



## THE SANLAM UMBRELLA FUND

Individual Membership options: Continuous membership,  
uninterrupted growth



# The Sanlam Umbrella Fund Individual Membership

## Continuous membership, uninterrupted growth

The Sanlam Umbrella Fund goes a long way towards improving members' retirement outcomes. By offering individual membership options, the Sanlam Umbrella Fund makes it easy for members to grow their retirement savings during their working years. The Fund also makes provision for individual membership to continue after the member leaves the employment of his/her employer. This option enables members to improve their retirement outcomes.

### At a glance

If a member leaves employment before retirement, they have the option of leaving their withdrawal benefit in the Fund, or transferring their member share to another registered pension, provident, preservation or retirement annuity fund at any time. At retirement, members also have the option of purchasing an annuity from the Fund or any other registered insurer.

### Options available to Individual Members



When a member leaves employment before they retire, they can leave their withdrawal benefit in the Fund.



When a member retires, they can postpone the payment of their retirement benefit until a later date.



On or after retirement, a member can draw a monthly pension directly from the Fund.



On or after retirement, a member can purchase a guaranteed annuity for life from Sanlam.



# 01 Paid-up Members

This option is for members who leave employment before retirement and want to preserve their withdrawal benefit in the Fund or those who leave employment without making a decision regarding their retirement savings. Paid-up Members must select their investment strategies or portfolios upon exit from employment – provided it is available on the trustee-approved investment menu for Paid-up Members.

Members who leave employment before retirement, and do not elect a payment option, i.e. preserve, withdraw or transfer their withdrawal benefit to another registered retirement fund, will be made Paid-up members of the Fund. These members will remain invested in the current employer investment strategy and will not be charged an administration fee for two months. This provides sufficient time for members to elect a payment option or to select a suitable investment portfolio option. Members who have not provided the Fund with a payment election after six months of leaving employment, will be moved into the Sanlam Umbrella Fund Paid-up member group and their withdrawal benefit will be invested in the Volatility Protection Strategy.

Paid-up Members can withdraw their benefits from the Fund at any time.

## Benefits

- ⌚ Members gain from competitive administration fees.
- ⌚ Members continue to enjoy institutionally priced asset management fees.
- ⌚ Retirees can convert to the In-fund Living Annuity with the option to take a portion in cash, or purchase an annuity with an insurer of choice – also with the option to take a portion in cash.
- ⌚ Members are able to transfer their withdrawal benefit to a preservation fund.

# 02

## Phased Retirement

The Phased Retirement option gives members the opportunity to postpone the payment of their retirement benefit when it becomes due in terms of the rules of the Fund. This option is particularly suitable if a member wishes to pursue a second career and does not need immediate access to their retirement savings. Phased Retirees must select their investment strategies or portfolios at retirement from employment – provided their choice is available on the trustee-approved investment menu for Phased Retirees.

### Benefits

- ⤵ Members gain from competitive administration fees.
- ⤵ Members continue to enjoy institutionally priced asset management fees.
- ⤵ Members can convert to the In-fund Living Annuity, with the option to take a portion in cash, or purchase an annuity with an insurer of their choice – also with the option to take a portion in cash.
- ⤵ Members are able to transfer their retirement benefit to a preservation fund.



# 03 The In-fund Living Annuity

The In-fund Living Annuity offers members a seamless transition from pre- to post-retirement.

Members do not need to leave the Fund when they retire, their retirement savings will be transferred into the In-fund Living Annuity from which they will receive a monthly pension from the Fund.

In line with the requirements of Default Regulations, the Trustees of the Sanlam Umbrella Fund make two In-fund Living Annuity options available to members:

- ④ A Trustee-endorsed In-fund Living Annuity.
- ④ The Extended Range In-fund Living Annuity.

## The Trustee-endorsed In-fund Living Annuity

Members who elect this In-fund Living Annuity will be invested in the Sanlam Lifestage Capital Protection Portfolio and will be subject to **trustee-prescribed maximum drawdown percentage**, which have been determined by age band and gender. Members who elect this option, will not have any other investment choice.

Age	Males	Females
55 - 59	4.5%	4.0%
60 - 64	5.0%	4.5%
65 - 69	5.5%	5.0%
70 - 74	5.5%	5.0%
75 - 79	6.0%	5.5%
80 - 84	7.0%	6.0%
85+	8.0%	7.0%

Members may elect a lower drawdown percentage but they may not elect a drawdown higher than the trustee-endorsed percentage for their age band.

