

Glacier by Sanlam

# The Sanlam Wealth Edge Endowment Plan

May 2021

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# Why the Sanlam Wealth Edge Endowment Plan?

The Sanlam Wealth Edge Endowment Plan was launched during July 2019 and is a once-off investment plan underwritten by Sanlam Developing Markets Limited (SDM) and administered by Sanlam Life Insurance Limited (Sanlam Life), providing a tailored range of investment funds carefully selected by the Glacier Research team to cater for every risk profile. The investment is structured within an endowment policy with an initial investment term of 5 years providing additional benefits such as favourable tax-treatment and creditor protection.

The Wealth Edge Endowment Plan provides the option of a unique investment guarantee on selected investment funds over the the initial investment term.

Designed to pay a lump sum after the initial 5-year term, or at the death of the last surviving life insured, the plan can be continued for an extended period with the option of making tax-free regular withdrawals (income) or simply letting the investment grow.

The Wealth Edge Endowment Plan is ideally suited for individuals;

- who plan to stay invested for a minimum period of five years
- who will benefit from the lower tax rates applicable to this investment
- who want access to a guided range of competitively priced investment funds from the leading asset managers in South Africa and want the flexibility of a wide range of carefully selected funds
- who may benefit from the option of an explicit investment guarantee available on a select range of funds.

## Key features include the following:

- An additional allocation of 8% is added upfront, providing an initial boost to the investors investment.
- The charges are competitive in the market.
- A **wealth bonus** is added to the investors plan on specified dates after the original option date.
- A quality investment fund offering:
  - A select range of quality investment funds is offered, including a range of Solution funds.
  - An investor can invest in one or more of the available investment funds at the same time.
  - An investor can switch between any of the available investment funds at any time, with four free switches in a plan year.
  - A unique investment guarantee (unit price guarantee) on selected funds providing a guarantee on the minimum level of the unit price at the end of the initial investment term.
  - Tax is levied within the investment at rates lower than the maximum rates applicable to individuals. Currently these are 30% on income and 12% on capital gains and no further tax is applicable on the proceeds.
  - The investment may be cashed in, or the planholder may apply for a loan or withdrawal against the plan, subject to legislative restrictions (Section 54 of the Long-term Insurance Act), as indicated under "Legislative restrictions" and alterations charge within the initial investment term of 5 years.

## Product and investment funds

### Product and product code

The product code for the Wealth Edge Endowment Plan is E46.

### Investment funds

Up to 10 investment funds may be selected, including the optional guarantee on a selection of funds, as indicated on the quotation system. These funds are available in SDM's Individual Planholder's Fund only. As a result of this, the type of planholder and successive planholders may be limited, as indicated under "Role players and sessions" in this guide.

Apart from the optional guarantee on **the value of the units** of certain of our available funds, we do not guarantee the performance of the investment funds. The value of units may also 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.

Information about all investment funds offered, is available on the Sanlam website at <https://www.sanlam.co.za/personal/investments/Pages/investing-for-growth.aspx>

## Description of the Wealth Edge Endowment Plan

The plan is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998, and is issued under the insurance licence of SDM. The plan is a contract between the planholder, and SDM. SDM has contracted Sanlam Life to deal with all administrative matters on SDM's behalf.

The contract consists of the following:

- the quotation;
- the application for the plan;
- the plan description, as updated from time to time
- the statement, as updated from time to time; other documents, correspondence and information, if any, that by implication form part of the contract.

### Investment

An initial investment amount less negotiated initial advice fee, if applicable) + an 8% additional allocation, is invested in the chosen investment funds.

The amount invested therefore depends on the advice fee negotiated at the start.

For example: Initial investment amount less advice fee negotiated between investor and intermediary, plus 8% additional allocation on this amount will be invested:

Initial Investment amount	R100 000
Less initial advice fee of 3.45% (incl VAT)	R 3 450
Investment amount:	R 96 550
Add additional allocation of 8%	R 7 724
Total investment:	<b>R104 274</b>

### *How is the investment made?*

The amount allocated to a specific investment fund is used to buy units in the chosen investment funds on the investment date. The additional allocation of 8% will also be invested in the chosen investment funds of the investor.

### *Unit price*

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

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

- tax, as levied in the applicable planholders' fund;
- the asset management charge;
- a performance charge for the fund manager, if applicable to the investment fund;

### *Charges not included in the unit price*

The following charges will be recovered from the fund value on a monthly basis by selling units

- the yearly marketing charge;

- direct investment expenses,
- the variable marketing and administration charge

### *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 SDM's opinion no longer prudent to invest in the specific investment fund. If the plan is affected, SDM will request the planholder to choose another investment fund available at that stage, and to inform Sanlam Life of the choice made. If SDM receives no response to such a request, SDM 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 may be done on request.

Units of the investment funds out of which a switch is done will be sold, and units of the investment funds into which a switch is done, will be bought. This will be done on the first working day after receiving the switch request.

