Fact File

PRESERVER PLANS

Contents

About this Fact File

This fact file is designed for your easy reference and will allow you to understand your Preserver Plan. It is made up of two sections:

- Section A: This section provides a summary of the rules of the Preserver Plans.
- Section B: This section explains the Contribution Boost and protection benefits that are available on the Preserver Plans.

If you need more information

You can speak to your financial adviser, or contact us on 0860 67 5777.

You can also visit www.discovery.co.za/invest for extra resources and download a PDF version of this Fact File.

SECTION A

Understanding the Preserver Plans

Our Preserver Plans are designed to help you reach your retirement aspirations. Built on innovative thinking, our shared-value model rewards you for positive behaviour change, helping you build up more retirement assets to close the gaps in your retirement needs.

Our Preserver Plans reward you for the right investment behaviours, helping you towards a successful retirement journey.

The Preserver Plans are suitable for anyone who is leaving or retiring from the services of an employer and wants to preserve the benefits of their pension or provident fund membership with their previous employer until they choose to retire. This can be as a result of resignation, dismissal, retrenchment, retirement from the employer or if the pension or provident fund is wound up.

At termination of your membership with your employer's pension or provident Fund, the benefits in your fund can be transferred to a pension preserver fund or a provident preserver fund. The Pension Preserver Plan accepts pension fund benefits, while provident fund benefits may be invested in the Provident Preserver Plans.

With our preserver plans you may qualify for the Contribution Boost and for additional investment growth for living well.

You can also add protection to your lump-sum preserver plan for an additional annual premium. If you choose this, you will receive a range of unique protection benefits that are designed to enhance and protect your investment. You can access these protection benefits by choosing our Classic Preserver Plan. We call our Preserver Plan without these protection benefits a Core Preserver Plan.

If you choose to invest in a Preserver Plan, you will apply to become a member of the Discovery Pension Preservation Fund (registration number: 37760) or the Discovery Provident Preservation Fund (registration number: 37759).

Once Discovery Invest, acting as the Fund's appointed administrator, accepts your application for membership and receives your transfer amount, you are bound by the rules of the preservation Fund. The Fund you are a member of will be shown on your member certificate.

Your contribution will be administered according to the provisions of the Income Tax Act and the preserver fund rules. No recurring contributions may be made to a preservation plan.

Taxation

No tax is payable on money transferred into a preserver plan from a pension or provident fund and no tax is payable on the investment growth earned in the preserver plans (October 2019). Discovery Invest will implement any changes to tax practice as appropriate.

Retirement

According to current legislation, you may retire at any time from age 55 onwards. The fund rules state that, when you choose to retire, your investment amount in the preserver fund accrues to you. This consists of your contributions plus or minus any investment returns and minus all fees that have been levied.

Accessing your investment

The preserver funds allow a single withdrawal from the investment in the fund before your retirement. If a withdrawal has been taken from a preservation fund previously, no future withdrawals will be allowed. Any withdrawal from the fund is subject to current tax practice.

If you have invested in a pension preserver fund, the fund rules and the Income Tax Act provide that you may currently take up to one-third of your investment as a cash lump sum at retirement. The remaining amount must be used to purchase an annuity from a registered insurer to give you regular income in retirement.

If you have invested in a provident preserver fund, the fund rules and the Income Tax Act provide that you may currently take your full investment fund as a cash lump sum at retirement, while any contribution to a pension-providing vehicle, such as a living annuity, is voluntary according to current legislation.

We will apply tax in accordance with the applicable tax rules and rates, as determined by the South African Revenue Service, on any lump-sum withdrawal at retirement and annuity payments in retirement. The income received from the annuity will be taxable as gross income according to the Income Tax Act.

Your investment value in the appropriate preserver fund cannot be ceded, transferred, assigned, reduced, hypothecated or pledged and is subject to the provisions of the Pension Funds Act. You are therefore not allowed to use the investment value or right to the investment value as security, transfer it to someone else, or pay it over to a third party. Also, your creditors cannot attach the investment value or right to the investment value.

Death

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

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.

Beneficiaries

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.

Disability

If you retire due to disability, as defined in the Income Tax Act, even if this is before age 55, your investment fund value, after the deduction of tax, will be payable in line with legislative requirements.

Transferring from the preserver plans

You may transfer your investment in the Pension Preserver Plan to a pension preservation fund, retirement annuity fund or a pension fund with your new employer.

You may transfer your investment in the Provident Preserver Plan to a provident preservation fund, pension preservation fund, retirement annuity fund or a pension fund with your new employer.

Contributions to your preserver plan

The transfer value that you deposit into the applicable Preserver Plan will be the once-off lump-sum contribution. No ad hoc contributions will be allowed into your Pension or Provident Preserver Plan.

