

**1 Introduction**

- 1.1** This is a linked investment. A linked investment is a long-term investment of which the amount of the investment benefits is not guaranteed by the long-term insurer and is to be determined solely by reference to the value of particular investment instruments or categories of investment instruments which are specified in the investment document and are actually held by or on behalf of PSG Life Ltd (PSG Life) specifically for the purposes of the investment. PSG Life Limited is a registered linked-insurer in terms of the Long-term Insurance Act, an authorised financial services provider (FSP 22557). PSG Life is the underwriter of this product. PSG Invest (Pty) Ltd, an authorised administrative financial services provider (FSP 563), is the Administrator of the investment.
- 1.2** This investment document (Terms and Conditions), the application form (including annexures) and the Investment Schedule, forms the contract between the PSG Wealth Preservation Pension Fund or the PSG Wealth Preservation Provident Fund, PSG Life and the Member. This investment remains subject to the provisions as set out in the PSG Wealth Preservation Pension Fund rules or the PSG Wealth Preservation Provident Fund rules as registered with the Registrar of Pension Funds.
- 1.3** The Administrator acts in terms of an outsource arrangement with PSG Life and will, including but not limited to, process instructions, provide statements, confirm changes, etc. The Administrator charges PSG Life an annual administration fee to provide these services.
- 1.4** The details regarding the single contribution invested in this investment are contained in the Investment Schedule.
- 1.5** This investment takes effect on payment of the gross consideration by the Member's retirement fund to PSG Life, and the acceptance of the Member's investment by the trustees of either the PSG Wealth Preservation Pension Fund or the PSG Wealth Preservation Provident Fund.
- 1.6** Unless the context in any part of this investment document refers to the contrary:
- 1.6.1** All references to the male gender shall include the female gender and vice versa.
- 1.6.2** All references to the singular shall include the plural and vice versa.
- 1.7** Changes to the investment document.  
No condition or provision of this investment as contained in the investment document may be waived, altered or varied, except in writing, or by endorsement, under the signature of a director, or other authorised official of PSG Life.
- 1.8** Statutory law under which the investment document is issued  
This investment document is and will at all times be subject to limitations imposed by any statutory law of the Republic of South Africa.
- 1.8.1** PSG Life reserves the right to amend or alter any benefit payable in terms of this investment as a direct result of a change in:
- The Income Tax Act 58 of 1962 and regulations and practice notes, as promulgated from time to time.
  - The Long-term Insurance Act of 1998 and regulations, as promulgated from time to time.
  - The Pension Funds Act of 1956 and regulations, as promulgated from time to time.
  - Any other South African law or regulation which effects the terms and conditions of this investment document.
- 1.9** Currency  
All amounts payable in terms of this investment document, either to or by PSG Life, are payable in the lawful currency of the Republic of South Africa.
- 1.10** Cession  
This investment may not be terminated, reduced, ceded, assigned, pledged or hypothecated, or be commuted to cash during the Investor's lifetime, unless legislation provides for such an action.
- 2 Contributions**
- 2.1** Eligible contributions
- 2.1.1** The contributions invested in the abovementioned PSG Wealth preservation funds may be a transfer of a Member's benefit from an approved pension or provident fund only in respect of the resignation, retrenchment, or dismissal of a Member or winding-up of the pension/provident fund as the case may be; or

