



Live with confidence

CUMULUS ECHO PENSION AND PROVIDENT PRESERVERS

www.sanlam.co.za

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit



About Sanlam

Sanlam's purpose is to create sustainable value for all our stakeholders. We take our role and contribution to a stable financial system seriously and we are committed to supporting financial resilience, wellbeing, prosperity and inclusion.

Through our wealth-creation efforts, since 1918, Sanlam has evolved from a traditional insurer to a diversified financial services provider with both local and international footprints.

For over a century, Sanlam has grown from strength to strength as a consequence of our clients' and intermediaries' confidence in us. The Sanlam Group operates in 31 countries across Africa, Asia and the UK, and is present in eight of the 10 largest economies in Africa.

Retirement saving solutions

Prepare for retirement

Saving enough for retirement is one of your greatest priorities, and possibly also one of your biggest concerns. You can start laying the foundation for a bright future today with a choice of retirement saving solutions from Sanlam. Whichever option you choose, we will help you retire with confidence.



What do my intermediary and I consider before investing?

- Your investment objectives
- Your time horizon
- Protection from inflation
- Investments that best suit your needs

The Sanlam Cumulus Echo Preservers at a glance

Continue growing the money you have saved so far when you change jobs so that you can keep looking forward to a comfortable retirement. We add an amount, the Wealth Bonus®, to your savings as a reward if you remain invested until retirement. The longer you stay invested, the bigger the bonus.

MINIMUM PAYMENT

R25 000 once-off payment
R5 000 ad hoc payments

HOW LONG YOU INVEST FOR

Until at least age 55

YOUR INVESTMENT CHOICES

You can choose from a range of leading investment funds selected by Sanlam.

FREEDOM TO CHANGE YOUR CHOICE

You have the freedom to switch between investment funds as your needs change.

Benefits

- ① Continuity
- ① A loyalty bonus on termination or retirement
- ① Protection against creditors
- ① Tax efficiency
- ① Access to your money

How it works

- ① Your savings are transferred from your existing pension or provident fund.
- ① We invest the money in the underlying investments you choose with the help of your financial intermediary.
- ① Your money can grow over time based on your underlying investments.

When you retire

When you retire at any age from 55, you will have access to a certain portion of your savings, as explained in this brochure. The remaining amount must be used to buy an annuity.

When you die

Your savings plus the Wealth Bonus will be available to your dependants.

Access to your money other than at retirement or death

Although a withdrawal may not be advisable, you can make one withdrawal from your savings component per tax year and one partial or full withdrawal from your vested component before retirement. Access is also possible in the case of emigration (three years' cessation of tax residency).

Tax

- ① You don't pay tax when you transfer funds from a provident or pension fund to a preservation fund.
- ① You don't pay tax on any interest, capital gains or dividends earned on the underlying investments.
- ① You will pay tax if you take any portion of your preservation fund in cash before or at retirement.

Fees

Fees vary per product and will be disclosed upfront on your quotation.

The Sanlam Cumulus Echo Pension Preserver and Provident Preserver

These Sanlam Life retirement saving solutions are preservation funds that reward you with a bonus payment if you remain invested until your chosen retirement date. The longer you stay invested, the bigger the bonus.

Cumulus Echo Pension and Provident Preservers		
Minimum contribution	Investment period	Features
R25 000 lump sum Ad hoc contributions are subject to a minimum of R5 000.	Until at least age 55	<ul style="list-style-type: none"> - Complete flexibility to change your underlying investments - A loyalty bonus on termination or retirement

Preserve your retirement savings in an investment that rewards you for staying invested.



Rewarding groundwork for an enjoyable retirement

The Sanlam Cumulus Echo Preservers offer you:

- ④ **Continuity:** Your accumulated retirement capital is preserved. On retirement, you can effortlessly transfer your retirement savings to one of our retirement income solutions.
- ④ **A loyalty bonus** on termination or retirement in the form of the Wealth Bonus*.
- ④ **Flexibility:** You can choose from a range of quality investment funds, and change your investment fund selection at any time, with fees only becoming applicable after four changes within a plan year.
- ④ **Protection:** Your preservation fund investment will be protected against creditors.
- ④ **Freedom from concern** if you select the Lifetime Investment option, in which case Sanlam will invest your capital in more conservative funds as you get closer to retirement.
- ④ **Tax efficiency:** No tax is payable on interest, dividends or capital gains.
- ④ **Access to your money:** Although a withdrawal may not be advisable, you can make one withdrawal from your savings component per tax year in case of financial hardship, and one partial or full withdrawal from your vested component before retirement.



Making the investment



You can contribute to preservation funds such as the Sanlam Cumulus Echo Preservers by transferring your benefits from other approved funds where your membership has been terminated. A minimum lump sum of R25 000 is required.

You can invest in a way that suits your particular tolerance for risk and unique financial circumstances. There is a range of quality collective investment funds from which to choose. You may choose to invest only in a range of funds that are compliant with Regulation 28, or a wider range of mixed funds - Regulation 28-compliant and -non-compliant.