When an investor switches from a fund chosen with the guaranteed option before the option date, this will result in losing the guarantee. The unit price of that fund at the end of the original option date will then be the price applicable at that time.

### *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, a transaction charge will be levied, which will be determined at the time. The current transaction charge is indicated in the statement. The number of free switches may be changed from time to time.

### *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.

## **Wealth bonus**

Rebates on the variable marketing and administration charge (VAC) are added to the fund value in the form of a wealth bonus on the plan anniversaries indicated below. The amount of the wealth bonus is calculated as a percentage of the charges (VAC) deducted from the plan since the date on which the previous wealth bonus was added or since the start date for the first wealth bonus.

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

Plan anniversary from start date	Rebate on charges %
5	0
10	40
15	50
20	60
25, and every 5 years thereafter	70

The charge included in the calculation of the wealth bonus is

- the variable marketing and administration charge.

A wealth bonus will also be added if the plan is terminated

- due to a death claim, or
- on request on or after the original option date (5 years from the start date).

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

The wealth bonus will be added to the fund value of the plan by adding units to the plan. If the plan anniversary or termination date on which the wealth bonus is payable, is not on a working day, the units will be added on the first working day thereafter.

## Example of wealth bonus:

The bonus starts accumulating from the start of year 6 and the investor will get the benefit on any payment made after this date. It is calculated as a % of the charges. This amount will be indicated separately on the member statement.

**Example attached:** Initial term from 21/02/2013- 21/02/2018 (open ended after this date)

The **wealth bonus (previously referred to as loyalty bonus before March 2021)** is calculated separately after the initial period of 5 years and added every 5 years to the fund value. It will also be included in the termination value. The below example illustrates this. **Note:** It still reflects as loyalty bonus underneath as the Wealth Edge endowment launch date was July 2019 and no plans reached maturity date yet:

<b>Dates</b>		<b>Payment information</b>	
Start date	21/02/2013	One-off payment at start date	R100 000.00
Maturity/Option date	21/02/2023	Additional allocation excluded	
<b>Values</b>		<b>Illustrative investment value</b>	<b>No payment growth</b>
Total fund value	R123 698	High inflation scenario @ 11.00%	R171 600
Termination value	R125 017	Low inflation scenario @ 5.50%	R140 400
Loyalty Bonus	R1 318		
Next bonus date	21/02/2023		
The bonuses are calculated on the statement date and the amounts plus growth will be added to the plan on the next bonus date(s).			
The total fund value exclude the bonus.			
<b>Benefit information #</b>		<b>Death</b>	<b>Rider benefits</b>
Death		R125 017	-
			<b>Income</b>
			-
			<b>Other</b>
			-

## Charges

### Tax

Tax is levied according to the rate applicable to SDM's Individual Planholder's Fund. Tax is raised in the fund and not in the hands of the investor.

**The Five Funds Approach:** in terms of section 29 A (3) of the Income Tax Act, all long term insurers are required to establish five separate funds which house their insurance business. Refer to the tax information in this guide below for general information regarding an endowment and tax.

### Charges for the plan

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

- An initial advice fee, if applicable, deducted from an initial investment amount.
- A yearly marketing charge\*, which is a percentage of the fund value.
- An ongoing commission/fund based commission, if applicable, which is a percentage of the fund value, and depends on the negotiated ongoing commission.
- A yearly variable administration charge, which is a percentage of the fund value. The variable administration charge decreases as the fund value increases to higher fund value bands, as indicated in the statement.
- The ongoing charges are calculated on a monthly basis, which means it is divided by 12, and is deducted monthly from the fund value by selling units to the value of the charge.

### ***Deductions made by the asset managers***

An asset manager may levy one or more of the following for an investment fund. These deductions are recovered by the asset manager and taken into account when SDM calculates the daily price of the units.

- A yearly asset management charge, which is a percentage of the market value of the assets in an investment fund. This charge is calculated on a daily basis, which means it is divided by 365. The current charge for an investment fund is indicated in the statement.
- A performance charge, which is levied if the investment fund outperforms its benchmark. The current minimum and maximum charges as well as the current benchmark for an investment fund are indicated in the statement, if a performance charge is applicable to an investment fund. The performance charge depends on the investment performance of the fund and is not included in the asset management charge. Detail on the benchmark, and how the charge is calculated, is available from the asset manager.
- Direct investment expenses, for example collective investment initial fees, brokerage, audit fees, bank charges and trustee fees.

### ***Alteration charge***

A plan may be terminated/loaned against or an ad hoc amount may be withdrawn at any stage, provided SDM agrees to the alteration. An alteration charge will be levied if the alteration is done before the alteration charge date. The alteration charge date is the date until which an alteration charge will be levied for certain alterations. The alteration charge date is determined at the start, and does not change at subsequent alterations.

The alteration charge will be taken from the fund value by selling the required number of units.