- 2.1.2** As a result of a transfer of the Member's benefit from any other pension preservation or provident preservation fund to either the PSG Wealth Preservation Pension Fund or the Wealth Preservation Provident Fund, subject to prevailing legislation.
- 2.2** Additional contributions
- 2.2.1** Additional contributions may be paid into the abovementioned PSG Wealth preservation funds at any point in time in the future, provided that the additional contributions come from the same pension or provident fund, and subject to the business rules of PSG Life and prevailing legislative requirements.
- 2.2.2** The additional contributions paid to these preservation funds must arise from one of the sources referred to in 2.1.1 above. These additional contributions may be invested at any time subject to thirty days written notice to PSG Life.
- 2.3** Process
- 2.3.1** Investment portfolios  
Where a contribution and completed application form is received by PSG Life:- Cut-off time for transactional requests (excluding Money Market and Living Portfolios) is **10h30** for that day. Money Market and Living Portfolios is **08h30** for that day.
- 2.3.2** Tranche portfolio  
Where a contribution and application form is received in terms of a tranche based portfolio, investment will take place on the first business day coinciding with the tranche opening.
- 3** **Investment Account and Investment Portfolios**
- 3.1** Investment account
- 3.1.1** The Administrator shall operate an investment account for the Member in respect of this investment.
- 3.1.2** The contributions received from the Member will be applied, in accordance with the options selected in the application, and referred to in the Investment Schedule, to an investment vehicle, including a re- insurance arrangement, a linked investment or any other long term insurance investment. PSG Life reserves the right to vary, alter, or otherwise change the portfolio options available in terms of this investment, or the composition of the actual portfolios, without substantially varying the members risk profile and asset allocation whilst adhering to the asset manager's mandate. The Administrator shall notify both the Member and the appointed asset manager of any substantive variations or alterations.
- 3.1.3** The investment account shall initially be credited with the net single contribution that will be invested at the end of the month (or earlier in that month) in which the gross single contribution is received, subject to the business rules of PSG Life.
- 3.1.4** The net single contribution will be applied to purchase units in the investment or structured portfolios selected by the Member.
- 3.1.5** The above units will be purchased in accordance with the rules for participation in the investment portfolio.
- 3.1.6** Any withdrawal of monies from the investment portfolio will be subject to the rules of the investment and structured portfolios.
- 3.1.7** The investment account is subject to, and will be adjusted to reflect the following fees (by the cancellation of units or adjustment of unit prices):
- 3.1.7.1** Ongoing investment administration fees accrued for, and due to PSG Life, and deducted from the investment account on a monthly basis.
- 3.1.7.2** An initial and ongoing Financial Advisory fee accrued for, and due to, the Financial Adviser as reflected on the application form, subject to legislative limitations and deducted from the investment account on a monthly basis.
- 3.1.7.3** The ongoing asset management fees accrued for, and due to, the asset manager, and deducted from the investment account on a monthly basis.
- 3.1.7.4** Commission accrued for and due to the Financial Adviser as reflected on the application form, subject to legislative limitations.
- 3.1.7.5** Any tax due on the investment account balance accrued for, and due to, the Receiver of Revenue in terms of income tax legislation, and deducted from the investment account as and when payable.
- 3.1.7.6** Additional contributions (net of fees), from other registered retirement funds as mentioned in 3.1.1, and 3.1.2 above, applied to purchase units in the investment account.
- 3.1.8** Details of restrictions, fees and procedures are contained in the risk disclosures.

- 3.1.9** It is the Member's responsibility to ensure that his/her member selection into the portfolios selected must comply with the asset limitations set out in Regulation 28 of the Pension Funds Act ("Regulation 28"). Should the member selection at any time not comply with Regulation 28 the Trustees have the right to rebalance the portfolios, provided the Member was given 7 (seven) business days' notice of the contravention and request to rebalance, and the Member failed to correct the position.
- 3.2** Investment Portfolios
- 3.2.1** The portfolios selected by the Member are reflected in the Investment Schedule.
- 3.2.2** The Member shall, in respect of any contributions paid to PSG Life, authorise the Administrator in writing to invest the contributions in any one or more of the portfolios available to the Member.
- 3.2.3** If a specific class of fund is closed or if we cannot continue to offer it, we will inform you and request a new investment instruction. If we do not hear from you within 30 days of our request, we will switch the units into the clean fee class of the particular fund that is available on our platform. A 'clean class' is the class of a fund in which only the fund manager's fee is deducted from the unit price. There is no deduction for administration fees within the unit price.
- 3.2.4** Should PSG Life decide to discontinue a particular portfolio on account of a good and sufficient reason, the Administrator shall inform the Member who will then select another PSG Life portfolio.
- 3.2.5** The Administrator shall create units only by the addition of new contributions to each portfolio. Units shall be cancelled only by the withdrawal of assets from the portfolio and for the purpose set out explicitly herein. Such creation or cancellation of units shall not affect the unit price of the portfolio at the time.
- 3.2.6** Investment in certain portfolios may be subject to certain tranche requirements, which may result in an investment premium being returned to the Member due to tranche limits not being met, or a request be made to invest in a different portfolio.
- 3.2.7** At a given time, the same unit price shall be used for the creation and cancellation of units respectively.
- 3.2.8** All the investment income, net of any taxes, derived from assets in a portfolio shall form part of such portfolio and shall be re-invested therein.
- 3.2.9** Model portfolio  
This is a pre-determined selection of unit trusts administered by the Administrator and managed by a portfolio manager to meet the investment objectives specified for that model portfolio.  
In the event that the Member wishes to invest all or part of his/her initial investment (or any subsequent additional investments) in a model portfolio the following provisions shall apply:
- A model portfolio is not a collective investment scheme;
  - Where a Member selects a model portfolio, the Member will hold units in the underlying instruments;
  - The portfolio manager shall be solely responsible for selecting instruments which are to be included in the model portfolio;
  - In the event that the composition of a relevant model portfolio is changed, the Member hereby authorises the Administrator to accept instructions from the portfolio manager.
  - The Member may at any time disinvest from or switch out of the model portfolio by written notice to the Administrator.
- 3.3** Switching between investment portfolios.
- 3.3.1** The Member may at any time change the selected investment portfolio, subject to written notice to the Administrator, as required within the specified guidelines for each portfolio.
- 3.3.2** The change to investment portfolios will be subject to legal limitations and rules of the investment portfolio, which apply at the time the change is affected.
- 3.3.3** PSG Life reserves the right to impose a fee to change investment portfolios.
- 3.3.4** Switches are subject to the prevailing market conditions and the restrictions or withdrawal penalties of the underlying investment portfolio.
- 3.4** No guarantees on market related portfolios  
The market related portfolios do not offer any capital guarantees, and the benefit of the investment is subject to market movements. The Member has the risk of:
- Fluctuating capital values;
  - Losing some capital in the event of a severe market connection.

