

# Cumulus Echo Retirement Plan (RA)

Celebrating innovation and exploration

Meet Jack. He is 37 years old. His retirement planning includes a considered financial strategy. A couple of years ago, Jack diversified his retirement portfolio and made additional provision by taking out a Stratus Retirement Annuity (RA). During Jack's regular review of his retirement planning, his intermediary explains that the structure of Sanlam's investment options for retirement have changed significantly since Jack invested in the Stratus RA. Therefore he recommends that Jack converts the Stratus RA to a Cumulus Echo RA.

**Jack can be R800 000 better off at retirement if he simply follows steps 1, 2 and 3!**

It also allows him to benefit from our **Cumulus Echo Centenary Special**. This means that for the 12 months from the start date of the conversion, Jack will not pay an asset management fee on the investment in the SIM Balanced Fund B4.

## Existing Stratus RA

Jack's current contribution is R7 000 p.m. which increases annually with inflation. He invests in a combination of external unit trust balanced funds. The current illustrative retirement value of his Stratus RA is R4m, assuming a low inflation scenario.

## Step 1

### Cumulus Echo RA conversion

His planned retirement age is 55. Jack still has a long way to go for the power of compound interest to work for him! If Jack converts his Stratus RA to Cumulus Echo without making any changes whatsoever, the illustrative retirement value of the Cumulus Echo RA is R4.4m. **An additional R400 000 for Jack at retirement by merely doing the conversion!**

## Step 2

### Increase monthly contribution

Although Jack's monthly contribution keeps up with inflation, it's very important to regularly review whether his current income is still aligned with the income level he needs to maintain his standard of living during retirement. If Jack increases his current contribution by (only) R500 p.m. when doing the conversion, the illustrative value of the Cumulus Echo RA will be boosted to R4.7m. **An additional R300 000 at retirement!**

## Step 3

### Review investment fund options

Cumulus Echo offers the SIM Balanced Fund class B4 with an asset management fee (AMF) of only 0.4% p.a. This very low fee is unique to Sanlam Life and it makes a significant difference to financial planning. The average AMF of the external funds in which Jack currently invests is 0.9% p.a. If however Jack switches 50% to the SIM Balanced Fund B4 when doing the conversion, the illustrative value will increase to R4.8m assuming that the gross investment return for the relevant funds is the same. **Jack stands to receive an additional R100 000 at retirement!**

