

Key Features Statement



TERM ANNUITY (EFFECTIVE 1 MARCH, 2012)

FNPF's primary role is to secure your future as a member by ensuring that you have a meaningful retirement fund accumulated from your hard-earned FNPF savings during your working life. The new FNPF law, effective **1 March, 2012**, strengthens our role and ensures that the Fund remains sustainable in the long-term through the introduction of actuarially-fair rates for its current and future pensioners.

What is a Term Annuity

This is a regular monthly payment to you (the annuitant), usually after retirement, for a fixed term of either 5, 10 or 15 years. The payment is made from the principal annuity amount left with the Fund. The annuitant is the person that chooses to convert his/her savings to purchase the term annuity.

Important Feature

You need to be aware that at the end of the term, be it 5, 10 or 15 years, no further payments will be made to you. If you would prefer to get a pension income for the rest of your life, you should consider a life pension instead.

Guarantee

The payments are guaranteed for the period opted for by the annuitant. For eg. the guarantee for the 5 year term annuity is for 5 years, for 10 year term it is for 10 years etc.

Guarantee means that should you die before the end of the fixed term, then the remaining payments for the stated term will continue to the person nominated by you for this purpose (the nominee). You will need to file the name of your nominee when you fill the 9NOP form when choosing your options.

Nominee

Your nominee can apply to have the remaining installments exchanged for a Lump Sum at a rate set by the FNPF after taking actuarial advice. At the end of the term, payments cease, and no further liability to the FNPF arises.

If you do not nominate someone to receive your funds in the event of your death, the funds will be transferred to the High Court who will then decide who will receive these funds. As such, to ensure that your funds are paid to the person you have chosen, you must formally nominate them at the time you exercise your retirement option.

Retirement Income Fund

Annuities are provided from the Retirement Income Fund (RIF), a separate fund within the FNPF, established to provide life pensions and term annuities. The amount set aside by a member for his or her annuity is paid into the RIF, and the annuity is paid out of the RIF. The RIF is supported by the investment earnings on its assets less expenses.

Solvency Reserves

A solvency reserve is held within the RIF to ensure that the Fund is able to meet pension payments. The ability of RIF to meet pension payments is monitored by the Reserve Bank of Fiji (RBF). RBF sets standards and obtains regular reports on the RIF from the FNPF. These reports include a Financial Condition Report signed off by the FNPF actuary.

Monthly Annuity Calculation

The monthly annuity is one-twelfth of the amount converted to annuity by the FNPF member multiplied by the term annuity conversion rate. The formula is:

$$\text{Monthly annuity} = \frac{\text{Total Pensionable Amount} \times \text{term rates}}{12}$$

Term Annuity Rates

- Term annuity conversion factors differ only on term, not on age.
- Pricing of term annuities depends on market conditions.
- Once purchased, the payment will not change, regardless of subsequent developments.
- An indication of the term annuity conversion rates that could have applied in November 2011 is as follows:

Term	Rate
5 yrs	21%
10 yrs	12%
15 yrs	9%

The rates applicable for 1 March 2012, will be available from mid-February 2012.

Eligibility

The term annuity can be obtained on retirement

Benefits of Term Annuity

- The annuity is tax-free under current tax rules;
- No separate administration fee.

Payment options

• All payments will be paid by electronic funds transfer to your bank except for annuitants who live in the outer islands with no access to a bank, who will be paid by pension orders.

Additional Information

If this Key Features Statement has false or misleading statement about this product, then you can apply for a *Notice of Cancellation*.

- This notice has to be given within two months of you becoming aware of any false or misleading statement
- The FNPF reserves the right to contest the grounds on which you claim cancellation.
- If the product is cancelled, the FNPF will refund the purchase price within one month of cancellation.