



# Linked Retirement Income

## Policy Document



This document is your Policy Document. It summarises the Paramount Linked Retirement Income and sets out the Terms and Conditions applicable to your investment.

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# 1 | DEFINITIONS

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## **Paramount Life Linked Retirement Income**

The name of this policy – also referred to as ‘the policy’.

## **Paramount**

Paramount Life Financial Services Proprietary Limited is an authorised financial services provider and underwritten by Guardrisk Life Limited. In this document Paramount also refers interchangeably with Guardrisk.

## **Guardrisk**

Guardrisk Life Limited is a registered long term insurer.

## **Administrator**

This is the company that administers your policy.

## **Annuitant**

The owner of the policy, who will receive the Annuity Income – addressed as ‘you’ or the ‘policyholder’.

## **Annuity Income**

The regular income payable to you under this policy – also referred to as ‘pension benefit’. This is your income before income tax is deducted.

## **Investment Account**

The account through which the policy and the Instruments you choose are administered.

## **Participatory interest in an Instrument**

An investment into an Instrument is divided into equal parts, also referred to as ‘units’. Each unit represents a direct proportionate interest in every underlying asset of the Instrument. The number of units that are held for your benefit depends on how much money you contribute and what the unit price is when units are bought.

## **Manager**

The company that administers the Instrument(s). Investment Solutions Proprietary Limited is an example of a Manager.

## **Policy Year**

The year starting on one Anniversary, and which runs until the Anniversary date the following year.

## **Anniversary**

The anniversary of the date on which the policy originally started. If the policy resulted from a transfer, the anniversary date will be the same as before the transfer.

## **Beneficiary**

The party you nominate to receive the benefit under the policy on your death.

## **Business Day**

A business day is any day other than a Saturday, Sunday or South African public holiday. In this document day and business day have the same meaning.

## **Application Form**

The Application Form completed and signed by the policyholder in connection with this policy.

## **Certificate**

The investment certificate together with the annexures thereto issued to you in connection with this policy document.

## **Exchange**

Any recognised exchange.

## **Financial Adviser**

The Financial Adviser appointed and mandated by you to act on behalf of you.

## **Fund**

The approved pension fund or provident fund or retirement annuity fund from where the Premium originated.

## **Instruments**

Unitised Funds, unit trusts, interest-bearing and other financial instruments selected by you from the instruments offered by Paramount.

## **Investor**

The retired member of the Fund referred to as the Investor in the Application Form.

## **Market Value**

The total market value of the Investment Account calculated less all applicable Taxes and Costs.

## **Minister**

The Minister of Finance.

## **Policy Benefit**

The annuity benefit as described in this document.

## **Policyholder**

The Investor or Beneficiary referred to in the Certificate

## **Premium**

The full value of the Investor’s benefit in the Fund that is available for provision of an annuity.

## **Taxes and Costs**

Income tax, RSC levies, bank charges, custody fees, VAT, service fees and any other taxes or costs relating to the Investment Account.

## **Paramount Life Guaranteed Annuity Index Rate**

The Paramount Life single life, 5% annually escalating, monthly payable Guaranteed Annuity that could be purchased with the funds held in the Investment Account at the previous Anniversary.

## **Unitised Funds**

A unitised collection of selected investments held by Guardrisk

## 2 | HOW DOES YOUR PARAMOUNT LINKED RETIREMENT INCOME WORK

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### 2.1. Which entities are involved

There are different legal entities that may be involved in the policy.



### 2.2. What is the Paramount Linked Retirement Income?

The Paramount Linked Retirement Income is a living annuity, purchased from Paramount in your name and on your life to provide you with an Annuity Income. The Paramount Linked Retirement Income provides you with the flexibility, within certain regulatory limits, to select an Annuity Income to suit your income needs. It can only be purchased with proceeds from a retirement fund or with the proceeds from another living annuity.

### 2.3. How is the Annuity Income generated?

Units are sold proportionately from the Instruments underlying your Investment Account or from the specific Instruments that you selected to pay you an Annuity Income.

### 2.4. When can you review your Annuity Income and payment frequency?

You select your Annuity Income and payment frequency at the start of the policy and may only change it at every Anniversary. If the policy resulted from a transfer, the Annuity Income and payment frequency will be the same as before the transfer until the first Anniversary when you may change it.

### 2.5. How is the Annuity Income determined?

You can select either:

- a Rand amount or
- a percentage of the value of the Investment Account.

You may request the frequency of the payment to be monthly, quarterly, biannually and annually. The Annuity Income will be paid in advance except for monthly payments which will be paid at the end of every month.

Regardless of whether you choose a Rand amount or a percentage, your total Annuity Income must fall within the regulatory limits.

If you select a Rand amount, the percentage representing the Rand amount you selected will be determined on the investment amount less fees and charges (net investment amount). To determine the equivalent percentage the annual Rand amount must be divided by the net investment amount. Thereafter, the Rand amount (if not changed by you at Anniversary) remains the same, except where it must be changed to remain within the regulatory limits.

