Corporate Selection

Your Scheme in Detail

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We understand that as an employer, you play a pivotal role in the financial lives of your employees. Our aim is to assist you in protecting their financial future, ensuring that you and your employees can live life to the full.

This product guide aims to provide clients with a better understanding of the features, benefits and costs associated with the corporate solution being considered.

It deals with the establishment of an employer's participation in an insured umbrella scheme or insured stand-alone pension or provident fund within the Liberty risk, administration and investment framework.

This document must accompany the quotation provided by Liberty Corporate for it to be considered a complete and valid quotation. The information contained is extensive and should be clearly understood for an informed purchase decision to be made.

Menu

Understanding Your Quotation

1 *Validity*

The quotation is valid for one month from the date that the quotation is produced, provided the employer's scheme is installed within the selected commencement date shown on the quotation and there is no change to the membership information provided. If the quotation is accepted by the employer and the Trustees of the Fund, a new scheme is instituted. Please note that acceptance will be subject to compliance with Liberty Corporate's normal installation procedures.

2 *Installation criteria*

Please refer to the enclosed benefit parameters brochure for the latest installation criteria and business rules associated with the Liberty Corporate offering.

3 *General disclosures*

- The insured benefit costs shown assume that each member above the medical-free limit will supply satisfactory evidence of health within 60 calendar days of installation of the scheme. If evidence is not submitted or found to be unsatisfactory, insured benefits will be adjusted downwards to the medical-free limit and costs will be adjusted appropriately
- Where spouse's death benefits have been selected and the marital status is recorded as either 'unknown' or 'single', the spouse will not be covered for this benefit
- Where polygamy is practiced in a legal marriage, the term spouse means the surviving spouses collectively. Any benefit due to a spouse will then be split equally between the member's surviving spouses
- The definition of a spouse is strictly applied as someone who is the member's permanent life partner, spouse or civil union partner in accordance with:
    - The Marriage Act, 1961 (Act No. 68 of 1961)
    - The Recognition of Customary Marriages Act, 1998 (Act No. 68 of 1997)
    - The Civil Union Act, 2006 (Act No. 17 of 2006)
    - The tenets of a religion

4 *Replacing an existing scheme*

In some instances, it may not be to the members' advantage to replace one scheme or group of individual policies with another scheme as there could be potentially detrimental consequences, whether insured by Liberty or another licensed insurer.

The following items should be considered when replacing an existing scheme:

- The charges payable for a new product
- The expenses or penalties payable to cancel or change the existing financial product
- The difference in the investment risk
- The tax implications
- Potential loss of any benefits or guarantees by changing or cancelling the existing financial product
- Access to the funds in the new product
- The impact that age and health may have on contributions and benefits of the new product
- Any applicable limits to the new product (for example, there may be exclusions or waiting periods)

If the employer wishes to proceed, they must discuss the financial implications and impact on benefits with a financial adviser.

5 *Commencement*

A Scheme Authority document, signed by an authorised official of the employer, together with a completed electronic proposal form must be submitted before the scheme can commence.

6 *Claims*

All claims are subject to admission of liability by Liberty Corporate and submission of the necessary documentation as requested by Liberty Corporate.

7 *"Cooling-off Period"*

The employer has the right to withdraw and cancel the implementation of the scheme within 31 calendar days of receipt of the installation package from Liberty Corporate.

To exercise this right, Liberty Corporate must receive a written notice within this 31-day period at the registered address shown at the end of this document. The option to withdraw and cancel is automatically revoked where any claim against the policy has already been lodged with Liberty Corporate.

Where cancellation during the cooling-off period is effected, contributions paid will be refunded after deduction of the cost of any insured benefit cover that has been provided. The repayment will also be adjusted to take into account any reduction that might occur to the market value of the scheme's investments.

Understanding Your Scheme

1 *Operation of the scheme*

The scheme will be operated and governed by a set of rules. In addition, Liberty Corporate will issue investment policies for the investment of the assets and/or policies of insurance for the provision of the insured benefits.

The Board of Trustees ("Trustees"), of the suite of Corporate Selection Umbrella Funds, will ensure that the rules comply with the requirements of both the Registrar of Pension Funds and the Commissioner for the South African Revenue Service so that registration and approval is obtained respectively, where applicable.