Preserving your retirement benefits in the Sanlam Cumulus Echo Preservers requires you to become a member of the Sanlam Preservation Pension Fund or the Sanlam Preservation Provident Fund, which will take out an insurance policy on your life with Sanlam Life. The relevant Sanlam preservation fund will be the policyholder.

The Wealth Bonus® is an additional amount that is added to the benefit payable at termination or your retirement. It is a percentage of the sum of the invested amounts and the investment return, and increases along with the term of investment. The longer you remain invested, the bigger your Wealth Bonus will be.

Comparison between investment options

Product features	Comprehensive option	Comprehensive R28 option
Investment funds	A choice of a wide selection of investment funds, including Regulation 28-compliant and -non-compliant investment funds.	A choice between: <ul style="list-style-type: none"> - Lifetime Investment Option and - Regulation 28-compliant funds.
Switches between investment funds	Allowed	<ul style="list-style-type: none"> - Not allowed for the Lifetime Investment Option. - Allowed for Regulation 28-compliant funds.

You are in control

Sanlam Life administers the investment and executes your instructions. You select the underlying investments and instruct Sanlam Life 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 investment objectives and tolerance for risk.

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 with respect to either 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 financial intermediary will help you determine the level of risk that is right for your personal circumstances.

REGULATION 28

Certain assets within investment funds are considered more risky than others. Regulation 28 of the Pension Funds Act limits exposure to the various asset classes in which you can invest your pre-retirement savings.

Regulation 28 prescribes that the fund, and therefore each member, must comply with the maximum asset class exposure limits. Some of the applicable limits are 75% exposure to equities, 15% to private equity, 25% to property and 10% to hedge funds. The total asset class exposure is further limited to 45% to direct infrastructure and 45% to foreign assets (outside South Africa).

Allocation of contributions to retirement funds in accordance with the two-pot system

The changes brought about by the two-pot retirement system aim to better help preserve retirement savings, and at the same time allow members to access their savings in a controlled manner in times of financial hardship.

From 1 September 2024, when the two-pot retirement system came into effect, all new contributions to a retirement fund get split into two components: one-third of your contributions are allocated to your **savings component** and two-thirds to your **retirement component**.

All contributions and growth accumulated in your preservation fund up until 31 August 2024 are exempt from the new system and are preserved in what is known as the **vested component** of your preservation fund.

Provident and provident preservation fund members who were 55 or older on 1 March 2021 and who remain in the same fund are automatically excluded from participating in the two-pot system. However, they will have the opportunity to elect to participate in the system.

THE SAVINGS COMPONENT

This component provides members access to a portion of their retirement savings before retirement to help in cases of emergency. Withdrawals (at a minimum of R2 000) are allowed once per tax year. For existing members on 1 September 2024, the savings component was funded through the allocation of 10% (up to a maximum of R30 000) of the savings in their preservation fund.

THE RETIREMENT COMPONENT

The purpose of this component is to save for retirement, therefore withdrawals before retirement are generally not allowed.

THE VESTED COMPONENT

This component, which is exempt from the new system, may potentially consist of two portions: one with vested rights and one with non-vested rights. This will be the case if your preservation fund was funded by a provident or provident preservation fund. These rights relate to the annuitisation rules of 2021, as explained on page 10, and will impact the access options available at retirement.

The vested and non-vested rights portions of the vested component

If you were previously a member of a provident fund, the vested component of your preservation fund might be split into a *vested rights portion* and a *non-vested rights portion* due to legislative changes that came into effect on 1 March 2021.

Before 1 March 2021, at retirement, members of **provident funds** or **provident preservation funds** could elect to take their entire retirement benefit as a lump sum. They could also take part of their benefit as a lump sum and annuitise the remainder, in other words use it to purchase an annuity to provide them with an income during retirement.

From 1 March 2021, however, the treatment of benefits at retirement from these funds is determined by whether the benefits have *vested* or *non-vested rights* attached to them:

VESTED RIGHTS PORTION

FOR ALL MEMBERS

Contributions made to a provident fund or a provident preservation fund before 1 March 2021 plus growth thereon will have *vested rights* attached to them (which means that the rules applicable to provident and provident preservation funds before 1 March 2021 still apply).

IF A MEMBER WAS 55 OR OLDER ON 1 MARCH 2021

Contributions made to a provident fund or a provident preservation fund from 1 March 2021 onwards plus growth thereon will have *vested rights* attached to them if the member remains a member of the same fund until retirement and does not opt in to the two-pot retirement system.

NON-VESTED RIGHTS PORTION

FOR EXISTING MEMBERS WHO WERE YOUNGER THAN 55 ON 1 MARCH 2021, AS WELL AS NEW MEMBERS WHO JOINED ON OR AFTER 1 MARCH 2021

Contributions made from 1 March 2021 onwards plus growth thereon will *not have vested rights* attached to them. In this context, it means that the member will be required to **annuitise at least two-thirds** of the proceeds at retirement, in other words they **must use it to purchase an annuity to provide them with an income during retirement.**




ACCESS TO YOUR FUNDS


INVESTMENT TERM

The minimum investment term is one year.


