

# PRODUCT TERMS, CONDITIONS AND DECLARATIONS FOR THE PPS/OPN LIVING ANNUITY



PROFESSIONAL PROVIDENT SOCIETY INVESTMENTS PROPRIETARY LIMITED ("PPS INVESTMENTS")  
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## GLOSSARY

<b>Administrator</b>	PPS Investments Proprietary Limited (Reg. no. 2005/029098/07), a licensed financial services provider (FSP licence no. 39270), is the current administrator of the PPS Living Annuity and Intembeko Proprietary Limited is the current administrator of the OPN Living Annuity.
<b>Capital Gains Tax (CGT)</b>	A tax which may be paid on profits realised when selling an asset.
<b>Cession</b>	Surrendering your right to the funds in your investment and assigning these to another person or entity either permanently or temporarily.
<b>Collective Investment Schemes Control Act (CISCA)</b>	The Act Regulates and controls the establishment and administration of collective investment schemes.
<b>Collective Investment Scheme (CIS)</b>	An investment vehicle that pools the money of many investors for an asset manager to invest on their behalf. The combined portfolio is divided into equal portions called "units", which are divided among participating investors based on the value of the contributions they've made to the overall portfolio (Also known as a "unit trust" or "fund").
<b>Coronation Life</b>	Coronation Life Assurance Company Limited (Reg. no. 1999/005510/06) (FSCA no. 10/10/1/0188), who is the underwriter of the OPN Living Annuity.
<b>Dividend Withholding Tax</b>	A tax on shareholders (beneficial owners) when dividends are paid to them, and, under normal circumstances, is withheld from their dividend payment by a withholding agent (either the company paying the dividend or, where a regulated intermediary is involved, such as a collective investment scheme, by the latter) and paid to the South African Revenue Services.
<b>Discretionary Fund Manager</b>	A Discretionary Fund Manager is a FAIS CAT II investment manager that invests on behalf of their clients through a variety of investment options.
<b>Drawdown Rules</b>	The drawdown annuity strategy which policyholders may follow should they retire from any of the Funds and opt to follow the PPS/OPN Default Living Annuity Solution.
<b>Financial Advisory and Intermediary Services Act (FAIS Act)</b>	This act applies to any advice given in relation to your investment. It also governs any form of intermediary services provided to you, by PPS Investments and PPS Insurance.
<b>Financial Intelligence Centre Act (FICA)</b>	This act requires PPS Investments to obtain certain information from you in order for us to verify who you are before we process your investment.
<b>Financial Sector Conduct Authority (FSCA)</b>	The regulatory body responsible for the non-banking financial services industry in South Africa.
<b>FSP Licence</b>	A licence that allows an entity to provide a financial product other than a financial instrument, or which gives advice or offers an intermediary service as a regular part of its business.
<b>Income Distributions</b>	The income that is generated by the securities in a unit trust and is then paid to investors. This income is added to each investor's portfolio in proportion to the number of units they hold in the unit trust.
<b>Investment Option(s)</b>	Unit trusts, Managed Share Portfolio or Model Portfolios managed by a Discretionary Fund Manager.
<b>Default Investment Option(s)</b>	Unit trust portfolios which have been selected as default investment portfolios and made available within the Living Annuity for policyholders who select the PPS/OPN Default Living Annuity Solution.
<b>Income Tax</b>	A tax levied by Government on personal income (or on business income) according to prescribed rates.
<b>Income Tax Act (ITA)</b>	Income Tax Act 58 of 1962 which regulates the payment of taxation in South Africa.
<b>Interest Withholding Tax (IWT)</b>	IWT is a tax charged on interest paid (on or after 1 March 2015) by any person to or for the benefit of a foreign person (which includes individuals, companies, etc.) from a source within South Africa.

