



# THE WEALTH EDGE ENDOWMENT PLAN

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

glacier  
by Sanlam





## INTRODUCING THE WEALTH EDGE ENDOWMENT PLAN BY SANLAM

Give your clients the one thing they all wish for: the ability to take maximum advantage of investment markets with an optional protection strategy to lock in gains. The Wealth Edge Endowment Plan has all the benefits of ordinary endowments plus a number of very attractive additional features.

The Wealth Edge Endowment Plan is an endowment policy that allows clients to invest in a selection of leading investment options, including a bespoke range of risk-profiled solution funds which are managed by Sanlam Multi Manager in consultation with the Glacier research team, and a range of carefully selected collective investment funds for clients who prefer to build their own portfolio. This selection of funds includes a number of funds to which an investment guarantee can be added, giving clients the opportunity to get protection from market falls in uncertain times.

*The Wealth Edge Endowment Plan is underwritten by Sanlam Developing Markets Ltd.*



## WHY THIS SOLUTION?

The Wealth Edge Endowment Plan offers:



### A HEAD START IN THE MARKET

An additional **8% will be added to the investment amount upfront**, ensuring that clients get more money in the market sooner.



### FLEXIBLE INVESTING

Clients can choose from a **carefully selected range of investment funds** covering all risk profiles, **including solution funds**. They can change their fund selection at any time. The first four switches in a policy year will be free of charge, with fees only payable for subsequent switches within that policy year.



### OPTIONAL PROTECTION AGAINST MARKET FALLS

Clients can add a unit price **guarantee on selected investment funds** to ensure that the unit price used to determine the value at the end of the guarantee period will not be less than a specified percentage of the highest unit price attained, regardless of the price in effect at the time.



### TAX-EFFICIENCY

In accordance with current legislation, capital gains in endowments are taxed at just 12% and income at 30%, providing **significant tax savings** for investors, especially those whose marginal tax rate is higher than 30%. Dividends tax is withheld from the dividend payment by Sanlam as the withholding agent



### A COST-EFFECTIVE INVESTMENT SOLUTION

We negotiate with asset managers for **low fee classes**. Administration fees are also kept to a minimum and spread over the investment term to reduce the negative effects of fee deduction on the investment value. After the 5th plan anniversary, the accumulation of a loyalty bonus (explained later) will commence, to reward clients for staying invested.



### A DEATH BENEFIT

The policy is linked to insured lives, and **pays out on the death of the last life insured**, to the beneficiary/beneficiaries nominated by the investor. The investor may nominate a natural person or a trust with natural persons for ownership, and the policy will continue in this person or trust's name after the investor's death.



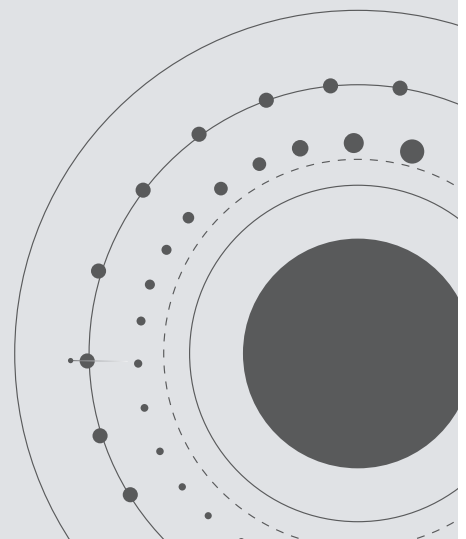
### ESTATE PLANNING BENEFITS

Nominating a **beneficiary** to receive the proceeds at the death of the last life insured can bring about significant **savings on executor's fees**. Payment to the beneficiary can also take place speedily, as it is not dependent on the winding up of the estate.



### INSOLVENCY PROTECTION

After being invested for three years, where the policyholder or their spouse is the life insured, the policy benefits or any assets purchased only with these benefits are **protected against creditors**. Protection applies for five years from the date on which the benefits were provided.





## 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 investors can make additional investments at any time, subject to certain limits during the first five years.

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

## ACCESS TO THE FUNDS

During the restricted period (the first five years), a client can make one withdrawal, whether partial or full, and effect one loan. A withdrawal or loan will be subject to explicit charges which are indicated on the new business quotation. After the first five years the client can make any number of withdrawals, subject to a minimum amount that must remain in the plan until it is terminated.

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## WHO SHOULD INVEST?

**The Wealth Edge Endowment Plan could be suitable for investors who:**

- want access to financial markets and understand the associated investment risks.
- are looking for a five-year investment option and do not anticipate needing access to the capital during this period
- may prefer not to make decisions about the selection of investment funds and the management thereof, but to leave that to Sanlam Multi Manager, by investing in risk-profiled solution funds
- may want to select the underlying investment funds in collaboration with their intermediary, from a range carefully selected by the Glacier research team from leading asset managers in South Africa
- want the option of adding a unit price guarantee on one or more of their selected investment funds to limit capital losses during market downturns
- have a marginal tax rate greater than 30%





## FEES AND CHARGES ARE PAYABLE

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

### Administration charge:

This is based on the investment value and calculated according to a sliding scale. It is deducted monthly by repurchasing units from the investment.

