



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 plan with Sanlam Life Insurance Limited (Sanlam Life). This plan is an insurance policy, and regulated by the Long-term Insurance Act, 1998. The plan is a contract between the planholder (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 plan'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 plan on your life. You simply increase your payments and in turn, it will increase the retirement annuity plan's payout (both the lump sum and monthly pension portions). And you can save tax of up to 40% on your payments depending on your personal tax situation.

Important note

Resume recurring payments

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

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

Investment allocation

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

Fund value

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

Loyalty bonus

Rebates for certain charges are added to the fund value in the form of a loyalty bonus on the plan anniversaries indicated in the following table. The amount of the loyalty bonus is calculated as a percentage of some of the charges deducted from the plan since the date on which the previous loyalty bonus was added or since the start date of the plan for the first loyalty bonus.

The rebate percentage for each relevant plan anniversary is as follows:

Plan anniversary from start date	Rebate % of charges
5	25
10	50
15	60
20	65
25, and every 5 years thereafter	65

The charges included in the calculation of the loyalty bonus are

- the fixed administration charge, and
- the variable administration charge.

For the purpose of this calculation these charges are adjusted at the same rate at which the unit price of each investment fund changes.

We will also add a loyalty bonus when the plan is terminated

- due to a death claim, or
- on request on or after the option date, provided that the plan is not terminated within two years of the start date.

If for either of the above termination events the termination date falls between any of the plan anniversaries, the next plan anniversary is used to determine the percentage of the rebate.

We will add the loyalty bonus to the fund value by adding units to the plan. If the plan anniversary or termination date on which the loyalty bonus is payable is not a working day, we will add the units on the first working day thereafter.

The rebate percentages and loyalty bonus dates are indicated in your current contract document.

Charges

The following charges are given as on the date stated in our invitation, and any reference to “current” or “currently” refers to that date. This means that the charges may change from time to time.

Tax

Tax is levied according to the applicable policyholders’ fund in which the insurer holds the underlying assets of the plan. Currently no tax is levied in the policyholders’ fund for retirement funds.

Charges for the plan

Please refer to the plan description for further details on the calculation and deduction of each charge.

- Plan charge

The plan charge is currently R14.50 per month. This will increase in future to allow for inflation.

- Administration charge

The yearly administration charge consists of the following:

- Fixed administration charge

The fixed administration charge is a percentage of the fund value and may differ for different investment funds. It is taken into account when we calculate the daily unit price of each investment fund.

- Variable administration charge

The variable administration charge is a percentage of the fund value. This charge is calculated on a monthly basis, which means it is divided by 12 to calculate the monthly charge. The charge is deducted monthly from the fund value by selling units to the value of the charge.

Both of these charges are included in the calculation of the loyalty bonus as described in the “Loyalty bonus” section in this document.

➤ Guarantee charge

The current yearly guarantee charge is used to pay for the cost of the investment guarantee of each investment fund for which a guaranteed return was chosen.

Deductions made by the asset managers

➤ Asset management charge

The asset management charge is a percentage of the plan's part of the market value of the assets in an investment fund. The charge is calculated on a daily basis, which means the percentage is divided by 365 to calculate the daily charge, and is taken into account when the daily price of the units is calculated.

The asset manager may give a rebate on the asset management charge. Such a rebate is taken into account when the fixed and variable administration charges are calculated. The impact of this is that the fixed and variable administration charges are lower than what they would have been without a rebate.

➤ Performance charge

The fund managers of some investment funds levy a performance charge. The performance charge depends on the investment performance of the fund and is not included in the asset management charge.

➤ Direct investment expenses

The direct investment expenses are for example, collective investment initial fees, brokerage, audit fees, bank charges and trustee fees.

Alteration charge

A plan may be changed at any stage, provided we agree to the alteration. We will levy an alteration charge if the alteration is done before the alteration charge date which will be taken from the fund value, by selling the required number of units. The alteration charge date is determined at the start and does not change at subsequent alterations. These alterations include taking an early retirement benefit, and reducing or stopping the recurring payments.