If the investment size in a Preserver Plan is more than the Purple threshold (currently R3.5 million – October 2019), then you qualify for a Purple Preserver Plan. Market movements that may result in your fund value falling below the Purple threshold, will not impact whether you qualify or not. With a Purple Preserver Plan, you enjoy enhanced rewards and you may be eligible for Vitality Purple if you already qualify for Vitality. Please note that the Purple threshold may change over time.

Phasing in your contribution

You may phase in your contribution monthly. If you want to phase in your investment, the full contribution amount will be invested into either the Discovery Money Market Fund or Discovery Diversified Income Fund, depending on your choice. The contribution amount (plus interest) is divided by the number of periods you chose. The amount derived is withdrawn in the first month from the phase-in fund you have selected and invested proportionately in the investment options selected.

In the second month, the remaining amount will be divided by the number of phase-in periods remaining and invested. This will continue until all the money is phased in. You can choose to phase your investment in over a period of 3, 6, 9, 12, 15, 18, 21 or 24 months.

Your selected phase-in period (if applicable) is reflected on your member certificate.

Your Contribution Boost will be recalculated after each phase-in month based on the portion of your investment in qualifying funds.

01 | Fees applicable to your Preserver Plan

The fees are divided into initial fees and annual fees and must be paid to:

- Discovery Invest for administering your policy
- Your financial adviser for performing financial planning on your behalf
- The investment managers of the underlying investment choices you have selected.

If you have chosen a Classic Preserver Plan, you have to pay an additional premium of 1.2% a year to Discovery Life for providing the unique protection benefits detailed in Section B. This premium is a percentage of your investment fund and is deducted monthly as 1/12th of the annual premium.

Initial fees

There are no initial administration fees for the Preserver Plans.

Financial adviser initial advice fee

Your financial adviser may charge an initial advice fee as a percentage of your contribution amount. Discovery Invest will pay this over to your financial adviser from your contributed amount. You can negotiate with your financial adviser to determine your initial fee.

100% allocation

You can choose the 100% allocation option when making a lump-sum investment, which means you avoid the initial fees to your financial adviser being deducted from your investment upfront.

The value of the fee is instead increased and paid in monthly instalments over the next five years. However, if you exit, retire or transfer your plan within the first five years, the unpaid instalments from the 100% allocation will be charged to your plan.

The amount that you have to pay over the five years is the financial adviser's initial advice fee (including VAT if applicable) multiplied by 1.262. This is divided over 60 months and paid in level monthly instalments. If you choose this option, 100% of your initial contribution amount is allocated to the underlying investment options on your contract start date.

EXAMPLE

How the initial fee calculation works for lump-sum contributions

You and your financial adviser agree to a 2% financial adviser initial advice fee on a lump-sum investment of R75 000 into the Preserver Plan. This amounts to R1 725 (including VAT), which is deducted from your lump-sum contribution upfront. This leaves you with R73 275 (R75 000 minus R1 725) that would be invested into your underlying fund choices.

What if you chose 100% allocation?

If you would rather pay the financial adviser initial advice fee over five years in monthly instalments so that your total contribution of R75 000 is invested into your underlying fund choices, then you should choose the 100% allocation option. Under this option, the initial fee of R1 725 for your financial adviser will be multiplied by 1.262 and divided by 60 to determine your monthly instalments to be paid for five years:

R1 725 × 1.262 = R2 176.95,
then R2 176.95 ÷ 60 = R36.28

So instead of paying R1 725 immediately, you will pay R36.28 a month for 60 months. If you withdraw your investment before the end of the 60 months, any unpaid remaining instalments will be deducted before you receive your investment value.

Please note: In this example, this fee will not change and will remain R36.28 for the entire 60 months.

Annual fees

Discovery Invest annual administration fees

The annual fee charged for administering your lump-sum contribution depends on the size of your investment:

Investment size	Fee (excluding VAT)
First R2 million	0.40%
Next R3 million	0.35%
Above R5 million	0.20%

This fee will be divided by 12 and deducted monthly. Please note that VAT must also be added to these fees each month.

Financial adviser annual advice fee

Your financial adviser may also charge an annual advice fee as a percentage of your investment fund value for managing your investment fund. Units will be redeemed on a monthly basis for this as 1/12th of the advice fee selected, increased by VAT. Discovery Invest will deduct these from your investment and pay them over to your financial adviser.

Fees you have to pay to the investment manager

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

Investment managers to your underlying investment choices also normally charge an annual 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 Discovery Invest.

You can find the initial and annual fees for each fund on the respective fund fact sheets available on www.discovery.co.za

Fee and premium reviews for preserver plans

Fees and premiums for additional protection benefits quoted on the policy start date are not fixed and may be reviewed during the investment contract term. Before any increases, Discovery Invest will inform you in writing about the changes as well as the options available to you. Any fee changes on the Preserver Plan funds must be approved by the board of trustees.