If you select a percentage, your Annuity Income is determined with reference to your investment amount less any fees and charges multiplied by the annuity percentage. Thereafter, your Annuity Income is recalculated at the Anniversary with reference to the annuity percentage you selected and the market value of the underlying investments of the Investment Account.

Your Annuity Income may differ from year to year and the amount is not guaranteed. The Annuity Income expressed as a percentage will remain unchanged although the actual amount paid to you may increase as a result of additional contributions into the policy during a policy year. If no

additional transfers are made to the policy, the amount of the Annuity Income will not change during the year. If the regulatory authority and/or legislation changes the annuity percentage limits, the new limits will apply.

The annuity which comprises the Policy Benefits will be determined as follows:

- 2.5.1. The annuity will be calculated with reference to the Market Value less costs.
- 2.5.2. The amount of the annuity is determined in accordance with the method or formula prescribed by the Minister in the relevant Gazette. You may elect to draw an income within the prescribed limits.
- 2.5.3. On each anniversary date of the inception of your Policy, the Linked Retirement Income benefits will be reviewed and a revised value of the Investment Account will be determined in order to calculate the annuity benefits payable.
- 2.5.4. In the event that you elect a Rand value income and this income is lesser or greater than the prescribed minimum or maximum respectively as referred to above, your income will be adjusted to ensure that it falls within the prescribed limits.



## 2.6. What if you transfer an existing living annuity to Paramount Life Linked Retirement Income?

You need to review your Annuity Income on the first Anniversary on/after a transfer. Your choice of Annuity Income will be subject to the regulated minimum and maximum percentage rate at that time.

In terms of regulatory requirements you are required to select an Annuity Income within prescribed limits set by legislation and/or the regulatory authorities from time to time. The current limits are a minimum of 2.5% and a maximum of 17.5% per year.

## 2.7. How does the Investment Account work?

You must choose any one or a combination of the Instruments made available by Paramount as the underlying investments of your Investment Account. The value of the Investment Account is directly linked to the market value (the net realisable value) of the underlying Instruments and is not guaranteed (i.e. may move up and down). The value of the Investment Account is increased by the amount you contribute to the policy and positive investment returns. Paramount re-invests all dividends and interest earned in the Investment Account. The value of the Investment Account is reduced by negative investment returns, Annuity Income payments and any relevant fees and charges (the fees and charges include but are not limited to administration reductions, processing reductions, switching fees, financial adviser fees and other reduction costs). Paramount will make the reductions when they become due. The underlying investments of the Investment Account are owned by Guardrisk and you have no right to the underlying investments held under the Paramount Linked Retirement Income policy.

Past performance of the underlying investments is not necessarily a guide to the future. You carry the risk of the market value of the Instruments underlying the Investment Account being reduced.

You will, together with your appointed Financial Adviser (where applicable) who acts solely as an agent for you, determine the composition of your Policy's Investment Account at all times. Paramount will carry out all lawful written instructions received in connection with your Policy within agreed time periods.

## 2.8. Which Instruments are available?

The Investment Account will be comprised of instruments that can include:

- Preference and ordinary shares quoted on an Exchange, rights to such shares and similar investments (including futures, options and unlisted shares)
- Fixed interest securities, mortgages and interest bearing investments
- Cash, short term deposits and like investments
- Fixed property investments and claims secured by mortgage bonds
- Units in unit trust schemes and Unitised Funds
- Long term investment policies issued by a registered long-term insurer

Should Paramount at any time withdraw a particular Instrument from offer and you have invested in that Instrument, you may be required to nominate an alternative Instrument to which the investment will be switched. If no nomination is received from you Paramount will switch your investment to most similar Instrument as their sole discretion.

## **2.9. How are Instruments valued?**

The Market Value of Instruments in the Investment Account will be calculated as follows:

- Shares quoted on an Exchange will be valued as the realisable value
- Fixed interest securities quoted on an Exchange will be valued daily at the closing price and those not quoted shall be valued daily by discounting future cashflows at a rate which, in Paramount's sole opinion, can be viewed as a rate applicable to such securities
- Short term deposits and like investments will be valued daily at market value and cash will be included at face value
- Fixed property investments and claims secured by mortgage bonds will be value by Paramount based on the market value determined by an independent valuator (such valuations will be carried out at least once every three years) and/or the discounted value of the future cashflows at a rate which, in Paramount's sole opinion, can be viewed as a rate applicable to such securities
- Unitised investments will be valued on the basis of cost earnings, net asset value, conversion value or discounted cashflow, whichever is considered appropriate by Paramount
- Units in unit trust schemes and will be valued at the closing daily selling price
- Long term investment policies , as set out in such policies (which values are specified in the relevant application or investment form completed in respect of your Policy)

## **2.10. How will my Instrument values be shown?**

All Instruments within the Investment Account will be divided into units:

- Paramount will calculate a unit price daily by dividing the Market Value of the Instrument by the total number of units at that date
- Paramount shall create units only by the addition of new investments to the Investment Account and when distributions are declared.
- Units will be cancelled only by the withdrawal of investments from the Investment Account
- The unit price at the time will not be affected by the creation or cancellation of units

## **2.11. When does your Paramount Linked Retirement Income start?**

Your policy starts after Paramount (on behalf of Guardrisk) has received and accepted your application, including all supporting documents, and the money is invested.

