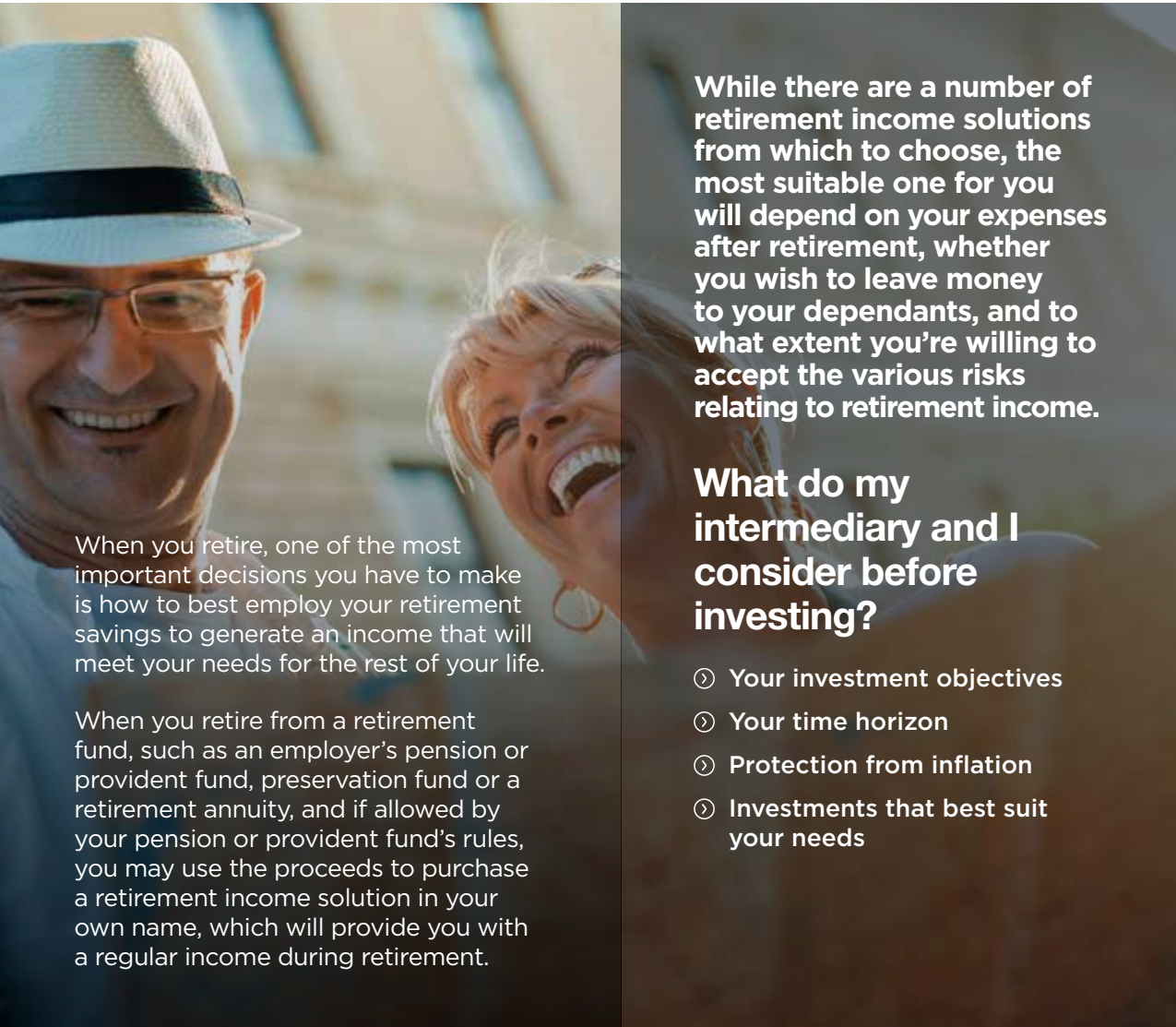


# Sanlam Personal Portfolios Investment-linked Living Annuity (ILLA)



# Make the most of retirement



When you retire, one of the most important decisions you have to make is how to best employ your retirement savings to generate an income that will meet your needs for the rest of your life.