The alteration charge date and the current alteration charge for the most common alterations, are indicated in the statement.

The alteration charge will be equal to the percentage of the reduction of the fund value as indicated below. For the date in-between these dates shown in the table, the percentage to be used on the required date will be equal to the percentage on the date shown prior to the required date:

<b>Alteration date</b>	<b>% of Fund Value</b>
<b><i>Year 1</i></b>	10%
<b><i>Year 2</i></b>	8%
<b><i>Year 3</i></b>	6%
<b><i>Year 4</i></b>	4%
<b><i>Year 5</i></b>	2%
<b><i>Year 6</i></b>	0%

### ***Transaction charge***

In addition to the above-mentioned alteration charge, a transaction charge will be levied for each of the following alterations:

- Termination of the plan;
- A loan against the plan;
- An ad hoc withdrawal from 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. Currently it is R300.00

This transaction charge will not be levied on or after the option date.

A transaction charge will also be levied for other transactions, as mentioned and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by SDM.

A transaction charge will still be levied after the alteration charge date.

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

## **Realising the plan benefits**

The plan benefits may be realised in one of the ways described below. To realise a benefit, units will be sold on the day on which the request is received.

Legislative restrictions may apply.

## **Termination of the plan**

A plan may be terminated on request. The fund value less the alteration and transaction charges, if applicable, will be paid to the planholder when the plan is terminated, subject to legislative regulations.

## **A loan against the plan**

Two months after the start date the planholder may apply for a loan against the plan, provided that SDM's conditions at the time are met.

Currently the conditions are the following:

- The loan amount may not be less than a minimum amount (currently R3 000).
- The fund value, less the loan amount and the alteration and transaction charges, if applicable, may not be less than a minimum (currently R3 500).
- The loan amount may not exceed a certain percentage of the termination value (currently 75%).

As these conditions will change from time to time, they will be communicated when the planholder applies for a loan.

The day on which the request for a loan is received, SDM will sell the required number of units to pay the alteration and transaction charges, if applicable, and the loan amount. The fund value will reduce by the value of the units sold.

## **An ad hoc withdrawal from the plan**

The planholder may make an ad hoc withdrawal from the plan, provided that SDM's conditions at the time are met. As these conditions will change from time to time, they will be communicated when the planholder applies for an ad hoc withdrawal. SDM will sell the required number of units to pay the alteration and transaction charges, if applicable, and the withdrawal amount. The fund value will reduce by the value of the units sold.

## **Regular withdrawals from the plan**

- The planholder may apply to make regular withdrawals from the plan after the option date, provided that SDM's conditions at the time are met. As conditions will change from time to time, they will be communicated when the planholder applies for regular withdrawals.
- The details of the regular withdrawals will be indicated in the statement after SDM has accepted the application for making regular withdrawals.
- SDM levies a transaction charge for each withdrawal payment made. The charge will vary over time. Its current level is indicated in the statement.
- SDM will sell the required number of units from the applicable investment funds in proportion to their fund values to pay the transaction charge and the withdrawal amount. The fund value will reduce by the value of the units sold.
- SDM will sell the units on the requested withdrawal day. If a month does not have this particular day, or if it does not fall on a working day, SDM will sell the units on the following working day. SDM will pay the withdrawal amount as soon as possible after the units have been sold.
- SDM will stop the regular withdrawals when they fail to satisfy SDM's conditions.

## Fees/Commission

### Investment advice agreement between the planholder and the intermediary

The **initial investment advice fee** is an optional fee for the initial advice given that the planholder and intermediary may negotiate. A maximum of 3.45% (incl. VAT) may be negotiated. This fee will be payable to the intermediary and will be administered by Sanlam Life on behalf of the planholder. It is a specialised service which is in addition to and not part of, the intermediary services for which SDM pays commission.

The planholder may request SDM to pay a fee, including VAT if applicable, for ongoing investment advice for his or her investment. The **ongoing commission/fund based commission** is specified as a percentage per year of the fund value. The planholder must specify the percentage, up to a maximum of 0.6% (excl. VAT). The commission is calculated on a monthly basis. It is deducted monthly from the fund value by means of a withdrawal to the value of the monthly fee.

A **maximum total fee** of 4.5% (excl. VAT) may be negotiated over the initial five-year period.

Should the intermediary select the maximum initial advice fee of 3.0% (excl VAT), then the ongoing commission will be limited to 0.30% (which equates to 1.5% over 5 years). Should the intermediary select an initial fee of 1.5% or less then the full 0.60% (which equates to 3% over 5 years) ongoing commission can be selected.

After the initial investment term of 5 years a fund-based fee may be negotiated up to 1.15% (including VAT). Any ongoing commission/fund based commission or fund based fees (after initial 5 year term), if applicable, is indicated in the statement.

