GLACIER VANTAGE PLANS

Introduction

The Glacier Vantage plan is a Sinking fund policy and the Glacier Vantage Life plan is an Endowment policy. Both these products are underwritten by Sanlam Life and administered on the Glacier platform.

Definitions

Vantage Life Plan (Endowment)

This policy is linked to a life insured. It has an open-ended term with restrictions in the first five years, if it is a new investment. There is no maturity value or guarantee, as the policy is linked to the market value of underlying investments. There is a death benefit payable under this policy. The client may nominate beneficiaries so that the money can be paid out to them instead of being paid directly into their estate.

Vantage Plan (Sinking fund)

There is no death benefit payable under this policy as there is no life insured. At death of the owner (if no other nominations for ownership), the proceeds will be paid into the estate of the owner. It has an open-ended term with restrictions in the first five years, if it is a new investment. There is no maturity value or guarantee as the policy is linked to the market.

Benefits

Vantage Life Plan (Endowment)

The policy has a death benefit to avoid the policy from being paid into the estate of the owner at death.

CGT will be recovered at a rate of 12% on all realised gains (since 1 March 2016). Each calendar year, all losses will be carried across and offset against future gains.

The interest declared within the policy is currently taxed at 30% within the policy, translating into a tax saving for individuals with a marginal tax rate higher than 30%.

The policy can be ceded.

Vantage Plan (Sinking fund)

The policy can continue in the name of a nominee of ownership to allow for growth of the investment.

The same tax benefits apply as with a vantage life plan.

The policy can be ceded.

Tax

The client does not need to do any tax administration as income tax and capital gains tax are recovered from the policy.

Estate planning

The Vantage Life Plan pays out on the death of the life insured, or on the death of the last life insured where there are multiple insured lives. Executor's fees can be saved on death if a beneficiary or a nominee for ownership has been appointed.

The payment of the death benefit, or the transfer of ownership where a nominee for ownership has been appointed, does not depend on the estate being wound up. However, the value of the policy or amount paid out forms part of the estate for purposes of estate duty.

In the case of a sinking fund, no death benefit is payable on the death of the policy holder. The policy continues until it is surrendered. If a nominee for ownership was appointed, he/she will become the new owner if the original policy owner dies. The surrender value of the policy will be an asset in the estate of the deceased owner for the purpose of estate duty.

Investors

Only natural persons and trusts with natural persons as beneficiaries can invest in these products.

Other entities cannot invest in a Vantage Life Plan or Vantage Plan as Glacier does not apply the four-fund tax approach for those entities. Glacier's system only applies the four-fund tax approach applicable to individuals.

Investment term

The minimum term is five years if it is a new investment (not a continuation). This period is called a restricted period.

Minimum investment amount

The minimum single investment amount for both products is R100 000.

The minimum ad hoc investment amount for both products is R20 000. During the first year of a new Vantage Life Plan or Vantage Plan, the ad hoc amount is unlimited. From the second year of a new Vantage Life Plan or Vantage Plan, the client can make additional investments until the amount causes a new restricted period to commence. If the additional contributions add up to more than the limit, a new policy must be taken out.

No ad hoc investments are allowed on continuations.

The minimum amount to be invested in shares will depend on the stockbroker.

Fees

Glacier initial fees

Glacier does not charge initial fees.

Glacier annual admin fees

Fees are calculated on plan level, according to a sliding scale. The minimum fee is R64. Fees are calculated daily, and deducted monthly by selling units.

Intermediary initial fees

The intermediary can negotiate an initial fee of between 0% and 3% (excluding VAT) with the client.

Intermediary annual admin fees

The intermediary can negotiate an annual admin fee of between 0% and 1% (excluding VAT) with the client.

Surcharge

When a client invests in shares via SPI, a surcharge of 0.15% is applicable. The surcharge is calculated on the amount invested in shares.

Asset swap fee

The client pays an asset swap fee for using Sanlam Life's asset swap capacity. The asset swap fee is calculated on the total amount invested in offshore unit trusts and offshore shares.

