



MAY 2018

# THE DISCOVERER

FINANCIAL ADVISER PUBLICATION

DISCOVERY FOR BUSINESS – EMPLOYEE BENEFITS

*The workplace provides an ideal setting to influence an individual's behaviour, with both the World Health Organisation and the World Economic Forum recognising the importance of the role of employers.*

In 1998, Discovery revolutionised the healthcare industry by becoming the first insurer globally to incentivise its clients to live healthier lifestyles. Since then, Discovery has grown, providing medical aid administration and wellness solutions to over 1.7 million employees and their families across almost 10 000 employers, and protection solutions to over 500 000 employees across 2 500 employers.

Discovery has utilised its actuarial and clinical expertise and knowledge around behavioural economics in developing its retirement fund offering and employee assistance programme. In 2018, Discovery will provide employers with a holistic set of integrated solutions that cater for the health and wellbeing, as well as protection and savings needs of their employees.

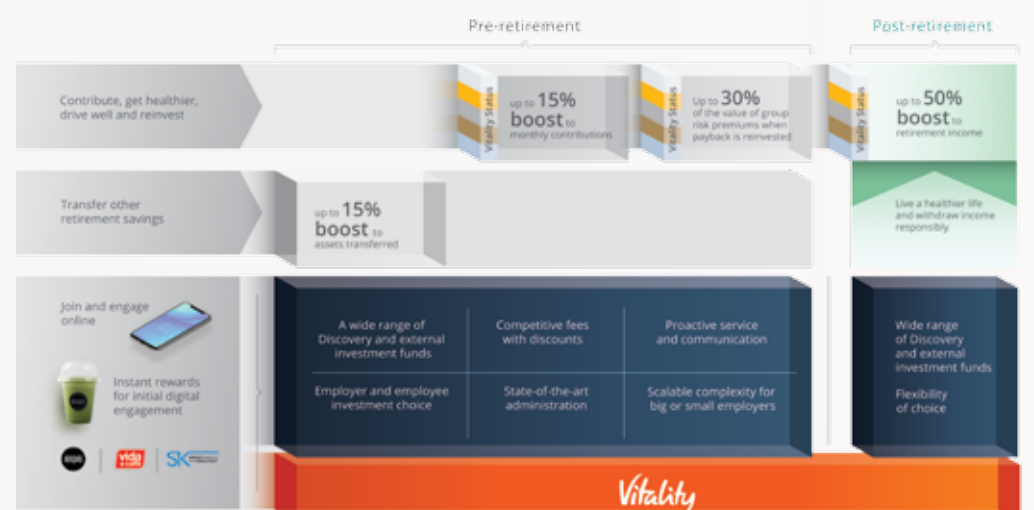


## Key 2018 enhancements to Discovery's Employee Benefits solutions

### Healthy Company



### Retirement Funds



# Healthy Company

## Employee health is the most highly valued hidden business asset

*Globally, the focus on employee health and wellbeing has shifted, with employers recognising the benefits of employee wellbeing as both a risk and an opportunity.*

Studies by the Oxford Health Alliance and findings from the World Health Organization show that today, four risk factors (poor diet, physical inactivity, tobacco use and excess alcohol intake) lead to four chronic diseases (cardiovascular disease, diabetes, chronic lung disease and various cancers) that contribute to 60% of deaths worldwide.

Global research indicates the impact of sub-optimal employee wellbeing on the levels of employee workplace absenteeism and presenteeism, as well as compelling opportunities where employee wellbeing is supported and optimised. Employees in good health

are 15% more productive than those in poor health, experience fewer motivational problems, are more resilient to change and are more likely to be engaged with business priorities.

Since individuals spend approximately one third of their adult life at work, employers have a key role to play in influencing employee wellbeing. Employers who understand the importance of employee wellbeing for the benefit of both the individual and their organisation, are investing in employee assistance programmes.

## Introducing Healthy Company

*Healthy Company is Discovery's digitally-enabled, comprehensive employee assistance programme and wellness solution. Healthy Company identifies and proactively supports at-risk employees and employees that are healthy, in managing the four key dimensions of their wellbeing through screening and risk classification, proactive tailored interventions, and data-driven insights.*

### 01 | SCREENING AND RISK CLASSIFICATION

Includes access to comprehensive employee health and wellness screening, at no additional charge, through the Discovery Wellness Experience, online assessments and an app-based tool to capture the employee's mood and detect signs of emotional distress. The outcome of the screening will contribute to a comprehensive health and wellbeing risk profile of the employee across the key dimensions.

### 02 | PROACTIVE, TAILORED INTERVENTIONS

Proactively reaches out to employees, based on their risk profile, with tailored solutions that range from prevention and education to ongoing or episode management. This includes in-app notifications and reminders, telephonic outreach by a Healthy Company coach, referrals to registered psychologists or debt counsellors, or referrals into available healthcare and wellness programmes.

### 03 | DATA-DRIVEN INSIGHTS

Delivers intelligent, actionable insights and reporting for each employee, as well as the employer. These reports cover an employee's health and wellbeing risks and their progress in managing these risks. Insights are developed based on integrated data across all the essential features of an employer's health and wellbeing initiatives administered by Discovery.



As an employee engages with the programme over time, Healthy Company will adjust their risk classification and the recommendations and interventions appropriately.



# Healthy Company in action

Healthy Company is a fully integrated programme for the effective management of employee wellbeing. The programme is underpinned by screening, providing employees with their unique health and wellbeing profile across physical, emotional and financial dimensions. Through dynamic data sources such as wellness screenings, in-app, online and telephonic assessments and feedback from relevant professionals, employees benefit from an ongoing understanding of their health and wellbeing. Based on the employee's wellbeing profile and engagement, relevant interventions will be proactively triggered and dynamically adjusted.

Supporting employees through their health and wellbeing journey and assisting their intervention management, is their Healthy Company coach. The team of coaches are registered professionals, including clinical psychologists, medical professionals and social workers with extensive experience. Healthy Company coaches engage with employees telephonically and through the Discovery app and Discovery website.



# Healthy Company product features

Healthy Company is set apart from traditional employee assistance programmes, since it fully integrates employee health and wellness screening into the programme, enhances available employee assistance through proactive, app-based interventions, and can call on the extensive data that Discovery has regarding the employee's wellbeing.

01

## Screening through the Discovery Wellness Experience

Each employee will have access to the Discovery Wellness Experience every year, at no additional charge to the employer or employee. The screening includes risk assessments across physical, emotional and financial wellbeing and will contribute to a comprehensive health and wellbeing profile of the employee and the employer's business.



