

February 2019

Dear Adviser

Retirement benefits counselling and the default annuity for PSG Wealth retirement fund members

The PSG Wealth retirement annuity and preservation funds must comply with recently released retirement reform regulations. The regulations were published under the Pension Funds Act and take effect on 1 March 2019.

The regulatory requirements

Retirement reform regulations require the trustees of retirement funds to propose a default annuity for the funds' members. The trustees must also ensure that retirement benefits counselling is available to all members prior to retirement.

These regulations apply to all the members of retirement funds, and therefore also to members that have a financial adviser. However, the trustees of the PSG Wealth retirement funds believe that decisions at retirement require advice and they will always recommend that the fund members contact a financial adviser.

The default annuity

After considering alternative annuity products available in the market, the trustees have decided to recommend the Old Mutual "[Platinum Pension 2003](#)" with-profit annuity as the funds' default. The trustees believe that this annuity can provide an appropriate solution for clients who do not feel comfortable making their own decisions and do not want to make use of a financial adviser.

Advice becomes increasingly important when a member selects a living annuity. For this reason, the trustees are not proposing a living annuity as the default for the PSG Wealth retirement funds. Advisers can continue to propose and advise their clients on living annuities of their choice.

It is important to note that fund members are not required to take up the trustees' proposed default annuity. Members will continue to have the freedom to select any annuity of their preference. Members will also not automatically be moved into the default annuity at any stage after retirement.

Benefits counselling

The trustees are required to ensure that retirement benefit counselling is available to all members between three and six months before retirement. This counselling must:

- explain the risks associated with securing an income in retirement;
- explain what annuity options are available at retirement; and
- provide details on the trustees' proposed default annuity.

Retirement benefits counselling will be made available to all members by contacting a dedicated client services team at the PSG Wealth platform. Retirement benefits counselling is not advice and will therefore only provide those members who request it with factual retirement-related information.

Communication to members

The trustees of the PSG Wealth retirement funds are aware that most fund members are advised by financial advisers. In addition, the PSG Wealth retirement funds do not know when a member will retire - the rules only specify that the minimum age of retirement is 55. The trustees therefore will not be sending an email directly to members before retirement, but will instead make members aware of the availability of benefits counselling and the default annuity via the annual benefit statement, annual trustee report and welcome packs for new members. Trustees believe that this approach will create the necessary awareness for fund members and meet regulatory requirements, while still encouraging contact between clients and advisers and highlighting the importance of appropriate advice. Follow [this link](#) to view the paragraphs that will be included in the annual benefit statements and the welcome packs going forward.

Need more information?

If you have any queries, please contact your investment specialist or your dedicated client services team.

Kind regards



Cindy Tshabalala
Head of Client Service