Notes

- The following substitues are used for a product in the Legacy product range
  - "plan" for “policy”
  - “application form” for “proposal form”
  - “applicant” for “proposer”
  - "planholder" for “policyholder”
  - “life insured” for “assured”
  - ”payment" for “premium”
  - “one-off payment” for “single premium”
  - “start date” for “inception date” or “commencement date”.
- 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).

General information

Identification policy

Identification for a plan is required for each of the following:

- planholder;
- life insured;
- nominee for plan-ownership;
- beneficiary / nominee for death benefit;
- payer;
- cessionary.

One of the following is required for proof of identity:

- a valid RSA identity document.;
- a valid temporary RSA identity document issued by the Department of Home Affairs;
- a valid passport.

Refer to “Identification policy for medical examinations and tests” and “Territorial underwriting” in the underwriting chapters for further requirements.

We reserve the right to request additional proof of identification.

RSA citizen outside South Africa or Namibia

Territorial underwriting applies to an RSA citizen who is currently in a foreign country, or who plans to travel to a foreign country during the next 12 months.

Foreigner in South Africa

Territorial underwriting applies to a foreigner in South Africa. We will only consider cover for a foreigner who is in South Africa at the time of application.

Underwriting

For information regarding underwriting for Waiver of payment benefits refer to the “Technical guide for risk products – Underwriting for Classic and Premier” chapter.

Claims

What must be done in the event of a claim?

We must be informed of the claim as soon as possible. To obtain the necessary claim forms, and to ensure that all the required information is given to us, contact the Sanlam Life Claims Call Centre at telephone (021) 916-1710.

Documents required when submitting a death claim

The documents required when submitting a death claim is indicated in the tables below. If the beneficiary on a plan is a minor, we also require the birth certificate and the name of the guardian or trust. **We reserve the right to request additional information.**

Any reference to “claimant” refers to the recipient(s) of the claim payment, i.e. the planholder, beneficiaries, nominees or estate, as applicable.

Documents required
• Death claim form (form SLDC001E) • Death certificate • Details of dependants form (completed in full and signed by a Commissioner of Oaths.) • Will, or affidavit if no will • Divorce order and deed of settlement (if life insured was divorced at time of death) • Letter of executorship (if payable to estate) • Notice of cession (if no nominee for plan ownership, and if ceded) • Proof of age of dependants • Personal income tax number of deceased • SAPS declaration, judicial inquiry and post mortem report (if cause of death unnatural or unknown) • Proof of bank account (claimant)

Enquiries

The contact details for claims are indicated below.

Type of claim	Contact details
Death claims	• Telephone: (021) 916 3456 • e-mail: deathclaims@sanlam.co.za • Web: www.sanlam.co.za/claims

Cooling-off period

Clients who take out new plans or make changes to existing plans have the right to cancel the new plan or change within 31 days (the cooling-off period) of receipt of the contract documents. We apply 40 days from the date on the "Notice of Acceptance" letter (NOA) to determine the end date of the cooling-off period.

The cooling-off period is not applicable to re-issues.

Technical details

The cooling-off period applies to the following transactions:

- New business
- Additional one-off payments
- Recurring payment increases.

The cooling-off period does **not** apply to the following:

- Provident fund plans*
- New business retirement annuities if the life insured has received a tax certificate in connection with the transfer, or if the money has been transferred from a retirement fund and that fund is not prepared to reverse the situation.
- New business preservation fund plans if the fund from which the money has been transferred is not prepared to reverse the situation.
- Continuations - on start date of continuation
- Compulsory purchases in terms of life annuities, term annuities and investment plans*
- Cash withdrawals
- Surrenders
- Making plans paid-up
- Automatic payment growth (indexplan)
- A notation where limits have been applied in terms of the ASISA Code of Conduct for a disability claim
- Re-issues
- Endorsements and contractual changes.

*These products may in terms of law not be surrendered.

We reserve the right to implement the cooling-off period even on exempted products and transactions.

Effective Annual Cost (EAC)

What is EAC?

The Effective Annual Cost (EAC) **measure** is an Association for Savings and Investment South Africa (ASISA) standard **that shows the extent to which the investment return** on a financial product **will be reduced if it is terminated**. This standard became effective from 1 June 2016 with implementation from 1 October 2016 (effective date) and phased in over the three years following the effective date. This is a forward looking measure, allowing only for charges in the calculation incured in the future, should the plan be terminated. The lower the EAC, the more cost-effective the investment is.

Where will EAC be displayed?

After the phase-in period EAC will be displayed in **quotations and on request**.

Will Reduction in Yield (RIY) still be displayed?

As from the EAC effective date it will **not be required** to display the RIY in new bussines quotations anymore. We will however continue to display RIY where EAC is not yet displayed until the phased implementation of EAC has been finalised.

The cost components?

The standard requires that all the different charges which are levied on a financial product and any bonuses added, must be allocated to one or more of the following **four separate components**:

- **Investment management**
- **Advice**
- **Administration**
- **Other**

A Total EAC is also displayed.

The disclosure periods?

The standard requires that the value for each of the components and the total EAC must be displayed in a table at **four mandatory disclosure periods**:

The effect over **1, 3 and 5 years** should always be shown irrespective of the ‘term to chosen retirement date/option date’. The **“term to chosen retirement date/option date”** is shown as the 4th disclosure period. If the plan does not have a specified term, the 4th disclosure period should be shown as **10 years**. If the ”term to chosen retirement date/option date” is exactly 5 years, only 3 disclosure periods will be shown. The EAC may vary over different time periods.

The value of measuring EAC?