02

## Cutting-edge technology

Each employee will have access to the Discovery app and the Discovery website which provides an overview of the employee's comprehensive health and wellbeing profile. The app and website provides access to wellbeing assessments and relevant interventions on an ongoing basis.

### MOOD CAPTURE TOOL

An Artificial Intelligence based tool to capture the employee's mood and detects signs of emotional distress

### ONLINE RISK ASSESSMENT

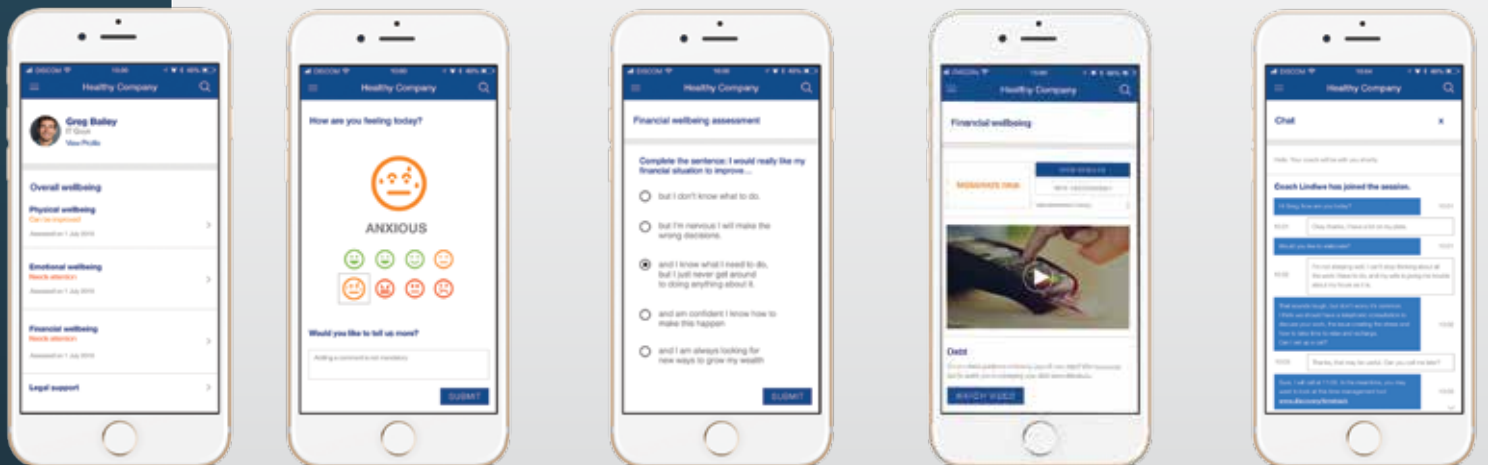
Financial, lifestyle and mental wellbeing assessments, enabling ongoing risk classification

### EDUCATIONAL CONTENT

Articles, guidelines, checklists, tools and short videos produced by experts to provide ongoing education and prevent potential issues from escalating

### LIVE CHAT FUNCTIONALITY

Private and confidential means for the Healthy Company coach to check in and offer guidance and support



03

## Data-driven insights

Each individual employee and the employer receive comprehensive reports consisting of intelligent actionable insights. These reports cover an employee's health and wellbeing risks, their progress in managing these risks, recommendations into how Healthy Company and other available Discovery-related products can assist employees, as well as benchmarking linked to Discovery's Absenteeism Index.



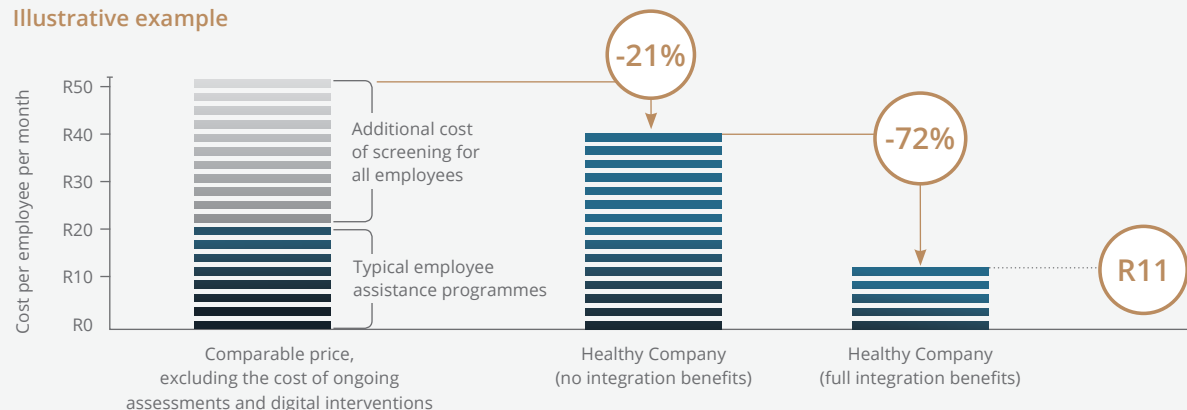
- Insights are developed based on integrated data across interactions administered by Discovery, including Healthy Company, medical scheme and health insurance claims, hospital admissions, disease management programmes, Vitality data, and on-site Discovery clinics.
- Using Discovery's Absenteeism Index an employer can assess their employees' absenteeism statistics without using human resources data. The index is a result of a sophisticated modelling algorithm that uses both healthcare claims as well as demographic data, to determine an expected absenteeism score for the employer.

## Pricing

Healthy Company pricing presents a 21% discount to traditional employee assistance and screening programmes, including additional features not covered by these programmes. Pricing is based on the unique circumstances of each business, including the size of the workforce, and the current employee benefit providers. Integration discounts of up to 72% may be applied to the cost of Healthy Company where an employer offers Discovery Employee Benefit products, including medical scheme membership administered by Discovery Health, Primary Care and Discovery Retirement Funds.

Typical employee assistance programmes do not cover the full suite of Healthy Company features, such as screening, physical wellbeing management, ongoing assessments or an app triggering proactive interventions. Each of these constitute an additional cost to the employer, over and above the cost of the employee assistance programme.

### Illustrative example



Note: Employer with 500 to 700 employees | Pricing inclusive of VAT. Cost of screening approximately R360 (including HIV testing) which equates to R30 per month.

