

## Who is the Living Annuity aimed at?

If you are retiring from your pension, provident or retirement annuity funds and you wish to receive an income when you've retired, the Living Annuity is the product to consider. The product allows you to choose the income level and frequency that suit your needs as well as leave the remaining investment to your beneficiaries on your death.

## What is the Living Annuity?

This is a secure, tax-efficient investment vehicle that has access to various investment portfolios.

## What is the minimum investment amount?

R1 million single premiums.

## What are the features of the Living Annuity?

<b>Variable Annuity Payments Only</b>	In terms of current legislation, you must choose an annuity payment of between 2.5% and 17.5% a year respectively of the market value of the variable annuity portion less charges. You may only adjust the level of your income up once a year, on the anniversary date. However, your income may be adjusted down at any time as it will safeguard you against depleting your capital too quickly. You may choose to receive your income monthly in arrears or quarterly, half-yearly or yearly in advance. The annuity may be structured in such a way that your income is drawn from one particular portfolio. The annuity payments are taxed.
<b>Secured and Variable Annuity Payments</b>	You may select your living annuity payments to be variable and partially secured. You may only invest a maximum of 66% of the total investment in the secured portion and you may choose from three insurers with different types of annuities.
<b>Governance</b>	This product will be regulated in terms of the Long-Term Insurance Act, the Income Tax Act and the Financial Advisory and Intermediary Services Act.
<b>Contractual Term</b>	The variable annuity portion should provide an income for life.
<b>Security Cession</b>	Your policy may not be ceded as security for any debts.
	You may not transfer your policy by way of an outright cession.
<b>Contributions</b>	Apart from the initial investment, you may not make any further contributions apart from top-ups from other retirement funds.
<b>Beneficiaries</b>	You may nominate beneficiaries and on your death, the remaining value of the investment will be paid to your nominated beneficiary as a continuing annuity in the same manner as you received your annuity. Alternatively, your beneficiary may commute the remaining value in full to cash so long as the source of the premium was not a retirement annuity.
<b>Medical Scheme Contributions</b>	You may elect to have your contributions to your medical scheme paid from your income.

## What are your other tax liabilities?

The investment transferred from an approved pension, provident or retirement annuity fund to the Investment Solutions Living Annuity is not taxed.

The Investment Solutions Living Annuity is not subject to any capital gains tax. The investment returns within the annuity are currently also tax free.

## What investment portfolios are available?

You may select a maximum of five investment portfolios and switch from one investment portfolio to another. The Living Annuity can invest in any of the investment portfolios listed in the Investment Portfolio Selection for the New-generation Products section in the Application Form (or on the website) by allocating 70% to any local portfolio(s) and 30% to any global portfolio(s) or 100% to any local or combined portfolio(s). The combined portfolios are made up of 85% local and 15% global components. Global availability is dependent on legislation and capacity.

Your investment portfolio selection must comply with the exchange-control restrictions by the SA Reserve Bank, ie a maximum of 15% of the investment may be allocated to any global portfolio(s). At times, however, due to currency fluctuations and market movements, the international investment limit might result in a breach of the prescribed investment limitations.

**Important Note:**

Your linked annuity investment provides flexibility, within constraints imposed from time to time by the authorities, to select the income that best suits your personal, financial and retirement needs. It is therefore a key part of your retirement-income planning process and portfolio. Linked annuities should provide an income for life, and it is your responsibility to ensure the selected income level is sustainable for the rest of your life.

The table below gives indicative initial annual income levels for guaranteed single-life annuities, with a 5% escalation rate and no guaranteed term, for different ages. If the draw-down percentage you have selected is above that reflected in the table for your age, you risk not having enough capital to support that percentage of real income for life.

**Indicative Linked Annuity Rates**

Age	55	60	65	70	75	80	85
Male	5.5%	6.2%	7.3%	8.7%	10.7%	13.5%	17.5%
Female	4.8%	5.4%	6.2%	7.3%	8.9%	11.2%	14.6%

It is important to note that the table is based on life annuity rates where the insurer carries the investment and longevity risks, in contrast to a linked annuity, where you carry these risks. If you survive for longer than the average life expectancy on which these rates are based, you could also run out of capital. The income drawn from your linked annuity is not guaranteed and will be affected by the investment returns from the investment portfolios in which you have elected to invest.