When different financial products are compared, their EAC figures will most likely differ between the various components over the different time periods. To decide on which EAC figures a bigger focus should be placed, the following are important:

- The figures for the ”term to chosen retirement date/option date” are the one to focus on as it show the effect of the charges over the duration to the chosen retirement date/option date as decided on as part of the financial planning process.
- A plan with higher EAC figures might offer services, benefits and features which addresses the specific needs of the client and as such offers enough additional value for the plan with the higher EAC figures to be more appropriate for the client.

EAC does not attempt to measure the features of any financial product. Therefore, in addition to the EAC information, the features of the product (e.g. affordability of payments, investment fund choice, optional investment guarantees, lifetime investment options, protection in case of disability) still play a very significant role in the decision-making process.

Quotations

A quotation will not be provided if the total EAC does not meet the EAC limit requirements as indicated below.

Total EAC limit requirements

The EAC for a plan is calculated and tested against the limits below. If the EAC exceeds the limits below by 0.5% or more, a quotation will not be provided.

The EAC limits that apply for all products, excluding a linked investment of a linked investment services provider (LISP), are indicated below:

EAC limits for all products, excluding LISP plans	
Chosen term in years “term to chosen retirement date/option date/10 years”	**EAC limit (%)**
5	5.50
10	5.00
15	4.50
20	4.00
25	3.75
30	3.50
35 years, and longer	3.25

The EAC limits that apply for a linked investment of a linked investment services provider (LISP) are indicated below.

EAC limits for LISP plans	
Chosen term in years “term to option date/10 years”	**EAC limit (%)**
5	6.00
10	5.50
15	5.00
20	4.50

For a term in-between those indicated in the tables above, 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.

Suggestions to obtain a lower EAC

- Choose investment funds with lower fund management charges. Sanlam’s own investment funds are usually more cost-effective than most external investment funds.
- Increase the payments.
- Add payment growth.
- Choose a longer or shorter initial term.
- Change the payment method from stop order to debit order.
- Negotiate a lower intermediary fee.

Five-fund dispensation

In terms of the five-fund dispensation the assets of a long-term insurer is divided into five separate funds, in order to give effect to the trustee principle in accordance with which an insurer manages its assets. The five-fund dispensation does not apply to a linked investment of a linked investment services provider (LISP).

The funds which form the tax basis on which an insurer will be taxed, are the following:

- The untaxed policyholders' fund for policies owned by retirement annuity, provident, pension, preservation and benefit funds, and other institutions exempt from tax.
- The risk policy fund for a risk policy, which is a policy where the benefits cannot exceed the amount of premiums receivable, except where all or substantially the whole of the policy benefits are payable due to death, disability, illness or unemployment and excludes an annuity.
- The individual policyholders' fund for policies
  - owned by individuals, or
  - owned by trusts of which all the beneficiaries are natural persons, or
  - owned by a curatorship estate (in the name of the individual for whose benefit it is held in terms of a court order).
- The company policyholders' fund for plans owned by companies, close corporations and similar organisations (also trusts of which one or more of the beneficiaries are non-natural persons).
- The corporate fund, which is not a policyholders' fund, as it represents the balance of an insurer's assets.

Tax

Income tax for 2024/2025 tax year for natural persons and trusts

The tax rate for natural persons and trusts for the 2024/2025 tax year of assessment ending 28 February 2025 are indicated below.

Tax table for a natural person, deceased estate, insolvent estate and special trust*

Tax table for a natural person, deceased estate, insolvent estate and special trust	
Taxable income (R)	**Rate of tax**
0 – 237 100	18% of taxable income
237 101 – 370 500	R42 678 + 26% of the taxable income above R237 100
370 501 – 512 800	R77 362 + 31% of the taxable income above R370 500
512 801 – 673 000	R121 475 + 36% of the taxable income above R512 800
673 001 – 857 900	R179 147 + 39% of the taxable income above R673 000
857 901 – 1 817 000	R251 258 + 41% of the taxable income above R857 900
1 817 001 and above	R644 489 + 45% of the taxable income above R1 817 000

*A special trust is a trust created solely for the benefit of a person with a disability, or a trust created under the will of a person for his or her relatives.

Tax rebate for a natural person

Tax rebate for a natural person	
Primary	R17 235
Secondary (persons 65 and older)*	R9 444
Tertiary (persons 75 and older)**	R3 145

*A person is “65 and older” as soon as he turns 65. If he reaches the age of 65 on the last day of the year of assessment, he will qualify for the additional rebate.

**A person is "75 and older" as soon as he turns 75. If he reaches the age of 75 on the last day of the year of assessment, he will qualify for the additional rebate.

Tax threshold for a natural person

Tax threshold for a natural person	
Below age 65	R95 750
Age 65 to below 75	R148 217
Age 75 and over	R165 689

Exemption of local interest for a resident natural person

An exemption of local interest applies for a resident natural person, and is as follows:

- Below age 65: R23 800
- Age 65 and above: R34 500

The taxable part of a life or term annuity bought with optional money does not qualify for this exemption of local interest.

Rate of tax for inter vivos trust or testamentary trust

Rate of tax is 45%.

Deductions for member contributions to retirement annuity, pension and provident funds

Current contributions for retirement annuity, pension and provident funds

Maximum deduction* from 1 March 2016 for a retirement annuity, pension or provident fund member is 27.5% of the greater of

- remuneration (excluding retirement fund lump sum benefits, retirement fund lump sum withdrawal benefits and severance benefits); and
- taxable income from trade (including taxable interest).

*Subject to an overall maximum of R350 000 per year.

Reinstating contributions for retirement annuity fund

It forms part of the deduction limit above for current contributions.

Contributions for past period for pension fund

It forms part of the deduction limit above for current contributions.

Contributions for past period for provident fund

It forms part of the deduction limit above for current contributions.

