

Fact File

RETIREMENT INCOME PLANS



Contents

About this Fact File

This Fact File sets out the details of the Retirement Income Plans, as well as the terms and conditions that apply.

If you need more information

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





Understanding our Retirement Income Plans

Our Retirement Income Plans are designed to provide you with a regular income throughout your retirement (known as annuity income or a pension). The amount you receive depends on the Retirement Income Plan you choose and your applicable tax rate.

We offer two types of Retirement Income Plans:

A Fixed Annuity

With the Fixed Annuity, you'll receive an income for the rest of your life. You can also choose to have the income payments continue until the last of your or your spouse's life, or until the end of a minimum guarantee term. If you die before the end of this guarantee term, we'll keep paying the income payments to your beneficiaries until the end of that term. Thereafter, the income payments will stop with no remaining amounts to be distributed to your beneficiaries.

A Living Annuity

With the Living Annuity, you decide how to invest your retirement savings within our range of investment funds. The Living Annuity also gives you flexibility to choose your income each year (within regulatory limits). Your remaining investment in the Living Annuity is paid to your beneficiaries or your estate on your death. With the Living Annuity, we reward you for managing how much you withdraw and managing your health in retirement. You can receive boosts of up to 50% to your retirement income through these behaviours.



Fixed Annuity

A Fixed Annuity gives you peace of mind from knowing what your income will be in retirement and you'll receive an income for the rest of your life.

A Fixed Annuity gives you an income for the rest of your life. You can choose to receive your income monthly, quarterly, twice a year or annually.

With a Fixed Annuity, you can choose:

- The rate that you want your income to increase by at each anniversary of your plan (for example, by inflation or other percentage).
- A guarantee term, where your income is paid for a guaranteed period. If you die before the end of the guarantee term, we'll continue paying the income to your beneficiaries until the end of the guarantee term. They may not take a lump-sum in cash.
- A joint annuity, where you can choose to have your income paid for as long as you or your spouse is alive. You can also choose for the surviving spouse to receive a lower income for life after the first spouse dies.

You may not change any of these choices after the plan starts.

The options you have chosen are shown on your plan policy schedule.

The income you receive depends on various factors when you buy the Fixed Annuity. These include the amount of your retirement savings, your age, gender, interest rates, guarantee term, the rate you want your income to increase by and whether you want a joint annuity. On your death, the income payments will stop unless you have chosen a guarantee term or a joint annuity.

You may be taxed on your income

Your income payments are taxed according to the latest SARS income tax tables, or any tax directive you may have for a different rate.

What you may not do with a Fixed Annuity

You may not:

- Surrender your plan (this means to cash it in).
- Assign or cede your plan, or pledge it as security for a loan.
- Transfer your plan to another insurer.
- Convert your plan to a Living Annuity.
- Make extra contributions to your plan.

Appointing beneficiaries

If you chose a guarantee term, you may appoint or remove beneficiaries at any time. It is your responsibility to make sure that we have recorded your beneficiaries correctly. Your beneficiaries will be shown on your policy schedule.



Living Annuity

You choose your income percentage and how often you want it paid to you

With a Living Annuity, your retirement savings are invested in your choice of investment funds offered by Discovery Invest. You can decide how much of your investment you need to withdraw as an income in retirement.

You must choose a yearly withdrawal level of between 2.5% and 17.5% of your investment value each year. These percentages are set by the law and will change if the law changes. You may also choose a rand amount and we will calculate the percentage for you. You may only change your income percentage on the anniversary of your plan each year.

You decide how often you want to receive payments (monthly, quarterly, twice a year or annually).

You can also receive boosts to your retirement income. Changes to your income percentage may affect the boosts you receive.

How the tax works

Your income payments from the Living Annuity are taxed according to the latest SARS income tax tables, or any tax directive you may have for a different rate.

Any boosts you receive will be taxed in the same manner and at the same rate as your income payment.

All investment growth on the investment funds you choose in the Living Annuity is tax-free under current tax practice (March 2022). The current tax practice may change if the law changes.

What you may do with your Living Annuity

You may:

- Transfer your plan to another insurer (in terms of section 50(1) of the Insurance Act, 2017).
- Convert your plan to a Fixed Annuity.

What you may *not* do with your Living Annuity

You may not surrender your plan unless your investment value falls below R125,000. This level is set by law and may change as the law changes.

Appointing beneficiaries and benefits payable on your death

You may appoint or remove beneficiaries at any time. It is your responsibility to ensure that we have recorded your beneficiaries correctly. Your beneficiaries will be noted on your policy schedule.

On your death, we will pay your investment value less any fees, withdrawals and taxes to your beneficiaries. They may choose to receive the money as regular income or as a cash lump sum or as a combination of an annuity or cash lump sum. If you haven't appointed any beneficiaries, we will pay the lump-sum investment value to your estate. Any income boosts you are receiving will stop on your death.

Tax that applies at your death

On your death, any lump-sum payments will be taxed according to the latest lump-sum retirement tax tables published by SARS. If your beneficiaries choose to receive the money as a regular income, the income will be taxed at the beneficiary's marginal rate of tax.

