



**STANLIB Classic Linked Life Annuity**  
Terms and Conditions

**STANLIB**

## STANLIB Classic Linked Life Annuity Terms and Conditions

Underwritten by Liberty Group Limited ("Liberty"), a registered Long-Term Insurer and authorised financial services provider.

The Classic Linked Life Annuity provides you with a regular income in retirement. You have the flexibility to choose how much you want to receive, within the prescribed limits, as well as where you want to invest. You may choose to invest in a selection of investment portfolio options which are made available on your policy.

### Terms and conditions

This document, together with the STANLIB Platform Terms, Fee Terms and investment portfolio solutions information, sets out the policy terms and conditions which govern the insurance policy between the Policyholder and the underwriting Insurer. These terms and conditions documents must be read together with the completed investment proposal, application form and all other information received in support of the application. All of this documentation constitutes the Policy Terms and Conditions of your investment.

We may amend these terms and conditions from time to time provided that we give you sufficient written notice of any material changes. The onus is on you to keep up to date with the terms which apply to your investment with us.

STANLIB/Liberty reserves the right to appropriately adjust the benefits payable and fees levied under this Living Annuity Policy, if:

- Any legislation (including tax legislation) affecting this Living Annuity Policy or STANLIB/Liberty is introduced or changed, or
- If the legal interpretation of any legislation (including tax legislation) affecting this Living Annuity Policy or STANLIB/Liberty, is changed.

### Contributing premiums to your investment

You can invest a once off premium from money which you have saved for your retirement via an approved retirement fund "Retirement Savings", subject to the rules of that fund and any applicable legislation. This includes Pension and Provident Funds, Retirement Annuity Funds, and Preservation Funds. You are not able to contribute other money you have saved outside of these structures into the product.

You may transfer your existing Living Annuity policy to us from another insurer. It is important that you understand the actual and possible implications and costs before you do this. Please check that the insurer from whom you want to transfer will allow the transfer.

If you transfer your policy from another insurer into a new policy with us, your policy will retain the same anniversary date as it had at the previous insurer.

Please note that we do not cater for investments in the form of a transfer of investment portfolio units from your other living annuity policy.

A minimum lump-sum investment amount of R50 000 applies.

### Payment of your regular income

#### Income amount and payment frequency

The South African Revenue Service (SARS), using the Income Tax Act and related regulations and legislation, has set strict criteria for annuities, to protect your income in retirement. Current legislation allows you to select an annuity income of between 2.5% and 17.5% of the value of your policy per year, calculated on the anniversary date of the policy. You are only allowed to change your income once a year on the anniversary date. To facilitate this, you will receive an annuity income review notification and two reminders before each anniversary date reminding you to let us know what income you would like for the upcoming year. If we don't hear from you before our cut-off date mentioned in the notification, we will continue to pay you the annuity income which you received the previous year. We are not able to process annuity income changes which are sent after the close off date as specified in the particular notification.

You can specify your annuity income as a rand amount or as a percentage. You will also be able to specify how often you would like your annuity income to be paid. You can choose from a monthly, quarterly, bi-annual, or annual payment. Once you have invested in an annuity policy, it is compulsory to take an annuity income from your policy. You are not allowed to defer the payment of your annuity, so think carefully before taking out a policy.

### Product suitability

This product is suited to individuals who have retired and need a regular income. This product may be suitable for you if you require flexibility when it comes to your regular income amount; or if you are looking for the ability to leave money to your nominated beneficiaries when you pass away. This product may not be suitable for retirees who require a guaranteed income for life. This does not constitute advice, and we encourage you to appoint a financial adviser to assist you with your decision.

**stanlib.com**

STANLIB is an authorised financial service provider

## Key terms

### **STANLIB Classic Linked Life Annuity Plan**

A compulsory annuity policy which is purchased from Liberty Group Limited (a Long-Term Insurance Company and an authorised financial services provider) in the name of the policyholder and is administered by STANLIB. The investments will be registered in the name of Liberty and a record will be kept of the investments that form part of the policy benefits to the policyholder in terms of the Living Annuity Policy.

