

Investment: <Product Name>
 Investment number: <Policy Number>

Dear <Intermediary Title><Intermediary initial><Intermediary surname>

Your client can convert their Guaranteed Escalator Annuity to our latest, enhanced Living Annuity

Your client is currently invested in a Guaranteed Escalator Annuity. The Guaranteed Escalator Annuity is a retirement income plan that allows clients to invest their retirement savings and draw an income each month. Through the Guaranteed Escalator Annuity, clients can invest in our range of Discovery Annuity Escalator Funds and Geared Annuity Escalator Funds.

Uniquely, this plan gives your client a guaranteed minimum level of income that will last throughout retirement with flexible yearly income withdrawals. The Guaranteed Escalator Annuity is closed to new business.

Our latest version of the Discovery Living Annuity offers clients cost-effective admin fees and the ability to get **up to 50% more income each month for life** through the Income Boost. Clients can now also choose to receive enhanced income boosts of up to 100% if they are diagnosed with certain neurological conditions.

Up to 50% more retirement income for life

The Discovery Living Annuity rewards clients with more income for withdrawing wisely and improving their health in retirement. Below is a summary of the percentage of extra income your client could get each month, for life, on their investment in qualifying Discovery funds:

Withdrawal rate	Vitality Health status					
	No Vitality	Blue	Bronze	Silver	Gold	Diamond
2.50% - 3.00%	12.5%	12.5%	20.0%	30.0%	40.0%	50.0%
3.01% - 3.50%	7.5%	7.5%	13.5%	20.0%	25.0%	35.0%
3.51% - 4.00%	5.0%	5.0%	10.0%	13.5%	16.5%	20.0%
4.01% - 4.50%	3.5%	3.5%	7.5%	10.0%	12.5%	15.0%
4.51% - 5.25%	2.5%	2.5%	5.0%	7.5%	7.5%	10.0%
5.26% - 6.00%	0.0%	0.0%	3.5%	5.5%	5.5%	7.5%
6.01% - 8.00%	0.0%	0.0%	2.0%	3.5%	3.5%	4.5%
8.01% - 10.00%	0.0%	0.0%	0.0%	2.0%	2.0%	2.5%
10.01%+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note that even clients without Vitality can get up to 12.5% more income each month. In addition, your client could receive **up to 15% more income on non-qualifying funds**, provided they invest at least 50% in qualifying Discovery funds.

Please note that a maximum boost of R100,000 a year applies, and a limit of 30% applies to the Discovery Diversified Income Fund. If your client chooses the Living Annuity with boosts for neurological conditions, and meets the qualifying criteria, they will no longer receive the income boosts described in this section. They will instead receive the enhanced boosts outlined below. For the full details, terms and conditions, please refer to the Retirement Income Plans fact file.

Up to double your client’s income on diagnosis of specified neurological conditions

Clients choosing to invest in the Discovery Living Annuity with boosts for neurological conditions will now be able to benefit from an enhanced income boost of up to double their income if they are diagnosed with one of the specified neurological conditions.

Below is a summary of the percentage of extra income your client could get on their investment in qualifying funds:

Withdrawal rate	Enhanced Income boost
2.50% - 3.00%	100%
3.01% - 3.50%	80%
3.51% - 4.00%	60%
4.01% - 4.50%	45%
4.51% - 5.25%	30%
5.26% - 6.00%	20%
6.01% - 8.00%	12.5%
8.01% - 10.00%	7.5%
10.01%+	0.0%

Please note that a maximum enhanced income boost of R250,000 a year applies, and your client must be currently aged from 56 to 70 (age at next birthday) to select this option. For full details, terms and conditions, please refer to the Retirement Income Plans fact file.

Your client can convert their investment

Your client now has the opportunity to convert their Guaranteed Escalator Annuity to the new Discovery Living Annuity. Our new Living Annuity brings with it many benefits, from lower admin fees and access to a wider range of funds, to the ability to get more income on any fund.

This letter explains the impact of converting your client’s Guaranteed Escalator Annuity to the latest version of the Living Annuity. Conversion is effectively the transfer of the Guaranteed Escalator Annuity into a new Discovery Living Annuity. Instructions on how to do this are included at the end of the letter.

