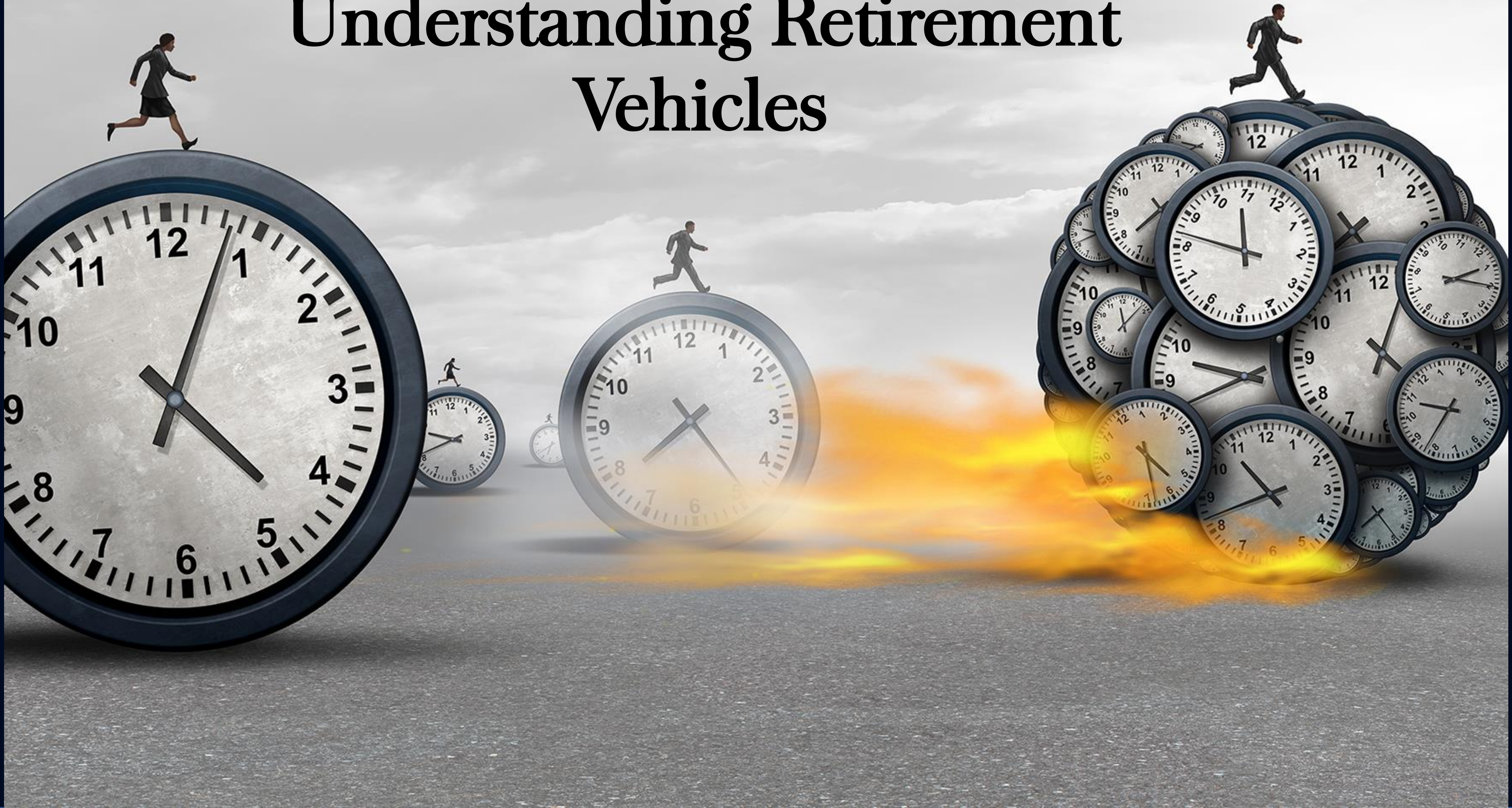
THE AUTOMATED **PERSONAL ASSISTANT**

Chapter 2.4

Understanding Retirement Vehicles



BONUS

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Understanding Retirement Vehicles

There are many types of retirement benefits that you are entitled to as part of your employment contract with your employer. If you are self-employed, there are products out there for you as well.

Pension Fund

You make monthly contributions from your salary (at an agreed-upon percentage) to a pension fund. Your employer generally contributes to your fund as well. Upon retirement, up to a third of the cash benefit in your fund account can be payable as a lump sum, with the rest being invested in an annuity which pays out periodically to you.

Provident Fund

You make monthly contributions from your salary (at an agreed-upon percentage) to a provident fund. Your employer generally contributes to your fund as well. Upon retirement, the entire cash benefit can be taken out and you can choose what portion to invest into an annuity for example.

Retirement Annuity

A way of saving for your retirement, with some tax benefits including the ability to obtain a tax deduction for payments made during the year and the pay-outs therefore not being subject to tax upon retirement. Upon retirement, up to a third of the cash benefit in your annuity account can be payable as a lump sum, with the rest being invested in an annuity which pays out periodically to you.

Anyone can buy an RA, whether you are employed by a company or self-employed.

Unit Trust

A unit trust is a fund that accepts your contributions, invests these and the returns could either be paid out directly to you or reinvested. Contributions are pooled with other investors' contributions and invested in assets like bonds and shares.

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Be sure to discuss with your financial planner which products are most suitable for you and your retirement needs. Important factors to consider are the monthly instalments you would need to pay in, whether the inflationary increases for the pay-outs are acceptable, the age at which you would be able to access these pay-outs, what would happen if you were to cancel these plans and the tax implications of the different products.

Let's chat on any aspect of this bonus

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Helping you to build a Lifestyle filled with Confidence