

# TERMS AND CONDITIONS

## SINKING FUND



## INTRODUCTION

This document sets out the sinking fund policy (“policy”) terms and conditions which govern the insurance policy between the policyholder and the underwriting insurer, Liberty Group Limited (“Liberty, we, our, us”), a registered Long-Term Insurer and an Authorised Financial Services Provider.

The application submitted by your financial adviser via the secure website, the policy investment proposal document (including the minimum disclosure documents relating to the underlying portfolios), the policy terms and conditions document and the transaction confirmation document is the policy document and collectively constitutes the entire policy between Liberty and the policyholder. The policy number is the policyholder’s account number.

Liberty is the owner of all rights relating to the underlying assets of this policy.

## PRODUCT DESCRIPTION

This is a long-term policy of insurance which is underwritten by Liberty in the name of the policyholder.

The sinking fund policy is the legislated name of an endowment policy but is not a life policy and does not have lives assured associated with the policy.

The policyholder may choose to invest in a selection of investment portfolios that are made available for the policy.

## HOW DOES THE POLICY WORK?

The policy has a minimum term of five (5) years and has no fixed termination date.

It is a pure investment product that allows the policyholder to make regular contributions and/or additional lump sum contributions to the policy.

There is no minimum contribution amount.

Contributions to the policy are subject to legislative limits applicable at the time and will apply from inception of the policy:

- Contributions in the second year of the policy may not increase by more than 120% of the total contributions made in the first year of the policy.
- Contributions in any year of the policy may not be more than 120% of the higher of the previous two policy years' total contributions.

The policyholder may make a part or a full withdrawal, subject to our business practices at the time and legislative limits that may apply.

- Legislation provides that the policyholder will only be permitted to take one withdrawal in the first five years of the policy, subject to legislative limits, and our business practices applicable at the time.
- During the restriction period the maximum amount the policyholder may withdraw is the lesser of the contributions, including any market value in the policy the day before the restriction period commenced, plus 5% compound interest; or the market value of the account less fees and charges. Any residual balance must remain invested until the restriction period ends.
- Where a full withdrawal from the policy is permitted by legislation and our business practice and is taken during the restriction period, this will result in the cancellation of the policy. There will not be any penalty fee or charge associated with a full withdrawal.

This policy does not allow for the appointment of a one or more life assured(s).

There is no death benefit payable as there are no lives assured on this policy. The policy will continue until it is surrendered in which case the surrender value in the account at that time will be payable to the policyholder.

## BENEFITS

The investment value of the account at any time is equal to the number of units held in the account for each investment portfolio multiplied by the market related sell price of those units. Any benefit paid is subject to receipt and processing of a claim less any applicable fees, charges and taxes.

Benefits before the end of the five-year restriction period.

- The policyholder may withdraw partially or fully from the investment value in the policy before the end of the five-year restriction period, subject to our business practices and legislative restrictions that may apply at the time.
- The benefit value that is payable is the market related investment value or part of the market related investment value on the date the actual withdrawal is taken, less any applicable charges, fees and taxes.

Benefits on or after the end of the five-year restriction period.

- At the end of the five-year restriction period, the policyholder may withdraw a part or all of the investment value. The benefit value that will be payable on this policy is the market related investment value or part of the market related investment value of the account less any applicable fees, charges or taxes and is payable to the policyholder.
- There are no death benefits on the policy and the policy will continue until surrendered.
- The policy may be ceded please refer to the section “cession of the policy” below.

## CONTRIBUTING TOWARDS THE POLICY

The policyholder may make regular monthly contributions and add lump sum contributions at the inception of the policy or at any time during its term.

Additional lump sum contributions may be made within the limitations permitted by legislation.

The additional lump sum contributions will be reduced by any applicable advice fees and guarantee charges and will be credited to the account in the same proportions as the investment portfolio/s selected, unless the policyholder specifically selects a different investment portfolio.

The policyholder may invest the lump sum contribution in a selection of investment portfolios made available by Liberty, including the original selection and proportion.

Where any contribution amount is above the prescribed allowable limit, Liberty will notify the policyholder that the contributions made towards the policy are in excess of the limit and will not accept the contribution.

The policyholder has the option to invest the additional contribution that is in excess of the limit in a new product type made available.

## ACCOUNT

We will open an account for this policy for administrative purposes.

We will purchase units for each investment portfolio selected under this policy using the monies used to purchase this sinking fund policy. The investment value at any time is equal to the number of units held in the account for each investment portfolio multiplied by the sell price of those units.