<b>Living Annuity</b>	The PPS/OPN Living Annuity, whether or not it follows the drawdown rules or is invested in the default Investment Option(s) of the PPS/OPN Default Living Annuity Solution drawdown rules.
<b>Long-term Insurance Act (LTIA)</b>	The Long Term Insurance Act 52 of 1998 which regulates long-term Insurers in South Africa.
<b>Market Value</b>	The current value of your investment (usually the unit price x the number of units).
<b>Minimum Disclosure Document (MDD)</b>	A fact sheet disclosing key information about the Investment Option(s).
<b>Multi-Managed Investment Options</b>	Investment Option(s) which are managed by several unrelated investment managers.
<b>Net Investment Amount</b>	The Rand amount invested by you in your Living Annuity minus the applicable fees and charges.
<b>Phase-in</b>	The process by which a lump sum is split into several different portions to gradually be invested into the selected Investment Option(s) (as opposed to a once-off transaction). Investors who phase in their investment seek to reduce the impact that an unexpected market decline may have on their capital at commencement. Thus, a decline shortly after investing would only affect a portion of the total investment capital, as opposed to impacting the overall lump sum.
<b>Policyholder</b>	The person in whose name the living annuity policy is held.
<b>PPS Insurance</b>	Professional Provident Society Insurance Company Limited (2001/017730/06) (FSCA no. 10/10/1/214), a licensed financial services provider (licence no. 1044). PPS Insurance is the underwriter of the PPS Living Annuity.
<b>PPS Investments (PPSI)</b>	Professional Provident Society Investments Propriety Limited (2005/029098/07), a licensed financial services provider (licence no. 39270).
<b>PPS Investment Secure Online Services</b>	An online portal that allows clients and financial advisers to transact online from anywhere, and at any time ( <a href="http://www.ppsisecure.co.za">www.ppsisecure.co.za</a> ).
<b>PPS Investments Website</b>	An online portal that offers additional information about the PPS Investments range of investment products and funds ( <a href="http://www.pps.co.za/save-invest">www.pps.co.za/save-invest</a> ).
<b>Default Living Annuity Solution</b>	The PPS/OPN Living Annuity which follows a predetermined drawdown strategy and has been adopted by the Funds as the approved default annuity strategy, in terms of Regulation 39 of the Pension Funds Act, for its retiring members.
<b>SARS</b>	The South African Revenue Service.
<b>Single-Manager Investment Options</b>	Investment Options which are managed by a single investment manager.
<b>Total Expense Ratio (TER)</b>	A measure of the total costs associated with managing and operating a unit trust. Total costs are expressed as a percentage of the total assets under management. The higher the TER percentage, the greater the overall cost to the investor.
<b>Transaction Cost (TC)</b>	The total cost incurred in buying and selling the underlying assets of your Investment Option(s).
<b>Units</b>	Unit trust funds are split into equal portions called units that are allocated to you according to the amount of money you invest and the price of the units on the day you buy them.
<b>Please note:</b>	In this document, the term “we” or “us” or “PPS Investments” could refer to PPS Investments, the Administrator, PPS Insurance and/or Coronation Life as the product providers and suppliers of the PPS/OPN Living Annuity and/or PPS/OPN Default Living Annuity, and/or employees and officers. “You” refers to the policyholder and/or investor. Living Annuity or policy refers to the PPS and/or OPN Living Annuity, unless specified otherwise.

**PRODUCT SUITABILITY**

**The Living Annuity is suited to retirees looking to invest their accumulated retirement savings to receive a retirement income and an opportunity to generate further investment returns. The PPS/OPN Living Annuity forms part of the comprehensive PPS Investments product suite.**

It may be suitable if you do not require a guaranteed income, are willing to take some investment risk to target additional investment growth and are comfortable to assume responsibility for managing your retirement savings.

You can update your drawdown details once a year and can change your selection of Investment Options at any time without cost. This allows you to ensure that your investment remains optimally structured and best suited to your individual requirements, even as your living expenses change from year to year. It also means that you will be better equipped to deal with large, unforeseen expenses.

Upon your death, all amounts remaining in your Living Annuity are paid directly to your nominated beneficiaries. Your investment may therefore hold enduring value for your loved ones. This will also save your estate executor’s fees.

PPS Investments would encourage all investors to consult with a financial adviser before making any post-retirement investment decisions.

## 1 THE LIVING ANNUITY

- 1.1 What is a Living Annuity?**  
A Living Annuity is an annuity purchased from a long-term insurer in terms of the Long-Term Insurance Act, in your name, using proceeds from your retirement fund benefit or another Living Annuity to provide you with an income in your retirement.
- 1.2 What is the PPS/OPN Default Living Annuity Solution offered within the Living Annuity?**  
The PPS/OPN Default Living Annuity Solution is not a separate living annuity product. The PPS Default Living Annuity Solution and is made up of the PPS Balanced Fund of Funds which has been elected as the default Investment Option for the PPS Default Living Annuity Solution. It is the PPS/OPN Living Annuity which follows predetermined annuity Drawdown Rules, with annual nominal annuity increases of 5.7%. In other words, should you elect the PPS/OPN Default Living Annuity Solution within your Living Annuity when retiring from any of the Funds, you will be issued with a Living Annuity policy which will follow predetermined Drawdown Rules.
- 1.3 How do I purchase a Living Annuity?**  
You may purchase a Living Annuity by submitting a Living Annuity application form in the prescribed format with the required supporting documentation to the Administrator for acceptance and approval. In addition, your payment of the required investment amount must reflect in the relevant Living Annuity bank account.
- 1.4 When does my Living Annuity terminate?**  
Your Living Annuity will terminate if the value of the investment is zero, on your death or should you choose to transfer your Living Annuity to another long-term insurer.
- 1.5 Who administers my Living Annuity?**  
Your Living Annuity is administered by the Administrator, who is licensed by the FSCA in terms of the FAIS Act as a Category I Financial Services Provider providing intermediary services.
- 1.6 What is the value of my investment?**  
The value is equivalent to the market value of your Investment Option(s) less any fees and charges. Your investment amount will be reduced by any tax that may be payable. The value of your investment will increase or decrease as the market values of the underlying securities in your chosen Investment Option(s) fluctuate. The Administrator does not provide any guarantees in relation to any investment performance.
- 1.7 Who owns my investment?**  
You are entitled to the payment of a benefit from your Living Annuity. However, the long-term insurer owns all the underlying investments within your Living Annuity.
- 1.8 Is my Living Annuity protected against creditors?**  
Your Living Annuity is protected from your creditors. The capital within your Living Annuity may not be attached by means of a court order should you be declared insolvent. However, any income withdrawn by you from your Living Annuity does not enjoy a similar protection and may be attached by your creditors.