### Example of investment amount with full advice fee

#### Initial investment advice

An example of an investor who invests a R100 000.00 and negotiated a maximum of 3.45% (incl.VAT) payable to the intermediary:

#### Once-off payment allocation with 100% initial advice fee and 50% ongoing commission

Initial investment amount R 100 000.00

Less 100% advisory fee R 3 450.00

Plus additional allocation\* R 7 724.00 (8% of net investment amount)

One-off amount available for investment **R 104 274.00**

0.30% (excl. VAT) ongoing commission payable of the fund value on a monthly basis

#### Once-off payment allocation with 50% initial advice fee and 100% ongoing commission

Initial investment amount R 100 000.00

Less 50% initial advisory fee R 1 725.00

Plus additional allocation\* R 7 826.00 (8% of net investment amount)

Once-off amount available for investment **R 106 137.00**

0.60% (excl. VAT) ongoing commission will be payable a monthly basis

### An optional guarantee available

The Sanlam Wealth Edge Endowment offers an optional unit price guarantee that can be selected on some of the funds available during the term of the plan. With this option, the fund invests fully in the underlying CIS. The guarantee is provided outside of the fund for an explicit fee. During the 1<sup>st</sup> year the guarantee will automatically be applied to ad hocs into a fund where the option has already been selected. There will be a once off participation charge for this. The client may remove the optional unit price guarantee at any time. The fee for the option will then cease as will the guarantee. Optional guarantee is not available for the selection with ad hoc's in year 2 and onwards.

Important concept explained:

- Guarantee period – the period during the investment term of a specific planholder that the protection is applied to an underlying investment fund.
- This product provides full market exposure to the funds chosen by the investor, with the additional benefit of adding a specific unit price guarantee % to the value of the unit price of those funds with the option. An investment amount is therefore not guaranteed, but a guaranteed unit price % may be selected on some of the funds. The amount of units within the fund will fluctuate and may increase or decrease over time.

The unit price guarantee will ensure that the unit price **that is used to determine the value of the units on the investment guarantee date is not less than the** guaranteed percentage of the highest unit price reached during the investment guarantee period for a specific investment fund.

**The investment guarantee date will be two working days after the initial investment was made. Thus the unit price guarantee applicable will be from day 3 (two working days after original investment start date).**

On certain funds, the unit price on the investment guarantee date is also guaranteed to be at least equal to 100% of the original unit price at the start of the guarantee period, regardless of the actual performance of the investment fund.

The guaranteed percentages for the highest unit price and for the original unit price can differ for different investment funds and is indicated in the table below.

The investment guarantee only applies on the earlier of the investment guarantee date, and the date on which we receive notice of the death of the last surviving life insured. If, at this date, the unit price of an investment fund to which an investment guarantee applies, is then less than the maximum of the guaranteed percentage of the highest unit price and the guaranteed percentage of the original unit price, **we will add more units to that investment fund to make up the difference.**

The guarantee will stop at guarantee date and the intermediary and client need to review the investment at option date to determine whether the investment strategy is still suitable

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.

### **Example: Moderate fund category with unit price guarantee**

Investment amount: R100 000.00, less 3.45% advisory fee, plus additional allocation of 8%= R104 274.00

Unit price at inception: R250 and units allocated 417.10

Unit price guarantee applicable (the starting unit price used in determining the guarantee will be the unit price of the fund on the second working day after the investment guarantee was added).

Unit price applicable: R 260

Unit price at maturity: R465 and units within plan 380.20

Highest unit price over the investment period R594

Guaranteed unit price = R594 X 90% = R534.60

Actual value

380.20 units x R465

=R176 793.00

Guaranteed value

=380.20 units x R534.60

=R203 254.92

Unit allocation

= R26 461.92/R465

=+56.91 units

Fund value enhanced with **R26 461.92**

**Example: Cautious fund category** with unit price guarantee

**Planholder: Client A**

**Life insured: B**

**Life insured: C**

**Start date of policy is 01/06/2019**

**Option date: 01/06/2024**

**Planholder invests in a fund with a guarantee (low equity category). Unit price guarantee applicable from day 3 (two working days after original investment start date).**

**In year 3 life insured B dies: Policy will continue as per normal.**

**In year 4 (2023) life insured C dies.**

Investment amount: R100 000.00, less 3.45% advisory fee, plus additional allocation of 8%= R104 274.00

	<b>MARKET PERFORMANCE DELIVERS Guarantee on highest unit price realised (UNTIL DEATH)</b>	<b>MARKET PERFORMANCE DETERIORATES Guarantee on original unit price realised (UNTIL DEATH)</b>
Unit price at inception with units allocated 417.10 (01/06/2019)	R250	R250
Unit price guarantee applicable (the starting unit price used in determining the guarantee will be the unit price of the fund on the second working day after the investment guarantee was added).	R260	R260
Unit price at death of life insured C and units within plan is 380.20	R465	R200
Highest unit price reached from investment date to death of life insured C	R594	R260 on day 3 after investment date
Guaranteed unit price	$R594 \times 95\% = R564.30$	$R260 \times 100\% = R260$
Actual value at death	$R465 \times 380.20 = R176\,793$	$R200 \times 380.20 = R76\,040$
Guaranteed value	$R564.30 \times 380.20 =$ <b>R214 546.86</b>	$R260 \times 380.20 =$ <b>R98 852</b>
Unit allocation	$R37\,753.86/R465 = 81.19$ units	$R22\,812/R200 = 114.06$
Fund value enhanced with	R37 753.86	R22 812
Value if no unit price guarantee chosen on this investment fund	$R465 \times 380.20 =$ <b>R176 793</b>	$R200 \times 380.20 =$ <b>R76 040</b>