**4 Death Benefits and Rights**
**4.1 Vesting of rights**

On the death of the Member the right to the preservation fund investment vests in the Member's nominated beneficiaries or estate as the case may be, subject to Section 37C of the Pension Funds Act of 1956.

**4.2 Election of beneficiaries**

**4.2.1** The Member may at any time, by written notice to the Administrator, nominate a beneficiary to receive the proceeds of the investment following the death of the Member.

**4.2.2** The appointment of a new beneficiary will automatically cancel the prior appointment of a beneficiary, and is effective only when endorsed by PSG Life.

**4.2.3** The appointment of a beneficiary will lapse on the death of the beneficiary prior to the death of the Member.

**4.2.4** The appointment of beneficiaries, heirs or legatees under a Will, will not constitute a beneficiary nomination unless it specifically refers to this investment document and the Administrator is notified timeously.

**4.2.5** The payment of benefits on the death of the Member shall be subject to Section 37C of the Pension Funds Act of 1956. Section 37C allows the trustees of the PSG Wealth Preservation Pension Fund or the PSG Wealth Preservation Provident Fund to exercise discretion in the payment of benefits on the death of the Member in terms of beneficiaries and amounts payable.

**4.3 Death benefits**

**4.3.1** The total death benefit regarding the Member at the time of death is the value of the investment account.

**4.3.2** The beneficiaries may elect to receive:

**4.3.2.1** The entire investment account balance as a lump sum.

**4.3.2.2** A portion of the investment account balance as a cash lump sum and the balance as an annuity payable on the life of each beneficiary.

**4.3.3** Where the beneficiaries elect to purchase annuities, these annuities may be purchased from PSG Life, or any other long-term insurance company.

**4.4 Taxation**

**4.4.1** The lump sum benefit will be taxed in accordance with directives which are supplied by the South African Revenue Service (SARS).

**4.4.2** All lump sum payments shall be made net of tax.

**4.4.3** Tax rates on taxable portion of lumps sum:

**Retirement Fund Lump Sum Benefit**

TAXABLE AMOUNT	RATE OF TAX
First R500 000	0% of taxable income
Above R500 000 – but not exceeding R700 000	18% of the taxable income above R500 000
Above R700 000 – but not exceeding R1 050 000	R36 000 plus 27% of the taxable income exceeding R700 000
Above R1 050 000 – plus	R130 500 plus 36% of the taxable income exceeding R1 050 000

**Retirement Fund Lump Sum Withdrawal Benefit**

TAXABLE AMOUNT	RATE OF TAX
First R25 000	0% of taxable income
Above R25 000 – but not exceeding R660 000	18% of the taxable income above R25 000
Above R660 000 – but not exceeding R990 000	R114 300 plus 27% of the taxable income exceeding R660 000
Above R990 000 – plus	R203 400 plus 36% of the taxable income exceeding R990 000

**4.4.4** It is important to note that PSG Life reserves the right to adapt tax provisions as set out above, where applicable tax legislation and practises change.

