

Notes

- This chapter should be read in conjunction with the contract documents. If there is any conflict or inconsistency between the contents of the contract documents and this chapter, the provisions of the contract documents will prevail.
- Take note that information contained in this technical guide is with regard to the latest versions of the applicable products/benefits. Refer to the contract documents for information about the existing products/benefits of a life insured.
- Any reference to "plan" or "planholder" refers to the policy and policyholder for a Continuation without life insured, and the plan and planholder for other products, while any reference to "payment" refers to the premium for a Continuation without life insured and the payment for other products.
- 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)

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Why Continuations?

The effect of compound interest is greater over the long term, which is one of the reasons why you should consider continuing with an investment. With our continuation products we make it easy for you to continue with your investment, while still allowing you the choice to take your money whenever you want.

Furthermore, by continuing your investment in a **Retirement annuity Continuation** with us, you will be rewarded with **loyalty bonuses** on every third plan anniversary – making your money work even harder for you.

Some of the other features of our continuations are:

- Continued investment choices and flexibility: You will be able to tailor an investment portfolio from a wide range of investment funds and switch between these investment funds at any time, with the first four switches in a plan year free of charge.
- It is easy to establish the value of your investments, as the unit prices for all investment funds are updated on the Sanlam website daily.
- Flexibility of payments: If you are currently making recurring payments, the continuation may be with or without further recurring payments.

Additional benefits

- A Retirement Annuity Continuation is an excellent investment instrument for tax-efficient savings as retirement annuity fund members receive three tax breaks:
 - Payments are income tax deductible up to each contributor's limit. For each R100 invested in an RA plan, R40 (for someone taxed at a 40% marginal rate) is effectively paid back to the investor by the South African Revenue Service (SARS). The implication is that for the original R100 invested, the investor will pay R60 and SARS R40.
 - Monies in the retirement fund receive favourable tax treatment. Tax is not payable on rental income and interest, and no tax is payable on either capital gains or dividends received.
 - The cash lump sum at retirement also receives favourable tax treatment. On retirement a part of the lump sum could be tax-free, while the rest of the lump sum will be taxed at favourable scales. Refer to the *Tax* chapter for more information.
- A life time investment option is available, whereby we manage the risk of fluctuating markets on your behalf by gradually shifting the allocation of your investment to more conservative investment funds as you near retirement.
- No alteration or transaction charge will be levied if you reduce or stop paying recurring payments, or if you terminate your plan early.

Products, benefits and investment funds

Products and product codes

The products and their product codes are indicated below.

Product	Product code
Stratus Retirement Annuity	RC9C
Stratus Retirement Annuity for Professionals	RC9C
PPS Retirement Annuity*	RC9P

Waiver of payment benefits not available

Waiver of payment benefits (OGG and OPG) are not available for continuations.

Investment funds

Up to 10 investment funds may be selected, with or without investment guarantees, as indicated on the quotation. For more information about investment guarantees, refer to "Description of investment guarantee" in this *Retirement Annuity Fund Continuations* chapter.

Information about the full range of available investment funds for a PPS Retirement Annuity may be requested from the PPS Retirement Annuity Client Service Centre. Information about all other investment funds we offer, is available on the Sanlam website at <http://www.sanlam.co.za>.

Role players and sessions

Number of role players

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

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

The Professional Provident Society Retirement Annuity Fund (the FUND) is the planholder for a PPS Retirement Annuity, while the Central Retirement Annuity Fund (the FUND) is the planholder for other Retirement Annuity Continuations.

Life insured

A life insured must be a natural person.

Nominee

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

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

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

Is it necessary to appoint nominees?

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

Conditions for appointment of nominees

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

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

May the appointment of a nominee be changed?

An appointment may be added, cancelled or changed at any time. It must be in writing and signed by the life insured, and must reach Sanlam Life's head office before the life insured's death. However, for a plan taken out by the Professional Provident Society Retirement Annuity Fund it must reach this FUNDS's head office before the life insured's death.

Payments

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

Payment options on start date of continuation

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

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

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

Payment frequency for recurring payments

Choice between the following:

- Monthly
- Yearly.

Payment method for recurring payments

Choice between the following:

- Debit order
- Stop order
- Internal funding.

A monthly or yearly payment frequency is allowed for a debit order payment method. Only a monthly payment frequency is allowed for other payment methods.

The same payment applies for all payment methods.

Payment limits

No maximum applies.