The asset swap fee is calculated according to the tiered scale below:

Band minimum	Band maximum	Total band %	Glacier band %	Sanlam band %
0.00	10 000 000	0.5%	0.2%	0.3%
10 000 000.01	25 000 000	0.4%	0.1%	0.3%
25 000 000.01	99999999999	0.3%	0.0%	0.3%

Note: Sanlam will always receive 0.3% of the asset swap fee. The rest, if applicable, will be paid to Glacier.

Nominations

The following type of nominations can be made on the Vantage Life Plan and Vantage Plan:

- Nominee of ownership
- Life insured (Vantage Life Plan only)
- Beneficiary (Vantage Life Plan only)

Roles

Policy owner

This is the person who owns the investment.

Nominee of ownership

This person is nominated to become the new policy owner when the initial owner dies. Only one natural person or trust (with natural persons as beneficiaries) can be nominated for ownership. The appointment of a nominee of ownership is not compulsory.

If the nomination is accepted, the new owner can appoint new beneficiaries, and a new nominee of ownership and life insured. Remember that the original life insured may not be removed; the new owner may only add a life insured.

No money is payable to the new owner on the death of the original owner, but the new owner may surrender the policy after it has been transferred to his/her name.

The appointment of a nominee of ownership will lapse in the case of an outright cession.

Life insured

A life insured can only be appointed on a Vantage Life Plan policy. It is compulsory that at least one life insured is appointed. A maximum of 10 life insureds can be appointed. Only a natural person may be appointed as a life insured.

The purpose of appointing a life insured is to prevent the investment from being paid out on the death of the owner. The death benefit is only paid out once all the lives insured have died. The death benefit will never be paid to a life insured unless he/she is also an interested party. If a life insured dies (and it is not the last life insured), his/her name is simply removed from the investment.

A life insured may not be removed from the policy unless he/she dies.

In the case of a continuation, the life insured must stay the same as on the original policy with Sanlam. The reason for this is that the original contract was taken out with Sanlam and these details cannot be changed as the policy is merely continued with Glacier.

Beneficiary

Beneficiaries can only be appointed on a Vantage Life Plan policy. A maximum of 10 beneficiaries can be appointed per policy. A beneficiary can be a natural person or a trust with natural person(s) as beneficiaries. The appointment of a beneficiary is not compulsory.

The beneficiary is nominated to receive the death benefit on the investment at the death of the last life insured. The death benefit will only be paid to the beneficiary if there are no other nominations of policy ownership remaining on the policy.

The appointment of a beneficiary will lapse in the case of an outright cession, or if the nominee accepts ownership.

Legislation

The vantage life plan and vantage plan is subject to Section 54 of the Long-Term Insurance Act. Section 59D is applicable to all life and vantage life plan policies that have an inception date from 1 January 1994.

Restricted period

All new vantage life plan and sinking fund policies are subject to a restricted period of five years. The term will start on the inception date, plus five years. Should the end of the restricted period fall on a weekend or public holiday, the restricted period will end on the first working day thereafter.

The policy will be subject to the following restrictions within this period:

- Maximum ad hoc amounts
- Amount available at surrender
- Number of surrenders (only one)
- Number of loans (only one)

After the restricted period, the policy becomes open-ended. The policy will no longer be subject to the restrictions. A continuation will not be subject to a restricted period.

Restricted cash value

The client will only be allowed to take the restricted cash value when surrendering within the restricted period. The restricted value will be calculated as all premiums paid, plus 5% interest compounded annually.

The remaining cash value (if any) can only be taken at the end of the restricted period. Should the remaining cash value be equal to, or less than, R2 500, the client may take the full amount.

The restricted cash value is not applicable in the case of the money being paid out as a result of death, disability, or insolvency.

Note

The remaining cash value is calculated as realised + unrealised CGT x 1.5%.

Maximum ad hoc amount

According to Section 59D, if the ad hoc amount is more than 120% of the total highest premium paid during the previous two policy years, it will result in a new restricted period. Glacier does not allow a new restricted period on the policy. Should the ad hoc amount be too high, the client will have to take out a new policy.