Protection Boost if you die (LifeBooster)

About the benefit

This benefit increases the investment value of the Living Annuity policy by up to 15% in the event of a qualifying death. The increase depends on the investor's Vitality status on the last policy anniversary before death. The applicable percentages are shown in the table below:

Vitality status	Increase
None	5%
Blue	6%
Bronze	8%
Silver	10%
Gold	12%
Diamond	15%

Qualifying deaths

A death qualifies for the LifeBooster benefit if all the following conditions are met:

- It is accidental
- It occurs within five years of the benefit start date.

An accidental death is one that results from a sudden and unexpected event, that occurs at a known place and time, and has a visible, violent, and external cause.

Benefit start

The benefit start date will be the policy start date, unless the individual who dies is younger than 14 years of age on the policy start date. In such cases, the benefit start date will be deferred to the date of that individual's 14th birthday.

Exclusions

LifeBooster does not apply:

- If death is self-inflicted, or due to suicide or assisted suicide
- If the deceased is under 14 years of age at the time of death
- If the Living Annuity is funded from a Discovery Retirement Optimiser
- To any other boosts that may be applicable to the Living Annuity policy
- If death occurs more than five years after the benefit start date.

Getting rewarded for healthy behaviours

We reward your positive financial behaviours by boosting the income you receive from your Living Annuity. See *About the Income Boosts* for more details.

Enhanced income when you need it most

If you have chosen the Living Annuity with boosts for neurological conditions, you may also qualify for higher boosts in the case of certain diseases that could affect your nervous system. See *About the Income Boosts* for more details.

Phasing in your contribution

You can choose to phase in your contribution through the Discovery Money Market Fund or the Discovery Diversified Income Fund. (These are known as phase-in funds.) If you want to phase in your investment, the full contribution will be invested into your phase-in fund.

The lump-sum contribution (plus interest) will be divided by the number of months you chose and the amount derived will be withdrawn from the phase-in fund in the first month and invested proportionately in the investment options selected. In the second month, the remaining amount will be divided by the number of phase-in months remaining and invested. This will continue until all the money is phased in. You can choose to phase in your investment over 3, 6, 9, 12, 15, 18, 21 or 24 months. Your selected phase-in period (if applicable) is shown on your policy schedule.



Fees that apply to your Living Annuity

There are fees for this investment, payable to:

- Discovery Invest for administering your plan.
- Your financial adviser for giving you financial advice.
- The investment managers of the funds you have chosen to invest in.

Initial fees

Discovery Invest initial fee

If you choose the Living Annuity with boosts for neurological conditions, you will pay an initial fee of 0.35% of your lump-sum contribution. This fee will be increased by an amount equal to the prevailing rate of VAT. Additional costs associated with verifying the validity of underlying neurological conditions is included in this fee.

Financial adviser initial advice fee

You and your financial adviser may negotiate an initial advice fee as a percentage of your initial investment. We'll pay this fee to your financial adviser on your behalf from your investment before we invest the balance.

100% allocation

If you want to invest your full investment value, you can choose the 100% allocation option. With this option, your full investment value is invested in your chosen funds. Instead of paying the initial fees to Discovery Invest (where applicable) and your financial adviser upfront, the value of these fees is increased and paid monthly over five years from your investment. If you transfer your plan to another provider, or you surrender your plan, the remaining fees will be deducted from your investment value.

The formula to determine the monthly fee from the 100% allocation option is:
(Discovery initial fee + initial advice fee) x 1.262 divided by 60 months.

EXAMPLE

How the fee calculation works

John invests R200,000 into a Discovery Living Annuity and his financial adviser agrees on a 2.3% (inclusive of VAT) financial adviser initial advice fee. This fee amounts to R4,600. The fee is deducted from John's investment value upfront which means R195,400 (R200,000 minus R4,600) is invested into his chosen investment funds.

If John chose the 100% allocation option, his total contribution of R200,000 is invested into his chosen investment funds. The advice fee of R4,600 is multiplied by 1.262 and divided by 60 to calculate the monthly payment to be paid over five years as shown below:

$$R4,600 \times 1.262 = R5,805.20, \text{ then } R5,805.20 \div 60 = R96.75.$$

John will pay R96.75 per month for five years. If he surrenders, transfers his investment or dies before the end of the 60 months, the remaining unpaid fees will be deducted from the investment value. This fee doesn't change and is R96.75 for the entire 60 months in this example.

Investment management initial fees

Investment management companies may charge initial fees for investing in their funds. The initial fees applicable to each fund can be found in the relevant fund fact sheets available on www.discovery.co.za.

Annual fees

Discovery Invest annual administration fee

There is an annual administration fee based on the value of your investment. The annual administration fees are shown in the table below:

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

The annual administration fee is charged monthly and deducted from your investment value. These fees will be increased by an amount equal to the prevailing rate of VAT.

Additional fee for the Living Annuity with boosts for neurological conditions

A fee of up to 0.90% of your investment may be payable once every 10 years. The fee will be increased by an amount equal to the prevailing rate of VAT. This fee is not guaranteed by Discovery and may change from time to time depending on the conditions covered and any changes to medical technology. You will be notified should there be any changes to this fee and will have the option of changing your plan to one without the enhanced boosts for neurological conditions.

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. The annual advice fee is charged monthly and deducted from your investment value. VAT will be added to these fees. We deduct these fees from your investment and pay them to your financial adviser on your behalf.

