



pension booster

Insurance

Financial Planning

Retirement

Investments

Wealth

You are already a member of the Central Retirement Annuity Fund (the Fund). You apply on behalf of the Fund for the alteration of this policy with Sanlam Life Insurance Limited (Sanlam Life). This policy is an insurance policy, and regulated by the Long-term Insurance Act, 1998. The policy is a contract between the policyholder (the Fund) and us.

As a member of the Fund you may receive a lump sum of up to a third of the retirement annuity policy's payout when you retire. This payout could be partially or fully tax-free. The other two-thirds will be paid to you as a monthly taxable pension.

Pension Booster is a pure savings benefit that is added to the existing retirement annuity policy on your life. You simply increase your contributions and in turn, it will increase the retirement annuity policy's payout (both the lump sum and monthly pension portions). And you can save tax of up to 40% on your contributions depending on your personal tax situation.

## Important note

### Resume recurring contributions

There are a number of benefits if you resume the recurring contribution of the existing policy on your life instead of taking out a new policy. Some of these are:

- Saving the policy fee on the new policy.
- The value for money over the full term should be better for an increase to an existing policy than on a new one.
- The convenience of dealing with one policy.

It is, however, important to know that if you terminate this policy, or stop or reduce the recurring contribution before the option date, the termination or paid-up value (in regards of the increased contribution) should be less than the termination or paid-up value if you had invested the increased contribution in a new policy instead.

## Investment allocation

The contribution, less charges, will be invested according to the existing investment allocation.

## Value of the policy investment

The value of the policy investment is the number of units multiplied by the selling price. The selling price is not guaranteed and may increase or decrease over time.

## Policy charges

Sanlam Life uses policy charges, among others, to pay for policy expenses, which may change from time to time. Therefore, Sanlam Life may, from time to time, in addition to the increases with the inflation rate, change any of the charges that follow, and also change the way Sanlam Life recovers any of these charges.

A policy fee will be recovered monthly by way of cancelling units to the value of the policy fee, and this will be deducted from the value of the policy investment. This policy fee can increase yearly, as determined by Sanlam Life, to keep track with inflation. The policy fee is currently R12.00 per month for policies with inception dates before February 2004, and R17.00 per month for policies with inception dates thereafter.

We will recover a monthly charge before your contribution is invested. The type and size of the charge(s) will depend on the retirement annuity policy's inception date. The following examples show how much of your Pension Booster's contribution will eventually be invested after these charge(s) have been deducted. Our examples are based on a retirement annuity policy with a remaining term of 10 years. These charges will differ for retirement annuity policies with other contribution amounts and terms.

For retirement annuity policies with inception dates between May 2002 and February 2004:

Contribution	R150.00
less: marketing and administration charge	R6.33
Amount available for investment	R143.67

Contribution	R250.00
less: marketing and administration charge	R10.54
Amount available for investment	R239.46

Contribution	R300.00
less: marketing and administration charge	R12.65
Amount available for investment	R287.35

When the recurring contribution increases with future contribution growth, the charges on each future recurring contribution increase will increase proportionally.

For retirement annuity policies with inception dates after February 2004:

Contribution	R150.00
less: premium charge	R3.75
Amount available for investment	R146.25

Contribution	R250.00
less: premium charge	R6.25
Amount available for investment	R243.75

Contribution	R300.00
less: premium charge	R7.50
Amount available for investment	R292.50

When the recurring contribution increases with future contribution growth, the charges on each future recurring contribution increase will increase proportionally.

### Marketing fee

A marketing fee of 0.6% per year (for policies issued from 1 February 2004 to 5 February 2006) and 0.42% per year (for policies issued from 6 February 2006) will be recovered monthly by way of the cancellation of units. This fee is not applicable to policies issued before February 2004.

### Guarantee charge

If the policy is invested in one or more investment funds that have an investment guarantee, the guarantee charge in respect of these investment funds will remain unchanged. Please refer to the policy document for guarantee charge(s) that apply to this retirement annuity, if any.

## Commission

Commission is only calculated on the increased part of your contribution (i.e. the difference between your previous highest monthly contribution, and your new monthly contribution).

Commission is not levied in addition to the charges already mentioned. A part of the charges pays for the commission.

### ⤵ Policies with inception dates before 6 February 2004:

For a contribution increase of R100 per month with a remaining term of 10 years, commission of R342 is paid in the first year, and R114 in the second.