# Extended Range In-fund Living Annuity

This option enables members to invest in the portfolios available within the trustee-approved investment menu of the Sanlam Umbrella Fund.

Although legislation currently allows a member to draw-down from 2.5% up to 17.5% per annum of their capital, members invested in the Extended Range In-fund Living Annuity are limited to a drawdown percentage of between 2.5% and 10%. This protection strategy aims to prevent pensioners from outliving their available money - something that is particularly important given that life expectancy is increasing.

If no selection is made, members will default to a drawdown percentage of 5%. Drawdown percentages can be reviewed annually and investment switches can be done at any time - free of charge.

## Benefits

- Members gain from competitive administration fees.
- Members continue to enjoy institutionally priced asset management fees.
- Members have the option to opt-out at any time and transfer their entire member share to an annuity with another registered insurer, or to purchase a guaranteed pension from an insurance company.
- Members have the option to take a portion of their retirement benefit in cash and purchase a living annuity with the balance.
- Members have the option to take the full amount as a lump sum should their member share fall below the *de minimis*.

## Death benefits

In the event of death of an In-fund Living Annuitant, the dependants and/or nominees of the member will receive the entire investment (member share) as a death benefit, as decided on by the Trustees of the Fund.

The beneficiaries have the option to:

- Take the full amount in cash.
- Continue with the In-fund Living Annuity.
- Take a portion in cash and use the balance to continue with the In-fund Living Annuity.

*If a member's dependants and/or nominees opt to continue with the In-fund Living Annuity, they will become a non-member In-fund Living Annuitant. The dependants and/or nominees of the non-member In-fund Living Annuitant will be entitled to the same benefits described above in the event of death of the non-member In-fund Living Annuitant.*

### Important differences between an In-fund Living Annuity and an Out-of-fund Living Annuity

In-fund Living Annuity	Out-of-fund Living Annuity (via insurer)
Subject to the Pension Funds Act	Subject to the Long-Term Insurance Act
Governance overseen by the Board of Trustees	Individual insurance contract
37C of Pension Fund Act applies on death	Beneficiary nomination prevails on death
Regulation 28 applies	Regulation 28 does not apply
Can be converted to an Out-of-Fund annuity	Cannot be converted to an In-fund living annuity
FICA requirements less burdensome	FICA applies upon implementation
Significant protection from creditors	Less certain protection from creditors

## 04

# The Out-of-fund Guaranteed Annuity

The Trustees understand that a living annuity is not necessarily suitable for all members, which is why they have negotiated an institutionally priced Out-of-fund Guaranteed Annuity - insured by Sanlam Life.

## Features and benefits of this option include:

- ④ An annual increase of 5%.
- ④ Monthly pensions paid on the 27th of the month, into pensioners bank accounts.
- ④ The option to purchase a single- or joint-life annuity.
- ④ The single-life annuity will be payable for life.
- ④ The joint-life pension, which will in the event of the pensioner's death, pay 75% of the pensioner's guaranteed income to the pensioner's spouse for the rest of his/her life.
- ④ A guarantee period of 5 years, which means that the full pension in respect of the principal member is guaranteed for 5 years from the date which the annuity is purchased. If the principal member dies within 5 years after purchasing the annuity, their full pension will be paid out to their spouse, nominated beneficiaries or estate for the remainder of the 5 year period. *If a joint life annuity is purchased, the spouse reversion percentage will apply on expiration of the guarantee period.*

It is compulsory to seek financial advice from an accredited financial advisor when exercising this option.



# Investments

Members in the Individual Membership options, have access to a range of institutionally priced investment portfolios within the trustee-approved investment menu. Members can switch investments at any time and they do not have to pay an investment switch fee.