Investment manager annual fee

The investment managers of your investment choices 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. The annual fees that apply to each fund can be found in the relevant fund fact sheets available on www.discovery.co.za

Fee reviews for Living Annuity

The fees we quote when the investment starts are not fixed. They may be reviewed during the investment. Before any fee increases, we will inform you in writing about the changes, as well as the options available to you.



Choosing investment funds for your Living Annuity

Your contributions to the Living Annuity are invested in the investment funds that you choose. The investment funds that you choose and the allocation of the contributions among these investment funds will be shown on your policy schedule.

If any of the investment funds are capped or closed, we'll ask you to give us an instruction for a new investment option. Until we receive instructions from you, your investment will be held in a default investment fund that Discovery Invest may choose from time to time. Discovery Life is the owner of the underlying assets of the Living Annuity.

Discovery's range of investment funds

Discovery funds

We offer a range of funds for different risk profiles. See the relevant fund fact sheets for details on these funds and investment opportunities.

- **Single-manager unit trust funds** which offer flexibility and control if you have specific investment objectives. We've partnered with Ninety One SA (Pty) Ltd and Fairtree Asset Management (Pty) Ltd (two of South Africa's leading asset managers) to manage the range of single manager Discovery Invest funds.
- **Multi-manager funds** and model portfolios if you want diversification in your investment managers.
- **New investments opportunities:** Through our association with international banks and partnerships, we can give you access to new investment opportunities from time to time. These are not unit trusts so they are not regulated by the Collective Investment Schemes Control Act.

External funds

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

Cogence Model Portfolios

Cogence model portfolios leverage the expertise of a full range of local and international asset managers, offering a range of risk-profiled solutions. These are advised by BlackRock and RisCura.

Switching between investment options

You may switch between investment options at any time, subject to our business practices at the time.

Initial fees for the investment managers of the funds switched to may apply. Switches that result in a change in the proportion of your Living Annuity invested in qualifying funds will mean changes to the boosts on your retirement income.



About the Income Boosts

Boosts for being financially smart and managing your health in retirement

We reward your healthy behaviours by increasing the income you receive from your Living Annuity with a boost to your retirement income. The boost depends on:

- Your withdrawal level.
- Your Vitality status.
- Your chosen funds.

These are explained below.

Your withdrawal level

We reward you for conserving your retirement savings. The lower your withdrawal level, the bigger the boost.

Your withdrawal level is based on your annual retirement income percentage that you select at the start of each policy year. If you chose a rand amount of income, we'll convert it into a percentage.

Your Vitality status

We reward you for looking after your health in retirement. The healthier you are, the bigger the boost to your income. We use your Vitality status to assess your health in retirement.

Your chosen funds

Different funds qualify for different income boost percentages.

How we calculate the boosts

Different funds qualify for different income boost percentages. For each fund you have chosen, the income boost percentage depends on your yearly withdrawal level from your living annuity, and your Vitality status.

The income boost is calculated by multiplying this percentage by the rand value of your withdrawal from each fund.

The boost percentage that you can receive on **Discovery funds (excluding the Discovery Money Market Fund) and Cogence Discovery Dynamic Asset Optimiser Funds** is shown below:

Yearly withdrawal level	Vitality status				
	None/Blue	Bronze	Silver	Gold	Diamond
2.50% – 3.00%	12.5%	20%	30%	40%	50%
3.01% – 3.50%	7.5%	13.5%	20%	25%	35%
3.51% – 4.00%	5%	10%	13.5%	16.5%	20%
4.01% – 4.50%	3.5%	7.5%	10%	12.5%	15%
4.51% – 5.25%	2.5%	5%	7.5%	7.5%	10%
5.26% – 6.00%	0%	3.5%	5.5%	5.5%	7.5%
6.01% – 8.00%	0%	2%	3.5%	3.5%	4.5%
8.01% – 10.00%	0%	0%	2%	2%	2.5%
10.01% +	0%	0%	0%	0%	0%

The Discovery Diversified Income Fund qualifies for a boost of up to 30%.

The boost percentage that you can receive on **Cogence funds (except the Cogence Income Fund)** is shown in the following table:

Yearly withdrawal level	Vitality status				
	None/Blue	Bronze	Silver	Gold	Diamond
2.50% – 3.00%	7.5%	12.5%	15%	20%	25%
3.01% – 3.50%	5%	10%	12.5%	15%	17.5%
3.51% – 4.00%	4%	6%	8%	9%	12.5%
4.01% – 4.50%	3%	4%	6%	7.5%	8.5%
4.51% – 5.25%	2.5%	3.5%	4%	5%	6%
5.26% – 6.00%	0%	1%	2.5%	3%	4%
6.01% – 8.00%	0%	0%	1%	2%	2.5%
8.01% – 10.00%	0%	0%	0%	1%	1.5%
10.01%+	0%	0%	0%	0%	0%

All other funds qualify for the boost table below, as long as at least 50% of the investment is in Discovery funds (excluding the Discovery Money Market Fund) or Cogence Discovery Dynamic Asset Optimiser Funds.

