

SANLAM UMBRELLA PROVIDENT FUND (SUF) PARTICIPATING EMPLOYER: SANLAM GROUP AND GROUP INSURANCE FOR OFFICE STAFF

Premium rates for death, critical illness (trauma) and disability benefits

The death and other risk benefit premium rates applicable to members of the above fund and scheme are revised annually by the insurer based on the claims experience over the past 5 years.

Good news! From 1 May 2023, premium rates for Group Life insurance on your own life and spouse's life and SUF: Sanlam Group (Retirement Fund) In-Fund death cover **reduces** which will leave you with **more take-home pay** and enable you to **save more for retirement**. Your premium for basic funeral insurance will remain unchanged, but you will receive an **increase in cover levels**.

Summary - results of the 2023 premium rate review:

Family/funeral cover	Rates remain unchanged and cover increased
Income Care Insurance	Rates remain unchanged
Critical Illness	Rates decreased
Group Life insurance (including spouse cover)	Rates decreased
SUF: Sanlam Group In-Fund Death cover	Rates decreased

Annexure A sets out the details of the revised premium rates effective 1 May 2023, as approved by the Sanlam Group Exco, the Joint Forum and the trustees of the Retirement Fund. Also note the options and choices available to members in respect of each benefit.

Annexure B contains scenarios of how the revised premium rates will impact a members' take-home pay and savings for retirement.

Factors that were taken into consideration during the premium rate review process:

The decision to differentiate between vaccinated and unvaccinated members in 2022 was based on international best practice which showed that vaccination was the best and most effective defence against the Covid-19 pandemic. The 2023 premium rate review showed that the expectations around increased mortality for unvaccinated members were indeed correct.

The South African Government's Ministerial Advisory Committee (MAC) has abolished Covid-protocols and the World Health Organisation (WHO) no longer promote vaccination. As a result, Sanlam no longer requires vaccination or vaccination boosters nor the use of other protective mechanisms (e.g. masks, sanitisers, social distancing, etc.). Given the current state of the disease and the removal of vaccination and other requirements, there is no longer a strong case for continued differentiation. It is important to Sanlam and the Fund to base premium rates on the latest available information.

Therefore, effective 1 May 2023, differentiated premium rates between vaccinated and unvaccinated employees will be abolished and a **single rate approach** will apply for the In-Fund and Group Life cover on the member's (employee) own life and spouse's life for the Sanlam Group employees.

Over the past 12 months to December 2022, the number of death claims decreased when compared to the preceding two years (for employees and their family members). This improvement has allowed the insurer to reduce the premium rates for all mortality benefits, while the funeral benefit has been enhanced in lieu of decreasing the premium rate.

Smoothing reserve:

In addition to the premium rate differentiation, smoothing reserves were created for both groups to protect members' interest and with the intention that, at the premium review in April 2023, the positive or negative balances in the reserves would be utilised to subsidise or increase rates.

For the Unapproved GLA on own life and spouse's life and Approved In-Fund death cover, the vaccinated and unvaccinated smoothing reserve accounts were netted off. Part of these reserves have been utilised to subsidise the theoretically calculated premium rates resulting in lower overall premium rates. The

intention is to apply the remaining surplus in the following two to three years to reduce any potential volatility in premium rates. In this way, all members receive the benefit of the smoothing reserve, and the surplus is applied in a manner that seeks to increase fairness and equality amongst members. This decision was based on the latest legislation, a legal opinion from an external attorney and the fact that it is important to Sanlam and the Fund to be proactive in ensuring members are treated fairly.

ANNEXURE A

1. Family/Funeral insurance

The benefits payable will increase as follows from 2023:

	Option 1	Option 2
Principal member	R35 000	R70 000
Qualifying spouse	R35 000	R70 000
Qualifying children of 14 years and older	R35 000	R70 000
Qualifying children of 6 years and older, but younger than 14 years	R19 250	R38 500
Qualifying children younger than 6 years, or a stillborn child	R10 000	R20 000
Parents (who are insured)	R 7 500	R15 000
Additional Parent cover	R10 000	R10 000

The rates for family/funeral insurance will remain unchanged as set out below:

	Option 1	Option 2	Additional parent cover
Monthly premium for basic benefit applicable to principal member, spouse and children	R11.40	R22.75	-
Monthly premium for per parent, per month	R29.25	R58.50	R52.00
Monthly premium for additional spouse	R5.20	R10.40	-

Options / choices available to members: There is no option available to make any changes to your family cover. It is also not an option to add parents or to become a member of this insurance if you are not currently a member.

2. Income Care insurance

The annual rate payable for the income disability benefit will remain unchanged at 0.648 % of TGP.

The proof free limit remains unchanged on R130 000 per month. (A limit of R165 000 is applicable to members who entered before 1 May 2011.)

Options /changes available to members: This is a compulsory benefit in terms of each employee's employment contract and members cannot make changes to this benefit.

3. Critical Illness

The rates for critical illness insurance:

- **Standard cover option:** The rate per month will decrease by 5% from R0.280 to R0.266 per month per R1 000 cover;
- **Comprehensive cover option:** The rate per month will decrease by 5% from R0.448 to R0.426 per month per R1 000 cover.

The maximum allowable cover (as well as the proof free limit) remains unchanged at R1.5 million.

Options / changes available to members: The only option available to members is to reduce the cover level to a minimum of 0.5x TGP during the annual flex event. There is not an option to change the cover option, to increase the cover level or to take up this cover if you don't currently have this cover.