**General disclosures to be made to policyholders:**

**Transferability:** The linked annuity policy may be transferred from one insurer to another at the request of the policyholder. Such transfer will be subject to the provisions of Directive 135A read with Directive 135 issued by the Registrar of Long-term Insurance or any replacement of or supplement to these provisions.

**Convertibility:** The linked annuity policy may be converted to a conventional life annuity administered by the same insurer or by another insurer, if the linked annuity policy is transferred to such other insurer for this purpose. The conversion, if another insurer is to be involved, will be subject to the provisions of Directive 135 issued by the Registrar of Long-term Insurance or any replacement of or supplement to these provisions.

**Notes:**

1. This product includes financial advice provided by a licenced financial services provider (intermediary) approved by Investment Solutions/SuperFlex. Since advice is a compulsory part of the product offering, you will pay the fees for advice plus VAT.
2. **Initial Policy Fees/Investment Management Fees in Respect of Unit Trusts (Excluding VAT):** Investment Solutions/SuperFlex does not charge initial policy fees/investment management fees in respect of unit trusts. Unit trusts are purchased at the net asset-value price plus a fee which is generally 0.25% plus VAT. When you switch between unit trust companies, you will generally pay a fee of 0.25%, but this fee may be higher depending on the unit trust and the company involved. You may obtain particulars of these fees from Investment Solutions/SuperFlex.
3. **Annual Policy Fees:** Investment Solutions/SuperFlex shall earn annual policy fees for providing the long-term insurance policy to you or the fund. From these policy fees, Investment Solutions/SuperFlex will, except in respect of the Caveo portfolios, pay investment management fees to the selected investment managers appointed by Investment Solutions/SuperFlex. The policy fees vary depending on your portfolio selection. You may obtain information about the policy fees in the published promotional material. Typically, the policy fees are 1.14%, but the exact fees may be lower or higher, depending on your portfolio selection. Investment Solutions/SuperFlex does not charge annual policy fees in respect of the unit trusts or the Caveo portfolios. Annual service fees are charged in respect of unit trusts. Additional charges incurred by the Management Company are permitted to be deducted from the unit trust. These include trustee/custodian charges, bank charges, audit fees, RSC levies, UST, brokerage fees and VAT. Investment management fees, performance fees and underlying manager fees (all plus VAT) are charged in respect of the Caveo portfolios. Particulars are published in the relevant promotional material.
4. **Performance Fees Payable by Investment Solutions/SuperFlex to Investment Managers:** The investments in the portfolios are managed by selected investment managers in a multi-manager arrangement. In addition to the annual investment management fees payable by Investment Solutions/SuperFlex to the managers from the policy fees, limited so-called “performance” fees may be payable to some managers if the investment returns on the investments managed by them are above a challenging hurdle rate or benchmark. The performance fees are subject to change and the percentage or amount of fees payable to the managers is available on request from Investment Solutions/SuperFlex. Investment Solutions/SuperFlex receives no performance fees other than a 50% share of those related to the Caveo portfolios, which is received by Caveo Fund Solutions (Pty) Ltd, which is an associate company of Investment Solutions. For sake of clarity: the performance fees are not payable from the policy fees and are therefore levied against the relevant portfolios over and above the policy fees.
5. **Fees Paid to Alexander Forbes Individual Client Administration (Pty) Ltd:** Investment Solutions/SuperFlex and/or founder of the funds outsources all product administration services to Alexander Forbes Individual Client Administration (Pty) Ltd (the administrator). The administrator charges Investment Solutions/SuperFlex a fee in respect of these administration services rendered, which is paid from the administration fees earned by Investment Solutions/SuperFlex. In certain instances, the management company may rebate a portion of its fees to the administrator. This fee may change from time to time and will be negotiated by the administrator to benefit all its clients. You will not pay any further fees nor will you incur any extra costs as a result of the receipt of these platform management fees. Information regarding these fees can be obtained on request.
6. **Fees in Respect of Cancellation of Claims:** Should a claim be cancelled, for any reason, after disinvestment has taken place, an administration fee at the then prevailing rate (currently 1% plus VAT) will be levied on the disinvestment amount (subject to a maximum of currently R2 280).