

# Cumulus Echo Retirement Plan

## Echo portfolio pricing

Administration charges are typically determined as a percentage of the fund value of an investment product e.g. an RA (retirement annuity). Generally the charge percentage levied becomes less if the fund value of the RA exceeds a specified amount. This implies that it could be more cost effective for clients to contribute to one RA only to potentially benefit from a lower administration charge percentage if the fund value exceeds the specified amount. This is exactly what Echo portfolio pricing offers your clients in addition to the advantages that having more than one Cumulus Echo Retirement Plan offer!

### Lower administration charges with Echo portfolio pricing

This merely means that we calculate the administration charge of the client's individual Cumulus Echo Retirement Plans **based on the combined fund value** of all the Cumulus Echo Retirement Plans of that specific client.

Therefore if the combined fund value is more than R500 000 on the calculation date, the client will benefit from the lower administration charge percentage levied above R500 000!

And once the combined fund value exceeds R1m, the client will benefit even more!

### Another reason to exercise the Cumulus Echo conversion option

Your clients with (for example) Stratus or Cumulus retirement annuities can convert these plans to individual Cumulus Echo Retirement Plans to benefit from Echo portfolio pricing.

Another important consideration is that it is not necessary for the existing plan to be Regulation 28 compliant at the time of the conversion, provided that no Regulation 28 compliance events are done with the conversion.

### Echo portfolio pricing applies automatically

This means that those clients with more than one Cumulus Echo Retirement Plan (i.e. product codes R39C and R40C) will not have to apply to benefit from lower administration charges when the combined fund value exceeds R500 000 now or in the future!

Furthermore, at retirement, a Cumulus Echo Retirement Plan can be changed from an RA into an investment linked life annuity (ILLA). If the client selects this income option, the fund value of this ILLA (product code A01) will also form part of the combined fund value when we calculate the administration charge for the specific client's Cumulus Echo Retirement Plan portfolio!



- ③ **Lower administration charge%** for fund values > R500 000
- ③ Combined with the **advantages that having more than one RA** offers
- ③ Another **reason to convert** to Cumulus Echo to benefit from Echo portfolio pricing

### And what's more ...

While your clients enjoy the advantages of having more than one RA as well as lower administration charges with Cumulus Echo, we also offer you another benefit to make your clients' on-going investment review easier! From March 2018, you will be able to access a portfolio view of the different investment funds across all the Cumulus Echo Retirement Plans of a specific client with the proportion invested in each as well as the asset class distribution – at any time! More details will follow closer to March 2018.





## Administration charge savings included on detail statement

The EAC (effective annual cost) calculation for new business, conversions and existing Cumulus Echo Retirement Plans is based on the fund value of that specific plan only (as is required by the EAC Standard). You will therefore not be able to see the benefit of Echo portfolio pricing through lower EAC values because the calculation is not based on the combined fund value.



Clients will however be able to see the Echo portfolio pricing savings amount on an **ad hoc detail statement** which is available on request from the CCC (Client Care Centre).

This statement will indicate the difference between the marketing and administration charge which would have been levied and the actual marketing and administration charge that was levied on the specific plan due to Echo portfolio pricing over the period of the specific statement for that plan.

# advantages

## Your clients can benefit from a number of advantages of having more than one Cumulus Echo Retirement Plan - among others:

01

### Phased retirement

Part of your client's income strategy in retirement could be to allow for targeted multiple maturity dates (e.g. age 55, 60, 65) to make provision for different income options in retirement.

02

### Investment strategy

Different maturity dates mean different investment terms which allow for some RA plans with longer terms to be invested more aggressively compared to those with a shorter term to the retirement date.

03

### Regulation 28 compliance

It is not necessary for existing plans that started before 1 April 2011 to be Regulation 28 compliant if clients keep the existing payments and investment fund distribution unchanged. This allows for (e.g.) 100% equity or offshore exposure to be retained.

04

### Tax-deductibility

Even if your clients are already retired, they can still continue with contributions to other RA plans to reduce their taxable income.

05

### Financial difficulty

If clients experience temporary financial difficulty, they may request a payment holiday of a limited number of payments on the RA that may qualify while continuing with the payments on any of the other retirement annuities.

06

### Protection in case of disability

An optional waiver of premium at disability benefit can be added on one RA to pay the monthly payments on the client's behalf should the client become disabled. It ensures that some retirement savings are still provided for in case of an unforeseen disability while others can be accelerated as an early retirement benefit due to ill-health.