**5 Retirement of the Member**

**5.1** Investment period of the investment document

**5.1.1** A Member may retire at any time after attaining the age of 55 (age of next birthday.)

**5.1.2** A Member may retire before the age of 55 on the grounds of ill-health provided that:

- 5.1.2.1** The Member is permanently incapable due to infirmity of mind or body of carrying on his or her occupation.
- 5.1.2.2** Medical and other evidence requested by the trustees is furnished at the fee of the Member.
- 5.1.2.3** The trustees of the PSG Wealth Preservation Pension Fund or the PSG Wealth Preservation Provident Fund grant such ill-health retirement in writing.
- 5.2** Benefits on retirement
- 5.2.1** The benefit on retirement in normal health or ill-health will be determined in the same manner.
- 5.2.2** The total retirement benefit at the time of retirement (whether normal or ill-health) is the value of the investment account balance at the time of retirement.
- 5.2.3** Where the initial contribution has come from a pension fund, the Member may elect to receive not more than one-third of the value of the investment account balance as a lump sum, subject to legal restrictions. The balance must be used to purchase an annuity with PSG Life or any other registered long term insurer. Should the proceeds be less than R247 500 the full benefit may be withdrawn as a lump sum.
- 5.2.4** The balance of the investment account must be used to purchase an annuity if it exceeds R247 500.
- 5.2.5** Where the initial contribution has come from a provident fund, the Member may elect to receive the investment account balance as a lump sum on retirement, or as an annuity.
- 5.2.6** If the Member elects to receive a lump sum benefit, tax will be deducted in accordance with the directive supplied by the South African Revenue Service (SARS). The lump sum benefit shall be paid only after tax is deducted.
- 5.2.7** Where an annuity is secured with another long-term insurer, procedures for the transfer of these funds must be completed and adhered to.
- 6** **Withdrawal Benefits and Rights**
- 6.1** Voluntary withdrawal
- 6.1.1** The Member may make one withdrawal from the preservation fund investment prior to retirement, provided no prior withdrawals have been taken from the originating funds, and subject to the rules of the originating funds.
- 6.1.2** The withdrawal benefits will be taxed in accordance with a directive supplied by the South African Revenue Service (SARS). The benefit shall be paid after tax is deducted.
- 6.1.3** Withdrawals are dependent on the nature of the underlying investment portfolio and markets. Due to the nature of a fund there might be certain restrictions or withdrawal penalties on withdrawal.
- 6.2** Transfer to another company
- 6.2.1** A Member may elect to transfer the withdrawal value of their preservation fund to:
- 6.2.1.1** His or her employer sponsored pension or provident fund.
- 6.2.1.2** The preservation fund of any other such registered provider, subject to the rules of the PSG Wealth Preservation Pension Fund or the PSG Wealth Preservation Provident Fund as they apply from time to time and any relevant statutory legislation or regulation.
- 6.2.2** Transfers to retirement annuity funds are not permitted.
- 7** **Fees**
- The applicable fees are set out in the Investment Schedule enclosed hereto, which forms part of the Member's investment contract. In addition an asset management fee will be charged at portfolio level but will vary in accordance with the chosen portfolio.
- 7.1** Initial fees
- 7.1.1** An Initial Financial Advisory fee, in terms of the rates agreed on the original application form, will be deducted from the gross investment amount prior to investment, and paid to the Financial Adviser servicing this investment.
- 7.1.2** Initial investment administration fees, in terms of the rates agreed on the original application form, will be deducted from the gross investment amount prior to investment, and paid to PSG Life.
- 7.2** Ongoing Financial Advisory Fee
- 7.2.1** An ongoing Financial Advisory fee, levied monthly, will be deducted from the investment portfolio at a rate specified for each portfolio and paid to the Financial Adviser servicing this investment.
- 7.2.2** Any management fees payable for additional contributions received will be paid in terms of the rate specified on the additional contribution request received.
- 7.3** Administration fees
- 7.3.1** An ongoing investment administration fee, levied monthly, will be deducted from the investment portfolio at a rate specified for each portfolio.

