



Sanlam Employee Benefits
Group Risk Benefit Guide
Life insurance

Insurance

Financial Planning

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Life insurance

The Life insurance is an employee's death benefit. It can be payable by a retirement fund or it can be payable under an independent Life insurance policy (issued to the employer).



As part of a retirement fund: upon an employee's death, a lump sum will be paid to the fund. The fund will dispense the employee's death benefit to the employee's beneficiaries and/or dependants in accordance with the Pension Funds Act.



As part of an independent Life insurance policy: upon an employee's death, a lump sum will be paid to the employee's beneficiaries.

The structure of benefits, as selected, is set out in the accompanying cost document together with the premium applicable to the corresponding benefits.

Should there be any inconsistencies between this document and the policy, the policy will prevail.

About the benefit

Employers/retirement funds structure the **Life insurance** to suit their employees' needs, which can be defined in various ways and combinations per category of employees.

It is usually defined as:

- ④ A multiple of salary, or
- ④ A formula, or
- ④ A fixed cover amount.

Benefit cessation age

The Life insurance will cease once an employee reaches the benefit cessation age/normal retirement age as stated in the policy/retirement fund rules.

However, should the policy/retirement fund rules make provision for it, the insurance may continue after the normal retirement age if the employee is still in active service of the employer after the normal retirement age, until the employee actually retires or until the age of 70 years, whichever occurs first.

Please note: This provision for insurance to continue after the normal retirement age, if chosen by the employer/retirement fund, will be compulsory for all employees who remain active in service after the normal retirement age.

Maximum age at entry

The employee must be younger or equal to the benefit cessation age/normal retirement age, up to the maximum of 65 years.

Medical evidence of good health

The Life insurance is subject to a Medical Proof Free Limit.

This means that employees qualify for insurance up to the Medical Proof Free Limit without having to submit medical evidence of good health.



Supplementary benefits

The employer/retirement fund can supplement this insurance with the following additional benefits which will be included in the accompanying **cost document** if chosen by the employer/retirement fund:

01

Conversion option

Provision can also be made for the group Life insurance to be converted to a similar individual policy.

The employee will have the option, up to the normal retirement age or the maximum age of 70 years (if still in active service after normal retirement age), to take out a similar individual policy with Sanlam, without having to provide medical evidence of good health, when the employee:

- ④ withdraws; or
- ④ retires

The converted Life insurance will be subject to the conditions applicable to Sanlam (Sanlam Personal Finance) policies.

Furthermore:

- ④ The application for the insurance must be submitted to a Sanlam office within **2 months** of withdrawal or retirement.

- ④ The maximum insurance in terms of the option may not exceed the maximum insurance applicable to similar individual policies and may thus be less than the total insurance the employee had under the group Life insurance policy.
- ④ The employer/broker is responsible for informing employees that conditions may differ on conversion.
- ④ An HIV test and a cotinine test for non-smokers are no longer required on Sanlam's conversion options.

Please Note:

- The conversion option may only be exercised if the employee is a South African citizen.
- The conversion option cannot be exercised in instances where the employer retrenches 3 or more employees and/or 2% of the total number of employees.
- Contract and seasonal workers do not qualify for an option to convert from the Life insurance to a similar individual policy.

02

Continuation of insurance during disability

If an employee receives a disability income via a group Income Disability insurance policy, his/her membership is continued as if he/she remains an employee:

- ④ The Life insurance (in respect of the employee), and other applicable supplementary benefits which applied before disability, will remain applicable with payment of premiums, while the employee receives a monthly Income Disability insurance benefit.

Please note: All benefits will be applicable while the employee receives a monthly Disability Income insurance benefit only if Continuation of insurance during disability is applicable to the employee.

03

Growth in insurance during disability

The Life insurance can also increase annually by paying an additional premium (and only if Continuation of insurance during disability has been chosen). The increase will be at a rate equal to the smaller of the growth applicable to the disability income instalment and 100% of the inflation rate, with a maximum of 10% per year.