When you retire from a retirement fund, such as an employer's pension or provident fund, preservation fund or a retirement annuity, and if allowed by your pension or provident fund's rules, you may use the proceeds to purchase a retirement income solution in your own name, which will provide you with a regular income during retirement.

**While there are a number of retirement income solutions from which to choose, the most suitable one for you will depend on your expenses after retirement, whether you wish to leave money to your dependants, and to what extent you're willing to accept the various risks relating to retirement income.**

**What do my intermediary and I consider before investing?**

- ① Your investment objectives
- ② Your time horizon
- ③ Protection from inflation
- ④ Investments that best suit your needs

## A productive way to employ your retirement savings

With a living annuity, you decide how your retirement savings are invested, and what amount of income you take each year.

### How it works

Upon retiring, you utilise the proceeds from the retirement savings you've accumulated in a registered retirement fund to purchase a compulsory annuity within which you, in collaboration with your financial intermediary, may select the underlying investments best suited to your unique needs and risk profile. You then draw a regular income from your investment. This compulsory annuity is referred to as an Investment-Linked Living Annuity.

The Investment-Linked Living Annuity, which is underwritten by Sanlam Life Namibia, offers:

- ④ **The means to protect the purchasing power of your income:** By exposing the source of your income to market returns, you have the opportunity to let your income keep pace with, or beat inflation. You and your intermediary can adjust your portfolio as your needs or risk profile changes, and no fees are charged for processing your switch between collective investments.
- ④ **Flexibility:** You can adapt your cash flow to meet your changing needs by changing your income level once a year, on the anniversary date of the investment. You will receive an income revision reminder well in advance of your income revision date every year.
- ④ **Continuity:** On your death, your beneficiaries can continue with the annuity, subject to the regulatory rules in force at the time.

## About the income

### How much can I draw?

By law, you may draw an annual income of between 5% and 20% of the capital value of your investment. You may only change the percentage once every year, on the plan's anniversary date. The income is paid by the regular repurchasing of units from the underlying investment funds, and is taxable at your relevant income tax rates.

## Administrative aspects

### You can invest in a variety of investment options

We offer a wide range of collective investment funds, managed by respected collective investment management companies, with exposure to a variety of asset classes.

You can also invest in wrap funds, managed by discretionary investment managers.

### Wrap funds

**A wrap fund is a portfolio consisting of underlying collective investment funds managed or "wrapped" according to a specific investment mandate.**

## You are in control

Sanlam Personal Portfolios, as the administrative financial services provider, administers the investment. We provide the investment platform and execute your instructions. You select the underlying investment options and instruct Sanlam Personal Portfolios when and how to adjust your investment. Your financial intermediary will provide you with advice and help you manage your investment in accordance with your retirement objectives and tolerance for risk.

**We empower your intermediary to help you make appropriate decisions**

Our research team conducts ongoing, robust fund research and provides valuable insights to help intermediaries make informed investment choices for their clients.

## Risks associated with the Investment-linked Living Annuity

### Investment risk

Financial markets are unpredictable and fluctuate daily. The value of your investment can therefore rise and fall, which may affect the level of income you receive. There is no guarantee, either with respect to the capital or the return on the investment.

It is important that the investment portfolio you select is in line with your investment risk profile. Your financial objectives and

personality determine how much investment risk you are willing to take on, and your intermediary will help you determine the level of risk that is right for your personal circumstances.

### The risk that you may outlive your savings

The purpose of a living annuity is to provide an income for your lifetime. However, the capital may run out before you die. This will happen if the income and fees withdrawn from the investment are greater than the total investment return. The universal increase in life expectancy may mean that you will live a lot longer than you think. You need to consider this when deciding how much income to take.

