

# Your dreams don't retire

Why should  
your money?



**LIBERTY**



# INTRODUCING THE FLEXIBLE ANNUITY FROM **LIBERTY.**

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Liberty's Flexible Annuity allows you to reinvest your retirement savings so that they keep growing, and provides a regular income for you when you retire. As you get older, you often need to balance two key priorities during retirement - your desire to have a flexible yet controlled growth of your income and the need to ensure that you have enough funds to support you through the rest of your golden years.

The Flexible Annuity allows you to balance both priorities by ensuring that your money keeps working for you. It isn't designed to replace your retirement plan but is rather, to complement it. It allows greater flexibility in where you invest your money, lets you vary the payments you receive each year and, best of all, it enables you to leave a lasting legacy for your loved ones.

# WHY YOU SHOULD CHOOSE THE FLEXIBLE ANNUITY

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- **Choose your Income**

You can choose how much income you want to withdraw monthly, within legal limits. These income payments remain the same until the next policy anniversary. You can change this annually to suit your financial needs.

- **Invest for Growth**

You can select from a different mix of more conservative portfolios or more aggressive portfolios to invest your retirement savings into to suit your investment objectives. You can switch between portfolios up to 5 times a year free of charge.

- **Leave a Legacy**

We know your family is important to you, the Flexible Annuity allows you to leave a lasting legacy for your loved ones.

- **Know the value of your Investment**

You can regularly monitor the performance of the policy, so that you know the value of your investment. This means you can plan your regular income accordingly so that it lasts for as long as possible.

- **Added Benefits**

You get an immediate expense benefit of N\$10 000 that is paid within 48 hours of receiving a valid claim and all claim documents have been submitted and you are covered as soon as your policy is issued.

## **There are no hidden costs**

All product charges are disclosed giving you peace of mind that you are dealing with the trusted brand of Liberty.

## **You can take the Flexible Annuity if:**

- You are above 55 years old.
- You have a minimum of N\$150,000. This can be a combination of the amounts you have in several different retirement funds, which are combined when you retire.



# GET THE MOST FROM YOUR FLEXIBLE ANNUITY

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## **How do I apply for the Flexible Annuity?**

You must review and sign the quotation provided by your intermediary (you will have up to 45 days to accept the quotation). Your intermediary will assist you to complete the application form and facilitate the payment of the premium from your retirement fund.

You must choose your monthly income amount or percentage you require. You must also choose the beneficiaries for the remaining investment value and for an immediate expense cover benefit.

## **Increase your income with additional premiums**

Additional premiums are allowed at any time during the term of your investment, provided they are transferred from any approved retirement fund. This does not need to be from the same as the original fund with which the Flexible Annuity was started and there is no minimum additional premium size. This allows you to consolidate various funds into one annuity. The additional premium is taken into account for income purposes at the next income payment date.

## **The value of ongoing advice**

During your retirement years your income needs will change based on a variety of health and lifestyle circumstances. The decision to adapt your initial post-retirement investment strategy is highly likely and it is very important to keep abreast with changes in the markets. In order to manage your ideal income you will require the expert assistance of an intermediary who will guide you through these changes and implement them.

The ongoing commission is the remuneration that you pay your intermediary for this advice. You agree to the fee upfront but you can ask Liberty to adjust this fee at any time if you so wish. It is however advisable that you review your investment with your intermediary at least once a year to ensure the sustainability of your investment.

## **Making your retirement as tax efficient as possible**

The Flexible Annuity is a tax-efficient vehicle for your post-retirement funds. The tax benefits of this investment are that no tax is paid on the amount transferred from your retirement fund prior to it being invested. Also, no tax is currently payable on the investment returns of the underlying investment portfolios.

Liberty will only deduct income tax on the income payments as per the usual income tax rules and regulations. You will need to complete your annual tax returns declaring this income. Liberty will send you tax certificates annually.

