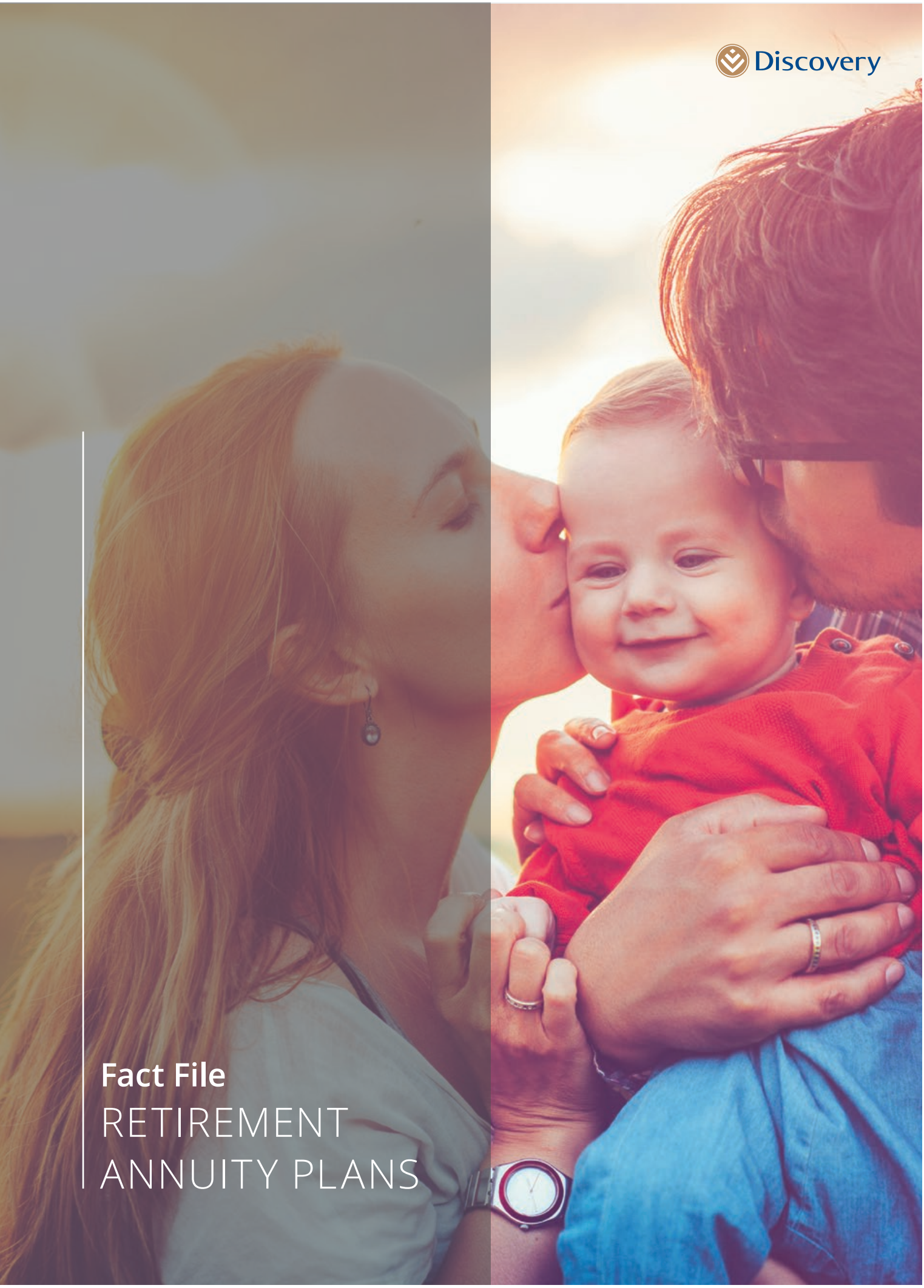

Discovery

Fact File

RETIREMENT ANNUITY PLANS

Contents

About this Fact File

This Fact File sets out the details of the Retirement Annuity Plans, as well as the terms and conditions that apply. It is made up of two sections:

- Section A: This section provides a summary of the rules of the Discovery Retirement Annuity Plans
- Section B: This section explains the lump sum Contribution Boost, recurring Contribution Boost and the protection benefits that are available on lump-sum and recurring contribution Discovery Retirement Annuity 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 Retirement Annuity Plans

Our Retirement Annuity Plans are designed to help you reach your retirement aspirations. Built on innovative thinking, our shared-value model rewards you for positive behaviour change to help you build up more retirement assets to close the gaps in your retirement needs. This Fact File is designed for easy reference and will allow you to understand your retirement annuity and how you can make the most of your retirement journey.

