

Fact File

DISCOVERY RETIREMENT OPTIMISER



Contents



Section A

THE DISCOVERY RETIREMENT OPTIMISER



01 | About the Discovery Retirement Optimiser

Please note that the availability of investment options as well as all fees, expenses, and benefits of this member's policy are linked to and determined in line with the rules of the Discovery Retirement Annuity Fund, underwritten by Discovery Life Limited, prevailing regulatory, legislative and tax laws and/or practices that affect life offices and/or retirement annuities at the current time. If any of these factors change for any reason whatsoever, and/or if there are any changes to tax laws generally, we retain the right to adjust the benefits or other terms or conditions of your policy, in line with the registered and approved rules of the Fund, as amended.

The Discovery Retirement Optimiser (the Benefit) is aimed at providing cost-effective funding for your retirement. It provides:

- A Retirement Fund, to give you an income in retirement and a lump-sum payment at your selected retirement date
- Immediate discounts on the asset management fees you pay within your Retirement Fund on qualifying funds, through the Retirement Investment Integrator
- Long-term administration and qualifying asset management fee refunds through the Fee PayBack benefit
- The ability to reinvest your Discovery Life PayBacks into your Retirement Fund and have them boosted at retirement through the Retirement PayBack Booster
- Enhancements to your retirement savings from the Life Plan Optimiser
- Boosts to your retirement income in the event of suffering a severe illness or becoming disabled, through the Ill-health Income Booster

The Benefit is funded through a Retirement Annuity provided by the Discovery Retirement Annuity Fund (the 'RA Fund'). All the fees, premiums and benefits of the Discovery Retirement Optimiser may be reviewed or modified by Discovery from time to time.

Through the RA Fund, you have a range of investment choices covering the various asset classes such as equities, properties, bonds and cash which you may choose in line with your investment objectives.

You may switch between portfolios at any time, subject to our practice at the time.

A switch may be subject to any initial charges levied by the investment managers.



02 | The Discovery Retirement Annuity Fund

If you choose to contribute to the Retirement Annuity Fund, you will apply to become a member of the Discovery Retirement Annuity Fund (number 37469). On acceptance, you will be bound by the rules of the Retirement Annuity Fund.

Your benefit in the Retirement Annuity Fund (referred to in the fund rules as your 'member's share') cannot be ceded, transferred, assigned, reduced, hypothecated or pledged and is subject to the provisions of the Pension Funds Act No 24 of 1956.

Participation in the Retirement Annuity Fund will only be confirmed if Discovery Invest, acting as the fund's appointed administrator, has confirmed to you in writing that your application for membership has been accepted and that your first contribution has been received.

Your contributions will be administered in terms of the provisions of the Pension Funds Act and the fund rules.

The fund rules provide that, at your selected retirement date, your member's share in the Retirement Annuity Fund accrues to you. This consists of your contributions plus/minus any investment returns and minus all fees that have been levied.

You are only entitled to the Life Plan Optimiser and the Ill-health Income Booster if you purchase the annuity from Discovery Invest. Please note that other conditions also apply to qualify for these benefits. See *Section B: Benefits of your investments* for details.

Accessing your investment

In terms of South African law, from 1 September 2024, the investment value of all retirement annuity funds will be split into the following components:

- Vested component
- Savings component
- Retirement component

These components have different rules in terms of how much you can withdraw.

Before retirement, you may withdraw from the following component. Please note that early exit fees as described in section 3.3 will apply. Benefits such as the Retirement Payback Booster and Life Plan Optimiser will be reduced as a result:

Component	How much you can withdraw	How this will be taxed
Savings component	<p>The following allocations will be made to this component as well as investment return on these amounts:</p> <ul style="list-style-type: none"> ▪ On 31 August 2024 10% (but not more than R30,000) of your accumulated retirement savings. ▪ One-third of all your contributions after 31 August 2024. <p>You may withdraw up to 100% of any remaining value from this component once every tax year with a minimum allowed withdrawal amount of R2,000.</p>	This will be taxed at your marginal tax rate.