The increase in respect of the Life insurance and other applicable supplementary benefits, will be with regard to either future disability claimants or future and existing disability claimants, as per the cost document.

04

Terminal Illness insurance

In the event of medical evidence being presented that an employee (active or existing disability claimant) is terminally ill and has less than 6 months to live, this insurance aims to financially assist with the expenses associated with a terminal illness:

- ④ It allows for the early payment of an employee's Life insurance; and
- ④ The insurance is based on the employee's salary at the date of notification of the claim; and no further payment of premiums is required beyond the date of payment of the benefit.

Please note: Where the Terminal Illness insurance is offered in conjunction with Lump Sum Disability insurance, only one of the two benefits will be paid.

Benefit cessation age

This insurance is available up to the cessation age of an employee's Life insurance, or the age of 70 if the Life insurance continues up to age 70.

05

Tax replacement insurance

All lump sums paid by a retirement fund are taxable, which means that, when a Life insurance benefit is paid according to the rules of an approved retirement fund and it is above the specified maximum tax threshold (according to the prescribed tax table for retirement/death/retranchment lump sum benefits at that stage), the amount that is in excess of the threshold is taxed.

Sanlam can make provision for this by insuring an additional amount to offset any tax which may be payable. The Tax Replacement insurance makes provision for the estimated tax that may be payable on the taxable part of the insured amount.

Please note: When determining the tax payable, Sanlam disregards any previous benefits paid to any employee by any retirement fund.

06

Accident insurance

Should an employee be involved in an accident which results in death or the loss of bodily function, the Accident insurance provides a lump sum payment to the employee.

For more information on this, please refer to the Accident insurance benefit guide.

07

Lump Sum Disability insurance

The Lump Sum Disability insurance aims to replace lost future income for employees belonging to a policy/retirement fund who, prior to normal retirement age become totally and permanently disabled.

For more information on this, please refer to the Lump Sum Disability insurance benefit guide.

08

Spouse's and Children's Pension insurance

The Spouse's and Children's Pension insurance provides a fixed income for a spouse and children after the death of an employee.

For more information on this, please refer to the Spouse's and Children's Pension insurance benefit guide.

09

Universal Education Protector

The Universal Education Protector protects the family against the costs of educating the children after the death of the employee. In the event of the employee's death, the benefit can be claimed to pay for eligible children's educations.

The cost of the children's education is paid in addition to the Life insurance:

- ④ it is paid directly to the children's education institution, and
- ④ it may be claimed for each year of education at the start of that year.

This means that benefits need to be claimed for each year of education as and when costs are incurred for that year. Over and above the education fees, the following may be claimed per year:

- ④ **a book allowance** – the actual fees incurred for books up to a maximum of 10% of the actual education fees payable (after applying the maximums below); and
- ④ **university or technikon residence allowance** – the actual fees for university or technikon residence up to a maximum allowance of 30% of the actual education fees payable (after applying the maximums below).

Please note: The residence allowance is only payable for university and technikon studies and does not include trade diplomas/certificates.

Term of education

The term of education is limited to the earlier of the attainment of a first undergraduate degree/trade diploma or certificate, or the end of the year in which the child turns 23 years.

Years of education must run consecutively without interruption, otherwise the benefit ceases. Should a child fail to pass a year of education, no benefit can be claimed for the child to repeat that year.

Maximum benefit

The actual education fees are subject to the following maximums:

Benefit Maximums for Education Fees (Please note: Book and residence allowances are not included)		
Education Institution	Maximum amount per child	Maximum period
Pre-school (Grade 0 or Grade R)	R34 000 per annum	1 year
Primary school (Grade 1 to 7)	R68 000 per annum	7 years
Secondary school (Grade 8 to 12)	R77 000 per annum	5 years
Tertiary education	Local: R48 000 per annum International: \$55 000 per annum	Duration of an undergraduate degree or recognised trade diploma or certificate.