### **Investor/Policyholder (“You/ Your”)**

The individual/policyholder who owns the Linked Life Annuity policy, and is entitled to the benefits provided by the policy, as per these Terms and Conditions, and in accordance with any applicable legislation.

### **STANLIB Wealth Management (“STANLIB/ Us/ We”)**

STANLIB Wealth Management (Pty) Limited (Reg. No. 1996/005412/07) (26/10/590) is the administrator of your living annuity policy for and on behalf of Liberty Group Limited, and is an authorised financial services provider (FSP) in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS). Liberty and STANLIB are entitled to terminate the administrative contract between them after notice is given in writing after not more than sixty (60) days. Please note that all other terms and conditions pertaining to the underlying investment will still be applicable. STANLIB and Liberty hold adequate professional indemnity and fidelity insurance cover as prescribed by legislation.

### **Annuity income**

The regular income which we deduct from your policy, according to your annual instruction, and pay to you.

### **Anniversary date**

The start date of your policy. If you transfer an existing living annuity policy to us from another insurer into a new policy, your policy will retain the same anniversary date it had at the previous insurer. If you transfer a living annuity policy from another insurer to us, into an existing policy with us, we will amend the anniversary date for the existing policy to the date of the transfer.

### **Nominated beneficiary**

A natural person or Trust whom you nominate to receive a portion of the death benefit from your policy should you pass away. This party does not need to be financially dependent on you.

### **Unit trust portfolio/ Collective investment scheme**

An investment product in which many investors pool their money into a portfolio, which is managed by professional investment managers, according to the mandate of the portfolio.

### **Investment manager**

The licensed and registered party who manages the investment portfolio.

### **Investment portfolio**

Unit trusts and other solutions which you can choose to invest in via your policy.

### **Financial Adviser**

The person you have appointed to provide you with Financial Advice and intermediary services.

### **Financial services provider (“FSP”)**

Your adviser is employed by a registered FSP, which is a separate legal entity from STANLIB. The FSP is required to be correctly licensed by the Financial Sector Conduct Authority (FSCA) to provide specific services. STANLIB will check this for you.

## Important rules which apply to this investment

### **Binder Holder**

STANLIB is appointed as a Binder Holder and shall perform all binder related services on behalf of Liberty in terms of an agreement entered into between Liberty and STANLIB, as required in terms of Section 49A of the Long-term Insurance Act. STANLIB is (where applicable) remunerated for all Binder Services it performs.

### **Selecting Investment Portfolios**

The Client shall make his/her selection from the available investment portfolios or vehicles which are made available on the policy and which may be permitted by STANLIB from time to time. The Client shall be entitled to instruct Liberty (via STANLIB) to switch the investment portfolios in the investment from time to time which STANLIB will process on behalf of Liberty.

### **Additional investments**

There are two sources of money which you can invest into your existing policy with us: additional Retirement Savings as they become available, or a transfer of an existing policy from another insurer.

# stanlib.com

STANLIB is an authorised financial service provider

When you invest additional Retirement Savings, we will amend the anniversary date for the existing policy to the date on which we process the additional investment.

- If your annuity income was specified as a percentage, we will automatically adjust your income level at the time of investing the additional monies. For example, if you were receiving 10% per annum income on a policy valued at R500 000, and you now invest an additional R1 million, we will adjust your income to 10% of your new policy value of R1.5 million.
- If your annuity income was specified as a Rand amount, we will contact you to find out if you want to increase your income to take into account the additional investment.

If you transfer a policy from another insurer into an existing policy with us, we will amend the anniversary date for your existing Classic Linked Life Annuity policy to the date on which we process the transfer. We will also amend your annuity income amount to include the income from the policy you have transferred. Going forward, you will receive a single combined payment from your Classic Linked Life Annuity policy which is the sum of the Rand values which you previously received from your two policies. We cannot merge two annuities with different payment frequencies. In this instance, we will open a new policy for you.

