

ADDITIONAL PRODUCT TERMS AND CONDITIONS APPLICABLE TO PPS LIVING ANNUITY HOLDING A LIFETIME INCOME PORTFOLIO



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BACKGROUND

This offering's structure aims to create an income stream within a living annuity. The offering is made available to policyholders within the PPS Living Annuity as a Lifetime Income asset class. The offering will be a Lifetime Income portfolio, that contains a Lifetime Income Policy, that PPS Insurance (the PPS Living Annuity policy provider) will purchase from a third-party life insurance company (Just Retirement Life (South Africa) Limited), henceforth referred to as Just, on behalf of the Living Annuity policyholder.

The Lifetime Income policy, purchased by PPS Insurance from Just, will be held as an asset in a Lifetime Income portfolio by PPS Insurance for purposes of providing a lifetime income into the Living Annuity of the policyholder. The Living Annuity policyholder is the life assured under the Lifetime Income portfolio.

The Lifetime Income portfolio will pay lifetime income payments monthly which will be allocated into a Collective Investment Scheme(s) or Customised Solution within the Living Annuity policy. This portion of the Living Annuity, not comprising the Lifetime Income portfolio, is referred to as the 'Unit Trust portion'. No annuity payment is paid out to policyholder from the Lifetime Income portfolio.

DEFINITIONS

Investment Portfolio	The unit trust portfolio that is used to determine the annual increases in Lifetime Income payments. The 6 year rolling average performance of the unit trust is used in determining annual increases in Lifetime Income payments.
Life assured	The life assured in respect of the Living Annuity and Lifetime Income portfolio.
Just	Just Retirement Life (South Africa) Limited, the Lifetime Income portfolio provider.
Lifetime Income portfolio	A policy that provides an annuity income stream for life, which is underwritten by Just Retirement Life (South Africa) Limited, a registered insurer, in respect of the Life assured.
Lifetime Income payment	Income paid from the Lifetime Income portfolio into a "Unit Trust portion" within the Living Annuity, and not directly to the Living Annuity policyholder.
Annuity payment	Living Annuity payment made regularly from the Living Annuity policy to the investor, subject to the 2.5% and 17.5% regulatory drawdown limits.
Lifetime Income portfolio holder	PPS Insurance Company Limited. The policy provider of the Living Annuity policy will be the policyholder of the Lifetime Income portfolio, purchased on behalf of the investor.
Lifetime Income allocation	The value of the Lifetime Income portfolio or portfolios in a Living Annuity relative to the value of the Living Annuity as a whole.
PPS Insurance	PPS Insurance Company Limited, the PPS Living Annuity policy provider.
Unit Trust portion	The portion of the PPS Living Annuity not comprising the Lifetime Income Portfolio(s).

Please note: In this document, the term "we" or "us" or "PPS Investments" could refer to PPS Investments, the Administrator, PPS Insurance Company Limited as the product providers and suppliers of the PPS Living Annuity, and/or employees and officers. "You" refers to the policyholder. "Living Annuity" or "policy" refers to the PPS Living Annuity, unless specified otherwise.

This document sets out the Terms and Conditions of Living Annuities that hold Lifetime Income portfolios, but does not serve as Terms and Conditions for the Lifetime Income portfolio itself. Please refer to the following documents from Just for more detail on the portfolio as well as the portfolio's terms and conditions: your Just Lifetime Income portfolio quote; the Just Lifetime Income Key Information Document (KID) accompanying your quote; and the factsheet from Just for the investment portfolio named in your Lifetime Income portfolio quote. These documents are hereafter referred to as the "Just Lifetime Income portfolio documents". In addition, these Terms and Conditions must be read in conjunction with the Terms and Conditions of the PPS Living Annuity.

