



Live with confidence

WEALTH EDGE ENDOWMENT PLAN

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 consists of more than 200 businesses in 44 countries internationally.



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 Wealth Edge Endowment Plan at a glance

The Sanlam Wealth Edge Endowment Plan is a flexible five-year investment solution with all the benefits of ordinary endowments plus a number of very attractive additional features.

This extraordinary endowment offers you:

A HEAD START IN THE MARKET

A Wealth Bonus of 4% is added to the investment amount upfront, **giving your investment growth a head start.**

A DEATH BENEFIT

The Wealth Edge Endowment Plan is linked to insured lives. You have to appoint at least one life insured. The policy **pays out on the death of the last life insured**, to the nominated beneficiary or beneficiaries. You may also nominate a natural person or trust for ownership to ensure the continuation of the policy after your death in this person or trust's name.

OPTIONAL PROTECTION AGAINST FALLING MARKETS

You have the option to add a unit price **guarantee on selected investment funds**, giving you the opportunity to take advantage of rising markets, while limiting capital losses during market downturns.

INSOLVENCY PROTECTION

If your endowment policy has been invested for three years and you or your spouse is the life insured, the policy benefits or any assets purchased only with the policy benefits are **protected against creditors**. The protection is applied for a period of five years from the date on which the policy benefits were provided.

FLEXIBLE INVESTING

You can choose from a **carefully selected range of investment funds***, and you can change your fund selection at any time. The defined fund range ensures effortless selection of an appropriate investment portfolio for your individual circumstances and tolerance for risk.

A REWARD FOR STAYING INVESTED

On the fifth plan anniversary, an additional Wealth Bonus of 4% will be added to your fund value. Another 4% will be added at the end of year 8 and year 10, and then at the end of every five years thereafter. It's simple: **The longer you stay invested, the bigger the reward.**

TAX EFFICIENCY

If your marginal tax rate is higher than 30%, you could benefit from income tax and capital gains **tax advantages** in this investment. The tax is recovered within the policy and paid by Sanlam Developing Markets as the insurer, and the benefit is tax-free in your hands.

ESTATE-PLANNING BENEFITS

Nominating a beneficiary not only ensures that a loved one will receive the proceeds of your investment on your death, but it can also bring about **savings on executor fees**. Payment to your beneficiary can also take place speedily, as it is not dependent on the winding up of your estate.

MANAGED FUNDS

A range of risk-profiled solution funds, managed by a team of specialists, is available. Another **1% Wealth Bonus gets added** to the amount invested in them at inception.

*Speak to your intermediary about available investment funds.

A worthwhile choice

The Sanlam Wealth Edge Endowment Plan is a five-year tax-efficient investment solution that offers a boost to the initial investment amount, a reward for staying invested, and optional protection to limit losses in a declining market.

This endowment policy, underwritten by Sanlam Developing Markets Ltd and administered by Sanlam Life Insurance Ltd, allows you to invest in a range of risk-profiled **solution funds** managed by a dedicated team of research and investment specialists. Currently, an additional Wealth Bonus of 1% is added to the amount invested in a solution fund at inception.

If you prefer to do so, you can also construct your own portfolio in collaboration with your intermediary, from a range of carefully selected investment funds to suit your risk profile.

A unit price guarantee can be added to a number of the available investment funds, giving you protection against market falls.

SOLUTION FUNDS

A solution fund is a portfolio consisting of underlying collective investment funds managed according to a specific investment mandate.



Wealth Bonus on the Sanlam Wealth Edge Endowment Plan

A Wealth Bonus of 4% (after the deduction of the initial advice fee plus VAT) will be added to the investment amount at the start of the plan, giving your investment growth a head start.

An additional 1% Wealth Bonus will be added to any amount invested in the Glacier Solution Funds. On the fifth plan anniversary, an additional 4% Wealth Bonus will be added to your fund value. Another 4% will be added at the end of year 8 and year 10, and then at the end of every five years thereafter.

