

# Hollard Living Annuity

Information Document

**Hollard.**  
investments

## Hollard Living Annuity

This document contains general information about the Hollard Living Annuity. The content of this document is factual and it should not be seen as advice.

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## 1. Definitions

### 1.1 Hollard Living Annuity

The Hollard Living Annuity is an investor-owned compulsory annuity policy, issued by Hollard Life under the provisions of the Long-term Insurance Act, No. 52 of 1998, as amended and Insurance Act, 18 of 2017. The product is intended to provide a regular income to Investors who have retired.

### 1.2 Hollard Life (The Administrator)

Hollard Life Assurance Company (Pty) Ltd (Reg No. 1993/001405/06), a Licensed Life Insurer and an authorised Financial Services Provider (FSP). Hollard Investments is a division of Hollard Life.

### 1.3 Collective Investment Schemes Management Company (Manager)

A registered Manager of Collective Investment Schemes (or Unit Trust Funds) in terms of the Collective Investment Schemes Control Act.

### 1.4 Investor (you)

The individual who owns the Hollard Living Annuity Policy, also referred to as 'you' or 'the policyholder'.

### 1.5 Unit Trust Portfolio/Collective Investment Scheme

An arrangement whereby a group of Investors' money is pooled and invested into various assets such as equities, bonds, property and cash. The assets into which Investors' money is placed are governed by the mandate of the Unit Trust Fund and the assets are selected and managed by a professional Manager. Unit Trust Portfolios are commonly referred to as 'unit trust(s)' or 'fund(s)'. In this document the term 'Unit Trust Fund' is used.

### 1.6 Participatory interest in a Collective Investment Scheme

A Collective Investment Scheme is divided into equal parts called participatory interests, also referred to as 'units'. Each unit represents a direct proportionate interest in every underlying asset of the Unit Trust Fund. The number of units in your Unit Trust Fund depends on how much money you contribute and what the unit price is when the units are purchased.

### 1.7 Investment Portfolio

The selection of Unit Trust Funds and other investment options offered within the Hollard Living Annuity portfolio, as amended from time to time.

### 1.8 Investment Account

Your Investment Account is the account through which the policy and the Investment Portfolios you select are administered. You will receive a unique investment number which identifies your Investment Account.

### 1.9 Annuity/Annuity Income

The annuity income which is payable to you from your Investment Account at the payment frequency specified.

### **1.10 Anniversary date**

The anniversary of the date on which the policy was first issued. Policies which are transferred from another Insurer will retain the same anniversary date.

### **1.11 Beneficiary**

A party (a natural person or legal entity) nominated by the Investor to receive a benefit from the policy in the event of the Investor's death.

### **1.12 Income and Expense Account**

You can choose to have your Annual Administration Fee, Financial Advisor Annual Fee and Portfolio Management Fee, as applicable, and your Annuity Income payments deducted from a nominated Investment Portfolio, as selected by Hollard Life.

### **1.13 Financial Services Provider (FSP)**

An entity authorised by the Financial Services Board to provide financial services to clients in the form of advice and/or intermediary services.

### **1.14 Financial Advisor**

A representative of an authorised FSP, who is authorised to provide advice and/or intermediary services and has been appointed in such capacity by the Investor.

### **1.15 The Investment Manager**

An approved Financial Services Provider acting as the investment manager for one or more Model Portfolios offered by Hollard Investments, as mandated by the investor by means of a client mandate agreement.

### **1.16 Model Portfolio**

The collection of notionally grouped Investment Portfolios managed by the Investment Manager on behalf of the investor. Model portfolios help you achieve your personal investment objectives by using 'asset allocation strategies,' which consider which asset class mix will result in the optimal risk return profile for the investor over a specified investment time period. An asset class is a broad group of individual securities or investments that have similar characteristics, such as an equity or a bond.

### **1.17 Business Day**

A Business Day is any day other than a Saturday, Sunday or South African public holiday. Business is only conducted on Business Days.

## **2. Documents which constitute the agreement with respect to your Hollard Living Annuity policy**

- An investment quotation provided to you and signed by you prior to you purchasing a Hollard Living Annuity policy.
- Your investment application form.
- The latest Investor Schedule and Policy document provided to you.
- Any other amendments or endorsements issued.

### **3. Important information relating to the Hollard Living Annuity**

#### **3.1 Monies which can be invested in a Hollard Living Annuity**

Any monies invested in an approved Retirement Fund product is eligible to be invested into a Living Annuity when you retire from the Fund, subject to the rules of that Fund and any applicable legislation. This includes Pension and Provident Funds, Retirement Annuity Funds and Preservation Funds.