### Guarantees and risk

The level of income you select is not guaranteed for the rest of your life and will stop being paid if the value of your policy has reduced to zero. The level of income you select may be too high and may not be sustainable if:

- You live longer than you expected and planned for.
- You select an annuity income which exceeds the growth in your account – for example, you select 14% income per annum and the annual performance of your investment is 8% per annum.
- The return on your capital is lower than that required to provide a sustainable income for life.

It is your responsibility, in consultation with your financial adviser, 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 manage your annuity income drawdown carefully relative to the investment return on the capital in order to achieve this.

Liberty does not guarantee the value of your investment or the performance of the investment portfolios in your policy. The market value of your investment may fluctuate and go down as well as up, and past performance is not necessarily a guide to future performance. You bear the investment and market risk, which includes the possibility of losing capital. The investment portfolios which you select may expose you to risks such as political, currency, regulatory, settlement, market, taxation, or premium risk. It is your responsibility, in conjunction with your financial adviser, to understand the risks inherent in your investment.

Liberty (including STANLIB) reserves the right to delay the processing of transactions relating to any transfers, withdrawals or payments in terms of this Classic Linked Life Annuity, other than the payment of annuity income benefits, if:

- Normal trading in the underlying investment portfolios, is suspended, delayed or impeded in some manner; or
- It determines that it is subject to such liquidity constraints on the investment portfolios (either as a result of prevailing market conditions or as a result of circumstances applicable specifically to STANLIB and/or Liberty) as would render the transactions associated with the underlying investment portfolios unduly punitive or uneconomic for the policyholder or the policyholder's dependants or nominated beneficiaries (as applicable) or for STANLIB and/or Liberty.
- STANLIB will send notification to the policyholder's last confirmed contact details to notify the policyholder or the policyholder's dependants of any such delay in the transactions. Any transactions will be implemented at the applicable sell unit price of the relevant investment portfolio or prevailing market realisable value, as the case may be, at the actual process date.

### Withdrawing from your policy

You may not withdraw from your Living Annuity policy in addition to your annuity income payment unless the value of the policy is below the legislated minimum amount, in which case a full withdrawal may be requested. These minimums are:

- R75 000 if you did not cash in a portion of your retirement savings when you retired.
- R50 000 if you did cash in a portion of your retirement savings when you retired.

If you withdraw from your investment, you may be required to pay income tax on the proceeds. We will apply for a tax directive on your behalf from SARS when you withdraw. SARS will inform us if tax is due, and we will deduct this amount from your proceeds before we pay them over to you. You will be provided with an income tax certificate to reflect any income tax paid to SARS on your behalf. From time to time, SARS may instruct us to deduct additional tax owed by you from the withdrawal through an IT88 directive. We will let you know should this occur. By law we are required to pay this amount to SARS and may not reverse the directive.

**stanlib.com**

STANLIB is an authorised financial service provider

It is important to understand the implications of taking this withdrawal from your retirement savings. We recommend that you discuss any changes to your policy with your financial adviser before making the change.

### **Taxes applicable on your annuity income payments**

Income tax will be deducted from your annuity income before it is paid out to you, in accordance with income tax legislation. By default, we will use the standard SARS income tax rates and rebates when we work out how much tax you owe. We will aggregate all of your Living Annuity accounts at Liberty and STANLIB when determining how much tax you owe. If you have a tax directive from SARS which specifies a particular tax rate, you are welcome to give this to us, and we will apply this special rate. You will need to renew this tax directive with SARS for each tax year and provide it to us by the cut-off date we communicate to financial advisers annually.

In the unlikely event that SARS instructs us to deduct additional tax owed by you from your annuity income, we will let you know as soon as we receive the instruction. By law, we are required to pay this amount to SARS. If you feel SARS is requesting this tax in error, you may dispute the issue with SARS directly.