02 | Choosing the underlying funds for your Preserver Plan

Available investment choices

Your contributions to your Preserver Plan will be invested in the underlying investment options that you have selected. The investment options selected and the allocation of the contributions between these investment options are reflected on your member certificate.

If any of the underlying investment options are capped or cease to exist, Discovery Invest will request you to give us an instruction for a new selection.

Discovery's range of investment options

Discovery Invest Funds

Discovery's range of funds caters for a full range of risk profiles. These include unit trust funds that offer flexibility and control for clients with specific investment objectives and model portfolios that offer solutions for clients who want an additional layer of investment manager diversification.

Discovery Invest has partnered with Investec Asset Management, one of South Africa's leading asset managers, to manage the range of Discovery Invest unit trust funds.

Through Discovery's association with international banks, Discovery Invest is able to provide investors with access to new-generation investment methodologies. Since these are not unit trusts, they are not regulated by the Collective Investment Schemes Act.

Escalator Funds

The Escalator Funds are designed to provide unlimited upside potential in bull markets, while offering downside protection in bear markets. You are protected at a level of at least 80% of the highest value the Escalator Fund has ever reached. This ensures that if markets are down when you want to realise your investment, you have the guarantee that you will always be able to realise at least 80% of the highest value of your Escalator Fund.

The fund is calculated with reference to a mix of assets that dynamically rebalances between an underlying riskier asset and a cash component on an ongoing basis. This rebalancing is done according to a defined algorithm. As the performance of the riskier asset improves, the allocation to the riskier asset increases. If the performance of the riskier asset falls, the allocation to the riskier asset decreases.

Discovery Invest provides a range of Escalator and Life Escalator Funds with various unit trusts and indices as the underlying riskier asset that you may choose from.

Important things you should know about Escalator Funds

They are based on a riskier asset and a cash component. The riskier asset may be a Discovery unit trust, an external unit trust, an index or set of indices (the list of funds is available from Discovery Invest). The value of the fund at any point in time is based on the market value of both the underlying riskier asset and the cash component.

The 80% dynamic market value guarantee level is based on the overall value of each Escalator Fund and not on the value of the riskier asset only. The guarantee applies at all times and not only at the end of a specified time.

The guarantee that the Escalator Funds will not fall below 80% of the highest value reached (the guarantee level) is a guarantee provided by Deutsche Bank or BNP, as the case may be, and not Discovery Life Limited. This means that you bear the risk if Deutsche Bank or BNP is unable to meet the guarantee for any reason whatsoever.

The allocation between the riskier asset and the cash component is determined through an algorithm that allows us to offer the guarantee at any time.

Medical Investment Funds

Discovery Invest's Medical Investment Funds offer liability-driven investment management focused on investors' post-retirement medical scheme contributions. Based on the selected target date, the manager will adjust the fund's mix of asset classes to reduce the risk that the accumulated assets will not be enough to meet your post-retirement medical scheme contributions. The manager will take into account long-term interest rates, inflation, equity returns and the actual contribution increases of health plans administered by Discovery Health.

Once the fund reaches its target date, it will continue to be managed with the aim of paying medical scheme contributions from that date onwards. Discovery Invest does not guarantee that the accumulated assets in Medical Investment Funds will be enough to cover your post-retirement medical scheme contributions.

Each fund is named for the approximate year that you expect to start withdrawing to pay for your medical scheme contributions in retirement. Please note that the fund values and returns are not guaranteed and you may need to save additional amounts to meet the cost of your medical scheme contributions when you retire. Please consult your financial adviser for more information. The Discovery Medical Investment Funds are managed by Colourfield Liability Solutions.

Medical Investment Fund – protect yourself from the medical costs of disability with the Disability Protector

Disability before retirement can seriously affect your ability to provide for a successful retirement. In particular, it increases the risk of you not being able to pay your medical scheme contributions in retirement.

In the event of disability, your investment in Discovery Medical Investment Funds will be boosted by up to 150% through the Disability Protector to protect you from shortfalls in your post-retirement medical scheme contributions. The boost percentage depends on your age at the time of disability and the value of your investment held in the Discovery Medical Investment Funds six months before the time of disability. The boost will be paid out into your investment and will apply in the case of satisfying both Category A and Category D disability criteria, as defined in the latest Discovery Life Plan Guide (available on www.discovery.co.za) and will boost your investment as set out in the table below. You must be invested in the Discovery Medical Investment Funds for at least six months before the disability to qualify for the boost. Any pre-existing conditions or self-inflicted injuries are excluded. Category D disability implies that you are totally and permanently unable to perform a qualifying occupation, as defined by Discovery Life, due to sickness, injury, disease or surgery.