If an early retirement benefit is taken, the alteration charge will be equal to a percentage of the reduction of the fund value. If the recurring payment is stopped, the alteration charge will be equal to a percentage of the recurring fund value. The percentages will be indicated in your plan description.

For a reduction of the recurring payments, the alteration charge will be proportionally smaller than the alteration charge for stopping the recurring payments. For example, for a reduction of 50% in the recurring payments the alteration charge will be 50% of the alteration charge for stopping the recurring payments.

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

Transaction charge

The transaction charge for each of the following alterations is currently R300.00 as determined by means of regulatory measures and it will change in future if such regulatory measures or legislation change. This charge will be levied in addition to the alteration charge. We will not levy this transaction charge on or after the option date. The transaction charge will be taken from the fund value by selling the required number of units.

- Reduction or stopping of the recurring payment;
- Taking an early retirement benefit;
- Termination of the plan due to emigration;
- Transferring the plan to another retirement annuity fund.

The transaction charge for a fund switch requested by you is currently R550.00. This only applies once all free switches in a plan year have been used. This charge will increase in future to allow for inflation.

Stopping the recurring payment

The recurring payment may only be stopped if the fund value is at least R70.00, after deducting the alteration charge, if applicable, and the transaction charge. If recurring payments are stopped despite this condition not being met, the plan will lapse.

Commission

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

- Initial commission

Initial commission is only calculated on the increased part of your payment (i.e. the difference between your previous highest monthly payment, and your new monthly payment). For a payment increase of R100 per month with a remaining term of 10 years, commission of R227.91 is paid in the first year.

The maximum initial commission payable on each future payment increase will be a similar proportion of the increase in payment, reducing with outstanding term.

- Payment-based commission

Commission is payable every time your payment is made. For a payment increase of R100 per month with a remaining term of 10 years, commission of R2.50 is paid per month.

The maximum payment-based commission payable will increase in the same proportion as any increase in payment.

Sanlam Life will continue to pay payment-based commission after the option date at a maximum rate of 5% of each payment.

Investment advice agreement between the life insured and the Fund

Apart from commission, this plan may also be subject to a fund-based fee. This fee is negotiated between the life insured and the intermediary. It is deducted from the fund value 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 illustrative values which have been provided 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.

Effect of inflation

The gross investment return will depend on financial market conditions and the rate of inflation during the plan term. In general, higher inflation leads to higher investment returns and lower inflation leads to lower investment returns.

Plan benefits should be measured against the purchasing power of money when benefits are paid. The real return is the rate of return in excess of inflation.

Effect of life office taxation

Depending on the tax status of the planholder, 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.

The actual investment return earned on the current fund value,

- plus future recurring payments,
- less all actual plan 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.

Payment growth

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

A payment growth rate of 5% has been assumed in the following table. The actual payment 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 payment growth on recurring payments.

Duration in years	Recurring payment		
	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 plans. 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 plans 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 plan has only Regulation 28 compliant investment funds or a life time investment option, the plan will always be Regulation 28 compliant.

If a retirement fund plan has one or more investment funds which are not Regulation 28 compliant, market movements could result in the asset allocations of the plan exceeding the limits stipulated by Regulation 28. For this reason we are obliged to monitor the plan on a regular basis to determine whether it is still Regulation 28 compliant. If the plan 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 planholders are entitled under this plan.

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 contract 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 payments you have already made due to the alteration. If the assets in which the payments were invested have decreased in value, or if you have already received benefits from the plan 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 payments on it, in order to invest additional money in this plan. 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 payments;
- future uninsurability (if applicable);
- application of health loadings (if applicable);
- loss of cover (if applicable);
- new waiting periods for benefits (if applicable);
- recoupment of unrecovered expenses under existing product;
- 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. 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.