Our Retirement Annuity Plans reward you for the right investment behaviours, helping you towards a successful retirement journey. You can save each month or you can invest a lump-sum amount. If you choose to make a lump-sum contribution to a Core or Classic Retirement Annuity, you may qualify for the lump sum Contribution Boost and additional investment growth for living well.

You can also add protection to your lump-sum Retirement Annuity 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 benefits by choosing our Classic Retirement Annuity. A Retirement Annuity Plan without these protection benefits is called a Core Retirement Annuity. If you choose to make recurring monthly contributions to a Retirement Annuity or Group Retirement Annuity, you may qualify for the recurring Contribution Boost. You can also add a premium waiver on your recurring-contribution Retirement Annuity for an additional annual premium.

Discovery Invest's Retirement Annuity Plans are underpinned by a retirement annuity. A retirement annuity is an investment that you make specifically to fund your retirement, and the way it works is regulated by South African legislation. If you choose to contribute to a Discovery Retirement Annuity Plan, you will apply to become a member of the Discovery Retirement Annuity Fund (registration number 37469, underwritten by Discovery Life) or the Discovery Investment Retirement Annuity Fund (registration number 37787).

Discovery is the Fund's appointed administrator. Once Discovery accepts your application for membership and receives your first contribution, you are bound by the rules of the Discovery Retirement Annuity Fund or the Discovery Investment Retirement Annuity Fund. The Fund you are a member of will be shown on your member certificate.

Retirement annuity funds are administered mainly in terms of the provisions of the Pension Funds Act No 24 of 1956 as amended, the Income Tax Act No 58 of 1962, as amended and the relevant retirement annuity fund rules.

Taxation

Your contributions to a retirement annuity are tax deductible up to certain limits. The limits are determined by your income and other retirement investments you might have.

The investment growth and income earned on your contributions to a retirement annuity are tax free.

Retirement

The fund rules state that when you choose to retire, your investment amount in the retirement annuity fund accrues to you. This consists of your contributions plus or minus any investment returns and minus all fees and premiums that have been levied.

Accessing your investment

In terms of South African law (in particular the Pension Funds Act) you cannot, except under exceptional circumstances such as disability or if you formally emigrate from South Africa, access your investment value in retirement annuity funds before the age of 55.

The fund rules and the Income Tax Act state you may currently take up to one-third of your investment value as a cash lump sum at retirement. You must use the remaining amount to buy a compulsory annuity from a registered insurer to give you a regular retirement income.

Tax will be applied on any lump-sum withdrawal at retirement and annuity payments in retirement. This is in accordance with the applicable tax rules and rates as determined by the South African Revenue Service (SARS). The income received from the annuity will be taxable as gross income in terms of the Income Tax Act.

Your investment value in the retirement annuity funds cannot be ceded, transferred, assigned, reduced, hypothecated or pledged, and it 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 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.

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 your selected retirement date, we will pay your investment value that has accrued, after the deduction of tax.

Contributions to your retirement annuity

You can make a once-off lump-sum contribution or recurring monthly contributions to your retirement annuity. If you have a Core Retirement Annuity, you are also allowed to make occasional extra (ad hoc) contributions.

If you have a Classic Retirement Annuity, you may only make one once-off lump-sum contribution. Any extra contributions that you make will be invested in new Classic Retirement Annuities.

If the investment size in a Retirement Annuity Plan is more than the Purple threshold (currently R3.5 million – October 2019), you qualify for a Purple Retirement Annuity. 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 Retirement Annuity, you enjoy enhanced benefits and you may be eligible for Vitality Purple if you already qualify for Vitality. Please note that the Purple threshold may change over time.

