





MENTNOVA

PRE- AND POST RETIREMENT PLANNING

6 May 2026

Grenville Swanepoel

Mentnova is an authorised financial services provider. FSP No. 43937.

AGENDA

01 Only 2 retirement products

02 5 Years before retirement

03 Life Annuity vs Living Annuity

04 Practical Income Scenarios

05 How to decide?

06 Life Stage VS Investment Choice

07 Post-retirement Snapshot

08 Remember this...



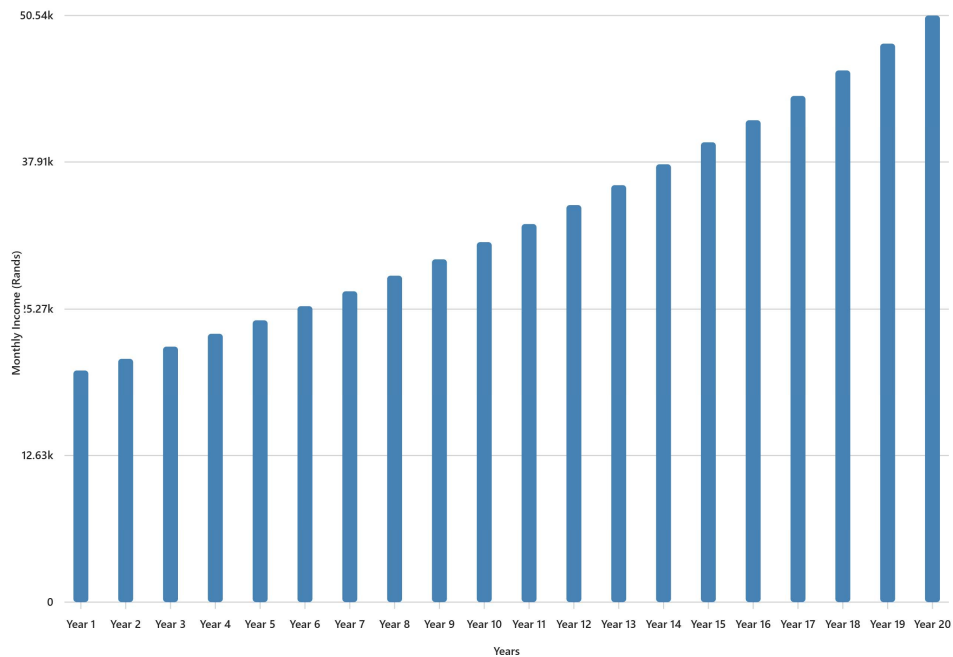


01

THE 2 MAIN POST-
RETIREMENT PRODUCTS

01 The 2 Main Post-retirement products

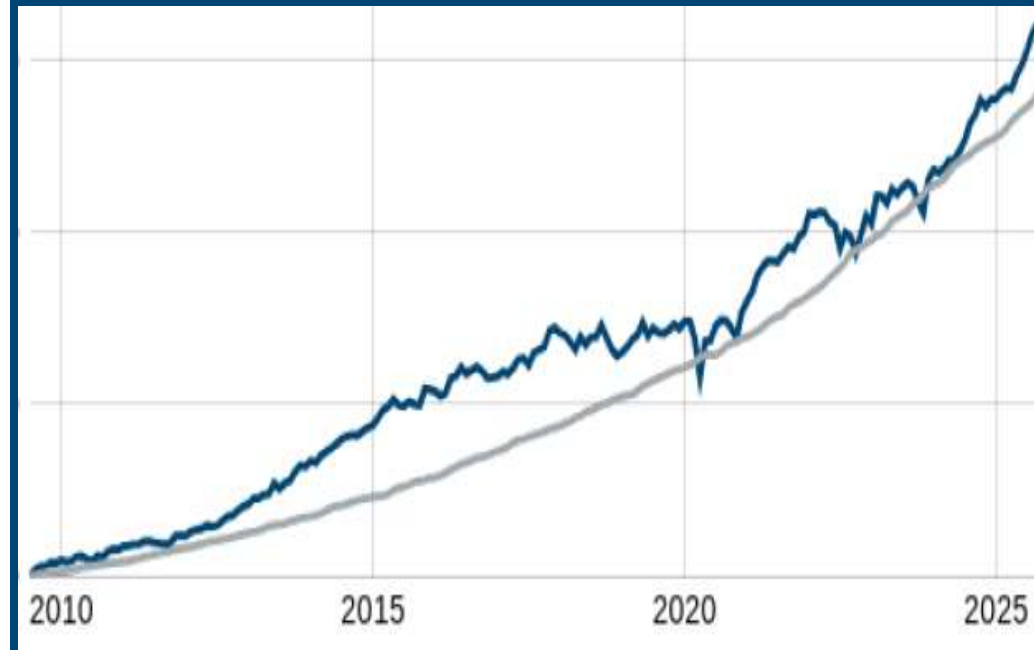
LIFE ANNUITY (POST-RETIREMENT POLICY)



4



LIVING ANNUITY (POST-RETIREMENT INVESTMENT)





