

Fixed or Step-Up Income

BENEFITS:

- **Earn** a monthly income.
- **Protect** your capital every 5 years.
- **Minimise the tax** on your income.
- **Reinvest automatically** after 5 years or withdraw your capital.

WHO CAN INVEST?

- **Any South African resident**, (such as a natural person, retirement fund, trust or company) who needs an income and would like to preserve their capital.
- **Investors** may only invest in rands (a minimum of R50,000 applies).
- **Investors who have a lump sum** from non-retirement funds (also referred to as discretionary money).



*Earn a regular income
while protecting your
capital.*

Summary

Fixed and Step-Up Income provide you with either:

- 60 equal monthly payments; or
- 60 monthly payments where the payments increase every year.

We will automatically reinvest your capital after 5 years and provide you with a new monthly income, unless you choose to receive your capital back.

KEY INFORMATION

NATURE OF THE INVESTMENT	A term certain annuity provides income and an endowment provides capital protection, both underwritten by Cadiz Life Limited. (FAIS Product Category - Long Term Insurance Category C)
INVESTMENT CURRENCY	South African rand
MINIMUM INVESTMENT	R50,000
UNDERLYING CREDIT RISK	We invest with financially strong blue chip institutions.
MINIMUM INVESTMENT TERM	5 years which can be extended.
CAPITAL PROTECTION	100% of your capital is protected at maturity.
ACCESS TO YOUR MONEY	<ul style="list-style-type: none"> - You have a 30 day cooling-off period to change your mind about your policy. If you change your mind within this period, we will sell the instruments at market value and pay you this plus any financial adviser fees that have been included in the cost of the investment. This value may be lower than the initial amount you invested. - If you surrender your investment after the 30 day cooling-off period, we will sell the instruments and pay you the market value, which may be lower than the initial amount you invested. <p>You may not take a loan or make ad hoc withdrawals from the investment.</p>
MONTHLY INCOME	<p>Your income payments are set at the start of each 5 year investment period. You may choose either Fixed Income or Step-Up Income:</p> <ul style="list-style-type: none"> - Fixed: You will receive 60 equal monthly payments. - Step-Up: You will receive 60 monthly payments where the payments increase every year (the income 'steps-up'). <p>At the end of each 5 year period, we will communicate your new income payments to you.</p>
FEES	<p>We invest 100% of your money. The following fees are included in the investment pricing:</p> <p>Administration fee: 0.25% per annum</p> <p>Financial adviser fees that you agree with your adviser:</p> <ul style="list-style-type: none"> - 2.00% initial only; or - 1.00% initial and 0.25% per annum; or - 0.50% per annum. <p>If you agree on any other fee options, the annuity income rate is adjusted up or down accordingly.</p>
IMPORTANT ADMINISTRATIVE DATES	<p>Closing date for applications: 4th business day of each month.</p> <p>Implementation date (the start date of your policy): 9th business day of each month.</p> <p>Income payment dates: 1st business day of each month.</p>

COMPARING FIXED AND STEP-UP INCOME TO CASH IN THE BANK

	MONEY MARKET / BANK DEPOSIT	FIXED AND STEP-UP INCOME
LIQUIDITY	Liquid	5 year minimum term
YIELD	Variable rate	Fixed or increasing rate for 5 years
CREDIT RISK	Low (depends on the counterparties)	Low (only blue chip counterparties)
TAXATION	Interest income is fully taxable	Annuity is favourably taxed in terms of Section 10A of the Income Tax Act

Questions and answers

How much income will you get each month?

We will give you a quote to show you the level of income that you may be able to get from your investment. The income rates change monthly for new investments, but this will not affect the terms and conditions of any income investments you already hold. If there are any significant, unexpected market movements before the start of your policy, we reserve the right to revise the annuity rates up or down.

What happens after you complete an application form, sign the quote, and invest?

1. When we receive your money, we will invest this in our South African rand client account. This will accumulate interest on your behalf until the 4th business day of the month. We will write to you and your adviser to acknowledge receipt of your application within 5 working days.
2. We buy underlying instruments with fixed terms to provide you with a monthly income and access to your capital back after a minimum of 5 years.
3. We will issue your policy document within 21 business days after implementation, and your financial adviser will give this to you.
4. We will pay your income directly into your bank account on the 1st business day of each month.

How will we keep you informed?

We will send you a statement for the 6 months to June and December each year showing the details of your investment. You may also access this information online via our secure website at www.cadizwealth.co.za

What happens to your investment in the event of your death?

We will transfer the policy to your estate, or beneficiaries, depending on your instructions and legislation. They may decide to keep or surrender the policy.

What happens every 5 years?

Within 3 months of each 5 year period, we will write to inform you of your new level of annuity income. We will automatically reinvest your capital and provide you with monthly income, unless you ask to receive your capital back.

What are the tax implications of this investment?

Individual Investors: The income you earn is in the form of an annuity. Only a portion of your annuity income is taxable in accordance with Section 10A of the Income Tax Act.

We deduct and pay tax on your behalf and issue you with annual tax certificates. In order to determine the tax payable we assume that the income payments you receive are your sole source of income and:

- apply tax tables to the taxable portion of your investment;
- pay the tax across to SARS; and
- issue you with tax certificates every year so that you can include this in your tax return.

You may also provide us with a tax directive or a specific rate of tax that we should withhold on your behalf.

Pension fund and non-profit companies: Investments are tax free.

Company, close corporation and trust investors: Investments do not benefit from the favourable tax treatment of Section 10A.

How safe is your investment?

We don't compromise on risk and we carefully select financially strong blue chip institutions to invest with. They include ABSA, Nedbank, RMB, Standard Bank, BNP Paribas, JP Morgan and the Macquarie Group. These top-rated banks sometimes don't pay as high a level of income as those with a worse credit rating, but in tough times, they have remained standing. It is unlikely that these institutions would be unable to meet their obligations, but if this were to happen, you could lose some or all of your investment.

CONTACT DETAILS: Tel: 08000 CADIZ (22349) Fax: +27 21 657 8306 Email: retail@cadiz.co.za www.cadiz.co.za

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