Minimum amount allocated to investment fund

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

- The minimum amount allocated to an investment fund is R50.
- If the recurring payments of an existing plan and a continuation are the same, and this recurring payment is less than R50 per month, no minimum allocation applies, but only one investment fund may be selected.
- If the recurring payments of an existing plan and a continuation are not the same, the minimum allocation of R50 does apply.
- The minimum allocation of R50 will be tested separately for one-off and recurring payments. Therefore, for a continuation with one-off and recurring payments, the allocations to investment funds will only be allowed if the allocations from both the one-off payment and recurring payments comply separately.

Examples

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

The following allocation **IS ALLOWED**:

- One-off payment = R10 000
- Recurring payment of continuation = recurring payment of existing plan = R49 per month
- Allocation allowed: Only one investment fund may be selected, with 100% allocated to this investment fund.

The following allocations **ARE ALLOWED**:

- One-off payment = R10 000
- Recurring payment = R100 per month
- Allocations allowed:
 - One investment fund may be selected, with 100% allocated to this investment fund.
 - OR
 - Two investment funds may be selected, but 50% must be allocated to each of these investment funds.

The following allocations are **NOT ALLOWED**:

- One-off payment = R10 000
- Recurring payment = R100 per month
- Allocations NOT allowed:
 - Two investment funds selected with 25% allocated to one of these investment funds, and 75 % to the other one, because allocations from recurring payments does not comply.
 - Four investment funds selected with 25% to each of these investment funds, because allocations from recurring payments does not comply.

Minimum payments

Subject to business rules. Refer to “Business rules for Retirement Annuity Fund Continuations, excluding PPS Retirement Annuity Continuations” and “Business rules for PPS Retirement Annuity Continuation” in this Retirement Annuity Fund Continuations chapter for more information.

The minimum payments are indicated in the table below.

Product	Product code	Minimum payment (R) for continuation				
		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		
Stratus Retirement Annuity	RC9C	5 000	150	1 800	5 000	150
Cobalt for Professionals Retirement Annuity	RC9C	5 000	150	1 800	5 000	150
PPS Retirement Annuity	RC9P	5 000	-	-	Not allowed	

Business rules for Retirement Annuity Fund Continuations, excluding PPS Retirement Annuity Continuations

On start date of continuation

Existing plan: only one-off payment or paid up

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

- One-off payment < R5 000 for RC9C: Continuation not allowed.
- One-off payment ≥ R5 000 for RC9C:
 - Continuation can be done with or without recurring payments for RC9C.
 - If a continuation is done with recurring payments for RC9C, a recurring payment of at least R150 per month must be added.
- An additional one-off payment may not be made.

Existing plan: not paid up (with recurring payments)

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

- One-off payment < R5 000 for RC9C: Continuation not allowed.
- One-off payment ≥ R5 000 for RC9C:
 - Continuation can be done with the same recurring payment (no minimum applies) RC9C, or the payment can be increased by at least R150 per month, but only for RC9C.
 - If a continuation is done for RC9C with a recurring payment increase, the total recurring payment after the increase must be ≥ R150 per month.
- An additional one-off payment may not be made.
- Recurring payment reductions are not allowed.

After start date of continuation

Additional one-off payments

- Additional one-off payments can be made after the start date of a continuation.
- Minimum additional one-off payment of R5 000 applies.

Increase, reduce or stop recurring payments of recurring payment plans

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

Business rules for PPS Retirement Annuity Continuation

Existing plan: paid up or only one-off payment

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

- One-off payment < R5 000: Continuation not allowed.
- One-off payment ≥ R5 000: Must be continued without recurring payments.

Existing plan not paid up (with recurring payments)

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

- One-off payment < R5 000: Continuation not allowed.
- One-off payment ≥ R5 000: Must be continued with the same recurring payments, or payments can be reduced or stopped. No minimum applies to the recurring payments.

Changes not allowed on start date of continuation or thereafter

The following has not been allowed for a PPS Retirement Annuity Continuation as from 1/10/2012, as the Board of Trustees of the Professional Provident Society Retirement Annuity Fund decided to close the Professional Provident Society Retirement Annuity Fund for contribution increases on existing business:

- Adding of payment growth, or increasing of the chosen fixed growth percentage
- Adding or increasing of recurring payments
- Making of additional one-off payments.

One-off payments

The amount that is transferred from an existing plan is equal to the one-off payment on the start date of a continuation.

Additional one-off payments may be made after the start date of the continuation, but not for a PPS Retirement Annuity, provided that they are not less than our minimum allowed.

If the transaction date for a payment, as indicated in the statement, is more than one day later than the payment date, we will add interest to the payment to allow for the delay from the day following the payment date to the transaction date.

Recurring payments

Recurring payments are allowed, but then they should apply from the start of the continuation. They cannot be added later.