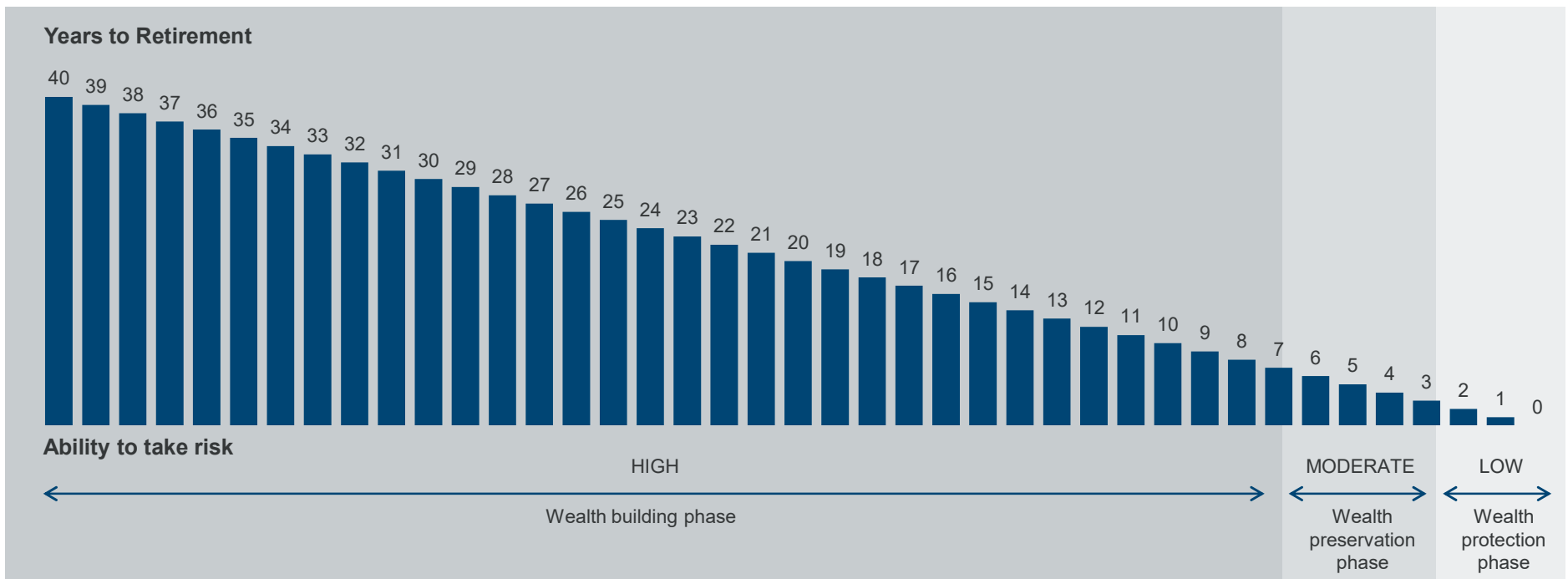
02

5 YEARS BEFORE
RETIREMENT DATE



CHOICE AT RETIREMENT

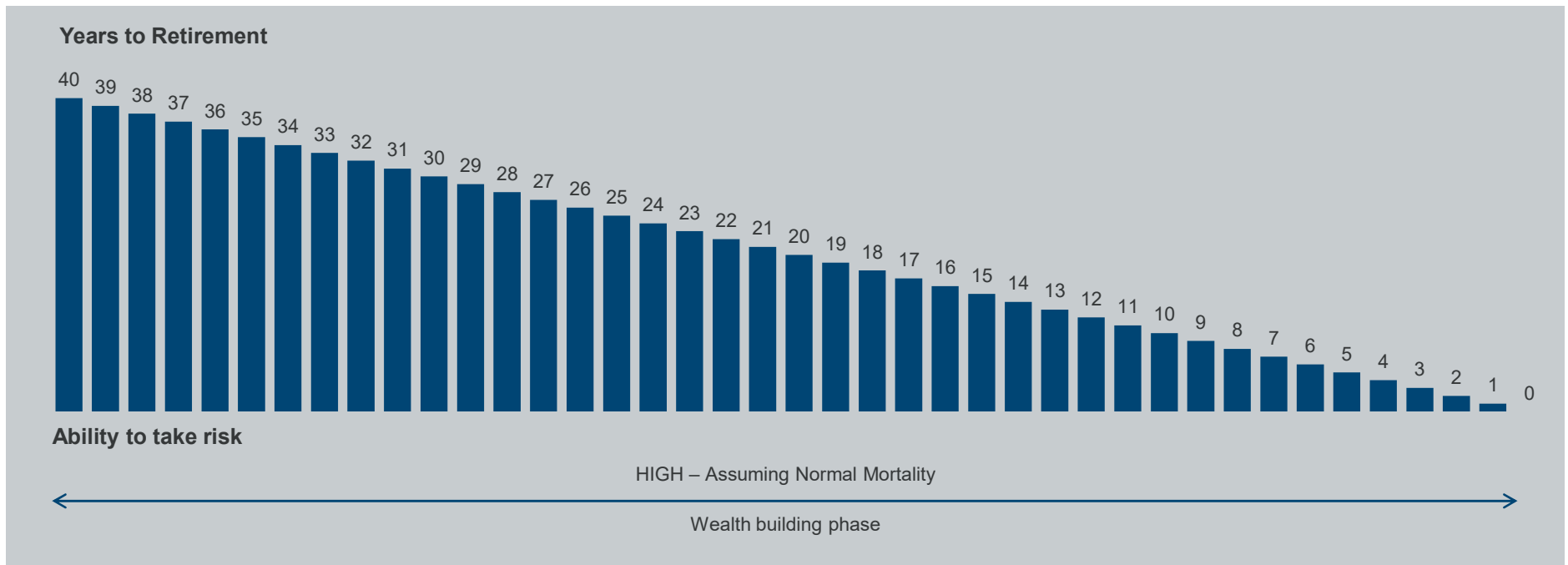
Guaranteed Life Annuity – Time Horizon





CHOICE AT RETIREMENT

Living Annuity – Time Horizon





03

LIFE ANNUITY
VS
LIVING ANNUITY



LIFE ANNUITY VS LIVING ANNUITY (OR BOTH)

Everyone must decide at retirement: Do I want a guaranteed monthly pension or am I willing to accept market and capital risk?



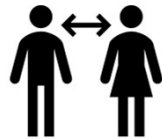
There is no right or wrong option – it depends on your personal and family circumstances on how you make up your retirement income

LIFE ANNUITY (GUARANTEED INCOME FOR LIFE)

SINGLE LIFE



JOINT LIFE



INCOME INCREASE YEARLY (0-7%)



GUARANTEE = MINIMUM PAYMENTS

20Years = Minimum 240 Payments



LIVING ANNUITY (RETIREMENT INVESTMENT – BENEFICIARY: KEEPS ON LIVING)

MONEY WILL PAY OVER TO THE BENEFICIARY –
SPOUSE, FROM THE SPOUSE TO THE CHILDREN ETC.





THESE ARE PROBABILITY SCENARIOS WHICH SERVES AS A GUIDE TO HELP YOU CHOSE BETWEEN LIFE ANNUITY OR LIVING ANNUITY

- I am single, without any children or dependents – **Single Life Annuity**
- I am single, no children but I love to watch my money grow – **Living Annuity**
- I am married with 3 children; I want my children to inherit my retirement savings one day – **Living Annuity.**
- I am single with 2 children; I want them to inherit my retirement savings one day – **Living Annuity.**
- I am married with 4 children. I don't like investments or market risk – **Joint Life Annuity.**
- I am married with 2 children. I want my children to inherit but I need to withdraw 6,5% from my Living Annuity. This member should consider taking a **portion Life Annuity and a portion Living Annuity.**
- I am married with 4 children. I want my children to inherit my retirement savings, but my fund value is low. I want to retire to a Living Annuity but will have to withdraw **8%...**This member needs to plan carefully. It is better to have income while you are alive and leave no inheritance than to run out of money and become a burden on your children – Probably Joint Life Annuity or Single Life Annuity with longer guaranteed term.

LIFE ANNUITY (GUARANTEED INCOME)

Advantages

- Guaranteed income for life
- Options available for single life or joint life coverage
- The insurer assumes the investment risk. -
Income can increase yearly to keep pace with inflation
- You can select a guaranteed term of up to 20 years, ensuring income payments for at least 20 years or for as long as you live
- Provides peace of mind with minimal risk to the client.



LIVING ANNUITY (POST-RETIREMENT INVESTMENT)

Advantages

- Income is flexible: 2.5% - 17.5% (Advice: 5% or less)
- Appoint a beneficiary on your investment. The investment could be carried over from generation to generation
- Income flexibility – you decide yearly. It can stay level, increase or decrease yearly - You can change your income to suit your needs
- 'Open-ended' investment. No guarantee term applicable

LIFE ANNUITY (GUARANTEED INCOME)

Disadvantages

- Generally no inheritance for dependants at death.
- You (and your spouse) might die soon after retirement.
- Only your income increase as per initial contract.
- Life Annuities are fixed at the start - No flexibility



LIVING ANNUITY (POST-RETIREMENT INVESTMENT)

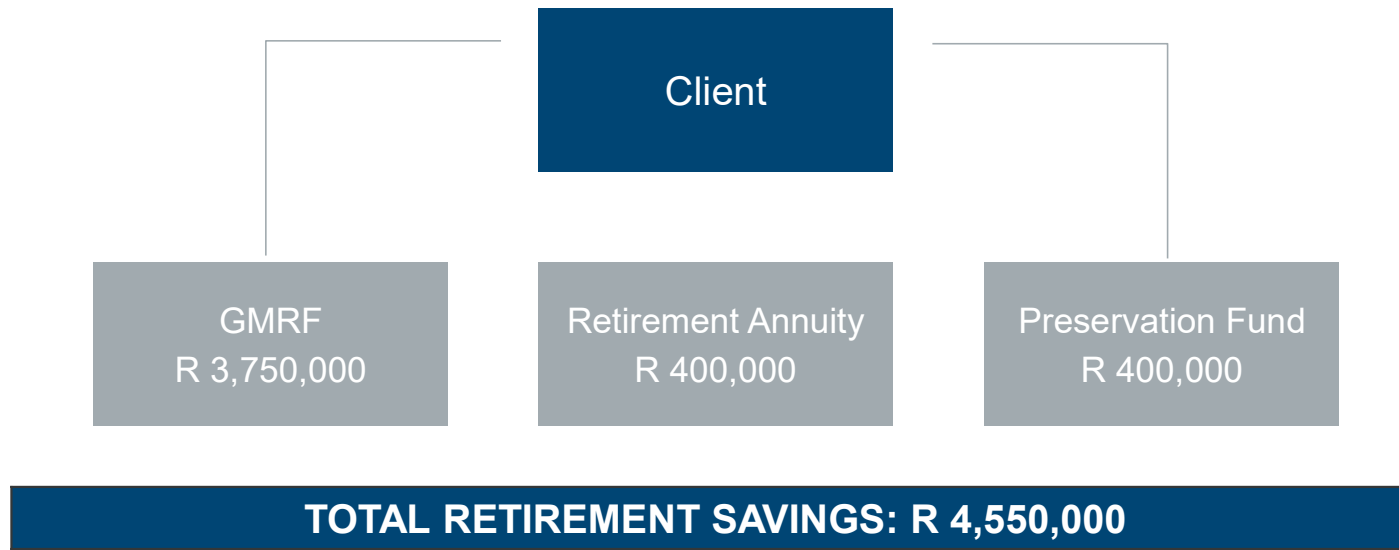
Disadvantages

- Be careful not to take too much income too fast.
- Longevity risk - You might live long in retirement.
- Income could decrease when capital runs out.
- Client takes the investment risk – it is a very real risk to invest too conservatively in retirement.
- Clients take market risk and should take note of volatility – capital will fluctuate if an appropriate investment strategy is followed.