This letter is not intended to replace your financial advice to your client. This document is for information purposes only, and to help you give your client the best possible advice. There are certain conditions associated with converting your client’s investment to the latest version of the Living Annuity. The

enhancements are summarised below. Please see the Retirement Income Plans fact file for more details, and the terms and conditions.

The key impacts of converting your client's investment

Area affected	Current Guaranteed Escalator Annuity	Effect if your client decides to convert																
<p>Discovery Invest administration fees</p>	<p><Your client currently pays a tiered yearly administration fee as shown in the table below.</p> <table border="1" data-bbox="371 622 869 817"> <thead> <tr> <th>Fund size</th> <th>Yearly admin fee (excl VAT)</th> </tr> </thead> <tbody> <tr> <td>First <R band 1></td> <td><Applicable .00%> %</td> </tr> <tr> <td>Next <R band n></td> <td><Applicable .00%> %</td> </tr> <tr> <td><R band last></td> <td><Applicable .00%> %</td> </tr> </tbody> </table> <p>> [Display if admin fee is tiered scale and not a flat percentage]</p> <p>< Your client currently pays a flat yearly administration fee of 0.55%> [Display if admin fee is flat percentage and not tiered scale]</p> <p>This yearly fee excludes VAT, therefore, the fee charged is divided by 12, increased by VAT and charged monthly.</p>	Fund size	Yearly admin fee (excl VAT)	First <R band 1>	<Applicable .00%> %	Next <R band n>	<Applicable .00%> %	<R band last>	<Applicable .00%> %	<p>After the upgrade, we will charge your client a lower administration fee as shown in the table below.</p> <table border="1" data-bbox="898 622 1369 855"> <thead> <tr> <th>Fund size</th> <th>Yearly admin fee (excl. VAT)</th> </tr> </thead> <tbody> <tr> <td>First <R band 1></td> <td><Applicable .00%> %</td> </tr> <tr> <td>Next <R band n></td> <td><Applicable .00%> %</td> </tr> <tr> <td><R band last></td> <td><Applicable .00%> %</td> </tr> </tbody> </table> <p>> [Display administration fee table for RIII V2.1]</p> <p>This yearly fee excludes VAT, therefore, the fee charged is divided by 12, increased by VAT and charged monthly.</p> <p>If your client chooses the Living Annuity with boosts for neurological conditions, an initial fee of 0.35% will be charged on upgrade. Your client may then have to pay an additional fee of up to 0.90% once every 10 years. These fees will be increased by 15% to offset VAT expenses.</p>	Fund size	Yearly admin fee (excl. VAT)	First <R band 1>	<Applicable .00%> %	Next <R band n>	<Applicable .00%> %	<R band last>	<Applicable .00%> %
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<p>Income Boost</p>	<p>Not available.</p>	<p>Your client can get up to 50% more income each month for life.</p> <p><At your client's current withdrawal rate and Vitality status, they could currently qualify for x% extra income each month on qualifying Discovery funds.> [Display if Income Boost percentage > 0%] <They could increase this to up to 50% by reducing their income withdrawal or improving their Vitality status.>[Display if Income Boost percentage > 0% and < 50%]</p> <p><At your client's current withdrawal rate and Vitality status, they would not qualify for an income boost. They could qualify for an income boost by reducing their</p>																

		income withdrawal or improving their Vitality status. > [Display if Income Boost percentage = 0%]
Funds available	Your client can only invest in Discovery Annuity Escalator Funds and Geared Annuity Escalator Funds.	Your client will have access to a wide range of investment funds from leading investment managers. With 32 Discovery funds and over 170 funds from other providers, funds are available for any need with flexibility to switch between funds throughout the investment.
Income guarantee	<p>Your client currently has a minimum guaranteed monthly income of <Guaranteed Min Income>. This may change from year to year depending on how the underlying Escalator Funds perform and the client's withdrawal rate.</p> <p><Currently, your client is drawing an income of <Current income amount> a month. This is above the recommended maximum withdrawal, which means that your client's guaranteed income may be decreasing each year and may continue to decrease going forward. Your client can ensure their guaranteed income is not at risk of reducing by decreasing their withdrawal.> [Display if Current Income amount > New annuity amount]</p> <p><Currently, your client is drawing an income of <Current income amount> a month. This is below the recommended maximum withdrawal This means that if your client maintains their income withdrawal at this level, their guaranteed income will remain stable and may even increase each year. This will depend on how the underlying Escalator Funds perform.> [Display if Current Income amount <= New annuity amount]</p>	Any income guarantee will fall away and your client will be required to ensure that their fund value and income is sufficient to last throughout their life.
Annuity Guarantee Premium	Your client currently pays an Annuity Guarantee Premium of 0.75% a year on Discovery Escalator Funds and 1.25% a year on external escalator funds.	The annuity guarantee premium will fall away.