The guarantee level depends on the risk category;

<b>Risk Category</b>	<b>Guarantee on the original unit price</b>	<b>Guarantee on the highest unit price</b>	<b>Guaranteed unit price</b>
<b>Low equity</b>	100%	95%	Applicable from initial investment date + 2 working days
<b>Medium equity</b>	100%	90%	Applicable from initial investment date + 2 working days

High equity	n/a	80%	Applicable from initial investment date + 2 working days
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**Low equity** - guarantee of a minimum of 100% of the initial unit price at inception or 95% of the highest unit price during the guarantee period

**Medium equity** - guarantee of a minimum of 100% of the initial unit price at inception or 90% of the unit price during the guarantee period

**High equity** - guarantee of a minimum of 80% of the highest unit price during the guarantee period

## Guarantee Charge

The cost of the guarantee option is 0.99% per annum of the value of the underlying units. This fee will be collected monthly at a rate of 0.99%/12.

## Participation Charge

At inception of the policy and during the 1<sup>st</sup> year of the policy, the investor can make an ad-hoc payment or switch into a fund where the guaranteed option is already selected. A once off participation charge will be levied on the ad-hoc payment as indicated in the table below.

Duration remaining (t = months)	Low equity	Medium Equity	High equity
48<=t<60	0.99%	0.99%	0.99%

**An optional guarantee for an ad-hoc payment after 12 months is not available.**

## How does the Investment Guarantee option differ to the guarantee of the escalating funds?

### A unique investment guarantee option

The Wealth Edge Endowment Plan offers a unique investment guarantee on a select range of investment funds.

Escalating funds	Unit price guarantee
With escalating funds, the investment is held partially in the underlying CIS and the remainder in cash. The escalating fund guarantee is based on the combined value of the underlying fund and the cash portion. The holding in the underlying fund can vary a lot. When markets are performing and less volatile, the holding in the underlying fund will generally be high. When markets are performing poorly and volatility is high, the holding in the underlying fund will be lower to provide protection.	<p>With this option, the fund invests fully in the underlying CIS. The guarantee is provided outside of the fund for an explicit fee.</p> <p>With this unique option the unit price is guaranteed. The guarantee level depends on the fund category (cautious, moderate or moderate aggressive). For funds in the cautious category, the guarantee provides that the unit price used to determine the value of the investment will, at the end of the investment period, not be less than 95% of the highest unit price it has reached since the start of the investor's particular investment period. For funds in the moderate risk category, that guarantee level will be 90% and for the moderate aggressive funds, it will be 80%.</p>

	<p>For the cautious and moderate categories, the guarantee will additionally ensure that the unit price used to determine the value of the investment will, at the end of the period, be at least equal to 100% of the unit price from the 3<sup>rd</sup> working day the investment guarantee option was added, <i>regardless of the performance of the investment fund</i>.</p> <p>For initial launch the guarantee may only be added at inception of policy. The guarantee will automatically be applied to ad hocs into a fund where the option has already been selected. There will be a once off participation charge for this. The client may remove the optional unit price guarantee at any time. The fee for the option will then cease as will the guarantee.</p> <p>At the end of the guarantee term, should the unit price be lower than the guaranteed level, additional units will be added to the investment, as indicated under "Fund Value"</p>
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## List of available funds

*Those indicated in blue offer the optional guarantee*

924	<a href="#">SDM Allan Gray Balanced</a>
925	<a href="#">SDM Allan Gray Stable Fund</a>
927	SDM Coron Balanced Plus Fund
928	<a href="#">SDM Coronation Capital Plus</a>
930	SDM Glacier ModAgg Solution
929	SDM Glacier Moderate Solution
853	SDM Glacier Money Market Fund
860	SDM GlacierGlobal StockFeeder
866	SDM Nedgroup Inv Global Equity
834	<a href="#">SDM Nedgroup Opportunity Fund</a>
835	SDM Nedgrp Investment Balanced
836	SDM Prudential Inflation Plus
857	SDM PSG Flexible Fund
851	SDM SATRIX Balanced Index Fund
926	<a href="#">SDM SIM Balanced Fund</a>
856	<a href="#">SDM SIM Inflation Plus Fund</a>
934	SDM Glacier Cautious Solution
933	SDM Glacier Conserv Solution
932	SDM Coronation Bal Defensive
935	SDM Satrix Low Equity Balanced
936	SDM Glacier AI Flexible
931	SDM - Allan Gray Orbis Global Equity Feeder Fund

## Important notes

- The benefit statement will indicate the net investment amount (less advisory fee)
- The additional allocation will not be displayed on the benefit statement, but will be available from the Client Care Centre via a transaction statement and will also be stipulated in the contract.
- Reality not applicable to this product
- Unit prices given will only include tax and asset management fees. All the other charges will be collected outside of the fund by the cancellation of units as is done for the variable administration charge.
- The guarantee will only vest at the end of the initial guarantee period or death of the last surviving insured.

