



Changes to principles and practices of financial management (PPFM) of smoothed bonus business

The Sanlam Life Insurance Limited Board approved the following changes to the practices of smoothed bonus products, published in the PPFM, during December 2018:

(Changes to the PPFM are indicated in **bold**.)

Paragraph 3.3. Stable Bonus Fund

Paragraph 3.3.1 c) in the PPFM for Sanlam Personal Finance Smoothed Bonus Products, was changed as indicated in **bold**

- c) The starting point is to set bonuses equal to the expected long-term rate of return on the assets underlying the fund and then to adjust these bonuses with actual experience to date (as reflected by the *funding level*). The difference between the actual *funding level* and **106% (previously 103%)** is normally added to the bonus over a rolling 60-month period. The following exceptions apply:
- if the *funding level* is significantly above **106% (previously 103%)** (in the region of 110% or more) after the initial bonuses have been declared, then (depending on market conditions) a portion of the surplus above say 110% may be declared as an additional non-vested bonus.
 - if the *funding level* is between **100%** and **106% (previously 103%)**, the bonus will be equal to the expected long-term rate of return; and

Furthermore, a new bullet that was added to Paragraph 3.3.1

- g) A terminal bonus may be declared at the discretion of Sanlam Life, should the funding level exceed 103%. Terminal bonuses apply to all types of benefit payments. (new section entirely)**