Investments may be processed in the form of a transfer of Investment Portfolio units if you are investing into the same Investment Portfolios in which you are currently invested within your approved Retirement Fund investment account, and the unit transfer is permitted by the transferring Fund.

#### **3.2 Minimum investment amount**

The minimum amount required in order to open a Hollard Living Annuity policy is R50, 000 (Fifty Thousand Rand).

#### **3.3 Annuity Income level**

A living annuity allows you to set your gross income level subject to constraints imposed by the authorities from time to time. Current legislation requires that you select an Annuity Income of between 2.5% and 17.5% per year of the value of your Investment Account on the Anniversary Date of the portfolio. You can specify your annual Annuity Income as a Rand amount or as a percentage of your Investment Account value as at the policy Anniversary Date. The constraints imposed by legislation must be adhered to whether a rand amount or a percentage is selected. Annuity Incomes specified in Rands will be converted to the percentage equivalent for processing purposes.

The Annuity is not guaranteed for the rest of your life, and will cease once the value of your portfolio has reduced to zero. The level of income you select may be too high and may not be sustainable if:

- you live longer than expected with the result that the capital is significantly depleted before your death.
- 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 Annuity Income drawdown relative to the investment return on your Investment Portfolios in order to achieve this.

#### **3.4 Specification of your Annuity Income amount and payment frequency**

At the inception of the policy you will be able to specify the Annuity Income amount you wish to receive for that year (from Anniversary date for one year's time). You will also be able to specify how often you would like your Annuity Income to be paid, and may choose from a monthly, quarterly, bi-annual or annual payment. You may not defer the payment of your Annuity.

#### **3.5 Adjusting your Annuity Income amount and payment frequency**

You will not be able to adjust the Annuity Income level or payment frequency until the next Anniversary Date of the policy. You will receive an Annuity Income review notification before each Anniversary Date to this effect. In the event that you do not submit revised Annuity details for processing before the deadline date specified in the notification, the Annuity Income percentage and payment frequency as specified on the previous Anniversary Date will be applied, and may not be changed until the next Anniversary date.

### **3.6 Living Annuity tax application**

The capital investment in the Hollard Living Annuity is not subject to interest income tax, dividends tax or capital gains tax. Only the Annuity Income is taxed in your hands and is subject to individual tax rates.

Income tax will be deducted from your Annuity Income before it is paid out to you, in accordance with Income Tax legislation. Tax will be deducted according to the relevant SARS PAYE tax scales by default. Should you wish for a different tax rate to be applied, you may supply a tax directive from SARS to this effect. Please note that you will be required to apply for and provide a new directive for each tax year, running from March to February annually. You will be provided with an income tax certificate to reflect any tax paid on your behalf.

### **3.7 Nomination of Beneficiaries**

You may nominate one or more parties to receive any benefits that may be payable on your death. It is important to keep your Beneficiary nomination up to date as benefits will be paid to the last Beneficiaries on record prior to the your death.

### **3.8 Transfer of an existing Living Annuity from another insurer to the Hollard Living Annuity**

The policy may be transferred from another insurer, subject to the provisions of Directive 135 and 135A issued by the Registrar of Long-term Insurance or any replacement thereof or supplement thereto. You will be required to conform with the current legislated Annuity Income limits should you wish to transfer to the Hollard Living Annuity. No Financial Advisor initial fees, Initial Administration fees or Initial Management fees may be charged on the transfer. You must ensure that you understand the actual and possible implications, costs and consequences of transferring your Living Annuity policy. This instruction may be processed in the form of a transfer of Investment Portfolio units if you are investing into the same Investment Portfolios in which you are currently invested within your existing Living Annuity Investment Account, and the unit transfer is permitted by the transferring insurer.

### **3.9 Transferring your Hollard Living Annuity to another insurer**

You may transfer your Hollard Living Annuity to another insurer, subject to the provisions of Directive 135 and 135A issued by the Registrar of Long-term Insurance or any replacement thereof or supplement thereto. Any Annual Administration Fees, Financial Advisor Annual Fees and Portfolio Management Fees owed will be deducted from the Investment Account before the transfer takes place. No Financial Advisor initial fees, Initial Administration fees or Initial Management fees may be charged on the transfer. You must ensure that you understand the actual and possible implications, costs and consequences of transferring your Living Annuity policy. This instruction may be processed in the form of a transfer of Investment Portfolio units if you are investing into the same Investment Portfolios in which you are currently invested within your existing Living Annuity Investment Account, and the unit transfer is permitted by the insurer to which you are transferring.