## 2 CONTRIBUTIONS

- 2.1 What are the minimum investment amounts for the Living Annuity?**  
Contributions towards a Living Annuity can only be made from proceeds received from registered retirement funds or by way of a transfer from another Living Annuity into your PPS/OPN Living Annuity.
- Lump sum: R100 000
  - Recurring: Not applicable
  - Ad hoc: Proceeds following the retirement from a registered retirement fund may be combined with your existing PPS Living Annuity.
- 2.2 What is the minimum investment period?**  
There is no minimum investment period, as you choose your own investment period. However, the policy benefit can only be accessed on your death or if the value of the assets is less than R50 000 (if you took an allowable cash withdrawal at retirement) or R75 000 (if you did not take an allowable cash withdrawal at retirement).
- 2.3 Can I phase-in a lump sum?**  
Yes, lump sum investments can be phased in over a period of time. You may phase in your lump sum investment over 3, 6 or 12 months. If you choose to phase in a lump sum, the full lump sum will initially be invested into the PPS Enhanced Yield Fund and will be phased into your selected Investment Option(s).
- Phase-ins are not available if you elect to enter the PPS/OPN Default Living Annuity Solution.
- 2.4 When I deposit monies, will I receive interest before it is invested?**  
Interest will be applied on all deposits if it takes longer than one day to process your contribution after the deposit has been paid into the Living Annuity bank account.

## 3 INVESTMENT OPTIONS

- 3.1 What are the available Investment Option(s) within the Living Annuity?**  
You have access to a premium selection of PPS Multi Managed Investment Options and a refined list of Single-Manager Investment Options. In addition, you may also access the PPS Managed Share Portfolio. The PPS Managed Share Portfolio provides access to a personalised portfolio of shares listed on the Johannesburg Stock Exchange (JSE) managed by an FSCA-approved stock broking company. You may access this Investment Option information via our website. These Investment Options may change from time to time.

- 3.2 What are the available Investment Option(s) should I elect to follow the PPS/OPN Default Living Annuity Solution within my Living Annuity?**  
You may select Investment Option(s) from the list of default Investment Option(s) which have been selected by the trustees of the Funds as suitable default investment portfolios for the PPS/OPN Default Living Annuity Solution. In this regard please refer to the Investment Option Schedule for the default Investment Option(s) which may be selected within your PPS/OPN Default Living Annuity Solution. The Investment Option Schedule may be accessed at [www.pps.co.za/save-invest](http://www.pps.co.za/save-invest).

## 4 SWITCHES

- 4.1 Can I switch between Investment Options within my Living Annuity, and how?**  
You may switch between Investment Options as often as you choose without incurring a transaction fee. However, should the asset manager of your chosen Investment Option charge an initial fee for investing into its Investment Option, this fee would be applied to your investment. Thus, you may switch between available Investment Options subject to the requirements and conditions that the Administrator or asset manager of the relevant Investment Options may apply.
- To make a switch you must complete a Switch Form (available on our website) and submit it to the Administrator with any required supporting documentation.
- 4.2 Can I switch between Original and Select Fund Ranges within my Living Annuity?**  
PPS Investments currently offers two ranges of Investment Option(s), namely the Original Fund Range (available prior to 1 October 2014) and the Select Fund Range (available post 1 October 2014). Existing investors in the Original Fund Range can continue to access the Investment Options listed in the Original Fund Range Investment Option schedule. The range is, however, closed to all new investments. New investments can only be made into the Select Fund Range. The Investment Option(s) are set out in the Select Fund Range Investment Option schedule. You will not be allowed to combine Investment Option(s) from the Select and the Original Fund Ranges.
- 4.3 Can I switch out of the default Investment Option(s) within my PPS/OPN Default Living Annuity Solution?**  
You may switch any portion of your investment out of the default Investment Options.  
Please note:
- Your Living Annuity shall no longer be deemed as the PPS/OPN Default Living Annuity;
  - Your future annual annuity income drawdown rates shall be elected by you on the anniversary of your PPS/OPN Living Annuity and that your selected annuity drawdown rate may not be sustainable for your retirement;
  - The proposed default drawdown standard shall no longer apply to you PPS/OPN Living Annuity;
  - Once this switch instruction form has been processed by PPS Investments, I will not be allowed to switch back into the PPS/OPN Default Living Annuity.

## 5 WITHDRAWALS

- 5.1 Can I withdraw funds from my Living Annuity?**  
The policy benefit can only be withdrawn if the value of the assets in your Living Annuity are less than R125 000.
- Payments will only be made to the bank account in the name of the investor or their estate or beneficiaries.

