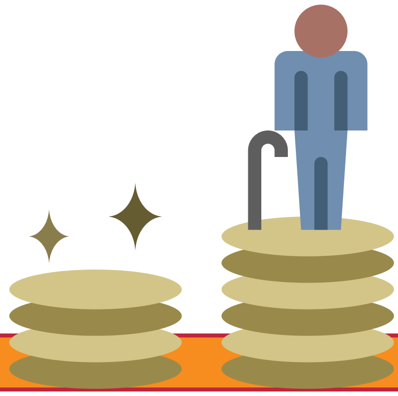
HR Newsflash - May 2026

Understanding the Fund's in-fund annuity options at retirement

When a member's retirement date arrives, making decisions about their retirement savings is one of the most important financial choices that they will make.

The LA Retirement Fund makes this decision easier by offering retiring members a choice of in-fund annuity options designed to provide members with flexibility, security and stability at retirement.

The Fund provides two in-fund annuity options to support members at retirement:



In-Fund Living Annuity (IFLA)

The IFLA allows a member to remain invested in the Fund while drawing a monthly income that can be adjusted annually. This provides flexibility and the ability to respond to changing personal circumstances over time.

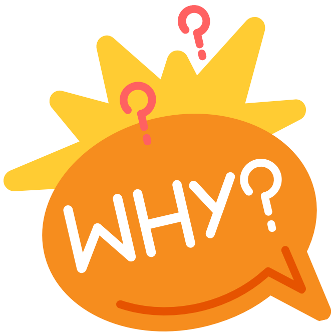
The In-Fund Living Annuity (IFLA) offers two options.
The **trustee-endorsed option** is simple and structured, with investment and income levels set by the Fund to support long-term sustainability. It requires minimal decision-making from members until age 75. At the first anniversary of the In-Fund Living Annuitant's account after their attainment of age 75, the retiree will be requested to convert the balance in their Living Annuity account to the Fund's Life Annuity or Pooled Annuity Account (PAC) to obtain steady income for life. The Fund will provide information to the retiree at this time. Should a retiree not wish to transfer to the PAC, they will be required to transfer to the IFLA customised option.
The **customised option** gives a member more control. A member can choose their investment strategy and income level (within limits) and review these each year. This option suits members who want flexibility and are comfortable making long-term financial decisions. A retiree may, at any point during retirement, elect to transfer a portion or all their remaining IFLA retirement capital to the PAC.

Pooled Annuity Account (PAC)

The PAC is designed to provide a pension for life, with income calculated by the Fund's actuary. Annual increases are granted in line with the Fund's pension increase policy. A decision to purchase a Life Annuity (inside or outside the Fund) cannot be changed during retirement.

The best of both worlds

Members are not limited to choosing only one option. At retirement, a member can combine the In-Fund Living Annuity (IFLA) and the Pooled Annuity Account (PAC) to suit their needs. This allows a member to balance flexibility and control through the IFLA with the security of an income for life through the PAC, depending on what is most important to that individual.



Why should a member consider staying in the Fund at retirement?

Experiences shared by annuitants and pensioners highlight some of the key reasons to remain in the Fund:

- Trust in the Fund and its good governance
- Cost-effective structures
- Access to ongoing guidance and support
- Flexibility through the IFLA, with the option of certainty through the PAC

Importantly, the decision to select an in-fund annuity must be made at retirement. Once benefits are taken outside the Fund, a member cannot return to these options later.

"Education is the most powerful weapon which you can use to change the world"
— Nelson Mandela

Why members are choosing to stay in the Fund at retirement

To give insight into these options, we spoke to members who have chosen to remain in the Fund at retirement through the In-Fund Living Annuity (IFLA) and the Pooled Annuity Account (PAC).

1) In-Fund Living Annuitant, Mr Reginald Greeff shares his experience

Why did you choose to remain in the Fund?

My money was in the Pension Fund while I was still working, and I have trust in the Fund. The money (member share) performed well and I am very satisfied with how the Fund managed it. When I made my decision, that was the deciding factor, together with the low administration fees that the Fund charges monthly.

I would advise all members who are approaching retirement not to take their money out of the Fund, but to leave it where it is.

