



# Clientèle Ultimate Foundation Plan Terms and Conditions

This policy combines life insurance with a savings component (monthly investment of premiums into an investment fund for savings purposes).

Premiums are split between the Life Foundation and Savings Foundation Benefits

1. The Life foundation Premium covers the three benefits below:
  - a. Accidental Death (reduces to 50% at 76 and ceases at 80),
  - b. Accidental Disability (ceases at 70) and
  - c. Dread Disease benefit (reduces to 50% at 60 and ceases at 70 and excludes pre-existing conditions). Death should not occur within the 14 days survival period. If the Insured Life dies within the Survival Period, the benefit will cease and will not be paid.
2. Cover for the above benefits starts upon receipt of the first premium, there is no waiting period from date of commencement or resale.
3. Cover on these benefit is as per what is shown on the Personal Policy Schedule

## **EARNINGS GUARANTEE BENEFIT (EGB)**

Upon an IFA's death or total and permanent disability, a lump sum equal to 12 months' IFA earnings, as per the month prior to the claim event, is paid. In addition, a payment equal to the last monthly earnings earned will be paid for 2 years thereafter. Only one EGB pays out irrespective of the number of policies an IFA has.

### **Conditions:**

- In the case of Total and Permanent Disability, the disability must occur before the age of 65.
- If this benefit exists on more than one policy, it will only be paid once unless stated otherwise in the policy documents.
- Total payment for this benefit (even where multiple payments are made - see point above) is limited to a maximum of R5 Million per IFA.
- The IFA Earnings used to calculate this benefit are basic earnings only and specifically exclude any bonus or club payments.
- This benefit remains active as long as you continue to pay your premiums.

## **PREMIUM PAY BACK BENEFIT**

After 6 months and 6 paid premiums, on the death of the Insured Life and approval of a valid claim Clientèle will pay back all the Life Foundation premiums received.

### **PREMIUM PAY BACK BENEFIT at 65**

The Insured Life has the option to receive 50% of his/her Life Foundation premiums paid back in cash at age 65. The remaining premiums due for the Premium Pay Back Benefit will be payable to the Beneficiary on death of the Insured Life.



Exclusions/When will the client not be covered?

- Death before Clientèle has received 6 premiums in at least 6 months.
- Death due to riot, terrorism, war or similar event.
- Death due to a violation of an act of law.
- Where the claim is fraudulent in any way.
- Death due to suicide before we have received 24 premiums in at least 24 months

**Conditions:**

- Should a premium not be received in the month preceding the death of the Insured Life, only the premiums received from the Date of Commencement or resale (whichever occurred last) up to that point will be paid.
- Premiums paid prior to resale date are forfeited from the Premium Pay Back Benefit.
- Premiums paid back will exclude Savings Foundation Premiums.

**IFA BUSINESS FEE PAY BACK BENEFIT**

After 6 months and 6 paid premiums, on the death of the Insured Life (if such person is an IFA at the time of death) and approval of a valid claim Clientèle will pay back all IFA Business Fees received for the specific IFA while they had an active Ultimate Plan. After which the benefit will cease.

**IFA BUSINESS FEE PAY BACK BENEFIT at 65**

The Insured Life has the option to receive 50% of his/her IFA Business Fees paid back in cash at age 65, if they still an IFA. The remainder due for the IFA Business Fee Pay Back Benefit will be payable to the Beneficiary on death of the Insured Life.

Exclusions/When will the client not be covered?

- Death before Clientèle has received 6 Business Fee payments in at least 6 months.
- Death due to riot, terrorism, war or similar event.
- Death due to a violation of an act of law.
- Where the claim is fraudulent in any way.

**Conditions:**

- The Business Fee Pay Back will be from the commencement of the oldest Ultimate Plan that is active at the date of death, regardless of the date the IFA entered the business.
- This benefit is applicable provided the IFA has at least one active Ultimate Plan taken out through the IFA network or IFA Database.
- Business Fees paid prior to resale date are forfeited from the IFA Business Fee Pay Back Benefit.
- If this benefit exists on more than one policy, it will only be paid once unless stated otherwise in the policy documents.

**SAVINGS FOUNDATION:**

The Investment Allocation is deemed to be invested in the Investment Portfolio at the end of each month in which the Premium is due and paid. The Portfolio is a managed Portfolio consisting of investments in quoted ordinary shares, fixed interest securities, property, cash and other investments.