## HEALTHY COMPANY TECHNICAL DETAILS

- Healthy Company is available from 1 July 2018, with employer insights and reporting available in Q3 2018.
- Interventions relating to episode management are available to an employee's dependants. Dependants are defined as immediate family members residing in the same household as the employee, or anyone who is financially dependent on the employee.
- The Discovery Wellness Experience is available in major towns and cities in South Africa, provided that there are a minimum of 12 employees at the site. Additional charges may apply, including if the event is cancelled at short notice, low attendance at the Wellness Experience, scheduling the event outside of business hours or in outlying regions.
- Healthy Company can collect intermediary commission or advice fees, as agreed upon between the intermediary and employer.

## The Healthcare Fund

Recognising that employers and their employees have unique healthcare and wellness needs, Discovery is introducing a bespoke employer-funded offering, the Healthcare Fund. This fund allows employers to offer tailored benefits to their employees, over and above the benefits they receive through their medical scheme, Primary Care and Gap Cover.

Over many years, Discovery has developed sophisticated healthcare provider networks and administrative capabilities across the South African healthcare market. By using these quality networks and efficient benefit administration, the Healthcare Fund is able to provide tailored health-related services to meet an employer's unique needs. Through the experience, expertise and knowledge gained from Vitality, Discovery's cutting-edge wellness programme, and its partnerships with leading wellness brands, the fund also offers employers access to wellness-related benefits. These benefits leverage Vitality's data integration capabilities with partners to further reward employees for engagement with the programme.

In addition to bespoke offerings, the Healthcare Fund could be used to offer relevant employer benefits:

HEALTH	WELLNESS
Using Discovery's network and administration capabilities to provide flexible benefits tailored for specific healthcare needs: <ul style="list-style-type: none"> <li>Cover during Self-payment Gap</li> <li>Flu vaccines</li> <li>Trauma and Stabilisation Benefit</li> <li>Maternity benefits for Primary Care</li> </ul>	Using Vitality's expertise and partnerships to provide discounted access to benefits that incentivise healthy behaviour: <ul style="list-style-type: none"> <li>Wearable devices</li> <li>Corporate gym</li> <li>HealthyFood for all employees</li> <li>Executive wellness</li> </ul>

To find out more about the Healthcare Fund, please speak to your Business Consultant.

### EXAMPLES OF USE CASES

#### 01 Maternity benefits for Primary Care members

Several hundred employees of ABC Retailers are members of Primary Care. The employer identifies the need for additional maternity benefits and chooses to set up a Healthcare Fund for low-risk pregnancies. The benefits in the Healthcare Fund cover childbirth-related healthcare services for the employee or their spouse on their policy, such as antenatal visits with a GP or midwife and childbirth and post-natal consultations with a midwife. All related claims are covered through the Healthcare Fund, when a Discovery network provider is used.

#### 02 Cover during Self-payment Gap for medical aid members

XYZ Telecoms fully subsidises the cost of a comprehensive medical aid plan for all of their employees. However, employees might be exposed to shortfalls in their day-to-day benefits, once they have depleted the funds in their Medical Savings Accounts. To meet this need for their employees, the company introduces the Healthcare Fund to cover any day-to-day expenses until the member enters their Above Threshold Benefit. This ensures that their employees have extensive levels of cover for day-to-day benefits.

#### 03 Wearable device benefit for employees

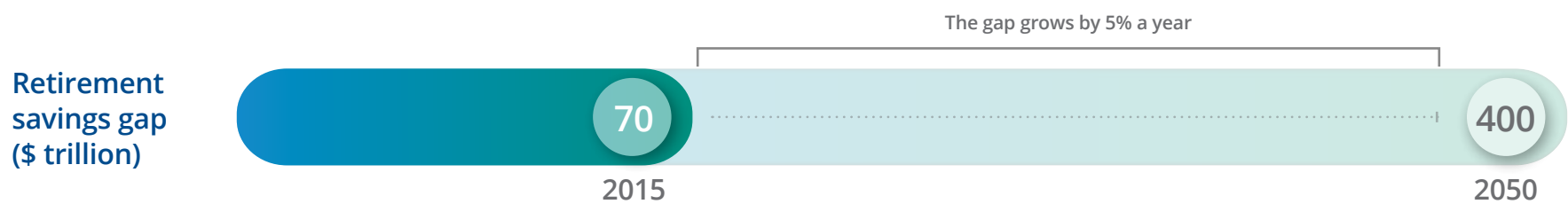
CD Logistics implements a corporate wellness programme, using the Healthcare Fund and leveraging Vitality's partnership with wearable device manufacturers. As part of the programme, CD Logistics covers the cost of Vitality Active, which provides employees with discounted gym membership and weekly rewards for physical activity. In addition, the company purchases discounted wearable devices for all employees to help them monitor their physical activity and earn points to reach their goals. Employees are able to track their performance using the corporate leaderboard, with the company sponsoring quarterly prizes.



# Discovery Retirement Funds

## Changing the way employees invest for retirement

The World Economic Forum states that the global retirement savings gap was estimated to be \$70 trillion dollars in 2015 and is expected to grow to \$400 trillion by 2050



While the South African retirement fund industry has become more efficient over the past 40 years, it still hasn't addressed three of the fundamental challenges in closing the retirement savings gap: inadequate contribution levels, insufficient preservation, and increasing longevity.

<p><b>BEFORE THE 1980s</b></p> <p>Only standalone retirement funds are available where only one specific employer is allowed to invest.</p>	<p>1</p> <p>Challenge</p>	<ul style="list-style-type: none"> <li>Standalone retirement funds are only cost-effective for large employers. This leaves employees of smaller employers to make their own arrangements.</li> </ul>
<p><b>LATE 1980s TO EARLY 2000s: THE FIRST UMBRELLA FUND</b></p> <p>An umbrella fund is a retirement fund that is available to multiple employers. The first umbrella funds allowed small businesses to come under the umbrella of one retirement fund with one governance and product structure.</p>	<p>2</p> <p>Challenge</p>	<ul style="list-style-type: none"> <li>The first umbrella funds were not flexible enough for large employers.</li> <li>They were also not cost-effective due to many small employers and manual processes.</li> </ul>
<p><b>EARLY 2000s TO 2018: THE UMBRELLA FUNDS OF TODAY</b></p> <p>Umbrella funds started increasing in sophistication and flexibility. At first, umbrella funds had high governance costs and risks, but as more large employers moved to umbrella funds, the economies of scale improved. Costs have decreased further as competition and regulations have put pressure on them.</p>	<p>3</p> <p>Challenge</p>	<ul style="list-style-type: none"> <li>Legacy systems and products hamper further economies of scale and efficiency.</li> <li>Providers are often not successful in helping people retire with enough savings because of increasing longevity, the inability to change contribution levels, and negative preservation behaviour.</li> </ul>

### 2018: Introducing Discovery Retirement Funds

**NEW**

By applying Discovery's shared-value model to retirement funding, Discovery has developed umbrella funds that improve on the current industry standard. We reward healthy choices and encourage behaviours that ensure a more comfortable retirement.

