in future, it will be subject to prevailing market conditions.

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(Continued)

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ILLUSTRATIVE DRAWDOWN SUSTAINABILITY TABLE

The table below is provided for illustration purposes only and demonstrates the impact of different drawdown-rates on sustainability:

DRAWDOWN RATE	ESTIMATE LONGEVITY OF CAPITAL	INCOME SUSTAINABILITY	RISK LEVEL
2.5%	40+ years	Likely to increase	Very Low
3.0%	35–40 years	Sustainable	Very Low
4.0%	30+ years	Generally sustainable	Low
5.0%	20–30 years	Possibly sustainable	Moderate
6.0%	15–25 years	Increasing erosion risk	Moderate
7.5%	12–20 years	Likely decline	High
10.0%	8–15 years	Significant erosion	Very High
12.5%+	<10 years	Rapid depletion	Severe
15%–17.5%	<5–8 years	Unsustainable	Extreme

Important Notes:

- These figures are illustrative and based on typical long-term assumptions.
- Actual outcomes will vary depending on:
  - Investment returns
  - Inflation
  - Fees
  - Longevity

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(Continued)

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ACKNOWLEDGEMENTS

I hereby confirm that:

- I have been given the opportunity to obtain **financial advice and/or benefit counselling** ;
- I have either obtained such advice or have elected to proceed without it;
- I fully understand that:
  - This is a **self-managed pension** ; and
  - I carry the full responsibility for my decisions.

Confirmation

- **I confirm that I have read, understood, and accept the contents of this document.**
- **Where the selected drawdown rate exceeds 6%, I acknowledge that I have been specifically warned of the increased risk of capital depletion.**

Signature

Electronic signatures are not permitted to be used on this Application Form.

Date

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Sandton: 5th Floor, 92 Rivonia Road, Wierda Valley, Sandton, 2196 | **Toll-Free** 0800 776 861
Carletonville : S Buys Office Park, Shop 10, Corner Kaolin and Radium Streets, Tel (011) 481 8290/1
Klerksdorp : 54 Buffelsdoorn Road, Flamwood, Tel (011) 481 8024/8 | **Welkom**: Shop 25, The Strip, 314 Stateway, Tel (011) 481 8025/6
Emalahleni / Witbank : WCMAS Building, Corner OR Tambo and Susanna Streets, Tel (011) 481 829