At least one of the annuity payments must be made within one month following the month in which you retire from your retirement funding vehicle.

Unless otherwise indicated the first annuity will be paid on or before the last day of the month in which the premium is received by Paramount if such premium is received before the 15<sup>th</sup> of that month, failing which it will be paid at the end of the next month.

## **2.12. When does your Paramount Linked Retirement Income end?**

Your Policy will cease on your death or until you transfer to another long-term insurer.

If the total market value of the Instruments in the Investment Account is less than the amount prescribed by the regulatory authorities or legislation, such an amount, less relevant fees and charges, may be withdrawn by you. Paramount may request that you withdraw this amount. Your policy will terminate when this happens.

## **2.13. What is the tax treatment of the Paramount Linked Retirement Income?**

In terms of current legislation the investment returns (capital growth, interest and dividends) of the Paramount Linked Retirement Income are not taxed. However, all your Annuity Income as well as any cash lump sum amounts commuted by you, or a beneficiary after your death, will be taxed in line with South African Revenue Service (SARS) requirements. Paramount Life reserves the right to amend the tax treatment if regulations change.

## **2.14. How is my financial adviser remunerated?**

Where you have agreed to do so, you are obliged to pay your Financial Adviser and may instruct Paramount to discharge your debt to your Financial Adviser from the Investment Account as a cost or, if not allowable as a cost, from the annuity due (subject to regulatory limits).

## 2.15. The Survival Rebate

Every time your portfolios incur an asset management fee a portion of that fee, as defined in your policy schedule, will be set aside in a Survival Rebate Account. That portion that has been set aside will be rebated to your investment account 10 years after being incurred:

- if you are alive and the policy is still in force; OR
- if you or your spouse is alive and the policy is still in force (assuming you have completed the details of your spouse on your application form at inception and your spouse is the only beneficiary of your policy).

### 3 | WHICH DOCUMENTS FORM THE BASIS OF YOUR AGREEMENT WITH PARAMOUNT?

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Your Linked Retirement Income policy with Paramount is based on the



All other instructions which you provide and which Paramount and /or Guardrisk accepts will also form part of the agreement.

## 4 | WHAT ARE YOUR RIGHTS AND RESPONSIBILITIES?

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You must provide all instructions in the prescribed format which must be accepted by Paramount on behalf of Paramount.

All instructions are subject to:

- The requirements of Paramount, Guardrisk and relevant legislation at the time of the transaction,
- The availability of the selected Instruments
- The processing requirements of the Paramount and Guardrisk at the time of the instruction (this includes cut-off times and time periods for processing).
- The terms and conditions of the applicable Investment Manager(s).
- Minimum amounts applicable at the time of the transactions.

Paramount may suspend, delay or withdraw your instruction due to any of the above.

### 4.1. Provide accurate information

You must ensure that all information in instructions and supporting documentation that Paramount receives from you is true and accurate.

### 4.2. Make informed financial decisions

If you require financial advice it is your responsibility to appoint a financial adviser, as Paramount and Guardrisk do not provide financial advice. It is also your responsibility to negotiate financial adviser fees with your financial adviser.

### 4.3. Appoint or change your financial adviser

You may appoint, change or remove your financial adviser at any stage by writing to Paramount. Paramount will inform your financial adviser of the change. If you remove your appointed financial adviser, this will take effect after five business days.

### 4.4. Purchase an Paramount Linked Retirement Income and transfer additional contributions to the Policy

The Paramount Linked Retirement Income can only be purchased with proceeds from a retirement fund or with the proceeds from another living annuity.

After the start of your Paramount Life Linked Retirement Income Policy you can transfer additional contributions from a retirement fund to this Policy, subject to the requirements of Paramount and/or regulatory authorities.

However, if you invested in the Paramount Linked Retirement Income when legislation allowed an Annuity Income level between 5% and 20% and want to keep your right to stay within these higher limits, you will need a new Paramount Linked Retirement Income policy for the additional contribution.

### 4.5. Select your Investment Account

You must select one or more Instruments made available by Paramount. The Instruments may be available in different classes which may have different fee structures. Certain Instruments are subject to availability due to Exchange Control Regulations, the Long-term Insurance Act and the discretion of the relevant Manager.

### 4.6. Accrue Investment Income

The Investment Income, net of Taxes and Costs payable, derived from the Instruments in your Investment Account shall form part of that Investment Account and will be invested in the Instruments.

### 4.7. Phase your investment into your selected Instruments

When you make an initial investment you may phase your investment into your selected Instrument(s) monthly over 3, 6, 9 or 12 months or weekly over 2 to 52 weeks. If you wish to phase-in, your contribution must initially be placed in the Paramount IS Banker Fund or the Paramount Sygnia Money Market Fund. This option is subject to the minimums applicable at the time of the transaction. Instruments that are classified as 'Foreign' or 'Worldwide' may be capped from time to time and the phase-in option into these Instruments may be cancelled.