YOU HAVE RESTRICTED ACCESS TO YOUR FUNDS BEFORE AND AT RETIREMENT

VESTED COMPONENT	BEFORE RETIREMENT	AT RETIREMENT
 <p>Vested member share (Vested rights)</p> <p>Non-vested member share (Non-vested rights)</p>	<p>The one allowable withdrawal from a preservation fund remains available. Such a withdrawal will be deducted proportionally from both the <i>vested and non-vested rights portions</i>*.</p> <p>Access is possible in the case of emigration (three years' cessation of tax residency), disability or death, subject to the applicable fund rules.</p>	<p>Benefits in the <i>vested rights portion</i> will be available as a lump sum (subject to taxation), as an annuity, or as a combination. Benefits in the <i>non-vested rights portion</i> are subject to the purchase of a compulsory annuity with at least two-thirds of the value.</p>

*Only a member who was previously a member of a provident fund might have both a *vested and non-vested rights portion* inside their vested component.

RETIREMENT COMPONENT	BEFORE RETIREMENT	AT RETIREMENT
	<p>No access at all, except in the case of emigration (three years' cessation of tax residency), disability or death, subject to the applicable fund rules.</p>	<p>All benefits must be annuitised, i.e. used to purchase an annuity, unless the <i>de minimis</i> rule** applies.</p>

**The *de minimis* rule applies when the full value of the retirement component plus two-thirds of the *non-vested rights portion* in the vested component is equal to or less than R165 000. In this case, the full value of the retirement component and the *non-vested rights portion* of the vested component may be taken as a taxable cash lump sum.

SAVINGS COMPONENT	BEFORE RETIREMENT	AT RETIREMENT
	<p>One withdrawal per tax year, subject to taxation according to the individual income tax table. The value of the withdrawal must be at least R2 000 before costs, but there is no maximum withdrawal value.</p>	<p>A member may take everything as a lump sum, subject to taxation according to the retirement/death tax table.</p> <p>Annuitisation of the value in this component will be possible.</p>

ACCESS AT DEATH

If you die before becoming entitled to a retirement benefit, the value of the underlying investments will be available to your dependants. In accordance with law, however, the trustees of the fund make the final decision about how and to whom the benefit is to be allocated after taking into account your dependants' needs. No estate duty is payable, and the death benefit is not taxed in the hands of the beneficiaries. If the benefit is paid out as a lump sum, it is taxed as though received by the deceased, according to the retirement lump sum tax table.

ACCESS UPON EMIGRATION (CESSATION OF TAX RESIDENCY)

Preservation fund members who cease to be tax residents of South Africa for an uninterrupted period of at least three years, or who leave the country upon expiry of a visa, may withdraw their funds before retirement, even if a withdrawal from the vested component has already been made. The withdrawal may be subject to tax.

Tax will only affect your investment when an amount is paid out

INTEREST AND DIVIDENDS

Interest and dividends received are not subject to income tax.

CAPITAL GAINS

Capital gains tax is not applicable.

TAX ON WITHDRAWAL AMOUNT

Tax is payable when you exit the fund at retirement, disability or death, or if a portion of your investment is withdrawn.



Fees and charges are payable

Fees are charged for the administration and management of your investment. Fees are indicated on the quotation and investment confirmation.

Annual administration charges

- ④ **An annual marketing and administration charge**, calculated as a percentage of the fund value. This charge is deducted monthly by selling units from the investment.
- ④ **Transaction charge** for taking an early retirement benefit, taking a withdrawal benefit, or switching between collective investment funds (although there is no transaction charge for the first four switches within a plan year).
- ④ **Monthly Regulation 28 administration charge** for monitoring and adjusting the investment for compliance with Regulation 28 of the Pension Funds Act. It is only applicable if the Comprehensive option was selected.

Investment management fees

The managers of the collective investment funds in which you invest via our platform will charge a fee. It is included in the daily unit price of the relevant collective investment fund.

Financial intermediary charges

The initial intermediary commission negotiated with you can be recovered in one of two ways: by deducting an initial marketing charge from the investment amount via a once-off payment, or by deducting a fixed monthly amount (called a smooth marketing charge) for 60 months by selling units from the investment. If the funds have been transferred from another preservation fund, the initial marketing charge is 0%.

You may negotiate an ongoing advice fee with your intermediary. This is an optional service; it is not part of the services for which the intermediary receives commission. The fee is specified as a percentage per year of the fund value.

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.

This document is intended for use by clients, alongside their financial intermediaries.

The information in this document is provided for informative purposes only and should not be construed as the rendering of advice. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of or reliance in any manner on the information provided in this document.

For professional advice, please speak to your financial intermediary.

Sanlam Life Insurance Ltd | Reg No 1998/021121/06 | Licensed Life Insurer, Financial Services and Registered Credit Provider (NCRCP43)

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