## 6 CESSIONS, COOLING OFF, LOANS, CONVERSIONS AND TRANSFERS

- 6.1 Are cessions allowed?**  
Ownership of your Living Annuity cannot be transferred to another person by way of a cession or ceded as security.
- 6.2 Is there a cooling-off period, should I change my mind about the Living Annuity?**  
Cooling off is not applicable.
- 6.3 Can I take a loan from my Living Annuity?**  
You cannot borrow against your Living Annuity.
- 6.4 Can I convert my Living Annuity into a conventional annuity with another insurer?**  
Your Living Annuity may be converted to a conventional life annuity administered by another insurer. However, a conventional annuity cannot be converted to a Living Annuity.
- 6.5 Can I transfer my Living Annuity to another insurer?**  
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.

## 7 ANNUITY INCOME

- 7.1 What income may I withdraw from my PPS/OPN Default Living Annuity Solution?**  
If you elect to enter the PPS/OPN Default Living Annuity Solution, at the commencement of your policy, your annuity income shall be calculated in accordance with your age and gender as indicated in the drawdown tables on your PPS/OPN Default Living Annuity Solution application form.  
At each subsequent anniversary date, your annuity income (in Rands) shall increase annually by 5.7%.  
Please refer to your policy confirmation schedule for further details on your annuity income. A living annuity allows you to set your income level (within limits). The level of income you select is not guaranteed for the rest of your life. It is therefore important to consider that your income level may be too high and may not be sustainable if you live longer than expected. This may result in your capital being depleted before your death.
- 7.2 What income may I withdraw from my Living Annuity?**  
Your annual annuity withdrawal is subject to certain regulatory minimum and maximum limits as set by the South African Revenue Service (SARS). Currently, the minimum annual amount which may be withdrawn from a Living Annuity is calculated at **2.5%** of your net investment value as at the anniversary date of your policy and the maximum amount is **17.5% per annum**.

It is your responsibility (in consultation with your financial adviser) to ensure that the income you select is at a level that would be sustainable for the rest of your life. You need to carefully manage the income you draw relative to the investment return on your capital in order to achieve this.

The table below can be used as a guide:

**Years before your income will start to reduce**

		Investment return per annum (before inflation & after all fees)				
		2.50%	5.00%	7.50%	10.00%	12.50%
Annual income rate selected at inception	2.50%	21	30	50+	50+	50+
	5.00%	11	14	19	33	50+
	7.50%	6	8	10	13	22
	10.00%	4	5	6	7	9
	12.50%	2	3	3	4	5
	15.00%	1	1	2	2	2
	17.50%	1	1	1	1	1

Source: ASISA Standard of Living Annuities

It is important to note that the table above assumes that you will adjust the percentage income you select over time to maintain the same amount of real income (i.e. allowing for inflation of 6% per annum). Once the number of years in the table above has been reached, your income will reduce fast in the subsequent years.

Please ensure that your adviser has explained both the advantages and the risks of the living annuity when compared to a conventional annuity (where the insurer carries the full investment risk and the risk of you living longer than expected).

The table is a general guideline and should be considered taking into account each policyholder's financial situation and all other sources of income. It is an indicative guideline only, to assist you in making informed decisions in respect of your annuity.

**7.3 When will my annuity income be paid?**

You will receive your annuity payment monthly in arrears and it will be paid by the **28th of the month**. If your investment is finalised on or before the 14th of the month, the annuity income will be paid at the **end of that month**. For investments finalised after the **14th of the month**, annuity income will be paid at the **end of the following month**.

**7.4 When may I change the amount of annuity income I receive from my Living Annuity?**

You have the option to review the amount of your annuity income on the anniversary date of your policy. It is important to ensure that the annuity income you select will be sustainable for the rest of your life.

The Administrator must receive a written notice of any changes to your annuity income before the relevant cut-off date in the anniversary month of your policy, which date will be indicated on the correspondence sent to you.

If the Administrator does not receive an annuity review instruction from you, your most recent instruction will remain valid. However, the Administrator will review your annuity income to ensure that it complies with applicable minimum and maximum annuity criteria. As a result, automatic adjustments to your annuity income may be required, which may lead to an increase or a decrease in your annuity income during the following year.

**7.5 When may I change the amount of annuity income I receive from my PPS/OPN Default Living Annuity Solution?**

You have the option to review the amount of your annuity income on the anniversary date of your policy. Should you elect to follow the PPS/OPN Default Living Annuity Solution, your annuity income (in Rands) will increase automatically by 5.7% at each anniversary date.

Should you elect to have an alternative drawdown rate to that indicated by the predetermined Drawdown Rules, your Living Annuity shall no longer follow the PPS/OPN Default Living Annuity Solution Drawdown Rules. Should your Living Annuity no longer follow the proposed Drawdown Rules, you will be required to elect an annual living annuity income between 2.5% and 17.5% of your net investment value as of the anniversary date of your policy. You will also be able to switch to any Investment Option(s) within the Select Fund Range of PPS Investments.

Once your drawdown instruction has been communicated to the Administrator it cannot be reversed.

**7.6 Where is my annuity income taken from?**

Your annuity income will be funded by proportional withdrawals from your underlying Investment Option(s) or from a specific Investment Option that you have selected. The value of your 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 nor the level of investment return is guaranteed.