LIFETIME INCOME PORTFOLIO SUITABILITY

The Just Lifetime Income Portfolio offering is suited to you when you:

- Seek to convert a portion of your retirement capital to a secure lifetime income
- Seek a lifetime income that grows with investment markets in the long term and can be extended to cover a minimum payment period
- Seek a diversifying asset class in which your return increases the longer you live
- Are comfortable with holding this investment for life

1 THE LIFETIME INCOME PORTFOLIO

1.1 What is a Lifetime Income portfolio?

A Lifetime Income portfolio is a portfolio that contains a Lifetime Income policy that PPS Insurance will purchase from Just on your behalf. The portfolio provides monthly lifetime income payments into the Unit Trust portion of your Living Annuity. The income amount may increase annually based primarily on the performance of the underlying Investment Portfolio. The purchase of the portfolio cannot be cancelled, sold, disinvested or reduced to allow for a switch-out.

The Lifetime Income paid by the Lifetime Income portfolio into the Living Annuity is secured by Just, but annuity payments from the Living Annuity to you are not. As such, the Living Annuity itself has no guarantees regarding capital or annuity payments, and no guarantees are borne by PPS Group or its subsidiaries. Furthermore, income is not paid from the Lifetime Income portfolio to you directly, but into a Unit Trust within your Living Annuity. Please refer to your Just Lifetime Income portfolio documents for more detail on the portfolio as well as the portfolio's Terms and Conditions.

1.2 How do I purchase a Lifetime Income portfolio?

A Lifetime Income portfolio can be purchased within your Living Annuity, by selecting the Lifetime Income portfolio, that contains a Lifetime Income policy, as an investment option a quote from Just will need to be provided and accepted before the purchase of your Lifetime Income portfolio can be completed.

After the purchase of your initial Lifetime Income portfolio, additional Lifetime Income portfolios can be purchased through a switch out of the Unit Trust portion in your Living Annuity and an election (switch-in) of a new Lifetime Income portfolio, provided the maximum allocation to Lifetime Income portfolios is not breached and the minimum investment amount per Lifetime Income portfolio is exceeded.

1.3 How long will the Lifetime Income payments last?

Just undertakes to provide lifetime income payments for the duration of your life. Please refer to your Just Lifetime Income portfolio documents for more detail on the portfolio as well as the portfolio's terms and conditions. Neither PPS Investments nor PPS Insurance provide a guarantee of any sort on the Lifetime Income portfolio income. Furthermore, the Living Annuity value and annuity payments are not guaranteed in any way.

1.4 How is the Lifetime Income portfolio value determined?

Each Lifetime Income portfolio from inception has a value that is calculated monthly by Just. The value may fluctuate as a result of current market conditions and average life expectancies. However, the Lifetime Income can reduce due to changes in this value; but may impact the future increases applied to the Lifetime Income.

The Lifetime Income portfolio will reflect as an investment option on statements and will be calculated and updated monthly as per above description. The Lifetime Income portfolio is completely illiquid, and the value of the portfolio will not be paid to your beneficiaries upon your death. Please refer to the sections on spouse's benefit and/or minimum payment period contained in this document should these options be elected at Lifetime Income portfolio commencement.

Please refer to your Just Lifetime Income portfolio documents from Just for more detail on the portfolio as well as the portfolio terms and conditions.

2 CONTRIBUTIONS

2.1 What is the minimum purchase amount per Lifetime Income portfolio?

The minimum is R50 000 per portfolio.

2.2 What is the maximum Lifetime Income allocation?

A maximum of 75% of your Living Annuity value can be allocated to a Lifetime Income portfolio/portfolios at every Lifetime Income portfolio commencement.

After the maximum of 75% of your Living Annuity has been allocated to Lifetime Income portfolio/portfolios, a maximum of 95% of the Living Annuity value can be held within Lifetime Income portfolios. Should the lifetime income allocation exceed 95% of your Living Annuity's total value, you will be required to transfer your whole Living Annuity to Just and purchase a Standalone Life Annuity with the remaining Living Annuity assets invested in the unit trusts. The above rules are set in place in order to ensure that we are in a position to provide you with your elected annuity payments even in times of high market volatility.