Should registration and/or approval not be granted, for whatever reason, Liberty Corporate cannot accept responsibility for any direct or indirect loss that may be suffered by the employer, including consequential and/or loss of profit.

2 *Membership*

The employer must specify the classes of employees that will be eligible to join the scheme in the scheme rules.

A condition of the Income Tax Act approval criteria for Retirement Schemes is that all eligible employees must be given the opportunity to join the scheme at its commencement date. This option must be exercised within 12 months of such date. Employees who subsequently enter service must, as a condition of employment, join as soon as they satisfy the scheme's membership eligibility conditions.

If a scheme has risk benefits, all eligible employees, (i.e. both staff currently in service and all new staff) must join the scheme in order to qualify for the medical-free limit described in the Assumption of Risk Conditions.

3 *Scheme salary*

All benefits and contributions in terms of a salary-based scheme are related to a scheme salary defined by the employer. Our quotation will have been based on the assumption that scheme salary will normally remain the same throughout the scheme year and will only change in line with any general review of earnings, or upon promotion. The quotation does not cover the situation where the scheme salary changes on a weekly, monthly, quarterly or half annual basis.

4 *Contributions*

Contributions for retirement benefits will be deducted from the member's salary by the employer and paid to Liberty Corporate with the employer's contributions. All contributions must be paid to Liberty Corporate within 7 days of the end of the month for which they are due, failing which the employer will be liable for payment of interest and possible prosecution.

5 *Normal retirement date*

Each member's normal retirement date will be the first day of the month coincident with or following the member's attainment of the scheme's retirement age, as defined in the rules of the scheme.

6 *Payment of benefits*

On retirement:

When a member reaches normal retirement age, they may continue in the service of the employer and only retire at a later date if agreed with the employer (late retirement date), or retire from employment but not take their retirement benefit from the fund until a later date (deferral of retirement). The following rules are also applicable.

Pension schemes:

If a member's retirement benefit exceeds the amount of R247 500 an annuity must be purchased at retirement in the name of the member. The annuity may be purchased with Liberty or any other registered insurer or annuity provider. In addition, a member may elect to:

- Receive an annuity appropriately adjusted in amount to incorporate a different guarantee period, frequency of payment or to make provision for a pension for a chosen dependant(s);
- Take a cash lump sum payment, of up to 1/3 of the full member's share of fund (subject to tax) and purchase an annuity with the balance.

Provident schemes:

Retirement tax reform changes effective 1 March 2021 have aligned the nature of benefits that members can access at retirement across different types of retirement funds. It also introduced

"Vested rights" to allow members to access the benefits they have already accumulated in those funds according to the laws prior to 1 March 2021, depending on their age on 1 March 2021.

If a member, on 1 March 2021, is:

- Younger than 55 years: all benefits accumulated prior to 1 March 2021 (plus all investment returns on those accumulated benefits, up to retirement date) will comprise 'Vested Benefits'
- Age 55 or older: all benefits accumulated prior to 1 March 2021, as well as contributions (net of fees, charges or risk premiums) made to that same fund after 1 March 2021 (plus all investment returns on those accumulated benefits and contributions up to retirement date) will comprise 'Vested Benefits'.

Any other benefits are referred to as 'Non-Vested Benefits'. Members may have both vested and non-vested benefits.

If the member has vested benefits, this implies that the full value of it may be taken as a taxable cash lump sum at retirement.

Otherwise, for non-vested benefits, they will be required to treat it in a similar manner as described under pension schemes above. The member only needs to make a decision on the format of these benefits at the time of retirement.

Annuities:

Members have access to two simple, institutionally priced annuities. They can consolidate their retirement savings (including those currently outside of the fund) to purchase one or a combination of the following annuities:

- The Liberty Corporate Group Living Annuity, which, gives members flexibility to manage their retirement savings the way they wish.
- Liberty Corporate Growth Pension (2018), which provides members with financial security through a guaranteed retirement income.

For more information on these annuities, contact the fund financial adviser or the benefit counselling team at 0800 456 235 or benefitcounselling@liberty.co.za.

On death:

If a member dies before retirement age, the member's share of fund will be payable. A member's share of fund refers to the total of accumulated contributions less expenses plus scheme investment returns.