Recurring payments may be increased later, but not for a PPS Retirement Annuity. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

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

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

Payment growth

Payment growth is not compulsory.

The following applies to a PPS Retirement Annuity:

- If the existing plan did not have payment growth, payment growth may not be added on the start date of a continuation or thereafter.
- If the existing plan had fixed growth, the chosen fixed percentage growth may not be increased on the start date of a continuation or thereafter.

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

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

- Fixed growth
- Sanlam inflation
- Flexi growth.

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

Fixed growth

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

Sanlam inflation

The recurring payment will be increased each year by the inflation rate, as determined by us. In setting the rate, we will take into account the change in the consumer price index, or any other commonly accepted method of measuring inflation that may apply at the time. The Sanlam inflation rate may differ from official rates, due to differences in calculation methods. A minimum and maximum increase apply, which may change from time to time. However, no maximum increase applies for a Retirement Annuity Continuation.

Flexi growth for Retirement Annuity Continuation

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

General information

One-off fund

Any reference to "one-off fund" in this *Retirement Annuity Fund Continuations* chapter refers to the part of the fund value built up by one-off payments.

Recurring fund

Any reference to "recurring fund" in this *Retirement Annuity Fund Continuations* chapter refers to the part of the fund value built up by recurring payments.

Start date of continuation

The start date of a continuation is the date on which the existing plan reaches its maturity date.

Backdating

No backdating allowed.

Limits for inception age

No minimum and maximum inception ages apply.

Chosen term

No chosen term applies.

Open-ended term

There is no fixed term. The plan will continue until the planholder terminates the plan.

Working day

Any reference to "working day" in this *Retirement Annuity Fund Continuations* chapter refers to any day of the week from Monday to Friday, excluding public holidays.

Definition of spouse

The following applies to a spouse:

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

Cooling-off period

No cooling-off period applies on the start date of a continuation.

Changes to a plan

The following changes to a plan are allowed after the start date of a continuation, provided that conditions at the time are met:

- Make additional one-off payments*
- Increase*, decrease or stop recurring payments
- Add, cancel or change payment growth**
- Add, cancel or change nominees
- Take an early retirement benefit
- Terminate a plan, subject to legislation.

*An additional one-off payment or a recurring payment increase is not allowed for a PPS Retirement Annuity.

**Payment growth may not be added or changed for a PPS Retirement Annuity. Payment growth may, however, be cancelled.

Description of Retirement Annuity Continuation

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

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

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

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

The contract consists of the following:

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

This *Retirement Annuity Fund Continuations* chapter should be read in conjunction with the plan description and statement that the life insured receives. All information applicable to a specific plan is set out in the statement for that plan. If there is any conflict or inconsistency between the contents of this chapter, a plan description, a statement for a plan and the rules of the FUND, the provisions of the latter two will prevail.

Continuation

When we continue an existing plan as this type of plan, we refer to it as a continuation. For administration purposes we allocate a new plan number. The amount that is transferred from the existing plan is equal to the one-off payment on the start date of the continuation.

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

Investment

We invest a payment, less charges, in the respective chosen investment funds.

Life time investment option

If a life time investment option was chosen, we will actively manage the allocation of the investment to the respective investment funds according to the chosen option. As we consider necessary, we will select other investment funds for the chosen option, and decide on the allocation to them. As the life insured gets older, we will gradually shift the allocation of the investment to more stable investment funds.

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

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

Unit price

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

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

- tax, as levied in the applicable policyholders' fund. Currently no tax is levied in the policyholders' fund for retirement funds;
- the fund's fixed marketing and administration charge;
- the fees charged by the asset managers.

For the Vesting Bonus Fund the following applies, instead of using the market value directly:

- Regular fully vesting bonuses are declared to give the fund a smooth growth.
- A bonus rate is declared monthly and added to the fund by increasing the unit price with the daily equivalent of the bonus rate.
- The bonus rate is calculated according to the expected long-term return of the fund, while taking into account the monthly market value change.

The unit price of the units of the following investment funds is guaranteed not to decrease over time. For all other investment funds the unit price is not guaranteed, and may increase or decrease over time.

- Vesting Bonus Fund
- Guaranteed Capital Fund.

May an investment fund be closed?

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

Switching of investment funds

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

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

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

Cost to switch investment funds

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

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

Trading of assets

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

Compliance with Regulation 28

Regulation 28 of the Pension Funds Act, 1956 requires that savings towards retirement must be protected. For this reason the regulation limits the exposure to different asset classes for retirement fund plans. Currently the maximum limits are, amongst others, 75% in equities, 25% in offshore assets, 25% in property assets and 10% in hedge funds. It is essential for retirement fund plans to comply with the limits of Regulation 28.