## **What happens if you pass away?**

Your beneficiaries will be entitled to the remaining investment value of your policy. Beneficiaries will be given the option to receive the remaining amount (less any tax) as a life annuity (as per current legislation requirements).

# HOW YOUR MONEY IS INVESTED

Your premiums can be invested in the available portfolios. You can choose what proportions are invested in each fund so that they are in line with your risk appetite. You can also switch between portfolios at any time when you need to and your intermediary can assist you with this decision. The portfolios have been chosen to be conservative to moderately aggressive in terms of investment risk.

Unit trusts form the underlying investments for living annuities. The Namibian unit trust market consists of various service providers and includes well-known asset management companies such as STANLIB, Allan Gray Namibia, Investec Namibia, Namibia Asset Management (offering Coronation portfolio range), Prudential Namibia and Old Mutual Namibia Asset Management.

The number of unit trusts offered are from a pre-selected range. The aim is to offer you the “best of breed” funds for post-retirement solutions and Liberty aims to simplify the choice for you as a customer. Liberty will also review available portfolios from time to time – and we may offer new portfolios or discontinue offering certain portfolios to ensure that the range offered is appropriate for our Namibian policyholders.

## A range of Unit Trusts from the following companies will be offered:

- STANLIB Namibia
- Allan Gray Namibia
- Namibia Asset Management (offering Coronation portfolio range)
- Prudential Namibia
- Investec Namibia
- Old Mutual Namibia Asset Management

## Switching portfolios

Switching between portfolios is allowed at any time should your investment needs change. No switching fees are paid for the first five (5) switches within a calendar year.

## How you can benefit from only drawing an income from selected portfolios

During your lifetime, you would normally consider investing a portion of your funds into more aggressive portfolios which you then leave to grow over the medium-to long-term. You would then draw your regular income from a more conservative and less fluctuating portfolio such as a Money Market portfolio. As you get older, the bulk of the funds in the more aggressive portfolios are typically moved into more conservative portfolios.

You have the advantage of being able to structure your portfolios to specifically suit your needs. As an investor you are able to have your income drawn from specially selected portfolios rather than drawing your income from all your portfolios, at the same time. This allows your long-term investments to grow while your more conservative investments provide a stable income.

This avoids you selling off units in more volatile portfolios when portfolio prices are depressed and enabling you to benefit from them when the returns are high. Only if your specially selected portfolios are depleted, will your income drawdown be proportionately drawn from your other portfolios. It is therefore important that you actively and periodically manage your chosen portfolios, in consultation with your intermediary.

# ADVANTAGE OF KNOWING

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## **Ensuring retirement income for life**

As the Flexible Annuity is meant to provide an income in your retirement, authorities require that all compulsory annuity products provide an income for life. You, as an investor need to ensure that the income selected is at a sustainable level and you need to manage your income payments carefully relative to the investment return on the portfolios.

The investment value held in your living annuity is made up of different types of portfolios. These portfolios have different levels of risk and return associated with them. You should consider the overall composition of your investment in terms of these portfolios and their associated risks. Too high a proportion of high-risk portfolios means that you are exposed to reducing your investment value whereas too low a proportion of high-risk portfolios means that your investment returns may be too low to outpace inflation and thus sustain your income for life.

While saving for retirement, your investment's exposure is normally regulated. After retirement, when you are normally dependent on receiving a regular and stable income, a more conservative approach to portfolio selection is often desirable. You are encouraged to review your Living Annuity investment strategy in consultation with your intermediary, as your investment within your Living Annuity may be exposed to undue investment risk.

# CHOOSING THE CORRECT INCOME FOR YOU

With the Flexible Annuity, you can choose a regular income of between 5% to 15% per year of your full investment value and allows you to select a wide range of investments in respect of the capital that will generate the annuity. The level of income you select is not guaranteed for the rest of your life.