We will send you an income tax certificate annually which reflects the tax we have paid on your behalf. The certificate will also be made available for your convenience via our secure online portal.

### **Taxes applicable to your investment returns**

The returns on your investment are exempt from CGT, income tax on interest, dividends tax, and Real Estate Investment Trust (REIT) tax.

### **Nominating beneficiaries**

You should nominate beneficiaries to receive any money left in your policy when you pass away. If you do so, the death benefit will be allocated to the nominated parties and will not form part of your estate. You may update your nomination at any time. It is important to keep your beneficiary nomination up to date as benefits will be paid to the last beneficiaries on record prior to your death. You may elect to pay the benefit to your estate. If you do not submit a beneficiary nomination to us or have not elected any beneficiaries, the death benefit will accrue to your estate by default.

### **Voting in ballots**

A ballot refers to when a unit trust fund wishes to change its mandate, close, or merge with another unit trust fund and requires its clients' consent to make the change. Liberty is the owner of any unit trust funds that may be referenced in your policy, and as such will participate in a ballot vote for any proposed changes to a unit trust portfolio in your account. STANLIB will publish the results of the various ballots on our website. Once a ballot has been approved, you may find that there will be a change in your investment portfolio where one of your participating funds has merged with another. These details will appear on your quarterly investment statement.

### **What happens to your investment if you get divorced**

The court may only apply for a settlement on the annuity income you receive in your bank account and not on the capital amount of your policy. We will not be required to split your annuity income before we pay it to you, you will be paid the full amount, and may then be required to pay a portion on to your ex-spouse.

### **What happens to your investment if you are required to pay maintenance**

The court may instruct us to withdraw a portion of your investment income and pay it to the Maintenance Court, in order to satisfy a maintenance order which has not been paid. The withdrawal will be taxed in your name.

### **Conversion of annuity**

Liberty reserves the right to convert this Classic Linked Life Annuity policy to another compulsory annuity product, if Liberty at its sole discretion, considers it necessary to comply with legislative, regulatory or other requirements. These would include any requirements imposed by the tax authorities, in order to protect the tax approval status and to enable the annuity to provide an income for life.

### **Cooling off**

Due to the nature of this product as well as legislative and tax implications and other constraints, cooling off is not possible on this policy, so please bear this in mind when taking out the policy.

### **Ceding of your investment as collateral or security**

You are not allowed to cede your policy or your rights associated with the policy.

### **Transferring ownership of your investment**

You may not transfer your ownership in this policy to another party.

## Transferring your investment from STANLIB to another Living Annuity/Life Annuity

You may transfer your policy with us to another compulsory Living Annuity or compulsory Life Annuity. It is important that you understand the actual and possible implications and costs before you do this. Before you initiate the transfer, please check that the insurer to whom you want to transfer can accept your policy.

If you are considering converting your Living Annuity to a Life Annuity, please take into account that this is typically a one-off option; you may typically not reverse this decision and convert back to a Living Annuity again at a later stage.

## What happens to the investment when you pass away

### Who will receive money from the investment?

If you pass away, the money in your policy will not form part of your estate if you have nominated beneficiaries, and therefore will not be subject to estate duty tax or executor fees. We will pay any value left in your policy to the nominated beneficiaries as specified on the policy. If one of the beneficiaries you nominate has passed away before your passing, the nomination is effectively cancelled.

This is why we recommend that you remember to update your beneficiary nominations during your lifetime. If we don't have any beneficiaries on record for your policy, any value in the policy will be paid to your estate, and will attract the associated estate duties and fees.

### What value will be paid out, and how?

We will pay out the market value of your investment at the time which we process the beneficiaries claim instruction. Prior to processing the instruction, we will move the money into a STANLIB Money Market fund and apply for a tax directive in the name of the deceased.