RETIREMENT PLANNING SCENARIO

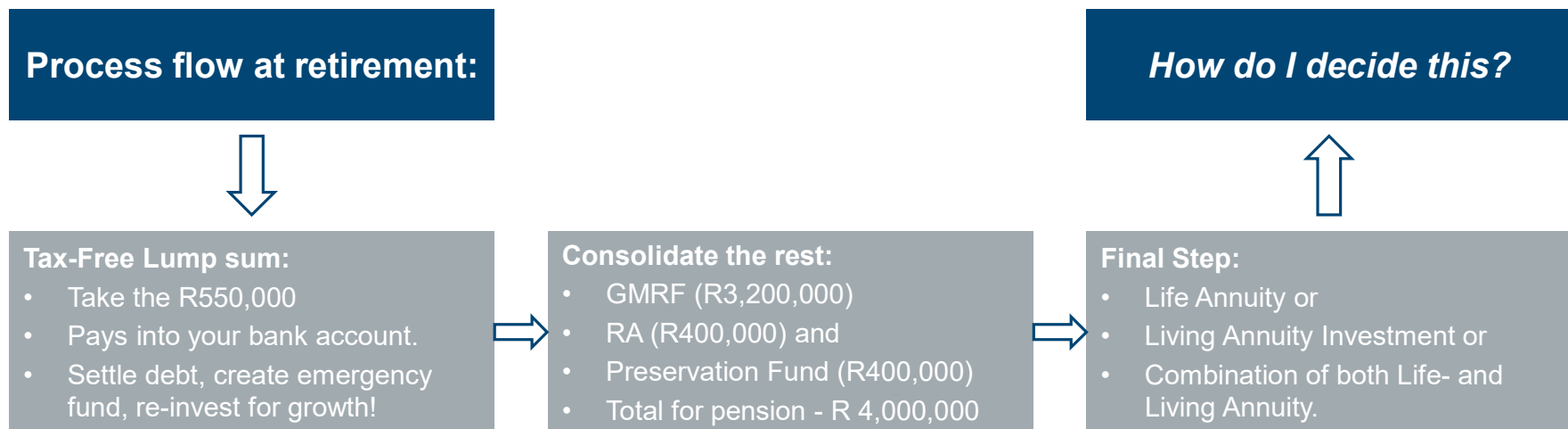
Some members ONLY have the Germiston Municipal Retirement Fund (GMRF).
Some members have retirement savings outside of the GMRF – same process applies.





RETIREMENT PLANNING SCENARIO

- Step 1. Will I/Should I take my tax-free amount of R550,000 at retirement?
- Step 2. What retirement product suits my family and personal circumstances best?
- Step 3. Income needs – what amount after tax do I need every month to pay my expenses?





04

PRACTICAL INCOME
SCENARIOS/DIFFERENCES

LIFE ANNUITY (GUARANTEED INCOME)

What are the risks?

Early death and no inheritance!

- Always take a guaranteed term.
- Single OR Joint Life Annuity – Make sure.

Let's do the quote(s) – tell the insurer your needs:

- I have R4,000,000
- I'm married, need a Joint Life Annuity
- I want protection against inflation – annual increase
- Want a 20-year income guaranteed term



LIVING ANNUITY (POST-RETIREMENT INVESTMENT)

What are the risks?

Running out of money in retirement!

- Be prudent – stick to the 5% rule.
- Invest your capital for the long term – Beat inflation!

Let's do the calculation: You have R 4,000,000

- $R4,000,000 \times 5\% \text{ per year} = R200,000$
- $R200,000 / 12 \text{ months} = \mathbf{R16,666 \text{ ppm}}$
- The pension is still taxable: PAYE

LIFE ANNUITY (GUARANTEED INCOME)

What are the risks?

Early death and no inheritance!

- I have R4,000,000
- I'm married, need a Joint Life Annuity
- Want a 20-year income guaranteed term

Quote 1:

Income escalates yearly by 6%

Starting income from insurer: **R 16,449ppm**

Starting income after tax: **R15,698ppm**

Quote 2:

Income escalates yearly by 5%

Starting income from insurer: **R 18,474ppm**

Starting income after tax: **R17,367ppm**



LIVING ANNUITY (POST-RETIREMENT INVESTMENT)

What is the risk?

Running out of money in retirement!

- Be prudent – stick to the 5% rule.
- Invest your capital for the long term.

Let's do the calculation: You have R 4,000,000

- $R4,000,000 \times 5\% \text{ per year} = R200,000$
- $R200,000 / 12 \text{ months} = R16,666 \text{ ppm}$
- **Income after tax: R15,889 ppm**



05

HOW TO DECIDE:
LIFE- OR LIVING ANNUITY:
WHERE/HOW?



LIFE ANNUITY COMPARISONS

Preparation is key. The following is a guideline of how to approach a Life Annuity:

Step 1: Consider variables like Single or Joint Life, income escalation, and guarantee term.

Step 2: Customize your plan based on your needs.

Step 3: Compare reputable insurers using the same criteria.

Step 4: Choose the insurer that offers the best initial income.

IMPORTANT

Do your preparation thoroughly and start early enough.

A LIFE ANNUITY CONTRACT CAN NOT BE REVERSED OR AMENDED AFTER THE CONTRACT HAS ISSUED - NEVER!!

05 How to decide?

LIFE ANNUITY COMPARISONS:
INSURERS QUOTES DIFFER

IMPORTANT:

A LIFE ANNUITY QUOTE IS ONLY VALID FOR THAT SPECIFIC WEEK.

TRY TO OBTAIN QUOTES MONTHS IN ADVANCE TO HELP YOU FORM AN IDEA WHICH INSURER YOU WILL CHOOSE.

SINGLE LIFE ANNUITY



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Annuity start date	1 May 2026	1 May 2026	1 May 2026	1 May 2026
Purchase amount	R 4 000 000,00	R 4 000 000,00	R 4 000 000,00	R 4 000 000,00
Guarantee term (years)	20	10	20	20
Income increase every year	5,00%	5,00%	6,00%	7,00%
Adviser commission (excl VAT)	1,00%	1,00%	1,00%	1,00%
Income before tax every month	R20 927,23	R23 374,76	R18 995,18	R17 172,49

Income summary

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Income before tax	R 20 927,23	R 23 374,76	R 18 995,18	R 17 172,49
Tax	R 1 628,99	R 2 253,06	R 1 197,85	R 877,68
Income to you	R 19 298,24	R 21 121,70	R 17 797,33	R 16 294,81
First income date	1 Jun 2026	1 Jun 2026	1 Jun 2026	1 Jun 2026

