

ENDOWMENT

PRODUCT SUMMARY



What is the Prescient D and D the Cycle Endowment?

The Prescient **D and D the Cycle** Endowment is an investment-linked policy underwritten by Prescient Life (RF) Limited. The endowment assists you in saving towards your long term goals. It supports disciplined investing but at the same time allows you flexibility to change the investment particulars. If you are comfortable with a minimum five-year investment term, want a tax-efficient way to save, and wish to create liquidity in your estate, our Endowment Policy may meet your needs. You may also structure your portfolio across multiple policies to give you additional liquidity during the 5 year restricted period.

The benefits of investing in the Prescient **D and D the Cycle** Endowment policy are:

- Offers you a tax-efficient way to save
- Allows you to create liquidity in your estate – your beneficiaries may be paid out straight away on your death instead of the investment being included in your estate when you die (and potentially held up by any delays in finalising the estate)
- Enables your beneficiaries to save on executor fees
- Offers you transparent and easy access to a range of asset managers and investment portfolios of your choice.

How does the Prescient **D and D the Cycle** Endowment Policy work?

An endowment policy is legally required to have a minimum five-year term (also referred to as a restriction period as it restricts the withdrawals you may make from the policy). This applies to:

- The first five years of the policy, or
- Five years from the first day of any month during which the '120% rule' takes effect (see below).

The 120% rule takes effect when your contributions in any policy year are greater than 120% of the higher of any of the previous two policy year's total contributions. The Life Company will accept these contributions into the same policy and extend the restriction period (if you are already in a restriction period) or start a new five year restriction period on the entire policy.

Can I access my money?

Legislation provides that during any restriction period, you may make one withdrawal.

The maximum amount you may withdraw is the lesser of:

- your contributions during the restriction period, including any market value in the policy the day before the restriction period started plus 5% compound interest; or
- the market value of the investment account less fees and charges.

Any remaining balance (more than R2 500) must stay invested until the restriction period ends.

If the policy is not in a restriction period:

- You may withdraw part or all of the value of the policy, which is the market value in the investment account less fees and charges, and/or
- You may also schedule regular withdrawals from the Prescient [D and D the Cycle](#) Endowment

What is the tax treatment?

In terms of income tax legislation the administrator is required to pay income tax and capital gains tax (CGT) at a rate which depends on how you are classified. For this purpose, you are classified as either a natural person, company, or an untaxed policyholder. Trusts are taxed according to the classification of the beneficiary.

Income tax is incurred and recovered from the policy when income are received. **The Administrator** pay tax on any capital gains that may arise. This means that on the sale of units to pay a benefit from the policy, the benefit may be reduced by a provision for CGT. Any sale of units to pay fees or charges or a sale of units to effect a switch from one unit trust to another may create a CGT liability which will be recovered from the policy benefit when it is paid out.

Who can invest and what tax rates apply:

Any natural person, registered company, trust and non taxpaying organisation may invest in the Prescient D and D the Cycle Endowment Policy.

Minimum Investment R5 million

What happens when I die?

At the commencement of your policy, you must nominate a life assured and a beneficiary for ownership/beneficiary for proceeds. If you are not the last life assured, the policy will not come to an end due to your death. Ownership of the policy will pass to the nominated beneficiary for ownership.

The policy comes to an end when the last life assured dies. The proceeds will be paid directly to the beneficiary for proceeds.

Life assured

The policy is issued on the life of this person and comes to an end when this person dies. If there is more than one life assured the policy will end when the last life assured dies.

Beneficiary for ownership

If the policyholder and the life assured is not the same person, or if there is more than one life assured, you may nominate a beneficiary for ownership to become the owner of the policy after your death. This only applies if the policyholder is a natural person. If there is more than one policyholder, each policyholder may nominate only one beneficiary for ownership.

Beneficiary for proceeds

If the policyholder is a natural person, and is the only life assured, you may nominate a beneficiary for proceeds to receive the proceeds of the policy after your death.

Can the policy be used as security?

Your investment may be ceded as a security or an outright cession.

Can I make a loan on the policy?

You may not take a loan from your Prescient D and D the Cycle Endowment Policy. You are only allowed to make one surrender within your restriction period.

Can I transfer this policy to another insurer?

You may not transfer this investment to another endowment policy or transfer another endowment policy into the Prescient D and D the cycle Endowment Policy.

What is it going to cost me?

You will pay an on-going administration fee which depends on the size of your investment. All fees are quoted as a percentage of assets under management on an annual basis:

Investments < R5m	Investments R5m-R10m	Investments > R10m
0.4218%	0.342%	0.285%

The on-going administration fee includes all the costs apart from the expenses associated with the management of the investments. The investment management costs are shown in the "Investment Options" brochure in the Total Expense Ratio column. D and D the Cycle does not charge initial fees when you purchase an endowment or switching fees should you decide to switch your underlying investment options.

What do I need to do to get started?

1. Complete the Prescient D and D the Cycle Endowment application form
2. If you are an individual, compile the following supporting documentation (If a Legal Entity, please refer to the Application form for a list of documents to compile):

ID document containing a photo, full names, date of birth and ID number, valid passport or a valid driver's licence	✓
A document less than 3 months old containing residential address that is a utility bill, bank statement, rates account or tax invoice	✓
Proof of banking details	✓

3. Send the completed application form and supporting documentation to D and D the Cycle:

Fax	+27 086 605 3877
Email	prescient@thecycle.co.za

What happens after I sign up?

The administrator of the policy will provide you with the following:

1. A transaction confirmation statement and a membership certificate
2. provide you with online access
3. Annual benefit statements

How can I get help?

If any of the above is not clear, you can obtain further information from Prescient:

Website	www.thecycle.co.za
Email	prescient@thecycle.co.za
Phone	+27 011 706 3542

Disclosures

The Prescient D and D the Cycle Endowment product is underwritten by Prescient Life (RF) Ltd. PLife has outsourced certain aspects of the administration function to D&D The Cycle (Pty) Limited (Reg. No: 2013/157477/07) who is also a registered Financial Services Provider (reference number 45863) specifically in relation to Personal Share Portfolios selected by Members. The benefits offered under the Prescient D and D the Cycle Endowment are linked to the investment returns achieved. Neither the investment returns nor the benefits offered are guaranteed. The current investment options available to the members in the Funds are selected portfolios of Collective Investment Schemes in Securities (CISs) registered with Prescient Management Company (Pty) Ltd ("PManco"), selected pooled investments underwritten by PLife, approved external funds and Personalised Share Portfolios (PSP) which are managed and administered by approved third party managers and administrators. PManco is an approved management company and PLife is a registered long-term insurer. CIS portfolios, pooled investments and PSP's should be considered medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. The value of units may go down as well as up and past performance is not necessarily a guide to the future.

This guide has been compiled to provide factual information on the product offered and does not constitute advice.

Prescient Life (RF) Limited is a Financial Services Provider authorised under the Financial Advisory and Intermediary Services Act of 2002 (FSP 44077). D and D the Cycle (Pty) Ltd is a Financial Services Provider authorised under the Financial Advisory and Intermediary Services Act of 2002 (FSP 45863)