Medical Fund value	Age at the time of disability		
	Age ≤ 40	41 ≤ Age ≤ 55	55 ≤ Age ≤ 65
First R250 000	150%	100%	50%
Next R250 000	100%	60%	35%
Next R250 000	50%	35%	20%
Next R250 000	25%	20%	10%
Next R500 000	15%	10%	5%

External funds

Discovery offers access to a wide range of external investment managers to provide flexibility in your investment choice.

Switching between investment options

You may switch between investment options at any time, subject to Discovery Invest's practice at the time.

The current practice is to allow four free switches a year. Additional switches will attract a fee of 0.25% of the value switched. This fee will be increased by 15% to offset VAT expenses and is capped at a maximum of R500 per transaction (October 2019).

A switch will be subject to any initial fees levied by the investment managers to which the funds are switched.

Please note that switches may affect your Contribution Boost and your protection benefits on your Classic Preserver Plan (if applicable).

03 | Business practices

3.1 | How should I issue instructions to Discovery Invest?

Instructions may be given online through our website at www.discovery.co.za or in writing using the relevant forms where applicable.

Written instructions must be sent to Discovery Invest 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.

3.2 | Will I receive regular statements on my investment?

Discovery Invest 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 including your Contribution Boost and additional growth for living well by logging in to our digitally enabled 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.

3.3 | What happens if an investment choice that I selected is unavailable?

It may happen that Discovery Invest is unable to continue offering a certain investment option as an investment choice. In the event of this happening, Discovery Invest will inform investors accordingly and will request an instruction from you to select a new investment.

3.4 | Misrepresentation

The information given to Discovery Invest in your application form, or any other documents that you provide in support of your application, forms the basis upon which your contract is issued.

If you fail to disclose any information, provide false information, or distort information when applying for your contract, Discovery Invest will be entitled to:

- Refuse to pay out any current or future claims that are related to the misrepresentation or non-disclosure
- Recover monies already paid to you for claims that relate to the misrepresentation or non-disclosure
- Cancel certain benefits or your entire contract with immediate effect.

3.5 | Fraud

Your contract and all its benefits will be cancelled if you:

- Submit a fraudulent claim
- Use any fraudulent means or devices to make your claims
- Provide false information to obtain a benefit
- Knowingly allow anyone acting on your behalf to provide false information to obtain a benefit
- Deliberately and wilfully conspire to cause the illness or disability that gives rise to a claim.

3.6 | Consent to disclosure

You are required to consent to the exchange of information, including medical information, between Discovery Invest, Discovery Life, Discovery Health, Discovery Health Medical Scheme, Discovery Insure, Discovery Bank, any medical practitioner you have consulted or any other life office.

3.7 | Contact details

Please remember that in addition to talking with your financial adviser, you can call us on 0860 67 57 77 if you have any Discovery Invest questions or service needs. You can also visit www.discovery.co.za for additional resources and a downloadable version of this fact file (as a PDF file).

SECTION B

Understanding the **Contribution Boost and protection benefits**

Our unique retirement solution, underpinned by the Shared-value Investment Model, is designed to build up more retirement assets to help you close the gaps in your retirement needs. Through the Contribution Boost and Vitality, you can get rewarded for:

- **Investing longer** with larger boosts for investing for longer terms.
- **Investing more**, if you have a Flexible Investment Plan with us, where you can get up to 75% back on the investment management fees charged on your Flexible Investment Plan added to your boost.
- **Living well,** with additional growth of up to 2% a year on your investment in qualifying funds and your Contribution Boost by getting healthier, driving well and managing your finances.

In addition to the above, by selecting a Classic Preserver Plan you get access to a range of protection benefits designed to enhance and protect your investment.

01 | Contribution Boost (Retirement Upfront Investment Integrator) and additional growth for living well

The Contribution Boost is a notional boost to your investment in a Core or Classic Preserver Plan. The boost you may qualify for is shown below and depends on how early you start saving:

Term to boost payment date in months	Boost on your contribution
Term < 120 months	0%
120 months ≤ term < 180 months	7.5%
180 months ≤ term < 240 months	10%
240 months ≤ term < 300 months	12.5%
300 months ≤ term < 420 months	15%
420 months ≤ term	20%

The boost is calculated by multiplying the lump-sum contribution in qualifying funds by the applicable percentage shown in the table to the right. The percentage depends on the term of the investment to the boost payment date, with larger percentages for longer terms.

The boosts will grow in line with the growth of your portfolio of selected funds (after the deduction of fund management fees, Discovery's annual administration fees and any ongoing financial adviser fees). The resulting value is paid into your investment at the boost payment date. Normal retirement fund tax rules will apply to withdrawals from your full investment amount.