01 | Lump-sum contributions

1.1 | Phasing in your lump-sum contribution

You may phase in your lump-sum contributions 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 investment returns) 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. It is 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 lump sum Contribution Boost (if applicable) will be recalculated after each phase-in month based on the proportion of your investment in qualifying funds.

1.2 | Fees

The fees are categorised 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; and
- The investment managers of the underlying investment choices you have selected.

If you have chosen a Classic Retirement Annuity, 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 one-twelfth of the annual premium.

Initial fees

Financial adviser initial advice fee

On a lump-sum contribution, 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 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 at the start of your contract.

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 a Retirement Annuity 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, 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.

Investment manager initial fee

Certain investment management companies may charge initial fees for you to invest in their funds. The initial fees that apply to each fund can be found in their fund fact sheets available on www.discovery.co.za

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 one-twelfth of the advice fee selected, increased by VAT. Discovery Invest will deduct these from your investment and pay them over to your financial adviser.

Investment manager annual fee

The investment managers of your underlying investment choices will 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 investment manager provides to Discovery Invest. The annual fees that apply to each fund can be found in their respective fund fact sheets on www.discovery.co.za.

02 | Recurring contributions

2.1 | Selected retirement date

At the start of your investment, you will choose a retirement age. You may change your selected retirement age at any time except in the last five years before your latest selected retirement age.

If you retire before your selected retirement age, your retirement benefits may be adjusted as described in paragraph 2.2 below. Your recurring Contribution Boost and Fee PayBack balances may also be adjusted. Please see the relevant sections before making any changes If you retire after your selected retirement age, your contributions will continue until you retire.

2.2 | Discovery Invest fees and financial adviser fees

The way fees are charged for recurring contributions (monthly or yearly), is different to that of lump-sum contribution fees. There are two fee structures, which we explain below.

Option 1

Initial fees

Under this option, you will receive a 100% allocation. This means that Discovery will not deduct any initial fees from your investment, although certain investment management companies may charge initial fees on certain funds that you may choose. Discovery Invest also does not charge a policy fee.

Discovery Invest annual administration fee

You pay an annual administration fee of 3.5% of the value of your investment fund. This fee will be divided by 12 and deducted monthly. This will be increased by 15% to offset VAT expenses. This fee is used to cover the costs of administration as well as your financial adviser's fees.

If you are a part of a Group Retirement Annuity Plan, you may qualify for up to a 100% discount on this fee, depending on the size of your contribution, as shown below:

Monthly contribution	Percentage reduction in yearly admin fee
Less than R250	100%
Between R250 and R349	50%
Over R350	0%

The discount is lost if you stop making recurring contributions. This table may be reviewed from time to time.

Fee PayBack

You also qualify for Fee PayBack. Fee PayBack provides a refund of a percentage of all admin fees paid, plus growth on those fees, paid at your selected retirement date. The percentage that is refunded depends on the term from the start your policy to your selected retirement date and if your Retirement Annuity is made paid-up, according to the following table:

Term from the start of your policy to selected retirement date (months)	Percentage of fees refunded at your selected retirement date	Percentage of fees refunded if your Retirement Annuity is paid-up at your selected retirement date
0 – 59	0%	0%
60 – 119	27.5%	10%
120 – 179	37.5%	15%
180 – 239	45%	25%
240 – 299	50%	30%
300 – 359	55%	30%
360+	60%	30%

If your investment is made fully paid-up, your Fee PayBack balance is recalculated to give you the lower percentage refund according to the table above. If you reduce your contribution, your Fee PayBack balance will be recalculated according to the above tables and 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 proportionately 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 death or disability before your selected retirement date.

Reducing or stopping your contributions or transferring your retirement annuity to another insurer

If you reduce or stop your contributions before your selected retirement age, or if you transfer your retirement annuity to another insurer, Discovery Invest may charge an early exit fee. We explain this fee below.