## 8 TIMELINES AND ADMINISTRATION

### 8.1 How long will it take for my transaction to be processed?

Subject to the receipt of a valid instruction and supporting documents before the daily cut-off time of **14:00**:

#### 8.1.1 New business/additional contributions

Cut off	Process instruction	Units are purchased	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of Day 2	Day 4

#### 8.1.2 Internal Switch (switch within the same Management Company)

Cut off	Process instruction	Units are sold	Units are bought	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 2	Day 3 at price of day 2	Day 4

#### 8.1.3 External Switch (switch between different Management Companies (A&B))

Cut off	Process instruction	A sells the units	Sale of units finalised	Money paid to B	B purchases units	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of day 2	Day 4	Day 4	Day 5 at price of day 4	Day 6

#### 8.1.4 Withdrawals

##### Step 1 (Switch transaction)

Cut off	Process instruction	Units are sold	Sale of units finalised	Money from sale switched into clearing account	Step 1 finalised
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of day 2	Day 4	Day 5

##### Step 2 (Withdrawal transaction)

Tax directive requested	Tax directive received	Withdrawal processed	Sale of units in clearing account	Transaction finalised	Money available in bank account
Day 5	Day 6	Day 6	Day 7	Day 8 at price of day 7	Day 9

Please note that certain switches and withdrawals 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 further information.

### 8.2 Delays in processing instructions

Whilst the Administrator endeavors 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.

### 8.3 How are income distributions dealt with?

All income distributions are reinvested automatically.

## 9 REPORTING AND ONLINE ACCESS

### 9.1 Can I transact and view my investments online?

PPS Investments' Secure Online Services allows you to transact online for certain transactions. You may also access information about your investment, instructions we have received for your investment, your investment performance and your investment asset class exposure, among others. Should you not have a Secure Online Services account you may complete the online self-registration process on our website and an online account will be activated for you. You can also use the PPS mobile App to manage your investment, view balances, transact and download tax certificates.

### 9.2 Will I receive confirmation of my transaction?

Confirmation of your transaction will be sent to you once your investment has been processed. Statements will be sent to you at regular intervals, not exceeding three months apart. Copies of statements are available on request from the PPS Investments Client Service Centre on 0860 468 777 (0860 INV PPS). Alternatively, you can register on PPS Investments' Secure Online Services, and have access to your statements.

### 9.3 Will my financial adviser receive confirmation of my transaction?

If you have appointed a financial adviser, the Administrator will send your investment confirmation document to the financial adviser listed in the financial adviser details section of the Living Annuity application form. All documentation in relation to your Living Annuity will be made available to your appointed financial adviser on their request.

## 10 TAX AND MY LIVING ANNUITY

### 10.1 Will I pay tax within the Living Annuity?

Your Living Annuity income payment is taxed according to your marginal rate of tax, assuming your Living Annuity is your only income. However, should you provide the Administrator with a relevant SARS tax directive, income tax will be deducted accordingly. Withdrawal lump sum tax may be incurred should your beneficiary elect to receive their death benefit as a cash lump sum or should you fully withdraw the remaining capital of your Living Annuity. The onus is on you, the policyholder, to provide tax directives where applicable.

The returns generated by your investment are exempt from South African taxes such as capital gains and dividend withholding tax. Interest, income, foreign dividends and rental income are also currently untaxed in South Africa. Foreign taxes may be applicable on foreign instruments.

An annual tax certificate will be issued to you with regards to income earned.

## 11 FEES

### 11.1 What fees are applicable to my investment?

Three types of fees are charged:

- **Financial advice fees:** If you have appointed a financial adviser you may have agreed to initial and/or annual fees (as indicated on the application form or amendment form). Initial fees are deducted from the investment amount prior to investment. Annual fees are deducted through the sale of units in your Investment Option(s) and paid to your adviser monthly in arrears. The fee is calculated and accrued daily.

- **Administration fees:** These are payable for administration services provided by the Administrator. No initial administration or transaction fees are charged. Annual fees are deducted through the sale of units in your Investment Option(s) and paid monthly in arrears. The PPS Investments client-based charging model reduces ongoing administration fees based on the total amount of assets you have invested with them (across all the products you have invested in), excluding assets invested in funds on which a fixed administration fee applies (refer to General Terms and Conditions for more detail).

- **Asset management fees:** Initial fees and annual asset management fees on the underlying Investment Option(s) selected will be charged by each management company. There are also other allowable expenses associated with an Investment Option. These fees and charges are deducted within the unit trust and are therefore not deducted in units, and are instead accounted for in the published performance of the Investment Option. These fees are indicated on the relevant Minimum Disclosure Document available on our website.

All fees are paid by a proportional disinvestment from each Investment Option or a specific Investment Option, depending on the instruction you have given on your application or transaction form. Fees and charges may change from time to time and you will be notified of such a change.

### 11.2 What is the maximum annual administration fee if I am invested in the Original Fund Range?

The maximum annual administrative fee is 0.70% per annum (excluding VAT).