Notes regarding deductions of contributions to retirement annuity fund (RA fund)

The following applies:

- The permissible deduction for a spouse is not influenced by the deduction to which the other spouse is entitled and any unused portion of a deduction may therefore not be "carried-over" from one spouse to the other.
- A married woman who became a member of an RA fund before 1 March 1992, had the option of deciding that, for income tax purposes, her contribution be deemed a contribution made by her husband to a fund of which he was a member. This provision applied up to 28 February 1997.

Notes regarding deductions of contributions to pension fund

If a taxpayer and his or her spouse are both members of a pension fund, the maximum deductions above are allowed for each of them.

NOTE: Any fund contributions not previously allowed as a deduction (excess contributions) will **automatically** be allowed as a deduction on a tax directive application in terms of paragraph 5 of the Second Schedule to the Act where the “carry forward” amounts on the taxpayers ITA34 were verified by SARS as correct. From the 2017 year of assessment and onwards any amount in the amount field for **code 4029** on a taxpayer’s ITA34 will **automatically** be allowed as a deduction on the tax directive application submitted once the excess amount was determined on assessment.

Tax on regular pension payments for retirement fund retirement/death benefits

Retirement benefit

According to current tax legislation, and depending on the life insured’s tax situation, regular pension payments will be fully taxable as income.

Death benefit

According to current tax legislation, and depending on the life insured’s tax situation, regular pension payments will be fully taxable as income, but exempt from estate duty.

Tax on retirement fund lump sum withdrawal benefits, retirement fund lump sum retirement/death benefits and severance benefits

Retirement fund lump sum withdrawal benefits consist of lump sums from pension, preservation pension, provident, preservation provident or retirement annuity funds on withdrawal (including assignment in terms of a divorce order*).

Retirement fund lump sum retirement/death benefits consist of lump sums from a pension, preservation pension, provident, preservation provident or retirement annuity fund on death, retirement (including early retirement due to permanent disability) or termination of employment due to redundancy or termination of an employer’s trade.

Severance benefits consist of gratuities from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person’s office or employment.

The steps used for the calculation of tax are indicated below.

Note:

- Any contributions to a fund not deductible previously may be deducted from the lump sum or severance benefit amount before applying the steps or tax tables below. Where applicable, any tax-free benefit previously transferred from a paragraph (a) or (b) fund (e.g. Government Employees Pension Fund), for membership before 1 March 1998, may also be deducted.
- *A pension interest payable to a non-member ex-spouse in terms of a divorce order on or after 1 March 2009 is taxable in the hands of such ex-spouse.

Steps for calculation of tax

<table>
<tr><th colspan="2">Steps for calculation of tax</th></tr>
<tr><th>Specific retirement fund lump sum withdrawal benefit (X)</th><th>Specific retirement fund lump sum retirement/death benefit or severance benefit (Y)</th></tr>
<tr><td>Tax determined by applying the "Tax table for retirement fund lump sum withdrawal benefit" to the aggregate of
• the specific retirement fund lump sum withdrawal benefit (X), and
• all other retirement fund lump sum withdrawal benefits accruing from March 2009*, but before lump sum X, and
• all other retirement fund lump sum retirement/death benefits accruing from October 2007**, but before lump sum X, and
• all severance benefits accruing from March 2011, but before lump sum X.

Less

Tax determined by applying the tax table to the aggregate of
• all retirement fund lump sum withdrawal benefits accruing from March 2009*, but before lump sum X, and
• all retirement fund lump sum retirement/death benefits accruing from October 2007**, but before lump sum X, and
• all severance benefits accruing from March 2011, but before lump sum X.</td><td>Tax determined by applying the "Tax table for retirement fund lump sum retirement/death benefits and severance benefits" to the aggregate of
• the specific lump sum retirement/death/severance benefit (Y), and
• all other retirement fund lump sum withdrawal benefits accruing from March 2009*, but before lump sum Y, and
• all other retirement fund lump sum retirement/death benefits accruing from October 2007**, but before lump sum Y, and
• all other severance benefits accruing from March 2011, but before lump sum Y.

Less

Tax determined by applying the tax table to the aggregate of
• all retirement fund lump sum withdrawal benefits accruing from March 2009*, but before lump sum Y, and
• all retirement fund lump sum retirement/death benefits accruing from October 2007**, but before lump sum Y, and
• all severance benefits accruing from March 2011, but before lump sum Y.</td></tr>
</table>

*The R1 800 tax-free (before 1 March 2009) on a withdrawal, if taken previously, will not be deducted from the R25 000 tax-free portion.

**The R120 000 tax-free (before 1 October 2007) on a retirement, if taken previously, will not be deducted from the R500 000 tax-free portion.

Tax table for retirement fund lump sum withdrawal benefits

Tax table for retirement fund lump sum withdrawal benefit	
Taxable amount (R)	**Rate of tax (R)**
0 – 27 500	0% of taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 –1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000

Tax table for retirement fund lump sum retirement/death benefits and severance benefits

Tax table for retirement fund lump sum retirement/death benefits and severance benefit	
Taxable amount (R)	**Rate of tax (R)**
0 – 550 000	0% of taxable income
550 001 – 770 000	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 + 27% of taxable income above 770 000
1 155 001 and above	143 550 + 36% of taxable income above 1 155 000

Fund information

Withdrawals benefits

Retirement annuity funds

A withdrawal from a retirement annuity fund before age 55 of a member is only allowed

- if contributions to the retirement fund have been stopped and the member's fund value is R15 000 or less, or
- if a member who is a **permanent resident** of South-Africa, has officially emigrated up until 28 February 2021 which emigration must be approved by the SA Reserve Bank by 28 February 2022 and stopped contributions to the retirement fund, or
- as from 1 March 2016 if the work or visit visa of a member who is/was a **temporary resident** of South-Africa has expired or such member has ceased tax residency, and he or she has stopped contributions to the retirement fund, or
- as from 1 March 2021 has been a **non-resident** of South-Africa for tax purposes for a continuous period of 3 years and stopped contributions to the retirement fund.

