Notes

- This chapter should be read in conjunction with the contract documents. If there is any conflict or inconsistency between the contents of the contract documents and this chapter, the provisions of the contract documents will prevail.
- Take note that information contained in this technical guide is with regard to the latest versions of the applicable products/benefits. Refer to the contract documents for information about the existing products/benefits of a life insured.
- Any reference to "you" or "your" refers to the life insured. Any reference to "we", "us", "our" or "ours" refers to Sanlam Life Insurance Limited (Sanlam Life)

Cumulus Echo Retirement Plan Conversion

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Why Cumulus Echo Retirement Plan Conversion?

Any reference to "you" or "your" in this section refers to the life insured.

The Cumulus Echo Retirement Plan is the most recent innovative retirement annuity which Sanlam developed. The product maximises your retirement savings with a reward at termination or retirement. Sanlam gives this reward by adding an amount in the form of an **Wealth Bonus** to the benefit payable at termination or retirement. Generally, the longer you have made payments and the higher the amount of the payments you have made over the term of the plan, the larger your **Wealth Bonus** will be.

To see the benefit of making payments for longer, the **Wealth Bonus** value will be illustrated throughout the lifetime of a plan. Through this Sanlam wants to establish a culture, to the benefit of all clients, of maintaining contributions until your planned retirement date, and even beyond.

It is now possible for you to change your existing retirement annuity product to the Cumulus Echo Retirement Plan through a process which is called a conversion. Such a conversion will not only enable you to enjoy the benefits offered by the Wealth Bonus, but also allow you to benefit from the unique product options offered by the Cumulus Echo Retirement Plan.

One of the reasons why you could consider converting your existing plan to the Cumulus Echo Retirement Plan Conversion product, is to get access to investment funds that are not offered on your existing plan. You might, for example, be interested in the built-in guarantees of the Sanlam Escalating Funds, which are available on the Cumulus Echo Retirement Plan Conversion product. Another reason why you could consider converting your existing plan is to get access to the various Cumulus Echo life time investment options. In addition to this you could consider to invest in the Comprehensive R28 option of the product if you want to ensure that your investment always stays Regulation 28 compliant.

Members of the Professional Provident Society Retirement Annuity Fund can transfer the ownership of an existing PPS Retirement Annuity to the Central Retirement Annuity Fund and then convert the plan to a Cumulus Echo Retirement Plan for Professionals. It will be possible to increase the recurring payments or add payment growth with such a conversion. It will also be possible to make additional one-off payments or increase the recurring payments after the conversion.

It is now also possible for you to convert your existing International Retirement Annuity plan (PPS and CRAF FUNDS) to the Cumulus Echo Retirement Plan Conversion product. By doing this you can access investment funds that are not offered on your existing International Retirement Annuity plan, increase the recurring payments or add payment growth with such a conversion. It will also be possible to make additional one-off payments or increase the recurring payments after the conversion.

In addition to the **Wealth Bonus**, the features of our Cumulus Echo Retirement Plan Conversion product include the following:

- You have the choice to go on with the recurring payments that you are currently paying, or you can increase your payments, subject to certain minimum payment limits.
- The charges are among the lowest in the market. The total marketing and administration charge is calculated on the sum of the fund values of all existing Cumulus Echo retirement annuity as well as the Cumulus Echo investment linked life annuity products.
- Wealth Bonus Booster rewards the qualifying life insured with even more Wealth Bonus.
- Investment funds:
  - Within the Comprehensive product option, you can choose from a range of investment funds which are all Regulation 28 compliant, thereby avoiding any further Regulation 28 compliance requirements. This option is called the Comprehensive R28 option. Or, alternatively, with the Comprehensive option, you can choose between a range of Regulation 28 compliant and non-compliant investment funds. Both these choices include the Sanlam Escalating Funds with investment guarantees.
  - You can invest in one or more of the available investment funds at the same time.
  - The built-in guarantee of a Sanlam Escalating Fund offers protection against uncertain times by ensuring that the unit price of such a fund is always at least 80% of the highest unit price it has ever reached since the fund's start date.
  - Life time investment options are available on the Comprehensive R28 option, whereby we manage the risk of fluctuating markets on your behalf by gradually shifting the allocation of your investment to more conservative investment funds as you near retirement.
  - You can do switches between any of the available investment funds at any time, with four free switches in a plan year.
- It is easy to establish the value of your investments, as the unit prices for all investment funds are updated on the Sanlam website daily.
- Our waiver of payment at disability benefits help to protect your savings by ensuring that payments for your plan continue without interruption after disability.
- If you experience a temporary decrease in income, you can skip payments by making use of our payment holiday facility at no extra cost, provided our conditions at the time are met. You do not have to repay the payments that are skipped.

What is a retirement annuity?

The Cumulus Echo Retirement Plan Conversion product is a retirement annuity which is structured to provide a client with a pay-out at any age from 55. Legally, a part of this pay-out may be taken in cash, with the rest to be reinvested and the proceeds used to pay the client a regular income for life. The fact that the capital is only available from age 55 onwards, ensures that clients have access to the money only when they need it most, and that it is used for the purpose it was designed for: to provide income after retirement.

Why choose a retirement annuity?

Retirement annuities have proved to be beneficial savings instruments for millions of people, because they encourage disciplined savings with tax incentives. For many people, their disciplined savings efforts pay off when they retire with an intact nest egg.

A retirement annuity is an excellent investment instrument for tax-efficient savings as retirement annuity fund members receive three tax breaks:

- Payments are income tax deductible up to each contributor's limit. For each R100 invested in an RA plan, R40 (for someone taxed at a 40% marginal rate) is effectively paid back to the investor by the South African Revenue Service (SARS). The implication is that for the original R100 invested, the investor will pay R60 and SARS R40;
- Monies in the retirement fund receive favourable tax treatment. Tax is not payable on rental income and interest, and no tax is payable on either capital gains or dividends received;
- The cash lump sum at retirement also receives favourable tax treatment. On retirement a part of the lump sum could be tax-free, while the rest of the lump sum will be taxed at favourable rates. Refer to the *Tax* chapter for more information.

Some of the important features related to retirement annuities, in addition to the tax incentives mentioned above, are the following:

- Money transferred from any retirement fund such as a pension or provident fund to a retirement annuity is tax-free;
- A retirement annuity is protected against creditors, which provides protection in the event of insolvency;
- Any of the following compulsory annuities can be taken at retirement:
  - A conventional life annuity, with or without capital protection;
  - A linked annuity, which is more risky as a client has to choose underlying investment funds and percentage income;
  - A composite life annuity, which is a combination of a conventional life annuity and a linked annuity;
- The full benefit amount payable at death may be paid as a lump sum, or it can be used to provide regular income payments. The lump sum and income are subject to income tax, but exempt from estate duty.

Products, benefits and investment funds

Products and product codes

The available products and their product codes are indicated in the table below:

Product	Product code
Cumulus Echo Retirement Plan	R39C
Cumulus Echo Retirement Plan for Graduates	
Cumulus Echo Retirement Plan for Professionals	

The following applies:

- An existing Cobalt for Professionals Retirement Annuity or PPS Retirement Annuity will automatically be converted to a Cumulus Echo Retirement Plan for Professionals when a conversion is done. For all other conversions, the life insured may choose to what product his existing plan must be converted.
- The same product code applies to Absa, but a separate application form is available;
- Convertions from the Cumulus Echo Retirement Plan Conversion (R40C) to the Cumulus Echo Retirement Plan Conversion (R39C) is possible now, thereby allowing for recurring payment increases to be done.