2.3 How many Lifetime Income portfolios can I purchase?

You can purchase any number of Lifetime Income portfolios during the existence of your Living Annuity, as long as your lifetime income allocation does not exceed 75% of your Living Annuity value when any Lifetime Income portfolio is purchased. The purchase of any Lifetime Income portfolio shall be subject to a minimum of R50 000 per portfolio.

Each purchase will create a new Lifetime Income portfolio which is issued by Just as no additional contributions can be made to existing Lifetime Income portfolios.

2.4 Can I phase in a lump sum?

Phase-ins into Living Annuities with Lifetime Income portfolios are not allowed.

3 LIFETIME INCOME PORTFOLIO INVESTMENT

3.1 In what Fund Range is the Lifetime Income portfolio available?

The Lifetime Income portfolio is only available in the Select Fund Range. As such, if you have an existing Living Annuity in the Original Range and wish to enter a Lifetime Income portfolio, you must first request a Fund Range switch from Original to Select.

4 TRANACTING ON MY LIFETIME INCOME PORTFOLIO

4.1 Can I switch out of, sell, cancel or reduce my Lifetime Income portfolio?

The Lifetime Income portfolio which contains a Lifetime Income policy cannot be cancelled, sold, disinvested or reduced to allow for a switch-out. Please refer to your Just Lifetime Income portfolio documents for more detail on the portfolio as well as the portfolio terms and conditions.

The Lifetime Income portfolio portion of the Living Annuity is illiquid. Annuity payments to you and fee payments must be deducted from the Unit Trust portion of the Living Annuity.

4.2 Can I withdraw from my Lifetime Income portfolio?

The Lifetime Income portfolio can never be withdrawn. The Lifetime Income portfolio benefit can only be converted to cash by Just if the total value of your Living Annuity is less than R125 000. The cash value calculated by Just may be different from the Lifetime Income portfolio value presented in the Living Annuity. The converted cash value of your Lifetime Income portfolio will then be paid by Just into your Living Annuity. Thereafter, a full withdrawal from your Living Annuity can be made.

5 LIFETIME INCOME PAYMENTS

5.1 Are my Lifetime income payments re-invested?

The Lifetime Income payments will be allocated monthly to the same unit trust(s) within the Unit Trust portion of your Living Annuity you elected for your annuity payments.

6 ANNUITY PAYMENTS

6.1 Where are my Annuity payments taken from?

Your Annuity payments will be funded from specific unit trust(s) that you have selected within the Unit Trust portion of your Living Annuity.

The value of the Unit Trust portion of your Living Annuity policy will increase or decrease in line with market fluctuations. You therefore bear the investment risk in respect of both capital and income. Your capital may be eroded in order to maintain your required level of income, or your income may have to be reduced on the anniversary date in order to preserve your capital. Neither the amount of the annuity payment nor the level of investment return is guaranteed.

7 COOLING OFF, CONVERSIONS AND TRANSFERS

7.1 Is there a cooling-off period, should I change my mind about the Lifetime Income portfolio?

Cooling off is not applicable.

7.2 Can I transfer my Living Annuity policy to another provider if it contains a Lifetime Income portfolio?

Your Living Annuity may be transferred from one insurer to another insurer in terms of Section 37 of the Long-term Insurance Act and Directive 135 if the receiving living annuity provider will accept the transfer of all the Lifetime Income portfolios within your Living Annuity. Should the receiving Living Annuity provider not accept the whole Living Annuity including the Lifetime Income portfolio then a transfer will not be possible. Changing your Investment Portfolio selection is permitted if you wish to transfer your Living Annuity.

At any point you can elect to convert your entire Living Annuity into a Standalone Life Annuity policy from Just.

When your lifetime income allocation exceeds 95% of the Living Annuity value, a forced conversion of your entire Living Annuity to a Standalone Life Annuity from Just will occur.

Your Living Annuity with a Lifetime Income portfolio may not be converted to a life annuity of another life company.

8 TIMELINES AND ADMINISTRATION

8.1 When will my lifetime income payments be paid into my Living Annuity?

Just will make monthly income payments on the 22nd of each month. These income payments will be invested into the Unit Trust portion from where you elected your annuity payments to be paid from. Lifetime income will not be paid to you directly.