### **3.10 Converting your Hollard Living Annuity to a Life Annuity**

You may convert your Living Annuity into a conventional life annuity administered by a Long-term insurer. This is typically a once off option; you may not reverse this decision and convert back to a living annuity again at a later stage. Any conversion which involves a transfer to another insurer will be subject to the provisions of Directive 135 and 135A issued by the Registrar of Long-term Insurance or any replacement thereof or supplement thereto. Any Annual Administration Fees and Annual Financial Advisor Fees owed will be deducted from the Investment Account before the transfer takes place.

### **3.11 Ceding of your Hollard Living Annuity**

The right to benefits under the Hollard Living Annuity may not be ceded or pledged.

### **3.12 Cancellations and Cooling Off**

You may not cancel your Hollard Living Annuity and no cooling-off period applies.

### **3.13 Guarantees**

We do not provide a guarantee on the investment value of your investment nor do we guarantee the performance of the Investment Portfolios in your Investment Account. The market value of your Investment Account may fluctuate and go down as well as up, and past performance is not necessarily a guide to future performance. You carry the investment and market risk which includes the possibility of losing capital.

### **3.14 Losses incurred**

By submitting an investment application or instruction to Hollard Life, you accept the risks associated with email or fax communication and understand that Hollard Life shall not be liable for all and any losses that you may incur, in the event that Hollard Life has not received your communication, whether due to the failure, malfunction or delay of any networks or electronic or mechanical device or otherwise. Hollard Life will not be liable to make good or compensate you or any third party for any damages, losses, claims or expenses resulting there from.

Other losses that Hollard Life will not be responsible for is as follows:

- Any changes in tax or other legislation.
- The investment or market risk of the underlying investments.
- Financial Advisors acting beyond the scope of their FSP license.
- If your Financial Advisor does not comply with the Financial Advisory and Intermediary Services Act (FAIS) or the Financial Intelligence Centre Act (FICA).
- A rejection of an application or a delay in processing as a result of a Financial Advisor not being an authorised Financial Services Provider or not having the required contract with Hollard Life.
- If an unauthorised instruction is received from your appointed Financial Advisor.
- Hollard Life providing your Financial Advisor with details about your investment whether via telephone, fax, email or via a dedicated web front end secured investment portal.
- Errors, omissions or actions taken by the Manager, Financial Advisor, or any bank or other third party.
- An action resulting from incorrect information where the Investor failed to provide Hollard Life with correct or up-to-date information.
- Delays in processing instructions as a result of extraordinary events that cause disruptions. We will carry out instructions at the earliest possible opportunity subject to legislation and our administration procedures and Investment Portfolio limitations.
- The delayed sale of some or all of your Investment Portfolio due to ring-fencing. 'Ring-fencing' is the separation and delayed sale of units in a Unit Trust Fund. It is caused by the large sale of units above a certain threshold in a Unit Trust Fund. Ring-fencing makes sure that the sale of a large number of units will not force the Manager to sell the underlying assets at a price which could negatively affect Investors in the Unit Trust Fund. Hollard Life may delay the sale of units or the payment of the proceeds thereof from a Unit Trust Fund for which ring-fencing has been invoked.

## **4. Setting up and managing your Hollard Living Annuity**

### **4.1 Obtaining financial advice**

Should you require financial advice, it is your responsibility to appoint a Financial Advisor and to negotiate the fees payable to him/her.

Hollard Life, in its capacity as the Administrator of your Living Annuity, and the Manager do not provide financial advice, and may only supply the Investor with factual or administrative information relating to the investment products and Investment Portfolios provided by Hollard Life. Hollard Life may not advise as to which of the Investment Portfolios are suitable for your risk profile or investment needs. You may not rely on any written, spoken or implied communication from us as investment advice, or as a recommendation to invest in or change your investment.

#### **4.2 Appointment of a Financial Advisor**

You may appoint a Financial Advisor, revoke the appointment or change advisors at any time by submitting an instruction in writing to Hollard Life. Your Financial Advisor must be contracted with Hollard Life to sell the Hollard Living Annuity. Your Financial Adviser will be informed should you revoke his/her appointment, and once the instruction has been processed no further fees will be paid to the Financial Advisor. You are not permitted to appoint a Financial Advisor who is not a representative of a duly authorised FSP.

#### **4.3 Selection of Investment Portfolios/Model Portfolios**

You may select any one or a combination of the Investment/Model Portfolios offered by Hollard Life to invest into within your Hollard Living Annuity policy. You will be able to invest via a Model Portfolio should this option be provided by your Financial Advisor. Please refer to the latest Investment Portfolio list available on the Hollard Investments website for more information on the Investment Portfolio range. The Investment Portfolios available for selection at the time of your investment are subject to availability and may be closed at the discretion of the Hollard Life or the Manager.