If the withdrawal is allowed, the full withdrawal benefit amount may be taken as a lump sum.

Pension, preservation pension, provident and preservation provident funds

Depending on the transfer conditions the full withdrawal benefit amount, or part of it, may be withdrawn as a lump sum from the retirement fund once. These transfer conditions may also determine that no benefit amount may be withdrawn.

Death benefits

The full death benefit amount payable by retirement funds (pension, preservation pension, provident, preservation provident and retirement annuity funds) may be paid as a lump sum, or it can be used to provide regular pension payments.

Retirement benefits

Pension, preservation pension and retirement annuity funds

Depending on legislation a member of a pension, preservation pension and or retirement annuity fund may take a part of the retirement benefit amount as a lump sum (currently a third). 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.

However, if the total interest of the life insured in the retirement fund, which includes the benefit amount, does not exceed the amount prescribed by legislation from time to time (R247 500 from 1 March 2016), the life insured may take the full benefit amount as a lump sum.

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

Before retirement only one withdrawal is allowed from a preservation fund, except if the additional withdrawal is due to emigration up until 28 February 2021, repatriation or from 1 March 2021 non-residency for a continuous period of 3 years. Refer to the second, third and fourth bullets above under "Retirement annuity funds" for more information.

Provident and preservation provident funds

Contributions prior to 1 March 2021 and members 55 years and older that remain with the same provident fund

A member of a provident or preservation provident fund have not been subject to a maximum commutation amount on their fund value. This has changed as from 1 March 2021 as indicated below. A member can, subject to what is mentioned below, take the full retirement benefit amount as a lump sum, or it can be used to provide regular pension payments.

Members who are not 55 years old by 1 March 2021 may take a full commutation at eventual retirement on contributions to a provident fund until 1 March 2021 plus investment return on that. Members of a provident preservation fund on 1 March 2021 may take a full commutation at eventual retirement on the fund value on 1 March 2021 plus investment return. A person who is age 55 or older on 1 March 2021 and who is a member of a provident fund on 1 March 2021 and stays in the same fund until retirement may take a full commutation of the fund interest at retirement.

Members who transfer out of a provident or provident preservation fund on or after 1 March 2021 will only retain as vested portion for full commutation purposes the contributions to a provident fund until 1 March 2021 and the investment return on that.

Before retirement only one withdrawal is allowed from a preservation fund, except if the additional withdrawal is due to emigration up until 28 February 2021, repatriation or from 1 March 2021 non-residency for a continuous period of 3 years. Refer to the second, third and fourth bullets above under “Retirement annuity funds” for more information.

Retirement from employer (where a member does not elect to retire from the pension or provident fund, referred to as a deferred retiree)- no withdrawal allowed prior to eventual retirement from the pension or provident fund or from a fund that the member transfers to.

Contributions from 1 March 2021

Depending on legislation a member of a provident or preservation provident fund may take a part of the retirement benefit amount as a lump sum (currently a third). 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.

However, if the total interest of the life insured in the retirement fund, which includes the benefit amount, does not exceed the amount prescribed by legislation from time to time (R247 500 from 1 March 2016), the life insured may take the full benefit amount as a lump sum.

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

Before retirement only one withdrawal is allowed from a preservation fund, except if the additional withdrawal is due to emigration up until 28 February 2021, repatriation or from 1 March 2021 non-residency for a continuous period of 3 years. Refer to the second, third and fourth bullets above under “Retirement annuity funds” for more information.

Severance benefits

Severance benefits, as mentioned above, consist of lump sum gratuities from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person’s office or employment. Excluded from this is where an employer took out a deferred compensation policy to provide for a gratuity to an employee, i.e. if an employer received tax concessions on the premiums of a deferred compensation policy taken out for an employee before 1 March 2012, no further tax concession applies in terms of Section 11(w) of the Income Tax Act from 1 March 2012.

From 1 March 2012 an employee is taxed on the premiums paid by an employer as if the premiums have been part of his or her monthly income. In addition, the employee will pay tax at his or her marginal tax rate when he or she receives the benefits at severance.

Preservation pension or preservation provident fund previously transferred

As mentioned above under “Tax on retirement fund lump sum withdrawal benefits, retirement fund lump sum retirement/death benefits and severance benefits”, where a member receives benefits from a preservation pension or preservation provident fund, which had previously been transferred from a paragraph (a) or (b) fund (for example, public sector funds such as the Government Employees Pension Fund, funds for local authorities, etc.), any portion thereof that accrued before 1 March 1998, is tax-free since 1 March 2006*. For this purpose, the transfer forms indicate the date of entry, as well as the date of termination of service, which are used when application is made for a tax directive from the South African Revenue Services (SARS). However, benefits resulting from contributions made since 1 March 1998 are taxed just as with membership of any private fund (that is, as indicated under “Steps for calculation of tax” above).

***Please note: This tax-free portion has only applied in the first retirement fund that received a transfer from a public sector fund, but the tax law changed with effect from 1 March 2018 to preserve the tax-free portion on a subsequent transfer to one other retirement fund.**

Transfers between funds

Transfers between certain funds are tax-fee, while transfers between others are taxable, as indicated below.

Split transfers are transfers to more than one fund at the same time. Split transfers are only allowed if the fund rules of all the applicable funds allow it. The taxability of the different parts of a split transfer will be determined separately for each part of the transfer.

