The Sanlam Wealth Edge Endowment Plan is a 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.
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.

- An 8% boost to the initial investment amount
- A reward for staying invested
- A unit price guarantee on selected investment funds protects against market falls

A WORTHWHILE CHOICE

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. 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.
This extraordinary endowment offers:

**A HEAD START IN THE MARKET**
An additional allocation of 8% is made to the investment amount upfront, giving your investment growth a head start.

**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.

**AN OPTIONAL PROTECTION AGAINST FALLING MARKETS**
You have the option of adding 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.

**A REWARD FOR STAYING INVESTED**
After the 5th plan anniversary, the accumulation of a loyalty bonus will commence, to reward you for staying invested. This is essentially a refund of certain charges, and gets added to the investment on certain anniversaries.

**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.

**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.

**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 executors’ fees. Payment to your beneficiary can also take place speedily, as it is not dependent on the winding up of the estate.

**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.

*Speak to your intermediary about available investment funds.
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:

- During the first year, you can add to the investment at any time, provided that each contribution is at least R25 000.
- 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.
- 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.

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

SOLUTION FUNDS

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

A NUMBER OF TAX ADVANTAGES APPLY

The Wealth Edge Endowment Plan offers both income tax and capital gains tax advantages, depending on your marginal 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%.
- 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.
- 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.
- 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.
ACCESS TO YOUR FUNDS IS RESTRICTED INITIALLY

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 charges which 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 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, either with respect to the capital or the return on the investment. (The protection option on specified investment funds within the Wealth Edge Endowment Plan, is explained in this document.)

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 risk you are willing to take on, and your intermediary will help you determine the level of risk that is right for your personal circumstances.
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 exposure):

- 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;

- For investment funds with *medium equity* exposure, that guarantee level will be **90%**;

- 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 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, by 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.

*Market or investment risk: Financial markets are unpredictable and fluctuate daily. The value of an investment can therefore rise and fall and you may experience capital losses.

**THE GUARANTEE, ILLUSTRATED**

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

![Graph showing unit price movements over 5 years]

**Actual value at end of term:**

- 1 000 units x R200 = R200 000

**Guaranteed value**

- 1 000 x R285 = R285 000

**Unit allocation**

- R85 000 / R200 = +425 units

**Maturity value**

- 1 425 x R200 = R285 000

**Guaranteed unit price:** R285
FEES AND CHARGES ARE PAYABLE

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

Administration charges
The annual administration fee is based on the investment value and calculated according to a sliding scale. It is deducted monthly by repurchasing 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 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 investment 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
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 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 additional allocation is added and the investment is made. Annual fees are deducted by repurchasing units from the investment.
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.