If you have a Classic Preserver Plan, the boost will not grow due to payouts you may receive from the Classic benefits, and your annual protector premiums will not be included in the growth of this boost.

Qualifying funds consist of Discovery funds (with the exception of the Discovery Money Market Fund), Escalator Funds based on Discovery funds and indices, Medical Investment Funds and Target Retirement Date Funds. The list of qualifying funds may be updated from time to time and can be seen on individual fund fact sheets available on www.discovery.co.za

Please note that Discovery may review the qualification criteria, boosts and other terms and conditions from time to time.

Boost payment date

Your boost payment date is the later of the date you turn 65 or 10 years from the start date of your investment. In other words, if you are younger than 55 on the start date of your investment, your boost payment date will be the date you turn 65. If you are 55 years or older on the start date of your investment, your boost payment date is 10 years from your investment start date. The boost payment date is the date that the Contribution Boost will be paid into your investment and will be shown on your member certificate.

EXAMPLE

Unathi, aged 45, has invested R500 000 in a Core Preserver Plan and chooses to invest this 100% in qualifying funds. Because he is younger than 55, Unathi's boost payment date is the date he turns 65. This means he has 20 years until his boost payment date.

Based on the term to his boost payment date, Unathi will get a 12.5% boost to his initial investment. This boost is R62 500. Provided he makes no changes to his investment, we'll pay this amount with investment growth when he turns 65.

Get Boosts on all funds (Purple Preservers only)

Purple Preserver Plans qualify for higher boosts than non-Purple plans on qualifying funds, as shown below.

Term to boost payment date in months	Boost on your contribution
Term < 120 months	0%
120 months ≤ term < 180 months	7.5%
180 months ≤ term < 240 months	12.5%
240 months ≤ term < 300 months	15%
300 months ≤ term < 420 months	20%
420 months ≤ term	25%

You may qualify for 50% of the above boost table on non-qualifying funds if you meet the criteria below:

- You have not chosen the Boost Accelerator option
- You have a Purple Preserver Plan
- You allocate at least 50% of your fund to qualifying funds at the start of your policy
- Your allocation to qualifying funds does not reduce to below 50% as a result of a withdrawal or switch.

Get a portion of the investment management fees from your qualifying Flexible Investment Plans back into your boost (Flexible Plan Retirement Integrator)

You will receive a refund of a portion of the investment management fees from your qualifying Flexible Investment Plans as long as you have either a qualifying Core or Classic Flexible Investment Plan. Your Flexible Investment Plan policy schedule tells you if you qualify for this benefit.

If you do qualify, the boost will be increased annually by up to 50% of the investment management fees charged on your Flexible Investment Plans. For Purple Flexible Investment Plans, this boost will be increased annually by up to 75% of the investment management fees. The percentage of the investment management fees that is used to enhance your boost, depends on your fund choice within your Flexible Investment Plans and is shown in your Flexible Investment Plan policy schedule.

The maximum increase to your boost is 0.4% of the investment size of the Preserver Plan in qualifying funds each year. Your boost can only be increased a maximum of ten times and expires when you reach age 60. If you withdraw partially or fully from your Flexible Investment Plan, any amounts that have already been added to your boost will not fall away. Once your investment management fee refund becomes a part of the boost on your Preserver Plan, the normal rules for switching, transferring the Plan to another provider, death and withdrawals apply.

The investment management fee used for increasing the boost will be the base fee charged by the investment manager, including VAT, and will not include any performance fees charged by the investment manager, if applicable. Refer to the individual fund fact sheets on www.discovery.co.za for further details.

If you have multiple qualifying Preserver Plans and Retirement Annuities with Discovery Invest, the total portion of management fees across all your qualifying Flexible Investment Plans with Discovery Invest will be allocated to your boosts across all your qualifying Preserver Plans and Retirement Annuities.

Please note that Discovery may review the percentage of the investment management fees used to enhance the boost and other rules, terms and conditions from time to time.

You can enjoy zero administration fees with the Boost Accelerator

The Boost Accelerator makes it possible for you to use the boost to enjoy zero annual administration fees on any of your chosen funds from the start of your policy for a certain period. To give you zero administration fees, the Boost Accelerator reduces your boost by R2 for every R1 of administration fees normally deducted from your underlying investment each month.

If you have a Purple Preserver Plan, you will also receive a refund on part of the investment management fees over the same period that you pay no annual administration fees. The refund of investment management fees is paid into your investment at the time of the refund and is equal to 0.2% per year.

You may choose the Boost Accelerator on your Preserver Plan and, once selected, it will apply for the duration of your Preserver Plan.