We will calculate the number of units added to the account of each portfolio by dividing the Rand amount by the appropriate investment portfolio unit price.

We will deduct any applicable ongoing platform fees as well as authorised advice and intermediary fees by deducting them from the cash component within the account. If the cash is not sufficient to cater for fees or if the cash falls below a defined threshold percentage, units will be deducted from the account at their market related sell price on a weekly basis.

If legislative withdrawals are made from the policy, Liberty will deduct the withdrawal from the account by selling units at their market related selling price.

When any income distribution is received, the policyholder may elect for the income distribution, net of any taxes, to be:

- reinvested into the policy account by acquiring units of the investment portfolio that created the distribution (this is the default option);
- reinvested into the policyholder's policy account but into another investment portfolio by acquiring units within the policy account; or
- paying the distribution into cash held within the policy account.

## RESTRICTIONS

A restriction period applies for the first five (5) years of the policy and commences on the date when the first contribution period begins or on the first day of the month in which an excess contribution has been received by Liberty during the contribution period after the first such contribution period.

During the restriction period, a full withdrawal can be made if the balance in the policyholder's account after the withdrawal is less than the amount prescribed by legislation.

We may request that the policyholder withdraw the full amount under this policy if the value of the account falls below R10 000, or any other amount as prescribed by legislation.

## INVESTMENT PORTFOLIOS

Subject to Liberty's practice at the time, the policyholder can choose to invest in one or more investment portfolios. Details regarding the investment portfolios are contained in the investment proposal (original quotation) and can also be accessed via the minimum disclosure documents found on the investment proposal.

Certain constraints may however affect Liberty's ability to invest money into a specific investment portfolio. These are factors such as market availability, legislative issues or changes in business practice.

Should any of these constraints apply to an investment portfolio selected, Liberty will notify the policyholder in writing and the policyholder will, at that time, have to select an alternative investment portfolio. If an alternative investment portfolio is not selected or no response is received from the policyholder, we will invest the investment value of the affected investment portfolio, and/or any future additional contributions to that investment portfolio, into the STANLIB Money Market Portfolio.

Any changes the policyholder wishes to make to the investment portfolio selection must be sent through to us by the appointed financial adviser.

## SWITCHING BETWEEN PORTFOLIOS

Switches between investment portfolios will be allowed, subject to the business practice applicable at the time. There will be no switching charge for any switches effected between investment portfolios.

Please refer to the platform terms and conditions for the instruction processing timelines related to the operation of the policyholder's account, including for switching between investment portfolios. This document can be found on our secure website, [here](#). The policyholder will have to read, understand and accept the platform terms and conditions related to the administration of the policyholder's account in order to invest in this policy.

## FEES AND CHARGES

Below is a summary of all the fees and charges that will be deducted in respect of this policy, where applicable.

The actual fees and charges associated with this policy are set out in the investment proposal associated with the application submitted by the appointed financial adviser.

The effective annual cost (EAC) will be calculated and disclosed to the policyholder in the investment proposal.

We may also need to change certain fees and charges from time to time, should it be required, taking into account administration, market related costs and other costs in relation to this policy.

Where the level of any fees or charges change, we will notify the policyholder in writing, with a minimum of three (3) months' notice prior to any such change taking place.

FEE	WHEN AND WHY IT'S DEDUCTED	HOW IT'S CALCULATED
<i>Annual administration fee</i>	<p>The fee associated with the administration of the policyholder's account.</p> <p>Fees are accrued daily and deducted on a monthly basis.</p>	<p>A sliding scale fee structure will be applied using the combined value of all of the policyholder's accounts with INN8 as follows:</p> <p>0.552% for balances below R2 000 000;</p> <p>0.23% for amounts between R2 000 000 and R4 000 000; and</p> <p>0.115% for amounts above R4 000 000.</p> <p>A minimum monthly fee of R276 per policyholder will apply.</p> <p>All fees are inclusive of VAT where applicable.</p>
<i>Initial advice fee on lump-sum investment</i>	<p>Fee for advice agreed between the policyholder and the appointed financial adviser.</p> <p>Initial fees are deducted before the policyholder's funds are invested.</p> <p>Initial fees are paid on a weekly basis depending on when the application has been submitted.</p>	<p>As agreed between the policyholder and the appointed financial adviser.</p> <p>We have capped the maximum initial advice fee at 3.45%.</p> <p>All fees are inclusive of VAT where applicable.</p>