LIFE ANNUITY COMPARISONS: INSURERS QUOTES DIFFER

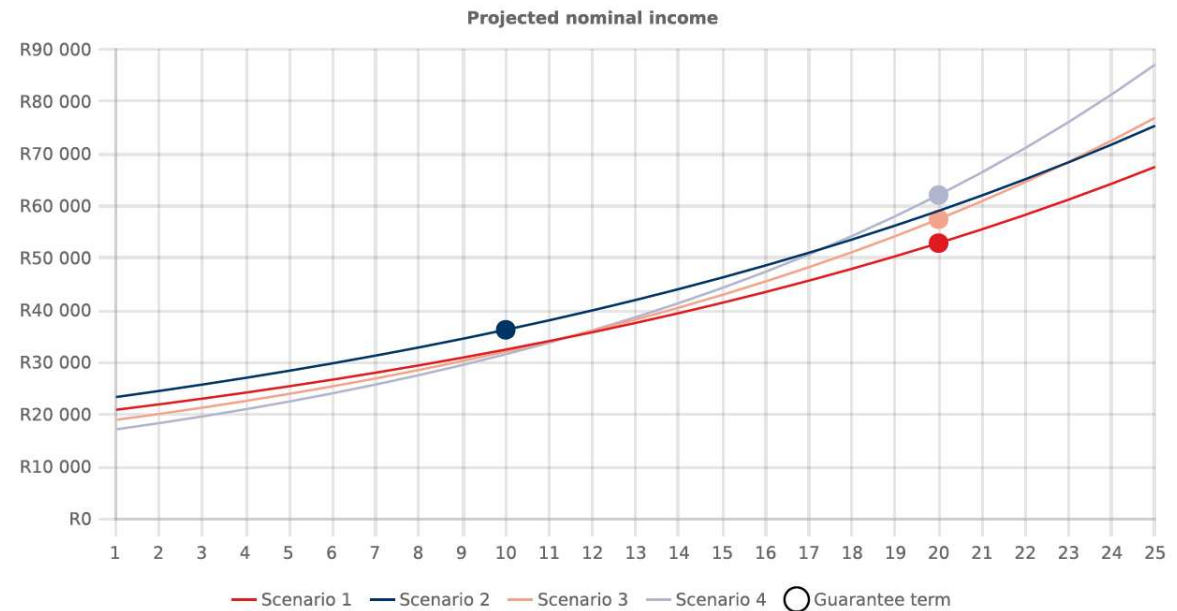
IMPORTANT:

**A LIFE ANNUITY MAY NOT
BE CHANGED AFTER
INCEPTION. YOU WILL
RECEIVE THE RATE IN THE
WEEK IT ISSUES.**

**FUTURE INCOME
ESCALATION IS VERY
IMPORTANT. PROTECT
YOURSELF AGAINST
INFLATION!!!**



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Starting income	R 20 927	R 23 375	R 18 995	R 17 172
5 years	R 25 437	R 28 412	R 23 981	R 22 510
10 years	R 32 465	R 36 262	R 32 092	R 31 571
15 years	R 41 434	R 46 280	R 42 946	R 44 280
20 years	R 52 882	R 59 067	R 57 472	R 62 105
25 years	R 67 492	R 75 386	R 76 910	R 87 105



05 How to decide?

LIFE ANNUITY COMPARISONS:
INSURERS QUOTES DIFFER

IMPORTANT:

A LIFE ANNUITY QUOTE IS ONLY VALID FOR THAT SPECIFIC WEEK.

TRY TO OBTAIN QUOTES MONTHS IN ADVANCE TO HELP YOU FORM AN IDEA WHICH INSURER YOU WILL CHOOSE.

JOINT/DOUBLE LIFE ANNUITY



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Annuity start date	1 May 2026	1 May 2026	1 May 2026	1 May 2026
Purchase amount	R 4 000 000,00	R 4 000 000,00	R 4 000 000,00	R 4 000 000,00
Guarantee term (years)	20	10	20	20
First annuitant income reduction	0,00%	0,00%	0,00%	0,00%
Second annuitant income reduction	0,00%	0,00%	0,00%	0,00%
Income increase every year	5,00%	5,00%	6,00%	7,00%
Adviser commission (excl VAT)	1,00%	1,00%	1,00%	1,00%
Income before tax every month	R18 474,11	R18 725,43	R16 449,15	R14 557,47
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Income before tax	R 18 474,11	R 18 725,43	R 16 449,15	R 14 557,47
Tax	R 1 106,17	R 1 150,37	R 751,10	R 421,65
Income to you	R 17 367,94	R 17 575,06	R 15 698,05	R 14 135,82
First income date	1 Jun 2026	1 Jun 2026	1 Jun 2026	1 Jun 2026

05 How to decide?

LIVING ANNUITY COMPARISONS:
INCOME OR DRAWDOWN IS VERY
IMPORTANT!

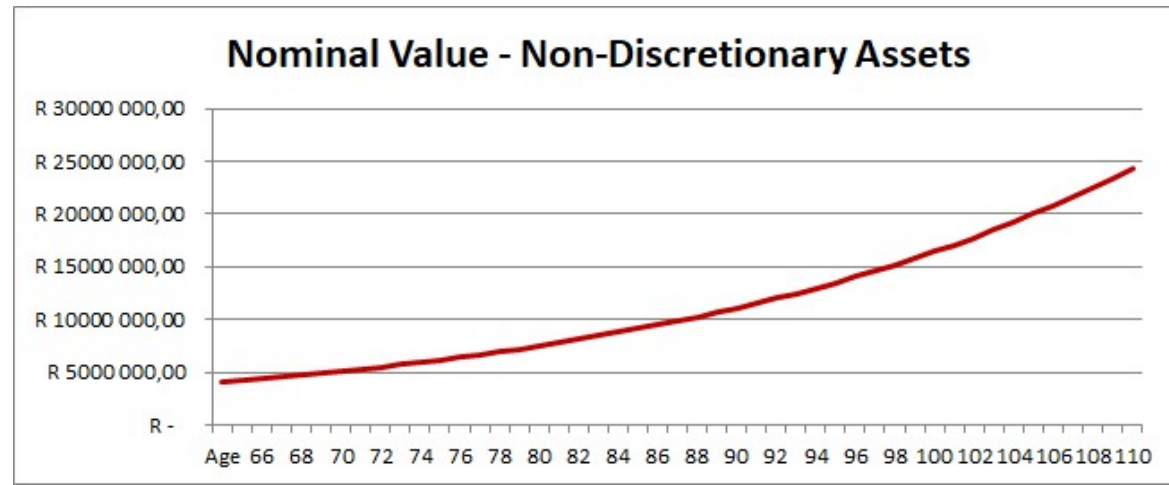
IMPORTANT:

A LIVING ANNUITY MAY BE
CHANGED AFTER
INCEPTION.

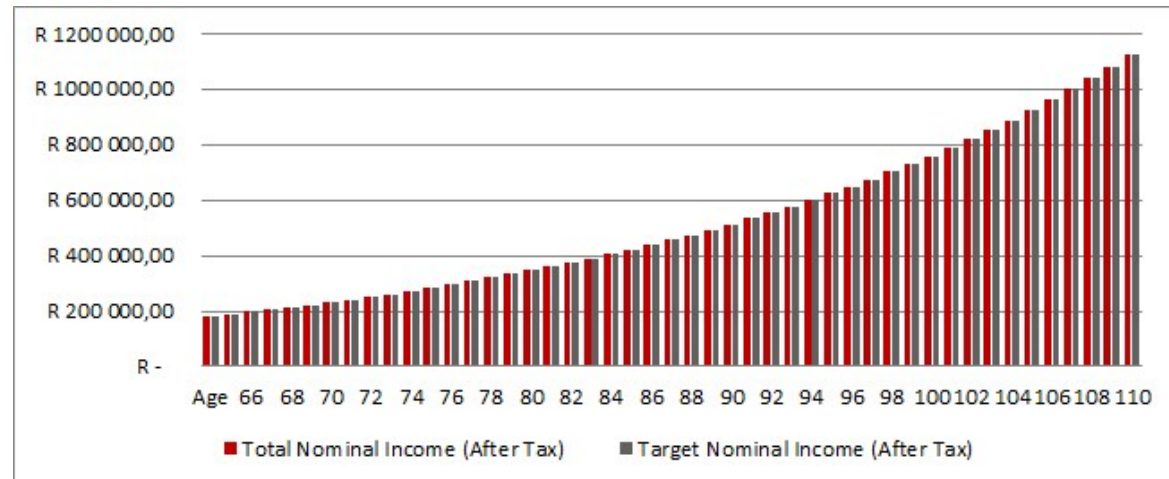
2 VERY IMPORTANT
PRINCIPALS:

- INVESTMENT GROWTH
- INCOME OUTFLOWS

5% DRAWDOWN – R16,666 STARTING INCOME



INCOME MATCHES NEED



05 How to decide?

LIVING ANNUITY COMPARISONS:
INCOME OR DRAWDOWN IS VERY
IMPORTANT!