**Efficient processes that aren't hampered by legacy systems**

**An online employee platform that shows employees how they are making progress towards their retirement goals. It also provides them with ways to achieve their goals**

**Boost to retirement savings to encourage positive savings behaviour and improved health**

As people save more, preserve their savings, and live longer, we benefit from increased assets that stay with us for a longer time. This creates a surplus profit for us, which we use to fund the boosts that reward these positive investment behaviours. This process helps people to close their retirement savings gap.

Retirement Funds refer to the Discovery Life Pension Umbrella Fund and Discovery Life Provident Umbrella Fund ("the Fund").

# Shared value in retirement savings

Our shared-value model has a positive effect on health and retirement outcomes



## The positive outcomes of Discovery Invest's shared-value model over the past three years

The Discovery Invest shared-value model has proven that it is effective in changing retirement savings behaviours. The Invest model rewards clients for taking responsibility for their financial future by encouraging them to start saving earlier, exhibit healthy behaviour and withdraw their savings responsibly. Evidence that the model works can be seen in the following diagrams.



# Discovery Retirement Funds use powerful behavioural rewards to address the key issues in the retirement fund market

*By using the power of shared value and positive behaviour changes, we are able to boost employees' retirement savings significantly to help close the retirement savings gap.*

We boost the retirement savings employees transfer into the Fund to encourage them to stay invested. They are further encouraged to consolidate their savings when they join or leave their employer.

Contribute, get healthier, drive well and reinvest

Transfer other retirement savings

up to **15% boost** to assets transferred

Engaging online is the key to enabling behaviour change, so members of the Fund get instant rewards when they complete their first online journey.

Join and engage online



Instant rewards for initial digital engagement



A wide range of Discovery and external investment

Employer and employee investment choice



Boosts to contributions reward safe driving and healthy living which are behaviours that reduce the risk of death and disability. These boosts help to supplement retirement savings for employees who live longer.

We use health claims and Vitality to dynamically underwrite employees and channel more towards their retirement savings.

Our shared value model continues after retirement from the Fund. The Discovery Linked Retirement Income Plan gives retired employees the flexibility to manage their income withdrawals (drawdowns) in retirement according to their individual circumstances, while giving an immediate income boost of up to 50% for responsible withdrawal levels and healthy living.

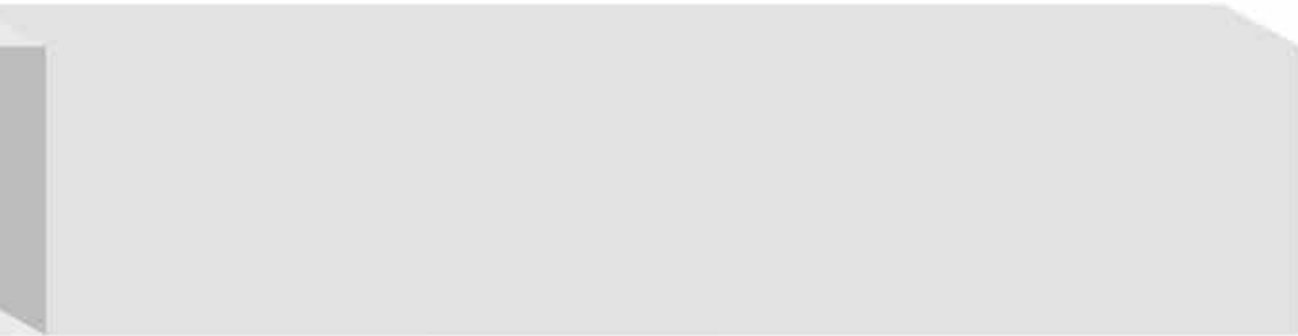
Pre-retirement

Post-retirement

**Vitality Status**  
up to **15%** boost to monthly contributions

**Vitality Status**  
Up to **30%** of the value of group risk premiums when payback is reinvested

**Vitality Status**  
up to **50%** boost to retirement income



Live a healthier life and withdraw income responsibly

ery funds	Competitive fees with discounts	Proactive service and communication
ee	State-of-the-art administration	Scalable complexity for big or small employers

Wide range of Discovery and external investment funds

Flexibility of choice



All boosts are offered through the insurer, Discovery Life Limited ('we'), and only apply to investments in qualifying Discovery funds that are held until retirement. Early retirement, withdrawals and switches out of qualifying funds will affect the boosts. Employees won't lose their boosts if they leave their employer, as long as they preserve their savings in qualifying funds. All future boosts and fees can be reviewed or changed by Discovery Life Limited. Changes may also occur following changes in legislation. Different classes of funds added in the future can have different boost levels. Product rules, terms and conditions apply. Group Risk is underwritten by Discovery Life Limited

# A wide range of investment funds, with intelligent choice architecture

We give employees access to a full range of top-performing Discovery funds and well-recognised external funds.

Our intelligent choice architecture allows us to offer employees a guided approach for choosing funds. First we offer them a range of funds that have been tailored for retirement savings. If this doesn't meet their needs, they can choose from a range of risk-profiled Discovery funds.

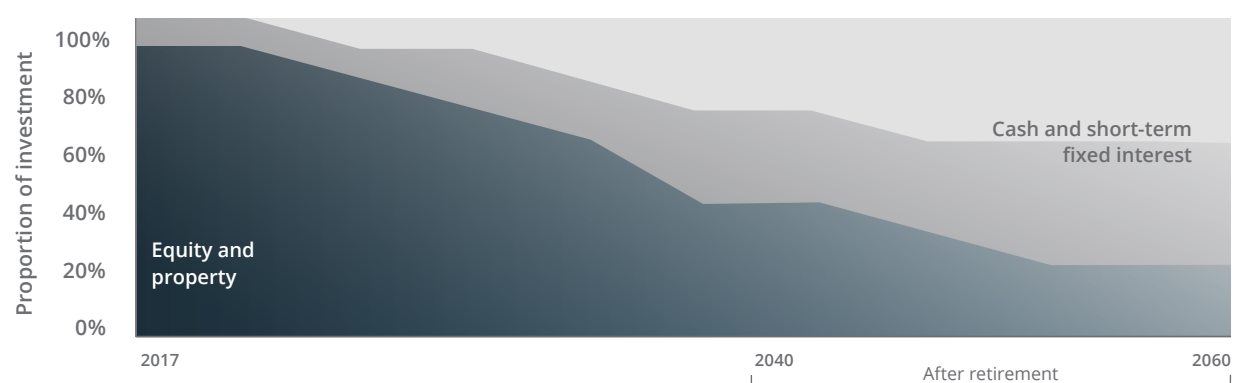
Employees who are looking for a wider selection of Discovery and external investment choices can choose from our full set of available funds. Employers can also influence which options will be profiled to their employees.