- If you transfer your retirement annuity to another insurer or stop paying your contributions (make your policy paid up), this fee will be a maximum of 15% of your investment value in the first month. The fee will reduce linearly to zero over half the term of your retirement annuity. The minimum term over which it will reduce to zero is five years and the maximum is 10 years.
- If you reduce your monthly contribution, you will be charged the early exit fee on your fund value, multiplied by the percentage reduction in your contribution.

Option 2

Initial fees

Your financial adviser may receive financial adviser initial advice fees as a percentage of your contributions, as and when you pay each contribution. This will be deducted from the contributions you pay. If you only pay a contribution once a year, your financial adviser will only receive the financial adviser's fee once a year.

Discovery Invest does not charge an initial admin fee and there is no policy fee.

Discovery Invest annual administration fee

An annual administration fee is charged based on your investment value. It works as follows:

Investment fund size fee	Annual administration
First R250 000	0,75%
Next R250 000	0,65%
Next R250 000	0,60%
Next R250 000	0,45%
Over R1 million	0,30%

This is an annual fee, so the fee is divided by 12 and charged monthly. Please note that VAT must also be added to these fees each month.

Financial adviser annual advice fee

Your financial adviser can charge an annual 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.

Reducing or stopping your contributions or transferring your retirement annuity to another insurer

If you chose this option, you will not pay any early exit fees if you stop or reduce your contributions or move your retirement annuity to another insurer.

Fees you have to pay to the investment manager (both options)

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

Investment managers 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. The initial and annual fees for each fund can be found on their fund fact sheets available at www.discovery.co.za.

Additional (ad hoc) contributions

Additional (ad hoc) contributions to the recurring Retirement Annuity will be charged the same fees as those on lump-sum contributions, detailed in paragraph 1.2 of Section A. Additional contributions less than the minimum lump-sum contribution to a Discovery Retirement Annuity will not qualify for the boost and protection benefits described in Section B. For additional contributions greater than the minimum initial lump-sum contribution to a Discovery Retirement Annuity, a new Discovery Retirement Annuity must be created and the rules according to the latest Discovery Invest Retirement Plan Fact File will apply.

2.3 | Annual contribution increases

If you've chosen recurring contributions, you can also choose to have an annual automatic contribution increase (ACI) added to your investment. This means that your contributions will increase each year on the policy anniversary by the ACI option selected. You can choose an ACI of 0%, the consumer price index (CPI), 10%, 15% or 20% a year.

Definition of the consumer price index (CPI)

CPI is defined as the latest available consumer price index at the time of producing the policy anniversary letters. CPI is determined by the South African Department of Statistics and the annual increase is capped at 15%.

Fee and premium reviews for the Retirement Annuity 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 Retirement Annuity Funds must be approved by the board of trustees.

03 | Choosing the underlying funds for your retirement annuity

Available investment choices

Your contributions to your retirement annuity 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 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 aid 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 sufficient to meet your post-retirement medical aid contributions. The manager will take into account long-term interest rates, inflation, equity returns and actual increases of Discovery Health Medical Scheme Plans.

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

Each fund is named for the approximate year that you expect to start withdrawing money to pay for your medical aid contributions in retirement. Please note that the fund values and the returns are not guaranteed and you may need to save additional amounts to meet the cost of your medical aid 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 impact your ability to provide for a successful retirement. In particular, it increases the risk of you not being able to make your medical aid 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 aid 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, as defined in the latest *Discovery Life Plan Guide* (available at www.discovery.co.za) and will boost your investment according to the following table:

		Age at the time of disability		
		Age ≤ 40	41 ≤ Age ≤ 55	56 ≤ Age < 65
Medical Investment Fund value	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%

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.

Please note that the Disability Protector is not available on Recurring Retirement Annuities

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 lump sum Contribution Boost additional growth for living well, your protection benefits on your Classic Retirement Annuity (if applicable), your Boost Accelerator (if applicable) and your recurring Contribution Boost.

04 | Business practices

4.1 | 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. You may request the forms by calling us on 0860 67 57 77 or by emailing us at invest_support@discovery.co.za. We may require additional supporting documents for certain instructions.