## General product rules regarding an endowment

### Role players and cessions

#### *Number of role players*

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

Number of role players		
Role player	Minimum	Maximum
Planholder	1	1
Life insured	1	10
Beneficiary	0	10
Nominee to become new planholder	0	1
Cessionary for cession as security (collateral cession)	0	1
Cessionary for change of planholder (outright cession)	0	1

#### *Planholder*

The planholder (also referring to appointments regarding outright cessions) can only be a natural person or trust, where all the beneficiaries of the trust are natural persons. Where a trust is the planholder, the tax status of a plan is determined by the status of the trust beneficiaries, for example a natural person or an entity that is taxable or not, in terms of section 29A (4) of the Income Tax Act. Please notify us if the status of one of the trust beneficiaries changes.

The planholder specifies which lives insured must be on a plan. The planholder does not have to be a life insured on the plan.

#### *Life insured*

This policy is an endowment and at least one life insured needs to be added.

#### *Beneficiary*

The recipient/s of the fund value with the death of the last surviving life insured.

#### *Conditions for appointment of beneficiaries*

The benefit amount is equal to the fund value on the date that SDM receives notice of the death of the last surviving life or only life insured.



The appointment of a beneficiary for death benefits on this plan **is only for the following instances:**

1. The planholder is the only life insured and upon the death of the planholder;
2. The planholder is the last dying life insured."

The planholder may appoint one or more beneficiaries to receive the benefit amount, subject to certain conditions as indicated under "Conditions for appointment of beneficiaries" described above. A beneficiary may only accept or reject the appointment after the death of the last surviving life insured or only life insured.

Payment to any of the above will relieve SDM of any obligations to pay any other party.

If beneficiaries are appointed, the following applies:

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

#### ***Beneficiaries when there are 2 or more life insureds***

The contract stipulate that the benefit is payable after the death of the last life insured. When the planholder is also a life insured and dies, the new nominee for plan ownership becomes the new planholder if he/she accepts the nomination. Any beneficiaries appointed by the 1st planholder may be removed if instructed by the new planholder to do so. The new planholder will also be able to add any other beneficiaries. The benefit will still pay at the death of the last remaining life insured.

#### **Table for easy reference**

<b>Planholder</b>	<b>Life insured</b>	<b>Beneficiary</b>	<b>Nominee for ownership</b>
Individual	Planholder is the only life insured	May appoint one or more (max 10)	Not applicable as plan cannot outlive planholder
Individual	One or more other than life insured	May appoint one or more (max 10)	Must appoint one

#### ***May the appointment of a beneficiary be changed?***

An appointment may be added, cancelled or changed at any time. It must be in writing on the applicable form (available on <https://sanport.sanlam.co.za/sanport/eng/Forms-Downloads/Forms/Sanlam-Forms.aspx>) and signed by the planholder, and must reach us before the death of the last surviving life insured.

#### ***Can the appointment lapse?***

An appointment will lapse if the plan is ceded outright. If the plan is ceded as collateral security, the appointment will not lapse, but the rights of the cessionary will take preference over any rights of a beneficiary.

#### ***Nominee to become the new planholder (nomination for ownership)***

A nominee may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder.

#### ***Conditions for nomination of a new planholder***

If a nominee is appointed, the following applies:

- the current planholder may nominate one nominee;



- the existing planholder must not be a life insured on the plan, or, if he or she is a life insured on the plan, he or she may not be the only life insured;
- the nominee can only be a natural person or trust, where all the beneficiaries of the trust are natural persons.

#### ***May a nomination be changed?***

A nomination may be added, cancelled or changed at any time. It must be in writing and signed by the planholder, and must reach us before the death of the planholder.

#### ***Can the nomination lapse?***

A nomination will lapse if the plan is ceded, whether outright or as collateral security.

#### ***Cession as security (collateral cession)***

With a collateral cession the planholder may cede the plan as security to one other party, where this party may be a natural person, trust, tax-paying institution or tax-exempt institution.

If the planholder cedes the plan as security, he or she must notify Sanlam Life of the cession in writing. The notice will take effect when Sanlam Life receives it.

An appointment of a beneficiary to receive the benefit amount payable at the death of the last surviving life insured will not be cancelled, but the party to whom the plan is ceded, will have the first right to benefits when they become payable.