### ⤵ Policies with inception dates on or after 6 February 2004:

For a contribution increase of R100 per month with a remaining term of 10 years, commission of R360 is paid in the first year, and R120 in the second.

The maximum commission payable on each future contribution increase will be a similar proportion of the increase in contribution, reducing with outstanding term. After the option date, up to a maximum of 3% of each contribution may be paid as commission. This commission will only be paid when each contribution is made.

## Investment advice agreement between the life insured and the Fund

Apart from commission, this policy may also be subject to an investment advice fee. This fee is negotiated between the life insured and the intermediary. It is deducted from the value of the policy investment by means of a withdrawal and paid monthly, by Sanlam Life on behalf of the Fund, to the intermediary who provides the (ongoing) advice. This is a specialised service which is in addition to, and not part of, the services for which we pay commission.

## Assumptions for illustrative values

The values shown in our invitation are not guaranteed and should not be seen as an accurate forecast in any sense. These illustrative values should be used only as a tool in financial planning. The actual investment return earned on the current value of the policy investment, plus future recurring contributions, less all actual policy charges, will depend on the gross investment return, and the extent to which this return is reduced by life office taxation and charges. The assumed illustration rates are calculated before the charges have been recovered, but after life office taxation.

### Effect of inflation

The gross investment return will depend on financial market conditions and the rate of inflation during the policy term. Two sets of illustrative values have been provided to indicate the major impact of inflation on investment returns. In general, higher inflation leads to higher investment returns, and lower inflation leads to lower investment returns.

Policy benefits should be measured against the purchasing power of money when the benefits are paid. The real return is the rate of return in excess of inflation. The average level of inflation over the last 3 calendar years ending December 2013 was approximately 5.7% a year. Under these circumstances investment returns are more likely to be closer to those indicated by the low inflation scenario.

### Effect of life office taxation

Investment returns are subject to life office taxation, but the assumed illustration rates of 6.5% and 13% a year are after any applicable life office tax has been deducted.

Depending on the tax status of the policyholder, insurance companies pay different rates of tax on investment returns. The effective tax rates may also differ between insurance companies, depending on their level of expenses. For example, the effective tax rates on income and capital gains on the gross investment returns are currently 0% a year for equity funds, 0% a year for balanced funds and 0% a year for money market funds.

## Alteration fee

An alteration fee will be recovered when

- taking an early retirement benefit
- reducing the recurring contribution
- stopping payment of recurring contributions
- transferring to another retirement annuity fund.

We may also deduct an alteration fee for alterations not mentioned above. We will quote the alteration fee when such an alteration is requested.

## Non-payment of contribution

If you stop your contributions and the paid-up value (the value of the policy investment less a premium termination fee) is less than R70.00 (this minimum will increase from time to time), the policy will lapse. Otherwise, the policy will be made paid-up.

## Stopping or reducing contributions

There's a 15-day period of grace if your contributions are paid monthly. Otherwise, if your contributions are paid yearly, the period of grace is 35 days.

If your contributions are not paid within the period of grace, the value of the policy investment could be reduced with an alteration fee. However, it will only happen if the remaining value of the policy investment is sufficient enough to maintain the retirement annuity policy until the end of its initial term. If not, the policy will lapse. The alteration fee is explained in the policy document.

Please remember that when you stop contributions to this retirement annuity policy before the option date, which can only be from age 55, an alteration fee will be charged and the maturity benefits will decrease. The extent of the decrease will depend on when you stop contributions. The value of the policy investment will only be payable on or after the option date.

If you reduce your contributions, the extent to which the benefits will decrease will depend on the amount by which the contribution is reduced, and when you reduce it.

## Contribution growth

Your recurring contributions will increase yearly with Sanlam inflation. Automatic annual contribution growth will be delayed for a period of at least 12 months following the reinstatement. Contribution growth will take place on your original policy anniversary.

A contribution growth rate of 5% has been assumed in the following table. The actual contribution growth rate will be determined by the future Sanlam inflation rate at the time of growth. The following table gives an indication of the effect of contribution growth on recurring contributions.

Duration in years	Recurring contribution		
	R150.00	R250.00	R300.00
1	R157.50	R262.50	R315.00
2	R165.38	R275.63	R330.75
3	R173.65	R289.41	R347.29
4	R182.33	R303.88	R364.66
5	R191.45	R319.07	R382.89
10	R244.34	R407.22	R488.68
15	R311.85	R519.73	R623.70
20	R398.00	R663.32	R796.03

## Compliance with Regulation 28

Regulation 28 of the Pension Funds Act, 1956 requires that savings towards retirement must be protected. For this reason the regulation limits the exposure to different asset classes for retirement fund policies. Currently the maximum limits are, amongst others, 75% in equities, 25% in offshore assets, 25% in property assets and 10% in hedge funds. It is essential for retirement fund policies to keep to the limits of Regulation 28.