8.2 How long will it take for my transaction to be processed and submitted to Just?

Subject to the commencement date of lifetime income payments indicated on the Just quote, 15th of the month is the last day by which completed required documents can be submitted to Just to ensure that your lifetime income payment is included for that respective month, subject to the receipt of a valid instruction and supporting documents before the daily cut-off time of 14:00 by PPS Investments:

8.2.1 New business/additional contributions

Cut off	Process instruction	Lifetime Income portfolio is purchased	Transaction priced by Administrator	Submits instruction to Just	Transaction processed by Just	Lifetime Income portfolio finalised
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of Day 2	Day 4	Day 5	Day 6

8.2.2 External Switch a Management Company (A) and Just

Cut off	Process instruction	A sells the units	Sale of units finalised	Money paid to Just	Transaction priced by Administrator	Submits instruction to Just	Transaction processed by Just	Lifetime Income portfolio finalised
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of day 2	Day 4	Day 5	Day 6	Day 7	Day 8

Please note that certain switches cannot be processed during the period when fees or annuity income payments are being processed. This is to ensure those payments are made timeously. Please contact the Administrator for more information.

Whilst the Administrator endeavours to adhere to the timelines outlined above, it does not accept responsibility for delays in processing instructions as a result of extraordinary events which are beyond the control of the Administrator.

9 TAX AND MY LIFETIME INCOME PORTFOLIO

9.1 Is the Lifetime Income portfolio or the lifetime income payments taxed?

The Lifetime Income portfolio is held as an asset within a Living Annuity policy. All assets within a Living Annuity are held within the untaxed policyholder fund. The lifetime income payments generated by the Lifetime Income portfolio are paid into the Living Annuity policy and not paid out to you as an annuity payment. Please refer to the PPS/OPN Living Annuity Terms and Conditions for detail on tax on your Living Annuity.

No interest or dividends will be generated by the Lifetime Income portfolio. If any gain or loss is realised on a Lifetime Income portfolio it is exempt as the policy is held in the untaxed policyholder fund of the Living Annuity policy provider.

a) What tax is payable at my death?

The Lifetime Income portfolio is held within the Living Annuity policy. At death the value of the Lifetime Income portfolio will be amended as set out in the Lifetime Income Key Information Document from Just. The relevant Living Annuity taxes will apply based on the elected beneficiary options allowed within the Living Annuity policy contract.

b) What tax is payable at full withdrawal?

The Lifetime Income portfolio is held as an asset class within the Living Annuity policy and no withdrawal can be made from the Lifetime Income portfolio. However, should the Living Annuity value drop below the minimums as set out in Section 4, the surrender value of the Lifetime Income portfolio(s) may be paid by Just into the Living Annuity on your request. The full value of the Living Annuity policy can then be withdrawn. The full withdrawal will be taxed in your hands based on SARS retirement fund lump sum benefits.

10 FEES

10.1 What fees are applicable to my Lifetime Income portfolio within my Living Annuity?

Please refer to your Just Lifetime Income portfolio documents for the fees charged by Just on your Lifetime Income portfolio.

10.2 What fees are applicable to my Living Annuity containing a Lifetime Income portfolio?

Administration Fees

PPS Investment's administration fees are applied on the market value of your Living Annuity. This is determined based on the market value of all Investment Options within your Living Annuity, including your Lifetime Income portfolio(s). The fees will not be recouped from the Lifetime Income portfolio, but from the Investment Option(s) ('Unit Trust portion') held in the Living Annuity policy selected by you.

Financial Adviser Fees

If you have appointed a financial adviser, you may have agreed to initial and/or ongoing fees, as indicated on the application form. Fees will be recouped from one selected, unit trust in your Living Annuity policy. The fees are determined based on the market value of all Investment Options within your Living Annuity, including your Lifetime Income portfolio(s).