Transfer from…	Transfer to…	Taxability
Retirement annuity fund	Retirement annuity fund	Tax-free
Pension fund	Pension fund	Tax-free
	Preservation pension fund	
	Retirement annuity fund	
	Split transfer to retirement annuity fund and preservation pension fund	
	Preservation Provident fund (From 1 March 2021 when an employee leaves the service of an employer owing to resignation, dismissal or retrenchment)	
	Provident fund (From 1 March 2021 when an employee leaves the service of an employer owing to resignation, dismissal or retrenchment	Taxable
Preservation pension fund	Pension fund	Tax-free
	Preservation pension fund	
	Retirement annuity fund	
	Split transfer to retirement annuity fund and preservation pension fund	
	Preservation Provident fund	
Provident fund	Pension fund	Tax-free
	Preservation pension fund	
	Retirement annuity fund	
	Provident fund	
	Preservation provident fund	
	Split transfer to retirement annuity fund and preservation provident fund	
Retirement from employer, but not from fund and transfer out of fund on or after such retirement (Par2(1)(c)) Pension, Provident fund and from 1 March 2022 also Pension/Provident Preservation fund	Retirement annuity fund	Tax-free
	Preservation provident fund	
	Preservation pension fund	
Preservation provident fund	Preservation pension fund	Tax-free
	Retirement annuity fund	
	Provident fund	
	Preservation provident fund	
	Split transfer to retirement annuity fund and preservation provident fund	
	Pension fund	

Tax on proceeds of an Endowment policy

The proceeds are currently not taxable in the hands of the planholder.

Tax on proceeds of a Linked investment of a linked investment services provider (LISP)

Income, dividends, and realised capital gains are currently taxable in the hands of the planholder.

Tax on Tax-free Investments

According to legislation, a maximum payment per person per tax year is allowed. These maximums may increase from time to time.

Since 1 March 2015 individuals could invest R30 000 per tax year into a tax-free investment, which investment is tax-free in the account and in the hands of the individual. The maximum payment amount increased as follow:

Maximum payment per person per tax year	
Date	**Amount (R)**
1 March 2015	30 000
1 March 2017	33 000
1 March 2020	36 000

Legislative restrictions

In terms of current legislation (Section 54 of the Long-term Insurance Act, effected on 1 January 1999), a restriction period can apply to a plan, ending on the restriction period end date. In content, Section 54 is the same as the old Section 59D of the previous Insurance Act that applied from 1 January 1994.

During a restriction period, if the planholder wants to terminate the plan, we may not pay more at the termination than an amount determined according to legislative restrictions (Section 54 of the Long-term Insurance Act). If the termination value is more than the amount restricted by legislation, we will pay the restricted amount as an ad hoc withdrawal. The balance will remain invested until the restriction period end date.

Only one ad hoc withdrawal may be made from the plan during a restriction period. The amount of such an ad hoc withdrawal is limited to the amount as determined above. If an ad hoc withdrawal was made during a restriction period, another ad hoc withdrawal will not be allowed before the restriction period end date.

In addition, we may grant only one loan against the plan during a restriction period. The amount of such a loan is also limited, as described above. If we have granted a loan during a restriction period, we may not do so again before the restriction period end date.

Regular withdrawals may only be made from the plan after the restriction period end date.

Section 54 applicable

General

In terms of current legislation (Section 54 of the Long-term Insurance Act), a new restriction period of 5 years must start or an existing restriction period must be extended for 5 years if the total payments for a year is more than 20% higher than the largest total payment per year in the preceding 2 years.

Legislative restrictions apply to the following:

- New business
- Conversions
- Continuations
- Additional one-off payments
- Recurring payment increases.

New business, excluding continuations and conversions

A restriction period of 5 years will apply from the start date of a new business plan, excluding continuations and conversions. Refer to “Continuations” and “Conversions” below for more information.

Continuations

We do **not** allow a restriction period for continuations.

Conversions

If a conversion is done and the restriction period of the existing plan has not expired, the outstanding part of the restriction period will continue after the conversion.

Additional one-off payments

- Additional one-off payments are not limited during the first plan year of a new business plan, excluding continuations and conversions, but are limited thereafter. It could, however, be limited from the start date of a continuation or conversion plan.
- An additional one-off payment is **not allowed** for the following if it will require that a new restriction period of 5 years must start or an existing restriction period must be extended:
  - After the first plan year for a new business plan, excluding continuations and conversions
  - From the start date of a continuation or conversion plan
  - During the last 5 years before the end date of a plan
  - During the last 5 years before the option date of a plan with an open-ended term
  - During the open-ended term of a plan.

Recurring payment increases

- Recurring payment increases are not limited during the first plan year of a new business plan, excluding continuations and conversions, but are limited thereafter. It could, however, be limited from the start date of a continuation or conversion plan.
- A recurring payment increase is **not allowed** for the following if it will require that a new restriction period of 5 years must start or an existing restriction period must be extended:
  - After the first plan year for a new business plan, excluding continuations and conversions
  - From the start date of a continuation or conversion plan
  - During the last 5 years before the end date of a plan
  - During the last 5 years before the option date of a plan with an open-ended term
  - During the open-ended term of a plan.

Section 54 not applicable

The restrictions of Section 54 of the Long-term Insurance Act does not apply to the following:

- Sanlam Tax-free Investments
- Retirement Annuities, Provident fund and Preservation Fund plans, which are not ceded to an individual
- Pension funds
- Medical schemes
- Medical and funeral insurance without additional savings
- Compulsory life annuities or annuities which are purchased with retirement fund benefits
- Linked investments of a linked investment services provider (LISP)
- Risk products
- Namibian products
- Retrenchments.

Life time investment options

Life time investment options are available on some of our products, as indicated below. With a life time investment option, we will manage the allocation of the investment on a continuous basis on a client's behalf. .

