

LIVING BENEFITS CLAIMS

Helping your clients make the most of their disability lump sum benefit

Life is a journey, and as exciting as they are, journeys can also be unpredictable, sometimes requiring a detour. When your client's journey takes an unexpected turn, you should be there to help them review their financial plan.

THINK WORLD CLASS





Dealing intentionally with the unexpected

Disability is often unexpected and could be devastating to your client. It's important to bear that in mind and show compassion in all your interactions with the client. Give your client time to come to terms with their situation while you plan a comprehensive review of their financial plan, incorporating any disability benefit they may have received.

Disability and impairment benefits

An accident or illness could leave someone unable to work, and they could lose their ability to generate an income. It could also leave them with a significant degree of permanent impairment and limitations in performing certain daily activities, even if they are able to continue working. Disability and impairment benefits may relieve the financial concerns while such a person deals with the challenges of such events.

Clients who have become unable to work, are likely to require both an **income stream** from the lump sum received, as well as **capital preservation** and **growth**. A single solution may not cover the full range of a client's needs. Some solutions will offer **flexibility** and **accessibility**, but no **income security** or **capital guarantee**. Others may offer guarantees, but don't allow access to capital or any **changes to investment choices** after inception.

Discussions with your client may include the following topics

There is a variety of topics you need to cover, and we have listed some of the main ones below:

- **Immediate expenses** related to the disability (like alterations to a home, car, provision for a caregiver etc.)
- How **medical expenses** will be covered
- How **dependants** will be cared for
- How existing **debt** will be settled
- What **additional income sources** are available
- **Future income-earning** ability
- Early **retirement**
- Continuation of **retirement savings**
- Who has **decision-making authority** on behalf of the client, should that be necessary





Glacier offers a wide range of investment solutions

At Glacier, we offer a wide range of investment solutions for clients to consider in collaboration with you when a living benefit has been received. Our offering encompasses local investments, including fixed-term investments and investments with guarantees, international investments, retirement saving solutions and retirement income solutions.

If a client prefers to park their lump sum and enter the market at a later stage, the **Glacier Cash Option** offers a cost-effective “parking place” as a short-term, low-risk, cash-type investment.

Available investment options

- Glacier offers the widest range of collective investment funds, managed by respected collective investment management companies, with exposure to a variety of asset classes.
- Clients may also invest in wrap funds, managed by discretionary investment managers.
- Clients can invest a portion of their investment amount in a portfolio of listed shares.
- For more risk-averse investors, we offer a select range of investment options that offer some protection against adverse market conditions.





Income solutions

Below are scenarios that illustrate which solutions may be suitable in certain circumstances.

The Glacier Investment Plan

A personal investment portfolio customised by clients and their intermediary to suit their needs and tolerance for risk.

It could be suitable for clients who:

- want to receive a regular income, which they can stop and start again at any time, from their lump sum
- would prefer their income amount to be flexible, with market exposure

The Sanlam Stratus Guaranteed Income Policy

A term annuity that provides a guaranteed monthly income with an optional annual growth rate

It could be suitable for clients who:

- want to receive a regular income from their lump sum
- would prefer their income to be guaranteed (no market exposure) and to be paid for a specified period (5, 10 or 15 years) only

The Sanlam Life Annuity

A life annuity provides regular, guaranteed income payments for the rest of your life.

It could be suitable for clients who:

- want to receive a regular income from their lump sum
- would prefer their income to be fixed and guaranteed (no market exposure) and to be paid for the rest of their life
- want the option to let the income continue to their loved ones after their death

The Sanlam Fixed Return Plan with Income

The Sanlam Fixed Return Plan can be combined with a Stratus Guaranteed Income Policy to provide investors with a guaranteed monthly income during the investment term and the certainty of receiving the original investment amount at the end of the term.

It could be suitable for clients who:

- want to receive a regular income from their lump sum
- would prefer their income to be guaranteed (no market exposure)
- want to preserve their capital

The Optional Sanlam Income with Capital Preservation Plan

The Optional Sanlam Income with Capital Preservation Plan offers a lifelong income from a life annuity, and a lump sum from a life cover policy at death.

It could be suitable for clients who:

- want to receive a regular income from their lump sum
- would prefer their income to be guaranteed (no market exposure) and to be paid for the rest of their life
- in addition, want to provide for dependants at death or create liquidity in their deceased estate



Capital growth solutions

Below are scenarios that illustrate which solutions may be suitable in certain circumstances:

The Glacier Cash Option

The Glacier Cash Option is a short-term investment which offers a cost-effective “parking place” for money waiting to be invested elsewhere, or for investors looking for a low-risk, cash-type investment. This option offers access to the Glacier Money Market Fund and a select range of fixed income funds, and no administration fees are applicable.