At retirement, you may withdraw from the following components:

Component	How much you can withdraw	How this will be taxed
Vested component	<p>This is your contributions before 1 September 2024 plus investment returns on this amount.</p> <p>You may withdraw up to one-third of this amount.</p>	This will be taxed at SARS's retirement lump sum tax tables.
Savings component	You may withdraw up to the full remaining amount or you may move the remaining balance to the Retirement component and purchase a Retirement Income Plan.	Any withdrawal will be taxed at SARS's retirement lump sum tax tables.
Retirement component	<p>This is the balance of your retirement savings excluding the Vested and Savings components. You must buy a Retirement Income Plan with this amount.</p> <p>Where this amount and two-thirds of the value of your Vested component is less than R165,000 at retirement, you may take the full amount as a cash lump sum.</p>	<p>You do not pay tax on the purchase of a Retirement Income Plan.</p> <p>The income paid by the Retirement Income Plan is taxed at your marginal tax rate.</p>

Please note that the values in the table above may be updated from time to time in line with changes to legislation and tax practice.

03| Contributions to the Discovery Retirement Optimiser

You may make monthly contributions to the Retirement Annuity Fund through the Discovery Retirement Optimiser, which may be deductible from your taxable income in terms of the Income Tax Act.

3.1| Do my monthly contributions to the Discovery Retirement Optimiser escalate yearly?

Monthly contributions to the Discovery Retirement Optimiser will escalate yearly at the CPI rate plus an additional percentage based on your age at the policy anniversary, as set out in the table below:

Age next at policy anniversary	Additional percentage increase
16 – 34	4.0%
35 – 49	5.0%
50+	6.0%

These percentages may be modified by Discovery from time to time. CPI is defined as the latest available consumer price index figure at the time of producing the policy anniversary letters, and is capped at 15% per year.

3.2| When do my monthly contributions end?

Your monthly contributions stop when you retire.

3.3| What happens if I stop paying my monthly contributions, choose to retire, transfer my investment to another provider, or withdraw from my investment before the selected retirement date?

If you stop paying your monthly contributions, choose to retire or transfer your investment to another provider before your selected retirement date, your Retirement Annuity Fund becomes paid-up. You may pay early exit fees as a percentage of your member's share.

If you withdraw from your investment (by accessing your Savings component for example), you will be charged the early exit fee plus a R350 administration fee (increased by an amount equal to the prevailing rate of VAT) on the amount withdrawn from your remaining fund balance.

The maximum early exit fee for recurring retirement annuities starts at 15% of the investment value in the first month and this percentage reduces linearly to zero over half the term of the investment. The minimum term over which it will reduce to zero is 5 years and the maximum is 10 years.

Your early exit fee percentage will start at a maximum of 15% and will reduce during the first five years of your investment as outlined above. However, as a Discovery Retirement Optimiser client, the early exit fee percentage as calculated above will reduce by half at the end of five years. Thereafter, your early exit fee will not exceed this percentage.

The Retirement Investment Integrator, Retirement PayBack Booster, Life Plan Optimiser, Ill-health Income Booster and Fee PayBack may be reduced or fall away entirely. Please see *section 7.1.1* and *Section B: Benefits of your investment* for details.

3.4| How is my member's share calculated for determining the paid-up value?

Your member's share is determined by the market value of the underlying units of the portfolios selected, based on the latest available unit prices at the time of making the Retirement Annuity Fund paid-up.

The paid-up value remains invested in the underlying portfolios.

04 | Your selected retirement date

- Your selected retirement date is chosen at the start of your policy term.

You may only change your selected retirement date under certain conditions.

If you have more than five years remaining until your selected retirement date, you may make your selected retirement date earlier. However, in such cases, your new selected retirement date must still be at least five years from the date of the change. Please note that your Fee PayBack, Life Plan Optimiser and Retirement PayBack Booster may be adjusted or fall away entirely. Please see *section 7.1.1* and *Section B: Benefits of your investment* before making any changes. Early exit fees may also apply as detailed in *3. Contributions to the Discovery Retirement Optimiser*.

If you defer your actual retirement date, your investment as well as future contributions will continue until the new retirement date.

Please note that according to current legislation, you may only retire at age 55 or above.