It is important for you to monitor and review your Investment/Model Portfolio selection on a regular basis, in order that your investment continues to meet your financial needs. It is your responsibility (in consultation with your Financial Advisor) to ensure that your Annuity Income level relative to the performance of your selected Investment Portfolios is sustainable for the rest of your life.

#### **4.4 Investment phase-in**

You may elect to gradually invest your initial investment into your selected Investment/Model Portfolios from the Hollard Prime Money Market Fund by means of a fixed instalment phase-in over a 3, 6, 9 or 12 month period. This option is not available should you be investing via a Model Portfolio.

#### **4.5 Submitting instructions on the Hollard Living Annuity forms**

All the instructions which you submit must be completed on the latest Hollard Investment forms. All forms are available on the Hollard Investments website or from your appointed Financial Advisor.

#### **4.6 Providing complete and accurate instructions/information**

All instructions which are submitted must be fully completed and accompanied by any required supporting documentation. You must ensure that all the information, instructions and supporting documentation provided is true and accurate. Hollard Life may only accept an instruction signed by your Financial Advisor if he/she holds the required discretionary FAIS license, you have mandated him/her to act on your behalf in the correct capacity, and said mandate has been provided to Hollard Life.

All instructions are subject to:

- The requirements of Hollard Life, the Manager(s), where applicable the Investment Manager, and applicable legislation at the time of the transaction.
- The availability of the selected Investment Portfolios.
- The processing requirements of Hollard Life (this includes cut-off times and processing times).



- The minimum investment amounts specified by Hollard Life and the Manager(s) as applicable at the time of the transaction.

Hollard Life may suspend, delay or reject your instruction should all requirements not be met.

#### **4.7 Investment of additional contributions**

You may invest additional monies into your Hollard Living Annuity, provided that it originates from a permissible source, as per point 3.1. The Anniversary Date of your portfolio will remain unchanged and you will not be able to adjust your Annuity Income level until the next Anniversary Date.

#### **4.8 Income distributions**

An Investment Portfolio may declare and pay income distributions at regular monthly, quarterly, bi-annual or annual intervals. The distribution comprises interest and dividends earned by the Investment Portfolio from the underlying assets in which it invests, less any expenses incurred. If the total expenses are more than the income earned, the Investment Portfolio will not make a distribution.

Any distributions earned will be re-invested back into your Investment Portfolio in the form of units purchased. Any distribution re-invested after a full withdrawal has been processed on the Investment Account will be paid out.

#### **4.9 Switching between Investment Portfolios/Model Portfolios**

You may switch into new Investment Portfolios/Model Portfolios or between your existing Portfolios/Model Portfolios within your Living Annuity Investment Account. You may not switch between Investment Portfolios within a Model Portfolio; the Investment Manager will perform switches on your behalf. You may however request to switch into or from the Model Portfolio. Please refer to the latest Investment Portfolio list on the Hollard Investments website for a list of the available Investment Portfolios. Your switch will not be processed if you select an Investment Portfolio that is not available at the time of processing the instruction. Please note that should you request to switch an amount in excess of 90% of the rand value of your investment portfolio, a percentage of units switch will be processed equivalent to the rand amount requested. For example, if the switch rand amount equates to 92% of your investment portfolio, 92% of the unit balance will be switched. In these instances, the switch may be a greater or smaller amount than that originally requested.

In order for the switch to be processed a Hollard Retirement Product Switch Instruction Form must be completed and submitted to Hollard Life.

#### **4.10 Withdrawals**

You may not withdraw from your Living Annuity policy unless the value of the Investment Account is below a legislated minimum amount, in which case a full withdrawal may be requested.

#### **4.11 Information requests**

We may request information from you from time to time to comply with legislation and to manage your investment efficiently. You are required to respond to these requests within the time period specified.

#### **4.12 Amendments to personal particulars and bank account details**

It is imperative that you inform us of any changes in your bank account, personal details or contact details. Please submit any changes by completing the Hollard Investments Change of Details Form available on the Hollard Investments website, and provide any required supporting documentation.

## 5. Instruction processing

### 5.1 Processing Timelines

Hollard Life is responsible for processing your instructions and will only do so once a complete and correct instruction is received along with any required supporting documentation.

Hollard Life will make every effort to meet the timelines reflected in the below table once instructions which are complete and correct have been accepted for processing, subject to the turnaround times and liquidity constraints of the Manager.

