

Retirements



The Alexander Forbes Preservation Fund



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An overview

Following an analysis of the market, Alexforbes identified a need for a retirement fund to:

-  receive
-  administer
-  invest
-  preserve



... fund benefits
for fund members

As a result, the Alexander Forbes Preservation Fund was developed and implemented after being approved by the Regulator in May 2020. The fund has the following core objective:



To protect and preserve pension and provident fund benefits for members who are leaving approved retirement funds (deferred pension benefit)

The importance of preserving

The primary objective of your pension or provident fund is to build enough wealth to sustain you once you retire. This wealth is built through your contributions and the returns earned by your investments. To build sufficient wealth, you need to save diligently over the course of your entire working life. If you fail to preserve, you not only lose value in your savings to date, but also the returns these savings would've generated up to your retirement date. Investment returns compound over time, turning even modest savings into sizeable amounts after a few decades.



The Retirement Funds Act (2014)

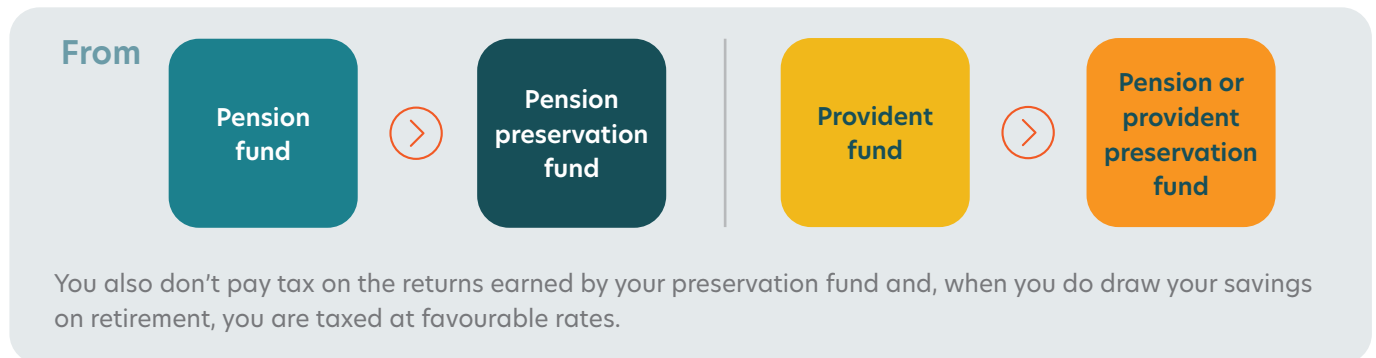
The Retirement Funds Act defines a preservation fund as a pension or provident fund into which the accrued fund benefits of employees who leave the service of an employer due to dismissal, retrenchment or resignation may be invested. A person may therefore transfer their accumulated fund credit from their pension or provident fund to a preservation fund if they are dismissed, retrenched, or they resign. This allows the member to preserve their accumulated pension savings.

Note: There are no contributions to the fund.

There are tax benefits

The Alexander Forbes Preservation Fund is a tax-effective investment vehicle designed for individuals who would like to invest the proceeds of their individual or company-sponsored retirement plan in a tax-efficient way.

Your transfer to a preservation fund is tax exempt, as long as you move your savings:



Accessing your preservation fund

Once you have transferred your pension benefit to the Alexander Forbes Preservation Fund, you may make one partial withdrawal of up to 25% from your fund credit, before age 55, after a waiting period of

12 months subsequent to your transfer. After that, the balance will only be accessed at retirement, from age 55 onward. Your withdrawal is taxed according to the withdrawal lump sum tax table.

Administration of the fund

How is the fund administered?

The fund is administered by Alexander Forbes Financial Services, using tech-savvy administration services.

... get access to an interactive internet facility through our **AF Online platform**, making it possible for you to check the value of your fund credit whenever you need to

... will receive **benefit statements, nomination of beneficiaries forms, trustee reports, briefing notices** and other relevant communication material

You can transfer your deferred benefits into the fund at any time during the financial year. Once you are a member you:

... can use our **innovative financial tools** and find the latest information on our products and services at no extra cost on AF Online

AND, your claims will be paid on time.

Governance of the fund

The Alexander Forbes Preservation Fund, according to its rules, is managed by a board of six trustees, consisting of:

- three trustees appointed by the sponsor
- three trustees elected by the members of the fund

The trustees of the fund:

- Provide governance and oversight of services, regulations and compliance.
- Are governed by the provisions of the *Retirement Funds Act (2014)* and any application of the rules of the respective pension funds under their administration.
- Are responsible for the appointment of service providers and the ongoing monitoring of the service providers.
- Ensure that the service providers service clients adequately and according to service level agreements.
- Are responsible for the annual audit of the fund and the completion of the annual financial statements as at 31 March each year.

How do I register?

To register for the Alexander Forbes Preservation Fund, you'll need to submit various documents.



Proof of identity

If you are a citizen of Botswana, we need a certified copy of your identity/Omang card - not older than three months.



Source of income

A copy of your bank statement or payslip - not older than three months.



Proof of residence

A copy of your lease agreement, title deed or police affidavit. The police affidavit should state your place of residence.



Proof of authority to act (Only applicable if someone is applying on your behalf)

For example: guardian for a child, curator, liquidator or duly authorised representative
Proof of power of attorney • A resolution (executed by the authorised signatories) • A mandate

Administration fees

The administration fee is set at 1.25% per annum (or 0.1% pro-rated monthly) of the assets under management and deducted from the fund credit.

There is no initial fee charged when you join the preservation fund or transfer your deferred benefits from your former pension fund to the preservation fund. Administration management fees are deducted directly by the investment managers of the preservation fund from the investment portfolios that they manage.



Fund contact details

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