4. Group life insurance

- Cover on the member's life and lumpsum disability benefit

The rate for group life insurance on the member's own life will decrease and the rate for lumpsum disability benefit slightly increase, resulting in a combined rate as set out below:

Monthly premium rate per R1 000 cover		
Current rate for vaccinated members	Current rate unvaccinated members	New rate from 1 May 2023
R0.318	R0.556	R0.318

The combined proof free limit for Group Life Insurance and SUF: Sanlam Group death benefits on the member's life increased to R17m.

Options / changes available to members: Members can either increase the cover to a maximum level of 3x TGP, subject to providing proof of good health, or they can decrease the benefit to a minimum of 0.5x TGP, during the annual flex event.

- Cover on the member's spouse's life

The rate for group life spouse insurance for all members is set out below:

Monthly premium rate per R1 000 cover		
Current rate for vaccinated members	Current rate unvaccinated members	New rate from 1 May 2023
R0.354	R0.472	R0.327

Options / changes available to members: Members can decrease or cancel this cover during the annual flex event. Members also have the option to obtain cover on their spouse's life, subject to proof of good health, during the annual flex event.

The proof free limit for member's spouse's life insurance increased to R2m.

5. Sanlam Umbrella Provident Fund (SUF) Participating Employer: Sanlam Group (In-Fund death benefits)

The premium for this cover is calculated according to a rate per R1 000 cover according to the age of the member.

The rates will decrease as set out on the summary below:

Age band	Monthly premium rate per R1 000 cover		
	Current rate for vaccinated members	Current rate for unvaccinated members	New rate from 1 May 2023
Younger than 26 years	R0.24	R0.47	R0.173
26 – 30 years	R0.18	R0.35	R0.129
31 – 35 years	R0.19	R0.36	R0.135
36 – 40 years	R0.21	R0.41	R0.150
41 – 45 years	R0.22	R0.42	R0.157
46 – 50 years	R0.25	R0.49	R0.180
51 – 55 years	R0.25	R0.49	R0.180
56 years and older	R0.31	R0.61	R0.225

The combined proof free limit for Group Life Insurance and SUF: Sanlam Group death benefits on the member's life increased to R17m.

Options / changes available to members: *The annual flex event presents members with the opportunity to either increase or decrease their level of cover (Minimum: 0.5x TGP/ Maximum: 3x TGP).*

Important: *Any increase in cover will be subject to proof of good health.*

ANNEXURE B

Scenarios (based on TGP examples) illustrating the monthly impact of the rates applicable from 1 May 2023 in respect of a 40-year old member with the following cover levels. The cover levels chosen for the example provide for competitive (or better) cover and do not reflect minimum cover levels.:

- In-Fund death benefit: 3 x TGP
- Group Life: 2 x TGP
- Spouse Cover: 1 x TGP
- Comprehensive Critical Illness: 1 x TGP
- Basic Family/funeral cover: Option 2
- Income disability benefit – compulsory benefit

The net effect of the new rates will be less where members choose lower or minimum cover levels.

TGP per year	R200 000			R500 000		
	Current premium p.m.		New premium p.m.	Current premium p.m.		New premium p.m.
	Vaccinated	Unvaccinated		Vaccinated	Unvaccinated	
SUF: Sanlam Group- In-Fund death Cover level = 3 x TGP IMPORTANT: See note below	R125.99	R246.00	R90.00	R314.96	R615.00	R225.00
Example: Age 40 (Rate per R1 000 cover)	0.21	0.41	0.15	0.21	0.41	0.15
GLA death & lump sum disability Cover level = 2x TGP	R127.26	R222.26	R127.20	R318.15	R555.64	R318.00
Rate per R1 000 cover	0.318	0.556	0.318	0.318	0.556	0.318
Income Disability	R108.07		R108.00	R270.18		R270.00
Annual % of TGP	0.648		0.648	0.648		0.648
Spouse Cover Cover level = 1 x TGP	R70.80	R94.40	R65.40	R177.00	R236.00	R163.50
Rate per R1 000 cover	0.354	0.472	0.327	0.354	0.472	0.327
Comprehensive Critical illness Cover level = 1 x TGP	R89.60		R85.20	R224.00		R213.00
Rate per R1 000 cover	0.448		0.426	0.448		0.426
Basic Family/Funeral Cover Option 2	R22.75		R22.75	R22.75		R22.75
Totals for unapproved cover = deduction from pay	R418.48	R537.08	R408.55	R1 012.08	R1 308.57	R987.25
Impact on take-home pay (per month) from May 2023	R9.93	R128.53	←	R24.83	R321.32	←
The actual premiums that each employee pay for the Income Care, Group Life and Family insurance cover, are indicated on their payslip. As the premiums for the insurance are paid with after-tax money, the benefits payable are tax-free in terms of current legislation.						
Impact on saving for retirement (per month) from May 2023	R35.99	R156.00	←	R89.96	R390.00	←
Note regarding impact of the increased rate for SUF: Sanlam Group In-Fund death cover						
The costs of the death benefits provided by the SUF: Sanlam Group are recovered from the member's contributions to the Sanlam Umbrella Provident Fund: Sanlam Group . Members will therefore not experience any increase in their take-home pay due to the decrease in the rates, but more money will be saved for retirement .						
Total net effect (per month) from May 2023	R45.92	R284.53	←	R114.79	R711.32	←
% TGP *	0.28%	1.71%	←	0.28%	1.71%	←

* This impact will be similar for all TGP categories above R500 000.

It is critically important during the upcoming flex event (i.e. 24 April – 9 May 2023) that members review:

- Their death cover levels – (please refer to **Annexure A** for details on the options available to members in respect of the different benefits); and
- Consider increasing their SUF: Sanlam Group contribution rate to ensure sufficient saving for retirement.