Waiver of payment benefits

A waiver of payment benefit can be selected as an optional benefit on the conversion date, irrespective of whether the existing plan has such benefits. It will, however, not be allowed if the existing plan has an open-ended term and the chosen term has already expired on the conversion date. Refer to “Chosen term” and “Open-ended term” in this *Cumulus Echo Retirement Plan Conversion* chapter for definitions.

One of the following benefits may be selected:

- Waiver of payment with future growth at disability (OGG);
- Waiver of payment without future growth at disability (OPG).

The following applies when waiver of payment benefits are selected for the life insured:

- OGG is only allowed if the plan has Sanlam inflation payment growth;
- OGG and OPG are not allowed together on the same plan;
- If a waiver of payment claim is admitted, the total payment of the plan will be waived.

Refer to “Waiver of payment with future growth at disability (OGG), and Waiver of payment without future growth at disability (OPG)” in this *Cumulus Echo Retirement Plan Conversion* chapter for more information.

Investment funds

The choices are the following:

- Comprehensive R28 option:
    - One of the available life time investment options, or
    - A choice between only Regulation 28 compliant investment funds;
- Comprehensive option: a choice between any investment funds, including Regulation 28 compliant and non-compliant investment funds.

All these investment choices are indicated on the quotation system.

If a life time investment option is not selected, up to 10 investment funds may be selected, including Sanlam Escalating Funds with a built-in guarantee. The Sanlam Escalating Funds are not available for Absa brokers.

Apart from the built-in guarantee of the Sanlam Escalating Funds, we do not guarantee the performance of the investment funds. The value of units may increase or decrease, and past performance is no guarantee of future performance. For example, the value of assets in foreign currencies may increase or decrease materially due to changes in exchange rates.

None of the available investment funds of an existing International Retirement Annuity plan (PPS and CRAF FUNDS) is available on the Cumulus Echo Retirement Plan Conversion product and therefore the selection of new investment funds and Regulation 28 compliance will always be compulsory with the conversion.

Information about all investment funds we offer, is available on the Sanlam website at http://www.sanlam.co.za.

Available options per product

A choice between a Comprehensive option and a Comprehensive R28 option is available for all products in this *Cumulus Echo Retirement Plan Conversion* chapter.

Comparison between product options

A comparison between the Comprehensive and Comprehensive R28 options is done in the table below. In this table, LTIO refers to the available life time investment options.

<table>
<tr><th rowspan="2">Product feature</th><th colspan="2">Comprehensive product option</th></tr>
<tr><th>Comprehensive option</th><th>Comprehensive R28 option</th></tr>
<tr><td>Waiver of payment benefits</td><td colspan="2">Choice between:
• Waiver of payment with future growth at disability (OGG)
• Waiver of payment without future growth at disability (OPG)</td></tr>
<tr><td>Investment funds</td><td>Choice between any investment funds, including Regulation 28 compliant and non-compliant investment funds</td><td>Choice between:
• LTIO, or
• Only Regulation 28 compliant investment funds</td></tr>
<tr><td>Sanlam Escalating Funds</td><td>Available</td><td>Sanlam Escalating Funds which are Regulation 28 compliant are available</td></tr>
<tr><td>Switches between investment funds</td><td>Allowed</td><td>• Not allowed for LTIO
• Allowed for Regulation 28 compliant investment funds</td></tr>
</table>

Role players

Number of role players

The minimum and maximum number of role players are indicated in the table below.

Number of role players*		
Role player	**Minimum**	**Maximum**
Life insured	1	1
Nominee	0	10

*The Central Retirement Annuity Fund (the FUND) is the planholder for a Cumulus Echo Retirement Plan Conversion.

Life insured

A life insured must be a natural person.

Nominee

The benefit amount payable at death is equal to the fund value on the date that we receive notice of the death of the life insured.

Section 37C of the Pension Funds Act requires the trustees of the FUND to determine who should receive any amount payable at the death of a life insured. Details of appointed nominees, as well as of all the dependants of the life insured must be provided, including spouse(s), children (including adopted and illegitimate children) of all ages and other persons who are financially dependent on the life insured.

The trustees have to consider all the dependants of the life insured, even if nominees were appointed.

Is it necessary to appoint nominees?

Yes. A nominee is someone the life insured appoints to receive the benefit available at death, or a part of it. We, and the trustees of the FUND, will then know what the wishes of the life insured are. A nominee may only accept or reject the appointment after the death of the life insured.

Conditions for appointment of nominees

We recommend that nominees are appointed, although doing so is not compulsory. If nominees are appointed, the following applies:

- the life insured may appoint one or more nominees, up to a maximum of 10;
- a nominee can be a natural person, trust, tax-paying institution or tax-exempt institution;
- the percentage, between 0% and 100%, allocated to each nominee, must be specified separately. However, the total percentage allocated to nominees may not be more than 100%;
- if the total percentage allocated to nominees for a benefit amount is less than 100%, the remaining part of that benefit amount will be paid to the life insured’s estate.

May the appointment of a nominee be changed?

An appointment may be added, cancelled or changed at any time. It must be in writing and signed by the life insured, and must reach Sanlam Life’s head office before the life insured’s death.

Payments

All payments must be made in South Africa in South African currency.

Payment options on start date of conversion

The payment option of a plan cannot be changed after the start date of a conversion.

Choice between the following on the start date of a conversion:

- Only one-off payment (amount transferred from existing plan);
- Combination of one-off payment (amount transferred from existing plan) and recurring payments.

Payment frequency for recurring payments

The only payment frequency allowed for recurring payments is monthly.

Payment method for recurring payments

Choice between:

- Debit order;
- Stop order.

The same recurring payment applies for all payment methods. However, if this did not apply to the existing plan, the contractual payment of the existing plan will be payable on the start date of the conversion. For example, if the debit order payment on the existing plan was R99 and the contractual payment (before debit order discount) was R100, the R100 will be payable after the conversion.

Payment limits

Maximum

The maximum recurring payment per plan is limited to R30 000 per month or R360 000 per annum. For quotes that exceed this limit, contact Product Support.

Minimum amount allocated to investment fund

In addition to the minimum payments indicated in this section, the following applies:

- If the recurring payment of the existing plan is increased on the start date of the conversion, the minimum amount allocated to an investment fund is R50;
- The minimum allocation of R50 will be tested separately for one-off and recurring payments.

Examples

Any reference to "one-off payment" in this section refers to the amount transferred from the existing plan.

The following allocation **IS ALLOWED**:

- One-off payment = R2 000;
- Recurring payment of conversion = recurring payment of existing plan = R49 per month;
- Allocation allowed: Only one investment fund may be selected with 100% allocated to this investment fund.

The following allocations **ARE ALLOWED**:

- One-off payment = R2 000;
- Recurring payment of conversion = recurring payment of existing plan = R100 per month;
- Allocations allowed:
  - One investment fund may be selected, with 100% allocated to this investment fund;
    OR
  - Two investment funds may be selected, but 50% must be allocated to each of these investment funds.