The amount payable in the event of natural death will be the value allocated to the Policy in the Portfolio at that date (the Investment Account), less any indebtedness to The Insurer.

### **SURRENDER AND PAID UP VALUES**

This Policy may be surrendered at any time. The Surrender and Paid Up Values equate to the Investment Account multiplied by the applicable percentage reflected below based on the number of contractual monthly Premiums paid:

<b>Number of premium received</b>	<b>Factor</b>
1 - 12	86%
13-24	86.50%
25-36	88.00%
37-48	89.50%
49-60	91.00%
61-72	92.50%
73 - 84	94.00%
85-96	95.50%
97-108	97.00%
109-120	98.50%
121 and above	100%

### **POLICY CHARGES**

A Policy Surrender Charge of R500.00 will be charged on surrender and will be limited to be in line with the minimum required percentage payable.

Any charges applied in order to obtain the Surrender Value will also be applicable to any partial surrenders.

An Unpaid Premium Charge of R35 will be deducted from the Investment Account after every unsuccessful debit order or unpaid premium.

All Policy Surrender Charges may be reviewed from time-to-time without any prior notification.

A client can choose between a Full or Partial Surrender depending on how much of the Surrender Value they would like to withdraw. A Full Surrender is where a client withdraws the full value of the Investment Account and the policy terminates. A Partial Surrender is where a client withdraws a portion of the value of the Investment Account but continues to pay the monthly premium.

In terms of legislation, a maximum of one partial or one full surrender may be actioned during the first 5 years of the policy

### **INVESTMENT OF FUNDS**

95% of every Savings Foundation Premium paid (Investment Allocation) is invested in the Investment Portfolio at the end of every month.



## INVESTMENT BOOSTER

For every 60 Premiums paid, the first 6 months' Life Foundation Premiums will be paid into the Investment Account provided that no claim (risk or surrender) has been submitted pertaining to that 5 year period.

Premiums Paid	Benefit Payable
60	First 6 months' Life Foundation Premiums paid into the Investment Account.
120	Aggregate Life Foundation Premiums paid in the 6 months starting from the 61 <sup>st</sup> Premium into the Investment Account
180	Aggregate Life Foundation Premiums paid in the 6 months starting from the 121 <sup>st</sup> Premium into the Investment Account.
Continues for every 60 Premiums paid.	

The Investment Booster will only pay out after every 60 monthly premiums received by the Insurer and will continue to be paid for the currency of the policy provided that no claims and no partial/full surrenders have been made during the same 60 month period.

If the policy lapses and is resold then the Investment Booster Period will recommence from the Resale Date

## NET INVESTMENT RETURN and TAXATION

Your Investment Allocation is invested in an Investment Portfolio which allocates a portion of the underlying assets to be invested in shares listed on the Johannesburg Stock Exchange. The balance is invested in other instruments such as cash, property, etc. The value of these assets will either increase or decrease in line with investment returns and other market movements. This results in an equivalent movement in the value of the Investment Account (i.e. Net Investment Return) pertaining to the policy. Please remember that your Investment Account will be reduced each month by the relevant Investment Charges. Clientèle Life's Investment Committee will determine how assets are invested and this may change from time-to-time.

Net investment return in the portfolio allows for the following:

Actual management charge levied by the external fund manager;

The Company's participation in 10% of net interest and investment income and capital appreciation. In the event of a net loss, the Insurer shall participate in such loss to a similar extent.

Applicable statutory charges such as Company Income Tax, Capital Gains Tax and Dividend Tax.

Please note that the capital amount invested is not guaranteed. Depending on movements in the market, returns may be negative and past performance is not necessarily a reflection of future performance. You may request details of the investment's past performance through our call centre.



## PAID UP

If you miss 3 consecutive Premiums or have 2 consecutive disputes on your policy, and there is value in your Investment Account, your Policy will be converted to a Paid Up status, at which time, the Investment Account will be reduced to a level equivalent to the Surrender Value at that stage (as illustrated in the table above). This means that we will no longer deduct Premiums from your bank account, but will continue deducting the monthly Investment Charges and the Unpaid Charge from your Investment Account, and future Life Foundation Premiums. Should the Paid Up Policy be surrendered at a later date, the amount payable will be the Investment Account at that stage less the Policy Surrender Charge. Should your Investment Account drop to zero your entire Policy will automatically lapse.