4.1 | Changes to your contributions before your retirement date

You may adjust your contributions before the selected retirement date. Additional contributions will be allocated to the available portfolios at that time.

A reduction in contributions will result in a reduction in the member's share at the time that the contribution is reduced, as a result of the early exit fee. This reduction is calculated in line with the methodology described in *3. Contributions to the Discovery Retirement Optimiser* and applies only to a portion of the member's share.

Reducing your contributions will also result in a recalculation of your Life Plan Optimiser benefit, your Fee PayBack balance and your Retirement PayBack Booster.

4.2 | If you die before your retirement date

The death benefit amount, as described in *section 4.2.1*, is payable to your nominated beneficiaries. Once we have been notified of your death, we will switch the benefits in your investment to an interest-bearing investment option. Section 37C of the Pension Funds Act then requires the Board of Trustees of the Fund to distribute your investment value equitably between your dependants (whether nominated as beneficiaries or not) and nominated beneficiaries, within 12 months of your death.

If you require a detailed explanation of the terms 'beneficiary' and 'dependant', please contact us.

You may change your beneficiary nomination at any time by notifying us in writing. Notification must reach us before your death. If this does not happen, the trustees will not consider the notification.

4.2.1 | The death benefit amount

The death benefit is equivalent to the member share as described in *section 3. Contributions to the Discovery Retirement Optimiser* with a minimum value of the sum of contributions paid.

The member's share is subject to tax according to the Income Tax Act.

In addition, if you qualify for the Retirement PayBack Booster, your accrued boost will pay out on your death. Your Fee PayBack balance will also pay out a partial entitlement according to the table given in *7. Fees for your investment*, depending on the remaining months until your selected retirement date. However, your Life Plan Optimiser will fall away entirely on your death.

4.3 | If you retire due to ill-health before your retirement date

If you retire due to ill-health as defined in the Pension Funds Act, the member share, as defined in *3. Contributions to the Discovery Retirement Optimiser*, is payable. In this case, the Life Plan Optimiser will be forfeited. Your Fee PayBack balance will pay out a partial entitlement according to the table given in *7. Fees for your investment*, depending on the remaining months until your selected retirement date.

05 | Investment choices

Your contributions will be invested in the underlying portfolios that you have selected.

The portfolios selected and the distribution of the contributions between these portfolios is reflected on your Policy Schedule.

If any of the underlying portfolios are capped or cease to exist, we will switch your assets into an alternative portfolio and request an instruction for a new selection of underlying portfolios from you.

06 | Tax on your investment

In the Retirement Annuity Fund, capital gains, interest, net rental income and dividends will be taxed according to legislation. The current tax rate is 0% (March 2024).

Please note that the availability of investment options as well as all fees, commissions, and benefits of this member's policy are linked to and determined in line with the rules of the Discovery Retirement Annuity Fund, underwritten by Discovery Life Limited, prevailing regulatory, legislative and tax laws and/or practices that affect life offices and/or retirement annuities at the current time. If any of these factors change for any reason whatsoever, and/or if there are any changes to tax laws generally, we retain the right to adjust the benefits or other terms or conditions of your policy.

07 | Fees for your investment

There are certain fees that apply to our retirement annuities. You can get a discount of up to 80% on qualifying asset management fees and refunds of up to 60% on your administration fees.

7.1 | Administration fees to Discovery Invest and your financial adviser for recurring contributions

We charge no initial fees. Therefore, 100% of each recurring contribution is allocated to the selected portfolios. There are no policy fees. We charge a yearly administration fee of 3.5% (plus a fee equivalent to VAT) of the investment market value. Units are redeemed on a monthly basis equivalent to one-twelfth of this fee. This fee is used to cover the costs of administration as well as your financial adviser's fees.