#### **4.8. Monitor your Instrument(s)**

You are responsible for regularly reviewing your Instruments and ensuring that it suits your circumstances. Paramount and Guardrisk do not take responsibility for your selection.

#### **4.9. Switch between Instruments**

You may switch between available Instruments. All switch transactions have two components:

- sell units from your existing Instrument
- buy units in another Instrument

If the market value of an Instrument from which you wish to switch is less than the minimum amount the entire amount must be switched. The two components of the transaction may not take place on the same day and the prices are not guaranteed.

#### **4.10. Select your Annuity Income**

You are entitled to an Annuity Income. You must select your Annuity Income and payment frequency at the start of the policy (except for transfers) and at every Anniversary. Your Annuity Income must always fall within the regulated limits.

#### **4.11. Change your Annuity Income annually**

On each Anniversary you may change your Annuity Income and payment frequency within the limits as determined by the regulatory authority and/or legislation.

#### **4.12. Nominate Beneficiaries**

You may nominate one or more Beneficiary(s) and indicate the proportion in which they are to share the proceeds. The nomination must comply with Paramount's requirements. Where there is more than one Beneficiary, they will share on an equal basis, unless you direct otherwise. Your nomination will have no effect if your Beneficiary(ies) dies before you. Where applicable, a deceased Beneficiary's share shall pass to the surviving Beneficiaries in equal shares. Your Beneficiary(ies) has no right to any benefit under the policy while you are alive.

Paramount must receive any nomination or changes to this in writing at its head office while you are still alive. You need to keep your nomination(s) up to date. Paramount reserves the right to deduct any cost incurred in any required search for your beneficiaries.

#### **4.13. Transfer to another long-term insurer**

You may request a transfer to another long-term insurer to purchase another compulsory annuity in your name. The transfer is subject to the requirements of Paramount, the regulatory authorities and the insurer that you are transferring to. Where cash is transferred, the amount will be determined once the units of the underlying investments of the Investment Account are sold and the applicable fees and charges are deducted. Where a transfer of units is requested, the underlining units of your Investment Account will be transferred to the policy holder's investment account held by the insurer you are transferring to after the applicable fees and charges are deducted.

#### **4.14. Cash in the policy (Withdraw all your money)**

You may request that the full market value of the Policy be paid to you as a lump sum if the value is less than an amount set out in legislation.

#### **4.15. Report errors**

You have 14 days after receipt of the investment confirmation or any statement to report any errors to Paramount.

#### **4.16. Notify Paramount of changes in bank or contact details**

You need to inform Paramount of any changes in your bank or contact details, including your postal and email address, and provide supporting documentation where appropriate.

#### **4.17. Source of funds**

You warrant that the rules of the source of the Premium specifically provide for the purchase of a unitised annuity in your name from a registered insurer and for the concomitant transfer of the source's liability to provide you an annuity in terms of the rules to an insurer.

## 5 | WHAT DOES NOT APPLY TO YOUR POLICY?

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### 5.1. Cancellation

You cannot cancel your Paramount Linked Retirement Income as there is no cool-off period. However, you may transfer your Paramount Linked Retirement Income to another long-term insurer registered under the provisions of the Long-term Insurance Act.

### 5.2. Investment guarantees

Neither the amount of the Annuity Income, nor the return on the underlying investment, is guaranteed. The market value of the Investment Account may fluctuate. Your capital may be reduced in order to maintain your income level, or income may have to be reduced (on the policy anniversary) to preserve capital. You carry the risk of your capital and your income being reduced.

### 5.3. Cessions

Your benefits under the policy, as represented by the Investment Account may not be transferred or pledged to someone else.

### 5.4. Loans

Your benefits under the policy as represented by the Investment Account cannot be used to secure a loan.

### 5.5. Commutation

Your benefits under the policy as represented by the Investment Account cannot be commuted.

### 5.6. 5.6 General

Notwithstanding anything to the contrary above your Policy Benefits may not be transferred, assigned, reduced, hypothecated or attached by creditors.

## 6 | WHAT ARE THE RESPONSIBILITIES OF PARAMOUNT?

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### 6.1. Pay benefits

Paramount underwritten by Guardrisk will pay you an Annuity Income once the Linked Retirement Income has started in accordance with the provisions of this Policy and any statutory legislation. Your Annuity Income will be paid at your chosen frequency. A minimum of one Annuity Income payment must be made within each tax year. All benefits shall be paid from South Africa, in the lawful currency as elected by the investor, via electronic funds transfer (EFT) only to a current, transmission or savings account. All payments will be made in accordance with the laws of South Africa. Payments will only be made into a South African bank account or a bank registered in terms of the regulations of South Africa.

