

# Endowment

## Plan description

The plan is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998 and the Insurance Act, 2017. The plan is a contract between the planholder, and us, Sanlam Life Insurance Limited (Sanlam Life).

The contract consists of the following:

- the quotation;
- the application for the plan;
- this plan description, PLE-A00-01, as updated from time to time, and available on the Sanlam website at <http://www.sanlam.co.za>;
- the statement, as updated from time to time;
- other documents, correspondence and information, if any, that by implication form part of the contract.

We will update the plan description and statement to reflect changes

- in administration procedures, for example how unit prices are determined and where information about investment funds can be found;
- in charges, including the fees charged by the asset managers;
- necessitated by external factors, for example legislation, or the interpretation thereof.

This plan description should be read in conjunction with the statement that the planholder receives. All information applicable to a specific plan is set out in the statement for that plan. If there is any conflict or inconsistency between the contents of this plan description and a statement for a plan, the provisions of the statement will prevail.

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## Explanations

### Option date

It is the date which indicates the end of the term, and is indicated in the statement.

### Open-ended term

After the chosen term has expired, the term of the plan is considered as open-ended. This means that the fund value will not be paid out automatically after the chosen term has expired, but that the plan will continue until the planholder terminates the plan.

### One-off fund

It is the part of the fund value built up by one-off payments.

### Recurring fund

It is the part of the fund value built up by the savings part of recurring payments.

### Alteration charge date

It is the date until which we will levy an alteration charge for certain alterations, and is indicated in the statement. A separate date applies for the one-off and recurring funds.

## **Working day**

It is any day of the week from Monday to Friday, excluding public holidays.

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## **Conversion**

When we convert an existing plan to this type of plan, we refer to it as a conversion. For administration purposes we allocate a new plan number. The amount that is transferred from the existing plan is equal to the one-off payment on the start date of the conversion. This one-off payment will, however, be included in the build up of the recurring fund and not in the build up of the one-off fund. No one-off fund will start to build up on the start date of the conversion.

The provisions as set out in the contract documents will only apply from the start date of the conversion.

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## **Payments**

### **One-off payments**

One-off payments may be made, provided that they are allowed by legislation and are not less than our minimum allowed. If the transaction date for a payment, as indicated in the statement, is more than one day later than the payment date, we will adjust the payment to allow for the delay from the day following the payment date to the transaction date.

### **Recurring payments**

Recurring payments are allowed, but then they should apply from the start of the plan. They cannot be added later. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

A recurring payment consists of a savings part and a risk part. If there are no waiver of payment benefits on the plan, the risk part of the recurring payment is not applicable.

If recurring payments are made by debit order, and the requested day on which we have to collect the payment does not fall on a working day, or a month does not have the particular day, we will collect it on the following working day.

The transaction date for a recurring payment is the later of the payment due date and the actual payment date. If this is not a working day, the transaction date will be the first working day thereafter. We will not adjust a recurring payment to allow for early payment if it is made before the transaction date.

If a recurring payment is not made in full within a 30 day period of grace, we may consider the recurring payment stopped, and will then levy the alteration charge for stopping recurring payments, if applicable. Also, if waiver of payment benefits are applicable, and a recurring payment is not made in full within a 30 day period of grace, these benefits will no longer provide cover.

### **Payment growth**

If the plan has payment growth, the recurring payment will be increased according to the conditions of the type of payment growth, as chosen.

We offer the following type(s) of payment growth:

- **Fixed growth**  
The recurring payment will be increased each year by the chosen fixed percentage.
- **Sanlam inflation**  
The recurring payment will be increased each year by the inflation rate, as determined by us. In setting the rate, we will take into account the change in the consumer price index, or any other commonly accepted method of measuring inflation that may apply at the time. The Sanlam inflation rate may differ from official rates, due to differences in calculation methods. A minimum and maximum increase apply, which may change from time to time.

The payment growth type that applies for a plan is indicated in the statement.

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## Investment

We invest a one-off payment and the savings part of a recurring payment plus their additional allocations, if applicable, less charges, in the respective chosen investment funds. An additional allocation depends on the level of commission negotiated at the start and may change if the level of commission is changed.