No life time investment option on plan

Some investment funds are Regulation 28 compliant which means that the asset managers of those funds ensure that the funds always comply with the limits of Regulation 28. If a retirement fund plan has only Regulation 28 compliant investment funds, the plan will always be Regulation 28 compliant.

If a retirement fund plan has one or more investment funds which are not Regulation 28 compliant, market movements could result in the asset allocations of the plan exceeding the limits stipulated by Regulation 28. For this reason we are obliged to monitor the plan on a regular basis to determine whether it is still Regulation 28 compliant. If the plan is no longer compliant, we will inform the life insured about the required actions to rebalance the asset allocation as well as the implications if this is not done.

Life time investment option on plan

Some investment funds are Regulation 28 compliant which means that the asset managers of those funds ensure that the funds always comply with the limits of Regulation 28. If a retirement fund plan has one or more investment funds which are not Regulation 28 compliant, market movements could result in the asset allocations of the plan exceeding the limits stipulated by Regulation 28. For this reason we are obliged to monitor the plan on a regular basis to ensure that it remains Regulation 28 compliant.

Fund value

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

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

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

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

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

Loyalty bonus

Rebates on certain charges are added to the fund value in the form of a loyalty bonus on the plan anniversaries indicated below. The amount of the loyalty bonus is calculated as a percentage of some of the charges deducted from the plan since the date on which the previous loyalty bonus was added or since the start date for the first loyalty bonus.

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

Plan anniversary from start date of continuation	Rebate on charges %
3	20
6	30
9	40
12, and every 3 years thereafter	50

The charges included in the calculation of the loyalty bonus are:

- the fixed marketing and administration charge, plus
- the variable marketing and administration charge.

For the purpose of this calculation these charges are adjusted at the same rate at which the unit price of each investment fund changes.

We will also add a loyalty bonus when the plan is terminated due to a death claim. If the termination date falls between any of the plan anniversaries in the table above, the next plan anniversary in the table is used to determine the percentage of the rebate.

We will add the loyalty bonus to the fund value by adding units to the plan. If the plan anniversary or termination date on which the loyalty bonus is payable is not on a working day, we will add the units on the first working day thereafter.

Sanlam Retirement Booster for Cobalt for Professionals Retirement Annuity

An additional rebate on fund charges is invested as a Sanlam Retirement Booster. This rebate is invested on the same plan anniversaries as those indicated for the loyalty bonus. The rebate will also be invested when the plan is terminated due to a death claim. No rebate will be invested within five years from the start date of the continuation.

As the first loyalty bonus plan anniversary is three years from the start date of the continuation, no rebate will be invested on that date. To compensate for this, the rebate percentage on the next loyalty bonus plan anniversary will be proportionally increased.

The rebate for the Sanlam Retirement Booster amounts to 0.3% of the fund value of the plan before the loyalty bonus is added. However, if the plan is terminated due to a death claim in less than three years from the date on which the last rebate was invested, the rebate percentage will be proportionally reduced.

We will add the rebate to the plan by buying units in the SRB Sanlam Share Fund. Up to 75% of the assets in this investment fund are invested in Sanlam Limited shares. If the date on which the rebate is allocated is not on a working day, we will buy the units on the first working day thereafter. The units in the SRB Sanlam Share Fund may be switched at any time to any other investment fund allowed at the time for this type of plan.

Charges

Tax included in charges

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

Charges for the plan

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

- An **initial marketing charge**, deducted from each payment.
- A **payment charge**, deducted from recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the recurring payment.
- If the investment in the Vesting Bonus Fund is increased, other than through normal savings premiums, within 5 years after the start date of the continuation, or the corresponding date every 5 years thereafter, we may charge a **participation charge** on the increased part. This charge is deducted from the fund value by selling units to the value of the charge.
- A monthly **plan charge**, which will be increased from time to time to allow for inflation, as determined by us. The charge is deducted monthly from the fund value by selling units to the value of the charge.
- A yearly **marketing and administration charge**, which consists of two parts:
 - A **fixed marketing and administration charge***, which is a percentage of the fund value and may differ for different investment funds. It is taken into account when we calculate the daily price of the units.
 - A **variable marketing and administration charge***, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

The variable marketing and administration charge changes as the fund value increases to higher fund value bands, as indicated in the statement.

For the Vesting Bonus Fund the variable marketing and administration charge will always be calculated on a fund value equal to the number of units in the Vesting Bonus Fund multiplied by its unit price.