7.1.1 | You qualify for Fee PayBack

- You qualify for Fee PayBack, which provides a refund of a percentage of all the administration and qualifying asset management fees you have paid, plus investment growth on those fees, into your Retirement Annuity Fund at your selected retirement date. The percentage that is refunded depends on the term from the start of your policy to your selected retirement date and if your Retirement Annuity is paid-up, according to the following table:

Term from the start of your policy to selected retirement date (months)	Percentage refund at your selected retirement date	Percentage refund at your selected retirement date if your Retirement Annuity is paid-up
0 – 59	0%	0%
60 – 119	30.00%	10.00%
120 – 179	30.00%	15.00%
180 – 239	40.00%	25.00%
240 – 299	45.00%	30.00%
300 – 359	50.00%	30.00%
360 – 419	55.00%	30.00%
420+	60.00%	30.00%

However, if you qualify for the Retirement Investment Integrator, the refund of asset management fees on qualifying funds will be increased to 80% and will be payable immediately instead of at your selected retirement date. Please see section 8. *Retirement Investment Integrator* for details.

- If your investment is made paid-up, your Fee PayBack balance is recalculated to give you the lower percentage refund according to the table above.
- If you reduce your monthly contributions, your Fee PayBack balance will be recalculated based on the Fee PayBack table that applies to paid-up policies, in proportion to your contribution reduction.
- If you change your selected retirement date, your Fee PayBack balance will be recalculated in line with the term to your new selected retirement date.
- Your Fee PayBack balance will be reduced on any withdrawals from your Retirement Annuity.
- If you retire early, you may be entitled to a percentage of your Fee PayBack. The percentage you are entitled to depends on your remaining term to your selected retirement date as follows:

Remaining months to your selected retirement date	Percentage entitlement to your Fee PayBack balance
0 – 11	90%
12 – 23	80%
24 – 35	70%
36 – 47	50%
48 – 59	25%
60 and over	0%

You will receive the same entitlement to the Fee PayBack balance on early retirement due to disability or death before your selected retirement date.

7.2 | Fees charged on additional (ad hoc) contributions and Discovery Life PayBacks

7.2.1 | Financial adviser initial advice fee

On a lump-sum additional contribution, your financial adviser may charge an initial advice fee as a percentage of your contribution amount. We will pay this over to your financial adviser from your contributed amount. You can negotiate with your financial adviser to determine your initial fee.

7.2.2 | Discovery Invest administration fees

The yearly fee charged for administering your lump-sum contribution and reinvested PayBacks depends on the size of your total additional lump-sum contributions and reinvested PayBacks:

Investment size	Fee (excluding VAT)
First R2 million	0.40%
Next R3 million	0.35%
Next R1 million	0.20%
Above R6 million	0.05%

This fee will be divided by 12 and deducted monthly. Please note that a fee equivalent to VAT must be added to these fees each month and that the table and fees may be updated from time to time.

The Retirement Investment Integrator, Life Plan Optimiser and Fee PayBack will not apply to any additional (ad-hoc) contributions and Discovery Life PayBacks that are invested in your Discovery Retirement Optimiser.

7.2.3 | Financial adviser yearly advice fee

Your financial adviser can charge a yearly advice fee as a percentage of your investment value. This will be deducted in addition to the annual fees above. Discovery Invest will deduct these fees from your investment on behalf of Discovery Life and pay these over to your financial adviser.

7.3 | Fees charged by investment managers

Certain investment management companies may charge initial fees for investing in their funds.

Investment managers also normally charge a yearly management fee as a percentage of your investment in their fund. This fee is divided by 365 and deducted daily in the unit prices provided by the investment manager to us. The initial and yearly fees for each fund can be found on their fund fact sheets available at www.discovery.co.za.

7.4 | Fee reviews

Before any fee increases, we will inform you in writing about the changes as well as the options available to you. Any fee changes on the Retirement Annuity Fund must be approved by the board of trustees.

Section B

BENEFITS OF YOUR INVESTMENT



08 | Retirement Investment Integrator

As a Discovery Life Plan policyholder you may qualify for the Retirement Investment Integrator, which will give you an immediate discount on asset management fees. This discount will apply to money invested in qualifying Discovery funds and Cogence Discovery Dynamic Asset Optimiser Funds.

The current size of the discount is 80%. This discount percentage may be changed from time to time.