A Wealth Bonus will also be added if the plan is terminated due to a death claim. If the plan is terminated on request on or after the original option date (five years from the start date), only vested Wealth Bonuses will be paid.

Making the investment

Natural persons and trusts with natural persons as beneficiaries can invest in the Wealth Edge Endowment Plan. A minimum lump sum investment of R100 000 is required, and you can make additional investments at any time, subject to certain limits during the first five years:

- ① During the first year, you can add to the investment at any time, provided that each contribution is at least R25 000.
- ① In the second year, you can make additional investments of up to 120% of the total amount you invested in the first year. For example, you could add another R1,2 million in year two if your total investment in the first year was R1 million.
- ① After the second year, you may contribute no more than 120% of the highest contribution made in the previous two years. Should you wish to make a higher contribution, a new Wealth Edge Endowment can be issued.
- ① A pro rata Wealth Bonus will also be added to these additional investment amounts.

At the end of the initial five-year investment term, the investment will continue automatically until you redeem the proceeds.

Tax advantages

The Sanlam Wealth Edge Endowment Plan offers both income tax and capital gains tax advantages, depending on your marginal tax rate.

Trusts

Trusts are currently taxed at 45% on income, and up to 36% on capital gains.

An endowment therefore offers a very tax-efficient solution to the investment needs of a trust.

Capital gains

Capital gains tax is payable when you sell assets and realise a profit. This can happen when switches are made between collective investment funds and when a withdrawal is made.

While capital gains tax is usually calculated and recovered as a percentage of your marginal tax rate, capital gains within the Wealth Edge Endowment Plan are taxable at a rate of 12% and recovered within the policy.

Dividends

Dividends are taxable, and the tax is withheld from the dividend payment by Sanlam as the withholding agent, at the standard dividends tax rate.

Interest

While interest is usually taxable at your marginal rate, interest declared within the Wealth Edge Endowment Plan is currently taxable at 30%, so you save on tax if your marginal tax rate is higher than 30%.

Access to your funds in the first five years

RESTRICTION PERIOD

The initial policy term is five years, known as the restriction period of the policy. During this period, contributions, loans and surrenders are restricted in terms of the Long-Term Insurance Act.

During the restriction period

During the first five years, you can make one withdrawal, whether partial or full, and effect one loan. A withdrawal or loan will be subject to explicit alteration charges during the first two years. These charges are indicated on the quotation.

After the restriction period

After the first five years, you can make any number of withdrawals, subject to a minimum amount that must remain in the Wealth Edge Endowment Plan until it is terminated.

You can use your rights to the policy

You may use your rights as security for a loan. You may also transfer these rights to someone else by means of an outright cession.





You are in control

Sanlam Life administers the investment and executes your instructions. In collaboration with your intermediary, you select the underlying investments and instruct Sanlam Life when and how to adjust your investment.

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. (The protection option on specified investment funds within the Wealth Edge Endowment Plan is explained in the next section.)

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.

Optional protection explained

The Sanlam Wealth Edge Endowment Plan offers a unit price guarantee on selected investment funds. The guarantee offered on the unit price of an investment fund depends on the particular fund's level of exposure to market risk* (low, medium or high equity exposure):

- ① For investment funds with **low equity exposure**, the guarantee will ensure that the unit price used to determine the value at the end of the five-year investment term will not be less than 95% of the highest unit price it has attained since the date of commencement of the investor's particular investment term.
- ② For investment funds with **medium equity exposure**, that guarantee level will be 90%.
- ③ For investment funds with **high equity exposure**, it will be 80%.

For investment funds with low and medium equity exposure, the guarantee will additionally ensure that the unit price of the investment fund will, at the end of

*Market or investment risk: As financial markets are unpredictable and fluctuate daily, the value of an investment can rise and fall and you may experience capital losses.

your investment term, be at least equal to the unit price that was in force at the start of the investment term, regardless of the performance of that investment fund or the unit price in effect at the time.

