

DISCOVERY

RETIREMENT OPTIMISER



CONTENTS

DISCOVERY RETIREMENT OPTIMISER



WHAT IS A DISCOVERY RETIREMENT OPTIMISER?

The Discovery Retirement Optimiser is a retirement savings investment that allows you to convert some of your life cover from your Discovery Life Plan into extra income in retirement.

If you have a Discovery Life Plan, you can add the Discovery Retirement Optimiser to your Life Plan. The Discovery Retirement Optimiser uses a Retirement Annuity to help you save towards retirement.

A retirement annuity is an investment that helps you save for retirement. It offers significant tax advantages to encourage saving, and you can invest a lump sum or make regular contributions. You can use it as your main investment for retirement or in addition to your employer's retirement fund.

For Discovery Life Plan owners:
You can add the Discovery Retirement Optimiser to your Discovery Life Plan to increase your savings before you retire – and get more out after you retire.

Features of a Retirement Annuity



Tax advantages that make your investment grow faster.



No withdrawals until age 55, which means that you preserve your savings for retirement.



Guidelines and limits on how you can access your money when you retire to ensure your savings last as long as possible in retirement.



There are regulatory guidelines about where you can invest your retirement savings.

AT A GLANCE



If you are a Discovery Life Plan policyholder, you can invest in the Discovery Retirement Optimiser and increase your savings before you retire – and get more out in retirement.

If you have a Purple Discovery Life Plan and invest more than R5 000 monthly into the Discovery Retirement Optimiser, you can get even more rewards as a

READ THE RELEVANT FACT FILES FOR DETAILS OF:

- The boost to your retirement savings from converting life cover into cash in retirement and the boost to each contribution
- The boost to your contributions for living well
- How the fees work and how you can get fee discounts
- The impact of reducing or cancelling your Discovery Life Plan
- Protection available in the case of certain life events

INVESTMENT TERM



MINIMUM INVESTMENT AMOUNT

Term	Monthly recurring contribution
Between 10 and 15 years	R 750
More than 15 years	R 500

Minimum contributions are based on term to the chosen retirement date from the investment start date.

INVESTMENT GUARANTEES

- No guarantee of performance

TAX

- Tax-free investment growth while you are invested in the policy
- Contributions can be deducted from your taxable income up to certain limits

FEES

- Discovery admin fees
- Financial adviser fees
- Investment manager fees



WHY THE DISCOVERY RETIREMENT OPTIMISER?

By converting unused life cover from your Discovery Life Plan into extra tax-free income in retirement, this plan helps you get more value out of your Life Plan to achieve the retirement you aspire to.





When you invest for longer, invest more and live well, we reward you by allowing you to convert unused life cover, adding boosts to your contributions, and giving you fee discounts.



The insurer reserves the right to review and change the qualifying requirements for boosts at any time, provided that, accrued benefits are not reduced. Product rules, terms and conditions apply.

LIVE WELL, INVEST FOR LONGER AND MORE

With the Discovery Retirement Optimiser, you can get boosts and fee discounts for investing longer, investing more and living well.

	Your behaviour	What you get
 Invest longer	<p>If you start saving for retirement earlier and/ or retire later.</p>	<p>You get a boost of up to 60% to your retirement savings by converting unused life cover into yearly tax-free income in retirement for the rest of your life.</p> <p>Get an admin fee refund of up to 60% on your investment in non-qualifying funds.</p>
 Invest more	<p>If you reinvest your Paybacks.</p> <p>If you increase your monthly contribution.</p>	<p>If you receive PayBacks from your Discovery Life Plan, you can reinvest them into your Discovery Retirement Optimiser and receive a boost of up to 100%.</p> <p>You can get a tiered fee discount of up to 100% on qualifying fees when you invest in qualifying funds. If you invest in other funds, you can still get a fee refund of up to 60% on certain fees.</p>
 Live well	<p>By being healthy, driving safely and being responsible with money.</p>	<p>You can get a boost of up to 15% to each of your recurring contributions invested in qualifying funds, depending on your term to retirement. These boosts are payable when you retire.</p>
 Protection		<p>You can get a boost of up to 25% to your retirement income if you suffer a severe illness or disability in retirement.</p>