To qualify for the Retirement Investment Integrator, you must have a Discovery Life Plan with a monthly premium (excluding your Discovery Retirement Optimiser, and Vitality/Vitality Purple/Vitality Active contributions) at or above the current minimum qualifying premium. The required minimum Life Plan premium will be updated by Discovery each year. You will need to maintain your Life Plan premium above the prevailing minimum at the time to qualify for the discount. If you make changes to your Discovery Life Plan, your new Life Plan premium will be compared with the latest minimum qualifying premium for the Retirement Investment Integrator to determine if you still qualify for the benefit.

If you make your Retirement Annuity paid up, your Retirement Investment Integrator will fall away.

8.1 | Qualifying funds

The discount from the Retirement Investment Integrator will apply in respect of Discovery funds (with the exception of the Discovery Money Market Fund).

Cogence Discovery Dynamic Asset Optimiser funds will also qualify for the Retirement Investment Integrator. The qualifying fees for this range of funds will be disclosed in the respective fund fact sheets.

The list of qualifying funds may be updated from time to time.

The discount from the Retirement Investment Integrator does not apply to:

- External funds,
- Cogence solutions (except for the Cogence Discovery Dynamic Asset Optimiser funds mentioned above),
- Discovery Invest yearly administration fees, early exit and paid-up fees,
- Any fees resulting from accessing your Savings component as described in section 3.3.



09 | Retirement PayBack Booster

The Retirement PayBack Booster allows you to reinvest your PayBacks from your Discovery Life Plan into your Retirement Annuity and have these boosted (with growth) at retirement.

The boost to your reinvested PayBacks will be based on the ratio of your Retirement Annuity contribution to your Life Plan premium (excluding your Vitality contribution) at the time of the reinvestment, up to a maximum boost of 100%. All Retirement PayBack Boosts will be paid into your Retirement Annuity Fund.

You will have the option to either invest none, half, or all of your PayBacks into your Discovery Retirement Optimiser. You will make this selection at the start of your Discovery Retirement Optimiser policy, called your default selection, and this will apply throughout your policy term. Shortly after receiving your PayBack from Discovery Life, the relevant proportion of that PayBack will be withdrawn from the same bank account and invested into your Discovery Retirement Optimiser.

If you retire before your selected retirement date, lapse your Discovery Life Plan or make your Retirement Annuity paid-up, the boost will fall away, but you will still be entitled to your reinvested Health or Vitality Integrator PayBack in your Retirement Annuity.

Any reductions in your Retirement Annuity contributions or your Life Plan premium will result in a reduction of your boost value.

Any withdraws from your Retirement Annuity (by accessing your Savings component for example), will result in a proportional reduction in your boost value.

Our applicable fee structure for lump-sum investments will be applied to the reinvested PayBack. Please see *section 7. Fees for your investment* for the relevant fee structure. The reinvested PayBack will not qualify for the Retirement Investment Integrator, Fee PayBack, or the Life Plan Optimiser.

Any PayBack reinvested within five years of your retirement will not qualify for a boost from the Retirement PayBack Booster. The PayBack will, however, continue to be debited from your account and invested into your Discovery Retirement Optimiser.

Before every Health or Vitality Integrator PayBack, you can choose to reduce your selected reinvestment proportion by contacting Discovery Life, and this will become your new default selection. You may not increase your default selection.

9.1 | Tax treatment

According to current tax practice, the reinvested Health or Vitality Integrator PayBack will be tax deductible in your hands, up to certain limits, according to the tax tables that apply at the time. This may change if there are any changes to regulatory or tax practice, or Discovery's understanding of these.

EXAMPLE

A policyholder chooses to reinvest his Health Integrator PayBack into his Retirement Annuity Fund. At the time of the reinvestment, the policyholder is paying a R2,000 monthly Life Plan premium and a R1,000 monthly contribution to his Retirement Annuity Fund.

The boost to his reinvested PayBack is then $R1,000 \div R2,000 = 50\%$. This boost, plus growth, is payable at retirement.

The Life Plan Optimiser, as shown in your Policy Schedule, provides additional benefits into your Retirement Annuity Fund at your selected retirement date.

The Life Plan Optimiser will provide you with a lump-sum enhancement to your retirement savings in your Discovery Retirement Annuity Fund at your selected retirement date.