The following allocations are **NOT ALLOWED**:

- One-off payment = R2 000;
- Recurring payment of conversion = recurring payment of existing plan = R100 per month;
- Allocations NOT allowed:
  - Two investment funds selected with 25% allocated to one of these investment funds, and 75 % to the other one, because allocations from recurring payments does not comply;
  - Four investment funds selected with 25% allocated to each of these investment funds, because allocations from recurring payments does not comply.

Minimum payments

Subject to business rules. Refer to "Business rules" in this Cumulus Echo Retirement Plan Conversion chapter for more information.

The minimum payments are indicated in the table below.

Minimum payment (R) for conversion			
On start date		After start date	
Fund value *	Recurring payment per month	Additional one-off payment	Recurring payment increase per month
• 1 000 (existing plan: with recurring payments – not paid up) • 25 000 (existing plan: only one-off payment or paid-up)	250	5 000	150

*This is the fund value of the existing plan before the conversion fee is subtracted. The one-off payment (amount transferred from existing plan) on the start date of the conversion will be the fund value of the existing plan less the conversion fee.

Business rules

On start date of conversion

Existing plan: only one-off payment or paid up

- Allowed if the fund value of the existing plan (before the conversion fee is subtracted) ≥ R25 000:
- Conversion can be done with or without recurring payments:
- If the fund value of the existing plan (before the conversion fee is subtracted) is < R25 000 but ≥ R1 000 then the conversion can only be done by adding recurring payments;
- If the conversion is done with recurring payments, a recurring payment of at least R250 per month must be added;
- The term on the start date of the conversion may not be shorter than that of the existing plan;
- An additional one-off payment may not be made.

Existing plan: not paid up (with recurring payments)

- Allowed if the fund value of the existing plan (before the conversion fee is subtracted) ≥ R1 000;
- A conversion can be done with the same recurring contractual payment (no minimum applies), or the payment can be increased by at least R150 per month (minimum increased payment applies). If a conversion is done with a recurring payment increase, the total recurring payment after the increase must be ≥ R250 per month;
- The recurring payment paid for the existing plan may not be reduced or stopped;
- The term on the start date of the conversion may not be shorter than that of the existing plan;
- An additional one-off payment may not be made.

After start date of conversion

Additional one-off payments

- Additional one-off payments can be made after the start date of a conversion;
- A minimum additional one-off payment of R5 000 applies.

Increase, reduce or stop recurring payments of recurring payment plans

- Recurring payments can be increased, reduced or stopped after the start date of a conversion;
- The minimum increase or reduction for this product at that stage applies.

Additional one-off payments after start date of conversion

Additional one-off payments may be made after the start date of the conversion, provided that they are not less than our minimum allowed. If the transaction date for a payment, as indicated in the statement, is more than one day later than the payment date, we will add interest to the payment to allow for the delay from the day following the payment date to the transaction date.

Recurring payments

Recurring payments are allowed, but then they should apply from the start date of the conversion. They cannot be added later. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

A recurring payment consists of a savings part and a risk part. If there are no waiver of payment benefits on the plan, the risk part of the recurring payment is not applicable.

If recurring payments are made by debit order, and the requested day on which we have to collect the payment does not fall on a working day, or a month does not have the particular day, we will collect it on the following working day.

The transaction date for a recurring payment is the later of the payment due date and the actual payment date. If this is not a working day, the transaction date will be the first working day thereafter. We will not adjust a recurring payment to allow for early payment if it is made before the transaction date.

If a recurring payment is not made in full within a 30 day period of grace, we may consider the recurring payment stopped. Also, if waiver of payment benefits are applicable, and a recurring payment is not made in full within a 30 day period of grace, these benefits will no longer provide cover.

Payment growth

If the plan has payment growth, the recurring payment will be increased according to the conditions of the type of payment growth, as chosen.

We offer the following type(s) of payment growth:

- Fixed growth;
- Sanlam inflation;
- Flexi growth.

The payment growth type that applies for a plan is indicated in the statement.

Fixed growth

The recurring payment will be increased each year by the chosen fixed percentage. Currently the minimum is 5% and the maximum 20% per year.

Sanlam inflation

The recurring payment will be increased each year by the inflation rate, as determined by us. In setting the rate, we will take into account the change in the consumer price index, or any other commonly accepted method of measuring inflation that may apply at the time. The Sanlam inflation rate may differ from official rates, due to differences in calculation methods. A minimum increase applies, which may change from time to time.

Flexi growth

Flexi growth is only available for a plan that forms part of a scheme. The recurring payment will be increased on request. Any number of increases per year may be requested. Any amount or percentage may be requested for an increase, subject to a minimum which may change from time to time.

General information

Conversion

When we convert an existing plan to this type of plan, we refer to it as a conversion. For administration purposes we allocate a new plan number. The amount that is transferred from the existing plan is equal to the one-off payment on the start date of the conversion. This one-off payment will, however, be included in the build-up of the recurring fund and not in the build-up of the one-off fund. No one-off fund will start to build up on the start date of the conversion.

The provisions as set out in the contract documents will only apply from the start date of the conversion.

One-off fund

Any reference to "one-off fund" in this *Cumulus Echo Retirement Plan Conversion* chapter refers to the part of the fund value built up by additional one-off payments made after the start date of the conversion.

Recurring fund

Any reference to "recurring fund" in this *Cumulus Echo Retirement Plan Conversion* chapter refers to the part of the fund value built up by the savings part of recurring payments.

Start date of conversion

The following applies:

- If the existing plan is a Legacy plan or if recurring payments are made by stop order, the start date of the conversion must be on the 1st of a month.
- If the existing plan is a non-Legacy plan or if recurring payments are made by a payment method other than stop order, the start date of the conversion can be any day from the 1st up to and including the 28th of a month.

Backdating of conversion

No backdating allowed.

Age limits on start date of conversion

The minimum and maximum inception ages of a life insured are indicated below.

Role player	Inception age next birthday	
	Minimum	Maximum
Life insured without a waiver of payment benefit	1	-
Life insured with a waiver of payment benefit	15	60

Chosen term

The chosen term is the period from the start date of the conversion up to the planned retirement date.

The planned retirement date must be on or after the retirement date of the existing plan, subject to the limitations below. Incomplete years are allowed, for example, the planned retirement date can be 10 years, 2 months and 4 days after the start date of the plan.

The minimum and maximum chosen terms are indicated below.

Minimum

The planned retirement date must be on or after the life insured's 55th birthday. In addition to this, the minimum chosen term is

- 1 years, if the investment portfolio **includes** the Vesting Bonus Fund,
- 6 months, if the investment portfolio **does not** include the Vesting Bonus Fund.

Maximum

The maximum chosen term is

- the term from the start date of the conversion up to 65 actual age, for actual age on start date of conversion < 55
- 10 years after actual age on start date of conversion, for actual age on start date of conversion ≥ 55.

After the chosen term has expired, the term of the plan is considered as open-ended. Refer to "Open-ended term" in this *Cumulus Echo Retirement Plan Conversion* chapter for more information.