4.2 | 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). Discovery Invest will provide all investors in the Retirement Annuity Plans with an income tax certificate indicating the Retirement Annuity Fund contributions for the relevant tax year.

At any time, you can view all the details of your investment, including your lump sum 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.

4.3 | 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. If this happens, Discovery Invest will inform investors accordingly and will request an instruction from you to select a new investment choice.

4.4 | Misrepresentation

The information you give Discovery Invest in your application form or in any other documents that you provide in support of your application forms the basis on which we issue your contract. If you fail to disclose any information, provide false information, or distort information when applying for your contract, Discovery Invest will be entitled to suspend your cover from the start date of your contract. In addition to this, Discovery Invest will also be entitled to:

- Refuse to pay out any current or future claims that are related to the misrepresentation or non-disclosure
- Adjust your premium or contribution from the date of the misrepresentation or nondisclosure
- Recover monies already paid to you for claims that relate to the misrepresentation or nondisclosure
- Cancel certain benefits or your entire contract with immediate effect, and retain any premiums or contributions paid to Discovery Invest or Discovery Life as a penalty.

4.5 | 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 in order 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.

4.6 | Consent to disclosure

You have 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 insurance office.

4.7 | 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).

SECTION B

Understanding the boosts 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.

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

Through the Boosts and Vitality, you can get rewarded for:

- Investing longer, with larger boosts for investing for longer terms.
- Investing more through enhanced boosts to the extra money you contribute in a specified period and enhanced boosts on Discovery Life PayBacks that you choose to reinvest. These boosts are also larger for longer terms invested. If you have a Flexible Investment Plan with us, you can also get up to 75% of 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 Boost by getting healthier, driving well and managing your finances.

The Boost is a notional increase to your investment in either the Core or Classic Retirement Annuity. It is only available on lump-sum contributions. 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	Boost on your qualifying extra contributions	Boost on reinvested Discovery Life PayBacks
Term < 120 months	0%	0%	0%
120 months ≤ term < 180 months	7.5%	10%	12.5%
180 months ≤ term < 240 months	10%	12.5%	15%
240 months ≤ term < 300 months	12.5%	15%	20%
300 months ≤ term < 420 months	15%	20%	25%
420 months ≤ term	20%	25%	30%

Boost payment date

The boost payment date is the date on which the lump sum Contribution Boost will be paid into your investment and will be shown on your member certificate. 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 is calculated by multiplying the lump-sum contribution in qualifying funds by the applicable percentage shown in the table above. The percentage depends on the term of the contribution to the boost payment date, with larger percentages for longer terms.

The boost 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 will be 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 Retirement Annuity, payouts you may receive from the Classic benefits will not grow the boost, and the annual protector premiums will not affect 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 at www.discovery.co.za

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

EXAMPLE

Unathi, aged 45, has invested R500 000 in a Core Retirement Annuity and chooses to invest the entire amount 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 including investment growth when he turns 65.

Get higher boosts on qualifying extra contributions (Enhanced Savings Integrator)

You may qualify for higher boosts on extra contributions you make to your retirement annuity if these contributions are made in a specific qualifying period. The higher boosts are shown in the table above and depend on the term to the boost payment date from the date of the extra contribution. The period for which this higher boost applies will be communicated by Discovery Invest. Contributions made outside of these periods will not receive the higher boost but will instead receive the normal lump sum contribution boost. The higher boost does not apply to any extra contributions made in the first six months after the start of your policy.

The portion of the extra contribution that may qualify for the higher boost is limited to 20% of the fund value at the time of the extra contribution and only applies if you invest the extra contribution in qualifying funds. If multiple extra contributions are made in the qualifying period, the 20% limit will be applied to the total extra contributions made in that period. The portion of the contributions that is more than the 20% limit will qualify for the normal lump sum contribution boost. Once the boost on the extra contribution is calculated,it is added to the total boost on your retirement annuity.

Please note that extra contributions are not permitted on Classic Retirement Annuities.

Get even higher boosts on reinvested Discovery Life PayBacks (PayBack Integrator)

You can receive even higher boosts if you choose to automatically reinvest your Discovery Life PayBacks from your Discovery Life Plans in your Retirement Annuity. The higher boosts depend on the term to the boost payment date from the date of the reinvested PayBack.