## POLICY MATURITY

When the Policy reaches its Maturity Date, you have the option of withdrawing the full value of your Investment Account with no Surrender Charges. Alternatively, you can choose to leave the funds in your Investment Account either paying or not paying further Premiums and then withdraw the full value at a later stage with no Surrender Charges.

The Life Foundation Benefits will continue until the Policy is cancelled or cease as outlined above.

## POLICY RULES

- You have a 31-day cooling off period to cancel the policy. This means, from the time we send your policy documents, as long as there has been no claim or you have not received any benefit under the policy, if the policy is cancelled within these 31 days, we will refund the premiums you have paid.
- We reserve the right to submit a debit instruction to your bank at any time during the month and to debit your account using any reasonable collection methods. To do this, we may also track and debit your account up to 10 working days earlier than the debit date. Should the total premium be adjusted by us or yourself as a general increase / decrease, the adjusted premium will be deducted from your bank in the same manner. This instruction will remain in force unless otherwise notified by us or cancelled by you, the Policy Owner.
- You must make sure that there are sufficient funds in your bank account to pay your premium on the agreed date. If any debit order is not paid, you will be responsible for the related bank charges.
- If we do not receive your premium on the agreed date, you have a grace period of 15 days to pay it.
- If you are on a monthly premium frequency your policy will lapse if we do not receive your premium for three consecutive months. If you are on an annual premium frequency your policy will lapse if we do not receive your annual premium when due.
- If you are on a monthly premium frequency, we reserve the right to lapse your policy after two consecutive disputes.
- You have the right to cancel this policy by giving us 31 days' notice. Premiums paid during this notice period will not be refunded.
- We reserve the right to change the terms and conditions of this policy at any time. Written notice of changes will be sent to the Policy Owner's latest contact details we have on record one month in advance and will be binding on you, the Policy Owner and us.
- If a policy is resold, the Investment Booster Period will start again from the date of



resale. We may choose to apply special terms and conditions when reselling your lapsed or cancelled policy.

- We reserve the right to cancel your policy with immediate effect if a claim is found to be fraudulent in any respect. This means that you will no longer be covered and all premiums paid will be forfeited.
- If a date of birth of an Insured Person has been recorded incorrectly, we may amend the benefits at the date of a claim, taking into account the correct age of the Insured Person. It is important to notify us if this information is incorrect on your Personal Policy Schedule.
- After an initial 2 year guarantee period we may re-underwrite your individual Policy annually and reserve the right to terminate the Policy or amend the Benefit or Premium without limit.
- The Accidental Disability Benefit, Accidental Death Benefit and Dread Disease Benefit, as set out in the Personal Policy Schedule, will increase by 6% each calendar year commencing 12 months from the Commencement Date of this Policy.
- The Premium, as set out in the Personal Policy Schedule, will automatically increase by 10% each calendar year commencing 12 months from the Commencement Date of this Policy.
- The Policy Owner may change the Beneficiary (ies) nominated at any time prior to a claim event, by notifying us. Please ensure that you are always in possession of a Personal Policy Schedule that reflects your latest nomination. Where a minor Child is a Beneficiary, payment will be made into a trust fund and will only be paid out when the minor Child attains the age of majority.
- This policy is free from all restrictions on occupation or travel of an Insured Life, unless otherwise stated.
- The policy can be ceded. Cessions will only be valid if received in writing by us and confirmed in writing to you, the Policy Owner.
- Any question of law arising shall be decided according to the laws of the Republic of South Africa.
- This policy has been issued on the basis that the information provided during the application process was true and correct.
- If the Policy is Paid Up, it may be Resold within 90 days of the last Premium paid and the Investment Account shall revert back to its original value prior to the Paid Up date, less any outstanding Life Foundation Premiums and applicable Policy Surrender Charges and Unpaid Charges.
- Please refer to the IFA Agreement that was signed by yourself, which is in your possession and which stipulates the rules of the IFA Business Opportunity and all relevant statutory information about Clientèle Life Assurance Company Limited. In terms of the Binding General Ruling issued by the Commissioner for the South African Revenue Service, the IFA Agreement together with proof of payment of premium constitutes an alternative tax invoice, debit note or credit note as contemplated in section 20(7) and 21(5) of the Value-Added Tax Act no. 89 of 1991, respectively.
- The Accidental Disability, Accidental Death and Dread Disease Benefits are only payable once if claims arise out of the same event. In order to claim on more than 1 Benefit, the claim event must be different