Business cut-off : 14h00	Process the instruction	Buy or Sell Units	Unit Price received from the Manager	Investor Statement reflects instruction
Before cut-off (Business Day 1)	Business Day 1	Business Day 2	Business Day 2	Business Day 2
After cut-off (Business Day 2)	Business Day 1	Business Day 3	Business Day 3	Business Day 4

### 5.2 Unit Pricing

Unit Trust Fund prices are calculated on a Net Asset Value (NAV) basis. The single price per unit reflects the total assets of a fund, less permissible deductions, divided by the number of units in issue. The unit prices are calculated daily at close of business and are available the following morning after 10h00.

### 5.3 Bank interest

Bank interest earned in the designated Hollard Living Annuity bank account on deposits for your Investment Account will be added to the investment amount should the monies remain in the bank account for more than 24 hours. Interest will be added up until the day on which your investment is processed. No interest is payable to Investors in relation to monies in transit during the processing of a switch instruction, provided that stipulated time standards are adhered to.

### 5.4 Phase-ins

Phase-ins are processed on the 15th day of each month. If the 15th is not a Business Day, the phase-in will be processed on the following Business Day. Hollard Life must receive an instruction to cancel or amend a phase-in instruction by 14h00 five Business Days before the scheduled phase-in date. Any instructions received subsequent to this will be processed after that month's phase-in has taken place.

### 5.5 Annuity Income payments

Annuity Income payments are processed via the proportional sale of units from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Income and Expense Account if selected and there is sufficient balance available in the Income and Expense Account to process the payment.

Annuity payments are paid on the 20th of the month. In the event that the 20th is not a Business Day, the payment will be processed on the previous Business Day. Please note that this is the date on which payment of your Annuity Income will take place, and not the date on which we will process a withdrawal instruction on your Investment Account. The payment may take a few days to reflect in your bank account, and is dependent on inter-bank processing standards. Proceeds will be paid into your bank account only and no third party payments are permitted. All payments will take place in South African Rands via an electronic fund transfer into a bank account held in your name.

**5.6 Switching between Unit Trust Funds managed by the same Manager**

A switch between Unit Trust Funds at the same Manager will be processed according to the timelines mentioned in 5.1. You will receive the same day’s unit price for both the sell and purchase portions of the transaction.

**5.7 Switching between Unit Trust Funds managed by different Managers**

A switch between Unit Trust Funds at different Managers entails a sale of units from the Investment Portfolio at your current Manager and a purchase of units in another Investment Portfolio or Portfolios at the new Manager. The purchase portion of your switch will only be initiated once the proceeds of the sale portion have been received from the Manager(s). Hollard Life will make every effort to meet the timelines reflected in the table below, once instructions which are complete and correct have been accepted for processing.

Business cut-off : 14h00	Unit Price received from Manager (Sale)	Cash Received and Transferred to new Manager	Unit Price received from the Manager (Purchase)	Investor Statement reflects instruction
Before cut-off (Business Day 1)	Unit price at close of Business Day 2	Business Day 4	Unit price at close of Business Day 4	Business Day 5
After cut-off (Business Day 2)	Unit price at close of Business Day 3	Business Day 5	Unit price at close of Business Day 5	Business Day 6

**5.8 Processing order of multiple instructions**

If Hollard Life receives an instruction while another instruction is in progress, the second instruction may be delayed until such time that the first instruction is complete.

**6. Responsibilities of Hollard Life as the Administrator**

**6.1 Act with honesty and integrity**

We will act with due care, diligence, honesty, fairness and integrity in all dealings with you.

**6.2 Accept, suspend, delay or reject your instructions**

Hollard Life may accept, suspend, delay or reject your application or any subsequent instructions. A transaction may also be reversed if Hollard Life believes the circumstances substantiate it.

### **6.3 Communicate with you**

We will communicate with you to provide you with important information. This includes the following:

- Confirmation of your investment application.
- Confirmation of changes made on your investment.
- Quarterly investment statements.
- Annual Annuity Review Notice.
- Annual tax certificates (IRP5).
- Notices on events that affect your investment.

We will send all communications to you via email unless specifically requested by you to send all communications by post. You may also contact your Financial Advisor to request this information.

### **6.4 Close an Investment Portfolio**

Hollard Life or the Manager is entitled to close an Investment Portfolio at any time. Should Investors be required to disinvest from the Investment Portfolio, you will be requested to select an alternative Investment Portfolio. Hollard Life may switch your investment into a default Investment Portfolio should no response be received from you by the specified deadline date.