Any yearly advice fee being deducted from the Guaranteed Escalator Annuity can continue to be deducted on the Living Annuity. No initial advice fee is payable on conversion.

How to convert your client's policy

The choice to convert the policy should be made by the client. If the client is interested, we can assist you in converting the policy through a Directive 135 transfer. Overleaf, we've included a step-by-step explanation on how to do this. If your client chooses not to convert, their policy will not be affected.

Once the conversion has taken place (if applicable), we will send your client:

- A confirmation of the transfer of their Guaranteed Escalator Annuity
- A welcome letter and policy schedule for their Living Annuity
- A copy of the Retirement Income Plans fact file (containing the most up-to-date product rules which is also available on the Discovery website).

Contact us

For more information, please call us on 0860 67 57 77. You can also email us at invest_servicing_support@discovery.co.za.

Regards

Discovery Invest

Disclaimer

The client policy information in this document is based on Discovery Invest data up to the end of the report date shown on the first page of this letter. While we have taken care to ensure that the information in this document is correct, we do not guarantee this and advise you to verify this information before the upgrade. Please make sure you refer to the latest version of this letter before making a final decision.

Discovery Life Investment Services Pty (Ltd), registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. All life insurance products are underwritten by Discovery Life Ltd, registration number 1966/003901/06, a licensed life insurer, authorised financial services provider and registered credit provider, NCR registration number NCRCP3555. All boosts are offered through the insurer, Discovery Life Limited. The insurer reserves the right to review and change the qualifying requirements for boosts at any time. Product rules, and terms and conditions apply.

How to convert your client's Guaranteed Escalator Annuity to a Living Annuity

The moving of the assets from a Guaranteed Escalator Annuity to the Discovery Living Annuity is classified as a Directive 135 transfer within Discovery. Here is a step-by-step guide on how to do this.

1. To begin the process, here is a list of all the documents we'll need:

- A *Letter of Intent* from the client to transfer their Guaranteed Escalator Annuity to a Discovery Living Annuity.
- A *Living Annuity application form*. Please make sure the application form is completed in full and accurately to avoid any delays.
- Full compliance documents if you are a Discovery Financial Consultant:
 - *Replacement Advice Record*
 - *Legislative Disclosure*
 - Completed *risk profile assessment*
 - *Record of Advice*.

Please send all these documents to both Invest_transfersout@discovery.co.za and Invest_transfers_support@discovery.co.za.

2. Once our Transfers Out team receives these documents, they will initiate the process and draft Annexures 2 and 3 as required for a Directive 135 transfer. Once these documents are completed, the team will send them back to you and these will need to be signed by your client. Once the signed Annexures have been sent back to our Transfers Out team, the transfer will be completed and passed on to the Transfers In team to begin issuing the new Discovery Living Annuity.

3. The Transfers In team may request further requirements due to anti-money laundering (AML) and Bank verification checks. They will be in touch if this is the case. Once all requirements are met, the transferred funds from the Geared Escalator Annuity will be applied to a newly issued Living Annuity and policy documents, a welcome letter and a Retirement Income Plans fact file will be sent to the client.

Please note beyond any delays from waiting for signed documents or any additional requirements to be settled, the transfer out process may take up to seven (7) business days. Transfers out are also halted within 10 days of a policy's income payment date to prevent interruptions to a client's annuity income. Then, the allocation of funds and activation of the new Living Annuity may take up to five (5) business days.

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