## A portfolio that makes retirement investment decisions for employees

The range of Discovery Target Retirement Date Funds provides employees with a lifelong savings solution that dynamically adjusts the investment strategy to continually meet investors' needs in a single investment portfolio. This means the employee doesn't have to switch between funds to address different life stages.

Instead, there is a smooth transition within the fund from growth to income investing as opportunities present themselves. This allows the manager to make investment decisions for a full cohort of employees with similar retirement dates. There is therefore no need to switch at predefined dates when investment conditions may be suboptimal. This addresses a current problem with traditional lifestage products.

The graph below shows the asset class changes and dynamic asset allocation for an employee planning to retire in 2040.



<p><b>01</b></p> <p><b>20+ years before retirement</b></p> <p>A high allocation to equities, with a lower allocation to fixed income investments that are considered lower-return investments.</p>	<p><b>02</b></p> <p><b>As the retirement date approaches</b></p> <p>The allocation to equities will decrease in favour of lower-risk, fixed-income investments.</p>	<p><b>03</b></p> <p><b>After retirement</b></p> <p>The asset management team continues to adjust the fund's risk profile into retirement, to provide enough income.</p>
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## Curated investment choice

Employers can choose which of these investment funds to profile when their employees want investment choice.

<p style="font-size: 2em; font-weight: bold;">01</p> <p style="font-size: 1.5em; font-weight: bold;">Balanced Fund range</p> <p>Our Balanced Funds invest in a blend of assets, such as equities, bonds, cash and property, allowing investors to take advantage of the benefits of diversification. We aim to keep the funds within specified risk ranges, and at the same time maximise the potential for growth. We offer three funds to suit investors' different appetites for risk: the Discovery Cautious Balanced Fund, the Discovery Moderate Balanced Fund, and the Discovery Balanced fund.</p>	<p><i>"The Discovery Balanced Fund has consistently outperformed its benchmark since inception. The fund has enjoyed top-quartile performance over one-, three-, five- and 10-year periods to the end of February."</i></p> <p>Finweek, 26 April 2018.</p>	<p style="font-size: 2em; font-weight: bold;">02</p> <p style="font-size: 1.5em; font-weight: bold;">Dynamic Asset Optimiser Fund of Funds</p> <p>This range of funds uses a sophisticated asset allocation model (developed by RisCura) to blend a diversified portfolio of Discovery funds to optimise returns at relevant risk levels on an ongoing basis. The range targets a certain CPI-related return and the targets are used to generate the optimal portfolios for each risk level when constructing and rebalancing the portfolios and funds.</p>
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## Wider choice of Discovery and external funds

For the investor who wants wider choice, we offer a range of other Discovery and well-recognised external funds that have proven most popular among Discovery Invest retail investors.

# Flexible, affordable and integrated administration platform

Our Retirement Funds are built on a state-of-the-art technology platform that seamlessly integrates with Discovery Group Risk and is proactively serviced by experienced and dedicated consultants.

## No admin fees for the most financially vulnerable

Our admin fees are among the lowest in the market, starting at R25 per employee per month, and can be tailored around the processes and needs of a business.

Employees whose salaries are under R7 500 per month pay discounted admin fees, making a real difference where costs are most impactful.



**R25**  
per employee  
per month

**REDUCED ADMIN FEES**

Employees whose salaries are under R7 500 per month pay discounted admin fees.

MONTHLY INCOME	ADMIN FEE DISCOUNT
Less than R5 000	100%
R5 000 to R6 000	50%
R6 000 to R7 500	25%

This can apply to a maximum of 25% of employees per employer group.

## Competitive asset management fees

FUND	FEE
Target Retirement Date Funds (fee depends on employer assets)	0.8% to 1.2%
Balanced Fund	1%
Moderate Balanced Fund	0.90%
Cautious Balanced Fund	0.85%
Aggressive Dynamic Asset Optimiser Fund of Funds	1.15%
Moderate Dynamic Asset Optimiser Fund of Funds	1.05%
Conservative Dynamic Asset Optimiser Fund of Funds	1%

We offer institutional fees and tiered fee scales on our funds.

An additional fee will apply within the portfolios when investing in offshore funds.

All these funds are Discovery Life portfolio funds

## We provide integrated access to Discovery Group Risk

Unique features of the Group Risk Life Plan



### Group Risk Paybacks

We use health claims and Vitality to dynamically underwrite employees and channel more towards their retirement savings.



### Our Global Education Protector

is automatically included for all employees whose life cover is at least two times their annual salary. The cover can also be extended to private schooling, depending on the employee's Vitality status, and even to selected overseas universities.



### Our Severe Illness Benefit

provides cover for a broad range of impairment conditions and we automatically include severe illness cover for children on the employee's cover.



### Our Income Continuation Benefit covers:

- Premiums for other Discovery products, and contributions to any medical aid
  - A portion of the performance bonus payments earned before becoming disabled
  - Severe illness cover for spouses and children
  - Mortgage repayments
  - Vitality HealthyLiving cash back
  - An Uber benefit to assist with transport needs.
- This benefit also offers the option to include a lump sum to assist employees to adjust their lifestyle needs.

- Employers can choose the amount of protection they want to provide to their employees, who can supplement the selected cover with more cover.
- For employers with fewer than 50 employees, a range of pre-priced Group Risk options can be chosen with an immediately issued quote.
- For employers with more than 400 employees, facilitation of an external risk provider policy will also be considered.



# Product boost features

Our retirement solutions encourage employees to make financial decisions that can lead to a more comfortable retirement.



## Boost to asset transfers

We boost any pension or provident fund savings employees transfer into the Fund to encourage them to stay invested. They are further encouraged to consolidate their savings when they join or leave their employer.