Benefits for the client

- These options give clients peace of mind that their investments will be expertly managed on their behalf. They do not have to study the market themselves to make investment decisions.
- By adding a life time investment option to a plan, clients reduce the risk of losing large amounts of their capital due to market timing.
- Life time investment options are very competitively priced if one compares their asset management charges with that of the individual underlying funds.
- Life time investment options comply with Regulation 28 asset limit requirements for retirement funds.
- These options provide a facility that makes it easier for the intermediary to meet the investment profiles of certain clients.

Satrix Lifetime Investment Option for Sanlam Tax-free Investments Plans

The Satrix Lifetime Investment Option is compulsory for the Core product option of the Sanlam Tax-free Investments product. With the Comprehensive product option of the Sanlam Tax-free Investments product, the client can select this lifetime investment option or a choice between a range of the available investment funds for the products.

With the Satrix Lifetime Investment Option we will actively manage the allocation of the investment up to the chosen target savings date.

Until ten years from the target savings date, we will buy units in the Satrix Dynamic Balanced Fund portfolio only. The aim of this portfolio is to provide inflation-beating returns over the long term.

Ten years before the target savings date we will start to gradually switch the investment from the Satrix Dynamic Balanced Fund portfolio to the Satrix Stable Fund portfolio. The switches will be done on a quarterly basis until 100% of the investment is invested in the Satrix Stable Fund portfolio, one year before the target savings date. This is to ensure that the plan is fully invested in stable investment funds at the target savings date.

After the target savings date, we will **no longer manage** the allocation of the investment on a continuous basis. After the target savings date, 100% of the investment will remain invested in the Satrix Stable Fund portfolio as well as all future payments, for as long as the Satrix Lifetime Investment Option is active on the plan.

Satrix Lifetime Investment Option for Sanlam Linked Investment Plans

The client can select this lifetime investment option or a choice between a range of the available investment funds for this product.

With the Satrix Lifetime Investment Option we will actively manage the allocation of the investment up to the chosen target savings date.

Until ten years from the target savings date, we will buy units in the Satrix Balanced Index Fund portfolio only. The aim of this portfolio is to provide inflation-beating returns over the long term.

Ten years before the target savings date we will start to gradually switch the investment from the Satrix Balanced Index Fund portfolio to the Satrix Low Equity Balanced Index Fund portfolio. The switches will be done on a quarterly basis until 100% of the investment is invested in the Satrix Low Equity Balanced Index Fund portfolio, one year before the target savings date. This is to ensure that the plan is fully invested in stable investment funds at the target savings date.

After the target savings date, we will **no longer manage** the allocation of the investment on a continuous basis. After the target savings date, 100% of the investment will remain invested in the Satrix Low Equity Balanced Index Fund portfolio as well as all future payments, for as long as the Satrix Lifetime Investment Option is active on the plan.

Product	Core product option	Comprehensive R28 option	Life time investment options	
			Satrix Life Time Investment Option	Diversified Life Time Investment Option
New business (NUB)				
Cumulus Echo Retirement Plan				
Cumulus Echo Retirement Plan	√	√	√	√ (not available for Core option)
Cumulus Echo Retirement Plan for Graduates		√	√	√
Cumulus Echo Retirement Plan for Professionals		√	√	√
Cumulus Flexi Retirement Plan				
Cumulus Flexi Retirement Plan		√	√	√
Cumulus Flexi Retirement Plan for Graduates		√	√	√
Cumulus Flexi Retirement Plan for Professionals		√	√	√
Conversions				
Cumulus Echo Retirement Plan Conversion				
Cumulus Echo Retirement Plan		√	√	√
Cumulus Echo Retirement Plan for Graduates		√	√	√
Cumulus Echo Retirement Plan for Professionals		√	√	√

Working of life time investment options for retirement plans

Satrix Life Time Investment Option

Until eight years from the planned retirement date, we will buy units in the Satrix Dynamic Balanced Fund portfolio only. The aim of this portfolio is to provide inflation-beating returns over the long term, while complying with the restrictions imposed by Regulation 28 on Retirement Funds.

Eight years before the planned retirement date we will start to gradually switch the investment from the Satrix Dynamic Balanced Fund portfolio to the Satrix Smooth Growth Fund portfolio. The switches will be done on a quarterly basis until 100% of the investment is invested in the Satrix Smooth Growth Fund portfolio five years before the planned retirement date. This is to ensure that the plan is fully invested in stable investment funds at the planned retirement date.

After the planned retirement date, a client has the option to leave the retirement benefit amount invested in the plan and if this option is taken, **we will no longer manage** the allocation of the investment.

Diversified Life Time Investment Option

Until six years from the planned retirement date, we will buy units in the Diversified Wealth Builder portfolio only. The aim of this portfolio is to provide inflation-beating returns over the long term, while complying with the restrictions imposed by Regulation 28 on Retirement Funds.

Six years before the planned retirement date we will start to gradually switch the investment from the Diversified Wealth Builder portfolio to the Satrix Smooth Growth Fund portfolio. The switches will be done on a quarterly basis until 100% of the investment is invested in the Satrix Smooth Growth Fund portfolio one year before the planned retirement date. This is to ensure that the plan is fully invested in stable investment funds at the planned retirement date.

After the planned retirement date, a client has the option to leave the retirement benefit amount invested in the plan and if this option is taken, **we will no longer manage** the allocation of the investment.

Switches

Switching from one life time investment option to another

Only applicable if more than one life time investment option is available for the product and product option.

The following switching from one life time investment option to another is allowed:

- The Satrix Life Time Investment option may be switched to the Diversified Life Time Investment option, and vice versa.

Switching of investment funds

Requested switches by a client are not allowed within a life time investment option, as switches and payment allocations are done automatically according to the working of the applicable life time investment option. 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.

As a life time investment option is compulsory for the Core product option of a product, if applicable, a client will have to change from the Core product option to the Comprehensive or Comprehensive R28 options for retirement plans, or to the Comprehensive product option for Sanlam Tax-free investments, before such a requested switch will be allowed.