Any nominations for ownership will lapse as soon as the plan is ceded.

#### ***Change of planholder (outright cession)***

The planholder can cede his or her rights as planholder to another natural person or trust, where all the beneficiaries of the trust are natural persons, who will then replace him or her as planholder. The planholder must notify Sanlam Life of the cession in writing. The notice will take effect when Sanlam Life receives it.

An appointment of a beneficiary to receive the benefit amount payable at the death of the last surviving life insured, and a nomination of a person or trust to become the planholder at the planholder's death, will then be cancelled.

An outright session entitles the cessionary with the rights of the policy and may not be a tax-paying or non-taxpaying institution as this will change the tax status of the policy, which is not allowed as this is taxed within the IPF (individual policy holder fund).

## **Payments**

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

Payments may be made by an institution. However, the institution may not be the planholder, but only the payer.

#### ***Payment option***

Only once-off payment.

#### ***Payment limits***

The payment limits are indicated below.

#### ***New business: once-off payments***

- Minimum: R100 000
- Maximum: None

#### ***Additional once-off payments***

- Minimum: R25 000
- Maximum: None (provided that it is allowed by legislation)

### Ad-hoc payments

Ad-hoc once-off payments may be made at the start of a plan and at a later stage, provided that they are allowed by legislation (Section 54 of the Long-term Insurance Act) and 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.

The initial term of our Wealth Edge Investments is 5 years. You can however make additional payments within the 5 years, subject to certain rules and regulations in accordance with the long term insurance act.

Any additional investments made within the initial 5 year term also qualifies for an additional allocation.

A client is able to withdraw his money after the 5 year initial/restricted period. We need to recoup the costs of offering this upfront allocation throughout this initial period, so as the time to initial period end date decreases, so does the time to recoup these costs. Therefore we cannot offer a flat 8% additional allocation throughout the initial policy term. The table below indicates the additional allocation per year if a 100% initial advice fee was negotiated:

Policy Year	Allocation based on 3.45% Initial advice fee
1	100% - 3.45% (advice fee) + <b>8%*</b> = 104.27%
2	100% - 3.45% (advice fee) + <b>6%*</b> = 102.34%
3	100% - 3.45% (advice fee) + <b>4%*</b> = 100.41%
4	100% - 3.45% (advice fee) + <b>2%*</b> = 98.48%
Thereafter	100% - 3.45% (advice fee) + <b>0%*</b> = 96.55%

- If no initial advice fee was negotiated **these** \* %'s will apply

## General information

### Initial Investment - Start date of plan

The start date of a plan will be determined by the date the once-off payment is received by us, and the date all information regarding the plan is captured in our system. The start date of a plan can be any day of the month.

The start date of a plan will be the later of the payment date of the once-off payment and the date all the applicable information, including any additional information requested by us, is captured in our system.

### Backdating

No backdating allowed.

### Age limits for inception age

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

- Minimum: 1 next birthday
- Maximum: 90 next birthday

### Initial term

The chosen term is 5 years.

### Option date

It is the date which indicates the end of the initial term and is indicated in the statement. Continuations and conversions to the Wealth Edge Endowment Plan are not allowed as the plan is open-ended after the initial term.

### Amount after initial term

The fund value is available on the option date. If the planholder decides to take this available amount on the option date, he or she must provide Sanlam Life with a completed instruction form at least two days before the option date.

After the available amount is paid to the planholder, the plan will be terminated. Otherwise the plan will continue to be invested in the chosen investment funds until it is terminated, as indicated under "Open-ended term" below. If the guarantee on the unit price of a specific fund was chosen, this will now also end. Another guarantee may be made available on the value of the units for specific funds at that stage and will also have a minimum term that may differ from the current 5 years, but will be communicated at that time.

## Cooling-off period

If the plan really does not meet the planholder's requirements, and if the planholder has not made any changes to it, he or she may cancel it by notifying Sanlam Life in writing within 31 days (the cooling-off period) of receiving the contract documents. The planholder must also return the contract documents to Sanlam Life. Any payments already made will then be refunded to the planholder. If the assets in which the payments were invested have decreased in value, the amount to be refunded will be reduced accordingly.

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

## Changes to a plan

The following changes to a plan are allowed, provided that conditions at the time are met:

- Make additional once-off payments\*
- Add or remove lives insured
- Add, cancel or change beneficiaries
- Add, cancel or change nominee to become the new planholder
- Add, cancel or change collateral cessions, subject to approval of cessionary
- Cancel the optional unit price guarantee chosen on a fund
- Add, cancel or change outright cessions, subject to approval and tax status of the cessionary
- Terminate plan\*
- Take loans against a plan\*
- Make ad hoc withdrawals from a plan\*
- Make regular withdrawals from a plan after the option date\*.

\*Subject to legislative restrictions (Section 54 of the Long-term Insurance Act), as indicated under "Legislative restrictions".