### 6.2. Deduct tax

Paramount will deduct income tax from your Annuity Income in accordance with the PAYE tables under the Income Tax Act assuming that this is your only income. If you provide Paramount with a SARS tax directive, income tax will be deducted accordingly. Following your death, the market value of the Investment Account may be reduced by income tax (when a lump sum is elected by a Beneficiary).

Income tax may also be incurred when:

- a Beneficiary commutes the death benefit to a cash lump sum, or
- you fully withdraw the value of the Investment Account because it is less than the prescribed minimum amount.

Paramount reserves the right to amend the methodology of deducting tax in line with any regulatory changes.

### 6.3. Provide income tax certificates

Paramount will provide you with income tax certificates for taxation purposes where applicable.

### 6.4. Administration

**6.4.1.** Each Instrument will be divided into units.

**6.4.2.** The Manager of each Instrument shall calculate a Unit Price daily by dividing the Market Value of the underlying investments by the total number of units at that date less any fees and charges.

**6.4.3.** Paramount shall only create units by the addition of new investments to the Instruments and when distributions are declared.

**6.4.4.** Units will be cancelled only by the withdrawal of investments from the Instruments.

## 7 | WHAT CAN PARAMOUNT DO THAT WILL AFFECT YOUR POLICY?

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### 7.1. Review and amend your Annuity Income

Paramount may adjust your Annuity Income level if required by legislation or any directives issued by the regulatory authorities. If you chose a percentage and fail to request a change of the percentage of your Annuity Income at Anniversary, Paramount may adjust your Annuity Income based on your existing percentage on record and the market value of your Investment Account.

### 7.2. Remove underlying investment options

If for any reason an Instrument is no longer available, Paramount will give you written notice. Paramount will ask you to select an alternative from the list of available investment options. If you do not select another investment option within the time period given by Paramount, Paramount will switch your investment from the affected Instrument to a similar Instrument(s).

### 7.3. Change your selected Instrument(s)

Paramount may change your chosen Instrument(s). This will happen if Paramount breaches the investment limits set by regulatory authorities applicable to Paramount. An example of these limits is that only a certain percentage of Paramount's assets may be invested offshore.

### 7.4. Amend the terms and conditions

Paramount may amend the terms and conditions of the Paramount Linked Retirement Income at their sole discretion. Please contact your financial adviser, the Client Service Centre on 086 100 2027 or [www.paramountlife.co.za](http://www.paramountlife.co.za) for the latest version of these. Paramount may not reduce the rights and benefits that you have under the policy, except where the amendment is due to a change in:

- taxation;
- legislation;
- the practice or interpretation by any court, legislative or regulatory authority or Paramount.

## 8 | WHAT ARE PARAMOUNT'S RIGHTS AND RESPONSIBILITIES?

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### 8.1. Communicate with you

Paramount will communicate with you on behalf of Paramount.

You may select whether the financial adviser receives communication on your behalf. Where you have made no selection:

- transaction confirmations will be sent to both you and your appointed financial adviser
- annual statements and other communication will only be sent to you

### 8.2. Confirm changes

Paramount will confirm changes to the policy details as set out in the Policy Summary with you in writing.

### 8.3. Provide statements

Paramount will provide you with annual statements. Additional statements are available from the secure section of [www.paramountlife.co.za](http://www.paramountlife.co.za) or Paramount.

### 8.4. Process instructions

Paramount is responsible for the processing of your instructions subject to the timelines applicable at the time of the instruction.

Pricing takes place at the close of each business day which means that the price is only available the following business day.

### 8.5. Processing timelines

#### 8.5.1. Buying, selling and switching units in Instruments

The table below shows the timeline for buying and selling units in an Instrument or for switching Instruments.

Business cut-off to receive an instruction	Process the instruction
Before 14:00 (Day 1)	Day 1
After 14:00 (Day 1)	Day 2

#### 8.5.2. Phase-ins

Phase-ins are scheduled on the 5th of every month for monthly phase-in and a Monday for weekly phase-ins. If the 5th or a Monday respectively is not a Business Day it will take place on the next Business Day. Paramount needs to receive the instruction by 14:00 5 Business Days before the scheduled phase-in day. Any instructions received after the cut-off date will be processed the following month or week respectively.

#### 8.5.3. Processing sequence of multiple instructions

If Paramount receives an instruction while another instruction is in progress, the second instruction may be delayed until the first is complete.

#### 8.5.4. Annuity Income Payments

We will pay your Annuity Income by the last Business Day of a month. It may take up to two days to reflect in your bank account. After the first payment date, quarterly and biannually advance payments will be made every three or six months, respectively.

If you are a new investor or are notifying us of a change in your Annuity Income, Paramount needs to receive your instruction by 14:00 of the 15<sup>th</sup> of your Anniversary month. Certain Instruments require an additional Business Day's notice. If you miss the cut-off time the change to your Annuity Income payment will be delayed by a month.

#### **8.6. Allocate bank interest earned**

Bank interest (at the rate earned in the Paramount Linked Retirement Income bank account on lump sum contributions) will be applied to the lump sum amount deposited if it takes longer than three Business Days to start processing the payment received.