### Inflation risk

The risk that the purchasing power of your income is eroded due to the level of income not keeping up with inflation.

## You have the power to preserve your capital

How long the capital in your living annuity lasts, is affected by the level of income and the investment options you select. You can preserve your capital by drawing a sustainable level of income and selecting suitable investment options.

### Draw a sustainable level of income

A living annuity allows you to set your income level within certain limits.

In consultation with your intermediary, you can ensure that the level of income you select is sustainable for the rest of your life. You need to carefully manage how much capital you draw as an income relative to the investment return in order to achieve this.

The table below can be used as a guide to choosing an income level appropriate for your age.

<b>Guideline for the maximum percentage you should withdraw at a particular age</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
55	5.0%	5.0%
60	5.0%	5.0%
65	5.0%	5.0%
70	5.6%	5.0%
75	6.3%	5.2%
80	7.3%	5.8%
85	8.7%	7.0%

This guideline should help you maintain a specific level of income in the face of inflation.

The guideline is based on a portfolio that generates a real return (after taking inflation into account) of 2% per year after fees. A lower real return will generate a lower income level, and a higher real return, a higher income level.

Depending on your individual circumstances, it may be wise to draw a smaller amount than indicated in the table.

Always consult your financial intermediary before investing in a living annuity, particularly if this is your only source of income and you require a pre-tax income that exceeds the level shown in the table.

## Select suitable underlying investments

The investments held in your living annuity are made up of various types of asset classes, such as equities, bonds, property and cash. These underlying assets have different levels of risk and returns associated with them.

For this reason you and your financial intermediary must consider the overall composition of your living annuity. Too high a proportion of risky assets means there is a risk of losing capital, while too low a proportion means there is a risk that investment returns may be too low to sustain your income.

## The underlying capital is payable as a **death benefit**

Unlike a conventional annuity which generally ceases at death, you may nominate a beneficiary (or beneficiaries) to continue with the living annuity in their name after your death.

## Regulatory aspects

### Access to your funds is restricted

The purpose of a post-retirement income product is to provide income during retirement, and therefore access to the funds is exclusively through regular income payments.

Other withdrawals cannot be made, and the capital cannot be taken in cash.

You may convert your Investment-Linked Living Annuity to a guaranteed life annuity offered by Sanlam Life Namibia, but not to a new owner while you are still alive.

Your Investment-Linked Living Annuity is protected against creditors, and cannot be pledged or offered as security.

## Tax will only affect **income withdrawals**

### Tax on income

The income payable to you is taxable. We will deduct income tax and pay it over to the Namibian Revenue Service on your behalf.

### Investment returns

Investment returns within your Investment-Linked Living Annuity are not taxable in your hands.

## Investing is not without risk, and returns are not guaranteed

Financial markets are unpredictable and fluctuate daily. The value of your investment can therefore rise and fall, and there is no guarantee, either with respect to the capital or the return on the investment. Your financial objectives and personality determine how much risk you are willing to take on, and your intermediary will help you determine the level of risk that is right for your personal circumstances.

## Fees and charges are payable

Fees are charged for the administration and management of your investment. Sanlam Personal Portfolios' annual administration fee and the annual financial intermediary fee are deducted by repurchasing units from the investment.

### Sanlam Personal Portfolios' administration fees

We charge an annual administration fee. If you wish to enhance your investment with wrap fund options, additional fees will apply.

### Financial intermediary fees

You and your financial intermediary agree on the fees for financial advice and services provided. You may renegotiate these fees at any time.

### Investment management fees

The managers of the collective investment funds in which you invest via our platform will charge a fee.

The fees are set out in the application form, investment confirmation, applicable mandates and fund fact sheets.

### Value-added tax (VAT) payable on fees

VAT is payable on fees where applicable.



# Let us exceed your expectations



We value our clients and want to provide you with the best service. That is why we welcome your feedback. If you are dissatisfied with any aspect of our service or products, please tell us. Our team will investigate and aim to resolve the matter in a fair and efficient manner.