Information about all investment funds we offer, is available on the Sanlam website at <http://www.sanlam.co.za>.

## How and when is the amount allocated to a specific investment fund, invested?

We use the amount allocated to a specific investment fund to buy units in that investment fund on the transaction date.

## Unit price

A unit price is calculated daily in South African currency, on the basis of the market value of the assets in the investment fund.

The following are taken into account when the unit price is calculated for a specific investment fund:

- tax, as levied in the applicable policyholders' fund;
- the fund's fixed marketing and administration charge;
- the fees charged by the asset managers.

The unit price of an investment fund is not guaranteed, and may increase or decrease over time, unless it is specifically stated otherwise in the contract.

For the Vesting Bonus Fund the following applies, instead of using the market value directly:

- Regular fully vesting bonuses are declared to give the fund a smooth growth.
- A bonus rate is declared monthly and added to the fund by increasing the unit price with the daily equivalent of the bonus rate.
- The bonus rate is calculated according to the expected long-term return of the fund, while taking into account the monthly market value change.

The unit price of the units of the Vesting Bonus Fund is guaranteed not to decrease over time.

### **May an investment fund be closed?**

Yes. This may occur if, for example, legislation changes or certain classes of assets become unavailable or it is in our opinion no longer prudent to invest in the specific investment fund.

If the plan is affected, we will request the planholder to choose another investment fund allowed at that stage for this type of plan, and to inform us of the choice made. If we receive no response to such a request, we will decide in which investment fund to invest the affected part of the plan.

### **Switching of investment funds**

Switching of investment funds allowed at the time for this type of plan may be done on request. We will sell units of the investment funds out of which a switch is done, and buy units of the investment funds into which a switch is done. We do this on the first working day after receiving the switch request.

Future payments may be allocated to any investment fund allowed for this type of plan. The payments already allocated to the current investment funds, will then remain in these investment funds.

### **Cost to switch investment funds**

Currently there is no transaction charge for the first four switches in a plan year. For each subsequent switch in a plan year, we will levy a transaction charge, which will be determined at the time. The current transaction charge is indicated in the statement. We may change the number of free switches from time to time.

### **Trading of assets**

We may use the assets in the investment funds for transactions such as scrip lending. Any income or loss arising from these transactions will be for our own account, and therefore will not affect the plan benefits.

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## **Fund value**

The fund value of a specific investment fund is the number of units multiplied by the unit price for that investment fund.

For the Vesting Bonus Fund the fund value will be equal to the number of units in the Vesting Bonus Fund multiplied by its unit price on any of the following dates only:

- the date on which we receive notice of the death of the last surviving life insured linked to the benefit payable at death, or
- the option date, or
- a date every five years after the option date.

On any other date the fund value will be equal to the lower of the number of units in the Vesting Bonus Fund multiplied by its unit price and the market value of the underlying assets, which may increase or decrease over time. If a benefit is paid, or if a charge is levied for reduction or stopping of the recurring payment, at a time when the market value of the underlying assets is the lower of the two values, a market value adjustment will be applied to the number of units in the Vesting Bonus Fund. This will be done by selling a number of units equal in value to the difference between the number of units multiplied by the unit price and the market value of the underlying assets. The remaining units in the Vesting Bonus Fund, if any, will therefore be less than they would have been if a benefit had been paid at a time when the number of units multiplied by the unit price was lower than or equal to the market value of the underlying assets.

The fund value of the plan is the total fund value of all the investment funds for that plan.

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## Loyalty Bonus

On certain plan anniversaries we add rebates on certain charges to the fund value in the form of a Loyalty Bonus, as reward for maintaining the plan with us. We calculate the amount of the Loyalty Bonus as a percentage of some of the charges deducted from the plan. More detail of the calculation of the Loyalty Bonus, if applicable, is provided in the statement.

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## Charges

### Tax

Tax is levied according to the rate applicable to the relevant policyholders' fund.