The portion of the reinvested Discovery Life PayBack that may qualify for the higher boost is limited to 20% of the fund value at the time of the reinvested PayBack and only applies when it is invested in qualifying funds. The portion of the reinvested PayBack that is more than the 20% limit will qualify for the normal lump sum contribution boost. Once the boost on the reinvested PayBack is calculated, it is added to the total boost on your retirement annuity.

You can choose on your application form to automatically reinvest your Discovery Life PayBacks from your Discovery Life Plans. When you choose to reinvest your PayBacks on your application, all your PayBacks across all of your Discovery Life Plans will be automatically invested in your retirement annuity.

This will exclude any PayBacks being used in whole or in part by the Retirement PayBack Booster on any Discovery Retirement Optimiser Plan you may have.

Shortly after receiving your PayBack from Discovery Life in your bank account, we will withdraw the PayBack from the same bank account and invest it in your retirement annuity. You can cancel the automatic reinvestment of PayBacks at any time before the money is invested by contacting Discovery Invest. If you have multiple Retirement Annuity Plans with the automatic PayBack reinvestment selected, the PayBacks will be invested in the largest retirement annuity at the date of the PayBack. You can change this default by contacting Discovery Invest and asking us to automatically reinvest your PayBacks in the policy you choose.

Please note that reinvesting PayBacks is not permitted on Classic Retirement Annuities.

Get Boosts on all funds (Purple Retirement Annuities)

Purple Retirement Annuities 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	Boost on your qualifying extra contributions	Boost on reinvested Discovery Life PayBacks
Term < 120 months	0%	0%	0%
120 months ≤ term < 180 months	7.5%	12.5%	15%
180 months ≤ term < 240 months	12.5%	15%	17.5%
240 months ≤ term < 300 months	15%	20%	25%
300 months ≤ term < 420 months	20%	25%	30%
420 months ≤ term	25%	30%	35%

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

- You have not chosen Boost Accelerator option
- You have a Purple Retirement Annuity
- 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, switch, PayBack or additional contribution.

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, the 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 this boost is 0.4% of the investment value of the Lump-sum Retirement Annuity in qualifying funds each year. The boost can only be increased a maximum of 10 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 retirement annuity, the normal rules apply for switches, transfer of the Plan to another provider, death and withdrawals.

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 at www.discovery.co.za for further details.

If you have multiple qualifying Lump-sum Retirement Annuities or Preservation Plans 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 Lump-sum Retirement Annuities and Preservation Plans.

Please note that the percentage of the investment management fees used to enhance the boost and other rules, terms and conditions may be reviewed by Discovery 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 Retirement Annuity, you will also receive a refund on part of the investment management fees over the same period in which 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% a year.

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

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. Thereafter, you will pay annual administration fees and you will no longer receive any further investment management fee refunds for Purple Retirement Annuity, 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% each year on your investment in qualifying funds and your lump sum Contribution Boost by getting healthier, driving well and managing your finances. The growth will depend on your Vitality Health, Vitality Drive and Vitality Money status (if applicable) at the end of the calendar year. The table below shows how much you can get extra.

Vitality Money	Vitality Health: 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	
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. The additional growth 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 have 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, 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 lump sum 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 for living well 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) × 1.5% = R9 281.25. This will apply each year depending on his Vitality statuses and will grow in line with Unathi's investment and, provided he makes no changes to his investment, will be paid into his Core Retirement Annuity five years after his boost payment date, when he turns 70 years old.

Rules for the lump sum Contribution Boost and additional growth for living well

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

The boost and the additional growth for living well will be reduced proportionately if you switch out of qualifying funds before the boost payment date. Switches into qualifying funds after the start of your investment may increase the boosts we pay but will not affect the value of the additional growth for living well. Such boosts are based on the term from the date of the switch into qualifying funds to the boost payment, as well as the boost tables at that time.

Switching out of qualifying funds will reduce the term that you qualify for no Discovery annual administration fees from the Boost Accelerator.