### **6.5 Maintain professional and fidelity insurance**

Hollard Life and the Investment Manager are insured against negligent or dishonest behaviour and fraud.

## **7. Fees and Charges**

### **7.1 Initial Administration Fee**

No initial administration fee is charged.

### **7.2 Initial Management Fee**

Certain Managers may charge an initial fee on your selected Investment Portfolios within your Investment Account. These fees will be charged when you invest into the Investment Portfolio or when you switch into the Investment Portfolio.

### **7.3 Financial Advisor Initial Fee**

If you and your Financial Adviser agree to a Financial Adviser Initial Fee, as indicated in the application form or any other written communication accepted by Hollard Life, the agreed amount will be deducted from the investment before the investment is made.

A maximum fee of 1.5% excluding VAT applies. No Financial Advisor Initial Fees are permitted on a transfer from another Living Annuity to the Hollard Living Annuity.

#### 7.4 Annual Administration Fee

A weighted average fee is charged on the value of your Investment Account:

Investment Value	Annual Admin Fee if fully invested in 3 <sup>rd</sup> Party Manager Funds – Weighted Fee (Excl. VAT)	Annual Admin Fee if fully invested in Hollard Prime Unit trust Funds – Flat Fee (Excl. VAT)*
From R0.0 to R1 million	0.45%	0.25%
Next R500 000	0.40%	
Next R500 000	0.35%	
Thereafter	0.25%	

\*Should the Investor not be fully invested in Hollard Prime Unit Trust Funds within the Investment Account, the annual administration fee will be calculated proportionally using the two fee scales provided in the table above for the respective portfolios.

These fees may differ in certain circumstances. Please make sure to review the fees applicable to your Investment as disclosed on the investment quotation provided when investing in the Hollard Living Annuity. Should you be an existing Investor please contact the Hollard Customer Care team to enquire on the fees applicable to your Investment Account.

The fee is calculated daily and levied monthly in arrears by deducting units from your underlying Investment Portfolios within your Investment Account to the value of the fee owed. Annual Administration Fees owed will also be deducted before the proceeds of a withdrawal or transfer instruction are paid out.

The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Income and Expense Account if you have selected this option and there is sufficient balance in this account.

#### 7.5 Annual Management Fee

Managers charge Annual Management Fees, which are incorporated into the daily unit price of the Investment Portfolio. These fees vary across the range of Investment Portfolios as well as the class of Investment Portfolio, therefore the Investment Portfolio you choose will determine the fees which you are charged. All fees and charges applicable to your selected Investment Portfolios can be found in the Investment Portfolio list available on the Hollard Investments website.

#### 7.6 Financial Advisor Annual Fee

If you and your Financial Adviser agree to a Financial Advisor Annual Fee, as indicated in the application form or any other written communication accepted by Hollard Life, we will deduct this fee and pay it over to your Financial Adviser. A maximum fee of 1% excluding VAT applies. The fee is calculated daily and levied monthly in arrears by deducting units from your underlying Investment Portfolios within your Investment Account to the value of the fee owed. Financial Advisor Annual Fees owed will also be deducted before the proceeds of a withdrawal or transfer instruction are paid out.

The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Income and Expense Account if you have selected this option and there is sufficient balance in the account.

#### 7.7 Portfolio Management fee

The Investment Manager levies a Portfolio Management fee on a Model Portfolio investment, as agreed in the Investment Manager Discretionary Client Mandate Agreement. Hollard Investments will deduct this fee and pay it over to the Investment Manager. The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Income and Expense Account if you have selected this option and there is sufficient balance in the account. Portfolio Management Fees owed will be deducted before the proceeds of

a withdrawal or transfer instruction are paid out, or when a full switch out of a Model Portfolio takes place.

### **7.8 Switching Fee**

We do not charge any fees when you switch between Investment/Model Portfolios.

### **7.9 Value Added Tax**

VAT will be added to the fees or charges on your investment where required.

### **7.10 Reporting**

Your investment statement will show the fees that are charged on your investment, except for the Annual Management Fees mentioned above that are included in the unit price of the Investment Portfolios.

## **8. On the Death of the Investor**

### **8.1 Parties who are entitled to a portion of the death benefit**

Hollard Life will allocate any benefit due to the nominated Beneficiaries as specified on the policy. A Beneficiary nomination shall be of no force and effect if the Beneficiary predeceases the Investor. Should there be no Beneficiaries on record any benefit will be paid to the deceased estate of the Investor, in accordance to the requirements of the relevant legislation. Hollard Life will not accept any amendments to your nominated Beneficiaries after your death regardless of the date of signature on the nomination.