Option date

It is the date which indicates the end of the term, and is indicated in the statement.

Open-ended term

After the chosen term has expired, the term of the plan is considered as open-ended. This means that the fund value will not be paid out automatically after the chosen term has expired, but that the plan will continue with or without further payments until the planholder terminates the plan.

Payment holiday

A period during which the recurring payments are temporarily stopped on request.

Working day

Any reference to "working day" in this *Cumulus Echo Retirement Plan Conversion* chapter refers to any day of the week from Monday to Friday, excluding public holidays.

Definition of spouse

The following applies to a spouse:

- a spouse is a person to whom the life insured is legally married, or
- a spouse is a person with whom the life insured has a relationship regarded as a marriage in terms of any law or custom, provided the life insured can satisfactorily convince us that he or she is living with the other party as if they were legally married;
- the life insured and spouse may be of the same gender.

Cooling-off period for increase in recurring payment on start date of conversion

If the life insured does not wish to continue with the change in the recurring payment, if any, which applies from the start date of the conversion, he or she may cancel it by notifying us in writing within 31 days (the cooling-off period) of receiving the contract documents. Any increase in recurring payments already made since the start date of the conversion will then be refunded to the life insured by Sanlam Life. If the assets in which the payments were invested have decreased in value, or if the life insured has already received benefits from the plan since the start date of the conversion, the amount to be refunded will be reduced accordingly. The amount may also be reduced to recover the cost of waiver of payment benefits.

The life insured will not be able to cancel the change in the recurring payment if he or she has received a tax certificate for it.

If the life insured has cancelled the change in the recurring payment, the following applies:

- if the existing plan had recurring payments, this recurring payment will continue unchanged for the conversion, or
- if the existing plan did not have recurring payments, the conversion will be without recurring payments.

The cooling-off period is not applicable to a re-issue.

Changes to a plan

Changes between products

The following changes are allowed:

- Change from the Cumulus Echo Retirement Plan to the Cumulus Echo Retirement Plan for Graduates;
- Change from the Cumulus Echo Retirement Plan to the Cumulus Echo Retirement Plan for Professionals*;
- Change from the Cumulus Echo Retirement Plan for Graduates to the Cumulus Echo Retirement Plan for Professionals*.

*If the product is changed to the Cumulus Echo Retirement Plan for Professionals, the higher Wealth Bonus percentages applicable to any recurring payment layer added after the change date will then apply from the start date of that recurring payment layer. Refer to "Wealth Bonus" in this *Cumulus Echo Retirement Plan Conversion* chapter for more information about payment layers.

Changes between product options

Change from the Comprehensive option to the Comprehensive R28 option, or vice versa.

Other changes

The following changes are allowed after the start date of a conversion, provided that our conditions at the time are met:

- Make additional one-off payments;
- Increase, reduce or stop recurring payments;
- Add, cancel or change payment growth;
- Change Waiver of payment with future growth at disability to Waiver of payment without future growth at disability, but not the other way around;
- Cancel Waiver of payment benefits;
- Add, cancel or change nominees;
- Take an early retirement benefit;
- Terminate a plan, subject to legislation.

Conversions

- Conversions from the following **are not allowed**:
  - Existing Legacy Retirement Annuity plans which have **reached maturity date**;
  - Existing Retirement Annuities with **less than 6 months** before the maturity date / option date is reached;
  - **Multiple** Retirement Annuities **to one** new plan;
  - Legacy Reversionary bonus (**RB**) Retirement Annuities;
  - **Linked** Retirement Annuities;
  - Retirement Annuities where a **waiver of payment benefits claim** has been registered or is in payment;
  - Retirement Annuities within an active **payment holiday;**
  - Retirement Annuities with **non-monthly** payment frequencies;
  - Retirement Annuities with more than one **outstanding** monthly payment, or plans which have lapsed;
  - Retirement Annuities with **pension interest**.
- Conversions from the following **are allowed**:
  - Existing Cumulus Echo Retirement Plan Conversion (R40C) to Cumulus Echo Retirement Plan Conversion (R39C);

Loans not allowed

Loans are not allowed against a plan.

Description of Cumulus Echo Retirement Plan Conversion

A person who wants to receive retirement annuity benefits, must be a member of a retirement annuity fund. To provide the benefits to the member, the retirement annuity fund holds a plan for the member. The retirement annuity fund, and not the member, is the planholder.

The person referred to as the life insured in this *Cumulus Echo Retirement Plan Conversion* chapter and the contract documents, is a member of the Central Retirement Annuity Fund (the FUND). The FUND holds a plan with us, Sanlam Life Insurance Limited (Sanlam Life), on the life of the member, to provide the retirement annuity benefits.

As required by the Pension Funds Act, contributions must be paid directly to us, and not to the FUND. We receive the contributions as the payments of the plan.

The plan is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998 and the Insurance Act, 2017. The plan is a contract between the planholder and us.

The contract consists of the following:

- the quotation;
- the application for the plan;
- the plan description, as updated from time to time, and available on the Sanlam website at http://www.sanlam.co.za;
- the statement, as updated from time to time;
- other documents, correspondence and information, if any, that by implication form part of the contract.

Investment

We invest a one-off payment and the savings part of a recurring payment less charges, if applicable, in the respective chosen investment funds.

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 property assets and 10% in hedge funds. It is essential for retirement fund plans to comply with the limits of Regulation 28.

The regulation also limits the exposure to offshore assets at a retirement fund level, currently to 45% as prescribed by the South African Reserve Bank. To ensure compliance at a retirement fund level, this limit is also applied at an individual plan level, except in cases where the mandate of the underlying investment fund is within Sanlam Life's control and the offshore exposure can be reduced should the retirement fund run out of offshore capacity.

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 implications if this is not done.

Life time investment option

If the Comprehensive R28 option with a life time investment option was chosen and as the life insured gets closer to the chosen retirement date, we will gradually shift the allocation of the investment by switching the investment funds as indicated in the statement. When we switch investment funds we sell units of the investment funds out of which a switch is done, and buy units of the investment funds into which a switch is done.

How and when is the amount allocated to a specific investment fund, invested?

We use the amount allocated to a specific investment fund to buy units in that investment fund on the transaction date.

Unit price

A unit price is calculated daily in South African currency, on the basis of the market value of the assets in the investment fund.

The following are taken into account when the unit price is calculated for a specific investment fund:

- tax, as levied in the applicable policyholders' fund. Currently no tax is levied in the policyholders' fund for retirement funds;
- the guarantee charge for Sanlam Escalating Funds;
- the fees charged by the asset managers.

The unit price of an investment fund is not guaranteed, and may increase or decrease over time, unless it is specifically stated otherwise in the contract.

For stabilised investment funds, the unit price is linked to bonus declarations that aim to smooth growth over time, instead of using the market value directly. The working of these stabilised investment funds is explained in the "Principles and Practices of Financial Management" document. This document is available on the Sanlam website at http://www.sanlam.co.za/Legal/Principles and Practices of Financial Management (PPFM)/Sanlam Personal Finance Individual Smoothed Bonus Products.

May an investment fund be closed?