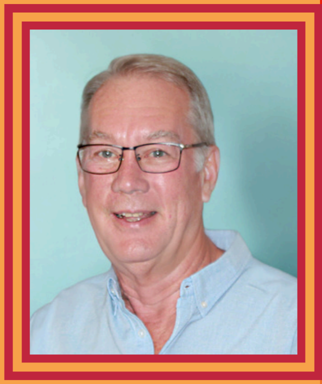
What were your main concerns?

My biggest concern was that if something happens to the Fund, I could lose my pension. My pension is managed within the Fund so I cannot invest elsewhere or actively buy and sell shares with it. I am satisfied with how the Fund currently manages my pension but I remain concerned about the markets which are very volatile.

What advice would you give to other members?

I would personally recommend that people take this option and invest their money in the Fund. I speak to many people, and my advice is always to leave your pension money in the Fund and not withdraw it to invest elsewhere, as the Fund is managed very responsibly.

2) In-Fund Living Annuitant perspective: Mr Johan Jacobs



What made the In-Fund Living Annuity stand out?

The LA Retirement Fund has a long history of being a well governed retirement fund. All 8 of the trustees are elected by the members (2 member trustees), the pensioners (2 pensioner trustees), the employers (2 councillors) and the Board of Trustees themselves (who elect 2 additional trustees). This ensures that assets are invested according to the Rules of the Fund and the relevant regulations in an open and secure way. The security that is provided by the Fund's administration under the leadership of a professional Principal Officer makes the option a safe and secure option.

On the trustee-endorsed in-fund living annuity option

Not all members are equally equipped in financial investment matters and the trustee-endorsed option ensures them of a well-designed investment proposition.

On flexibility and changing needs

The circumstances of an IFLA annuitant might change during a year due to health or other events and the choice of a different draw down option might be in the best interest of the annuitant. An IFLA annuitant can make a once-off decision to transfer to the PAC. Although after this, the decision cannot be reversed.

On flexibility of income

We are living in a fast changing environment and new developments in the financial sector as well as in the political arena must be managed and the best way is to have options from time to time that can be adjusted as an annuitant's needs change.

An annuitant can start with a very low draw down rate after retirement while the annuitant is still able to earn an additional income on a part time basis and this can annually be revised.

On fees and value

The fees of the IFLA option are lower than other private sector annuity options and many private sector annuity options have broker fees or "monthly hidden costs" that are not communicated to the annuitant. The counselling that the LA Retirement Fund offers to members is free and this is another reason to stay with the LA Retirement Fund.

On the PAC option

Due to the ever changing economic and political environment in South Africa, all options must be considered and the PAC might be a more suitable option in future.

3) PAC pensioner and IFLA Annuitant: Mrs Monica Dunhofen's perspective

Why did you choose a combination of IFLA and PAC?

I wanted to try and have the best of both worlds - some form of income for life while still being able to leave a legacy amount to my children.

What stood out about staying in the Fund?

Trust and security. Trust in the Fund that served me well and looked after my interests for many years. Security in the information provided by the Fund's Retirement Benefit Counsellor, Mr Grant Greenfield and trust in the information which was provided.

On support and decision-making

I did feel confident in the final decision that I made. After meeting several times with Mr Grant Greenfield prior to my retirement and having discussions, I had a better understanding of my options, the implications of each option and understanding of the Fund's products which are offered. These options and product offerings were explained to me in a manner which was clear and easy to understand.

On her experience

I had a really great experience. It was made easy to understand by explaining things in a simple and easy manner. Mr Greenfield's easy-going manner, knowledge of the industry and patience regarding questions I asked made me feel comfortable regarding my final decision.

Looking back

I am very happy with my decision.

Advice to members

It is important to consider your family, but it is equally important to focus on your retirement needs.

What helped most

Speaking to the Fund's Retirement Benefits Counsellor and building a relationship. The relationship that you build will help give you peace of mind that your retirement future is in good hands.

Encourage members to contact the Fund before they make their final decision.

Choosing how to structure retirement income is an incredibly important decision. Before moving their retirement savings out of the Fund, please encourage members to first explore their in-fund annuity options by speaking to the Fund's Retirement Benefit Counsellor, Mr Grant Greenfield, or a registered financial adviser.

Important Update!

An upcoming communication will outline changes to the in-fund annuity fee structure, effective 1 July 2026.

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