

Conversions to Cumulus Echo retirement plan

If you have an existing Sanlam Life Retirement Annuity (RA) plan (universal life or legacy, Stratus, Cumulus, Cobalt for Professionals or Topaz), It may now be possible to convert to Cumulus Echo, Sanlam Life's latest retirement plan which provides exceptional value for money. Such a conversion is the best way to add extra flexibility and choice to your retirement plan and is much more effective and cheaper than a transfer of your benefits to another retirement annuity fund.

A unique set of Echo Bonus percentages is calculated for each converted plan. These percentages ensure that you are at the same or even better position at your original planned retirement date, assuming the same average asset management charge, provided you continue to contribute until retirement. Any recurring contribution increases and ad hoc one-off payments on the converted plan will be treated as a new Cumulus Echo RA plan.

Please consult your financial advisor to see if your Retirement Annuity plan can be converted.

The benefits of conversion to Cumulus Echo

⊙ An Echo Bonus is added to boost your retirement savings

Cumulus Echo encourages disciplined savings with the Echo Bonus, an amount added at retirement (or earlier termination) to boost your retirement savings. With the Echo Bonus, you can clearly see how the value of your retirement savings grows throughout, giving you a more compelling reason to remain in your retirement saving plan. The longer the term of the investment, the greater is the Echo Bonus. Higher bonuses are available for the "For Professionals" and "For Graduates" varieties of the Cumulus Echo RA plan.

⊙ Access to tailored investment options

The Comprehensive Option offers access to a complete range of investment funds available for Cumulus Echo at a low administration fee to ensure continuous Regulation 28 compliance overall (see article on Regulation 28). The Comprehensive Regulation 28 Option is also available and offers access to the Regulation 28 compliant funds only. The Comprehensive Regulation 28 Option removes the need for continuous Regulation 28 compliance. Regulation 28 ensures a balanced asset distribution at all times. It is also possible to change from the Comprehensive Option to the Comprehensive Regulation 28 Option, or vice versa, at any time. The SIM Reg28 Property Equity Fund is available as an aggressive fund especially suited to younger members at very low fee. You will have access to other unique Regulation 28-compliant funds with very low fees such as the Lifetime Investment Option, Diversified Wealth Builder and the SATRIX Dynamic Balanced Fund.

⊙ Access to the leading investment funds in the industry

Investment funds from the leading unit trust managers in the industry, across all risk levels and asset classes are available, making it easy to select an appropriate investment portfolio. Life funds with mandates similar to those of unit trusts are also available and, in general, have much lower asset management fees. Some investment funds offer an investment guarantee that ensures that the unit price of your investment does not decrease when the market value of the underlying investments fluctuates. You will also have access to investment funds that may not be available in your existing plan such as a Shariah compliant fund.



④ Lifetime Investment Options make retirement planning easier

With these investment facilities your retirement savings are managed on your behalf, at an extremely low cost. They automatically adjust your asset allocation to conservative assets as you approach retirement. Different Lifetime Investment Options are available for individuals planning to purchase inflation-linked annuities at retirement.

④ Affordable ad hoc contribution increases to fit your pocket

Ad hoc recurring contribution increases and one-off contributions can be made at any time and the minimum amounts are low enough to accommodate your changing needs. Regular fixed annual contribution increases (between 5% and 20%) or at the Sanlam inflation rate are available to help your retirement savings keep up with inflation.

④ Peace of mind should you become disabled

An optional waiver of payment at disability benefit can be added to ensure that your retirement contributions are paid by Sanlam should you become disabled.

④ Transparency is one of the cornerstones of Cumulus Echo

All charges and bonuses are outlined on the quotations upfront. A reduction in yield percentage is included on the quotations. It shows the extent to which the return on the assets until the option date will be reduced due to the charges and includes the enhanced effect of any bonuses, before and after the conversion. The lower this percentage is, the more cost-effective the investment. Investment statements can be obtained from the Sanlam Client Care Centre at any time. Daily unit prices and fund fact sheets for all the investment funds are available on the Sanlam website. You will receive annual information on how your investment is performing, and benefit statements can also be obtained from Sanlam Secure Services website at any time.

④ And flexibility to accommodate your changing needs

You can switch between the funds within the Comprehensive or Comprehensive Regulation 28 Option as often as you like. The first four switches in a plan year are free of charge. You can change the allocation of the recurring contributions between the different investment funds as often as you like – free of charge. It is possible to change from the standard version to the “For Graduates” or “For Professionals” version at any time. Any time after the conversion has been in force for at least one year, a payment holiday (bridging facility) of up to twelve months may be requested, allowing for some more flexibility.

④ Important considerations with a conversion to Cumulus Echo

The Stable Bonus Fund, which provides smoothing of investment returns, is currently not available on Cumulus Echo. The conversion value will be reduced by a market value adjuster if the market value is lower at time of conversion. Guaranteed minimum maturity values and funds with investment guarantees are not available on Cumulus Echo.

The Stratus Lifetime Investment Options are not available on Cumulus Echo but a new Cumulus Echo Lifetime Investment Option may be selected on conversion.

The maximum number of investment funds available on Cumulus Echo is 10 funds per plan.

With a conversion to Cumulus Echo, you will forfeit any life, disability and trauma cover that may apply on an existing plan. However, there is an option to transfer this cover to a new Sanlam Life risk cover plan without medical underwriting.

The fund value for the plan to be converted must be at least R1 000. Minimum increase of R150 per month is applicable and the recurring contribution after conversion must be at least R250 per month.

For plans without recurring contributions the fund value must be at least R7 000 and a recurring contribution of at least R250 per month must be added on conversion date. If the fund value is R10 000 or more, the plan may be converted without adding a recurring contribution.

For more information you can contact your Sanlam financial adviser or accredited broker.

This article gives a general summary of conversions to Cumulus Echo retirement plan. Detailed terms and conditions are set out in the quotation and plan contract.