10.1 | How we calculate the Life Plan Optimiser

The Life Plan Optimiser is calculated based on a percentage of each retirement annuity contribution made and depends on the term to your selected retirement date, as shown in the table below. The percentage that you qualify for will be shown on your policy schedule.

Term from the start of your policy to your selected retirement date (months)	Life Plan Optimiser percentage
0 – 119	0%
120 – 179	6.0%
180 – 239	12.0%
240 – 299	18.0%
300 – 359	22.0%
360 – 419	24.0%
420 +	30.0%

Please note that Discovery reserves the right to change this table from time to time.

10.2 | Qualifying criteria

To qualify for the Life Plan Optimiser, you must keep your Discovery Life Plan active until retirement. If you make your Discovery Retirement Optimiser paid up, or if you die before your selected retirement date, your Life Plan Optimiser will fall away entirely.

At retirement, you must also invest at least two-thirds of your retirement savings in your Discovery Retirement Annuity Fund into a Discovery Retirement Income Plan to qualify for the Life Plan Optimiser.

The income you receive from the Retirement Income Plan will be based on the share of your fund value, including the enhancement from the Life Plan Optimiser, used to purchase your retirement Income Plan, and will be taxable as gross income in terms of the Income Tax Act.

If you choose to transfer your Discovery Retirement Income Plan to another provider during the first 10 years after retirement, Discovery will levy a fee equal to a percentage of the Life Plan Optimiser that was provided to you as an enhancement at retirement. This percentage starts at 100% and reduces linearly to 0% over the first 10 years of your Discovery Retirement Income Plan.

10.3 | Impact of changes to your investment

Changes to your investment may have an impact on how we calculate your Life Plan Optimiser:

- Retiring before your selected retirement date will result in your Life Plan Optimiser falling away entirely.
- Bringing forward your selected retirement date will result in a recalculation of your Life Plan Optimiser, according to the table above. Future Life Plan Optimiser calculations will then be based on the term from the start of your policy to your newly selected retirement date. Please note that you can only make your selected retirement date earlier if you have more than five years left until your currently selected retirement date. Further, in such cases, your new retirement date must still be at least five years from the date of the change.
- Deferring your selected retirement date will not result in a recalculation of your Life Plan Optimiser. However, future Life Plan Optimiser calculations will then be based on the term from the start of your policy to your newly selected retirement date.
- Reductions in your monthly contributions to your Discovery Retirement Optimiser will result in a reduction in your Life Plan Optimiser.
- Any voluntary increases in your monthly contributions to your Discovery Retirement Optimiser, over-and-above the yearly escalations described in *section 3.1*, will qualify for the Life Plan Optimiser and will be calculated based on the term from the contribution increase until your selected retirement date. However, any voluntary contribution increases that are made within ten years of your selected retirement date will not qualify for the Life Plan Optimiser.
- Your Life Plan Optimiser will be reduced on any withdrawals from your Retirement Annuity.

EXAMPLE

A policyholder invests in a Discovery Retirement Optimiser with a starting monthly contribution of R4,000, and with a selected term to retirement of 15 years. Based on the current Life Plan Optimiser table, the policyholder qualifies for a Life Plan Optimiser of 12.0%.

At retirement, the policyholder's Retirement Annuity Fund has grown to R2,400,000, and assuming no servicing changes, or lump-sum ad-hoc contributions (including reinvested Life PayBacks), have been made, the calculated Life Plan Optimiser is $R2,400,000 \times 12\% = R288,000$.

At this time, the policyholder chooses to withdraw R800,000 (one-third of their Fund) as a lump sum, and to invest the remaining R1,600,000 in a Discovery Living Annuity.

With the enhancement from the Life Plan Optimiser, the policyholder will invest $R1,600,000 + R288,000 = R1,888,000$ in the Discovery Living Annuity.

If the policyholder decides to transfer their Living Annuity to another provider one year after retirement, Discovery will levy a fee equal to 90% of the Life Plan Optimiser enhancement that was provided at retirement, which will then be $R288,000 \times 90\% = R259,200$. This amount will be deducted from the Fund value before the remaining balance is transferred to the new provider.