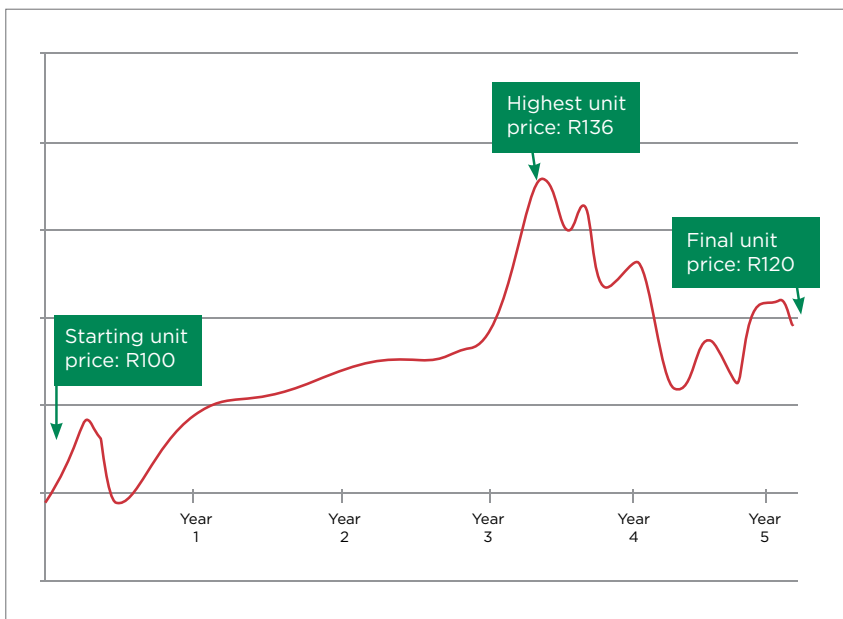
At the end of the five-year term, the highest unit price will be determined and the investment value adjusted in line with the guarantee level, through the addition of units where necessary.

If you switch out of a protected investment fund, the guarantee will end and the deduction of the annual guarantee charge will stop.

It is important to note that the fees and charges are deducted from the Plan by selling units. This reduces the number of units in the Plan. The capital value of an investment is calculated by multiplying the number of units owned with the unit price, so even if a unit price is guaranteed, the capital value of the investment may decline if the charges deducted within the Plan exceed the investment growth.

The guarantee illustrated

Example fund (low equity exposure) with 95% unit price guarantee:



Actual value at end of term:
1 000 units x R120
= R120 000

Guaranteed value
= 1 000 x R129
= R129 000

Unit allocation
= R9 000 / R120
= +75 units

Maturity value
= 1 075 x R120
= R129 000

Guaranteed unit price:
95% of R136 = R129

Fees and charges are payable

Fees are charged for the administration and management of your policy.

Administration charge

The annual administration fee is based on the investment value and calculated according to a sliding scale. It is deducted monthly by selling units from the investment, and indicated on the investment statements.

Annual guarantee charge

This is only applicable to funds where an investment guarantee is selected. It is a percentage of the investment fund value and is deducted monthly by selling units from the investment.

Participation charge

This charge applies to investment funds on which the investment guarantee was selected, when an additional investment is made into those funds during the first 12 months following the inception of the plan. It is a once-off charge and will depend on the fund category. It is deducted by selling units from the investment.

Asset manager charges

The manager of the collective investment funds in which you invest will charge a fee, which includes the asset manager charge, performance charge and direct investment expenses. The fee is included in the daily unit price of the relevant investment fund.

Financial intermediary fees

You and your financial intermediary agree on an initial advice fee and annual fees for their financial advice and services provided. These fees are specified as a percentage of the investment value. The initial advice fee will be deducted from the capital before the Wealth Bonus is added and the investment is made. Annual fees are deducted by selling units from the investment.

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.

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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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