## 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 until the planholder instructs us otherwise.

## Working day

Any reference to "working day" refers to any day of the week from Monday to Friday, excluding public holidays.

## Tax on proceeds of plan

No tax is payable on the proceeds of the plan. SDM already pays tax in the chosen investment funds and this is deducted from the unit price displayed.

Tax is raised in the fund on behalf of the investor and not payable in the hands of the investor. The investor receives the income or accrual net of tax.

The Five Funds Approach....in terms of section 29 A (3) of the Income Tax Act, all long term insurers are required to establish five separate funds which house their insurance business.

Name of Fund	Rate of Tax-Normal Income Tax	Rate of Tax CGT
The individual planholder fund	30%	12%

Therefore the income tax on endowment policies is calculated within the policy at a fixed rate of 30%. The CGT will be calculated at 12%.

In the case where a **trust is the planholder** [the trustee of a trust is the owner of the policy], then in terms of section 29A (5) of the Income Tax Act, the assets shall be placed in the individual planholder fund. <sup>7</sup> So in short where a trust is the planholder, the tax status of a plan is determined by the status of the trust beneficiaries, for example a natural person or an entity that is taxable or not, in terms of section 29A(4) of the Income Tax Act. Please notify us if the status of one of the trust beneficiaries changes.

Should any of the underlying investments chosen declare dividends, dividend withholding tax will apply. DWT is levied at a rate of 20% (subject to double taxation agreements) and applies to all dividends declared and paid by South African resident companies, as well as non-resident companies who are listed on the JSE. In the case of the life companies in the group (such as Sanlam Developing Markets, the individual planholder fund of each life company (i.e. the fund in which individual planholders are grouped for tax purposes) will also be subject to DWT at a rate of 20%, which will be administered and paid by SDM. No planholder will therefore be responsible to complete any declarations for DWT purposes.

If clients have made investments through trusts, the DWT position depends on the specific circumstances of a trust. If an exempt entity (such as a resident company) has a vested right in any dividends at the date of payment of the dividends to the trust, then the exemption may apply.

## Legislative restrictions

- In terms of current legislation, a restriction period applies to the plan, ending on the restriction period end date, as indicated in the statement.
- During a restriction period, if the planholder wants to terminate the plan, SDM 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, SDM 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, SDM 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 SDM has granted a loan during a restriction period, SDM 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.

## Benefits payable at death

### Death of the life insured

#### *Death of a life insured but not the last life insured*

There will be no effect on the policy in this case and the life insured will simply be removed from the policy.

#### *Death of last life insured who is not also the planholder*

The death benefit will be paid out to the planholder. If there is no planholder (case of simultaneous death of owner with last life insured) at this stage then the death benefit will be paid to the beneficiary/ies for proceeds. Should there be no beneficiary for proceeds or the beneficiary repudiates the nomination, then the death benefit will be paid to the estate of the planholder for distribution.

The death benefit or policy proceeds will be subject to estate duty in the estate of the deceased life in terms of section 3(3)(a) of the Estate Duty Act.

#### *Death of last life insured who is also the planholder or where the planholder is the only life insured*

The death benefit will be paid to the beneficiary/ies who accept the nomination at this stage. If there are no beneficiaries for proceeds or the nomination is repudiated then the death benefit will be paid to the estate of the deceased for distribution. In both cases Estate duty is dutiable in terms of the Estate Duty Act.

## Death of planholder

### *Death of the planholder who is not a life insured on the policy*

Should there be a nomination for ownership who accepts the nomination, then the policy will be transferred to the new owner. If there is no nomination for ownership or the nominee repudiates the nomination then the surrender value of the policy will be paid to the estate of the deceased planholder. The surrender value will be estate dutiable in the estate of the deceased planholder.

### *Death of the planholder but there are additional living lives on the policy*

Should there be a nomination for ownership who accepts the nomination, then the policy will be transferred to the new owner. The new owner will be able to add more lives insured to the policy but cannot remove any of the existing lives insured. If there is no nomination for ownership or the nominee repudiates the nomination then the surrender value of the policy will be paid to the estate of the deceased planholder. The surrender value will be estate dutiable in the estate of the deceased planholder.

### *Death of the planholder who is also the only or last life insured*

The death benefit will be paid to the beneficiary/ies who accept the nomination at this stage. If there are no beneficiaries for proceeds or the nomination is repudiated then the death benefit will be paid to the estate of the deceased for distribution. In both cases Estate duty is dutiable in terms of the Estate Duty Act.

## Contact details

### New business

Contact your business development manager, sales consultant, broker consultant, sales support assistant or email [singlepremiumenquiries@glacier.co.za](mailto:singlepremiumenquiries@glacier.co.za) when case was submitted for assistance if needed

### Client Contact Centre

Client Contact Centre handles all policy services-related enquiries made after the issuing of new business. Issued business matters relating to values, renewals and cessions are dealt with here.

Enquiries: (021) 916 5000

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