#### **8.7. Professional indemnity and fidelity insurance cover**

Paramount and Guardrisk are insured against fraud, negligent or dishonest behaviour.

#### **8.8. Reinvest income distributions**

Any income distributions made within an Instrument will be re-invested automatically.

#### **8.9. Accept or reject instructions**

Paramount may accept or reject your application or subsequent instructions. Paramount may also reverse a transaction, if the circumstances justify it.

## 9 | WHAT ARE PARAMOUNT AND GUARDRISK NOT RESPONSIBLE FOR?

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### 9.1. Advice

Neither Paramount nor Guardrisk give advice. They do not employ financial advisers.

### 9.2. Certain losses suffered

Neither Paramount nor Guardrisk nor any of their associated companies are responsible for any losses that may be suffered due to:

- errors made by the Manager of an Instrument;
- the investment or market risk of the underlying investments;
- changes in tax or other legislation;
- delays in the processing or the rejection of an application because the financial adviser is either not an authorised Financial Services Provider or does not have a contract with Paramount;
- financial advisers acting beyond the scope of their FSB license;
- unauthorised instructions given by the financial adviser;
- the failure of any networks or electronic or mechanical devices;
- Paramount or Guardrisk providing your appointed financial adviser with details about your investment either via telephone, email, fax or a secure website.
- Paramount or Guardrisk acting on information sent electronically;
- reinsurer default;
- investment manager default;
- Paramount or Guardrisk acting on incorrect information where you have failed to notify them of any changes to such information;
- the delayed sale of units in an Instrument due to ring-fencing:  
Ring-fencing is the separation and delayed sale of units in an Instrument. Large sale of units above a certain threshold in an Instrument may cause ring-fencing. This ensures that the sale of a large number of units will not force the Manager to sell the underlying investments at a price in the market which could have a negative impact on investors. Paramount may delay the payment or reinvestment of the proceeds of the sale of units.

### 9.3. Delays in processing instructions

Paramount will carry out instructions at the earliest possible opportunity, subject to its administration procedures and any Instrument limitations, at the time of the transaction. Neither Paramount, nor Guardrisk accepts responsibility for delays in processing instructions as a result of extraordinary events that cause disruptions.

# 10 | WHAT HAPPENS FOLLOWING YOUR DEATH?

## 10.1. What is the death benefit?

The death benefit is the market value of all the underlying investments of your Investment Account(s) less fees and charges. This amount is not determined by the date of death or the date of notification but is determined once the units of the underlying investments of the Investment Accounts are sold and applicable fees and charges have been deducted.

## 10.2. Who receives your death benefit?

Following your death your Beneficiary(ies) will receive the death benefit. Your Beneficiary(ies) will have the following options, which are subject to the requirements of the regulatory authorities and/or relevant legislation.

If your Beneficiary is a natural person, the following options are available:

The payment of a cash lump sum

The payment of an annuity

A combination of a cash lump sum and an annuity

The annuity may be purchased from Paramount or another long-term insurer.

If your Beneficiary is not a natural person, including a trust, a cash lump sum benefit will be paid to that Beneficiary.

## 10.3. The administrative process on death

Paramount must be notified of your death in writing at its head office. The notification should include:

- your personal details,
- identity number,
- a certified copy of the death certificate, and
- your investor entity number

If the Policy comes to an end due to your death, the Instruments of the Investment Account will be switched into the Paramount Money Market Fund and Paramount will only act on instructions received from the executor of your estate.

Following your Beneficiary(ies) election, Paramount will:

Apply for a tax directive from SARS if the Beneficiary(ies) receive a cash benefit

Follow the instructions according to the SARS tax directive

Pay the Beneficiary and/or the provider of the Compulsory Annuity.

All the above is subject to:

- Paramount's processing requirements;
- the requirements of the Manager of the Instrument(s).

## 10.4. What happens if there is no living Beneficiary at the time of your death?

If there are no Beneficiaries, a lump sum may be paid to your estate, subject to the requirements of the relevant legislation.

## 10.5. What happens if your Beneficiary dies after you but before your Beneficiary has been paid?

The benefit falls into the deceased Beneficiary's estate.

# 11 | WHAT FEES AND CHARGES DO YOU PAY?

If a fee or charge is levied, this is passed on to you by reducing the underlying Instruments of the Investment Account by the same amount. Your choice of Instruments and their associated class will determine certain aspects of the fee structure.

Where applicable, these fees and charges are levied proportionately across all Instruments of the Investment Account. You may choose to have your annual administration and annual adviser fees deducted from your Paramount Sygnia Money Market Fund. This will be known as your preferred fee Instrument.

If the preferred fee Instrument does not have sufficient funds to pay the fees, Paramount will deduct fees from the Instrument(s) where the fees have accrued. If there is an insufficient balance in that Instrument Paramount will deduct fees proportionately from the remaining Instruments.

The Investment Account will bear all costs in connection with the purchase and sale of investments.

There are generally three types of fees that may be deducted from your policy on an initial and annual basis:

administration fees

investment management fees

financial adviser fees

## 11.1. Initial fees

Initial fees are deducted before the investment of the contribution is made.

