



DISCOVERY RETIREMENT OPTIMISER

PERFORMANCE | PROTECTION | EFFICIENCY

MAXIMISE YOUR RETIREMENT SAVINGS USING YOUR LIFE PLAN

Discovery Invest is an award winning provider of investment products and is part of the Discovery Group. Our investment and retirement offering is comprehensive and built on our solid reputation for customer centric innovation, quality and care.

Have you considered whether you are saving for retirement in the most effective way? Successful long-term retirement planning requires discipline to save regularly but also requires the optimal use of financial products to gain the maximum benefit for your retirement.

Discovery Invest has created an innovative product called the Discovery Retirement Optimiser that allows you to maximise your retirement savings by using your other existing Discovery products more optimally.

The Discovery Retirement Optimiser allows you to convert unused risk cover from a Discovery Life Plan (life insurance

policy provided by Discovery Life) into added tax-free instalments in retirement. You can also reduce costs on your investment, which gives you more money to add to your retirement savings. And you get risk cover for areas where you need it most, such as critical illness and disability.

You can choose to invest in the Discovery Retirement Optimiser using a retirement annuity.

A retirement annuity is a typical retirement savings product used in South Africa. Your contributions to a retirement annuity can be deducted from your taxable income every year, up to certain limits.

Speak to your financial adviser to help you decide which plan suits your needs best.

HOW THE DISCOVERY RETIREMENT OPTIMISER WORKS

This table shows you a summary of the benefits you can get with the Discovery Retirement Optimiser. In the next section we explain each benefit in detail.

Before retirement		After retirement	
Retirement Investment Integrator	Retirement PayBack Booster	Life Plan Optimiser	Ill-health Income Booster
Allows your investment to grow faster because you pay lower fees on your retirement annuity.	Boosts your Health or Vitality Integrator PayBacks by up to 100% at retirement if you choose to reinvest them.	Uses your unneeded risk cover to provide you with added tax-free instalments in retirement for the rest of your life.	Boosts your retirement income to reduce the risk of exhausting your retirement savings in the event of a serious illness or disability.

HOW MUCH YOU NEED TO INVEST

The Discovery Retirement Optimiser is available for recurring contributions only. The minimum monthly contribution is R500. Your contribution will increase automatically every year at the rate of inflation (CPI) plus an age-related increase.

Age at next anniversary	Annual increase
16 – 34	CPI + 3.5%
35 – 49	CPI + 4.5%
50+	CPI + 5.5%

HOW WE HELP YOU GET THE MOST OUT OF YOUR DISCOVERY RETIREMENT OPTIMISER

BEFORE RETIREMENT

The benefits described below are aimed at ensuring that you can save towards your retirement in the most effective way. You can make recurring contributions to your Discovery Retirement Optimiser through a retirement annuity where you have access to the full range of Discovery Invest funds, including the Discovery Escalator Funds and the Discovery Target Retirement Date Funds. Below are the details of our other benefits that you have access to.

GIVING YOU MORE MONEY TO INVEST BEFORE RETIREMENT

Retirement Investment Integrator

One way to save more towards your retirement is to choose investment options with lower fees. The Retirement Investment Integrator gives you a reduction of between 50% and 100% on your yearly administration fees, policy fees and asset management fees on qualifying Discovery Funds (including Discovery Target Retirement Date Funds, Discovery multi-manager risk profiled funds and all Escalator and Geared Escalator Funds based on Discovery Funds and indices). The fee reduction is applied on a monthly basis, so you immediately get the benefit of lower fees.

The value of your fee reduction is based on your monthly retirement annuity contributions, as shown in the table below.

Recurring monthly retirement annuity contribution	Fee reduction
First R1 200	50%
Next R1 200	70%
Next R1 200	85%
Above R3 600	100%

You will continue to receive these fee reductions as long as you pay the monthly premium on your Discovery Life Plan (life insurance policy provided by Discovery Life) and the premium is above the minimum monthly premium of R875 (as at 2015).

Fee PayBack

For funds that don't qualify for the Retirement Investment Integrator, we have created Fee PayBack, which refunds up to 55% of your Discovery Invest annual administration fees. At the end of 10 years and every fifth year thereafter, we will pay back a portion of the administration fees that you have paid (plus investment growth on those fees). We will also provide you with a proportional fee payback on your retirement date. If you reduce your retirement annuity contributions, the total balance of the administration fees that we will pay back to you will be reduced proportionately.

Retirement PayBack Booster

To help increase the amount you save before retirement, we have developed the Retirement PayBack Booster. This benefit gives you the opportunity to channel your Health or Vitality Integrator PayBacks from your Discovery Life Plan into your retirement annuity. You can choose to invest none, some or all of your PayBacks into your Discovery Retirement Optimiser. When you retire, these reinvested PayBacks will be boosted by up to 100% (with growth).