11 BENEFICIARIES AND PROCEEDS ON DEATH

11.1 What are the beneficiary rules for Living Annuities with a Lifetime Income portfolio?

For a Lifetime Income portfolio without a linked spouse, and no minimum payment period was elected, no beneficiary is required on the Living Annuity policy portion relating to that Lifetime Income portfolio. At death of the policyholder the Lifetime Income portfolio will terminate and its value will drop to zero.

Minimum payment period

Where you have elected a minimum payment period, should you pass away during the minimum payment period, a lump sum income payment will be made by Just into the Unit Trust portion of the Living Annuity. If you have also selected a spouse's income then, should you pass away during the minimum payment period while your spouse is still alive, your spouse will start receiving the monthly lifetime income that was to be paid to you for the remainder of the minimum payment period. Thereafter he/she will receive the spouse income that was selected. Should both you and your spouse pass away during the minimum payment period, a lump sum income payment will be made by Just into the Unit Trust portion of the Living Annuity. The rules with regard to beneficiaries on the Living Annuity policy will apply to any lump sum payments made to the Living Annuity. Please refer to your Just Lifetime Income portfolio documents for full Lifetime Income portfolio terms and conditions, and for further detail on how the lump sum is calculated.

Spouse Living Annuity

Following your death, if a spouse's benefit is elected on a Lifetime Income portfolio and your spouse is still alive, and no minimum payment period was elected (or the minimum payment period has been exceeded), the value of the income payments will reduce to the elected spousal benefit value. Just will adjust the value of the Lifetime Income portfolio based on the new income payment values.

Your spouse can opt to:

- Transfer the Lifetime Income portfolio to a new Living Annuity with Lifetime Income¹;
- Split the PPS Living Annuity with Lifetime Income into a Living Annuity² and a standalone Just With-Profit Annuity; or
- Convert the full PPS Living Annuity with Lifetime Income into a standalone Just With-Profit Annuity.

Note:

Should your spouse wish to continue receiving the income in a Living Annuity with PPS Investments, not more than 75% of the value of the new living annuity can be allocated to the Lifetime Income portfolio upon transfer.

While the spouse will be the sole beneficiary of the Lifetime Income portfolio, there may be other beneficiaries to the Living Annuity. Standard Living Annuity beneficiary rules apply to the remainder of the Living Annuity.

Please refer to your Just Lifetime Income portfolio documents for full Lifetime Income portfolio terms and conditions.

12 THE AGREEMENT

By electing to purchase an Lifetime Income portfolio within your Living Annuity, you acknowledge and confirm the following:

- 12.1** I have read and understood these additional PPS Living Annuity Product Terms and Conditions and understand that these Terms and Conditions where applicable, shall apply to my Living Annuity policy in addition to the general terms and conditions of the PPS Living Annuity Policy.
- 12.2** I have received, read and understood the Just Lifetime Income portfolio documents and accept the Terms and Conditions of the Lifetime Income portfolio.
- 12.3** I am fully aware that PPS Investments is not the product provider or underwriter of the Lifetime Income portfolio and shall not be held liable for any losses incurred by me in relation to the Lifetime Income portfolio issued by Just. Transfer to a new PPS Living Annuity with Lifetime Income is only possible for spouses who currently are or become PPS members. Furthermore, transfer to another long-term insurer can only occur if the long-term insurer can accept transfer of the Lifetime Income portfolio(s).

¹Transfer to a new PPS Living Annuity with Lifetime Income is possible for all spouses, including non-member spouses, if a spouse's benefit above 0% was selected at Lifetime Income portfolio commencement. However:

- Non-member spouses will **not** be allowed to make additional contributions or transfers to this PPS Living Annuity;
- Non-member spouses will **not** be allowed to hold any other products in the PPS product suite; they may only hold other products in the OPN product suite; and
- The non-member spouse will **not** earn profit-share allocations on the PPS Living Annuity with Lifetime Income.

Furthermore, transfer to another long-term insurer can only occur if the long-term insurer can accept transfer of the Lifetime Income portfolio(s).

²The annuity may be purchased from any long-term insurer.