Yes. This may occur if, for example, legislation changes or certain classes of assets become unavailable or it is in our opinion no longer prudent to invest in the specific investment fund. If the plan is affected, we will request the life insured to choose another investment fund allowed at that stage for this type of plan, and to inform us of the choice made. If we receive no response to such a request, we will decide in which investment fund to invest the affected part of the plan.

Switching of investment funds

Switching of investment funds allowed at the time for this type of plan may be done on request. We will sell units of the investment funds out of which a switch is done, and buy units of the investment funds into which a switch is done. We do this on the first working day after receiving the switch request.

Future payments may be allocated to any investment fund allowed for this type of plan. The payments already allocated to the current investment funds, will then remain in these investment funds.

If a life time investment option is active when any requested switch is done, or payments are allocated differently on request, the option will be cancelled.

Although switching between the stabilised investment funds may be done on request, only one stabalised fund can be active on the plan.

Cost to switch investment funds

Currently there is no transaction charge for the first four switches in a plan year. For each subsequent switch in a plan year, we will levy a transaction charge, which will be determined at the time. The current transaction charge is indicated in the statement. We may change the number of free switches from time to time.

Any switch of investment funds that we do according to the chosen life time investment option, will be free of charge. No transaction charge will be levied.

Trading of assets

We may use the assets in the investment funds for transactions such as scrip lending. Any income or loss arising from these transactions will be for our own account, and therefore will not affect the plan benefits.

Fund value

The fund value of a specific investment fund is the number of units multiplied by the unit price for that investment fund.

The fund value of the plan is the total fund value of all the investment funds for that plan.

For the Vesting Bonus Fund stabilised investment fund the fund value will be equal to the number of units in the Vesting Bonus Fund stabilised investment fund multiplied by its unit price on any of the following dates only:

- the date on which we receive notice of the death of the life insured, or
- the option date, or
- a date every five years after the option date.

For the SATRIX Smooth Growth Fund stabilised investment fund, the fund value will be equal to the number of units in this investment fund multiplied by its unit price on any of the following events only:

- the death of the life insured, or
- at retirement, or
- at ill-health retirement.

On any other date or event the fund value will be equal to the lower of the number of units in a stabilised investment fund multiplied by its unit price and the market value of the underlying assets, which may increase or decrease over time. If a benefit is paid, or if a charge is levied for reduction or stopping of the recurring payment, at a time when the market value of the underlying assets is the lower of the two values, a market value adjustment will be applied to the number of units in the stabilised investment fund. This will be done by selling a number of units equal in value to the difference between the number of units multiplied by the unit price and the market value of the underlying assets. The remaining units in the stabilised investment fund, if any, will therefore be less than they would have been if a benefit had been paid at a time when the number of units multiplied by the unit price was lower than or equal to the market value of the underlying assets.

Sanlam Escalating Funds with guarantees

Not applicable for Absa brokers.

Any reference to “Escalating Fund” in this section refers to a Sanlam Escalating Fund.

For a number of investment funds there is a corresponding Escalating Fund with a built-in guarantee available. These Escalating Funds are separate investment funds and therefore their unit prices differ from that of the corresponding investment funds. The built-in guarantee will ensure that the unit price of an Escalating Fund is always at least 80% of the highest unit price ever reached on that Escalating Fund since its inception date, despite what happens to the underlying investments.

A Escalating Fund invests in a combination of the corresponding investment fund and cash. Accordingly, the investment return on a Escalating Fund is a combination of the investment returns on the corresponding investment fund and cash, and can thus differ substantially from that of the corresponding investment fund. For an Escalating Fund the allocation between the corresponding investment fund and cash is not fixed, but varies according to market conditions. When the market value of the corresponding investment fund decreases, the percentage allocated to cash will be increased to protect the capital value. Similarly, when the market value of the corresponding investment fund increases, the percentage allocated to the corresponding investment fund will be increased, allowing the Escalating Fund to benefit from a rising market.

A Escalating Fund reduces the volatility of returns, compared to the corresponding investment fund, and aims to limit capital losses in a declining market, while also benefiting from rising markets. In market downturns the cash component of a Escalating Fund may increase substantially and a Escalating Fund may invest the bulk of its assets in cash. Therefore it is not unlikely that the cash component of a Escalating Fund may exceed 50% from time to time. In extreme downturns, a Escalating Fund could become 100% invested in cash. However, interest earned on the cash coupled with a recovery in the market will result in a Escalating Fund gradually switching out of cash and into the corresponding investment fund again.

Wealth Bonus

Any reference to "fund value" in this Cumulus Echo Retirement Plan Conversion chapter excludes the Wealth Bonus.

The Wealth Bonus is an additional amount which is added to the benefit payable at termination or retirement. Generally, the longer the life insured has made payments and the higher the amount of the payments over the term of the plan, the larger the Wealth Bonus will be.

For the purpose of calculating the Wealth Bonus, the payments are split into parts called payment layers. On the start date of the conversion, a separate payment layer is formed by the one-off payment and by the recurring payment, if applicable. Thereafter, for each recurring payment increase, whether at the life insured's request or due to payment growth on the plan, as well as for each additional one-off payment, a new payment layer is added. The new payment layer is formed by the increased part of the recurring payment or by the additional one-off payment. The Wealth Bonus for the plan is the sum of the Wealth Bonuses for all the payment layers.

For each payment layer, a separate Wealth Bonus is calculated. The Wealth Bonus is a **percentage** of the sum of the life insured's invested payments for each payment layer and the **investment return** up to the time of calculating the Wealth Bonus, multiplied by a **factor**. The multiplying by a factor only applies to a plan with recurring payments.

The **percentage** referred to here is called the Wealth Bonus percentage, and depends on the term for which the payment layer has been in force at the time of the calculation. The longer this term, the higher the Wealth Bonus percentage will be.

A unique Wealth Bonus percentage table applies for the first payment layer of each converted plan, as indicated in the statement, while the Wealth Bonus percentages for different terms for payment layers added after the start date of the conversion, are indicated below.

For an additional one-off payment layer after the start date of a conversion:

Term in years	Wealth Bonus percentage for non-professionals and graduates	Wealth Bonus percentage for professionals
0	0	0
5	3	3
10	10	10
15	20	20
20	30	30
25	40	40
30	50	50
35	60	60
40	70	70

For terms longer than those indicated in the table above, the Wealth Bonus percentage increases with 10% every 5 years, after the last term in the table. For example, the Wealth Bonus percentage at 45 years is 80%.

For a recurring payment increase after the start date of a conversion:

Term in years	Wealth Bonus percentage for non-professionals	Wealth Bonus percentage for graduates	Wealth Bonus percentage for professionals
0	0	0	0
5	2	3	3
10	10	11	11
15	20	21	22
20	30	31	32
25	50	51	52
30	70	71	72
35	90	91	92
40	110	111	112

For terms longer than those indicated in the table above, the Wealth Bonus percentage will increase with 20% every 5 years, after the last term in the table. For example, the Wealth Bonus percentage for non-professionals at 45 years will be 130%.

For a term in-between those indicated in a table, we first determine the percentages that apply to the terms before and after the required term. Then we determine the percentage to be used for the required term as an interpolation between the two percentages. For example, if the percentages for 2 consecutive terms, 5 years apart, are 10% and 20%, and the required term is 2 years after the first term, then the percentage will be 14%.