### 11.1.1. Administration fee

This fee is based on your initial investment amount.

Investment Amount	First	Next	Next	Next	Next	Next	Next	Next
	R 250 000	R 250 000	R 250 000	R 250 000	R 1 000 000	R 3 000 000	R 5 000 000	R 10 000 000
Initial fee	0.75%	0.65%	0.60%	0.40%	0.30%	0.10%	0.08%	0.05%

### 11.1.2. Investment management fee

If the Manager of your chosen Instrument charges Paramount an initial fee to invest in the Instrument, the amount available for investment will be reduced by the initial fee and paid to the Manager before investment. The fee will be based on each contribution less the initial financial adviser fee (if applicable).

### 11.1.3. Financial adviser fee

If you and your financial adviser agree to an initial financial adviser fee (as indicated in the application form or any other written communication acceptable to Paramount), Guardrisk will deduct from each contribution, before investment, an amount equal to the initial financial adviser fee and pay an equal amount to the financial adviser.

## 11.2. Annual fees

All annual fees are calculated daily, based on the market value of the Instrument at the end of each day.

### 11.2.1. Administration fee

Paramount charges a monthly administration fee which is either:

11.2.1.1. Deducted by selling units from the Instruments underlying the Investment Account;  
or

11.2.1.2. Included in the published unit price of the Instrument.

The Administration Fee is unique in that it is dependent on the value of your investment account and your income draw relative to your Paramount Life Guaranteed Annuity Index Rate. The Administration Fee is expressed as a percentage of the income drawn from the Investment Account.

Draw relative to Paramount Life Guaranteed Annuity Index Rate	Investment Account					
	R0 to R500 000	R500 001 to R1 000 000	R1 000 001 to R2 500 000	R2 500 001 to R5 000 000	R5 000 001 to R10 000 000	R10 000 001 to R20 000 000
Less than -50.01%	2.5%	2.2%	1.9%	1.6%	1.3%	1.0%
-50.00% to -25.01%	3.3%	2.9%	2.5%	2.1%	1.7%	1.3%
-25.00% to -10.01%	4.2%	3.6%	3.1%	2.6%	2.0%	1.5%
-10.00% to 10.00%	5.0%	4.4%	3.7%	3.1%	2.4%	1.8%
10.01% to 25.00%	5.8%	5.1%	4.3%	3.5%	2.8%	2.0%
25.01% to 50.00%	6.7%	5.8%	4.9%	4.0%	3.1%	2.3%
More than 50.01%	7.5%	6.5%	5.5%	4.5%	3.5%	2.5%

The Administration Fee is subject to a minimum of R50 per month increasing by CPI each year.

#### 11.2.2. Investment management fee

The investment management fee, which is determined by the Manager, includes investment management fees and permissible Instrument deductions. This fee is not recovered from the policy, but directly from the Instrument and is included in the published unit price.

The investment management fee may be fixed or performance related. Please refer to the relevant Instrument fund fact sheets and the Paramount Investment Platform fund list for more details.

#### 11.2.3. Financial adviser fee

You and your financial adviser may agree on annual financial adviser fees (as indicated in the application form or any other written communication acceptable to Paramount). Depending on the class of your chosen Instrument, an amount equal to the financial adviser fees is either:

- 11.2.3.1. Deducted by selling units from the Instruments underlying the Investment Account. Paramount will pay an equal amount to the financial adviser monthly in arrears; or
- 11.2.3.2. Included in the published unit price of the Instrument. Paramount will pay an equal amount to the financial adviser monthly in arrears

### 11.3. Other fees

#### 11.3.1. Termination fee

Paramount does not charge a fee when proceeds are paid.

#### 11.3.2. Instrument exit fee

If the Manager of your chosen Instrument charges Paramount an exit fee, the proceeds of the sale of any units will be reduced by the exit fee.

#### 11.3.3. Instrument switching fee

Paramount does not currently charge a switching fee when you request a switch from one Instrument to another. However, because a switch is made up of a sale and a purchase of units, the Managers may charge Instrument initial and exit fees.

### 11.4. Value added tax (VAT)

Where VAT is levied on fees (or charges) charged to Paramount, an amount to compensate for VAT will be added to the fees (or charges) recovered from the policy. VAT may also be added to fees and charges which are not charged to Paramount directly.

### 11.5. Changes in fees or charges

The fees and charges that Paramount recovers from the policy may change. Paramount will also recover any new fees or charges from the policy if they are charged to Paramount. Paramount will give you one month's written notice when new fees or charges are added, or when changes (excluding decreases) are made to the:

- Initial administration fees
- On-going administration fees
- Asset management fees
- Instrument switching fees
- Termination fee

Paramount may give less than one months' written notice if, in its opinion, the circumstances of the change (for example a change in legislation) require it. Paramount does not have to notify you when any of the other fees or charges are changed.

#### **11.6. Reporting of fees**

The annual statement will indicate the applicable fees for that period.