The Boost Accelerator will continue reducing the boost until it is fully depleted or until your boost payment date. At that time, any remaining boost will be paid into your investment. Normal annual administration fees will be payable thereafter and you will no longer receive any further investment management fee refunds for Purple Preserver Plans, if applicable.

The Boost Accelerator will not reduce any financial adviser fees or premiums for additional protection benefits, if applicable.

Get extra investment growth for living well through Vitality

Get additional growth, of up to 2% per year, on your investment in qualifying funds and your Contribution Boost by getting healthier, driving well and managing your finances. The growth will depend on your Vitality, Vitality Drive and Vitality Money status (if applicable) at the end of the calendar year as shown in the table below:

Vitality Money	Vitality: None	Blue	Bronze	Silver	Gold	Diamond
None	0.40%	0.50%	0.70%	0.80%	0.95%	1.10%
Blue	0.50%	0.60%	0.80%	0.90%	1.05%	1.20%
Bronze	0.70%	0.80%	1.00%	1.10%	1.25%	1.40%
Silver	0.80%	0.90%	1.10%	1.20%	1.35%	1.50%
Gold	0.95%	1.05%	1.25%	1.35%	1.50%	1.65%
Diamond	1.10%	1.20%	1.40%	1.50%	1.65%	1.80%

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Vitality Drive status	
None	0.05%
Blue	0.05%
Bronze	0.10%
Silver	0.10%
Gold	0.15%
Diamond	0.20%

The full amount of the additional growth you earn each year will grow in line with your investment and will be paid into your investment five years after your boost payment date and is limited to 10% of your investment in qualifying funds.

If you are not a member of the relevant Vitality programme at the end of the calendar year, you will receive additional growth based on 'None' status as shown in the table above. If you end your membership of any of the Vitality programmes, any additional growth you've earned up to that point will not be reduced. You can reactivate your membership at any time and the status you achieve will qualify for the additional growth as shown in the table, even in that year, as long as you reactivate your membership before 31 December.

Please note that if you have selected the Boost Accelerator on your policy, you will not receive additional growth on your investment in qualifying funds and your Contribution Boost for living well. The qualification criteria and the conditions for receiving additional growth through Vitality may be reviewed by Discovery from time to time.

EXAMPLE

Unathi, from the previous example, has been invested for almost a year and is now at the end of the calendar year (31 December). Over the year, his investment achieved a net return after all fees of 10%. This means his current fund value is now R550 000 and his boost is now R68 750.

At this date, he has the following Vitality statuses: Diamond on Vitality Health, Silver on Vitality Drive and Bronze on Vitality Money. This means that he qualifies for additional growth on his investment in qualifying funds and his boost at this date of 1.40% + 0.10% = 1.50%. This will be applied to his investment in qualifying funds and his boost, giving him extra growth of (550 000 + 68 750) x 1.5% = R9 281.25. This will grow in line with Unathi's investment and, provided he makes no changes to his investment, will be paid into his Core Preserver Plan five years after his boost payment date, when he turns 70 years old.

Rules for the Contribution Boost and additional growth for living well

What if I switch my money into or out of qualifying funds?

The boost and additional growth for living well will be reduced proportionately if you switch out of qualifying funds. Switches into qualifying funds after the start of your investment may increase the boost we pay, based on the term from the date of the switch into qualifying funds to the boost payment date and the boost tables at that time but will not affect the value of the additional growth for living well. Switching out of qualifying funds will reduce the term that you qualify for no Discovery annual administration fees from the Boost Accelerator.

Purple Preservers

If your allocation to qualifying funds reduces below 50% as a result of a switch, you will no longer receive the boost on non-qualifying funds.

What if I make a withdrawal from my Preserver Plan?

The boost and additional growth for living well will be reduced proportionately if you withdraw out of qualifying funds.

What if I die or transfer my Preserver Plan to another provider?

Your boost and additional growth for living well will fall away entirely.

What if I retire before my boost payment date?

You are free to retire at any time after turning 55, according to current legislation. If you choose to retire before your boost payment date, the boost will be recalculated in line with your new term to retirement from the start of your investment and the relevant boost tables at that time. If you have selected the Boost Accelerator, the remainder of the boost will fall away. Any additional growth for living well will fall away.

What if I have to retire as a result of disability before age 55?

In the case of early retirement as a result of disability, we pay half of the boost and half the value of the additional growth for living well.

This does not apply in the first 10 years from the start of the investment term and will not apply to additional boosts for contributions received within three years of the disability. This applies only in the case of Category A disability (or D if applicable) as set out in the definitions in the Discovery Life Plan Guide, which can be found on www.discovery.co.za. Your boost will not pay out as a result of disability from self-inflicted injuries or illnesses or if your disability arose directly or indirectly from any condition, illness, disability or impairment that existed before the start of your Preserver Plan and of which you knew about and sought medical treatment or medical advice for from a recognised medical practitioner.