All South African schools and universities are included in this benefit, as well as universities of technology (technikons) and recognised institutions providing for a trade (such as plumbing and electrical). Certain overseas universities are also included.

Eligibility

There is no maximum to the number of children that can qualify for the benefit.

An **eligible child** is defined as:

- ① a biological child of the employee, including a posthumous child (i.e. born after the date of the employee's death); or
- ① a legally adopted child of the employee. The adoption, or date of application for adoption, must be before the date of death of the employee; or
- ① a step child of the employee (validated by legal marriage).

However, only eligible children will be able to receive benefit payments under this benefit, provided that an eligible child who is 18 years or older (but not yet 24 years) was registered, or attending a tertiary institution at the date of the employee's death.

A **marriage** is defined as:

- ① a marriage or union in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998, or the Civil Union Act, 2006, or the tenets of a religion.

Cessation of benefit

This benefit will cease on the earlier of:

- ① the employee reaching the smaller of the normal retirement age or the age of 65 years;
- ① the employee leaving the employer's service;
- ① the cancellation/dissolution of the Life insurance.

Administrative requirements

The benefit is provided for by way of an unapproved policy, regardless of whether the employee's Life insurance is approved or unapproved. Furthermore:

- ① it can only be underwritten by Sanlam for the same duration that the approved or unapproved Life insurance is underwritten by Sanlam.
- ① no benefit payments will be made if the child does not attend a learning institution for any reason whatsoever.
- ① home schooling is specifically excluded from benefit payment.
- ① no benefit is payable in the event of the employee becoming disabled.
- ① no benefits become payable on the death of the spouse. If both parents belong to different group policies insured by Sanlam and both die, no additional payments will be made in excess of the actual cost of the child's education.
- ① benefits may only be claimed after the death claim has been admitted by Sanlam.
- ① if fees levied by an educational institution have already been paid, benefits will be paid only in respect of any outstanding educational fees that have become payable after the date of death of the employee. Overdue fees will also not be paid.

Burial Repatriation (our funeral support service)

The loss of a loved one will always remain one of the most traumatic events in our lives. While no one can make it easier to lose a loved one, Sanlam can assist family members during a time of loss by transporting the deceased back home if the death occurred far from his/her home base.

The Burial Repatriation benefit is a service that allows for the transport of the deceased employee's body back home, to the final funeral home closest to the place of burial in South Africa.

The service applies to –

- ① an employee (insured person) covered by Sanlam's Life insurance policy, issued to the employer.

The service includes:

Transport of the deceased	Accompanying the deceased	Access to the benefit
<p>The transport is provided</p> <ul style="list-style-type: none">• via road or air,• from anywhere in South Africa, Lesotho, Swaziland, Zimbabwe, Botswana, Namibia or Mozambique (south of the 22° latitude).	<p>If death occurs in South Africa, the service also allows for</p> <ul style="list-style-type: none">• transportation arrangements for a single relative to accompany the mortal remains to the final funeral home; and• overnight accommodation (for a single relative).	<p>The employee's next of kin can access this benefit, either by themselves or via the employee's employer, by calling our specialised call centre on 0860 004 080. Calls can be answered in any one of the official South African languages.</p> <p><i>These services are available 24 hours a day, 7 days a week.</i></p>

Special cultural preference:

We have taken into account that the surviving family may have special cultural preferences regarding the transportation of the deceased and we will ensure that special care is taken to meet these preferences.

Other services available:

Other services which are aimed at simplifying the death/burial for the family, are also available:

- ① Assistance and advice on claims procedures is provided to the surviving family;
- ① If necessary, legal assistance can be arranged to assist with the interpretation of the will and the management of the necessary documentation (at the family's own cost);
- ① Advice can be provided on matters such as obtaining a death certificate and cross-border documentation;
- ① Referral to a pathologist can be made if an autopsy is necessary;
- ① Referral to reputable funeral parlours and providers of other funeral services such as catering and transport can be made, and clients benefit from our experience and knowledge of suitable providers; and
- ① Assistance can be provided when looking for a tombstone supplier.



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