

## TFG RETIREMENT FUND

# UPDATED LIFE-STAGE INVESTMENT MODEL

## WHAT IS A LIFE STAGE INVESTMENT MODEL?

A Life-Stage Investment Model is a process by which your retirement savings are gradually moved from a higher risk investment portfolio to a more conservative investment portfolio as you get closer to normal retirement or your planned retirement date.

This is called de-risking. The reason for de-risking is to protect the value of your retirement savings against market volatility, as you near retirement.

The model is recommended by the Trustees of the Fund as the default investment choice to enable members to achieve the best possible retirement outcomes, and as such de-risking happens automatically as you near your normal or planned retirement date.

## HOW DOES TFG RETIREMENT FUND'S UPDATED DEFAULT LIFE-STAGE INVESTMENT MODEL WORK?

### The Default Life-stage Investment Model.

**More than  
5 years from  
retirement**

100% in TFG  
Balanced  
Portfolio

**Between  
5 years and 1 year  
from retirement**

Switch from TFG  
Balanced to TFG Final  
Year Portfolio in equal  
monthly proportions  
over a  
**48 month period**

**Less than  
1 year from  
retirement**

100% in TFG  
Final Year  
Portfolio



**TFG**  
retirement fund   
*you can never start too early*

The model starts de-risking your retirement savings from 5 years prior to retirement and over a period of 48 months your fund value is switched from the TFG Balanced Portfolio to the more conservative TFG Final Year Portfolio on a monthly basis, until your fund value is fully invested in the TFG Final Year Portfolio 1 year prior to retirement.

The model is changing from switches of 20% of fund credit per year to monthly switches of just over 2% per month, in order to reduce the impact of switching when there is market volatility. The updated model now also offers greater flexibility for those members who want to opt out of the model.

The model takes into consideration that you may want to retire earlier than the normal retirement age of 65 and therefore caters for a planned retirement age which may be different from your normal retirement age and which can be any age from 55 to 64. Therefore, if you advise the Fund of your intention to retire earlier than the normal retirement age, the model will automatically start switching your retirement savings 5 years prior to your normal or planned retirement age (whichever may be relevant to you).

## WHAT IS MEMBER INVESTMENT CHOICE?

With member investment choice, you may choose to opt out of the Default Life-stage Investment Model and invest your retirement savings in any of the portfolios listed below and in any proportion (see the FAQ for an explanation of the portfolios). You may choose an investment strategy for your existing fund credit and a different investment strategy for your future contributions.

- TFG Balanced Portfolio
- TFG Final Year Portfolio
- Banker Portfolio

**Note that once you opt out of the Default Life-stage Investment Model, you take full responsibility for your fund value allocation. It will therefore be important for you to keep a regular check on your investment choice. Your fund value allocation will only change with the completion of a new switch instruction to the Fund.**

## Not familiar with the Life-stage Investment Model? Here's what you need to do.

If you intend to retire at your normal retirement date and are comfortable that your fund value remains invested in accordance with the Trustees' Default Life-stage Investment Model, you do not need to do anything. However, if you wish to retire earlier and / or opt out of the default Life-stage Investment Model, you need to advise the Fund of your planned retirement date and / or investment choice. These actions can be done using the attached Member Investment Choice Switch Form.



## Already invested in the existing Life-stage Investment Model? Let's see how this change affects you.

If you are already invested in the existing Default Life-stage Investment Model and are comfortable that your fund value remains invested in accordance with the Trustees' default Model, you do not need to do anything. Refer to the Annexure below to see how your investment will be migrated to the updated model with effect from 1 November 2022 as alignment with the new model will result in some movement of the underlying allocation of members' fund values.

Should you wish to opt out of the Trustees' Default Life-stage Investment Model, please complete the attached Member Investment Choice Switch Form. Please ensure that you send the completed switch form to [zzswitches@alexforbes.com](mailto:zzswitches@alexforbes.com) by 28th October 2022. Refer to the important notes on the Member Investment Choice Switch Form regarding how long Alexforbes will take to action your instruction, should you complete a switch form after this date.

### Cost of switching.

Each member is allowed 1 free switch per calendar year, thereafter each additional switch in a year attracts a fee of R425 plus VAT, which will be deducted from your fund credit. Note there is no charge for automatic switches as part of the Default Life-stage Model.

**[CLICK HERE](#) to access the FAQ document for more information.**



## ANNEXURE

The table below indicates how your fund value is invested in the updated Life-stage Investment Model, compared to the existing model and the adjustment that will be made to bring you in line with the updated default on 1 November 2022, depending on your months to retirement on that date.

Default Life-stage Investment Model Table- months to retirement	Existing Model		Updated Model		*Switch to bring you in line with the new default on 1 November 2022	
	Balanced	Final year	Balanced	Final year	Balanced	Final year
More than 5 years (60 months) from retirement	100%	0%	100%	0%		
60	80%	20%	100%	0%	20%	-20%
59	80%	20%	98%	2%	18%	-18%
58	80%	20%	96%	4%	16%	-16%
57	80%	20%	94%	6%	14%	-14%
56	80%	20%	92%	8%	12%	-12%
55	80%	20%	90%	10%	10%	-10%
54	80%	20%	88%	13%	7%	-7%
53	80%	20%	85%	15%	5%	-5%
52	80%	20%	83%	17%	3%	-3%
51	80%	20%	81%	19%	1%	-1%
50	80%	20%	79%	21%	-1%	1%
49	80%	20%	77%	23%	-3%	3%
48	60%	40%	75%	25%	15%	-15%
47	60%	40%	73%	27%	13%	-13%
46	60%	40%	71%	29%	11%	-11%
45	60%	40%	69%	31%	9%	-9%
44	60%	40%	67%	33%	7%	-7%
43	60%	40%	65%	35%	5%	-5%
42	60%	40%	62%	38%	2%	-2%
41	60%	40%	60%	40%	0%	0%
40	60%	40%	58%	42%	-2%	2%
39	60%	40%	56%	44%	-4%	4%
38	60%	40%	54%	46%	-6%	6%
37	60%	40%	52%	48%	-8%	8%
36	40%	60%	50%	50%	10%	-10%
35	40%	60%	48%	52%	8%	-8%
34	40%	60%	46%	54%	6%	-6%
33	40%	60%	44%	56%	4%	-4%
32	40%	60%	42%	58%	2%	-2%
31	40%	60%	40%	60%	0%	0%
30	40%	60%	37%	63%	-3%	3%
29	40%	60%	35%	65%	-5%	5%
28	40%	60%	33%	67%	-7%	7%
27	40%	60%	31%	69%	-9%	9%
26	40%	60%	29%	71%	-11%	11%
25	40%	60%	27%	73%	-13%	13%
24	20%	80%	25%	75%	5%	-5%
23	20%	80%	23%	77%	3%	-3%
22	20%	80%	21%	79%	1%	-1%
21	20%	80%	19%	81%	-1%	1%
20	20%	80%	17%	83%	-3%	3%
19	20%	80%	15%	85%	-5%	5%
18	20%	80%	12%	88%	-8%	8%
17	20%	80%	10%	90%	-10%	10%
16	20%	80%	8%	92%	-12%	12%
15	20%	80%	6%	94%	-14%	14%
14	20%	80%	4%	96%	-16%	16%
13	20%	80%	2%	98%	-18%	18%
Less than 1 year from retirement	0%	100%	0%	100%	0%	0%

\*Note that the switch percentages are an estimate and is dependent on investment growth.