The **investment return** reflects the performance of the underlying investment funds of the plan. The investment return also allows for any charges or fees deducted from the fund value of the plan, as well as any discounts added to the fund value of the plan. The sum of the life insured's invested payments for all payment layers and the investment return is equal to the fund value of the plan.

For the recurring payment layer on the start date of the conversion, the **factor** used in the Wealth Bonus calculation is equal to one. For each subsequent recurring payment layer up to the option date the factor is equal to the sum of the recurring payments made up to the time of calculation, divided by the sum of the recurring payments that we expected would be made over the term from the start date of each payment layer to the option date. For as long as the life insured continues to make recurring payments, the factor for each subsequent recurring payment layer will increase. If the life insured reduces or stops recurring payments, the factor for each subsequent recurring payment layer will increase at a slower rate or stop increasing. The factor is limited to a maximum of one.

For the calculation of the Wealth Bonus at the death of the life insured, when the life insured qualifies for disability benefits as defined in the rules of the FUND before his or her 55th birthday, and for recurring payment layers starting after the option date, the factor is regarded as equal to one.

Wealth Bonus Booster

For a qualifying graduate or if profession is professional.

Wealth Bonus Booster rewards the qualifying life insured with even more Wealth Bonus.

The following criteria must be met to qualify for Wealth Bonus Booster:

- A life insured must be a qualifying graduate or professional with the following qualifying Sanlam Life products:
  - Matrix Premier with Wealth Bonus
  - Cumulus Echo Retirement Plan with recurring payments.
- Payments for the above products must at least be equal to the respective minimum amounts required to qualify for Wealth Bonus Booster.

The minimum amounts will be increased from time to time to allow for inflation, as determined by Sanlam Life.

Wealth Bonus Booster will be provided as a separate insurance plan as described under, and regulated by the Long-term Insurance Act, 1998 and the Insurance Act, 2017, issued in the name of the life insured. The life insured may not cede this plan as security or cede his or her rights to this plan to another planholder.

This contract is between the life insured and Sanlam Life. Sanlam Life will not require any payments for this plan.

The life insured cannot purchase the additional insurance plan providing Wealth Bonus Booster. We will inform the life insured if he or she qualifies for Wealth Bonus Booster and send the relevant documentation to him or her. Refer to the Technical guide for risk products, *Matrix Wealth Bonus en Wealth Bonus Booster* chapter for more information.

Charges

Tax included in charges

Tax is levied according to the applicable policyholders' fund. Currently no tax is levied in the policyholders' fund for retirement funds.

Charges for the plan

The current charges are indicated in the statement and can be one or more of the following:

- An **initial marketing charge**, deducted from a one-off payment.
- A **payment charge**, deducted from the savings part of recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the savings part of the recurring payment.
- If the investment in the Vesting Bonus Fund is increased, other than through normal savings payments, within 5 years before the option date, we may levy a **participation charge** on the increased part. This charge is deducted from the fund value by selling units to the value of the charge.
- A monthly **Regulation 28 administration charge** for monitoring the plan and, if necessary, ensuring that the plan is adjusted to be Regulation 28 compliant. This charge will be increased from time to time to allow for inflation, as determined by us. It is deducted monthly from the fund value by selling units to the value of the charge.

  If the Comprehensive R28 option is chosen, the plan will always be Regulation 28 compliant as all the investment funds available for the Comprehensive R28 option are Regulation 28 compliant. Therefore, the Regulation 28 administration charge will not apply to the Comprehensive R28 option.

  Due to special circumstances the plan may not need to comply with Regulation 28 on the start date of the conversion. The Regulation 28 administration charge will then not be applicable.
- A yearly **marketing and administration charge**, which is calculated as a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. However, this charge is subject to a minimum monthly rand amount which will be increased from time to time to allow for inflation, as determined by us. The charge is calculated on a monthly basis, which means the percentage is divided by 12 to calculate the monthly amount. The charge is deducted monthly from the fund value by selling units to the value of the charge.

  The total marketing and administration charge for the life insured is calculated on the sum of the fund values of all the plans that exist for the life insured for the Cumulus Echo retirement annuity product as well as the Cumulus Echo investment linked life annuity product. The marketing and administration charge for this plan is calculated as the proportion the fund value of this plan has to the total fund value of all the plans, multiplied by the total marketing and administration charge. The minimum monthly rand amount per plan will still apply.

  For the stabilised investment funds the marketing and administration charge will always be calculated on a fund value equal to the number of units in the stabilised investment funds multiplied by its unit price.
- A yearly **guarantee charge** for Sanlam Escalating Funds, which is a percentage of the fund value and may differ for different investment funds. It is taken into account when we calculate the daily price of the units.

Deductions made by the asset managers

An asset manager charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement part of the contract.

Asset management discount

Some asset managers provide a discount on the asset management charge because we offer their investment funds for this type of plan and meet their conditions. The size of the discount may differ between investment funds and can change over time.

One way an asset manager may provide the discount is to reduce the asset management charge of an investment fund with the discount. The value of the discount is therefore passed on to the fund value of the plan. In this case the asset management charge indicated in the statement for the specific investment fund is already reduced by the discount.

Alternatively, an asset manager may pay the rand value of the discount to us at the end of each month. In this case we pass the discount on to the fund value of the plan by adding additional units on a monthly basis. This means that the yearly discount percentage indicated in the statement, if applicable, is divided by 12 to calculate the monthly amount.

Transaction charge

We will levy a transaction charge for each of the following alterations before the option date:

- Reduction or stopping of the recurring payment;
- Taking an early retirement benefit;
- Termination of the plan.

The amount of this transaction charge is determined by means of regulatory measures and it will change in future if such regulatory measures or legislation change.

We will also levy a transaction charge for switching of investment funds. This transaction charge will be increased from time to time to allow for inflation, as determined by us. We will continue to levy the transaction charge for switching of investment funds after the option date.

Plan specific rules are applied to determine the maximum payment holiday period over the term of the plan. The payment holiday period can be used in full or partially at different times during the term of the plan. Some of these periods will be free of charge. Once all of these free periods have been used, the plan may qualify for an additional number of payment holiday periods for which we will levy a transaction charge. This transaction charge will be increased from time to time to allow for inflation, as determined by us. The current transaction charge is indicated in the statement.

Every transaction charge will be taken from the fund value by selling the required number of units.

Termination charge and payment reduction charges

We may levy a **termination charge** for taking an early retirement benefit or termination of the plan before the option date. This charge is determined on the start date of the conversion and will decrease to zero over time. The termination charge, if applicable, is indicated in the statement.

We may levy a **payment reduction charge** for the reduction or stopping of the recurring payment. This charge will be based on a percentage of the termination charge at that date. The payment reduction charge only applies to the recurring payment, or a part thereof, before the start date of the conversion and, if applicable, is indicated in the statement. Any increase in the recurring payment on or after the start date of the conversion will not incur a payment reduction charge if the increased part of the recurring payment is subsequently reduced.

After a payment reduction charge for reduction or stopping of the recurring payment has been levied, the reduced termination charge will be indicated in the statement.

The termination charge indicated in the statement is not tested against any applicable legal limit, but it will be done when a termination charge or payment reduction charge is levied.