Yearly withdrawal level	Vitality status				
	None/Blue	Bronze	Silver	Gold	Diamond
2.50% – 3.00%	7.5%	10%	12.5%	12.5%	15%
3.01% – 3.50%	5%	7%	7.5%	8.5%	10.5%
3.51% – 4.00%	3.5%	3.5%	5%	5.5%	7.5%
4.01% – 4.50%	2.5%	2.5%	3.5%	4%	5%
4.51% – 5.25%	1.5%	1.5%	2%	3%	3.5%
5.26% – 6.00%	0%	0.5%	1.5%	2%	2.5%
6.01% – 8.00%	0%	0%	0.5%	1%	1.5%
8.01% – 10.00%	0%	0%	0%	0.5%	0.5%
10.01% +	0%	0%	0%	0%	0%

Notes on the Income Boosts

The rand value of the total income boost to your retirement income that you can receive in any plan year is limited to R100,000 before tax. Once you have received this amount, you will only start receiving boosts to your retirement income again the following plan year.

Please note that Discovery will update the bands in the matrices, the qualifying criteria, the qualifying funds and the limits, from time to time. The tables may also change based on any updates or changes made by Vitality. We'll write to let you know before any changes take place.

Please note that some funds may be excluded from any income boosts. See the most recent fund list available on www.discovery.co.za

What affects the income boosts

You can receive the boost to your retirement income for as long as you are invested in the Living Annuity. Changes to your annual retirement income percentage, your Vitality status or membership or your fund choices will affect any boost to your retirement income. Only your retirement income will be increased through the boost and not any extra payments from other products such as the Discovery Retirement Optimiser (if applicable).

If you have selected the Living Annuity with boosts for neurological conditions, and you meet the qualifying criteria, you will no longer receive the income boosts described in this section. You will instead receive the enhanced boosts outlined in the section below.

We calculate the income boost at the time of your income payment

We base our calculations on the information we receive from Discovery Vitality as at the date we pay your income payment. Discovery Invest will not retrospectively recalculate any boosts.

How the Income Boost works

EXAMPLE

John is 63 and has a Living Annuity with Discovery Invest. He has chosen an income percentage of 3.5% to be paid every month (equivalent to R20,000) and his Vitality status is Diamond. He has 75% invested in the Discovery Balanced Fund, The remaining 25% of his investment is in an external balanced fund.

Based on his withdrawal level and Vitality status, John qualifies for a 35% income boost from the Discovery Balanced Fund. The income boost based on this fund is equal to R5,250 ($R20,000 \times 75\%$ (fund take-up) $\times 35\%$ boost %).

Since John has more than 50% invested in Discovery funds, he also receives boosts on his 25% invested in the external balanced fund. Based on his withdrawal level and Vitality status, he qualifies for a 10.5% income boost from the external balanced fund. The income boost based on this fund is equal to R525 ($R20,000 \times 25\%$ [fund take-up] $\times 10.5\%$ boost %).

This makes John's total boost R5,775.

This additional R5,775 will not reduce his Living Annuity at all. He will be taxed on this total income of R25,775.

Enhanced income boosts for certain neurological conditions

There are certain neurological conditions that are more prevalent later in life, and which can have a significant impact on your quality of life in retirement. If you chose the Living Annuity with boosts for neurological conditions, you could receive an enhanced income boost of up to 100% if you are diagnosed with one of these conditions.

These boosts will depend on:

- Your withdrawal level
- Your chosen funds
- Your meeting the qualifying criteria.

These are explained below.

Your withdrawal level

We reward you for conserving your retirement savings. The lower your withdrawal level, the bigger the boost.

Your withdrawal level is based on your annual retirement income percentage that you select at the start of each policy year. If you chose a rand amount of income, we'll convert it into a percentage.

Your chosen funds

Only certain funds qualify for the enhanced income boosts.

Discovery funds (except the Discovery Money Market Fund) and Cogence funds (except the Cogence Income Fund) qualify for boosts of up to 100%.

All other funds do not qualify for these enhanced income boosts.

Your meeting the qualifying criteria

You need to meet one of the following conditions to qualify for the enhanced income boosts:

- Stroke with permanent inability to perform 1 category of the Activities of Daily Living Score Sheet (as defined in Appendix 1).
- Permanent inability to perform 3 or more categories of the Activities of Daily Living Score Sheet.
- Permanent inability to perform 2 or more of the Self-Care Activities of Daily Living (as defined in Appendix 1).
- Definite diagnosis of dementia with permanent MMSE score of 10/30 or less as confirmed by formal neuropsychometric testing.
- Total permanent loss of speech including expressive or receptive aphasia.
- Quadriplegia.
- Paraplegia.
- Hemiplegia or diplegia.
- Glasgow Coma Scale of less than 18/15 lasting longer than 96 hours.
- Definite diagnosis of Motor Neuron Disease.
- Extracranial monoplegia.
- WHO Grade III and IV brain tumours.