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A WIDE CHOICE OF FUNDS TO INVEST IN



YOUR PLAN IS A COLLECTION OF FUNDS

Once you have chosen your investment plan, you decide which funds to invest your money into. Your decision should align with the investment strategy that you and your financial adviser agreed on and the investment goals you have.

We offer you access to a range of unit trust funds across various investment managers through a single entry point. This means you can invest in our investment plans and choose investment funds that are managed by leading investment managers. Discovery funds (with the exception of the Discovery Money Market Fund) qualify for boosts and higher fee discounts on your investment. The list of qualifying funds may be updated from time to time and can be seen on individual fund fact sheets available at

THERE ARE OVER 200 FUNDS TO CHOOSE FROM



You can invest in Discovery funds where our investment managers pick the right blend of asset classes (shares, bonds, cash, property and so on) to reach your investment goals. We have [Discovery Funds](#) that make it easier for you to get what you want from your investment.



You can invest in funds managed by top external investment managers.



We offer both local and offshore investment opportunities.

FEES FOR YOUR INVESTMENT

THERE ARE CERTAIN FEES THAT APPLY TO OUR DISCOVERY RETIREMENT OPTIMISER



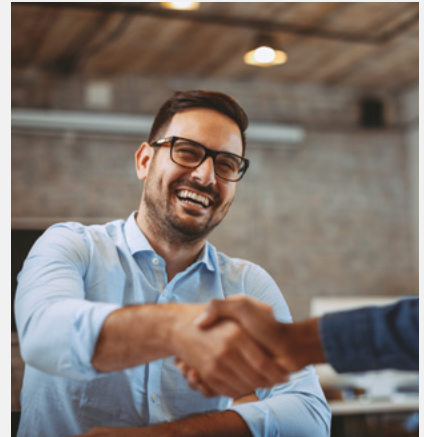
FEES TO DISCOVERY INVEST

There are no initial investment fees to Discovery Invest. We charge a yearly admin fee.



FEES TO THE INVESTMENT MANAGER

Investment managers may charge initial and ongoing fees. You can find these fees on the relevant fund fact sheets available at



FEES TO YOUR FINANCIAL ADVISER

Your financial adviser will charge a fee for advice.

Refer to the relevant Fact File for more information about all fees.

READ THE RELEVANT FACT FILE AND SPEAK TO YOUR FINANCIAL ADVISER

The details of the features we offer are set out in the relevant Fact File at

Speak to your financial adviser to help you make informed decisions about your investments. If you don't have a financial adviser, you can contact our call centre on 0860 67 57 77.

Discovery Invest

www.discovery.co.za

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For tailored financial advice, please contact your financial adviser. Discovery Life Investment Services (Pty) Ltd: Registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. All life assurance products are underwritten by Discovery Life Ltd. Registration number: 1966/003901/06. An authorised financial service provider and registered credit provider, NCA Reg No. NCRCP3555. Product rules, terms and conditions apply.

LINKED PAGES

THIS IS HOW TAX ON YOUR INVESTMENT PLAN WORKS

- **Your contributions into the Retirement Annuity are tax-deductible.** This means you can deduct your contributions from your taxable income (the amount you must pay tax on). There are limits to how much you can subtract: **27.5% of the higher of your taxable income and your remuneration with an overall cap at R350 000 a year.**
- **You don't pay tax on growth you earn within the fund until retirement.** There is no tax on interest, dividends income or rental income. There is no capital gains tax.
- **Up to R500 000 you take as cash at retirement is tax-free,** plus the amount of any contributions that were not tax-deductible before. **Amounts above that are taxed on a sliding scale from 18% up to 36% on amounts above R1 050 001. These concessions are only available once over your lifetime.**
- **You pay tax on the income you receive from an annuity in retirement.**
- **We don't give tax advice.** Please consult a tax practitioner to get tax advice.