Employees who join with less than 10 years before they reach the normal retirement age selected by the employer will have the option to postpone retiring from the Fund to a later date to qualify for the boosts.

YEARS UNTIL RETIREMENT	BOOST TO RETIREMENT SAVINGS TRANSFERRED
10 to 15 years	5%
15 to 20 years	7.5%
20 to 25 years	10%
25 to 30 years	12.5%
30 +	15%

The boost is held outside the Fund and grows at the same rate as the returns in the Fund, and will be added to the fund value at retirement. The size of the boost depends on how long the employee has until they retire, and the percentage they invest in qualifying Discovery funds. All transfers are subject to the requirements prescribed by SARS.



## Boost to contributions

Through healthy living and good driving, employees can earn up to 15% boosts on their monthly contributions and their additional voluntary contributions.

Each boost has a maximum that depends on the term to normal retirement age (as shown in the table below), and no boost is added in the last five years. The boost is held outside the Fund and grows at the same rate as the returns in the Fund, and will be added to the fund value at retirement. Employees who retire from the Fund within 10 years after joining won't receive any boosts.

Years until retirement	Maximum monthly boost to contributions
0 to 5 years	0%
5 to 15 years	5%
15 to 20 years	7.5%
20 to 25 years	10%
25 to 30 years	12.5%
30 or more years	15%

The tables below show the monthly boost on contributions that an employee can get according to the employee's engagement in the Vitality programmes. As a launch offer, each qualifying employee will receive a 6% boost on top of the boosts they earn from healthy living and safe driving, subject to the maximum. To calculate the total boost, simply add the boost percentages in the tables below.

STATUSES						
		Blue	Bronze	Silver	Gold	Diamond
Vitality	Boost for healthy living	1.0%	1.5%	2.0%	3.0%	4.0%
	Boost for driving safely	0.5%	0.75%	1.0%	1.5%	2.0%
+						
ACTIVE REWARDS (GOALS MET)						
		1 week	2 weeks	3 weeks	4 weeks	
Vitality	Boost for healthy living	-	1.0%	1.5%	2.0%	
	Boost for driving safely	-	0.5%	0.75%	1.0%	
+						
LAUNCH OFFER						
Launch offer boost (until 31 Dec 2018)						6%

### VITALITY MOVE FOR FREE

All employees who are members of the Fund and are not Vitality members, can get access to the Vitality Move programme for free. This allows them to get boosts to their contributions based on their Vitality Move membership and Vitality Health Check outcomes.

Vitality Health Check outcome	Completed	Weight in range	All measures in range
Boost for healthy living	1%	1.5%	2%

Healthy Company includes access for employees to the Discovery Wellness Experience at no additional charge, assisting employees with earning a boost for healthy living.



## Boost to paybacks from Group Risk

We use health claims and Vitality to dynamically underwrite employees and channel more towards their retirement savings. Employees can get up to 30% of the value of their Group Risk premiums back when they reinvest their paybacks in the Fund.

Employees can receive a payback of up to 15%, which is based on a percentage of all premiums paid for risk products. The percentage depends on the employee's medical aid plan (for schemes administered by Discovery Health), health claims and Vitality status. If these paybacks are reinvested into the Fund, we will double the payback amount through a boost, resulting in a payback of up to 30%. The boost is held outside the Fund and grows at the same rate as the returns in the Fund, and will be added to the fund value at retirement.

Health claims range per plan type								Vitality status				
Principal: Core	Family: Core	Principal: Comprehensive	Family: Comprehensive	Principal: Saver	Family: Saver	Principal: Priority	Family: Priority	Blue	Bronze	Silver	Gold	Diamond
0 to 500	0 to 500	0 to 500	0 to 500	0 to 500	0 to 500	0 to 500	0 to 500	5,00%	7,50%	10,00%	12,00%	15,00%
501 to 2511	501 to 3678	501 to 5316	501 to 7634	501 to 3138	501 to 4598	501 to 4227	501 to 6116	4,50%	6,00%	7,50%	10,00%	12,00%
2512 to 5400	3679 to 11180	5317 to 15049	7635 to 22375	3139 to 7425	4599 to 15374	4228 to 11237	6117 to 18874	4,00%	4,50%	6,00%	7,50%	10,00%
5401 to 15034	11181 to 25364	15050 to 35920	22376 to 50459	7426 to 21300	15375 to 35933	11238 to 28610	18875 to 43196	0,00%	0,00%	4,50%	6,00%	7,50%
Above 15034	Above 25364	Above 35920	Above 50459	Above 21300	Above 35933	Above 28610	Above 43196	0,00%	0,00%	0,00%	4,50%	6,00%

Health claims ranges will be adjusted annually

### More about the payback benefit on our Group Risk product:

To qualify for the payback benefit, new Group Risk employers simply need a minimum of 20 employees and must have Income Continuation and Life Cover Benefits of at least two times salary. Their employees can also get access to Vitality Move for free.

Employees must complete their Vitality Health Checks every year to earn their payback for that year. Paybacks are made yearly, with a maximum of R10 000. Existing employers can upgrade to the new payback benefit. If they do, we will re-assess their pricing factors (such as age and health) to calculate their new premium.



## Boost to income in retirement

Our shared-value model extends into retirement even after employees have left their employer and retired from the Fund.

The Discovery Linked Retirement Income Plan gives employees the flexibility to manage their income withdrawals (drawdowns) according to their individual circumstances, while giving an immediate income boost of up to 50% for responsible withdrawal levels and healthy living.

## Lifetime income for peace of mind

Alternatively, employees can choose the Discovery Fixed Retirement Income Plan, which provides them with peace of mind from knowing exactly what their income will be in retirement for the rest of their lives.