- 7.3.2** Any administration fees payable for additional contributions received will be paid in terms of the rate specified on additional contribution request received.
- 7.3.3** The fees are subject to an annual increase as determined by PSG Life's actuary. The Administrator will notify the Member of any fee increase to be implemented.
- 7.4** Ongoing Processing and Governance Fee  
The ongoing Processing and Governance fee will be levied monthly by the respective Preservation Fund against all members of the funds to cover the following prescribed fund specific expenses i.e. audit fees, trustee fees, FSB levies and PI insurance costs, expenses not linked to the normal administration of the member records.
- 7.5** Other fees that might be levied over the investment period of the investment
- 7.5.1** Asset management fees  
Fees for the management of the underlying investment portfolio will be levied in terms of the requirements of the underlying funds managers of a specific portfolio. This fee is not determined by PSG Life, and may be changed from time to time.
- 7.5.2** Transfer out fee:  
A fee for transferring out in terms of section 14 of the Pension Funds Act of 1956 will be levied.
- 7.5.3** Opportunity fees  
PSG Life and the Administrator cannot be held responsible for any opportunity fee in not paying a withdrawal in time to allow for a new investment option, or any other similar circumstance.
- 7.5.4** Foreign portfolio investment fee  
A foreign portfolio investment fee will be levied on any portion of funds that might be transferred offshore. The funds can only be transferred offshore in compliance with the applicable legislation, Reserve Bank approval and other requirements that might be prescribed at that time.
- 7.5.5** Special Levies authorised by the Trustees of the Preservation Fund  
From time to time the duly appointed Trustees of the PSG Wealth Preservation Pension Fund and/ or the PSG Wealth Preservation provident Fund may resolve that a special levy be implemented for a specific purpose and for a specified period of time. The members of the respective Preservation Fund will be duly notified in writing of such special levy.
- 7.5.6** Any other fees  
PSG Life reserves the right to impose additional fees should there be a change in or an introduction of legislation, which necessitates the imposition of such fees.  
Model Portfolio fees may be charged where applicable.
- 8** **Administration Procedures**  
All administration changes need to be requested in writing. Please contact our client services call centre on 0860 774 774 or your independent Financial Adviser for the necessary documentation, requirements and turnaround times to make investment changes, perform portfolio switches and transfer to another Insurer's registered retirement annuity fund.
- 9** **Impossibility Clause**  
PSG Life and the Administrator will not be liable for any loss if, due to the occurrence of an act of God, a natural or man-made disaster, armed conflict, act of terrorism, riot, labour, economic or financial disruption or any other circumstance beyond its control, it becomes impossible (other than as a result of PSG Life's own misconduct) to comply with any material provision of this investment. PSG Life furthermore reserves the right not to price portfolios whilst such circumstances persist.
- 10** **Indemnity**  
Notwithstanding any other provision in this investment, it is expressly recorded that the performance of PSG Life and the Administrator is wholly dependent upon performance of the counterparties providing the underlying investment instrument. PSG Life and the Administrator shall use its best endeavours to ensure that the counterparties duly and timeously comply with all their obligations and PSG Life and the Administrator shall exercise all of its rights and remedies hereunder in the event of any breach or non-performance by the counterparties and shall generally use its best endeavours to avoid any delay in delivery on the retirement date and/or any shortfall in the retirement benefit in terms of this investment.



**11 Contact details**

PSG LIFE LTD AND PSG INVEST (PTY) LTD	
Physical Address	1 <sup>st</sup> Floor, Roland Garros, 57 Sloan Street, The Campus, Bryanston, Johannesburg 2191
Postal Address	PO Box 61295, Marshalltown, 2107, South Africa
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Email	<a href="mailto:clientservice@psg.co.za">clientservice@psg.co.za</a>
Website	<a href="http://www.psg.co.za">www.psg.co.za</a>

**12 Complaints**

The Compliance Officer is there to address dissatisfaction with the investment or service from the Administrator. You may lodge a complaint in writing to the Compliance Officer of PSG Invest, at the address provided above or e-mail [compliance@psg.co.za](mailto:compliance@psg.co.za) or alternatively at 0860 774 774. Please include supporting documents.

The Administrator will respond in writing and include the contact details of the party appointed to resolve the complaint. If you are still dissatisfied either with the Administrator's response or with the designated Financial Adviser, you can write to the Ombud for Financial Services Providers.

THE OMBUD FOR FINANCIAL SERVICES PROVIDERS	
Physical Address	Sussex Office Park, Ground Floor, Block B, 473 Lynnwood Road Cnr Lynnwood Road & Sussex Ave, Lynnwood, 0081
Postal Address	PO Box 74571, Lynnwood Ridge, 0040
Telephone	+27 (0) 12 470 9080
Fax	+27 (0) 12 348 3447
Email	<a href="mailto:info@faisombud.co.za">info@faisombud.co.za</a>
Website	<a href="http://www.faisombud.co.za">www.faisombud.co.za</a>

THE OMBUD FOR THE LONG TERM INSURER	
Physical Address	Third Floor, Sunclare Building, 21 Dreyer Street, Claremont, Cape Town, 7700
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