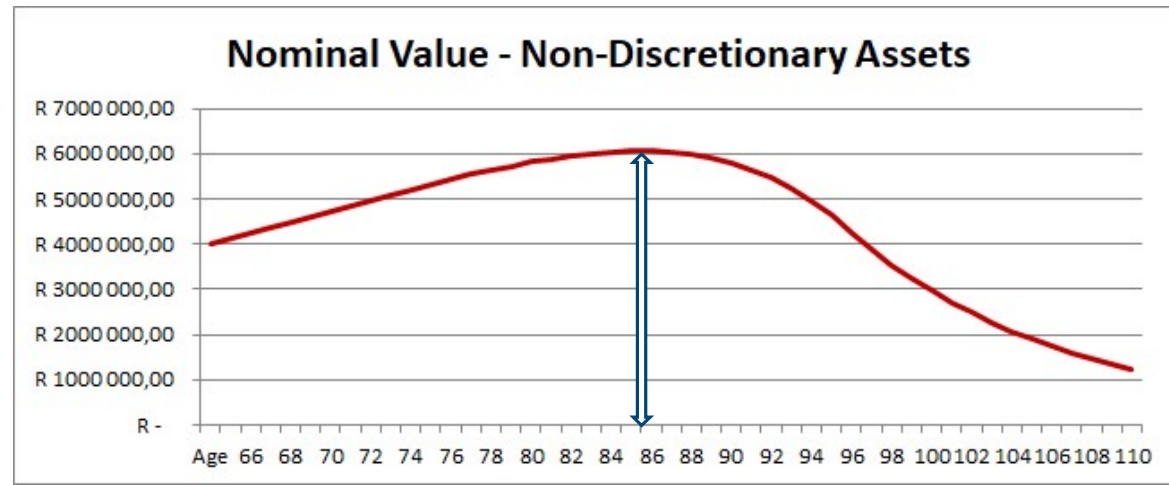
IMPORTANT:

**A LIVING ANNUITY MAY BE
CHANGED AFTER
INCEPTION.**

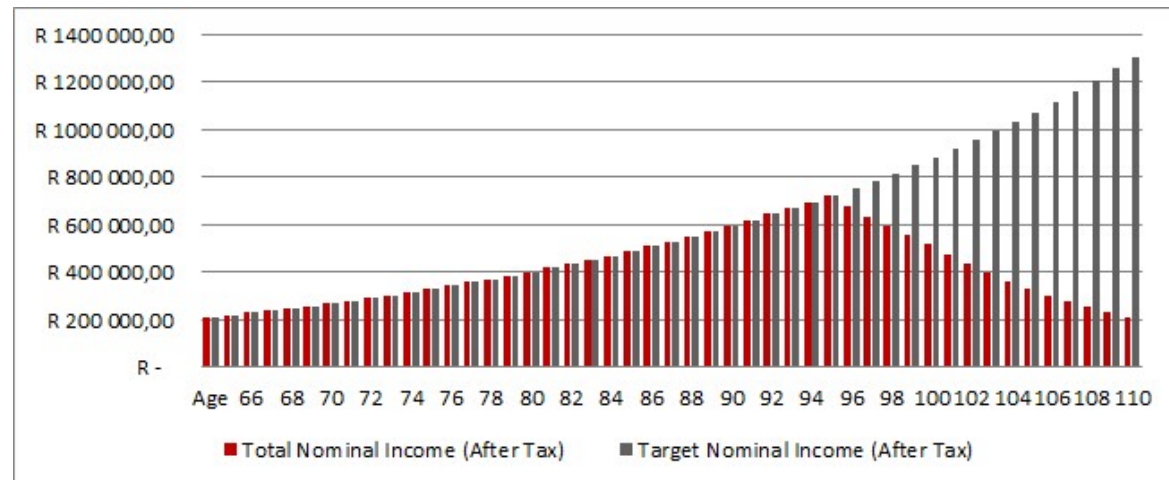
**2 VERY IMPORTANT
PRINCIPALS:**

- INVESTMENT GROWTH
- INCOME OUTFLOWS

6% DRAWDOWN – R20,000 STARTING INCOME



INCOME STARTS TO REDUCE AT AGE 95



LIVING ANNUITY COMPARISONS:
TAKING TOO MUCH TOO FAST
WILL DEplete YOUR
INVESTMENT

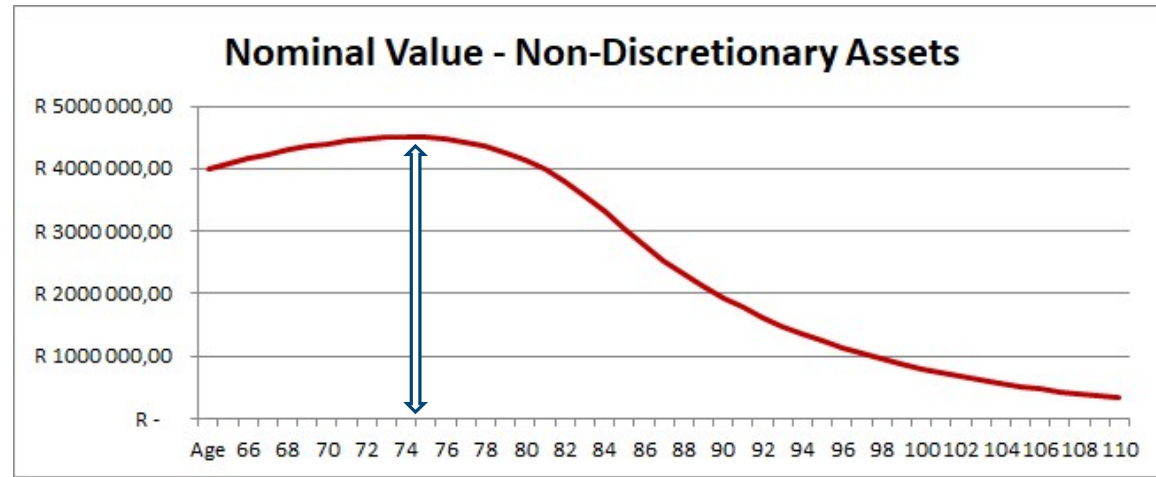
IMPORTANT:

A LIVING ANNUITY MAY BE
CHANGED AFTER
INCEPTION.

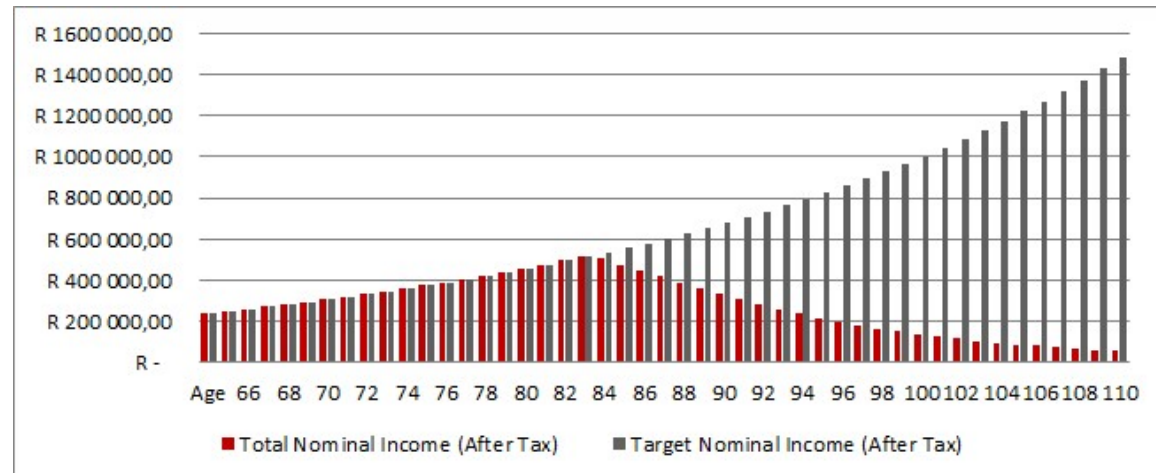
2 VERY IMPORTANT
PRINCIPALS:

- INVESTMENT GROWTH
- INCOME OUTFLOWS

7% DRAWDOWN – R23,333 STARTING INCOME



INCOME STARTS TO REDUCE AT AGE 83!!