### Charges for the plan

The current charges are indicated in the statement and can be one or more of the following:

- An **initial marketing charge**, deducted from a one-off payment.
- An **initial marketing charge**, deducted from the savings part of each recurring payment made from the start date of the conversion.
- A **payment charge**, deducted from the savings part of recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the savings part of the recurring payment.
- A monthly **plan charge**, which will be increased from time to time to allow for inflation, as determined by us. The charge is deducted monthly from the fund value by selling units to the value of the charge.
- A yearly **marketing and administration charge**, which consists of two parts:
  - A **fixed marketing and administration charge**, which is a percentage of the fund value and may differ for different investment funds. It is taken into account when we calculate the daily price of the units.
  - A **variable marketing and administration charge**, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

For the Vesting Bonus Fund the variable marketing and administration charge will always be calculated on a fund value equal to the number of units in the Vesting Bonus Fund multiplied by its unit price.

- A yearly **guarantee charge**, which is a percentage of the fund value, to pay for the cost of the investment guarantee of every investment fund that offers an investment guarantee. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

### **Deductions made by the asset managers**

An asset manager charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement.

### **Alteration charge**

A plan may be changed at any stage, provided we agree to the alteration. We will levy an alteration charge if the alteration is done before an alteration charge date. The alteration charge date is determined at the start and then recalculated at subsequent alterations. Separate alteration charge dates apply to the one-off and recurring funds.

The alteration charge will be taken from the fund value by selling the required number of units.

The current alteration charge for the most common alterations is indicated in the statement.

### **Transaction charge**

We will levy a transaction charge for transactions, as mentioned in this plan description, and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by us.

Every transaction charge will be taken from the fund value by selling the required number of units.

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### **Investment advice agreement between the planholder and the intermediary**

The planholder may request us to pay an investment review fee, including VAT if applicable, for ongoing investment advice for his or her investment, but only from the option date. We will pay this fee monthly to the intermediary who provides this advice.

This investment advice is a discretionary service that is provided by an intermediary nominated by the planholder. It is not part of the intermediary services for which we pay commission.

The investment review fee for the investment advice is specified as a percentage per year of the fund value. The planholder must specify the percentage. The investment review fee is calculated on a monthly basis, which means that the specified percentage is divided by 12. It is deducted monthly from the fund value by means of a withdrawal. Because the investment review fee is based on the fund value, the rand value of the fee will fluctuate. For example, an investment review fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

For the Vesting Bonus Fund the investment review fee will always be calculated on a fund value equal to the number of units in the Vesting Bonus Fund multiplied by its unit price.

The current investment review fee, if applicable, is indicated in the statement.

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## **Reduction or stopping of the recurring payment**

The recurring payment may be reduced or stopped on request, provided that our conditions at the time are met. If this happens before the recurring fund's alteration charge date, we will levy an alteration charge.

One of the conditions for stopping the recurring payment is a minimum fund value after the alteration charge, if applicable, has been deducted. If recurring payments are stopped despite this condition not being met, the plan will be terminated. If no termination value is available, the plan will lapse. The minimum fund value is indicated in the statement.

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## **Realising the plan benefits**

The plan benefits may be realised in one of the ways described below. To realise a benefit, we will sell units on the day on which we receive the request.

Legislative restrictions, as mentioned in this plan description, may apply.

## **Termination of the plan**

A plan may be terminated on request. The fund value less the alteration charge, if applicable, will be paid to the planholder when the plan is terminated.

## **A loan against the plan**

Two months after the start date the planholder may apply for a loan against the plan, provided that our conditions at the time are met.

Currently the conditions are the following:

- The loan amount may not be less than a minimum amount.
- The fund value, less the loan amount and the alteration charge, if applicable, may not be less than a minimum.
- The loan amount may not exceed a certain percentage of the termination value.

As these conditions will change from time to time, they will be communicated when the planholder applies for a loan.

The day on which we receive the request for a loan we will switch a number of units, equivalent in value to the approved loan amount, to units in the Stratus Loan Fund for planholders. This fund does not participate in any growth.

We will base the calculation of the alteration charge, if applicable, on the reduction in the fund value as a result of the loan amount.

## **An ad hoc withdrawal from the plan**

The planholder may make an ad hoc withdrawal from the plan, provided that our conditions at the time are met. As these conditions will change from time to time, they will be communicated when the planholder applies for an ad hoc withdrawal. We will sell the required number of units to pay the alteration charge, if applicable, and the withdrawal amount. The fund value will reduce by the value of the units sold.