The termination charge and the payment reduction charge will be deducted from the fund value by selling units. The value of the sold units plus the Wealth Bonus on this value will be equal to the value of the charge.

Reduction or stopping of the recurring payment

The recurring payment may be reduced or stopped on request, provided that our conditions at the time are met.

One of the conditions for stopping the recurring payment is a minimum fund value, after the transaction and payment reduction charges, if applicable, have been deducted. If recurring payments are stopped despite this condition not being met, the plan will lapse. The minimum fund value is indicated in the statement.

If recurring payments are stopped due to emigration, the plan’s termination value may be taken as a lump sum*, provided that the emigration has been confirmed in writing by an authorised Reserve Bank dealer. The termination value is equal to the fund value less the transaction and termination charges, if applicable. If the total fund value of the plan for a life insured is less than R15 000 after stopping contributions, such a life insured may also request the FUND to terminate his or her membership and pay out his or her benefits*

*In both instances it will be taxed as a lump sum withdrawal benefit.

Investment advice agreement between the life insured and the FUND

Not available when a life time investment option was chosen.

The life insured, as a member of the FUND, may request the FUND to pay a fund-based fee, including VAT if applicable, for ongoing investment advice for his or her retirement investment. We, as the administrator of the FUND and on instruction of the FUND, will pay this fee monthly on behalf of the FUND to the intermediary who provides this advice.

This investment advice is a discretionary service that is provided by an intermediary nominated by the life insured. It is not part of the intermediary services for which we pay commission.

The fund-based fee for the investment advice is specified as a percentage per year of the fund value. The life insured must specify the percentage. The fund-based fee is calculated on a monthly basis, which means that the specified percentage is divided by 12. It is deducted monthly from the fund value by means of a withdrawal. Because the fund-based fee is based on the fund value, the rand value of the fee will fluctuate. For example, a fund-based fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

For the stabilised investment funds the fund-based fee will always be calculated on a fund value equal to the number of units in the stabilised investment funds multiplied by its unit price.

For conversion plans, the fund-based fee must be renegotiated every 36 months. If at any point, the retirement annuity benefits of another fund have been transferred to this FUND, the fund-based fee must be renegotiated every 12 months. The current fund-based fee, if applicable, is indicated in the statement.

Retirement benefit

The retirement benefit may be taken at any time from the life insured’s 55th birthday, except if the life insured qualifies for disability benefits as defined in the rules of the FUND,when it may be taken earlier. The retirement benefit amount is equal to the plan’s termination value, which is the fund value less the transaction and termination charges, if applicable.

However, if the life insured does not take the retirement benefit, the plan will continue, with or without further payments, until the planholder terminates the plan. And, except where the life insured or the FUND informs us otherwise, we will continue the fund value in the investment funds in which it is invested at that stage, for further growth.

How will the retirement benefit be provided?

Depending on legislation the life insured may take a part of the retirement benefit amount as a lump sum. The balance must be used to provide regular pension payments. Or, the life insured can choose that the full benefit amount be used to provide regular pension payments.

Whichever way the benefit amount is taken, the plan will then end. An annuity plan will be taken out to provide the regular pension payments. This plan must be taken out with an insurer who is licensed as a life insurer under the Insurance Act, 2017.

If the total interest of the life insured in the FUND, which includes the benefit amount, does not exceed the amount prescribed by legislation from time to time, the life insured may take the full benefit amount as a lump sum. Refer to the *Tax* chapter for more information.

Whichever way the benefit amount is taken, the plan will then end.

Tax on retirement benefit

According to current tax legislation, and depending on the life insured's tax situation,

- the lump sum benefit could be tax-free within certain limits, and
- regular pension payments will be fully taxable as income.

Refer to the *Tax* chapter for more information.

Benefit payable at death

The benefit amount is equal to the fund value on the date that we receive notice of the death of the life insured.

The full benefit amount may be paid as a lump sum, or it can be used to provide regular pension payments. An annuity plan will be taken out to provide the regular pension payments. This plan must be taken out with an insurer who is licensed as a life insurer under the Insurance Act, 2017.

Who will receive the benefit payable at death?

Section 37C of the Pension Funds Act requires the trustees of the FUND to determine who should receive any amount payable at the death of a life insured. Details of appointed nominees, as well as of all the dependants of the life insured must be provided, including spouse(s), children (including adopted and illegitimate children) of all ages and other persons who are financially dependent on the life insured.

The trustees have to consider all the dependants of the life insured, even if nominees were appointed.

How much will be paid to each dependant or nominee?

The trustees of the FUND will decide whether the needs of dependants have been adequately provided for. They will therefore decide each dependant's share, if any, of an amount payable. If a nominee is not a dependant, the trustees will also decide whether the nominee qualifies for any benefits and if so to what extent the nominee will share with the dependants in an amount payable.

Who is a dependant?

Dependants are:

- The spouse of the life insured;
- A child of the life insured, including an adopted or illegitimate child;
- A person who, in law or in fact, depends on the life insured for financial support;
- A person who, in law or in fact, would have depended on the life insured for financial support had the life insured not died. For example, a child of the life insured who is born after the life insured's death.

Appointment of nominees

Refer to "Nominee" under "Role players" in this *Cumulus Echo Retirement Plan Conversion* chapter for more information.

Waiver of payment with future growth at disability (OGG), and Waiver of payment without future growth at disability (OPG)

<table>
<tr><td>Benefit description</td><td>
This benefit provides cover for occupational disability. In addition to occupational disability, this benefit also provides cover for certain defined recognised and personal disability events.
Waiver of payment with future growth at disability
If we admit a claim, we will waive the recurring payment of the plan. Each year the recurring payment will continue to increase by the growth type that applied when the claim was admitted, but subject to the current maximum increase each year of 15%. Every time the recurring payment is due, we will regard that payment as paid.
If the type of payment growth has been changed or the payment growth has been cancelled before a claim is admitted, we will change this benefit to a similar benefit without future growth.
Waiver of payment without future growth at disability
If we admit a claim, we will waive the recurring payment of the plan payable at the time of the claim. Every time the recurring payment is due, we will regard that payment as paid. If payment growth is applicable to this plan, even if the recurring payment was increased before a claim was admitted, the payment we will regard as paid, will no longer be increased thereafter.
Waiver of payment with future growth at disability, and Waiver of payment without future growth at disability
A benefit may be claimed if the life insured becomes disabled, and the disability amounts to one of the following:

total, permanent and irrecoverable loss of

the vision in two eyes, or
the use of two hands, or
the use of two feet, or
the use of one hand and one foot;

functional impairment to the extent that the life insured is

totally, permanently and continuously unable to take care of his or her body, or take care of his or her personal interests, or
totally and continuously unable to fulfil the occupational demands of the occupation he or she engaged in for income immediately before the functional impairment, resulting in a loss of such income.

It is important to note that we will not waive the recurring payments for more than one waiver of payment claim at the same time.
Special provisions, if any, regarding this benefit are set out in the statement.
</td></tr>
<tr><td>Type of benefit and duration of cover</td><td>Rider benefit and term cover</td></tr>
<tr><td>When will cover for the benefit start?</td><td>
Cover will start on the last of

the date of our written acceptance of the planholder’s application,
the cover start date for the benefit, as indicated in the statement, and
the date on which we receive the first recurring payment, or on which arrangements to our satisfaction have been made for the first recurring payment.