### 11.3 How is my annual administration fee calculated, if I am invested in the Original Fund Range?

The PPS Investments client-based charging model reduces ongoing administration fees based on the total amount of assets you have invested with them (across all the products you have invested in). It is calculated on the daily market value of the investment portfolio and will be charged and paid monthly in arrears. This fee will be charged at the level of your Investment Option(s) and will be reduced in accordance with the sliding scale below:

Value of total investments	Administration Fees (excluding VAT)
Up to the first R500 000	0.70%
From R500 001 to R1 500 000	0.50%
From R1 500 001 to R2 500 000	0.45%
From R2 500 001	0.40%

Investments in the PPS Enhanced Yield Fund and Coronation Money Market Fund are excluded from the investment amount when applying the above sliding scale. An annual platform administration charge of 0.40 % (excluding VAT) is charged on investments in the PPS Enhanced Yield Fund and 0.47% (excluding VAT) is charged on investments in the Coronation Money Market Fund.

Please refer to the Original Fund Range Investment Option schedule available on our website for more information.

### 11.4 What is the maximum annual administration fee if I am invested in the Select Fund Range?

The maximum annual administrative fee is 0.50% per annum (excluding VAT).

### 11.5 How is my annual administration fee calculated if I am invested in the Select Fund Range?

It is calculated on the daily market value of the investment portfolio and will be charged and paid monthly in arrears.

This fee will be charged at the level of your Investment Option(s) and will be reduced according to the sliding scale below:

Value of total investments	Administration Fees (excluding VAT)
Up to the first R1 500 000	0.50%
From R1 500 001 to R5 000 000	0.20%
From R5 000 001	0.10%

Investments in the PPS Enhanced Yield Fund and Allan Gray Money Market Fund are excluded from the investment amount when applying the above sliding scale. An annual platform administration charge of 0.40% (excluding VAT) is charged on investments in the PPS Enhanced Yield Fund and Allan Gray Money Market Fund.

Please refer to the Select Fund Range Investment Option schedule available on our website in order to find out more.

#### **11.6 What fees are applicable should I select the PPS Managed Share Portfolio Investment Option?**

Apart from the standard PPS Investments administration fee, an additional administration fee of 0.15% (excluding VAT) is applicable to the PPS Managed Share Portfolio Investment Option. Basic brokerage and VAT charges (where applicable) are payable on all transactions, as well as any other charges which may be imposed from time to time, by the JSE. A portfolio management fee is applicable to the PPS Managed Share Portfolio Investment Option. Please refer to the PPS Managed Share Portfolio investment application form for all applicable portfolio management fees.

#### **11.7 What fees are applicable should I select the PPS Discretionary Fund Management Investment Option?**

A Discretionary Fund Management Fee applies to selected Investment Options. The fee charged is in-line with the discretionary mandate signed.

## **12 BENEFICIARIES AND PROCEEDS ON DEATH**

#### **12.1 What happens to the proceeds of my benefit in the event of my death?**

Following your death, the Administrator must be notified in writing. The notification should include your name, age, identity number and investment number as well as a certified copy of your death certificate.

On receipt of confirmation of your death and subject to the Administrator's requirements, the underlying Investment Option(s) in the investment portfolio will be disinvested.

Your nominated beneficiaries will receive the death benefit. They have the following options:

- Payment of a cash lump sum;
- Payment of an annuity; or
- A combination of the above.

The annuity may be purchased from any long-term insurer. If your beneficiaries choose to receive the benefits as Living Annuities from the Administrator, they will each have to complete an application form. Each application form will be treated as a new policy.

#### **12.2 What nominations will I be asked to make?**

You may nominate one or more beneficiaries for the proceeds of your living annuity. Where there is more than one beneficiary they will share the benefit equally unless specified otherwise. Your nomination will have no effect if your beneficiaries die before you. Where applicable the deceased beneficiary's share will pass on to the surviving beneficiaries in equal shares. Your beneficiaries have no right to the benefit while you are alive.

Your nominated beneficiaries may be changed as and when required by written instruction to the Administrator. It is important to keep your beneficiary nominations up to date.

If you have not nominated any beneficiaries the benefit will be paid to your estate.

## **13 UNCLAIMED BENEFITS**

#### **13.1 What happens to unclaimed benefits?**

If the Administrator is unsuccessful in its efforts to make a payment that is due to an investor or their estate for whatever reason, such benefits will become unclaimed benefits and will be dealt with in accordance with the Association of Savings and Investment South Africa (ASISA) Standard on Unclaimed Assets.

The Administrator may use all personal and contact information in its possession in order to facilitate tracing directly or via a third party in respect of any unclaimed benefits.

Any direct administrative, tracing and management costs incurred by the Administrator after a period of six months from the date on which the benefits first became due will be charged against the remaining value of the unclaimed benefits once successfully traced.

The Administrator will cease all attempts to trace the investor if the remaining value of the unclaimed benefits is less than the minimum value prescribed by ASISA from time to time (R1,000.00 as at 1 June 2013) or the costs of tracing exceed the benefits of tracing.