FEE	WHEN AND WHY IT'S DEDUCTED	HOW IT'S CALCULATED
<i>Initial advice fee on recurring debit order investment</i>	<p>Fee for advice agreed between the policyholder and the appointed financial adviser.</p> <p>Initial fees are deducted from each debit order before the policyholder's funds are invested.</p>	<p>As agreed between the policyholder and the appointed financial adviser.</p> <p>We have capped the maximum initial advice fee at 3.45%.</p> <p>All fees are inclusive of VAT where applicable.</p>
<i>Ongoing advice fee</i>	<p>Fee for advice agreed between the policyholder and the appointed financial adviser.</p> <p>Ongoing fees are accrued daily, deducted on a monthly basis.</p>	<p>As agreed between the policyholder and the appointed financial adviser.</p> <p>We have capped the maximum ongoing advice fee at 1.15%.</p> <p>All fees are inclusive of VAT where applicable.</p>
<i>Ad hoc advice fee</i>	<p>Fee for advice provided to the policyholder over and above those associated with initial advice fee and ongoing advice fee.</p>	<p>Ad hoc advice fees may only be made as a Rand amount.</p> <p>We have capped the maximum annual ad hoc advice fee at 1.15%.</p> <p>All fees are inclusive of VAT where applicable.</p>
<i>Non advised service fee</i>	<p>An additional service fee deducted from the policy applicable only to policyholders who choose to terminate their relationship with their adviser and not appoint a new adviser within three months.</p> <p>This fee is accrued daily and deducted monthly.</p>	<p>A flat monthly fee of R171.35 will apply should you choose not to appoint a financial adviser.</p> <p>All fees are inclusive of VAT where applicable.</p>

## ADJUSTMENT OF BENEFITS

We reserve the right to appropriately adjust the policy benefits payable and charges and fees levied under this policy if:

- any legislation is introduced or changed that affects us and/or this policy, or
- if the legal interpretation of any legislation has changed which affects us and/or this policy.

The policyholder will be notified in writing with a minimum of three (3) months' notice prior to these changes taking place.

Further, we reserve the right to delay the processing of any transactions or the payment of benefits, if:

- normal execution of transactions in the underlying assets ceases is suspended, delayed or impeded in some manner; or
- we determine that it is subject to such liquidity constraints on the underlying assets (either as a result of prevailing market conditions or as a result of circumstances applicable specifically to us) as would render the transactions or the payment of the benefits associated with the underlying assets unduly punitive or uneconomic for the policyholder or for us.

We will ensure that the policyholder is notified of any such delay in the transactions or payments of policy benefits. Any transactions will be implemented at the applicable sell unit price of the relevant portfolio at the actual process date.

## PROCEDURE FOR CLAIMING BENEFITS ON THE POLICY

In order to claim benefits under the policy, the claim requirements must be submitted to us in accordance with our business practices applicable at that time. Until all these requirements have been received, the policy will remain in force in accordance with its terms and conditions.

We will only pay the benefits if it is satisfied that a valid claim has been submitted and the person claiming the benefits is in fact entitled to receive the benefits.

The policyholder can notify us of a claim by calling: 0860 00 4668 (INN8) or emailing [service@INN8.co.za](mailto:service@INN8.co.za).

## TAX

This policy is a sinking fund policy underwritten by Liberty and subject to tax legislation applicable to long-term insurers. We will calculate and pay tax on any returns arising from the underlying assets of this policy at a tax rate that is dependent on the policyholder's classification for tax purposes. Benefits payable from the policy will generally be regarded as capital in nature and will generally be excluded from capital gains tax in the policyholder's hands.

## CESSION OF THE POLICY

The policyholder may cede the entire policy as an absolute cession or as collateral cession. We cannot process a partial cession.

An absolute cession is a transfer of ownership. When effecting an absolute cession all the rights associated with the policy are transferred to the cessionary.

A collateral cession is a transfer of rights associated with the policy as collateral. The cedent remains owner of the policy but cannot benefit from the policy unless the cession is cancelled.

The restriction period and legislated contribution limitations will apply to the cessionary based on the history of the cedant and the policy.

The rights of the collateral cessionary have preference over any rights of appointed beneficiaries (where applicable), as long as the collateral cession is noted on our records.

The full value of the policy will be paid to the cessionary should the collateral cession remain noted on our records at the time of claiming.

If the policy is ceded collaterally, the policyholder may need the collateral cessionary's permission if the policyholder wants to make any changes to the policy.