11 | Ill-health Income Booster

If you are receiving an income in retirement from Discovery Invest (by means of a Discovery Invest Retirement Income Plan purchased from your Discovery Retirement Optimiser), this income will be enhanced if the principal life suffers a severe illness or disability.

This boost is only applicable on the occurrence of a severe illness or disability after the selected retirement date and does not apply to the occurrence of illnesses or disabilities that are related to or are a progression of an illness that occurred before the selected retirement date. The amount of the boost is based on the average level of income (excluding the lump-sum payment at retirement) received in the 12 months before the occurrence of the illness. This boost will be taxed in the same manner and at the same rate as your income payment.

Although you are not required to attach the Severe Illness Benefit or Capital Disability Benefit to your Life Fund for entitlement to this boost, the amount of the boost will be based on the severity of your illness or disability as measured by the definitions of the Severe Illness Benefit and the Capital Disability Benefit as contained in the Individual Life Plan Guide which is available from www.discovery.co.za

The income will be enhanced by a certain percentage for the duration set out below:

Severity of Severe Illness Benefit event	Category of Capital Disability Benefit event	Percentage boost to gross income	Term of income boost
A	A or D (if applicable to your occupation)	25.00%	Whole life
B	B	18.75%	10 years
C	*	12.50%	5 years
D	*	6.25%	2 years



If you receive an income from us in any year in retirement of more than 10% per year of the value of the fund at the beginning of that year, the boost will be capped. It will be capped based on an amount of income that would have been provided had you taken an income of 10% of the fund value at the beginning of the year in which the illness occurred.

The boost is provided as long as your Life Plan remains in force. If you cancel or reduce your Life Fund or its attached benefits at any time in retirement, your current and future entitlement to the boost will be reduced.

The payment of the subsequent claim is dependent on whether the claim is progressive, related or unrelated:

- A progressive claim refers to conditions where a worsening of symptoms or stages of the disease can be expected, for example the progression of cancer, connective tissue disease or respiratory disease. A relapse of a previous cancer will be assessed as a progressive illness.
- A related claim is a claim where there is a link to a previous claim, for example, complications or consequences of a disease or injury previously claimed for. This would be where the later claim would not have arisen if it was not for the initial condition or illness. It also includes side effects or complications of treatment of the previously claimed for condition. Progressive claims are not included in this definition.
- An unrelated claim is a claim which is not related or due to the original claim.

If a severe illness or disability arises that is related to or a progression of the current illness or disability and is more severe, the amount of the boost will be increased. In this case, the increased boost will be provided for the remaining term of the boost at the higher severity as shown in the previous table. The remaining term is defined as the new term for which the subsequent condition qualifies, less the term for which payments were already made for the initial condition.

If during the term of the income boost, or within six months of the expiry of the term of the previous income boost, a severe illness or disability arises that is unrelated to the previous boost and is more severe, the amount of the boost will be increased. In this case, the increased boost will be provided for the remaining term of the boost at the higher severity as shown in the previous table. If an unrelated illness occurs six months or later after the expiry of the boost term of the previous illness, a subsequent boost will start based on the severity of the new illness.

The Ill-health Income Booster expires on the earlier of:

- Expiry of the benefit enhancement term
- Death
- In the case of Category D disability claims, the earlier of ceasing to work and age 65.

12 | The Discovery Life Plan

At the core of your Discovery Life Plan is a Life Fund – the financial mechanism from which your life cover and selected supporting benefits are paid. During your lifetime, you can manage it to maximise your cover to cater for your future commitments.

12.1 | What happens if I stop or reduce my Discovery Life Plan premiums?

- If you cancel your Life Plan before your selected retirement date, you will not be entitled to any future benefits from the Retirement Investment Integrator, Retirement PayBack Booster, Life Plan Optimiser or Ill-health Income Booster.
- If you reduce your Life Plan premiums, your Discovery Retirement Optimiser benefits will be affected as follows:
 - a | If your new resultant Life Plan premium is below the minimum qualifying premium for the Retirement Investment Integrator at the time, you will not receive any further fee discounts from the Retirement Investment Integrator.
 - b | Your accrued Retirement PayBack Booster will be reduced.
 - c | Your Ill-health Income Booster will be reduced.