05 How to decide?

LIVING ANNUITY COMPARISONS:
TAKING TOO MUCH TOO FAST
WILL DEplete YOUR
INVESTMENT

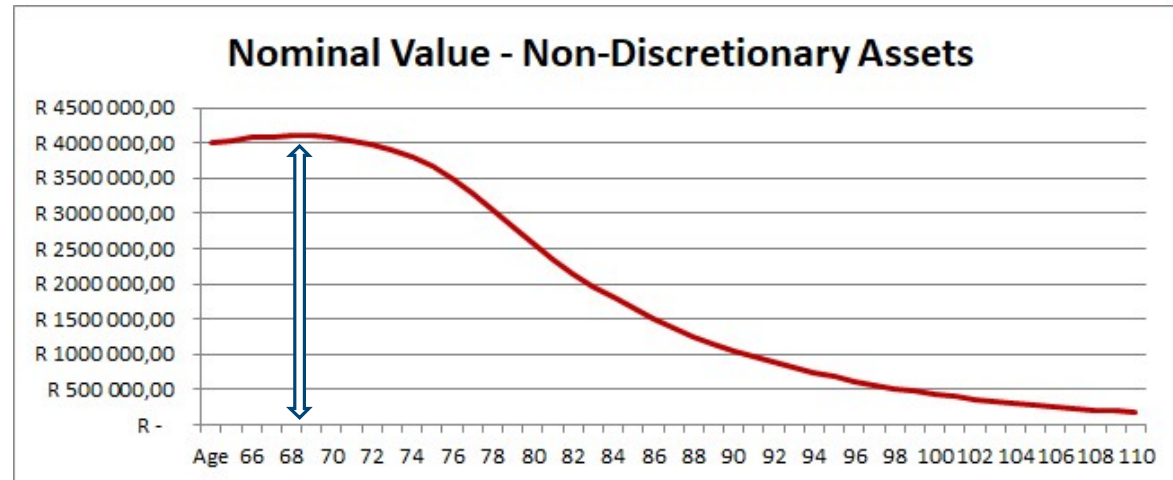
IMPORTANT:

A LIVING ANNUITY MAY BE
CHANGED AFTER
INCEPTION.

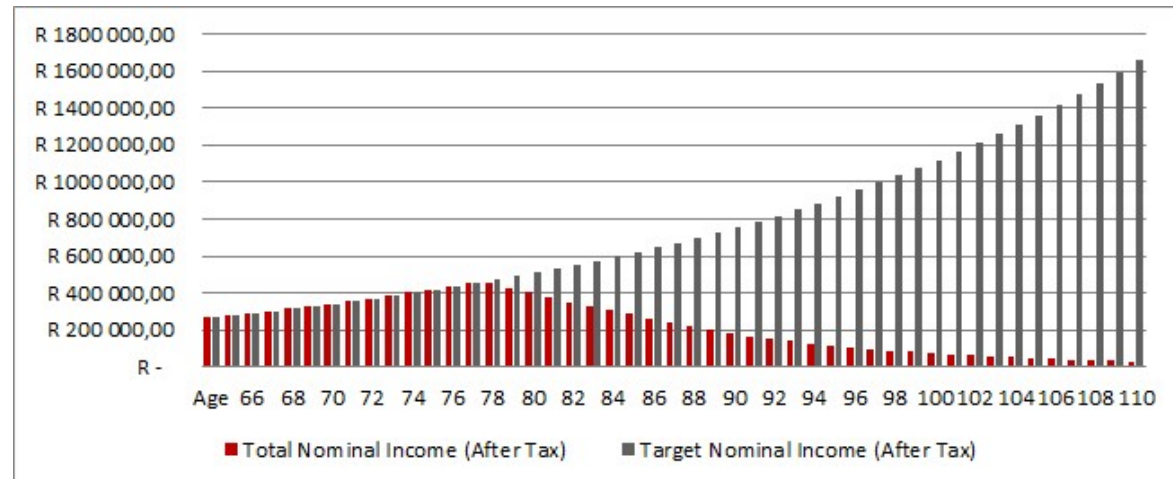
2 VERY IMPORTANT
PRINCIPALS:

- INVESTMENT GROWTH
- INCOME OUTFLOWS

8% DRAWDOWN – R26,666 STARTING INCOME



INCOME STARTS TO REDUCE AT AGE 77!!!





06

LIFE STAGE VS INVESTMENT
CHOICE
MATCHING IT TO MY
ANNUITY

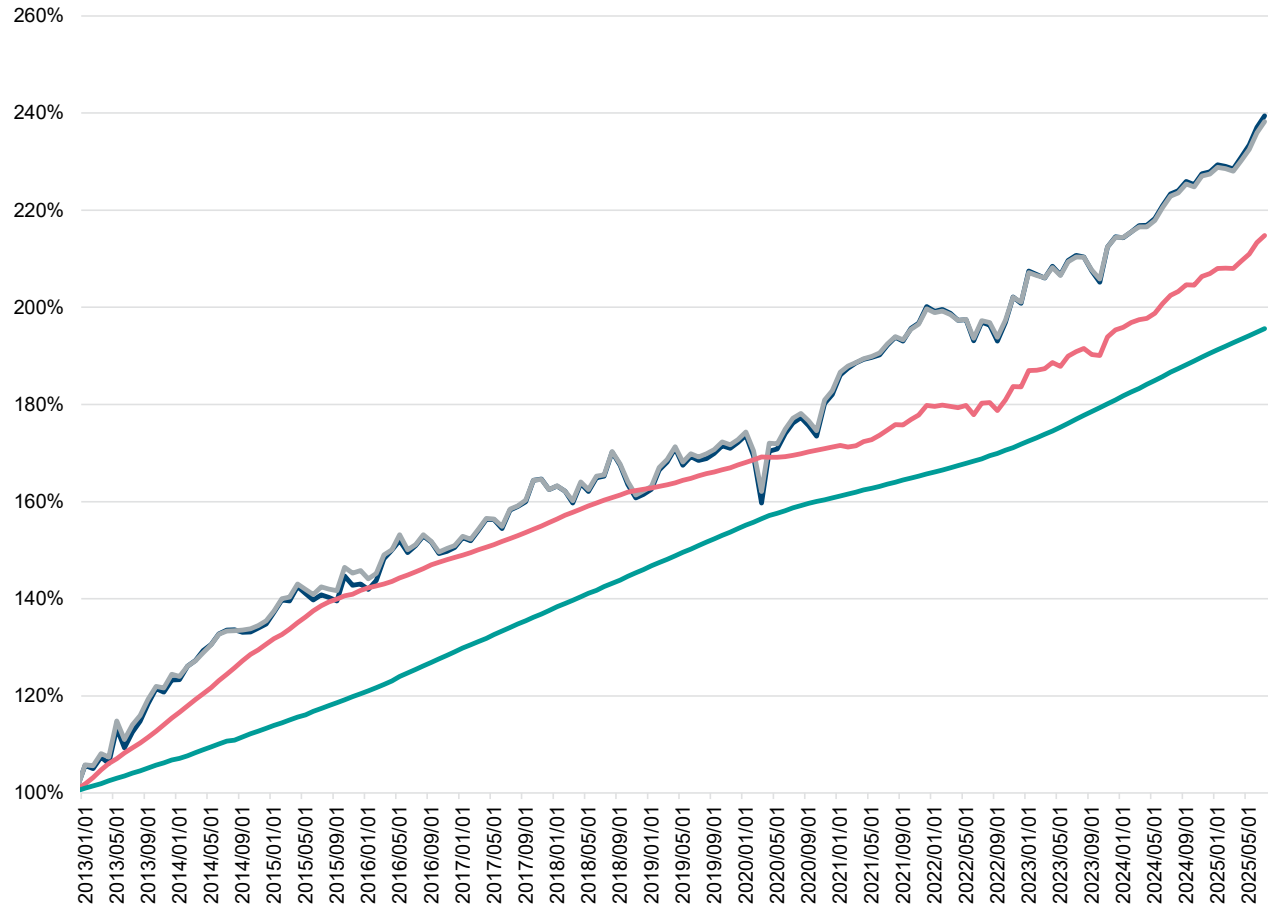
MATCHING MY INVESTMENT CHOICE WITH MY ANNUITY

Life Annuity = Life Stage
WHY?

I only have one opportunity at 65 to “give” the money to the insurer.

Living Annuity = Growth
THROUGH retirement.