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WHAT HAPPENS TO YOUR INVESTMENT WHEN YOU DIE

Once Discovery Invest has been notified of your death, we will switch the benefits in your investment to an interest-bearing account.

Section 37C of the Pension Funds Act then requires the Board of Trustees of the Fund to investigate and then distribute your benefits equitably between your dependants (whether nominated as beneficiaries or not) and nominated beneficiaries, within 12 months of your death.

You can change your beneficiary nomination at any time by notifying Discovery Invest in writing. Notification must reach Discovery Invest before your death, failing which the Trustees will not consider the notification. Your beneficiary nomination is an expression of your wishes of how your benefits should be distributed on your death. The Trustees are not obliged to follow your wishes but will use your beneficiary nomination as guidance when deciding how your death benefits must be paid.

If you die before your selected retirement date, the contribution boost will fall away entirely.

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UNIQUE DISCOVERY FUNDS

We have uniquely designed funds that make it easier for you to get what you want in retirement, such as:

- **Target Retirement Date Funds.** These funds are designed to invest in a diversified portfolio of assets that balances risk and potential reward with a particular retirement date in mind. They offer a lifetime investment strategy in a single fund. The Target Retirement Date Funds automatically adjust the asset allocation of your investment, without you having to adjust your risk profile.
- **The Discovery Medical Investment Funds** are designed to track the cost of your medical aid contributions in retirement.
- **Escalator Funds,** which have built-in protection if the markets fall. These Discovery funds guarantee that you will always get at least 80% of the highest unit price the fund has ever reached. This gives you the peace of mind that if the markets were to fall, your investment value would be protected.

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GUIDELINES ON WHEN YOU CAN ACCESS YOUR MONEY

When you can withdraw your money

You can only withdraw before age 55 if your investment value is under R7 000, if you emigrate, or if you become permanently disabled and have to retire early.

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GUIDELINES ON WHEN YOU CAN ACCESS YOUR MONEY

When you turn 55, you may elect to retire and your options will depend on the investment value of your investment

If the investment value is under R247 500

You can take the full investment value in one cash payment, subject to tax.

If the investment value is R247 500 or more

- You can take up to one-third of the investment value as a lump-sum cash payment. (Of this amount, the first R500 000 is tax free.)
- You must use the remaining two-thirds to buy a compulsory investment that gives you an income (for example, a living annuity or a life annuity). There is tax on the income you receive on your annuity.

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ADVISER

THINGS TO DISCUSS WITH YOUR FINANCIAL ADVISER

Longevity

We're living longer – and that has changed traditional retirement practice. A potentially longer retirement timeline means that you need to save more money and that you need to invest your money differently in the years leading up to retirement.

The unpredictable nature of markets

Markets are unpredictable. They can go up one day and down the next. These market changes are risks to your investment because if you have to withdraw your money while there is a market downturn, you might lose money on your investment. When you have a longer investment horizon you can afford more risk, but as retirement approaches you need to consider moving money to lower-risk investments.

The impact of inflation

Inflation is the rise in the cost of living. This means you will pay more for the same goods and services tomorrow than you do today. When you are investing for your future, it's important that the money you invest grows at the same or higher rate than inflation.

Compound interest

Because of compound interest, the more time you have available to invest, the greater your benefits will be in retirement.

Diversifying

It's important to spread your investments among different asset classes, such as equities (shares), bonds, property and cash. This will ensure that your risk is spread – so if one asset class performs poorly, the value of your other investments can make up for this.

