

etfSA Living Annuity – Product Summary

What is the etfSA Living Annuity?

The etfSA Living Annuity is an investment-linked annuity policy underwritten by 27 Four Life Limited. A living annuity pays you an income in retirement and is suitable for retirees who do not want to purchase a guaranteed life annuity or a with-profits annuity. The etfSA Living Annuity can be purchased with a retirement benefit, or, with a transfer from another living annuity. With a living annuity, you are able to choose how you would like your retirement benefit to be invested. You are also able to choose the level of income that you would like to draw from your living annuity. You can choose to draw an income in two different ways:

1. As a Rand amount (fixed or growing at inflation / some other percentage per annum)
2. As a percentage of your capital at the start of each year e.g. 5% of your retirement capital

Whether you choose option 1 or option 2, the income that you specify must be between 2.5% and 17.5% of your retirement capital, by law. You can specify the frequency of your income payments (monthly, quarterly, bi-annually, annually) and you are able to adjust your income level on an annual basis on the anniversary of your investment in the annuity. The income that you receive will first be taxed according to prevailing pensioner PAYE tax rates.

You may transfer your existing living annuity to 27 Four and there will be no penalties should you wish to transfer your living annuity from 27 Four to another provider. In the event of your death, the value of your death benefit will be your remaining investment value. Your nominated beneficiaries will receive a benefit in the proportions set out on the beneficiary nomination form.

Why should I choose the etfSA Living Annuity?

The etfSA Living Annuity provides you with a low cost, flexible retirement income product which is easy to understand. The etfSA Living Annuity will give you access to a range of investment options with exposure to all the relevant asset classes to diversify your investment holdings. The various investment options are managed by the etfSA Portfolio Management Company.

What are the investment options available under the etfSA Living Annuity?

There are four different risk-profiled investment portfolios available, each with its own CPI-linked return target:

1. etfSA Wealth **Conservator** Living Annuity Portfolio – CPI+3% return target – low-medium risk.
2. etfSA Wealth **Builder** Living Annuity Portfolio – CPI+5% return target – medium risk.
3. etfSA Wealth **Enhancer** Living Annuity Portfolio – CPI+7% return target – medium-high risk.
4. etfSA Wealth **Maximiser** Living Annuity Portfolio – CPI+10% return target – high risk.
5. etfSA Wealth **Protector** Living Annuity Portfolio – CPI (Cash Fund) – low risk.

What is it going to cost me?

You will pay an on-going administration fee which depends on the size of your investment. All fees are quoted as a percentage of assets under management on an annual basis:

	Administration Fee	Investment Management Fee	Total Fee (incl. VAT)
<R5 million	0,60% + VAT	0,60% (incl. VAT)	0,89% - 1,29%
R 5 – 10 million	0,35% + VAT		
>R10 million	0,25% + VAT		

The on-going administration fee includes all the costs apart from the expenses associated with the management of the investments. The investment management fees include all the transaction costs and custody fees of investing in the underlying assets. Neither 27 Four nor etfSA charge initial fees when you purchase a living annuity or switching fees should you decide to switch your underlying investment options. The Total fee as shown above is therefore a truly “all-in” fee.

What do I need to do to get started?

1. Complete the etfSA Living Annuity application form.
2. Compile the following supporting documentation:

ID document containing a photo, full names, date of birth and ID number, valid passport or a valid driver's licence	✓
A document less than 3 months old containing residential address that is a utility bill, bank statement, rates account or tax invoice	✓
Proof of banking details	✓
Proof of Income Tax (SARS) number	✓

3. Send the completed application form and supporting documentation to etfSA.co.za:

Fax	086 692 4543
Email	lafunds@etfsa.co.za

What happens after I sign up?

The administrator of the fund will provide you with the following:

1. A transaction confirmation statement and a policy document
2. Annual statements
3. Online access

How can I get help?

If any of the above is not clear, you can obtain further information from etfSA:

Website	www.etfsa.co.za
Email	lafunds@etfsa.co.za
Phone	(010) 446-0374

Disclosures

The etfSA Living Annuity product is underwritten by 27 Four Life Ltd, a Financial Services Provider authorised under the Financial Advisory and Intermediary Services Act of 2002 (FSP 44077). The assets in this policy will be kept separate from other assets and liabilities underwritten by 27 Four Life Ltd. The benefits offered under the etfSA Living Annuity are linked to the investment returns achieved. Neither the investment returns, nor the benefits offered are guaranteed. The current investment options available to policyholders are four portfolios invested only in Exchange Traded Products (ETPs) listed on the JSE Securities Exchange, and a money market portfolio. The portfolios are managed and administered by the etfSA Portfolio Management Company (Pty) Ltd, a division of etfSA Investment Services (Pty) Ltd, a registered Financial Services Provider (FSP 40107). The value of units in the portfolios may go down as well as up and past performance is not necessarily a guide to the future.

A living annuity allows you to set your income level subject to constraints imposed by the authorities from time to time and allows you to select a wide range of investments in respect of the capital that will generate the annuity. The level of income you select is not guaranteed for the rest of your life. The level of income you select may be too high and may not be sustainable if (1) you live longer than expected with the result that the capital is significantly depleted before your death; or (2) the return on the capital is lower than that required to provide a sustainable income for life. It is your responsibility (in consultation with your financial advisor) to ensure that the income that you select is at a level that would be sustainable for the rest of your life. You need to carefully manage your income drawdown relative to the investment return on the capital in order to achieve this.

This guide has been compiled to provide factual information on the product offered and does not constitute advice.