With this benefit, you need to make sure that your Discovery Life Plan doesn't lapse, otherwise the Retirement PayBack Booster will fall away, but you will still be entitled to your reinvested Health or Vitality Integrator PayBacks in your retirement annuity. This benefit applies to PayBacks reinvested from November 2013 onwards.

Any reductions in your retirement annuity contributions or your Life Plan premium will cause a reduction of the Retirement PayBack Booster value. Any PayBacks reinvested within five years of your chosen retirement date will not qualify for a boost.

ON REACHING YOUR RETIREMENT AGE

When you reach your chosen retirement age, your contributions to your retirement annuity will end and you may choose to withdraw up to a third of your retirement savings as a lump sum. With the rest of your retirement savings, you are required to purchase an annuity to provide you with a regular income while you are in retirement. You can choose to receive your retirement income through a Discovery Linked Retirement Income Plan, the Discovery Fixed Retirement Income Plan or the Discovery Guaranteed Escalator Annuity.

AFTER RETIREMENT

CONVERT UNNEEDED BENEFITS TO SUPPLEMENT YOUR INCOME IN RETIREMENT

Life Plan Optimiser

As you approach retirement, your lifestyle and personal circumstances change. Your risk cover also needs to change. The Life Plan Optimiser uses your unneeded risk cover to pay additional, tax-free instalments into your Discovery Retirement Income Plan for the rest of your life, which grows with inflation. The value of your Life Fund (your risk and life cover) decreases as Life Plan Optimiser payments are made.

The value of the additional tax-free instalments paid to you is based on a percentage of the value of your retirement annuity when you retire. This is then divided by the larger of 10 or the number of years before you reach 75. The result is your additional, tax-free instalments, which is paid to you annually for the rest of your life.

The tables below show the percentages that are added together to calculate your total additional boost percentage at retirement.

Life Plan	Level of Life Plan ancillary benefits		
	High	Medium	Low
R0 to R560 000	5%	2.5%	0%
Above R560 000 to R1 690 000	7.5%	5%	2.5%
Above R1 690 000 to R2 810 000	10%	7.5%	5%
Above R2 810 000 to R3 930 000	15%	10%	7.5%
Above R3 930 000 to R5 620 000	20%	12.5%	10%
Above R5 620 000	25%	15%	12.5%

The ancillary benefit take up on your Life Plan relates to the additional benefits you have on your Life Plan.

Term to retirement	Percentage
0 to 119 months	0%
120 to 149 months	5%
150 to 179 months	10%
180 to 209 months	15%
210 to 239 months	20%
240 to 269 months	25%
270 to 299 months	30%
300 months +	35%

The tables relating to the size of your Life Fund and your term to retirement will be updated every year by Discovery.

GIVING YOU RISK COVER WHERE YOU NEED IT MOST

Ill-health Income Booster

The older you get, the more likely you are to suffer from a severe illness or become disabled due to an accident. At this stage of your life, your needs and personal circumstances are different and so your risk cover should reflect your needs more accurately. A severe illness or disability can have a significant effect on your retirement savings as your monthly medical expenses escalate.

The Ill-health Income Booster increases your retirement income by up to 25% if you become disabled or severely ill due to an accident. The extra income that is paid to you is based on your average income over the 12 months before the accident. Please see the latest Invest Fact File for qualifying criteria.

IMPORTANT INFORMATION YOU SHOULD KNOW

WHAT YOU NEED TO START INVESTING IN A DISCOVERY RETIREMENT OPTIMISER

You can choose to invest in the Discovery Retirement Optimiser using a retirement annuity. You must also have a Discovery Life Plan (life insurance policy offered by Discovery Life) while you are saving for retirement and your Discovery Life Plan must stay active after retirement. If you make any changes to your Discovery Life Plan, retirement contributions or the retirement age you selected, your benefits may be re-calculated. You can make ad hoc contributions to your Discovery Retirement Optimiser, but the value of these contributions won't change the level of benefits you get from this product. You can choose a retirement date starting from the age of 55, but the age you choose must be at least 10 years from when you start the Discovery Retirement Optimiser.

UNDERSTANDING THE FEES YOU NEED TO PAY

Any investment or retirement product typically includes initial and annual fees paid to the product provider (Discovery Invest), your financial adviser and the fund manager. Below is an explanation of the fees that apply to this product.

Initial fees

Initial fee charged by Discovery Invest

As the product provider, Discovery Invest does not charge any initial fees for investments in the Discovery Retirement Optimiser.