### **8.2 Death benefit**

The death benefit is the value of your investment, less any applicable charges and fees, at the time of the processing of the death claim.

Each of your Beneficiaries may choose from the following options with regards to their share of the death benefit, subject to the requirements of the relevant authorities and with the agreement of Hollard Life:

- The death benefit may be used to purchase a Living Annuity from Hollard Life or a living annuity or life annuity from another insurer under the Long-term Insurance Act, No 52 of 1998.
- The death benefit may be paid out as a cash lump sum, where permitted by the relevant authority. Legislation requires that this process take place within 6 months of the death of the Investor.
- The death benefit may be taken as a combination of an annuity purchase and a cash payout.
- The death benefit may be used to purchase an accelerated annuity to be paid over a minimum term of 5 years. For minors the minimum term will be greater of 5 years or the number of years to the age of 18.

### **8.3 Death claim processing**

Hollard Life must be notified of your death in writing. The following information must be included in the notification:

- A certified copy of the deceased's ID document.
- Personal details of the deceased, including identity number and age.
- A certified copy of the death certificate.
- The deceased's Investment Account numbers.

- A certificate copy of marriage certificate if the deceased was married in community of property or anti-nuptial contract with the accrual.

Hollard Life will contact each nominated Beneficiary and inform them of their options with regards to their portion of the death benefit. On receipt of the required documentation from all Beneficiaries, the death claim will be processed at the market price of each Investment Portfolio at that date. Any portion of the death benefit taken as a cash lump sum will be subject to tax at the marginal tax rate of the Beneficiary.

## 9. Unclaimed Benefits

The following steps will be taken by Hollard Life in order to trace the Investor or the Beneficiaries should the Annuity payments or death benefit remain unclaimed:

- 9.1** Hollard Life will trace the Investor or Beneficiaries within 6 months of an Annuity payment or death benefit becoming payable, and remaining unpaid.
- 9.2** If the Investor or Beneficiary cannot be traced as per 9.1, Hollard Life will repeat the tracing process once within a three-year period.
- 9.3** If the Investor or Beneficiary cannot be traced as per 9.2 Hollard Life will repeat the process within 10 years of the Annuity or death benefit becoming due.
- 9.4** If, after 10 years, Hollard Life cannot trace the Beneficiaries or Investor, an external tracing company will be used. Any reasonable administrative and tracing costs incurred after the first attempt to trace the Investor or Beneficiary will be recovered from the unclaimed assets. This requirement will be waived if the assets are worth less than the minimum amount stipulated by legislation and the cost of tracing exceeds the amount payable.
- 9.5** If the Investor or Beneficiary has not been located by the time they attain the age of 100 years, Hollard Life will release assets from the reserve account backing the unclaimed assets. These assets will be invested in socially responsible initiatives that earn a reasonable commercial rate of return. At no point will the assets move on to the Hollard Life balance sheet and the beneficiaries and their dependants will always have a claim on those funds.
- 9.6** It is the responsibility of the Investor to ensure that all contact information is current and recorded by Hollard Life.
- 9.7** Hollard Life may charge any reasonable direct, administrative, management and tracing fees on any unclaimed assets, thereby reducing the benefits payable.

## 10. The Privacy of Your Information

In order to provide investment products to you, we have to process your personal information. We will treat your personal information with caution and have put reasonable security measures in place to protect it. By signing the application for investment, you agree to the processing and sharing of your personal information.

We care about the privacy, security and online safety of your personal information and we take our responsibility to protect this information very seriously. Below is a summary of how we deal with your personal information. For a more detailed explanation, please read our official Privacy Notice on our website.

**Processing your personal information:** We have to collect and process some of your personal information in order to provide you with our products and services, and also as required by insurance, tax and other legislation.

**Sharing your personal information:** We will share your personal information with other insurers, industry bodies, credit agencies and service providers. This includes information about your investment, withdrawals and premium payments. We do this to assess withdrawals, prevent fraud and to conduct surveys. If applicable, we may also share your personal information to trace you or your beneficiaries for any unclaimed benefits.

**Protecting your personal information:** We take every reasonable precaution to protect your personal information (including information about your activities) from theft, unauthorised access and disruption of services.

**Receiving marketing from us:** Please contact us on 0860 202 202 if you want to change your marketing preferences. Remember that even if you choose not to receive marketing from us, we will still send you communications about this product.

## 11. Anti- Money Laundering

**11.1** We are required by anti-money laundering legislation to obtain specific information from you and certain related parties, to enable us to establish and verify your and related parties' identity.