General provisions

- You must be invested in the Living Annuity with boosts for neurological conditions to qualify for the enhanced income boosts.
- There is a waiting period of 12 months at the start of your investment. Any medical condition diagnosed during the waiting period will not qualify for enhanced income boosts until the end of the waiting period.
- The life-changing event must have occurred after the start date of the investment.
- Symptoms and signs must be compatible with the diagnosis and the relevant specialist investigations (including blood tests, imaging, histology and other tests) must confirm the diagnosis.
- Inability to perform Activities of Daily Living must be due to and compatible with the diagnosis of the life-changing event.
- Psychiatric illness, chronic fatigue syndrome (and synonyms) and fibromyalgia (and synonyms) and related terms are not covered under this benefit.
- Specialist reports are required to assess all claims. A specialist is a medical practitioner registered as a specialist with the Health Professions Council of South Africa. Discovery is not responsible for the costs of these reports.
- Activities of Daily Living (ADLs) are defined in Appendix 1 of this fact file.
- Please note that claims relating to conditions which may have been identified as a result of screening tests (for example, genetic tests) but where there are no medical symptoms or signs of the disease will not be covered under these definitions.
- You must be treated by a neurologist or neurosurgeon registered as such with the Health Professions Council of South Africa.
- This benefit covers specified conditions of the brain, spinal cord nerves and arteries to the brain.
- Stroke is defined as death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in neurological deficit lasting longer than 24 hours, confirmed by neuro-imaging investigation and appropriate clinical findings by a specialist neurologist. Symptoms and signs as well as imaging (Computerised Tomography or magnetic resonance imaging) must confirm a new stroke.
- Transient ischaemic attacks are specifically excluded.
- Neurological deficits and ADL Impairments must be compatible with the diagnosis and objective medical evidence.
- Permanence, including permanent inability to perform any Activities of Daily Living, will be established after 90 days unless otherwise proven to the satisfaction of Discovery. Establishment of permanence is made while the client is alive. The enhanced income boosts will only become payable after this period.
- Brain tumours are assessed according to the World Health Organisation's grading. Pituitary microadenomas are specifically excluded under this benefit.

The enhanced income boosts do not apply to claims arising as a result of:

- Medical conditions or any physical defects, illnesses, bodily injuries, or diseases, that you have suffered from, were aware of, or have received treatment or advice for prior to the commencement of your Living Annuity.
- Self-harm or dangerous activities.
- Fraud.

How we calculate the enhanced income boosts

For each fund you have chosen, the boost percentage depends on your yearly withdrawal level from your Living Annuity. The boost is calculated by multiplying this percentage by the rand value of your withdrawal from each fund.

The boost percentage that you can receive on **qualifying funds** is shown below:

Yearly withdrawal level	Income boost
2.50 to 3.00%	100%
3.01% to 3.50%	80%
3.51% to 4.00%	60%
4.01% to 4.50%	45%
4.51% to 5.25%	30%
5.26% to 6.00%	20%
6.01% to 8.00%	12.5%
8.01% to 10.00%	7.5%
10.01%+	0%

Qualifying funds consist of Discovery funds (excluding the Discovery Money Market Fund) and Cogence funds (excluding the Cogence Income Fund).

Notes on the enhanced income boosts

The total enhanced income boost that you can receive between the anniversaries of your investment will be limited to R250,000. Once this limit has been reached, you will not receive further income boosts until your next anniversary.

Please note that Discovery reserves the right to update the boost percentages, the bands in the table, the qualifying criteria, the qualifying funds and the limits, from time to time. Discovery also reserves the right to modify the conditions from time to time, depending on any changes to medical technology and cures that become available to various conditions. We'll write to let you know before any changes take place.

What affects the enhanced income boosts

Provided you have met the qualifying criteria, you can receive the enhanced income boosts for as long as you are invested in the Living Annuity. Changes to your annual retirement income percentage or your fund choices will affect any boost to your retirement income. Only your retirement income will be increased through the boost and not any extra payments from other products such as the Discovery Retirement Optimiser (if applicable).

EXAMPLE

Sean invested in the Living Annuity with boosts for neurological conditions and has 100% of his fund invested in the Discovery Balanced Fund. He has chosen an income percentage of 3.5% to be paid every month (equivalent to R20,000) and receives income boosts by engaging in Vitality.

Sean then gets diagnosed with dementia and meets the criteria to begin receiving an enhanced income boost.

Based on his withdrawal level, Sean qualifies for an 80% boost from the Discovery Balanced Fund. The boost based on this fund is equal to R16,000 (R20,000 x 100% (fund take-up) x 80% boost %).

This additional **R16,000** will not reduce his Living Annuity at all. He will be taxed on this total income of **R36,000**.



Business practices

Receiving regular statements

You'll receive a quarterly statement reflecting your investment values during a specified period (or the previous quarter). At any time, you can view all the details of your investment, including the details of your income boost, 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.

Consent to disclosure

As part of your application, you consented to the sharing and processing of personal information, including medical information, between Discovery Invest, Discovery Life, Vitality, Discovery Insure, Discovery Bank, any medical practitioner you have consulted or any other life office, Discovery Health and Discovery Health Medical Scheme.

Important information about the boosts or neurologic conditions

Activities of Daily Living

The Activities of Daily Living (ADLs) is an internationally used scoring system that assesses the functional ability of a person including the physical, cognitive and interactive abilities. Discovery uses the ADLs to assess functioning when objective criteria of Impairment are needed. Changes to the ADLs must be permanent, must have occurred after the date of commencement of the investment, and must be due to the condition, illness or event that is being claimed for.