Don't de-risk, keep growing through retirement age

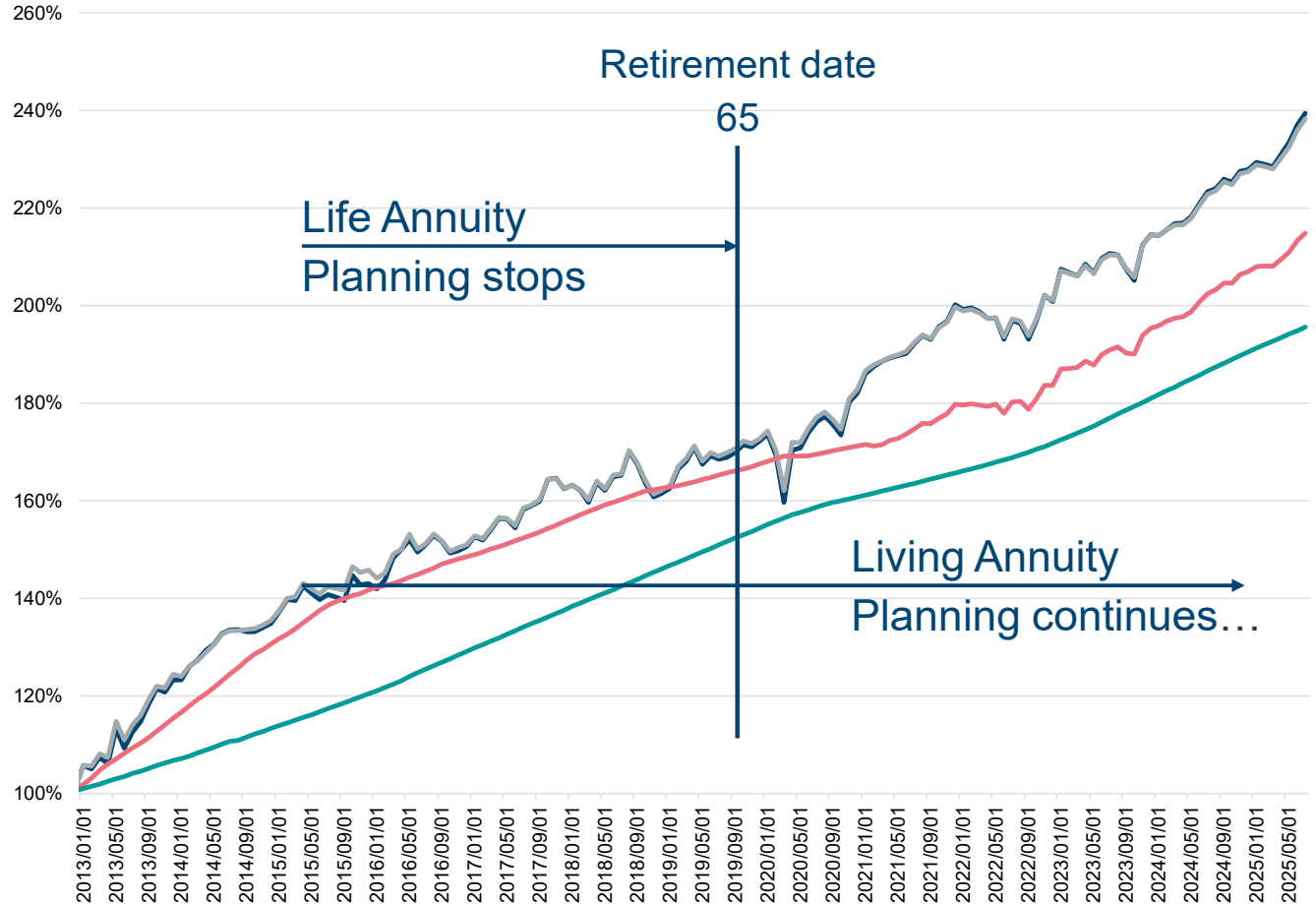




MATCHING MY INVESTMENT CHOICE WITH MY ANNUITY

Life Annuity = Planning TO Retirement

Living Annuity = Planning THROUGH Retirement

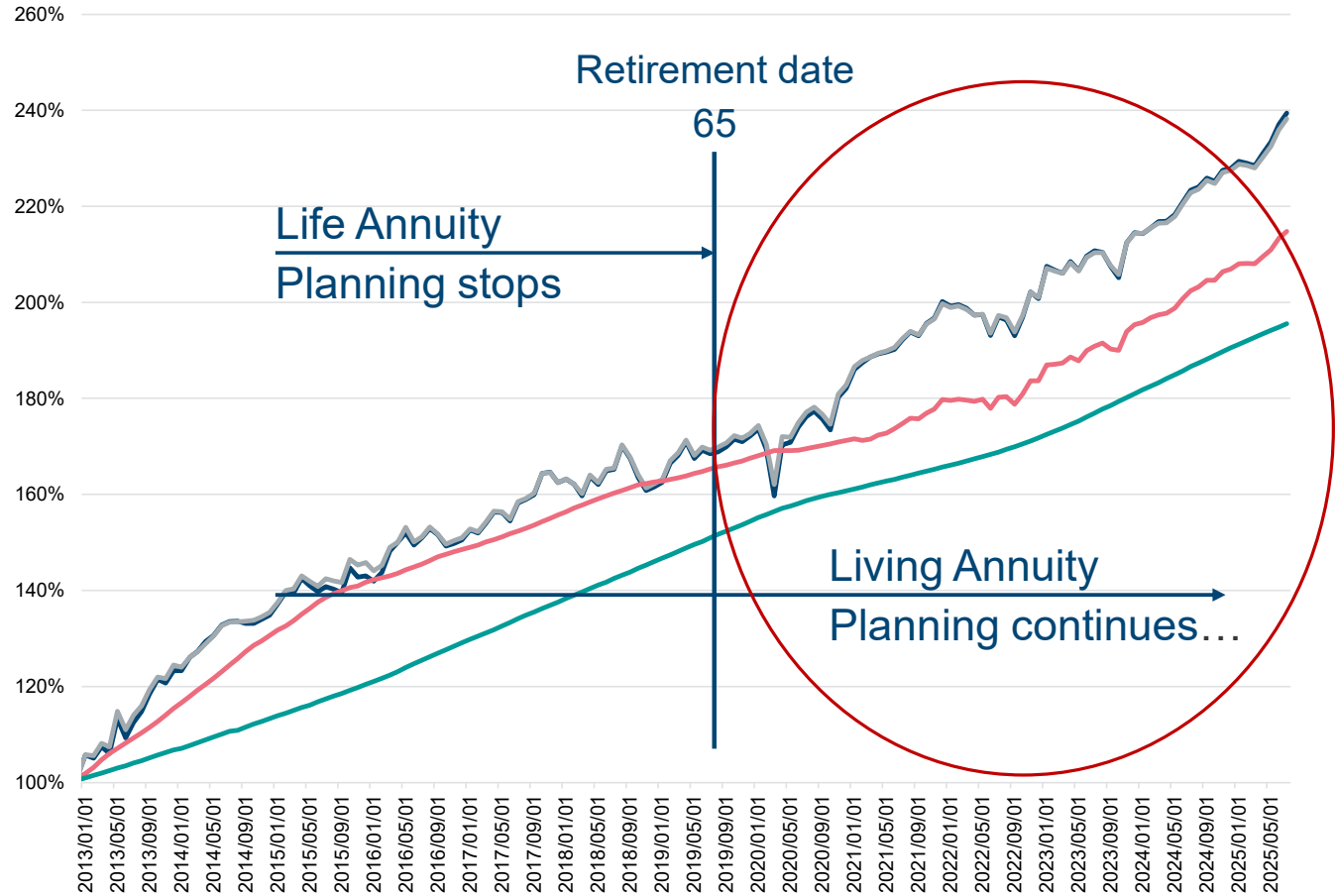




MATCHING MY INVESTMENT CHOICE WITH MY ANNUITY

Life Annuity = Planning TO Retirement

Living Annuity = Planning THROUGH Retirement

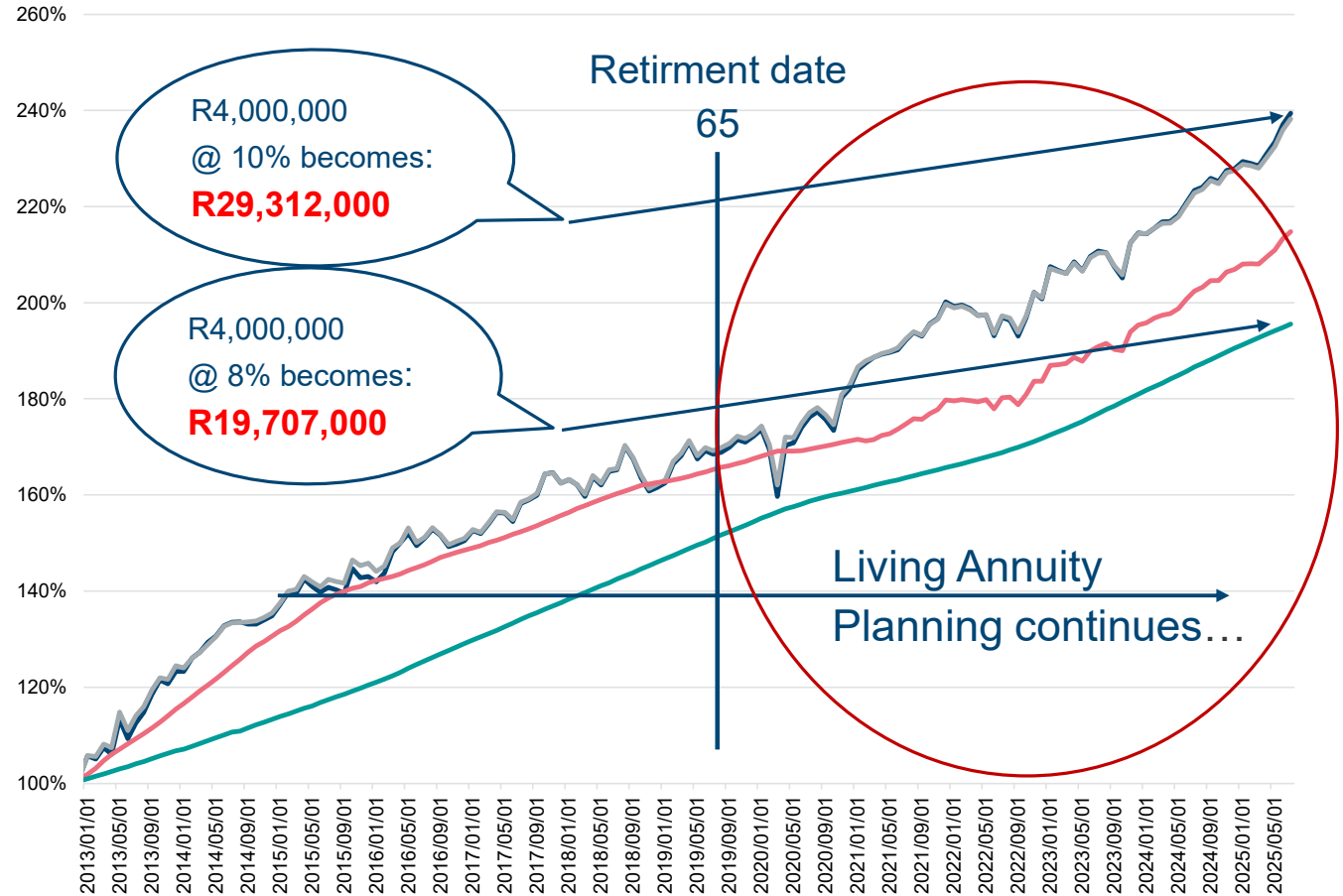


MATCHING MY INVESTMENT CHOICE WITH MY ANNUITY

Life Annuity = Planning TO Retirement

Living Annuity = Planning THROUGH Retirement

The value of investment growth in retirement – 20 Years



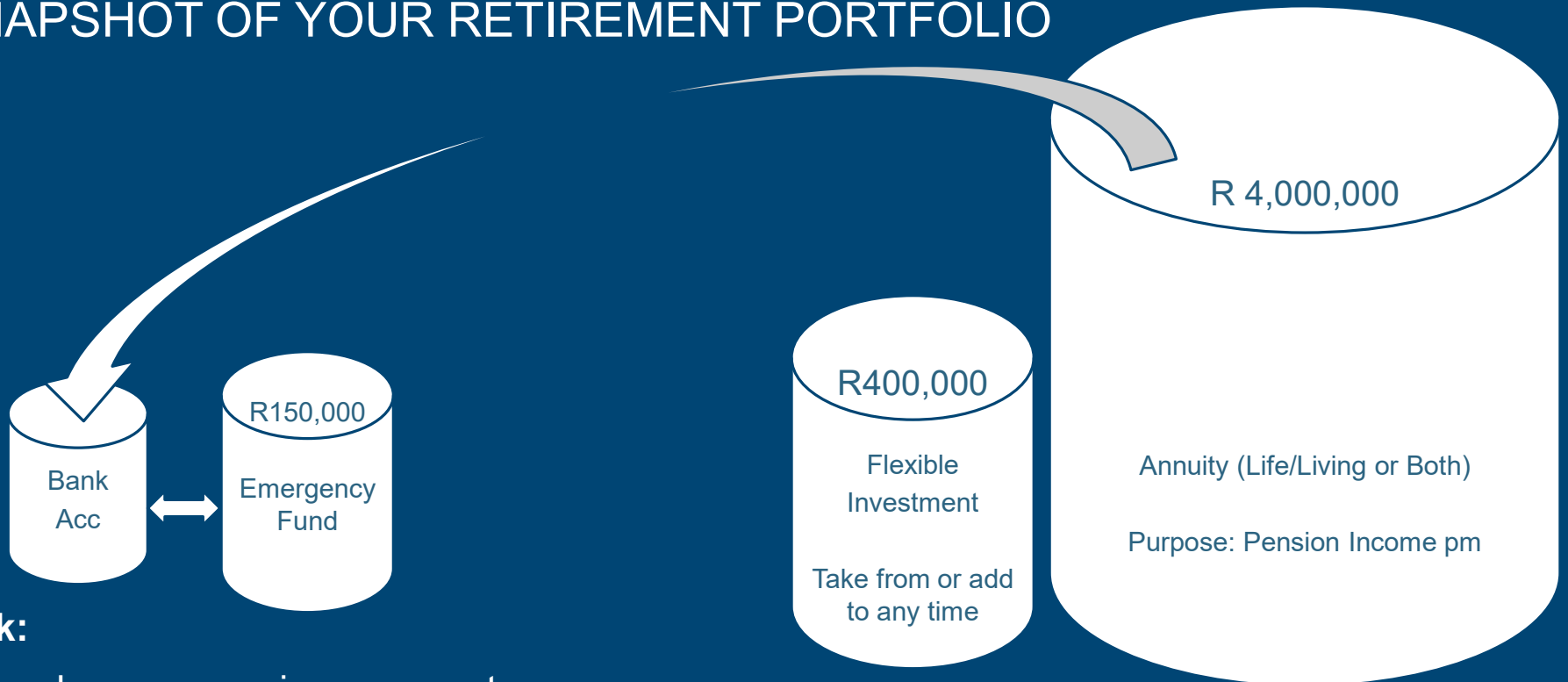


07

PORTFOLIO SNAPSHOT AFTER
RETIREMENT



SNAPSHOT OF YOUR RETIREMENT PORTFOLIO



Bank:

- Your cheque or savings account
- Emergency fund: Urgent cash needs

Investment platform - Primary Objective – to beat inflation over time!

08

REMEMBER THIS



RETIREMENT SEMINAR TAKE AWAYS

Your retirement plan
MUST be unique.

There is no
one-size-fits-all solution



REMEMBER THIS:

1. Prepare. Gather information. Obtain advice.
2. Current reality - Are you on track?
3. Mainly, two aspects will drive your retirement choices:
Income requirements – you must budget.
and
Inheritance – do I want my children to inherit my pension.
4. You need to do something before retirement. What?
Match your investment strategy with Life- or Living Annuity.
5. May I choose both Life Annuity AND Living Annuity? YES.
6. But I'm unsure...If this is you, retire to a Living Annuity first. Why?
7. You may move from Living to Life Annuity, but Life Annuity is the final stop!
8. Think long-term. Time in retirement could be beyond 25 years.
9. Create flexibility – plan your discretionary portfolio. Create a flexible investment before retirement OR make sure about your lump sum at retirement. You only have one shot!

Thank you



MENTENOVA