Purple Retirement Annuities

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 die or transfer my retirement annuity to another provider?

Your boost and any 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 from Vitality will also 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 extra 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 *Discovery Life Plan Guide*, which can be found at www.discovery.co.za. Your boost will not be paid out if your disability results from self-inflicted injuries or illnesses. It will also not be paid out if your disability arose directly or indirectly from any condition, illness, disability or impairment that existed before the start of your retirement annuity and that you knew about, or had medical treatment or got 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 lump-sum Classic Retirement Annuities

If you have chosen the Classic Retirement Annuity, 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 lump sum Contribution Boost. Payouts you receive from your additional protection benefits will not grow the boost.

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% of 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 you 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 member 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 Retirement Annuity 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 Retirement Annuity 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% 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 Fund underperforms relative to its inflation target. It will assist you in achieving a growth rate on your selected Target Retirement Date Fund 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 without any breaks 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 Retirement Annuity 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 Retirement Annuity, 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 295 000
15 to 20 (180 to 239 months)	R1 015 000
10 to 15 (120 to 179 months)	R735 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 Retirement Annuity 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. The benefit does this by increasing the value of your Classic Retirement Annuity. The increase will be an amount we pay into your Classic Retirement Annuity 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 Retirement Annuity for you 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 – 179 months)	15%	7,50%
5 to 10 (60 – 119 months)	10%	5%
0 to 5 (less than 60 months)	5%	2,50%

Please note that any contributions paid to your Classic Retirement Annuity within three months of a disability claim do not qualify for this benefit. Only one claim will be admitted for each Classic Retirement Annuity. 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 this benefit started and that you knew about, or got 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 on 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 Retirement Annuity.

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 Retirement Annuity 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 Retirement Annuity 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 that you knew about and got medical treatment or medical advice for from a recognised medical practitioner. This benefit will also not pay out if you commit suicide.

03 | Recurring Contribution Boost

Through the recurring Contribution Boost and Vitality, you can get rewarded for:

- Investing longer, with larger potential boosts for investing for longer terms
- Living well, with additional boosts to recurring contributions of up to 15% on your investment in qualifying funds by getting healthier, driving well and managing your finances.

The recurring Contribution Boost provides boosts to your recurring contributions and is available on recurring-contribution Retirement Annuity Plans and Group Retirement Annuity Plans.

The recurring Contribution Boost percentages you can receive are determined by adding together the applicable percentages in the tables below:

Vitality Money	Vitality Health: None	Blue	Bronze	Silver	Gold	Diamond
None	0.0%	1.0%	1.5%	2.0%	3.0%	4.0%
Blue	1.0%	2.0%	2.5%	3.0%	4.0%	5.0%
Bronze	1.5%	2.5%	3.0%	3.5%	4.5%	5.5%
Silver	2.0%	3.0%	3.5%	4.0%	5.0%	6.0%
Gold	3.0%	4.0%	4.5%	5.0%	6.0%	7.0%
Diamond	4.0%	5.0%	5.5%	6.0%	7.0%	8.0%

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Vitality Drive	
None	0.0%
Blue	0.5%
Bronze	0.75%
Silver	1.0%
Gold	1.5%
Diamond	2.0%

+

Total Active Rewards weekly goals achieved	
Goals Reached	Boost
0 – 1	0%
2 – 3	1.0%
4 – 5	2.0%
6 – 7	3.0%
8 – 9	4.0%
10 – 12	5.0%