Discovery reserves the right to request an Occupational Therapist's or Neuropsychologist's assessment of ADL functioning, using standardised assessment methods.

There are six categories of ADLs:

- Self-care
- Communication
- Physical Activity
- Sensory Function
- Hand Function
- Advanced Activities.

Scoring of the categories:

The terms 'no impairment', 'moderately impaired', 'severely impaired' and 'very severely impaired' are used in the Advanced Activities category. The terms 'independent', 'impaired', 'unable' are used in all the other categories. These terms are defined in the Activities of Daily Living Score Sheet at the end of this appendix.

Self-care

- If a person is **unable** to do **one** activity within this category, it is scored as the inability to perform the Self-care category of the ADL Score sheet.
- If a person is **impaired** in doing **two** activities within this category, it is scored as the inability to perform the Self-care category of the ADL Score Sheet.

Communication

- If a person is **unable** to do **one** activity within this category, it is scored as the inability to perform the Communication category of the ADL Score sheet.
- If a person is **impaired** in doing **two** activities within this category, it is scored as the inability to perform the Communication category of the ADL Score sheet.

Physical activity

- If a person is **unable** to do **three** activities within this category, it is scored as the inability to perform the Physical Activity category of the ADL Score Sheet.
- If a person is **impaired** in doing **six** activities within this category, it is scored as the inability to perform the Physical Activity category of the ADL Score Sheet.

Sensory function

- If a person is **unable** to do **one** activity within this category, it is scored as the inability to perform the Sensory Function category of the ADL Score Sheet.
- If a person is **impaired** in doing **two** activities within this category, it is scored as the inability to perform the Sensory Function category of the ADL Score Sheet.

Hand function

- If a person is **unable** to do **one** activity within this category, it is scored as the inability to perform the Hand Function category of the ADL Score Sheet.
- If a person is **impaired** in doing **two** activities within this category, it is scored as the inability to perform the Hand Function category of the ADL Score Sheet.

Advanced activities

It is scored as the inability to perform the Advanced Activity category if:

- A person is **moderately impaired** in all **four** areas, or
- A person is **severely impaired** in **two** of the four areas, or
- A person is very **severely impaired** in **one** of the four areas.

Activities of Daily Living Score Sheet

SELF-CARE

Activity	Independent	Impaired	Unable
Bathing	<ul style="list-style-type: none"> No assistance is required, or The client is able to perform bathing or showering independently with the aid of hand rails and a non-slip bath mat. 	<ul style="list-style-type: none"> Hands-on assistance is required, or Assistive devices such as an electronic bath bench is required when getting in or out of the tub or shower, or The client generally baths himself/herself but needs some assistance with cleaning hard to reach areas. 	<ul style="list-style-type: none"> The client is totally dependent on others in all areas of bathing; the client would be at risk if left alone.
Grooming	<ul style="list-style-type: none"> No assistance is required. 	<ul style="list-style-type: none"> Hands-on assistance is required with some activities of personal hygiene. 	<ul style="list-style-type: none"> The client is totally dependent on others in all areas of grooming.
Dressing	<ul style="list-style-type: none"> No assistance is required, or The client may perform dressing with an adapted method (such as sitting to dress lower limbs). 	<ul style="list-style-type: none"> Hands-on assistance is required with some activities, or The client is unable to dress himself/herself completely (eg tying shoes, zipping or buttoning) without the help of another person. 	<ul style="list-style-type: none"> The client is totally dependent on others in all areas of dressing.
Eating and feeding	<ul style="list-style-type: none"> No assistance is required, or The client is able to perform the activity independently with the aid of modified cutlery. 	<ul style="list-style-type: none"> Hands-on assistance is required, eg help with cutting up food or pushing food within reach, or help with applying an assistive device (such as a universal cuff). 	<ul style="list-style-type: none"> The client is totally dependent on others in all areas of eating.
Toilet use and continence	<ul style="list-style-type: none"> No assistance is required with toilet use, and the client has no incontinence. 	<ul style="list-style-type: none"> Hands-on assistance is required with some activities, eg transferring onto the toilet, but the constant presence of another person while toileting is not necessary, or Intermittent catheterising. 	<ul style="list-style-type: none"> The client is totally dependent on others in all areas of toileting, or The client has no control of bowel or bladder, or Permanent catheter, or Permanent colostomy.

SELF-CARE

Activity	Independent	Impaired	Unable
Mobility in home	<ul style="list-style-type: none"> The client goes about the home independently. 	<ul style="list-style-type: none"> Walking and transferring requires the assistance of another person, or a railing, cane, walker or wheelchair. 	<ul style="list-style-type: none"> The client sits unsupported in a chair or wheelchair, but cannot propel himself/herself alone or transfer from bed to chair alone, or The client is bedridden.