## The boost to contributions in action

Let's assume an employee is a Vitality member and is on Silver status for healthy living and Bronze status for driving safely. They also achieved their active rewards goals for healthy living two weeks in a month, and four weeks in a month for driving safely. Their contribution boost will be calculated as follows:

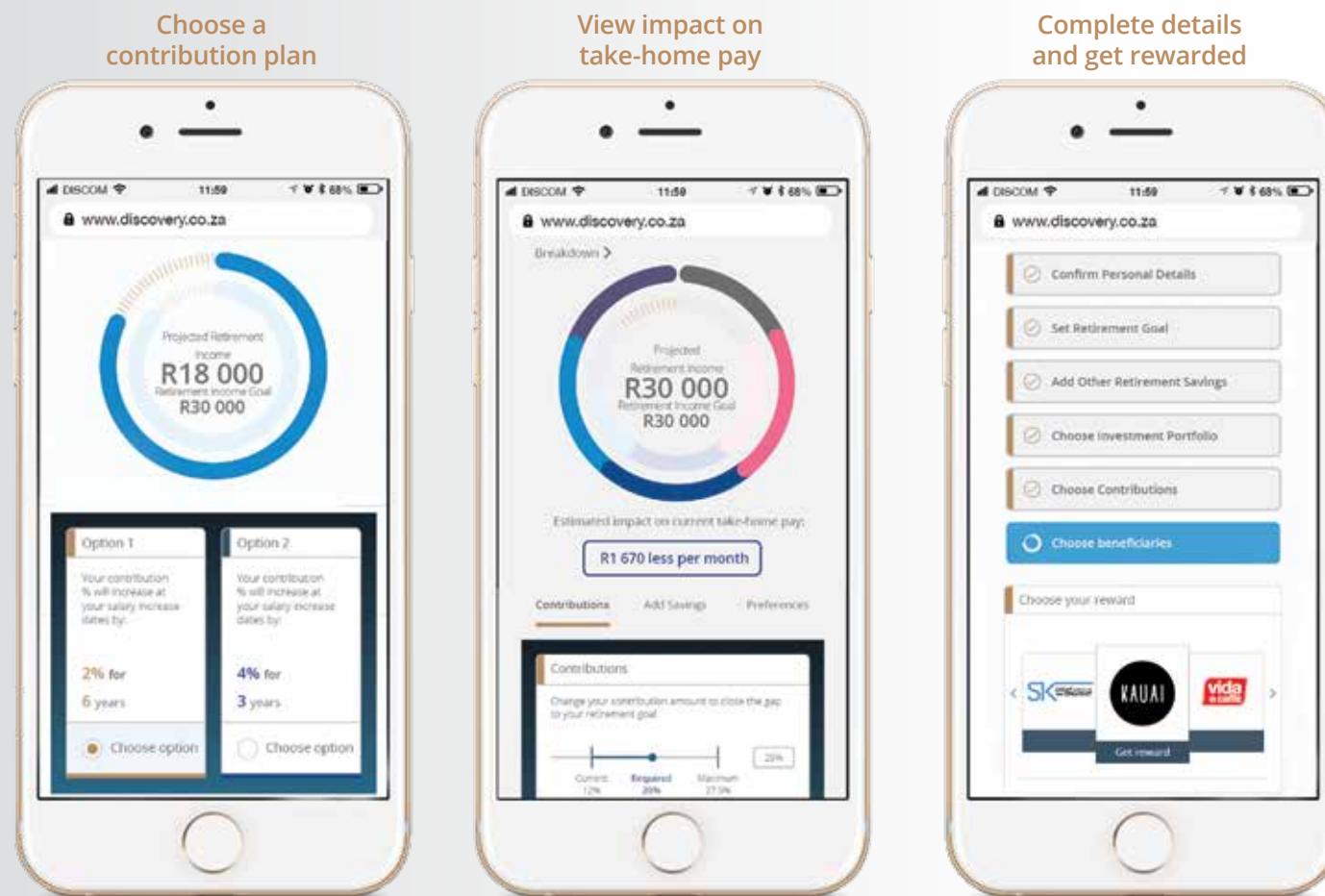
STATUSES				ACTIVE REWARD (GOAL MET)			LAUNCH OFFER		TOTAL BOOST		
Vitality	Boost for healthy living	Silver	2%	Vitality	Boost for healthy living	2 weeks	1%	Launch offer boost (until 31 Dec 2018)	6%	Total monthly contribution boost	10.75%
	Boost for driving safely	Bronze	0.75%		Boost for driving safely	4 weeks	1%				

All boosts are offered through the insurer, Discovery Life Limited, and only apply to investments in qualifying Discovery funds that are held until retirement. Early retirement, withdrawals and switches out of qualifying funds will affect the boosts. Employees won't lose their boosts if they leave their employer, as long as they preserve their savings in qualifying funds. All future boosts and fees can be reviewed or changed by Discovery Life Limited. Changes may also occur following changes in legislation. Different classes of funds added in the future can have different boost levels. Product rules, terms and conditions apply. Group Risk is underwritten by Discovery Life Limited.

# We empower employees to make smarter financial decisions

Our digital benefits dashboard helps employees set retirement goals, see the progress they're making towards meeting their goals, understand their options, and make choices that fit their individual circumstances.

CUTTING-EDGE DIGITAL DESIGN



APPLIED BEHAVIOURAL SCIENCE

We applied the latest thinking in behavioural science to help people meet their retirement goals.

### Creating an easy process

The easier something is, the more likely people are to do it. The process of logging in, and understanding and selecting investments is quick and painless.

### Providing rewards

People are more likely to make positive behaviour changes when they are rewarded. We offer rewards for sound financial decisions.

### Avoiding loss

Loss aversion is a powerful force. We illustrate savings and income in ways that help people understand what they would lose if they were to withdraw money from their retirement savings.

### Fighting bias

Biases can negatively affect decisions. Understanding them enables us to overcome negative biases with useful ones. We use inertia, hyperbolic discounting and money illusion to overcome bounded rationality, self-control, procrastination and loss aversion.



SUPPORT AND SERVICE ON DEMAND

Employees are supported both digitally and by trained professionals to ensure that they get the help they need to make smarter decisions.

### Retirement specialist

Employees have access to retirement specialists who will provide support during critical decisions.

### Support specialists

Our support specialists will help employees with all their servicing needs.

### Proactive digital engagement

Intelligent projections, prompts, pop-ups and nudges help educate and guide employees along their retirement funding decision-making journey.



# Our benefits in action



*a 40-year-old accountant, a sole breadwinner with one child in high school and another just starting primary school. He earns R60 000 per month, but still finds it tough to make ends meet.*

Andile's company moves to our Retirement Funds. They have always offered Discovery Health as a medical aid, but Andile has been on another medical scheme. He decides to join Discovery Health and Vitality.

**01** Andile goes online to complete his details and make some choices, and he gets rewarded with a voucher for a free coffee at vida e caffè.

**02** With only two clicks, he makes a simple investment choice and gets a **R200 000 boost** on his R1 600 000 transfer value.

**03** Next, he sets his retirement goal at R57 700 a month in today's terms. He sees that his projected retirement income is R41 671. He regrets the cash he took out when he was 25, but we show him a way to make up lost savings.