## **14 YOUR ROLE**

Notwithstanding the information shared above, there are some additional rights and responsibilities to take note of:

#### **14.1 We recommend that you seek financial advice.**

We always recommend seeking financial advice when making investment decisions. A financial adviser should be able to help you make investment choices that are suited to your needs and circumstances. They should also help you ensure that you are fully informed of all fees you need to pay. If you do not have a financial adviser, the responsibility lies with you, as the policyholder, to make sure all fees payable are understood.

The financial adviser is responsible for ensuring that you receive an appropriate needs analysis, advice, product and fee information, including changes in administrative processes of the Administrator and fully understand these. Where you have appointed a financial adviser, it is the responsibility of your financial adviser to act within the conditions of their relevant FSP licence. We cannot be held responsible or liable for any loss or damage you may incur as a result of the financial adviser acting outside of their licence conditions.



**14.2 The risk and responsibility to choose an appropriate investment lie with you.**

We have indicated who the product is best suited to in the Product Suitability section of this document. The information provided to you by us, whether written, oral or implied, does not constitute financial advice or a recommendation to enter any of the PPS Investments products.

All information and explanations relating to the terms of this policy should not be construed as being financial advice or a recommendation to enter into any transaction. Information shared about our offerings is not an endorsement and the risk and responsibility for the selection between the various relevant Investment Options lie with you.

We do not provide any guarantees in relation to any investment performance. The value of the investment portfolio will fluctuate relative to the market value of the underlying securities comprising the selected investment portfolio. Investment Options are generally medium-to-long-term investments. The value of the units may go down as well as up and past performance is not necessarily a guide to future performance.

**14.3 Any risks associated with the communication method you choose lie with you.**

We will accept your instruction by facsimile or email. We will not accept any loss incurred as a result of us receiving and/or acting upon such communication. You waive any claim that you may have against us as you hold the risk of the communication method you have selected. We will not be liable if we do not receive a communication whether due to the failure, malfunction or delay of any networks or electronic or mechanical device or otherwise.

**14.4 We are legally obligated to provide you with information in terms of CISCA as amended from time to time.**

As the policyholder, you are entitled to certain information that the law requires a Collective Investment Scheme to disclose to its policyholders. We are obliged to obtain and transmit such information if the policyholder requests it.

**14.5 Reporting of errors**

You have **14 days** after receipt of investment confirmation or any statement to report any errors to the Administrator. The Administrator will not accept any responsibility for any loss, damages or inconvenience you incur, howsoever caused after this time.

**14.6 You are responsible for ensuring your personal information on our system is correct.**

It is your responsibility to ensure that your personal and contact particulars, as reflected on the latest policy certificate issued by us, is correct. Should this not be the case, or in the event that your personal and/or contact particulars change, it is your responsibility to inform us in writing of the new details. We will not accept any responsibility for any loss, damages or inconvenience you incur, howsoever caused, as a direct or an indirect result of incorrect personal and/or contact particulars.

**15 THE ROLE OF THE ADMINISTRATOR**

**15.1 We are authorised to invest your net investment amount and reinvest all income distributions.**

You hereby authorise us to invest your net investment amount into your chosen Investment Option(s) from time to time. All income arising from the Investment Option(s) from time to time (which will be regarded as forming part of your selected products) will be reinvested automatically.

**15.2 We ensure your policy is compliant with ASISA.**

Upon the creation of a new policy, we need to ensure compliance with the ASISA Standard on Replacement Policy. This is to protect you by ensuring that the applicable disclosures were made in the event that a recommendation was made for you to cancel an existing policy with another insurer and replace the policy by opening one with us.

**15.3 Investments are made subject to the provisions of CISCA.**

Investments in the selected Investment Options are made and will be administered subject to the provisions of CISCA, in accordance with the deeds of such Collective Investment Scheme and subject to each management company's fee structure as amended from time to time.

**15.4 We are authorised to verify your information.**

You hereby consent to us making enquiries of any nature, if necessary, to verify the information disclosed in the application form. You also consent to us obtaining any other information concerning you from any source whatsoever to process your application.

**15.5 We will not be held liable to policyholders or third parties for losses sustained.**

Provided that we exercise reasonable care and diligence in the management of your Living Annuity we will not be liable to you or a third party for any loss you may have sustained in terms of your Living Annuity. Specifically, we cannot be held responsible for any acts or errors of commission or omission by third parties, or the timing standards, practices or procedures of third parties.

**15.6 We may amend terms and conditions from time to time.**

We may amend the terms and conditions of any of our products provided that those changes don't negatively affect any associated right or benefit that you may have accrued. We will give appropriate and reasonable notice of the proposed changes.

**15.7 We may change relevant Investment Options.**

We are entitled to change at our discretion and with appropriate notice, any of the relevant Investment Options offered from time to time. You will be asked to switch instructions should an Investment Option be removed from the PPS Investment offering. In the absence of any instruction from you within the required time period, we will affect a switch to a similar fund, were available.

**16 THE AGREEMENT**

By signing the application form, you acknowledge and confirm the following:

**16.1** I have read and understood the Product Terms, Conditions and Declarations.

**16.2** I have read and understood the Minimum Disclosure Documents (MDDs) of my chosen fund(s). This includes, but is not limited to, the Total Expense Ratio (TER) and Transaction Costs (TC) applicable to my investment. The MDDs are available on the PPS Investments website.