COMMUNICATION

Listening	<ul style="list-style-type: none"> The client is able to comprehend verbal communication in his or her first language. 	<ul style="list-style-type: none"> The client is significantly impaired to comprehend verbal communication in his or her first language. 	<ul style="list-style-type: none"> The client is permanently unable to comprehend verbal communication in his or her first language.
Speaking	<ul style="list-style-type: none"> The client is functionally able to communicate verbally in his or her first language. 	<ul style="list-style-type: none"> The client is significantly impaired to communicate verbally in his or her first language. 	<ul style="list-style-type: none"> The client is permanently unable to communicate verbally in his or her first language.
Reading	<ul style="list-style-type: none"> The client is able to comprehend written language in his or her first language. 	<ul style="list-style-type: none"> The client is significantly impaired to comprehend written language in his or her first language. 	<ul style="list-style-type: none"> The client is permanently unable to comprehend written language in his or her first language.
Writing	<ul style="list-style-type: none"> The client is able to complete personal information documents in his or her first language independently. 	<ul style="list-style-type: none"> The client requires assistance when completing forms in his or her first language. 	<ul style="list-style-type: none"> The client is permanently unable to write in his or her first language.
Keyboard use	<ul style="list-style-type: none"> The client can use a cell phone, keyboard, ATM and credit card machine independently. 	<ul style="list-style-type: none"> The client requires assistance when using a cell phone, keyboard, ATM or credit card machine. 	<ul style="list-style-type: none"> The client is permanently unable to use a cell phone, keyboard, ATM or credit card machine.

PHYSICAL ACTIVITY

Activity	Independent	Impaired	Unable
Standing	<ul style="list-style-type: none"> The client can stand independently for longer than 10 minutes 	<ul style="list-style-type: none"> The client needs external support or assistive devices (such as a walking frame), to stand, or The client can stand independently but not for longer than 10 minutes 	<ul style="list-style-type: none"> The client is unable to stand independently and therefore requires hands-on support when standing; the client would be at risk if unassisted
Sitting	<ul style="list-style-type: none"> The client can sit independently for longer than 20 minutes 	<ul style="list-style-type: none"> The client needs support to sit, or The client can sit independently but not for longer than 20 minutes 	<ul style="list-style-type: none"> The client is unable to sit independently
Walking	<ul style="list-style-type: none"> The client can walk independently (even though some difficulty or discomfort may be experienced) for six minutes, covering a distance of more than 300 metres 	<ul style="list-style-type: none"> The client needs assistive devices (such as a walking frame) to walk, or The client can walk independently but the distance covered in six minutes is less than 300 metres 	<ul style="list-style-type: none"> The client is totally dependent on others for walking, or The client must be pushed in a wheelchair or gurney at all times
Crouching	<ul style="list-style-type: none"> The client is able to assume and maintain the crouching position independently 	<ul style="list-style-type: none"> The client requires external support getting in or out of the crouching position, or in maintaining the crouching position 	<ul style="list-style-type: none"> The client is unable to assume the crouching position
Squatting	<ul style="list-style-type: none"> The client is able to perform five repetitive knee squats 	<ul style="list-style-type: none"> The client is able to perform repetitive knee squats but is unable to perform five, or The client requires external support when squatting 	<ul style="list-style-type: none"> The client is unable to perform a knee squat
Kneeling	<ul style="list-style-type: none"> The client is able to assume and maintain the kneeling position independently 	<ul style="list-style-type: none"> The client requires external support getting in or out of the kneeling position, or in maintaining the kneeling position 	<ul style="list-style-type: none"> The client is unable to assume the kneeling position

PHYSICAL ACTIVITY

Activity	Independent	Impaired	Unable
Reaching	<ul style="list-style-type: none"> ▪ The client is able to reach to full arm length (above head height) 	<ul style="list-style-type: none"> ▪ The client is able to reach past eye level height, but unable to reach to full arm length 	<ul style="list-style-type: none"> ▪ The client is unable to reach past eye level height.
Bending	<ul style="list-style-type: none"> ▪ The client is able to bend forward independently 	<ul style="list-style-type: none"> ▪ The client requires external support when bending forward 	<ul style="list-style-type: none"> ▪ The client is unable to bend forward
Carrying	<ul style="list-style-type: none"> ▪ The client is able to carry 4.5kg for 5 meters with both hands, and ▪ The client is able to carry 2kg with the left hand for 5 meters, and ▪ The client is able to carry 2kg with the right hand for 5 meters 	<ul style="list-style-type: none"> ▪ The client is able to carry some weight with both hands but is unable to carry 4.5kg with both hands for 5 meters, or ▪ The client is unable to carry 2kg with the left hand for 5 meters, or ▪ The client is unable to carry 2kg with the right hand for 5 meters 	<ul style="list-style-type: none"> ▪ The client is unable to carry any weight
Lifting	<ul style="list-style-type: none"> ▪ The client is able to lift (from floor to waist) 4.5kg with both hands, and ▪ The client is able to lift (from floor to waist) 2kg with the left hand, and ▪ The client is able to lift (from floor to waist) 2kg with the right hand 	<ul style="list-style-type: none"> ▪ The client is able to lift some weight with both hands but is unable to lift (from floor to waist) 4.5kg with both hands, or ▪ The client is unable to lift (from floor to waist) 2kg with the left hand, or ▪ The client is unable to lift (from floor to waist) 2kg with the right hand 	<ul style="list-style-type: none"> ▪ The client is unable to lift any weight
Stair use	<ul style="list-style-type: none"> ▪ The client is able to climb 20 steps independently, during which a handrail may be used and one step at a time is climbed 	<ul style="list-style-type: none"> ▪ The client requires hands-on assistance when climbing stairs, or ▪ The client is unable to climb 20 or more steps 	<ul style="list-style-type: none"> ▪ The client is unable to negotiate stairs
Travel (driving, riding)	<ul style="list-style-type: none"> ▪ The client is able to drive a vehicle independently, or ▪ The client is able to use public transport independently 	<ul style="list-style-type: none"> ▪ The client requires assistance when using public transport, or ▪ The client requires a driver if he/she had previously been able to drive a motor vehicle independently 	<ul style="list-style-type: none"> ▪ The client is unable to travel

