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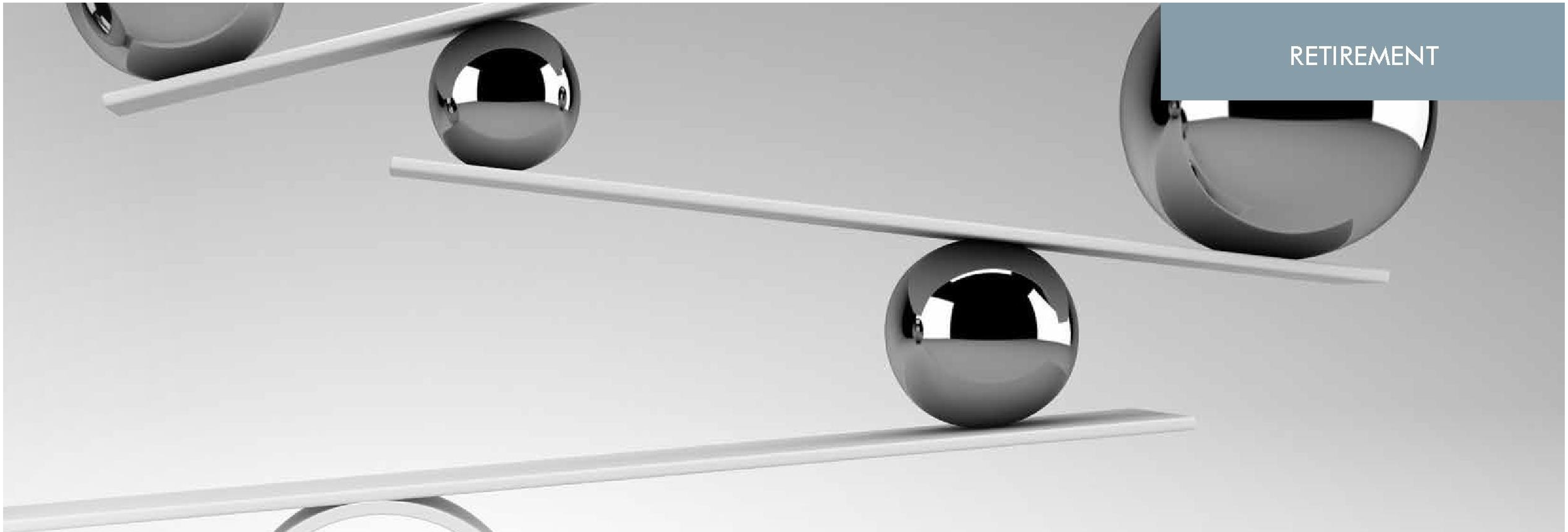

up with pensioner inflation. This includes a big portion of medical expenses which exceed increases in CPI.

Living annuities: pros and cons

Living annuities provide pensioners with an income from their retirement savings, offering flexible investment choice and withdrawal rates. In exchange for this flexibility, pensioners take on the risk that they may outlive their savings or experience poor investment returns (known as longevity and investment risk).

✔ Flexibility

Pensioners are allowed to make investment choices about the underlying assets in their portfolios, and can choose the annual withdrawal rates in a range of 2.5% to 17.5%.

✔ Inheritance/leave a legacy

The remaining capital is not lost in the event of death after retirement, and can be paid out to your nominated beneficiaries.

✕ Guarantee an income for life

People who live longer than average are significantly at risk of running out of cash. Statistics indicate that people are living longer than expected, while there has also been a significant reduction in mortality over the last decade. Living longer leads to a rapid depletion of capital, and is currently the greatest risk for pensioners. Living annuities, unfortunately, offer no protection to those pensioners who may outlive their cash. Pensioners carry this risk on their own.

✕ Release you from the responsibility of ownership of your retirement outcome

Living annuities do not only give pensioners more flexibility, but also more responsibility in making the correct investment decisions and withdrawal rates. This may be fine when you are 65, but it is not something you still want to worry about when you are 85.

"The secret to living well is to die without a cent in your pocket. But I miscalculated, and the money ran out too early." Jorge Guinle