SENTINEL
retirement fund

PENSION INCOME CHOICE

Brochure – August 2026

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.

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 from the Fund at any time between their earliest retirement date, which is 10 years from their Normal Retirement Age (NRA) 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		
A maximum one-third lump sum of the balance may be selected. The remaining balance will be added to your Retirement Component.	The balance, or any part thereof, can be: • 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.	The full amount available at retirement will be used to provide you with a monthly pension. 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.
TAX IMPLICATIONS		
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.	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).	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.

LUMP SUM OPTIONS (CONTINUED)

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

FULL COMMUTATION (RECEIVING THE TOTAL BENEFIT IN CASH)

Full Commutation Benefit – De Minimis Provision

A member may elect to receive the **full retirement benefit as a lump sum** where the amount subject to compulsory annuitisation does not exceed the prescribed **de minimis threshold of R240,000**.

For purposes of this assessment:

- **Where the member has a Vested Component:** the relevant amount is **two-thirds of the Vested Component plus the full Retirement Component**.
- **Where the member has no Vested Component:** the relevant amount is the **full Retirement Component**.

The **Savings Component** is payable separately as a lump sum at retirement and is not included in determining whether the compulsory-annuitisation threshold has been exceeded. If the relevant amount exceeds **R240,000**, the portion required by legislation must generally be used to provide an annuity, subject to applicable vested rights and other legal exceptions.

Investment Switch on Retirement Application

By submitting this retirement application, I confirm that I am requesting a **MIC switch** and that my Fund Credit will be disinvested to the **Money Market (cash)** on the date my completed application is received by the Fund.

PENSION INCOME CHOICE OPTIONS

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

PENSION INCOME CHOICE OPTIONS		
Guaranteed Pension (Life Annuity)	Flexible Pension (Living Annuity)	Hybrid Pension (Combination Guaranteed and Flexible Pension)
Includes: • Lifelong guarantee for pensioner and, if selected their spouse(s) Choose between: • Single Life: No provision for a spouse. • Spouse's annuity options: 25%, 50%, 75%, or 100%. • Term Certain options: 5, 10, 15, 20 or 25-years. • With profit increases.	Includes: • Self-managed income and investment choice. • Annual income draw-down rate between 2.5% and 17.5%. • Choice of Member Investment portfolios. • Option to convert to a Life Annuity later.	Includes: • Capital can be split in any proportion between a Guaranteed and Flexible Pension. • Same features apply as under the Guaranteed and Flexible Pension options
A member who qualifies for retirement may, in respect of all or part of their Fund Credit (after payment of a lump sum), choose to purchase an annuity from a fund approved by the Revenue Authorities.		

PENSION (ANNUITY) OPTIONS

1 GUARANTEED PENSION (LIFE ANNUITY)

2 FLEXIBLE PENSION (LIVING ANNUITY)

3 HYBRID PENSION (COMBINATION OF GUARANTEED AND FLEXIBLE PENSION)

1 GUARANTEED PENSION (LIFE ANNUITY)

GUARANTEED FOR LIFE

- Pension may not be reduced or suspended while you are alive.
- Applies to your pension and, where applicable, to 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 Fund's 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.
- You may elect not to provide for a spouse.
- If you have a spouse as defined above you may elect to provide for such a spouse by choosing either 25%, 50%, 75% or a 100%
- 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.

Your Future

PRESERVED

2 FLEXIBLE PENSION (LIVING ANNUITY)

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.

3 HYBRID PENSION (COMBINATION OF GUARANTEED AND FLEXIBLE PENSION)

HYBRID PENSION

A Hybrid Pension allows you to combine the certainty of a Guaranteed Pension (Life Annuity) with the flexibility of a Flexible Pension (Living Annuity). Your retirement capital can be split in any proportion between the two options, giving you a secure, lifelong income for part of your pension while retaining control, investment choice, and flexible income draw-down on the remainder.

IMPORTANT MATTERS TO CONSIDER

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

	GUARANTEED PENSION	FLEXIBLE PENSION
Features	• Pensions are guaranteed for life. • Increases are awarded by the Fund, based on affordability.	• Pensions are **not** guaranteed for life. • You determine increases, based on returns earned on capital invested and longevity assumptions.
Advantages	• 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.	• 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	• If you and/or your spouse outlive the term certain option selected, other dependants will not share in benefits.	• 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:	• Any retiree, especially those who expect to live long. • Retirees who do not want to be involved in investment decision making after retirement.	• 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, tax effective investment solution for their lump sum or part thereof.

APPLICATION AND PAYMENT PROCEDURES

1

RETIREMENT APPLICATION SUBMISSION FUND CREDIT INTO:

Action: Complete and submit the retirement application form along with all required documents.

Timing: Preferably submitted before retirement to avoid delays.

2

VERIFICATION BY THE FUND:

Checks:

- Employer has submitted and paid last contributions correctly and on time.
- Application is complete and accurate.

3

DISINVESTMENT OF FUND CREDIT

Action: Fund disinvests your Fund Credit

Money Market Portfolio
For lump sum payments

Pensioner Portfolio
For guaranteed pensions

Elected Investment Portfolio(s)
For flexible pensions, if applicable.

4

PAYMENT OF LUMP SUM AND ARREAR PENSIONS:

Timing: Payments are made in the month following retirement, provided all conditions are met.

5

ONGOING MONTHLY PENSION PAYMENTS

Schedule:

Payments are made on the 10th of each month. If the 10th falls on a public holiday or weekend, payment is made on the last working day before the 10th.

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:

- A newsletter twice a year,
- An annual benefit statement and explanatory brochure,
- Pensioner information sessions at various venues across South Africa (when feasible),
- Newsflashes to explain important events or changes.
- **Flexible and hybrid pensioners** will receive an annual review in the month before their pension anniversary to assist them in deciding the drawdown rate for the next 12 months.

Register for a secure online profile on the Fund's website to conveniently access and manage your pension information at any time.

By registering, you will be able to view and download your **monthly pension payslips**, **annual income tax certificates**, and **annual benefit statements** from your secure account. You can also **update your contact and address details, and nominate or review your beneficiaries**, ensuring your records remain accurate and up to date.

In addition, **Flexible and Hybrid Pensioners** can view their **Fund Credit**, which is updated daily, providing greater visibility of their retirement savings.

Online access is safe, convenient, and designed to make managing your pension information easier, while the Fund remains available to assist you whenever needed.

CONTACT US

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SECURE FUTURE