It could be suitable for clients who:

- want to park their lump sum and enter the market at a later stage
- may need an emergency fund

The Sanlam Wealth Edge Endowment Plan

The Sanlam Wealth Edge Endowment Plan is a five-year investment solution (a policy underwritten by Sanlam Developing Markets) with all the features of ordinary endowments plus additional features, such as a boost to the initial investment amount, a reward for staying invested, and a unit price guarantee on selected investment funds to protect against market falls.

It could be suitable for clients who:

- have a marginal tax rate greater than 30%
- would prefer market exposure for capital growth
- want an optional unit price guarantee on selected funds
- need full access to capital, including possible income withdrawal, after five years

The Glacier Vantage Life Plan

The Vantage Life Plan is an endowment policy underwritten by Sanlam Life that will payout to the policyholder's loved ones on the death of the last life insured.

It could be suitable for clients who:

- have a marginal tax rate greater than 30%
- need capital growth
- would prefer full market exposure without any guarantee
- need full access to capital, including possible income withdrawal, after five years

The Sanlam Fixed Return Plan

The Fixed Return Plan is a five-year, single-payment investment (sinking fund policy) which will earn a fixed rate of return over the five-year period.

It could be suitable for clients who:

- need capital growth without an income
- would prefer to secure a guaranteed return (no market exposure)

The Glacier Investment Plan

A personal investment portfolio customised by you and your client to suit their needs and tolerance for risk.

It could be suitable for clients who:

- need capital growth
- would prefer full market exposure without any guarantee
- in addition to the lump sum, want to make a regular contribution
- want unlimited access to capital, including making regular withdrawals



Blending solutions to provide balance between regular income and capital growth

All clients are different, with different needs for certainty, flexibility, growth and providing for loved ones. Glacier enables you to easily build a sustainable, customised solution for your clients by combining multiple solutions.

As a financial adviser it is essential to apply the principles of tax planning, investment planning, estate planning and retirement planning effectively when blending solutions for your client, considering their individual needs and wants.

Blending solutions mitigates risk

Financial markets are unpredictable and fluctuate daily. The value of an investment can therefore rise and fall. It is important that a client's investment portfolio is in line with their risk profile. The below section outlines some of the risks a client could face when investing.

Medical expenses

While medical aid contributions increase by more than CPI each year, this does not account for additional expenses and associated costs not covered by medical aid, which can have a severe impact on cashflow.

Liquidity

Unexpected expenses can take a bite out of monthly income. Having some liquidity can help in the event of a medical crisis, or when regular expenses rise due to unexpected inflation.

Longevity risk

Your client may live longer than expected and outlive their money. Their ability to earn an income after becoming disabled could be limited, or in some instances impossible. Longevity issues arise when there is not enough accumulated capital to provide a sustainable income, which leads to high drawdown rates and subsequent depletion of capital.

Inflation risk

An investment asset, or income stream will be reduced by inflation as costs go up. This can have an impact on a client's standard of living.

Market risk

An investment is exposed to fluctuations in the market. The risk is that the investment value will decrease, which could directly impact the amount of income a client earns from the investment.

Dependant risk

Your client may not be able to leave sufficient capital or income legacy to those financially dependent on them, such as a spouse, children or parents.



Guiding your client as they deal with their loss

People who become disabled are likely to experience a period of mourning. Their sense of loss not only relates to the physical, but also to the loss of their envisioned future, and to an extent also their financial freedom.

The experts at HelpGuide (a non-profit mental health website) recommends that the disabled person sets themselves realistic goals. We believe that this applies equally to adjusting to a new financial future, and that sound financial advice involves helping your client set realistic new goals.

We trust that these guidelines will be useful in your conversations with your client regarding the appropriate application of their lump sum received. Our range of solutions is extensive, and the solutions discussed in this document represents merely a portion of what we offer.

Reach out to your broker consultant, sales consultant or Glacier business development manager to help you to find a customised blend of solutions for your client.

Our client brochures, available on the intermediary web, will help you to explain our offering to your client in a clear and understandable way. For more information visit www.glacierinsights.co.za.

Organisations that offer assistance

- The South African Depression and Anxiety Group (SADAG) offer grief support and counselling. Call them on 011 234 4837 or 0800 20 50 26 or visit www.sadag.org
- Families South Africa (FAMSA) also offer resources, counselling and support: www.famsa.org.za or call 011 975 7106/7

Helpful online resources

- www.helpguide.org/articles/healthy-living/living-well-with-a-disability.htm
- www.caregiverslibrary.org/Caregivers-Resources/GRP-Disabilities/Coping-With-Disabilities-Article

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