Some investment funds are Regulation 28 compliant which means that the asset managers of those funds ensure that the funds always comply with the limits of Regulation 28. If a retirement fund policy has only Regulation 28 compliant investment funds or a life time investment option, the policy will always be Regulation 28 compliant.

If a retirement fund policy has one or more investment funds which are not Regulation 28 compliant, market movements could result in the asset allocations of the policy exceeding the limits stipulated by Regulation 28. For this reason we are obliged to monitor the policy on a regular basis to determine whether it is still Regulation 28 compliant. If the policy is no longer compliant, we will inform the life insured about the required actions to rebalance the asset allocation as well as the implication if this is not done.

## Investment funds

Sanlam Life may leverage the assets in the investment funds for transactions such as scrip lending. Any income or losses arising from these transactions will be for Sanlam Life's own account, and therefore do not affect the benefits to which policyholders are entitled under this policy.

Some investment funds may invest in one or more of the managed asset classes in order to improve the diversification of these investment funds. Managed asset classes include amongst others, hedge funds, exchange traded funds, property investments, private equity investments, derivatives and credit conduits. The managers of these managed asset classes, which may include companies within the Sanlam Group, deduct their management fees and expenses directly from the investment returns. These deductions are therefore not included in the indicated charges.

## Professional indemnity insurance

Sanlam Life holds professional indemnity insurance.

## Claim procedure

In the event of a claim, please inform Sanlam Life as soon as possible. To obtain the necessary claim forms and to ensure that all the required information is supplied, contact the Sanlam Life Claims Call Centre at (021) 916-1710. Depending on the nature of the claim, documentary proof (e.g. a death certificate or medical report) will be required.

## Cooling-off period

As soon as your application has been processed, you will have a period of 30 days in which to examine the policy document, and decide whether you wish to continue with the alteration. If you do not wish to continue with the alteration, you may cancel it by notifying us in writing during this period. We will then refund any contributions you have already made due to the alteration. If the assets in which the contributions were invested have decreased in value, or if you have already received benefits from the policy since the alteration has taken effect, we will reduce the amount to be refunded accordingly.

You will not be able to cancel the alteration if you have received a tax certificate for it, or if the money has been transferred from a retirement fund and that fund is not prepared to reverse the transaction.

## Replacement

It is probably not in your interest to, wholly or partially, cancel an existing financial product or reduce contributions on it, in order to invest money in this policy. It is important that you understand the effects that this might have on your financial planning. Among the potential implications, cost and consequences of such a replacement, where applicable, are:

- payment of new charges;
- the influence of increased age on contributions;
- future uninsurability (if applicable);
- application of health loadings (if applicable);
- loss of cover (if applicable);
- new waiting periods for benefits (if applicable);
- change in investment risk;
- recoupment of unrecovered expenses under replaced policy;
- loss of tax advantages (if any).

## Applying for Pension Booster is easy

You can either:

- Contact us on 0860 22 33 90 from Mondays to Thursdays between 08:30 and 17:00, and Fridays between 08:30 and 16:00.
- Or contact your Sanlam adviser or your broker. (Call 0860 22 33 90 if you do not have a Sanlam adviser or a broker.)

## Enquiries

At Sanlam, we know that a financial company is nothing without a good reputation and satisfied clients. If you need more information on the Fund or about Pension Booster, or if you have received unsatisfactory service or inappropriate advice, please contact our Client Contact Centre on 0860SANLAM (0860 726 526) or e-mail us at [stratus@sanlam.co.za](mailto:stratus@sanlam.co.za). Our Compliance department can be contacted at the same telephone number.

You can obtain a copy of the Rules of the Fund at the Sanlam Client Contact Centre. Unfortunately, you will have to bear the costs thereof, yourself.

The Rules of the Fund are also available (free of charge) on the Internet at <http://www.sanlamlife.co.za>.

**Notes:**

If you proceed on your own with this transaction, we accept that it is not based on the advice of a Sanlam adviser or a broker.

All references to Sanlam Life mean Sanlam Life Insurance Limited. Sanlam Life is a Licensed Financial Services and Registered Credit Provider.