The maximum ad hoc amount allowed is determined as follows:

- Calculate 120% of the highest total annual premiums paid in the last completed policy years
- Deduct the premiums already received for the current year
- Add any outstanding loan amount

The above calculation is not applicable during the first year of the policy.

No ad hoc's will be allowed on a continuation, as Glacier does not have the history of the previous two years to calculate the maximum ad hoc amount allowed.

Note

The ad hoc rule is on the completed policy years.

Continuation

A continuation is when a client continues an existing endowment policy or sinking fund policy that has already passed the five year restricted period. The policy becomes open-ended and is continued without a term linked to it.

The following business rules apply with regard to continuations on the Glacier platform:

- Only endowment and sinking fund policies from Sanlam (Legacy and Stratus) can be continued at Glacier. No continuations from other insurers will be allowed as a continuation can only be done under the same life license. Sanlam also underwrites the Glacier Vantage life plan and Sinking Fund. Endowments from other life insurers are issued under a different life license. The change in life license means that a new policy needs to be issued.
- Policies from Sanlam can only be continued at Glacier if they have not yet been continued at Sanlam already.
- Policies from Sanlam cannot be continued at Glacier if a full Surrender is done before maturity date (or initial period) of the policy.
- No ad hoc investments will be allowed on a continuation from Sanlam, as Glacier does not have the history of the policy on its system.
- A client can make regular withdrawals on a continuation.
- The maturity amount must be equal to, or more than, R100 000.
- The policy to be continued must be an endowment or sinking fund policy.
- The policy holder must be a natural person or a trust, with natural persons as beneficiaries.
- CGT will start at zero.
- In the case of a partial surrender or a loan, the restriction on the maximum amount available will be the same as for an investment within the restricted period.

Loans

The client can apply for one interest-free loan during the restricted period. The client can repay the loan, but it is not compulsory.

After the restricted period, the client can make an unlimited number of loans, provided that the amount remaining in the policy after the loan complies with the minimum amount.

The product rules state that a certain amount must remain in the policy after the loan. The amount to remain in the policy is calculated as realised plus unrealised CGT × 1.5.

Loan fee

A loan fee is payable on every loan made on the policy. The loan fee is 0.5% of the loan amount, with a minimum of R250, and a maximum of R10 000. The loan fee is only applicable within the first two years of the policy (this also applies to continuations).

Impact of ad hoc investments on an outstanding loan

Should the client make an ad hoc investment and there is an outstanding loan amount, the ad hoc amount will firstly be used to repay the loan amount. If the ad hoc amount is less than the loan amount, the full amount will be used to repay the loan.

If the loan is processed 100% from the money market, the client may receive more money than he/she requested. This is because the interest on the money market will be calculated until the day of processing and will be added to the amount in the money market.

The client will be able to repay the loan even if the maximum ad hoc amount on the policy is zero.

Surrenders

The client will only be allowed one surrender during the restricted period. This can be a full or partial surrender. When calculating the cash value for the surrender, the offshore fund and amounts invested in shares are also taken into account.

According to Section 59D, the maximum surrender amount can be any amount less than the restricted cash value. The product rules state that a certain amount must remain in the policy after the surrender. The amount to remain in the policy is calculated as realised, plus the unrealised CGT × 1.5. The client cannot withdraw more than the maximum surrender amount.

If the remaining cash value is equal or less than R2 500, the full amount is available for withdrawal. If not, the remaining cash value has to remain on the policy until the end of the restricted period.

When doing a surrender, the client can request to withdraw proportionally from the funds on the plan or from specific funds on the plan.

Surrenders can only be processed from unit trust funds and not directly from shares. The client has to switch money from shares into unit trusts before the surrender can be processed. Glacier will request the money from SPW/PSG and switch it to the unit trusts. Only once the switch is complete can the surrender be processed. If a full surrender is done, CGT will be deducted from the amount paid to the client. The client has to complete a surrender form.

Regular withdrawals

The client will only be entitled to a regular withdrawal if the policy is outside the restricted period (i.e. if the policy is open-ended or a continuation). Income is calculated on the full investment amount (unit trusts, shares and offshore unit trusts), but only paid from the unit trusts.