Available
<b>SINGLE-MANAGER RANGE</b>
SIM Balanced Fund
SPW Balanced Fund
SIM Cash Fund
SIM Temperance Balanced Fund
SIM Moderate Absolute Fund
<b>MULTI-MANAGER RANGE</b>
SMM70 Portfolio
SMM50 Portfolio
SMM30 Portfolio
SMM Moderate Absolute Fund
SMM NUR Balanced Fund
SMM Select Balanced Fund
Sanlam The Most Aggressive Portfolio
Sanlam Accumulation Portfolio
Sanlam Wealth Creation Portfolio
<b>SMOOTH BONUS RANGE</b>
Sanlam Progressive Smooth Bonus Fund
Sanlam Monthly Bonus Fund
Sanlam Stable Bonus Portfolio
<b>INDEX-TRACKING RANGE</b>
Satrix Enhanced Balanced Tracker Fund
<b>EXTERNAL SINGLE-MANAGER</b>
Allan Gray Global Balanced Fund
Camissa Balanced Fund
Coronation Houseview Balanced Fund
Foord Balanced Fund
M&G Balanced Fund
Ninety One Balanced Fund
PSG Balanced Fund
Truffle Balanced Fund
<b>OTHER</b>
Glacier (only available to Phased Retirees subject to product minimum criteria)

# Servicing Model

The members in individual membership groups are administered separately to contributing members. Since there will no longer be an employee-employer relationship, the Fund must be able to communicate directly with members, which is why providing contact information is compulsory at the implementation stage for all new Paid-up members, Phased retirees and In-fund Living Annuitants.

Given that the majority of communication runs via the Member Portal, it is also a participation requirement that all individual members sign up to access it. This state of the art tool gives members and their appointed financial advisers access to Fund information and data online.

To access the Member Portal, members simply have to visit <https://cp.sanlam.co.za/> and register using their ID Number.





# Individual Member Support

The Sanlam Umbrella Fund offers Individual Member Support services to all its members. This retirement benefits counselling service provides members with information that they may need at every step of their retirement savings journey, empowering them to make well-informed decisions.

## This service offers:



**Robo retirement planning:** The Member Web Portal has a self-help option that aims to educate and empower members by sharing information and tools in a series of easy to follow steps.



**Telephonic access to a Retirement Benefits Counsellor:** Many members benefit from the opportunity to speak to a counsellor about their options on withdrawal or retirement.



**Retirement Benefits Advisers:** Provide telephonic benefit advice on the member's retirement benefits and options made available by the Fund. These advisers are not paid a commission, which means that their advice is solely focused on improving members' retirement outcomes.



**Contact details for Retirement Benefit Counsellors and Advisers:**

**Toll free phone number** 0800 111 956  
**E-mail address** [IMS@sanlam.co.za](mailto:IMS@sanlam.co.za)  
**Free SMS number** 38300

# Sanlam Individual Membership Operating Expenses

The following operating expenses apply to these members:

Fees	Member share	Per annum (excl .VAT)
Trustee Endorsed In-Fund Living Annuity administration fee	First R1 500 000	<b>0.05%</b> per annum recovered monthly, subject to a minimum fee of <b>R26.50</b> per member per month
	Above R1 500 000	Nil in respect of the portion of each member share above this threshold
Extended Range In-Fund Living Annuity administration fee	First R1 500 000	<b>0.10%</b> per annum recovered monthly, subject to a minimum fee of <b>R26.50</b> per member per month
	Above R1 500 000	Nil in respect of the portion of each member share above this threshold
Paid up members, Phased Retirees and Pending Exits Administration Fee	Fixed fee for all members	<b>R26.50</b> per member per month
Advice Fees*	Initial once-off fee	Up to <b>0.50%</b> per annum recovered monthly from member share
	On-going fee	Up to <b>0.75%</b> per annum recovered monthly from member share
Investment Management Fees**	Vary per selected investment strategy or portfolio	
Contingency Reserve Account Levies	Fixed fee for all members	<b>R3.00</b> per member per month including VAT

\***Advice fees** are payable to the member's appointed financial adviser and are only payable upon written instruction by the member at the negotiated percentage of member share. It is not compulsory to appoint an adviser.

\*\***Investment management fees** vary per selected investment strategy or portfolio. The latest investment management fees can be obtained from the latest investment fund fact sheets available on the web.

## Fees applicable to the Out-of-Fund Guaranteed Annuity:

Fee description	Fees
Initial Policy fee	<b>R350</b>
Initial fee	<b>0.36%</b> of member share
Monthly administration fee	<b>R25</b> pm/pm
Advice fee	<b>Upfront commission to a max of 1.15%</b>
	<b>Nil</b> ongoing commission



# Get expert advice

It is always important to make an informed decision. We strongly recommend that all Sanlam Umbrella Fund members get financial advice before choosing an Individual Membership option. Members can contact their participating employer's Contracted Benefit Consultant, Contracted Financial Adviser, or any other FAIS accredited financial adviser.

This brochure is for information purposes only.





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