12.2 | How do claims on my Life Fund affect the Discovery Retirement Optimiser?

The impact on your Discovery Retirement Optimiser will depend on whether you make claims against your Life Fund before or after your selected retirement date.

12.2.1 | Before your selected retirement date

- If the claim results in a reduction of your Life Plan premium, you will no longer qualify for the Retirement Investment Integrator if your resultant premium is less than the minimum qualifying premium at the time. A reduction in your Life Plan premium may also result in a reduction of your Retirement PayBack Booster.
- If a claim occurs on any risk benefit attached to the Life Fund which results in the Life Fund terminating before your selected retirement date, there is no further entitlement to the Life Plan Optimiser, Retirement PayBack Booster, and Ill-health Income Booster. If the claim arose from the spouse, the principal life will be given the option to continue the risk benefits applicable at that time without medical underwriting. Continuing with these risk benefits in full will reinstate entitlement to the Life Plan Optimiser, Retirement PayBack Booster, and Ill-health Income Booster.

12.2.2 | After your selected retirement date

- On the death of the principal life in retirement, there will be no future entitlement to the Ill-health Income Booster.

12.3 | How do the benefits from the Discovery Retirement Optimiser affect my Discovery Life Fund?

The benefits from the Discovery Retirement Optimiser will have no impact on your Life Fund.

12.4 | How does the Contribution Waiver Benefit affect my Discovery Retirement Optimiser contributions?

If you have chosen the Contribution Waiver Benefit, and you meet the claim criteria as defined for the Premium Waiver Benefit on severe illness or disability (as defined in the Individual Life Plan Guide), the contributions to your Discovery Retirement Optimiser will be paid by Discovery Invest until the earlier of your retirement date, selected at the start of the contract, and age 65. The Contribution Waiver Benefit will cover increases to a maximum of 20% per year.

Section C

ABOUT US



13| Business practices

13.1| How should I issue instructions to Discovery Invest?

You can give us instructions online through our website at www.discovery.co.za or in writing using the relevant forms where applicable.

Written instructions must be sent to us by email to invest_support@discovery.co.za. The forms are available from us when calling 0860 67 57 77 or you may request them from us by email at invest_support@discovery.co.za. Some instructions may require additional supporting documents.

13.2| Will I receive regular benefit statements on my investment?

We will provide a quarterly statement reflecting your investment values during a specified period (or previous quarter).

At any time, you can view all the details of your investment by logging in to our website at www.discovery.co.za. You can also download statements over the period of your choice and make use of a range of tools and calculators.

13.3| Contact details

For more information, please contact your financial adviser. You can also call us on 0860 67 57 77.

You can also visit www.discovery.co.za for more information.

14| Communicating with each other

14.1| Processing transactions

We will only process an instruction on receipt of a correctly completed standard transaction form (STF).

The rules and conditions in respect of all transactions relating to the Discovery Retirement Optimiser are contained in the Discovery Invest Business Practices Manual which is available on www.discovery.co.za

You must acknowledge that you have read and understand the contents thereof and that you are bound by its terms and conditions before you instruct us.



Discovery Invest

Contact Centre 0860 67 57 77 | invest_support@discovery.co.za | www.discovery.co.za

Discovery Retirement Annuity Fund: 37469

This document is meant only as information and should not be taken as financial advice. For tailored financial advice, please contact your financial adviser. The assets of the Discovery Retirement Annuity Fund are invested in a policy of insurance that is underwritten by Discovery Life Limited, a licensed insurer: Registration number: 1966/003901/06, an authorised financial service provider. Discovery Life Limited is the appointed 13B administrator to the Discovery Retirement Annuity Fund and has delegated the administration services to Discovery Life Investment Services Pty (Ltd): Registration number 2007/005969/07, branded as Discovery Invest, an authorised financial services provider. All boosts are offered by the insurer, who reserves the right to review and change the qualifying requirements at any time. Product Rules and Terms and Conditions Apply.

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