The maximum percentage allowed is between 0% - 25%. After a full year's withdrawals have been calculated, realised plus unrealised CGT × 1.5 must remain in the policy. If the client invested in shares or offshore funds, the income percentage plus 5% should be invested in unit trusts to cover the fees and the income.

The client must complete a Regular Withdrawal form if he/she wants to receive a regular withdrawal.

Income can be paid per plan in one of the following ways:

- Proportionately from all money market funds (default option)
- Proportionately from all investment funds
- Proportionately from specific investment funds
- Percentages from specific investment funds

CGT

CGT will be recovered once a year on the first business day of each calendar year. No CGT reports will be sent to clients; only information on realised and unrealised CGT.

On partial surrenders/loans, enough money must remain to recover CGT liability at the end of the calendar year. After the CGT has been recovered on the profits, the realised gains will be reset to zero. Should a loss occur, the amount will be carried over to the next year. Gains that have occurred will not be carried over. CGT is calculated on the net gain.

Quotation

A quotation is compulsory.

The policy is issued under Sanlam Life's licence. Sanlam, as a member of ASISA, adheres to all codes issued by ASISA. It is Sanlam's interpretation that the intention of the Code on Policy Quotations (CPQ) determines that all new and ad hoc policy applications must be accompanied by a quote that meets the requirements of the code. The product quotation tick box on the application form must be ticked and the quote must be attached to the application form.

Death

No death benefit is payable on a Vantage Plan. Contact the executor to find out who the policy must accrue to. If the money is payable to the estate, the executor should request a surrender. The full cash value is payable – no restrictions will apply.

A death benefit is payable on a Vantage Life Plan policy once the last life insured has died. The nominee of ownership (if applicable) can request a surrender. The full cash value will be payable – no restrictions will apply. If the policy should be released out of the estate to a specific person, the executor must complete a cession form. The new owner should then complete a New Owner form.

Requirements at death

The following documents are required when sending in a death claim:

- Death certificate
- Letter of executorship (only required in instances where the executor must give Glacier instructions)
- Notification that the nominee accepts ownership (or a letter from the executor to inform Glacier on what to do with the policy)
- New owner form completed by the nominee

Transactions

Switches

Switch transactions involving offshore unit trusts and/or shares, pend until pricing on all the underlying funds is completed.

Trading

Clients will only be allowed to trade 25% of their plan value during any calendar year. SPW/PSG is responsible to determine if the client's trade is within the 25%.

Rebalances

Rebalances will only be allowed on the local unit trust part of the policy. No rebalance can be processed if the plan has offshore unit trusts and shares.

Web withdrawals

Loans and surrenders from shares and offshore funds will not be allowed via the web.

Cessions

Vantage Plans can be ceded as an outright or security/collateral cession, but only it's to a natural personal or a trust with natural persons as beneficiaries. It cannot be ceded to a company.

Only 100% cessions are allowed on the Vantage Life Plan and Vantage Plan policies. The client cannot cede a percentage/part of the policy. An outright cession can only be made to a natural person or a trust with natural persons as beneficiaries. The appointment of the nominee and beneficiaries' lapse in the case of an outright cession. The new owner can appoint a new nominee and new beneficiaries should he/she want to. The life insured may not be removed.

Cancellations

As the Vantage Life Plan and Vantage Plan are policies, the client has a 30-day cooling off period. The client has the right to cancel the policy up to 30 days after receiving the key features if he/she is not satisfied. To make provision for posting, the client will have up to 40 days to cancel the policy.

Should the client exercise this option, the current market value of the policy, plus fees deducted, will be paid back. Score, DIF and commission will be written back. The cooling off period is not applicable on a continuation.

Should the client cancel the policy after the 40-day period, it will be treated as a surrender and the restricted cash value will be paid out. Score, DIF and fees will not be written back. If a client wants to cancel the policy as a result of misrepresentation, the consultant has to inform Business Communication. Business Communication will send the case to Sanlam to determine if the client was misrepresented.