**11.2** Related parties include, but is not limited to, the owner of the policy, premium payer, a Beneficiary, and any other party associated to the policy where required.

**11.3** You understand that different information will be required depending on the type of client and related party and we may require supporting documentation.

**11.4** This requirement applies when we receive the application for investment, on an ongoing basis while the policy/investment is active and when a claim/withdrawal is made under the policy/investment.

**11.5** You and related parties agree to co-operate fully with us and to provide us with all such information and documentation requested as soon as possible or within a timeframe that will be communicated to you.

**11.6** You understand that if we do not receive the information and documentation requested from you or from a related party within a reasonable time, we may be unable to place your investment or pay a claim/withdrawal, and in terms of the anti-money laundering legislation we will be required to cancel your policy/investment, and any other existing policies/investments thereafter.

**11.7** You consent to the processing of your personal information and to the disclosure of your personal information to any regulatory body, tax authority, or to comply with anti-money laundering legislation.



- 11.8** You consent to us conducting ongoing monitoring of your transactions and activities related to your business relationship with us, as required by anti-money laundering legislation, and understand that we are not required to disclose our monitoring activities to you.
- 11.9** If we are unable, for whatever reason, to conduct ongoing monitoring of your transactions and activities we may have to cancel your existing policies/investments.
- 11.10** We will therefore be unable to process a claim/withdrawal before the claimant has provided us with the required information and documents for us to establish and verify their identity.

## **12. Legislation which governs the Hollard Living Annuity**

The following are some of the main Acts and Regulations that govern your investment and the parties to this investment agreement. Amendments to or replacement of the legislation and directives issued by regulatory authorities may change the terms and conditions of your investment.

**The Long-term Insurance Act**

**The Collective Investments Schemes Control Act**

**The Financial Advisory and Intermediary Services Act. The Income Tax Act**

**Exchange Control Regulations**

**Protection of Personal Information Act**

## **13. Contact Details**

**Hollard Investments**

**Email:** [customercare@hollardinvestments.co.za](mailto:customercare@hollardinvestments.co.za)

**Website:** [www.hollard.co.za](http://www.hollard.co.za)

**Physical Address:** Hollard Villa Arcadia, 22 Oxford Road, Parktown, 2193

**Postal Address:** PO Box 87419, Houghton, Johannesburg, 2041

**Tel:** 0860 202 202 (If you are calling from within South Africa)

**Tel:** +27 (0)11 351 5000 (If you are calling from outside South Africa)

**Fax:** +27 (0)11 351 3816

**Hollard Compliance:** [compliance@hollard.co.za](mailto:compliance@hollard.co.za)

## **14. Complaints**

**14.1** If you have a complaint against any person with regard to this investment, you may lodge a written complaint together with supporting documents to Hollard Life at the following address:

**Physical Address:** Hollard Villa Arcadia, 22 Oxford Road, Parktown, 2193

**Postal Address:** PO Box 87419, Houghton, Johannesburg, 2041

**Email:** [Customercare@hollardinvestments.co.za](mailto:Customercare@hollardinvestments.co.za)

**Tel:** 0860 202 202 (If you are calling from within South Africa)

+27 11 351 5000 (If you are calling from outside South Africa)

- 14.2** Hollard Life shall, on receipt of such complaint:
- a) Carry out an investigation regarding the complaint.
  - b) Provide all the parties involved with copies of the complaint and supporting documents.
  - c) Instruct the parties involved to provide Hollard Life, within seven (7) days, with a full written reply to the complaint.
- 14.3** Hollard Life may, after carrying out an investigation, and after informing the parties involved of the intentions to act and affording them a reasonable opportunity to respond thereto:
- d) By written notice, require any party involved to take corrective steps which will be appropriate under the circumstances; and
  - e) Hollard Life may take any steps available to them in law, to address the complaint.
- 14.4** Where you are not satisfied with the decision reached by Hollard Life, you have the right to submit the complaint to the Long-term Insurance Ombudsman, whose particulars are as follows:
- Postal Address:** Private Bag 45, Claremont, 7735
- Telephone:** (021) 657 5000
- Sharecall:** 0860 103 236
- Fax:** (021) 674 0951
- 14.5** If you have a dispute about the advice given in respect of this product, you may contact the Ombud for Financial Services Providers, whose particulars are as follows:
- Postal Address:** PO Box 74571, Lynwood Ridge, 0040
- E-mail:** [info@faisombud.co.za](mailto:info@faisombud.co.za)
- 14.6** The Ombudsman and Ombud are legally empowered to investigate and adjudicate complaints in a procedurally fair economical and expeditious manner.