Cost to switch investment funds

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

Currently there is no transaction charge for the first four switches in a plan year, including switches between life time investment options. 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.

Application forms

Product	Product code	Form number
Sanlam Tax-free Investments product		
Sanlam Tax-free Investments	E99	
• Application form		AEB2085
Endowment products		
Halala Savings Plan	E01/ E09/ E11/ E21	
• Surrenders and cash withdrawals		AE2823
• Alterations		AEB2029/AEB2091
Sanlam Cumulus Investment – one-off and recurring payments	E43	
• Application form		AEB2099/AEB2085
• Alterations		AEB2029/AEB2091
Stratus Edufocus	E30	
• Alterations		AEB2029/AEB2091
Stratus Endowment		
• Conversions:	E26 / E73	
◦ Application form		AEB2009/ AEB2062
◦ Quotation form		AEB2010
• Surrenders and cash withdrawals		AE2823
• Alterations		AEB2029/AEB2091
Stratus International Endowment	E17	
• Alterations		AEB2025
• Surrenders and cash withdrawals		AE2823
The One Policy for Two	All tables	
• Notations		AEB6
Endowment for Provident Funds		
Stratus Provident Funds		
• Registration of employer:	F01C/ F70C	
◦ Application by an institution for participation in the Central Provident Fund		CPF0001E
◦ Alteration of authorised person		CPF0002E
• Statement by employee		AEB2036
• Notice of change of employer		AE1356
• Application by employer		AEB2037
• Conversions:		
◦ Application form		AEB2046
◦ Quotation form		AEB2049
• Continuations	FC1C/ FC7C	
◦ Application form		AEB2047
◦ Quotation form		AEB2048

Product	Product code	Form number
Linked products		
Stratus Linked Retirement Annuity and Stratus Linked Pension Fund Booster • Alterations	L01C	 AEB2028/AEB2092
Stratus Linked Investments • Application form • Alterations	D03/ D04	 AEB2058 AEB2029/AEB2091
Sanlam Linked Investment Plan • Application form	D07	 AEB2024
Retirement Annuities		

Cumulus Echo Retirement Plan: Core and Comprehensive options
• Application form
 	
• Conversions:
  • Application form
  • Quotation form
• Alterations
	
	R39C
	
	R39C
		
		• AEB2085 (without risk)
		• AEB2085 and AEB2086 (with risk)
		
		AEB2009/ AEB2062/ AEB2123
		AEB2010
		AEB2028/AEB2092

Cumulus Flexi Retirement Plan • Application form	R10C	 AEB2085
Stratus International Retirement Annuity • Alterations	R05C/ R05P	 AEB2026

Stratus Retirement Annuity
• Conversion
  • Application form
  • Quotation form
• Quotation form for Endowment option (loan on 1/3)
• Endowment option (loan on 1/3)
	
	R07P / R72P
		
		AEB2009/ AEB2062
		AEB2010
		AEB2038
		AEB2039

Stratus/ Topaz/ Cobalt for Professionals Retirement Annuity/ Stratus Retirement Annuity for Professionals • Alterations	R19C / RC9C	 AEB2028/AEB2092

Other forms (all plans)

Product	Product code	Form number

• Alterations:
  • Conversions/ NKV (Total Alteration of a Policy)
  • Notations (Revision of benefits): Universal Life and non-Universal Life, including Pension Booster
		
		AEB21
		AEB5

• Declaration for Stratus Linked Investments electronic applications/alterations submitted on SanQuote		AEB2008
• Declaration for other electronic applications/alterations submitted on SanQuote		AEB2007

All forms are available electronically on the Sanlam intranet and SanPort, while some forms can also be ordered from Supply Services at Drake & Scull.

Summary of payment limits

Maximum payments

No maximum applies, except for Sanlam Tax-free Invesments (product code E99) and Stratus Linked Investment: Committed, Stratus Linked Savings and Sanlam Linked Education Plans (product code D03). Refer to the *Sanlam Tax-free Investments* and *Linked Investments* chapters for more information.

Minimum payments for New Business (NUB)

The minimum payments per plan are indicated in the tables below.

<table>
<tr><th rowspan="4">Product</th><th rowspan="4">Product code</th><th colspan="9">Minimum payments (R) for New Business (NUB)</th></tr>
<tr><th colspan="7">On start date</th><th colspan="2">After start date</th></tr>
<tr><th rowspan="2">Only one-off payment</th><th rowspan="2">One-off payment, if with recurring payments</th><th colspan="4">Recurring payment (R) per month, where “T” = chosen term in years…</th><th rowspan="2">Additional one-off payment</th><th rowspan="2">Recurring payment increase per month</th></tr>
<tr><th>5 ≤ T < 10</th><th>10 ≤ T < 15</th><th>15 ≤ T < 20</th><th>T ≥ 20</th></tr>
<tr><td colspan="11">Linked Investments</td></tr>
<tr><td>Stratus Linked Investment: Committed Plan (only SIM/SMMI investment funds)</td><td>D03</td><td rowspan="2">• Without regular withdrawals: R10 000
• with regular withdrawals: R30 000</td><td>5 000</td><td>500</td><td>500</td><td>500</td><td>500</td><td>5 000</td><td>150</td></tr>
<tr><td>Stratus Linked Investment: Committed Plan (other combinations)</td><td>D03</td><td>5 000</td><td>600</td><td>500</td><td>500</td><td>500</td><td>5 000</td><td>150</td></tr>
<tr><td>Sanlam Linked Investments Plan</td><td>D07</td><td>-</td><td>2 500</td><td colspan="4">500 (not dependent on term)</td><td>2 500</td><td>250</td></tr>
</table>