How much risk you can afford to take

Your investment strategy starts with understanding your attitude to risk. Generally, the higher the potential risk of an investment, the higher the potential return. Different asset classes like cash, bonds, property and equities have different levels of expected risk and return; cash has low levels of expected risk and return, while equity has high levels of expected risk and return.

ADVANTAGES OF USING A FINANCIAL ADVISER



Knowledgeable about managing money

Financial advisers are qualified in financial planning and can help you decide on – and keep track of – your investment goals, savings strategies and retirement options.



High standards of competence

To give expert financial advice, financial advisers need to meet certain standards of competence, including professional qualifications, passing regulatory examinations and undergoing training.



Licensed to sell certain products

We only allow financial advisers who are registered with the Financial Sector Conduct Authority (FSCA) to sell you specific financial products. They are required to have extensive knowledge of the product they are recommending to you, and they must be competent (professional and skilled) in the financial advice they provide.



Objective advice

Our code of conduct for financial advisers is strict: our advisers must be able to give clients objective advice about the products they buy so that they can make informed decisions. It's essential that clients' best interests are at the heart of everything our advisers do so they must avoid or disclose any conflicts of interests. At the core of everything is treating clients fairly.

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BOOSTS ARE KEPT SEPARATELY FROM YOUR MAIN INVESTMENT

The boosts you receive are kept separate from your main investment. These boosts grow at the same rate (after the deduction of fees) as your underlying investments throughout your investment.





At your selected retirement date, your boost will pay into your investment and the Life Plan Optimiser boost will be divided by the larger of 10 or the number of years from retirement until you reach age 75 and will be paid yearly for the rest of your life, increasing with inflation. The accumulated Contribution Boost will be paid into your retirement fund.

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DISCOVERY PURPLE INVESTMENTS

Our investments provide value beyond the performance of your funds, with rewards for taking responsibility for your financial future. With our Purple offering, clients get access to a range of exclusive benefits that enhance these rewards. The Purple Flexible Investment Plan is available to clients with a fund value of at least R5 million. Purple Retirement Annuities, Preserver Plans and Living Annuities are available to clients with an investment of R3.5 million or more.

Purple Invest clients can look forward to a range of additional benefits, including the following:

			
UP TO 75% OF ASSET MANAGEMENT FEES PAID BACK	CONVERT MORE LIFE COVER TO TAX-FREE CASH	BIGGER BOOSTS ON A WIDER RANGE OF FUNDS	INCOME BOOSTS FOR LIFE
You can get up to 75% of the asset management fees charged on your Flexible Investment paid into the boost on your lump-sum retirement savings.	For investing longer, you can convert up to 65% of the value of your retirement savings in your Discovery Retirement Optimiser into tax-free cash, from your life cover.	For investing longer, you can enjoy higher boosts on your pre-retirement lump-sum contributions into qualifying Discovery funds of up to 25% on your initial contribution and for investing more, you can get up to 35% on additional contributions ¹ . You also enjoy exclusive access to boosts on external funds of up to 12.5% on your initial contribution and up to 17.5% on additional contributions ¹ .	For making responsible income withdrawals and living a healthy lifestyle, you are rewarded with boosts of up to 50% to your monthly income in retirement on your investment in qualifying Discovery funds , for life. Purple Invest clients exclusively enjoy boosts on external funds of up to 15% .
Flexible Investments	Discovery Retirement Optimisers	Lump-sum Retirement Annuities and Preservers	Living Annuities

Vitality

¹ Additional contributions consist of ad-hoc contributions and reinvested Discovery Life PayBacks. Please note that additional contributions can't be made into Preserver Plans.

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For the Discovery Retirement Optimiser: the assets of the underlying Fund, the Discovery Retirement Annuity Fund, are invested in a policy of insurance that is underwritten by Discovery Life Limited, a registered insurer: Registration number: 1966/003901/06, an authorised financial service provider and registered credit provider, NCA Reg No. NCRCP3555. All benefits are offered through the insurer, Discovery Life Limited, and product rules, terms and conditions apply.