## CIRCUMSTANCES BEYOND OUR CONTROL

Should we be prevented from carrying out any of our obligations in terms of this policy because of circumstances beyond our control ("Force Majeure"), we will notify the policyholder of the circumstances and nature of the Force Majeure as well as the estimated duration and extent to which our performance is made impossible.

Under such circumstances, our obligations under the policy will be suspended until the circumstances causing the Force Majeure ends and we will not be liable to the policyholder for any damages whatsoever caused to the policyholder due to our inability to perform our obligations in terms of this policy.

Force Majeure includes, acts of God, acts of the State or Government, total national electricity failure, exceptionally adverse natural disasters, weather conditions, riot, insurrection, sanctions, sabotage, terrorism, political or civil disturbance, war, boycotts, embargo, strikes, lock-out, shortages of labour or materials, material delays in public transport or any similar circumstances beyond the reasonable control of us.

## COOLING-OFF

The policyholder is entitled to cancel or change the policy within 31 days. Any cancellation or change request must be sent to Liberty in writing within 31 days of receiving the policy document.

After receiving any cancellation or change request, and subject to any law, Liberty may take any of the actions below:

- Change the policy in line with the requested change
- Inform the policyholder that no change can be made to the policy
- Cancel the policy and refund any contributions the policyholder has already paid less any expenses related to the cover the policyholder has enjoyed up until the cancellation of the policy

Where we have not received the required notice of cancellation of either the policyholder's policy in totality or the cancellation of the changes the policyholder requested to the policy within the 31-day period, the policyholder will be bound by this terms and conditions of this policy. The policyholder will then give up the right to object to the policy's terms and conditions at a later.

To exercise any cooling-off rights herein please speak to the appointed financial adviser or call: 0860 00 4668 (INN8) or email: [service@INN8.co.za](mailto:service@INN8.co.za).

## AMENDMENTS TO THE POLICY

We reserve the right to amend the terms and conditions of this policy from time to time. The policyholder or the policyholder's beneficiaries (as applicable) will be notified in writing with a minimum of three (3) months' notice prior to any such change taking place.

Should there be any discrepancies between this policy terms and conditions and any other document that contains policy terms and conditions, this policy terms and conditions will prevail.

## UNDERTAKINGS

Confirmation that all information is correct

- The policyholder guarantees that all information given to us at any time is complete and true.
- Where the policyholder provides us with Personal Information of a third party, the policyholder guarantees that such third party has given their consent to provide us with the Personal Information.
- Where any material information, including the policyholder's Personal Information, is not fully disclosed or is found to be untrue, we may decide to cancel the policy and/or not to pay or benefits.
- Material Information is information that affects our decision to provide benefits.

Consent to debit bank account

- The policyholder consents to the debiting of the policyholder's bank account in the event that any single or regular contribution needs to be recovered from their bank account or warrant that the necessary consent has been obtained to debit the bank account nominated by or on behalf of the policyholder, wherever it may be held inside the Republic, for any amounts due in terms of the policy. Should the bank details change at any time, the policyholder undertakes to notify us of such change and warrants that the policyholder has the necessary authority to do so.

Consent to disclosure of information

- We are required by legislation to process some of the policyholder's information (including Personal Information). Without such information we will be unable to start or continue to provide products or services to the policyholder.
- The policyholder authorises us, our representatives and contracted third-party (including foreign) service providers as well as any applicable reinsurer, to process and further process the policyholder's Personal Information:
  - We may be required to collect Personal Information from the policyholder or other sources in order to service the policy, assess risks, consider claims for benefits, conduct research, apply for tax directives and issue tax certificates
  - This Personal Information may also be used for any other product proposal
  - We may conduct any necessary medical and blood testing or examination, if relevant to the policy
  - Where the policyholder's Personal Information (e.g. contact details) that we have on record is incorrect, we will take reasonable steps to obtain the correct details
  - To further process information through the Financial Services Exchange (Pty) Ltd, trading as Astute, and through such registers and databases maintained by or on behalf of the Association for Savings and Investment SA (ASISA), as well as other insurers in order to save costs and combat fraud

- We undertake to:
  - only process Personal Information as permitted by law; and
  - keep the policyholder’s Personal Information confidential, secure and only for as long as required or prescribed.
- Please note:
  - This authorization and undertaking extends beyond death (where applicable)
  - It applies only for the purposes above and therefore may partially limit the policyholder’s right to privacy
  - The policyholder is entitled at any time to request access to, update or rectify the policyholder’s Personal Information that we process
  - The policyholder has the right to be notified when the policyholder’s Personal Information has been compromised
  - If the policyholder has provided us with an email address, we will correspond with the policyholder via email