</td></tr>
<tr><td>When will cover for this benefit end?</td><td>
Cover will end

at midnight before the cover end date, as indicated in the statement, or
if the plan ends for any reason before the cover end date.

</td></tr>
<tr><td>Can cover for the benefit be extended?</td><td>Yes, subject to our new business requirements at the time, it can be extended on request, provided that the life insured is still alive and we receive the request before the cover end date. However, we will not extend cover for the benefit if, during the year ending at midnight before the cover end date, a claim for a waiver of payment benefit for the life insured was submitted to us, or we waived the recurring payments.</td></tr>
</table>

Can cover for the benefit be limited?	The cover for the benefit will not be limited*. However, if there is other existing insurance with us which provides for payment of benefits if the life insured should suffer disability, those benefits may be limited as set out in that other existing insurance, as a result of the payment of the benefit under this plan. We will only be able to determine this at the time a disability claim is admitted. *Subject to financial underwriting
Age limits	**Inception age** • Minimum: 15 next birthday • Maximum: 60 next birthday **Benefit cease age** 65 next birthday
Qualifying lives	The following lives do not qualify: • Housewives/-husbands; • Scholars; • Certain students*; • Unemployed persons. *Students in at least their fourth year of study for a professional occupation do qualify. All other lives qualify, subject to age limits and underwriting.
Waiting period	The waiting period is currently 6 months from the date we receive the claim. Recurring payments must still be made during the waiting period.
Exclusions	Refer to "Exclusions" in this *Cumulus Echo Retirement Plan Conversion* chapter for more information.

Admittance of a claim

We will admit a claim only if we are satisfied that all of the following conditions are met:

- The claim meets the description and requirements of the claim event;
- We receive all information we reasonably may require;
- The life insured obtained and followed medical advice immediately after the bodily injury took place or the illness had started;
- All aspects of the claim are proved by medical and other evidence we reasonably may require;
- The recurring payments of the plan have been made in full;
- The disability is caused directly and solely by a bodily injury or by an illness;
- The disability has lasted continuously for the entire waiting period;
- The bodily injury took place, or the cause of the claim was diagnosed for the first time, or the symptoms of the cause of the claim first presented, while the cover for the benefit was in force.

This benefit will be cancelled, and the risk part of all recurring payments made for this benefit will be forfeited, if a claim fraudulent in any aspect is submitted for this benefit, or if false information is supplied.

Waiving of payments

When will it start?

We will start waiving the recurring payments from the first payment due date on or after the date we admit the claim.

How long will the waiving continue?

We will waive the recurring payments for as long as the disability continues, but only up to midnight before the cover end date, as indicated in the statement. From the cover end date, the recurring payments must be resumed.

If we admit the claim because the life insured, as a result of the disability, is unable to fulfil the occupational demands of the occupation he or she engaged in for income immediately before he or she became disabled, we will waive the recurring payments for only 24 months. Thereafter, we will continue waiving the recurring payments only if the life insured is also unable to fulfil the occupational demands of another occupation we may reasonably expect him or her to engage in despite his or her disability, taking into account his or her education, training and experience.

While the recurring payments are being waived, we may from time to time ask for proof that the life insured is still disabled. We may require the life insured to be examined for this purpose, at our cost. If the life insured recovers to such an extent that he or she is no longer disabled, we will stop waiving the recurring payments.

We will also stop waiving the recurring payments if

- we do not receive the required proof of the life insured's continued disability, or
- the life insured
  - refuses to be examined, or
  - refuses to undergo reasonable treatment on a regular basis, at his or her cost, by a medical doctor, other than the life insured if he or she is a medical doctor, or
  - dies.

If we stop waiving the recurring payments, the recurring payments must be resumed.

Exclusions

We will not admit a claim if the disability of the life insured can be substantially removed or improved by surgery or other medical treatment, which we can reasonably expect him or her to undergo, taking into account the risks involved and the chances of success of such surgery or treatment.

If the life insured at any time engages in sport as an occupation, or works as a pilot, and becomes continuously unable to fulfil the occupational demands of that occupation, we will not admit a claim as a result of such inability.

We will not admit a claim if it resulted directly or indirectly from any of the following, whereby the life insured:

- participates in riot, insurrection, civil commotion, military or hostile action, or an act of terrorism;
- commits or attempts to commit a crime of murder, assault, housebreaking, theft, robbery, kidnapping, a crime involving a sexual act, or a crime of a similar nature to any of the aforesaid crimes;
- deliberately inflicts an injury on himself or herself;
- takes drugs or medicine not in accordance with medical prescription, or drives any form of motorised vehicle on a public road whilst his or her blood alcohol level exceeds the legal limit;
- is exposed to a nuclear explosion or radio-activity;
- participates in cave diving, commercial diving, or the exploration of underwater wrecks for financial gain;
- participates in motorised racing, speed contests or acrobatic flights;
- recurrently participates in microlight flights, hang-gliding, paragliding, parasailing, sky-diving, parachuting or sky-surfing;
- participates in professional boxing, professional kick-boxing or professional wrestling.

Specific exclusions, if any, are set out in the statement under special provisions.

Temporary exclusions for specific conditions

During the first 3 years after cover for the benefit has started, we will not admit a claim if the disability directly or indirectly resulted from any of the following:

- depression or dysthymia, whether as an episode or disorder, or as part of the symptom complex of another psychiatric diagnosis;
- post-traumatic stress disorder;
- fibromyalgia;
- chronic fatigue syndrome and its synonyms;
- a neck or back condition, unless it is one of the following: paraplegia; quadriplegia; malignant tumours of the spinal cord and vertebral column; or failed back syndrome after multiple spinal surgery, provided the extent of the functional impairment arising from the failed back syndrome is verified by a specialist that we will nominate;
- an injury or illness that directly or indirectly resulted from, or is traceable to, any of the above causes;
- a complication that directly or indirectly is attributable to any of the above causes, or to such an injury or illness;
- a side-effect of treatment for any of the above causes, or for such an injury or illness, or for such a complication.

Explanations

Neck or back condition

A disease, disorder, or dysfunction of the vertebrae, spinal cord, intervertebral discs, nerve roots and supporting muscles or ligaments, as well as the direct or indirect consequences of, or the side-effects of any treatment applied for, such disease, disorder, or dysfunction.

Failed back syndrome after multiple spinal surgery

When the life insured, after the cover for the benefit has begun, must undergo more than one spinal operation on two or more intervertebral disc spaces in the lumbar or cervical area, and despite those operations, still suffers severe back pain as verified by a multidisciplinary pain clinic. Such operations may include discectomy, vertebral fusion and internal fixation

Malignant tumours of the spinal cord and vertebral column

The incontrovertible presence of uncontrolled growth and spread of malignant cells, the invasion of normal tissue, and the definite histological evidence of a malignant growth in the spinal cord and vertebral column.

Paraplegia

Total, permanent and irrecoverable loss of function of both lower extremities, with or without loss of bowel or bladder function.

Quadriplegia

Total, permanent and irrecoverable loss of function of all four limbs.