Product	Product code	Minimum payments (R) for New Business (NUB)							
		On start date						After start date	
		Only one-off payment	One-off payment, if with recurring payments	Recurring payment (R) per month, where “T” = chosen term in years…				Additional one-off payment	Recurring payment increase per month
				$5 \leq T < 10$	$10 \leq T < 15$	$15 \leq T < 20$	$T \geq 20$		
Linked Investments									
Stratus Linked Investment: Flexible Plan (only SIM/SMMI investment funds)	D04	• Without regular withdrawals: R10 000 • with regular withdrawals: R30 000	5 000	500 (not dependent on term)				5 000	150
Stratus Linked Investment: Flexible Plan (other combinations)	D04		5 000	600 (not dependent on term)				5 000	150
Sanlam Cumulus Investment									
Sanlam Cumulus Investment – one-off and recurring payments	E43	15 000 (Maximum R200 000)	5 000	750				5 000	200
Sanlam Tax-free Investments									
Sanlam Tax-free Investments: Core option	E99	15 000	2 500	400 (not dependent on term)				2 500	150
Sanlam Tax-free Investments: Comprehensive option	E99	15 000	2 500	500 (not dependent on term)				2 500	150

Product	Product code	Minimum payments (R) for New Business (NUB)							
		On start date						After start date	
		Only one-off payment	One-off payment, if with recurring payments	Recurring payment (R) per month, where “T” = chosen term in years…				Additional one-off payment	Recurring payment increase per month
				5 ≤ T < 10	10 ≤ T < 15	15 ≤ T < 20	T ≥ 20		
Cumulus Echo Retirement Plan (The maximum recurring payment per plan is limited to R30 000 per month or R360 000 per annum. For new business and conversion quotes that exceed this limit Product Support can be contacted.)									
Cumulus Echo Retirement Plan: Core option	R39C	-	5 000	-	500	400	300	5 000	150
Cumulus Echo Retirement Plan: Comprehensive option	R39C	25 000	5 000	1 000	750	750	300	5 000	150
Cumulus Echo Retirement Plan for Graduates	R39C	25 000	5 000	1 000	750	750	300	5 000	150
Cumulus Echo Retirement Plan for Professionals	R39C	25 000	5 000	1 000	750	750	300	5 000	150
Cumulus Flexi Retirement Plan									
Cumulus Flexi Retirement Plan	R10C	25 000	5 000	500 (not dependent on term)				5 000	250
Cumulus Flexi Retirement Plan for Graduates	R10C	25 000	5 000	500 (not dependent on term)				5 000	250
Cumulus Flexi Retirement Plan for Professionals	R10C	25 000	5 000	500 (not dependent on term)				5 000	250

Product	Product code	Minimum payments (R) for New Business (NUB)							
		On start date						After start date	
		Only one-off payment	One-off payment, if with recurring payments	Recurring payment (R) per month, where "T" = chosen term in years…				Additional one-off payment	Recurring payment increase per month
				5 ≤ T < 10	10 ≤ T < 15	15 ≤ T < 20	T ≥ 20		
Endowment for Provident Funds									
Stratus Endowment for Provident funds	F01C	-	5 000 (no minimum applicable for approved funds)	150 (not dependent on term)				5 000 (no minimum applicable for approved funds)	Flexi growth
Stratus Premier Endowment for Provident Funds	F70C	-	5 000 (no minimum applicable for approved funds)	255 (not dependent on term)				5 000 (no minimum applicable for approved funds)	Flexi growth

Minimum payments for Continuations

The minimum payments below are subject to business rules. Refer to the *Continuations, excluding Endowment for Provident Funds* and *Endowment for Provident Funds* chapters for more information.

Product	Product code	Minimum payments (R) for Continuations				
		On start date			After start date	
		One-off payment (amount transferred from existing plan)	Recurring payment		Additional one-off payment	Recurring payment increase per month
			Monthly	Yearly		
Endowment for Provident Funds						
Stratus Continuation for Provident funds	FC1C	• 10 000 (only one-off payment) • 5 000 (combination of one-off and recurring payments)	150	1 800	5 000 (no minimum applicable for approved funds)	Flexi growth
Stratus Premier Continuation for Provident Funds	FC7C		255	3 060	5 000 (no minimum applicable for approved funds)	

Minimum payments for Conversions

The minimum payments below are subject to business rules. Refer to the *Cumulus Echo Retirement Annuity Conversion* chapter for more information.

<table>
<tr><th rowspan="4">Product</th><th rowspan="4">Product code</th><th colspan="5">Minimum payments (R) for Conversions</th></tr>
<tr><th colspan="3">On start date</th><th colspan="2">After start date</th></tr>
<tr><th rowspan="2">One-off payment or fund value*</th><th colspan="2">Recurring payment</th><th rowspan="2">Additional one-off payment</th><th rowspan="2">Recurring payment increase per month</th></tr>
<tr><th>Monthly</th><th>Yearly</th></tr>
<tr><td colspan="7">Cumulus Echo Retirement Plan Conversion
(The maximum recurring payment per plan is limited to R30 000 per month or R360 000 per annum. For new business and conversion quotes that exceed this limit Product Support can be contacted.)</td></tr>
<tr><td>Cumulus Echo Retirement Plan</td><td rowspan="3">R39C</td><td rowspan="3">• 1 000 (existing plan: with recurring payments – not paid up)
• 25 000 (existing plan: only one-off payment or paid-up)</td><td rowspan="3">250</td><td rowspan="3">3 000</td><td rowspan="3">5 000</td><td rowspan="3">150</td></tr>
<tr><td>Cumulus Echo Retirement Plan for Graduates</td></tr>
<tr><td>Cumulus Echo Retirement Plan for Professionals</td></tr>
</table>

*For R39C this is the fund value of the existing plan **before** the conversion fee is subtracted.