SENSORY FUNCTION

Activity	Independent	Impaired	Unable
Hearing	<ul style="list-style-type: none"> The client has functional hearing with or without the use of a hearing aid 	<ul style="list-style-type: none"> The client's best corrected, permanent binaural hearing loss exceeds 50% 	<ul style="list-style-type: none"> The client's best corrected, permanent hearing loss exceeds 70dB as measured over the frequencies 500Hz, 1000Hz, 2000Hz and 3000 Hz
Seeing	<ul style="list-style-type: none"> The client has normal vision with or without correction 	<ul style="list-style-type: none"> The client has a permanent visual field defect of 25% or more in one eye due to a scotoma 	<ul style="list-style-type: none"> The client has a permanent visual field defect of 25% or more in both eyes due to scotomas or permanent quadrantanopia
Tactile sensation	<ul style="list-style-type: none"> The client has normal sensory function (sensation of the hands is assessed under hand function) 	<ul style="list-style-type: none"> The client has impaired sensory function in a dermatome corresponding with objective pathology (sensation of the hands is assessed under hand function) 	<ul style="list-style-type: none"> The client has complete loss of sensory function in a dermatome corresponding with objective pathology (sensation of the hands is assessed under hand function)
Tasting and Smelling	<ul style="list-style-type: none"> The client has normal ability to taste and smell 	<ul style="list-style-type: none"> The client has significant Impairment to taste or smell as a result of an injury or disease 	<ul style="list-style-type: none"> The client is permanently unable to taste, or permanently unable to smell, as a result of an injury or disease

HAND FUNCTION

Grasping and Holding	<ul style="list-style-type: none"> The client has grip strength better than 2 standard deviations below the average age and gender values (according to Mathiowetz normative data for adults) 	<ul style="list-style-type: none"> The client has grip strength weaker than 2 standard deviations below average age and gender values (according to Mathiowetz normative data for adults) 	<ul style="list-style-type: none"> The client is unable to grasp
Pinching/Tip pinch	<ul style="list-style-type: none"> The client has pinch strength better than 2 standard deviations below average age and gender values (according to Mathiowetz normative data for adults) 	<ul style="list-style-type: none"> The client has pinch strength weaker than 2 standard deviations below average age and gender values (according to Mathiowetz normative data for adults) 	<ul style="list-style-type: none"> The client is unable to pinch

HAND FUNCTION

Activity	Independent	Impaired	Unable
Coordination/ Dexterity	<ul style="list-style-type: none">▪ This is better than two standard deviations below the norm according to standardised hand coordination tests (for example the Minnesota Rate of Manipulation)	<ul style="list-style-type: none">▪ This is two standard deviations below the norm according to coordination test (for example the Minnesota Rate of Manipulation)	<ul style="list-style-type: none">▪ The client is unable to perform percussive movements (finger touching or diadochokinesis)
Sensory discrimination/ Tactile sensation	<ul style="list-style-type: none">▪ The client has normal sensory function in hands	<ul style="list-style-type: none">▪ The client has impairment of sensory function, but retained protective sensibility in the hands	<ul style="list-style-type: none">▪ The client has no sensation in hands

ADVANCED ACTIVITIES

The following areas are assessed under this category:

- Concentration
- Memory
- Problem solving, judgement and reasoning
- Executive function including planning, initiation, organising, error monitoring

The above four areas can be tested by a Neuropsychologist and stratified according to percentiles.

Activity	No impairment	Moderately impaired	Severely impaired	Very severely impaired
Memory	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall above the 30th percentile, or higher than half a standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 15th and 30th percentile, or between half and 1 standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 5th and 15th percentile, or between 1 and 2 standard deviations below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall below the 5th percentile, or 2 standard deviations below the norm (or worse)
Concentration	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall above the 30th percentile, or higher than half a standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 15th and 30th percentile, or between half and 1 standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 5th and 15th percentile, or between 1 and 2 standard deviations below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall below the 5th percentile, or 2 standard deviations below the norm (or worse)
Problem solving, judgment and reasoning	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall above the 30th percentile, or higher than half a standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 15th and 30th percentile, or between half and 1 standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 5th and 15th percentile, or between 1 and 2 standard deviations below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall below the 5th percentile, or 2 standard deviations below the norm (or worse)
Executive function including planning, initiation, organising and error monitoring	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall above the 30th percentile, or higher than half a standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 15th and 30th percentile, or between half and 1 standard deviation below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall between the 5th and 15th percentile, or between 1 and 2 standard deviations below the norm 	<ul style="list-style-type: none"> ■ Neuropsychological testing results fall below the 5th percentile, or 2 standard deviations below the norm (or worse)



Discovery Invest

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

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