

Tax-free Investment

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-A09-01, 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.

Explanations

Working day

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

Payments

One-off payments

One-off payments may be made, provided that they 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 may be made. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

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 payment is not made in full within a 30 day period of grace, we may consider the recurring payment stopped.

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.

Maximum payment allowed by legislation

According to legislation, a maximum payment per person per tax year is allowed. This maximum may increase from time to time. We may adjust the payment growth so that the maximum payment allowed per person per tax year for the plan is not exceeded.

If money from a similar tax-free product is transferred to this product, the maximum payment allowed per person per tax year will not apply to the amount being transferred.

Investment

We invest a payment less charges, if applicable, in the investment funds indicated in the statement.

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

Life time investment option

If a life time investment option was chosen, we allocate the investment to the investment funds indicated in the statement. We will manage the allocation of the investment on a continuous basis. The working of the life time investment option is described in the statement.

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. Currently no tax is levied in the policyholders' fund for this product;
- the fees charged by the asset managers.

The unit price of an investment fund is not guaranteed, and may increase or 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.

If a life time investment option is active when any requested switch is done, or payments are allocated differently on request, the option will be cancelled.

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.

Any switch of investment funds that we do according to the chosen life time investment option, will be free of charge. No transaction charge will be levied.

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.

Fund value

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

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

Charges

Tax

Tax is levied according to the applicable policyholders' fund. Currently no tax is levied in the policyholders' fund for this product.

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 each payment, depending on the level of commission negotiated.
- A **payment charge**, deducted from recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the recurring payment.
- A yearly **marketing and administration charge**, which is calculated as a percentage of the fund value. This charge is subject to a minimum monthly rand amount which will be increased from time to time to allow for inflation, as determined by us. The charge is calculated on a monthly basis, which means the percentage is divided by 12 to calculate the the monthly amount. The charge is deducted monthly from the fund value by selling units to the value of the charge.

For as long as social savings groups are applicable to this product, and the plan is part of such a group, the marketing and administration charge is calculated on the sum of the fund values of the plans that are part of the specific savings group. We may at any time limit the number of plans in a social savings group. The minimum marketing and administration charge is not affected by the social savings group.

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.

Transaction charge

We will levy a transaction charge for switching of investment funds. 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.

Investment advice agreement between the planholder and the intermediary

The planholder may request us to pay a fund-based fee, including VAT if applicable, for ongoing investment advice for his or her investment. 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 fund-based fee for the investment advice is specified as a percentage per year of the fund value. The planholder must specify the percentage. The fund-based 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 fund-based fee is based on the fund value, the fund value of the fee will fluctuate. For example, a fund-based fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

The current fund-based fee, if applicable, is indicated in the statement.

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.

Termination of the plan

A plan may be terminated on request. The fund value will be paid to the planholder when the plan is terminated.

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 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 will sell the required number of units from the applicable investment funds in proportion to their fund values to pay 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.

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 life insured.

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 life insured.

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 life insured.

Payments

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

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.
 - The level of recurring payments may be changed, subject to our requirements at the time.
 - We do not guarantee the performance of the investment funds. 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 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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