



**THE SANLAM STRATUS  
GUARANTEED INCOME POLICY**

Peace of mind

[www.sanlam.co.za](http://www.sanlam.co.za)

Financial Planning

Investments

Insurance

Retirement

Wealth

# Buy yourself some certainty of income

In an era where certainty seems more elusive every day, it's important to take charge of your future.

**The Sanlam Stratus Guaranteed Income Policy is a term annuity, underwritten and administered by Sanlam Life Insurance Ltd., which provides a regular, guaranteed income for a period chosen by you.**

Perhaps you're starting a new venture and won't be actively participating in the workforce for a while; perhaps you simply have a lump sum that you want to spend in an orderly manner. Whatever the reason you require a stable income for a specified time, knowing you'll have it, can provide an invaluable sense of security.

The Sanlam Stratus Guaranteed Income Policy offers:

## The certainty of a regular income

Receive regular, guaranteed<sup>1</sup> income payments for a selected period of time

## Flexibility to choose the term

Select an income payment term from 5 to 15 years

## The ability to protect the purchasing power of your income

You have the opportunity to limit the impact of inflation on your income by choosing to let it increase at a rate of 1% to 10% per year<sup>2</sup>.

<sup>1</sup>The income payments for the duration of the term are guaranteed.

<sup>2</sup>The yearly adjustment of income payments, if applicable, will take place on plan anniversary.

## Practical details

### Who is this policy for?

The Stratus Guaranteed Income Policy is suitable for investors who require a guaranteed regular income for a predetermined period. Individuals and trusts with natural persons as beneficiaries can invest in the Stratus Guaranteed Income Policy.

### Making the investment

A minimum lump sum investment amount of R20 000 is required, from which you will receive regular, guaranteed income payments for a term chosen by you. No additional amounts may be added.

Only discretionary money can be invested in the Stratus Guaranteed Income Policy. The after-tax lump sums from retirement funds also qualify as discretionary money. Discretionary money excludes the two-thirds of your retirement benefit in a fund that you are legally obliged to annuitise.

# About the income

## The income is specified at the outset, giving you peace of mind

The amount of income you receive is calculated at the start of the policy, and depends on the following factors:

- Calendar day on which the capital amount is received by us
- Prevailing interest rates when the capital amount is received
- The guaranteed income payment term chosen
- The income growth chosen
- The level of commission agreed

## You choose for how long and how often you want the income to be paid

You can select the guaranteed income payment term, which can be from five to fifteen years.

You can choose to receive the income monthly or yearly. Your income will be paid until the end of the guaranteed income payment term.

One life insured is allowed. The life insured will receive the income from the start of the policy. The life insured and the annuitant are therefore the same person.

## What happens should you pass away?

You can nominate someone for policy ownership, who will become the new policyholder should you pass away within the selected guaranteed income payment term. If there is no nominee, or the nominee does not accept the nomination at your death, the policy will be an asset in your estate for distribution and for estate duty liability.

## Growth of income payments

You can choose that income payments remain level throughout the term, or that the income grows annually at a fixed rate, from 1% to 10%.

## Tax will affect the income

The income payable to you is taxable at your personal tax rate. We will deduct income tax from each income payment and pay it over to the South African Revenue Service on your behalf.

The income received consists partly of a repayment of the capital amount, called "the capital portion" of the income payment. The capital portion could enjoy an exemption from income tax if the requirements of **Section 10A** are met (please see below).

### The requirements of Section 10A of the Income Tax Act are:

- the recipient of the term annuity income is:
  - o the investor (purchaser) or his/her deceased or insolvent estate or
  - o the spouse/surviving spouse of the purchaser or the deceased or insolvent estate of such a spouse
- the investor is not taking out the term annuity contract in a representative capacity for the benefit of somebody else, and
- the investor is an individual

If the above requirements are met, only the taxable element (the non-capital portion of the income payment) will be subject to income tax.

### According to Section 10A a purchaser is:

- An individual, or
- A curator bonis appointed by the High Court, or a trust created solely for the benefit of an individual where the High Court declared such individual of unsound mind and ordered the creation of the trust or appointment of such curator.

# Important considerations

## No payment is made on death

The policy will continue until the end of the policy term. You may nominate someone to become the new policyholder, should you die within the term. If there is no such nominee at your death, or the nominee does not accept the nomination, the remaining income payments will continue to your estate until the end of the term, or will be paid to the estate as a lump sum.

Irrespective of whether there is a nominee for ownership who accepts or repudiates the nomination, the value of the remaining income payments payable at your death will be subject to estate duty in your deceased estate.

## Access to funds is restricted

The purpose of the Stratus Guaranteed Income Policy is to provide income during a selected period. You

therefore have restricted access to the funds in the form of regular income payments, and other withdrawals are not allowed.

You may apply to cash in the policy before the end of the term, but in that case, we cannot pay out more than a certain amount limited by law. So if the cash value of the policy is more than this limited amount, you will only be allowed to partially cash in the policy, to a maximum of this limited amount. The policy will then continue with a reduced income payment.

If you partially cash in the policy before the end of the term, you will not be allowed to cash in again before the end of the term.

The total cash value of the policy is equal to the value of the remaining income payments, discounted at the interest rate applicable to surrenders at the time, minus a termination fee.



# Fees and charges are payable

All fees and charges are taken into account at quotation stage. Therefore, the income quoted is guaranteed and does not change on account of fees.

## Financial intermediary commission

You and your intermediary agree on the commission, up to a set maximum percentage of the investment amount.

## Early termination fee

Should the Stratus Guaranteed Income Policy be surrendered or cashed in before the end of the selected term, a termination fee will apply.

## 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 solutions to fulfil the needs each life stage may bring - whether you are focusing on the creation or the preservation of your wealth. We also pride ourselves on providing outstanding 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 information purposes only and should not be construed as the rendering of advice to clients. 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.



Live with confidence

2 Strand Road, Bellville 7530 | PO Box 1, Sanlamhof 7532,  
South Africa

Authorised Licensed Financial Services Provider

T +27 (0)21 947 9111  
F +27 (0)21 947 8066

[www.sanlam.co.za](http://www.sanlam.co.za)