Each nominated beneficiary can choose to do the following with the money they receive:

- Purchase a Living Annuity from Liberty or another provider of their choice.
- Cash out the money. Take note that regulation requires that this process take place within six months of the death of the investor.
- A combination of the above.
- A Trust beneficiary may only elect to receive the benefit as a cash payment and may not purchase an annuity.

## Conflict of interest

We will, wherever possible, avoid situations which result in a conflict of interest for STANLIB and Liberty. Where it is not possible to avoid such conflict, we will advise you of the conflict in writing at the earliest reasonable opportunity and will mitigate the conflict in accordance with our Conflict of Interest Management Policy.

A copy of this policy is available on our website. STANLIB is part of the Standard Bank Group of companies, which includes the Liberty Group. Intermediaries of both the Liberty Group and Standard Bank Financial Consultancy (a division of the Standard Bank of South Africa Limited) are permitted to sell STANLIB products.

## Force Majeure

Should STANLIB and/or Liberty be prevented from carrying out any of its obligations in terms of this investment because of things beyond its control ("Force Majeure"), STANLIB will notify the policyholder of the circumstances and nature of the Force Majeure as well as the estimated duration and extent to which its performance is made impossible.

Under such circumstances, STANLIB's and/or Liberty's obligations under the Investment will be suspended until the circumstances causing the Force Majeure ends and STANLIB and/or Liberty will not be liable to the policyholder for any damages whatsoever caused to the policyholder due to its inability to perform its obligations in terms of the Investment. Force Majeure includes, acts of God, acts of the State or Government, total national electricity failure, exceptionally adverse natural disasters, weather conditions, riot, insurrection, sanctions, sabotage, terrorism, political or civil disturbance, war, boycotts, embargo, strikes, lock-out, shortages of labour or materials, material delays in public transport or any similar circumstances beyond the reasonable control of STANLIB and/or Liberty.

## Complaints

If you are not satisfied with the service we have provided to you and you wish to make a formal complaint, please contact us or visit our website for the formal complaints process and forms. You should always raise your complaint directly with STANLIB before you can escalate it to the recommended regulatory bodies.

**stanlib.com**

STANLIB is an authorised financial service provider

If you are not satisfied with the response you receive from us, or if your complaint relates to the advice provided to you by a financial adviser, you can write to:

For complaints relating to your Classic Linked Life Annuity:

### The Long Term Insurance Ombudsman

**Postal address:** Private bag 45, Claremont, 7735

**Tel:** 0860 103 236

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

For complaints relating to STANLIB or your financial adviser:

### The Ombud for FSPs

**Postal address:** PO Box 74571, Lynnwood Ridge, 0040

**Toll-free:** 0860 324 766

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

Both Ombudsman detail their complaints process and have the necessary forms on their websites.

### Legislation which governs your investment

Amendments to or replacement of the legislation and directives for the following Acts, among others, may change the Terms and Conditions of your investment. Several of the below also require us to collect and retain your information in a specific manner:

- **The Long Term Insurance Act, and Policyholder Projection Rules**
- **The Collective Investments Schemes Control Act**
- **The Financial Advisory and Intermediary Services Act**
- **The Financial Intelligence Centre Act**
- **The Income Tax Act**
- **The Protection of Personal Information Act**
- **Exchange Control Regulations**

### Our contact details:

Queries:



Email: [contact@stanlib.com](mailto:contact@stanlib.com)

Instructions:



[lispinstructions@stanlib.com](mailto:lispinstructions@stanlib.com)



Tel: +27 (0) 860 123 003

Compliance Department:



Email: [LISPRiskandCompliance@stanlib.com](mailto:LISPRiskandCompliance@stanlib.com)



Registered Office: 17 Melrose Arch Boulevard, Melrose Arch, 2197

Liberty Group Limited:



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



Tel: +27 (0) 860 123 003  
Tel: +27 (0) 11 408 4871

# stanlib.com

STANLIB is an authorised financial service provider

**STANLIB**