What if I retire between my boost payment date and five years after my boost payment date?

At your boost payment date, your boost will be paid into your investment. You will continue to earn additional growth on your investment in qualifying funds through Vitality until five years after your boost payment date. At this point the value of this additional growth will be paid into your investment. If you retire before this date, we will pay a portion of the additional growth to you. The portion is calculated by taking the number of completed policy years from your boost payment date to your retirement date, dividing this by five and then multiplying this by the additional growth value at your retirement date.

02 | Additional protection benefits available on Classic Preserver Plans

If you have chosen the Classic Preserver Plan, you have automatic access to a range of benefits designed to enhance and protect your investment fund. There are six protection benefits:

01 | Protector in the case of fund underperformance

02 | Protector in the case of your Target Retirement Date Fund underperforming its inflation target

03 | Protector for tax you pay when you retire

04 | Protector that pays out if you become disabled before retirement

05 | Protector to pay out at the highest Escalator Fund price when you retire

06 | Protector to pay out at the highest Escalator Fund price if you die.

These protection benefits are explained below. They are calculated separately from your Contribution Boost. The boost will not grow due to payouts you receive from your additional protection benefits. Please refer to the Contribution Boost section for more details.

2.1 | Protector in the case of fund underperformance (Quartile Performance Protector)

This benefit is designed to protect your investment in the case of underperformance by ensuring that the performance of the range of Discovery funds is improved relative to the other funds in their respective sectors. If your chosen Discovery fund's performance is not in the top 25% of all funds in its sector over each five-year period from your policy start date, you will receive a protector boost of up to 20% to your fund's five-year growth based on the fund's relative performance in its sector. The protector boost will be payable at the end of each five-year period.

The percentage boost depends on the performance quartile that the fund is in over the five-year measurement period in its sector and applies only to certain Discovery funds. The largest boost will be received if your fund is in the fourth quartile with lower boosts in the third and second quartiles. The funds included in each sector will be updated from time to time at Discovery's discretion. The full details of the protector boosts and your selected funds that qualify for this benefit can be found on your member certificate.

The protector boosts shown on your member certificate are expressed as a percentage of the amount in the relevant Discovery fund at the start of the five-year period. Discovery may update the list of qualifying funds from time to time.

If you own a Discovery Life Plan with a monthly premium above the minimum qualifying Life Plan premium at the time for the full five-year period, you will qualify for an additional 10% protector boost. This additional protector boost is paid over and above the percentages shown on the investment certificate if your chosen fund is not in the top quartile. You will receive this additional 10% protector boost, subject to Discovery maximums, as long as your Life Plan remains in force for the full five years before the payout. This qualifying Life Plan premium will be increased each year in line with the average increase in Discovery Life Plan premiums for all new Preserver Plans.

You must be invested in the same Discovery fund for the full five years to receive the protector boost at the end of the five-year period. If you transfer out of your Classic Preserver Plan or switch out of the fund you have chosen, your protection benefit will be reduced or fall away.

If you switch into a qualifying Discovery fund after the start of any five-year period, your protector boost will be reduced by 20% if the switch is in the first year and by an additional 20% in each year thereafter within the five-year period.

2.2 | Protector in the case of your Target Retirement Date Fund underperforming its inflation target (Target Retirement Date Inflation Performance Protector)

This benefit protects you if your selected Target Retirement Date Funds underperform relative to their inflation target. It will assist you in achieving a growth rate on your selected Target Retirement Date Funds in line with or in excess of inflation (subject to maximum limits).

At the end of every five years that you remain invested in a Target Retirement Date Fund, Discovery will increase the amount in that fund if it has underperformed the inflation target over the previous five-year period. The size of the increase is intended to bring the growth on the Target Retirement Date Fund in line with your relevant inflation target. The increase will be limited to 10% of the amount in the relevant Target Retirement Date Fund at the start of the five-year period. Your inflation target depends on your age at the end of the five-year period as set out in the following table:

Age next in years	Inflation
Up to 50	CPI + 3%
51 to 60	CPI + 2%
More than 60	CPI + 1%

You must remain invested in the relevant Target Retirement Date Fund for the full five years continuously to receive any increase to your fund. Money switched into a Target Retirement Date Fund within the first six months of a five-year period will qualify for the full five-year protection benefit, after which any money switched into a Target Retirement Date Fund will not qualify for the benefit at the end of the five-year period.

2.3 | Protector for tax payable at retirement (Retirement Tax Funder)

When you retire, you may withdraw up to one-third of your retirement savings in cash. This benefit pays you the cost of the tax that you will be liable to pay when you make a lump-sum withdrawal from your Classic Preserver Plan at retirement.