*Some asset managers give a rebate on the asset management charge, or pay us a platform management fee, for their investment funds. Such a rebate or fee is taken into account when the fixed and variable marketing and administration charges are calculated. The impact of this is that the fixed and variable marketing and administration charges are lower than what they would have been without a rebate or platform management fee. The size of the rebate or platform management fee as a percentage of the market value for each investment fund is indicated in the statement.

- A yearly **guarantee charge**, which is a percentage of the fund value, to pay for the cost of the investment guarantee of every investment fund that offers an investment guarantee. This charge is calculated on a monthly basis, which means it is divided by 12. The charge 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 charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement part of the contract.

Alteration charge

A plan may be changed at any stage, provided we agree to the alteration. We will not levy an alteration charge.

Transaction charge

We will levy a transaction charge for transactions, as mentioned in this *Retirement Annuity Fund Continuations* chapter, and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by us.

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

Reduction or stopping of the recurring payment

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

One of the conditions for stopping the recurring payment is a minimum fund value. If recurring payments are stopped despite this condition not being met, the plan will lapse. The minimum fund value is indicated in the statement.

If recurring payments are stopped due to emigration, the plan's termination value may be taken as a lump sum provided that the emigration has been confirmed in writing by an authorised Reserve Bank dealer*. The termination value is equal to the fund value.

If the total fund value of the plan on a life insured's life is less than R7 000 after stopping contributions, such a life insured may also request the FUND to terminate his or her membership and pay out his or her benefits*.

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

Investment advice agreement between the life insured and the FUND

The life insured, as a member of the FUND, may request the FUND to pay a fee, including VAT if applicable, for ongoing investment advice for his or her retirement investment. We, as the administrator of the FUND and on instruction of the FUND, will pay this fee monthly on behalf of the FUND to the intermediary who provides this advice. If the retirement annuity benefits of another fund have been transferred to this FUND, the fee must be renegotiated every 12 months.

This investment advice is an optional service that the life insured may request, and is provided by an intermediary nominated by the life insured. It is a specialised service which is in addition to and not part of the intermediary services for which we pay commission.

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

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

The current fund-based fee, if applicable, is indicated in the statement.

Retirement benefit

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

The retirement benefit amount is equal to the plan's termination value, which is the fund value.

How will the retirement benefit be provided?

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

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

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

Tax on retirement benefit

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

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

Refer to the *Tax* chapter for more information.

Benefit payable at death

The benefit amount is equal to the fund value on the date that Sanlam Life receives notice of the death of the life insured.

The full benefit amount may be paid as a lump sum, or it can be used to provide regular pension payments. The lump sum and pension are subject to income tax, but exempt from estate duty. Refer to the *Tax* chapter for more information.

Who will receive the benefit payable at death?

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

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

How much will be paid to each dependant or nominee?

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

Who is a dependant?

Dependants are:

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

Appointment of nominees

Refer to "Nominee" under "Role players and cessions" in this *Retirement Annuity Fund Continuations* chapter for more information.

How will the regular pension payments be provided?

An annuity plan will be taken out to provide the regular pension payments. This plan must be taken out with an insurer who is registered as a long-term insurer under the Long-term Insurance Act, 1998.

Description of investment guarantee

If an investment guarantee is chosen, the plan has one investment guarantee date, which is five years after the start date of the continuation.

We do not guarantee the performance of the chosen investment funds, apart from investment funds where we specifically provide the option of an investment guarantee. The value of units may increase or decrease, and past performance is no guarantee of future performance. For example the value of assets in foreign currencies may increase or decrease materially due to changes in exchange rates.

How does the investment guarantee work?

For an investment fund that offers an investment guarantee, the fund value is guaranteed not to be less than the guaranteed amount of that investment fund, as calculated for a specific plan. The guaranteed amount of an investment fund is equal to the amounts, allocated to that investment fund, accumulated each year by the guaranteed rate for the investment fund.

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 life insured.

If the fund value of an investment fund is then less than the guaranteed amount of that investment fund, we will add more units to that investment fund, to give the value required.

If the fund value is reduced because of an alteration, the guaranteed amount of an investment fund will be reduced accordingly.

Will there be further investment guarantees beyond the investment guarantee date?

No. The investment guarantee stops on the investment guarantee date.

When will the investment guarantee be cancelled?

If ever the fund value of an investment fund for which an investment guarantee was chosen is switched or withdrawn, the guaranteed amount of that investment fund will be reduced to zero, and the investment guarantee of that investment fund will be cancelled. This cancellation will not take place if the recurring payment, if applicable, less charges, continues to be allocated to that investment fund at that stage.