### Annual marketing charge:

This is a percentage of the fund value and is deducted monthly by repurchasing units from the investment.

### Annual guarantee charge:

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

### Participation charge:

This charge applies when an additional investment is made during the initial five-year term to investment funds on which the guarantee was selected. The charge will depend on the fund category and remaining term to

maturity. It is deducted by repurchasing units from the investment.

### Asset manager charges:

These include the annual asset manager charge, performance charge, and charges directly associated with the investment. They are included in the daily unit price of the relevant fund.

### Financial intermediary fees:

You and the client agree on the fees for financial advice and services provided. You can negotiate an initial advice fee, specified as a percentage (up to 3.0% excluding VAT) of the investment value, as well as an annual fee of up to 0.6% of the investment value. If you negotiate the maximum initial fee of 3.0% with a client, your annual fee may not exceed 0.3%. If you negotiate an initial fee of between 0% and 1.5%, your annual fee may be up to 0.6%. The initial advice fee will be deducted from the capital before the additional allocation is added and the investment is made. Annual fees are deducted by repurchasing units from the investment.

## LOYALTY BONUS EXPLAINED

The loyalty bonus is a refund of certain charges and takes the form of units being added to the fund value.

Sanlam adds this loyalty bonus on the anniversaries indicated in the table. If the termination date falls between any of the indicated plan anniversaries, the next plan anniversary in the table is used to determine the loyalty bonus which will be added to the termination value.

PLAN ANNIVERSARY FROM START DATE	REFUND PERCENTAGE
5 years	0%
10 years	40%
15 years	50%
20 years	60%
25 years and every 5 years thereafter	70%



## OPTIONAL PROTECTION EXPLAINED

The Wealth Edge Endowment Plan offers a unit price guarantee on selected investment funds.

### HOW IT WORKS

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):

- For funds with low equity exposure, the guarantee will ensure that the unit price used to determine the value at the end of the client's 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;
- For funds with medium equity exposure, that guarantee level will be 90%;
- For funds with high equity exposure, it will be 80%.

For funds with low and medium equity exposure, the guarantee will additionally ensure that the unit price will, at the end of the client's investment term, be at least equal to the unit price in force at the start of the investment term, regardless of the performance of the investment fund. The client therefore has a guaranteed profit range on his investment.

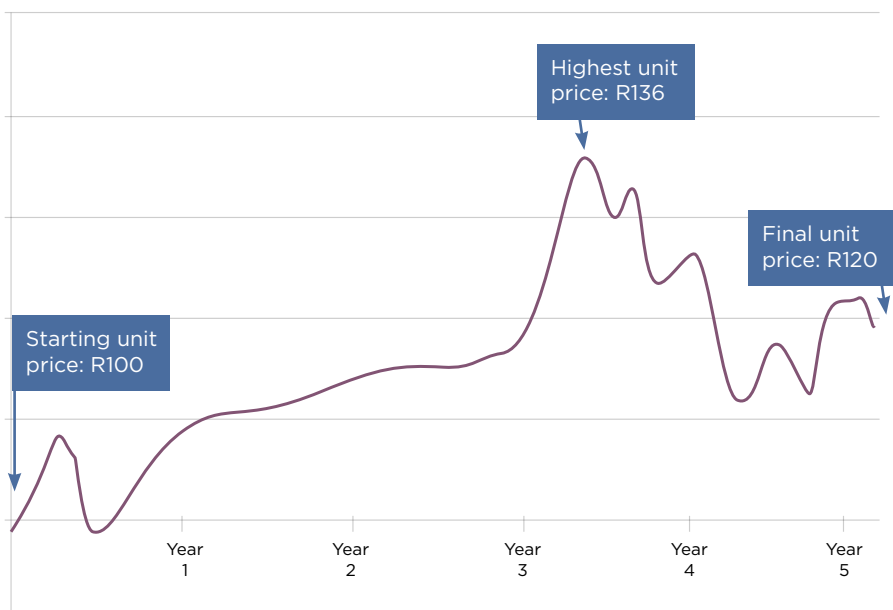
At the end of the five-year investment term, the highest unit price will be determined and the investment value adjusted in line with the guarantee level, by adding units where necessary.

If the investor switches out of a protected fund, the guarantee will end and the deduction of the annual guarantee charge will stop.

**It is important to note** that the number of units in the plan can reduce when fees and charges are deducted. So even where 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**  
= 1075 x R120  
= R129 000

Guaranteed unit price: R129

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