At retirement, this benefit will provide an increase to your investment to help pay for any tax on your lump-sum withdrawal. This boost will effectively make your withdrawal tax-free up to certain limits, depending on how many years you remain invested in the Classic Preserver Plan as shown in the following table:

Years to retirement	Effective maximum tax-free lump-sum withdrawal at retirement due to Retirement Tax Funder
20 or more (≥ 240 months)	R1 275 000
15 to 20 (180 to 239 months)	R995 000
10 to 15 (120 to 179 months)	R730 000
0 to 10 (< 120 months)	R500 000

The table above will be changed at Discovery's discretion from time to time in line with changes to taxation and taxation limits.

Discovery Life will increase your fund through the Retirement Tax Protector in line with your maximum permissible lump-sum withdrawal of one-third of your retirement fund at retirement and the tax tables that apply at the time.

Any increase you qualify for through the Retirement Tax Protector will be paid into your Classic Preserver Plan at retirement, before any cash lump-sum withdrawal. Discovery will raise the increase amount to allow for any additional tax on the increase itself.

2.4 | Protector that pays out if you become disabled before retirement (Early Retirement Disability Protector)

This benefit protects you from potential lost future investment returns if you become disabled resulting in your early retirement. It does this by increasing the value of your Classic Preserver Plan. The increase will be an amount we pay into your Classic Preserver Plan if you qualify for a claim under Category A or B of the Capital Disability Benefit as defined in the Discovery Individual Life Plan Guide applicable at the time of your claim. A copy of the current guide is available at www.discovery.co.za

The disability must result in early retirement from your Classic Preserver Plan to receive this benefit. The amount we pay depends on how many years you have left before you reach age 65 (shown in the table below) from the date of a valid disability claim.

Years to age 65	Boost to your fund value for a Category A disability claim	Boost to your fund value for a Category B disability claim
15 or more (180 months or more)	20%	10%
10 to 15 (120 to 179 months)	15%	7.5%
5 to 10 (60 to 119 months)	10%	5%
0 to 5 (less than 60 months)	5%	2.5%

Please note that any contributions paid to your Classic Preserver Plan within three months of a disability claim will not qualify for this benefit. Only one claim will be admitted per Classic Preserver Plan. This benefit will not pay out for self-inflicted injuries or if your claim arose directly or indirectly from any condition, illness, disability or impairment that existed before inception of this benefit and which you knew about and sought medical treatment or medical advice for from a recognised medical practitioner. This benefit expires on reaching age 65.

2.5 | Protector to pay out at the highest Escalator Fund price when you retire (100% Escalator Retirement Guarantee)

The Discovery Escalator and Discovery Life Escalator Funds provide an 80% guarantee of the highest unit price ever reached by the fund. This benefit increases this guarantee on your chosen retirement date to 100% of the highest unit price reached while you were invested in the relevant Escalator Fund, protecting your investment against negative market movements just before your retirement.

To receive this added protection, you must be invested in the same Escalator Fund for at least five years continuously before the retirement date.

The amount we pay under this benefit is the number of Escalator Fund units you own at your originally chosen retirement date and that you have owned continuously for at least five years before retirement, multiplied by the difference between the highest unit price achieved by the particular Escalator Fund while you were invested and the unit price of the Escalator Fund at your retirement.

Any money switched or contributed to an Escalator Fund within five years before your retirement date does not qualify for the benefit. This benefit is proportionately reduced by any transfers out of your Classic Preserver Plan.

2.6 | Protector to pay out at the highest Escalator Fund price if you die (100% Escalator Death Guarantee)

This benefit pays a boost into your Classic Preserver Plan if you die while invested in any of the Escalator or Life Escalator Funds.

The amount we pay under this benefit is the number of Escalator Fund units you own at the time of your death, multiplied by the difference between the highest unit price achieved by the particular Escalator Fund and the unit price of the Escalator Fund at the time of your death. This allows you to lock in 100% of the highest value your Escalator Fund has ever reached, protecting your assets against a possible untimely death.

If you switch out of Escalator Funds or withdraw from your Classic Preserver Plan before Discovery’s acceptance of a valid claim, this benefit will not be paid. The benefit will not pay out if your death is caused directly or indirectly by a condition, illness, disability or impairment that existed before investing in or switching to the Escalator or Life Escalator Fund and of which you knew about and sought medical treatment or medical advice for from a recognised medical practitioner. This benefit will also not pay out if you commit suicide.

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The Fact File is part of Discovery Invest's commitment to fairness and full compliance with legal requirements for financial service providers to provide detailed easy-to-understand information about how each product works. 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. The Discovery Invest Endowment Plan is administered by Discovery Life Investment Services (Pty) Limited trading as Discovery Invest, a subsidiary of Discovery Holdings Limited.

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