## **Regular withdrawals from the plan**

The planholder may apply to make regular withdrawals from the plan, provided that our conditions at the time are met. One of these conditions is that regular withdrawals may not be made while recurring payments are being made. However, as conditions will change from time to time, they will be communicated when the planholder applies for regular withdrawals.

The details of the regular withdrawals will be indicated in the statement after we have accepted the application for making regular withdrawals.

We levy a transaction charge for each withdrawal payment made. The charge will vary over time. Its current level is indicated in the statement.

We will sell the required number of units from the applicable investment funds in proportion to their fund values to pay the transaction charge and the withdrawal amount. The fund value will reduce by the value of the units sold.

We will sell the units on the requested withdrawal day. If a month does not have this particular day, or if it does not fall on a working day, we will sell the units on the following working day. We will pay the withdrawal amount as soon as possible after the units have been sold.

We will stop the regular withdrawals when they fail to satisfy our conditions.

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### **Legislative restrictions**

In terms of current legislation, a restriction period applies to the plan, ending on the restriction period end date, as indicated in the statement.

During a restriction period, if the planholder wants to terminate the plan, we may not pay more at the termination than an amount determined according to legislative restrictions. If the termination value is more than the amount restricted by legislation, we will pay the restricted amount as an ad hoc withdrawal. The balance will remain invested until the restriction period end date.

Only one ad hoc withdrawal may be made from the plan during a restriction period. The amount of such an ad hoc withdrawal is limited to the amount as determined above. If an ad hoc withdrawal was made during a restriction period, another ad hoc withdrawal will not be allowed before the restriction period end date.

In addition, we may grant only one loan against the plan during a restriction period. The amount of such a loan is also limited, as described above. If we have granted a loan during a restriction period, we may not do so again before the restriction period end date.

Regular withdrawals may only be made from the plan after the restriction period end date.

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### **Benefit payable at death**

The benefit amount is equal to the fund value on the date that we receive notice of the death of the last surviving life insured linked to the benefit payable at death.

One or more beneficiaries may be appointed to receive the benefit amount. A beneficiary may only accept or reject the appointment after the death of the last surviving life insured linked to the benefit payable at death.

### **May the appointment of a beneficiary be changed?**

An appointment may be added, cancelled or changed at any time. It must be in writing and signed by the planholder, and must reach the Sanlam Life head office before the death of the last surviving life insured linked to the benefit payable at death.



### **Can the appointment lapse?**

Yes, it will lapse if the plan is ceded outright. If the plan is ceded as collateral security, the appointment will not lapse, but the rights of the cessionary will take preference over any rights of a beneficiary.

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### **Nominee to become the new planholder**

A person or an entity may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder.

### **May the nomination be changed?**

A nomination may be added, cancelled or changed at any time. It must be in writing and signed by the planholder, and must reach the Sanlam Life head office before the death of the planholder.

### **Can the nomination lapse?**

Yes, it will lapse if the plan is ceded, whether outright or as collateral security.

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## **Payments**

All payments must be made in South Africa in South African currency.

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### **Please note**

- The plan is subject to legislation and our requirements from time to time.
  - We determine the values, benefits and charges of this plan, and administer the plan, according to the actuarial basis that has been approved for it as required by the Long-term Insurance Act, 1998.
  - If investment guarantees were chosen, refer to the applicable attached "Addition to plan description" for an explanation.
  - If waiver of payment benefits were chosen, refer to the applicable attached "Addition to plan description" for an explanation.
  - The level of recurring payments may be changed, subject to our requirements at the time.
  - We do not guarantee the performance of the chosen investment funds, apart from investment funds where we specifically provide the option of an investment guarantee. The value of units may increase or decrease, and past performance is no guarantee of future performance. For example the value of assets in foreign currencies may increase or decrease materially due to changes in exchange rates.
  - We will deduct any amount the planholder owes us, from any amount we have to pay the planholder.
  - We will consider a claim for payment of a benefit only after we have received the information we may require for this purpose.
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