



# Clientèle Wealth Plan

## What the policy covers

1. This is a long-term investment plan that is managed by professional fund managers who will invest in shares on the Johannesburg Stock exchange (JSE) as well as other assets such as cash or property.
2. If the client is a new IFA, the premium will be split. The first R22 (which changes every year in February) will be allocated for the Earnings Guaranteed Benefit (EGB)
3. On the Earnings Guaranteed Benefit (EGB) - Upon an IFA's death or total and permanent disability, a lump sum equal to 12 months' IFA earnings, as per the month prior to the claim event, is paid. In addition, a payment equal to the last monthly earnings earned will be paid monthly for 2 years thereafter.
4. Investment Booster – for every 120 premiums paid, you can get 120 Earnings Guaranteed Benefit premiums paid back into your investment account, provided there is no claim or surrender that has been submitted in the relevant period.

### Conditions:

- The amount payable into the Investment Account is the last 120 Earnings Guarantee Benefit Premiums paid since commencement or the last investment booster payment. This specifically excludes the Savings Component Premium, any Additional Benefit Premium and the IFA Business Fee.
  - If your Policy is resold the 120 month period starts again and previous Premiums paid are not counted towards the Investment Booster Benefit.
  - Please note that you will only qualify for the Investment Booster Benefit after 120 months even if 120 Premiums are paid in less than 120 months.
5. To protect your policy from the effects of inflation, premiums will increase by 10% annually.
  6. Effective Annual Cost (EAC):

This is a measure which has been introduced by the ASISA (Association for Savings and Investments South Africa) to allow you to compare the charges you incur and their impact on investment returns when you invest in different financial products. The EAC is made up of four components that are added together, as seen below. The effect of some of the charges may vary, depending on your investment period.



Impact of charges	Surrender After				
	1 Year	3 Years	5 Years	10 Years	20 Years
Investment Management*	2.0%	2.0%	2.0%	2.0%	2.0%
Advice**	0.0%	0.0%	0.0%	0.0%	0.0%
Administration***	9.6%	3.5%	2.2%	1.2%	0.7%
Other****	37.1%	10.2%	4.6%	0.4%	0.0%
Effective Annual Cost	48.7%	15.7%	8.8%	3.6%	2.7%

The EAC calculation assumes an investor terminates his or her investment in the financial product at the end of the relevant period. The table is illustrative and based on an assumed monthly savings premium of R550 on the Clientèle Wealth Plan (such a policy would have a total premium of R572 including R22 for the Earnings Guarantee Benefit).

\*The Investment Management Charge is a reduction in the actual investment return because of investment management charges. The actual reduction in return may vary significantly, as it will depend on how the markets perform during your investment in this product. The above example assumes an annual investment return of 6%. For the Clientèle Wealth Plan these are:

- Clientèle's participation in 10% of net interest, investment income, capital appreciation and/or losses
- The management charge levied by the external fund manager which is 0.3% of asset value plus 1% of investment returns
- The Clientèle Management charge of 1% of the Investment Account per annum

\*\* As the services of an advisor were not engaged, the Advice Management Charge is set to zero.

\*\*\*The Administration Charge consists of unallocated premiums.

*For the Clientèle Wealth Plan, this will depend on the size of the monthly premium. The unallocated proportion currently ranges from 5% to 10%. Based on the assumed monthly savings premium of R550 used in the above calculations, this charge is 5% of each monthly premium you pay. For lower premiums, the charge would be higher.*

\*\*\*\*Other charges is a catch-all, which measures other costs that you will incur.

*If you surrender your policy within 10 years, these are a percentage of the Investment Account (refer to table in policy document) and zero percentage of Investment Account if you surrender after 10 or more years plus R500 Policy Surrender Charge; where the total charge is limited to 30% of the Investment Account.*

This means that the longer you keep paying the policy, the lower the Effective Annual Cost will be. For example, the Effective Annual Cost will be 15.7% on a Clientèle Wealth Plan.



However, if you surrender it after 20 years, this cost drops to 2.7% on the Clientèle Wealth Plan. Remember that you will get the maximum benefit from your Clientèle Wealth Plan if you invest for the full term.

7. The Effective Annual Cost (EAC) is an annualised cost, which means the calculation takes into consideration the extra yearly return you need to earn on the amount after charges, in order to get back to the same closing balance you would have had if there were no charges deducted.