How we calculate the boost

- Recurring Contribution Boost percentages depend on how engaged you are in the Vitality programmes and how many Active Rewards goals are met.
- We will use the number of weekly Active Reward goals you achieved for exercising, driving and managing your money.
- We calculate the boost by multiplying the boost percentage by the Retirement Annuity contribution amount invested in qualifying funds. Qualifying funds are the same funds that qualify for the lump sum Contribution Boost in Section A paragraph 1.1 and may be updated from time to time.
- The boosts on monthly contributions grow at the same net return as your underlying contributions after the deduction of any fund management, adviser and admin fees incurred.
- Your recurring Contribution Boost balance is the sum of your boosts to your monthly contributions, and is paid into your fund at your selected retirement date.
- To qualify for the recurring Contribution Boost in any policy year, you must have undergone a contribution increase in that policy year as a result of an Annual Contribution Increase (as defined in Section A paragraph 2.2) that was greater than 0%. You will qualify for the recurring Contribution Boost in the first policy year if you choose an Annual Contribution Increase greater than 0% at the start of your investment. Annual Contribution Increases are not required to qualify for the recurring Contribution Boost under the Group Retirement Annuity Plan.
- Your boost percentage for any month is based on the statuses and Active Rewards goals achieved in the month before the month of the contribution. For clients who contribute in the first two days of the month, the boost percentages will be based on statuses and Active Rewards goals achieved two months before month of contribution.
- Risk premiums paid for contribution waiver benefits are not boosted.
- Your recurring Contribution Boost balance will be proportionately reduced on any withdrawals from the Retirement Annuity and any switches out of qualifying funds.
- If you retire before your selected retirement date, you will be entitled to a percentage of your recurring Contribution Boost. The percentage that you are entitled to is as follows:

Remaining term (months from actual retirement date to your latest selected retirement date)	Percentage entitlement to your recurring Contribution Boost balance
0 – 11	90%
12 – 23	80%
24 – 35	70%
36 – 47	50%
48 – 59	25%
60+	0%

You will receive the same entitlement to the recurring Contribution Boost balance under death or disability before your selected retirement date.

Maximum boost percentages

The maximum percentage boost for a contribution in a given month depends on the time from that month to the selected retirement date. No boosts will be given for contributions that are made less than five years from the selected retirement date. There are larger potential boost percentages for longer terms as shown below:

Months until selected retirement date	Maximum boost percentage to contributions
360+	15.0%
300 – 359	12.5%
240 – 299	10.0%
180 – 239	7.5%
60 – 179	5.0%
0 – 59	0.0%

The qualification criteria and the tables used to determine the recurring Contribution Boost are valid as at March 2019 and may change from time to time. We will write to let you know before any changes take place.

EXAMPLE

Jane starts contributing R5 000 a month to the Discovery Retirement Annuity and invests the full amount in qualifying funds.

Jane is currently on Gold Vitality Health status and Diamond Vitality Drive status, and has not yet activated Active Rewards on either programme.

Jane's contribution boost percentage after the first month is 3% + 2% = 5%.

Jane is 23 years away from her selected retirement date. She has undergone an Annual Contribution Increase of CPI at the start of the policy year. The maximum contribution boost percentage based on the time from this month's contribution to her selected retirement date is 10%, which is greater than 5%. Therefore, the boost to her contribution after the first month is:

Vitality Health	3.0%
Vitality Drive	2.0%
Vitality Money	0.0%
Active Rewards	0.0%
Boost percentage	**5.0%**

Boost percentage	5.0%
Proportion in qualifying funds	100%
Monthly contribution	R5,000
Total boost on contribution	**R250**

This will continue each month depending on his status and contribution levels. These amounts will grow in line with his underlying portfolio and will be paid into his fund at his selected retirement date.

04 | Contribution Waivers available on recurring-contribution Retirement Annuities

You can buy Contribution Waivers for serious illness or disability on your recurring contribution to your retirement annuity. This ensures that your contributions continue in the event of ill-health or disability. This benefit waives all contributions and automatic contribution increases until the end of the contract term or age 65 next, if earlier, in the case of a claim. The premium for the Contribution Waiver and the cover from the Contribution Waiver expire on the policy anniversary preceding age 65.

For the Contribution Waivers to apply, you must satisfy the Category A criteria of the Capital Disability Benefit or Severity A criteria of the Severe Illness Benefit (as defined in the *Discovery Individual Life Plan Guide*). The premiums for the Contribution Waivers are a percentage of the recurring Retirement Annuity contributions. Premiums are deducted before the remaining amount is invested.

We will not approve claims for conditions, physical defects, illnesses, bodily injuries or diseases that you have, were aware of, or have received medical treatment or advice for in the three years before the start of the Contribution Waiver benefit.

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