#### **11.7. The Capital Charge**

Every Life Insurer is obligated by regulation to retain capital to protect policyholders against the risk of adverse events. Paramount has become the first insurer in South Africa to illustrate this charge per policy. A percentage of your investment is required to cover this capital requirement. Rather than lend your policy the capital (at high interest rates like other insurers) we allow your policy to fund the capital.

This charge has been funded from your net investment and will be returned to your beneficiaries when the policy ceases on your death assuming that no event has occurred that requires the use of this security capital. This capital may be increased or used if an adverse event occurs. This amount will be deducted in equal proportions across all your portfolios above when the policy is activated."

#### **11.8. Investment Management Fee Survival Rebates**

In certain circumstances you may qualify for a management fee survival rebate. These rebates form part of the longevity protection mechanisms built into your policy. Your policy schedule will indicate the quantum and frequency of these rebates. Survival rebates are only payable if the policyholder is alive on the date the rebate is due.

## 12 | WHAT LEGISLATION AND REGULATIONS GOVERN THIS AGREEMENT?

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The following are some of the main acts and regulations that govern this policy. Amendments to or replacements of the legislation and directives issued by the regulatory authorities may change these terms and conditions.

### **12.1. The Long-term Insurance Act**

This act governs Paramount and the Paramount Linked Retirement Income.

### **12.2. The Collective Investment Schemes Control Act**

This act regulates the Instruments of the Investment Account.

### **12.3. Exchange Control Regulations**

The availability of certain Instruments are subject to these regulations.

### **12.4. Income Tax Act**

This act applies where taxation is referred to.

### **12.5. Financial Intelligence Centre Act**

This act requires Paramount to obtain certain information to verify who you are before it processes your application.

### **12.6. Financial Advisory and Intermediary Services Act**

This act applies to any advice given relating to this investment. It also governs any form of intermediary services between you and the Administrator.

## 13 | CONTACT DETAILS

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### 13.1. Insurer: Guardrisk Life Limited

Postal and physical addresses of the head office, issuing office and contact details of the compliance officer:

#### 13.1.1. Physical address:

115 West Street  
Sandton  
2196

#### 13.1.2. Postal address:

PO Box 786015  
Sandton  
2146

### 13.2. Administrator: Paramount Life Operations Proprietary Limited

#### 13.2.1. Physical address:

26 Augrabies  
Waterfall Office Park  
Midrand  
1685

#### 13.2.2. Postal address:

PO Box 782421  
Sandton  
2146

Email: [info@paramountlife.co.za](mailto:info@paramountlife.co.za)

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

## 14 | GENERAL

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### 14.1. Law and Currency

This policy is subject to the laws, regulations and currency of the Republic of South Africa

### 14.2. Utmost Good Faith

Paramount, Guardrisk and the Policyholder shall at all times act in the utmost good faith in their mutual dealings.

### 14.3. Amendments

Subject to any limitations by the Pension Funds Act, the Act, Financial Advisory and Intermediary Services Act 37 of 2002 or any other law, if any tax law, rule or directive or the Policyholder's tax status changes or any other law affects this Policy, Paramount may make such amendments to the Policy as it considers appropriate and shall notify the Policyholder within 30 days of the amendment.

### 14.4. Notices

- 14.4.1. Paramount shall deliver notices to the Policyholder at the Policyholder's address within the Republic of South Africa, as recorded in the application form of the Paramount Linked Retirement Income.
- 14.4.2. The Policyholder will serve notices on Paramount at 26 Augrabies Road, Waterfall Office Park, Midrand or PO Box 782421 Sandton, 2146.
- 14.4.3. Either Paramount or the Policyholder may change its address to another address in the Republic of South Africa, provided the other party is notified in writing.

# 15 | COMPLAINTS

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## 15.1. Compliance officer: Paramount

If you are not satisfied with this policy or the service of Paramount, you can write to the compliance officer at the Paramount address given above.

Remember to include all supporting documents. The compliance officer will acknowledge the complaint in writing, and provide you with the contact details of the person that is most likely to resolve it.

### 15.1.1. Postal address:

PO Box 782421  
Sandton  
2146

Tel: 086 100 2027  
Fax: 086 688 5984  
Email: [compliance@paramountlife.co.za](mailto:compliance@paramountlife.co.za)

## 15.2. Ombudsman for Long-term Insurance

If you are not satisfied with the response, you can contact the Ombudsman for Long-term Insurance at:

### 15.2.1. Postal address:

The Long-term Insurance Ombudsman  
Private Bag X45  
Claremont  
7735

Tel: (021) 657-5000  
Sharecall: 0860 103 236  
Fax: (021) 674-0951

## 15.3. Ombud for Financial Services Providers

If you have a complaint about Paramount or advice given by a financial adviser relating to this policy, you can write to the Ombud for Financial Service Providers at:

### 15.3.1. Postal address:

The Ombud for Financial Services Providers  
PO Box 74571  
Lynnwood Ridge  
0040

Toll-free: 0860 324 766  
Email: [info@faisombud.co.za](mailto:info@faisombud.co.za)