It's important to consider, however, that the level of income you select is not guaranteed for the rest of your life. Also, if the level of income you select is too high, it may not be sustainable if you live longer than expected and the capital is significantly depleted before your death, or the return on the capital is lower than that required to provide a sustainable income for life. Together with your intermediary, formulate a plan that ensures that the income that you select is at a level that is sustainable for the rest of your life.

The table below can be used as a guide to choosing or adjusting your income percentage. It shows you how long it will take for your income to reduce, based on the yearly income percentage you initially choose and the return on the portfolios. This table assumes that you will adjust your income percentage over time to allow for inflation. Once the number of years in the table has been reached, your income will diminish rapidly in the subsequent years.

Investment return per annum (before inflation & after all fees)						
		2.50%	5.00%	7.50%	10.00%	12.50%
Annual income rate selected at inception	2.50%	21	30	50+	50+	50+
	5.00%	11	14	19	33	50+
	7.50%	6	8	10	13	22
	10.00%	4	5	6	7	9
	12.50%	2	3	3	4	5
	15.00%	1	1	2	2	2
	17.50%	1	1	1	1	1

The table is a general guideline and should be considered taking into account your financial situation and all other sources of income. It is an indicative guideline only, to assist you in making informed decisions in respect of your annuity.

# UNDERSTANDING THE DIFFERENCE BETWEEN A LIFE AND A LIVING ANNUITY

Life Annuity	Flexible Annuity
This is a <b>Risk product</b> where the insurance company bears the investment and longevity risk.	This is an <b>Investment product</b> where the individual bears the investment and longevity risk.
Key features	Key features
Your income is fixed at a set amount at the start or it may increase at a fixed rate. Income is paid until you pass away. You get the security of a guaranteed income.	You choose the income amount you require for each year, within a specified range. This is deducted from your total retirement investment value. You choose how to invest your full investment value and can grow your total investment if the market performs well. This can result in income lasting longer and allows you to draw more than planned. The investment remaining when you pass away can be left to your loved ones, leaving a lasting legacy.
Limitations	Limitations
Your initial investment is only used for income, and is invested by the insurer – you don't participate in any positive market performance. No investment remains to pass on to your loved ones when you pass away at a time outside of any Guaranteed period.	You are exposed to <b>investment risk</b> if your investment does not perform as planned, resulting in lower returns than expected. If you live longer than expected, you are exposed to <b>longevity risk</b> so your income may not last as long as you live.

# HOW DO I APPLY FOR THE PRODUCT?

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To apply for the Flexible Annuity, simply contact your intermediary. He or she will answer any questions you may have; assist you in completing the application form and facilitate the payment of the premium. You will then choose your monthly income amount or percentage required; as well choose the beneficiaries for the remaining investment value and for the immediate expense cover benefit.

## CONTACT US TODAY

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+264 61 294 2343 | Ask to speak to one of our Sales Managers



[FlexibleLiving@liberty.com.na](mailto:FlexibleLiving@liberty.com.na)



[www.liberty.co.na](http://www.liberty.co.na)

## **Liberty**

Liberty Life Namibia Limited – Reg.No. 2003/639

Maerua Mall Office Park, Office 5001, 5th Floor, Jan Jonker Road, Windhoek, Namibia

PO Box 23001, Windhoek, Namibia

**T** +264 61294 2343

**F** +264 61 294 2441

**E** FlexibleLiving@liberty.com.na

### **IMPORTANT INFORMATION FOR POLICYHOLDER**

All information contained in this brochure is subject to legislation applicable at the time and is also subject to change. For more detailed information please refer to the terms and conditions of the product. For more information visit [www.liberty.co.na](http://www.liberty.co.na) or call +264 61 294 2343. Liberty is not authorised to and does not provide financial advice. However, we believe in the virtues of independent investment advice. If annuitants are not comfortable making their own investment decisions, or do not have the time, we suggest they engage the services of an independent, qualified person regarding their specific situation.

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