- 16.3** I am the beneficial owner of the contribution(s) made to the Living Annuity. I am duly and validly authorised to invest the contribution amount with PPS Investments and confirm that all monies deposited into the Living Annuity product bank account in respect of my Living Annuity were obtained from legitimate sources.
- 16.4** In making and maintaining such investment, I have complied and will continue to comply with all relevant legislation, including, but not limited to, FICA, and the Income Tax Act.
- 16.5** I agree that PPS Investments may, upon receipt of my application form, request me to submit such further documents and information as PPS Investments may, in its sole discretion, require in order to meet their obligations in terms of the Financial Intelligence Centre Act. This will include, but may not necessarily be limited to, source of funds or source of wealth.
- 16.6** All the statements given in the application form and in all documents which have been or will be signed by me in connection with the application, whether in my handwriting or not, are true and correct. These statements will form the basis of the investment with us.
- 16.7** I authorise PPS Investments and its assignees to disclose any information within PPS Investments, the product provider or supplier's holding companies, subsidiaries, affiliates, Profmed or to other persons, provided that such disclosure is deemed necessary to properly manage or service the investment or investor.
- 16.8** I understand and agree to be bound by the provisions of the application form. If on the date of signature of the application form an updated application form exists and fees and Product Terms, Conditions and Declarations differ, the updated application form, fees and Product Terms, Conditions and Declarations will apply.
- 16.9** I understand and agree that the application, together with my policy confirmation and Product Terms, Conditions and Declarations as well as any other related documents provided by me and accepted by PPS Insurance, will govern the legal relationship between myself and PPS Insurance.
- 16.10** I understand that PPS Investments, its subsidiaries and affiliates collects and processes my personal information, as defined in the Protection of Personal Information Act of 2013 ('POPI'), for purposes of opening and administering my financial products. I hereby consent to PPS Investments, its subsidiaries and affiliates processing my personal information.
- 16.11** I agree that my personal information may be verified for security purposes and consent to PPS Investments its subsidiaries and affiliates sharing my personal information with such third-party service providers for the purposes of storing and maintaining my personal information as may be required.
- 16.12** I understand that where I have elected to follow the PPS/OPN Default Annuity Solution within my Living Annuity policy my annual annuity drawdown rates shall be predetermined in accordance with the default Drawdown Rules.
- 16.13** I am aware that the PPS/OPN Default Living Annuity Solution will be reviewed annually by the Funds and should the trustees elect to amend or vary the Funds default annuity strategy, such amendment or variation shall be communicated to you.

## 17 DETAILS OF THE PPS LIVING ANNUITY

### Compliance department

PPS Investments  
PPS House  
Boundary Terraces  
1 Mariendahl Lane  
Newlands  
7700

Tel: 0860 468 777 (0860 INV PPS)  
Fax: 021 680 3680  
Website: [www.ppsinvestments.co.za](http://www.ppsinvestments.co.za)  
Email: [compliance@ppsinvestments.co.za](mailto:compliance@ppsinvestments.co.za)

Please do not hesitate to contact us if you are not satisfied with this policy or the services from PPS Investments. A complaint must be submitted to the Compliance Officer. The contact address of the Compliance Officer is the same as the address above. PPS Investments will acknowledge the complaint in writing and will inform you of the contact details of the person addressing your complaint.

## The Ombud for Financial Services Providers

If you are not satisfied with the response from PPS Investments or the Administrator or if you have a complaint about the advice given by your financial adviser, you have the right to address your complaint in writing to the Ombud for Financial Services Providers:

The Ombud for Financial Services  
Sussex Office Park  
Ground Floor, Block B  
473 Lynnwood Road  
Cnr Lynnwood Road & Sussex Ave,  
Lynnwood,  
0081

PO Box 74571  
Lynnwood Ridge  
0040

Telephone: +27 12 762 5000 / +27 12 470 9080  
Facsimile: +27 86 764 1422 / +27 12 348 3447  
E-mail: [info@faisombud.co.za](mailto:info@faisombud.co.za)  
Website: [www.faisombud.co.za](http://www.faisombud.co.za)

The Ombud is legally empowered to investigate and adjudicate complaints in a procedurally fair, economical and expeditious manner.

PPS Investments (Pty) Ltd, PPS Multi-Managers (Pty) Ltd, PPS Investment Administrators (Pty) Ltd and PPS Insurance Company Ltd are licensed financial services providers. PPS Nominees (Pty) Ltd is an independent nominee company approved by the Financial Sector Conduct Authority. Coronation Life Assurance Company Limited is registered in terms of the Long-Term Insurance Act 52 of 1998 to carry on long-term insurance business. PPS Management Company (Pty) Ltd (RF) is a licensed collective investment scheme manager.

PPS House, Boundary Terraces, 1 Mariendahl Lane, Newlands 7700  
Website: [www.pps.co.za/invest](http://www.pps.co.za/invest) Email: [clientservices@ppsinvestments.co.za](mailto:clientservices@ppsinvestments.co.za)