The values in the EAC tables are for illustrative and explanatory purposes only, based on the following assumptions:

- An initial monthly savings premium of R550 on the Clientele Wealth Plan.
- All future premiums are paid (an Unpaid premium Charge, currently R37, will be deducted from your Investment Account for every missed premium).
- There are no partial surrenders during the period.
- An investment return of 6% per annum (before any charges, but net of tax). - A 10% annual premium increase

The Effective Annual Cost should would apply if the above assumptions hold, and you terminate your policy at the end of the period in each case.

The periods indicated in the table refer to full years:	
Years	Description
1 year	12 months and 12 paid premiums
3 years	36 months and 36 paid premiums
5 years	60 months and 60 paid premiums
10 years	120 months and 120 paid premiums
20 years	240 months and 240 paid premiums

Conditions:

In the case of Total and Permanent Disability, the disability must occur before the age of 65.

- If this benefit exists on more than one policy, it will only be paid once unless stated otherwise in the policy documents.
- Total payment for this benefit (even where multiple payments are made - see point above) is limited to a maximum of R5 Million per IFA.
- The IFA Earnings used to calculate this benefit are basic earnings only and specifically exclude any bonus or club payments.
- This benefit remains active as long as you continue to pay your premiums.



## How the policy works

1. You must be between 18 – 54 years old to apply for this policy.
2. Based on your initial monthly premium (excluding the IFA Business Fee and IFA Earnings Guarantee Benefit), a certain percentage will be invested that has been allocated. The allocation percentage will not change during the lifetime of the policy (unless premiums are reduced).
3. In terms of South African law, you may action a maximum of one partial or one full surrender during the first 5 years of the policy. Remember, that in order to get the maximum benefit from your investment, you should invest for the full 20 years. This policy has been designed as a long-term investment and early surrenders will have cost implications. Nonetheless, there is no surrender penalty after 120 premiums (10 years) have been paid. An administrative charge (currently limited to a maximum of R500) will still apply.
4. Portfolio performance does not take into account the investment charges and capital amount invested is not guaranteed. Depending on movements in the market, returns may be negative and past performance is not necessarily a reflection of future performance. You may request details of the investments past performance through our call centre.
5. When your Policy reaches its Maturity Date, you have the option of withdrawing the full value of your Investment Account with no Surrender Charges. Alternatively, you can choose to leave the funds in your Investment Account either paying or not paying further Premiums and then withdraw the full value at a later stage with no Surrender Charges.
6. For every missed Premium an Unpaid Premium Charge will be deducted from your Investment Account. The current charge is R37.00 but this is subject to increase from time-to-time. If you miss 3 consecutive Premiums or have 2 consecutive disputes on your policy, and there is value in your Investment Account, your Policy will be converted to a Paid Up status, at which time, the Investment Account will be reduced to a level equivalent to the Surrender Value at that stage (as illustrated in the table above). This means that we will no longer deduct Premiums from your bank account, but will continue deducting the monthly Investment Charges and the Unpaid Charge from your Investment Account. Should the Paid Up Policy be surrendered at a later date, the amount payable will be the Investment Account at that stage less the Policy Surrender Charge. Should your Investment Account drop to zero your entire Policy will automatically lapse.
7. In the event of your death, your Beneficiary will be paid the full value of your Investment Account without any deductions.



**What happens if I want to surrender my policy?**

1. You can choose between a Full or Partial Surrender depending on how much of the Surrender Value you would like to withdraw. A Full Surrender is where you withdraw the full value of your Investment Account and the Policy terminates. A Partial Surrender is where you withdraw a portion of the value of your Investment Account but continue to pay your monthly Premium. Please note that, in terms of legislation, you may action a maximum of one Partial or one Full Surrender during the first 5 years of the Policy.
2. It is important to remember that this Policy was designed as a long-term investment and it is in your best interest to pay the monthly Premiums for the whole term on the Policy before surrendering. If you choose to surrender the Policy before this time it will result in early surrender charges being deducted from your Investment Account. These charges are used to offset certain upfront costs which become unrecoverable.
3. The Surrender Value will be calculated by multiplying your Investment Account by the percentage below depending on how many monthly Premiums you have paid and how old the Policy is.

Number of Premiums Paid and age of Policy in Months	Percentage
1 - 12	85.0
13 - 24	86.5
25 - 36	88.0
37 - 48	89.5
49 - 60	91.0
61 – 72	92.5
73 – 84	94.0
85 – 96	95.5
97 - 108	97.0
109 – 120	98.5
121+	100.0