**04** We suggest a savings plan that doesn't affect his current take-home pay, but steadily increases his contributions from 12% to 24% over the next six years, with each annual salary increase.

**05** He decides to improve his health, and gets rewarded with contribution boosts for doing it. As he improves his health, his Vitality status improves until he receives R4 000 in boosts every year.

**06** Andile now begins receiving group risk paybacks. He has a high Vitality status, but he also has high medical costs; his payback is 8.5% a year, and he gets an 8.5% boost for reinvesting it in his fund, equating to R4 800 a year.

**07** He retires with a Discovery Linked Retirement Investment Plan because, by staying healthy and engaged, he can withdraw 3.94% a year (which amounts to R46 186) and get a 25% income boost, which takes him up to the R57 700 he targeted.

**Total boosts:** **R200 000** once-off + R8 800 per year before retirement (R220 000) + R138 400 per year for 10 years after retirement (R1 384 000) = R1 804 000.

## Sales and servicing support



### EASY TRANSFER OF SCHEMES TO US

We have a dedicated team to manage transfers. This team will keep you and the client informed throughout the process and do everything possible to complete the process quickly and smoothly.



### SIMPLE ONBOARDING

A team of installation experts brings new clients on board, from quote, to set up, to engaging with employee management systems.



### EFFICIENT ADMIN

Our digitised processes allow us to be quick and efficient. Employees can also interact with us directly on our online platform to make choices and complete information, reducing paper and data capture burden.



### SUPPORT AND SERVICE

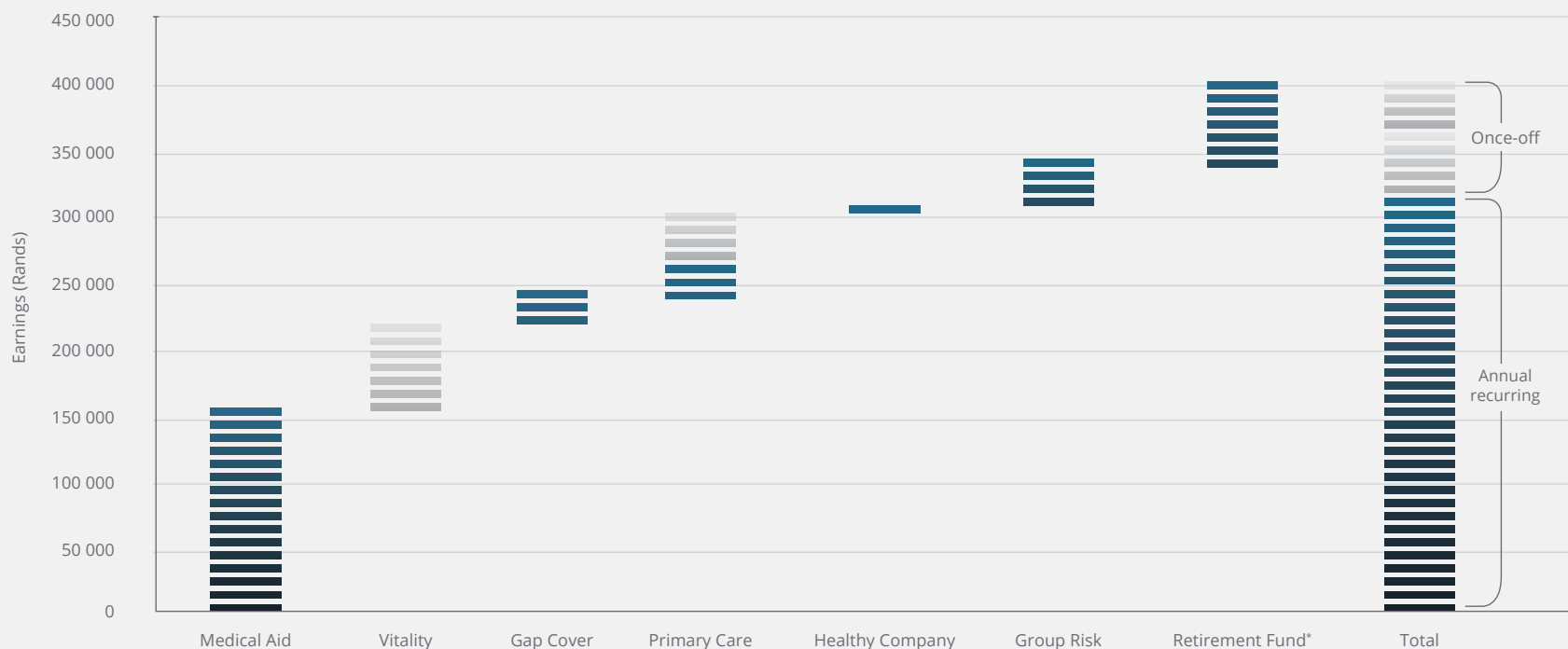
We're here to help employees set up and manage processes and systems, engage and educate employees, and support payroll and HR teams so they can reduce the time they spend on administration and support.

### A new online quotation tool

*It is an easy-to-follow, step-by-step quote system that enables you to produce, adjust and accept a quote for all of your clients' employee benefits needs on one portal.*

## Case study: A financial adviser's earning potential from a fully integrated business client

EXAMPLE CLIENT: 200 EMPLOYEES | R20 000 AVERAGE SALARY | 150 MEDICAL AID | 50 PRIMARY CARE | 50 GAP COVER | 100 VITALITY



\*Retirement fund earnings based on commissions. Asset-based fees, if agreed with client, could be significantly higher.

### LAUNCH OFFER

When investing in Discovery funds, employees get a **6% monthly contribution boost** in addition to the boost for Vitality engagement until 31 December 2018.

Employees who attend a Discovery Wellness Experience and complete a financial wellness assessment in the same month will receive a **10% once-off Retirement Fund contribution boost**.

Retirement Funds quotes **21 May** | New business **01 July** | Employee portal **01 August**

Discovery Life Limited. Registration number 1966/003901/06, is a registered long-term insurer, and an authorised financial services and registered credit provider, NCR Reg No. NCRCP3555. Discovery Health (Pty) Ltd, registration number 1997/013480/07, is an authorised financial services provider and administrator of medical schemes. Discovery Vitality (Pty) Ltd is an authorised financial services provider. Registration number: 1999/007736/07. Discovery Life Investment Services Pty (Ltd): Registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. Limits, product rules, terms and conditions apply.