Definitions as referred to in the Protection of Personal Information Act

- “Personal Information” includes but is not limited to information relating to: race, gender, marital status, nationality, age, physical or mental health, disability, language, education, identity number, telephone number, email, postal or street address, biometric information and financial, criminal or employment history and as more specifically defined in the above Protection of Personal Information Act; and
- “Process” means any operation or activity, whether automated or not, concerning personal information, including: collection, receipt, recording, organisation, collation, storage, updating or modification, retrieval, alteration, consultation, use, dissemination by means of transmission, distribution or making available in any other form, merging, linking, as well as blocking, degradation, erasure or destruction of information. “Processing” will have a similar meaning.

## QUESTIONS AND COMPLAINTS

The policyholder can contact the following people or regulatory bodies should there be any questions or complaints.

For any questions about this policy please contact the appointed financial adviser.

Our **operating hours** are **Monday to Friday, 08:00-17:00**.

Suspicious account activity and possible fraud please **phone 0800 037 283**.

Servicing queries please **email [service@INN8.co.za](mailto:service@INN8.co.za)** or **phone 0860 00 4668 (INN8)**.

Onboarding queries please **email [hello@INN8.co.za](mailto:hello@INN8.co.za)**.

Compliments or complaints please **email [feedback@INN8.co.za](mailto:feedback@INN8.co.za)**.

The entities associated with the administration, group compliance and underwriting of this policy are disclosed below for the policyholder's convenience.

<p><b>INN8:</b></p> <p>17 Melrose Boulevard Melrose Arch Johannesburg 2196</p> <p>Tel: 0860 00 4668 (INN8) Email: <a href="mailto:service@INN8.co.za">service@INN8.co.za</a> Website: <a href="http://www.INN8.co.za">www.INN8.co.za</a></p>	<p><b>Group Compliance:</b></p> <p>Liberty Centre 1 Ameshoff Street Braamfontein Johannesburg 2001</p> <p>Tel: 011 408 2559 Email: <a href="mailto:group.compliance@liberty.co.za">group.compliance@liberty.co.za</a></p>	<p><b>Insurer: Liberty Group Limited</b></p> <p>Liberty Centre 1 Ameshoff Street Braamfontein Johannesburg 2001</p> <p>Tel: 086 045 6789 / 011 558 4871 Email: <a href="mailto:info@liberty.co.za">info@liberty.co.za</a> Website: <a href="http://www.liberty.co.za">www.liberty.co.za</a></p>
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If the policyholder is not satisfied with how the queries or complaints have been dealt with the policyholder can contact the relevant Ombudsman to engage on the dispute.

<p><b>Reporting irregularities:</b></p> <p>Financial Sector Conduct Authority</p> <p>PO Box 35655 Menlo Park 0102</p> <p>Tel: 012 428 8000 Fax: 012 346 6941 Email: <a href="mailto:info@fsc.co.za">info@fsc.co.za</a></p>	<p><b>Disputes about the administration of the policy:</b></p> <p>The Ombudsman for Long Term Insurance</p> <p>Private Bag X45 Claremont Cape Town 7735</p> <p>Tel: 0860 103 236 / 021 657 5000 Fax: 021 674 0951 Email: <a href="mailto:info@ombud.co.za">info@ombud.co.za</a> Website: <a href="http://www.ombud.co.za">www.ombud.co.za</a></p>	<p><b>Disputes about advice:</b></p> <p>The FAIS Ombud</p> <p>PO Box 74571 Lynwood Ridge 0040</p> <p>Tel: 0860 324 766 / 012 470 9080 Fax: 012 348 3447 Email: <a href="mailto:info@faisombud.co.za">info@faisombud.co.za</a> Website: <a href="http://www.faisombud.co.za">www.faisombud.co.za</a></p>
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## UNDERWRITER AND ADMINISTRATION

**Insurer, underwriter of the endowment policy:**

Liberty Group Limited is the registered Long-Term Insurer of the sinking fund policy, and is an Authorised Financial Services Provider in terms of the FAIS Act 37 of 2002 with registration number 1957/002788/06 and FSP number 2409.

**Trademark:**

INN8 is a registered trademark of STANLIB Wealth Management (Proprietary) Limited (STANLIB).

**EFFECTIVE DATE 1 JULY 2019**