Initial fee charged by the fund manager

Some fund managers charge an initial fee for investing in their funds. The initial fees applicable to each fund manager can be found on their fund factsheet at www.discovery.co.za.

Annual fees

Annual fee charged by Discovery Invest

Discovery Invest charges an annual fee of 3.5% plus VAT of the investment value of your plan. A portion of this fee goes towards paying your financial adviser an upfront fee at the start of your investment as well as ongoing additional payments. This fee is divided by 12 and deducted monthly by redeeming units from your plan.

If you qualify for the Retirement Investment Integrator, the above fee is reduced.

Where the Retirement Investment Integrator does not apply, the above fee is reduced through the periodic Fee PayBack payments.

Annual fee charged by the fund manager

Fund managers charge an annual fee for investing in their funds. These fees are priced within the unit price of the fund. These fees typically range from 0.50% for a money market-type fund up to 3% for an aggressive equity fund. Your financial adviser can advise what the fees are for the different funds that you choose.

Transaction fees

Policy fees

A monthly policy fee of R25 plus VAT applies to investments in the Discovery Retirement Optimiser. This fee will increase annually by inflation.

Switch fees

Discovery Invest allows you four free switches per year. Thereafter, a fee of 0.25% plus VAT of the amount switched is charged (up to a maximum of R500).

THE TAX THAT APPLIES TO YOUR INVESTMENT

The interest, capital gains, dividends, net rental income and foreign dividends you earn on underlying funds are tax free according to current tax practice (November 2014). Your recurring contributions may also be deductible from your taxable income in terms of the Income Tax Act.

If you make a lump sum withdrawal at retirement, it will be taxed according to the retirement tax fund tables, as per legislation. Income received from a Discovery Retirement Income Plan will be subject to income tax.

All statements relating to tax in this document are made in terms of current legislation and practice and may be subject to change in the future.

WHEN YOU CAN WITHDRAW YOUR MONEY

On retirement, you will have access to your savings in the form of a lump sum withdrawal and retirement income. Because you are saving for retirement using a retirement annuity, you are legally required to buy an annuity with at least two thirds of your accumulated savings at retirement. Please note, you are only entitled to the Life Plan Optimiser and the Ill-health Income Booster if you buy an annuity from Discovery.

According to legislation, you may not withdraw your savings from your retirement annuity before the age of 55, unless you retire early due to ill health.

If you retire before the initial retirement date that you chose, or your policy is partially or fully paid up, you may be subject to an early exit fee. If this happens, your Discovery Retirement Optimiser benefits will be re-calculated or fall away.

WHAT HAPPENS TO YOUR INVESTMENT WHEN YOU DIE?

If you die before your selected retirement age, your fund value will be paid to your nominated beneficiaries. In certain cases, even if you had not nominated your dependants as beneficiaries, the Board of Trustees will consider paying a portion of your benefits to them in the interest of fairness. Cases like this arise when certain dependants are not nominated as beneficiaries, as is the case with a number of children separated from a parent due to divorce or other circumstances.

You may nominate new beneficiaries at any time in writing.

All payments from the Life Plan Optimiser and the Ill-health Income Booster will stop on your death.

WANT TO LEARN MORE?

As there are different options available under this plan, we believe that before taking out this product and during the lifetime of your investment, it is important that you seek financial advice. Discovery Invest can only provide information about this product and service and cannot provide investment advice based on individual circumstances and financial objectives.

This brochure is only a summary. To assist you in understanding the benefits you will enjoy before retirement and after retirement, we have provided a case study which will explain these benefits in rand terms. The latest Discovery Individual Life Plan Guide contains full details about how the product benefits work and the other technical details. Descriptions of each investment fund, including charges that apply, can be found on the fund factsheets. All marketing material is available on the Discovery Invest website (www.discovery.co.za).

WHAT NEXT?

You need to decide how much you want to invest into your Discovery Retirement Optimiser. You will need to choose the underlying funds that you want to invest in. Your financial adviser will take you through the process of risk profiling and asset allocation and will answer any questions you have about fund selection.

After you have chosen your funds with the help of your financial adviser, he or she will help you complete the necessary application form and send it to us.

We will send you, or your financial adviser, a policy schedule once the investment into your chosen funds has been made.

HOW TO CONTACT US

Your financial adviser would normally be your first contact for any information about your investment. Alternatively, you can call us on 0860 67 5777. Our lines are open Monday to Friday from 08:00 to 17:00.

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Each investor must consult their own financial adviser who must be an authorised financial services provider to advise the investor as to the suitability of the products and funds for the investor's personal investment needs.

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