Where applicable, Group Life Assurance benefits will also be paid. The distribution of benefits on death is undertaken by the Trustees of the suite of Corporate Selection Umbrella Funds in terms of the provisions of the Pension Funds Act.

No change has been made to the preservation of retirement savings when changing employment.

On resignation:

Where a member leaves service prior to the normal retirement date, the benefit payable will be the member's share of fund. The benefit may be taken as a cash lump sum (subject to tax), preserved in the fund, or transferred to another fund. Members may also choose for a combination of cash and transfer as well.

Liberty Corporate's in-fund preservation is a tax-free option for withdrawing members who wish to preserve their benefits for eventual retirement, rather than receiving an after-tax cash lump sum. Members just need to tick a box on the Preservation of Benefit Withdrawal Notification form or contact the benefit counselling team at benefitcounselling@liberty.co.za for more information.

Transferal of funds:

The retirement tax reform changes effective 1 March 2021 means that any 'Vested Benefits' and 'Non-Vested Benefits' transferred to other retirement funds after 1 March 2021 will retain their nature, irrespective of the type of the retirement fund they are transferred to.

However, if the member is age 55 or older on 1 March 2021, any transfers out of the original provident or provident preservation fund (in which the member belonged to on 1 March 2021) will mean that all contributions made to the new fund (plus all investment returns on those contributions up to retirement date) will become 'Non-Vested Benefits'.

7 *Claims notification period*

Claims may be submitted in writing to Liberty Corporate's physical or postal address, or electronically. Notification of claims can be made electronically on Blueprint Corporate by the appointed financial adviser or on Liberty Corporate Connect.

Please refer to the Benefit Parameters booklet on maximum notification periods for our various claim categories.

8 *Continuation option*

The continuation option allows a member to retain insured death and disability cover in an individual policy within 60 days of leaving the scheme, provided that they have been members of the scheme for at least 12 months prior to their exit from the scheme. This applies to retirement and withdrawal other than ill-health retirement or where the member is receiving a disability income, where the option is available at scheme level.

The maximum age at which the continuation option benefit may be exercised is as follows:

Benefit	Maximum Age
Income Protection Plan	The maximum age for Income Protection Plan is: If Group Scheme NRA is 60, then: • 55 (next birthday) for level and renewable premium pattern • 50 (next birthday) for age rated and fixed increasing premium pattern If Group Scheme NRA is 65, then: • 60 (next birthday) for level and renewable premium pattern • 55 (next birthday) for age rated and fixed increasing premium pattern
Capital Disability	Maximum age for Capital Disability is: Age 60 (next birthday)
Dread Disease	The earlier of scheme's retirement age and 60
Group Life Assurance	The earlier of scheme's retirement age and age 70 next birthday
Educator	The earlier of scheme's retirement age and 60

The above will be subject to Liberty's current business rules, Premium patterns and entry ages applicable to individual benefits offered.

9 *Rule amendments*

Any changes that may be required to the scheme rules must be communicated to Liberty Corporate in writing using the standard rule amendment form. Liberty Corporate will confirm if the required change can be accommodated and disclose any terms and conditions that may apply. Please note that changes to the scheme structure in the first year of its operation are not normally allowed.

10 *Discontinuance of the scheme*

If the employer is unwilling or unable to continue payment of contributions, Trustees and the members must be given 31 days' written notice of the intention to discontinue the scheme. Thereafter, the standard terms set out in the Corporate Selection policy and/or scheme rules, or Corporate Insured Series policy, will apply.

Understanding Your Investment

1. *Investment strategies and portfolios*

A variety of investment strategies and portfolios are available for employer-level investment strategies and are grouped as follows.

The Core Investment Strategy

The Core Investment Strategy is the Trustees' preferred investment strategy and complies with Regulation 37 of the Pension Funds Act. It aims to meet the investment needs of most members with two distinct strategies. Members can be invested in either one or a combination of the portfolios underlining these strategies.

Investment strategy	Investment portfolio/s	Membership profile	Participating employer example
Smoothed Absolute Return	Liberty Stable Growth Fund	Risk averse with a preference for low investment return volatility	Employers with a high turnover in staff / risk averse employees
Retirement Goals Based	Liberty Core Balanced Liberty Core Moderate Liberty Core Conservative	Focus on long-term retirement adequacy (goal) and less concerned about short-term investment return volatility	Employers with a longer tenure of staff / greater understanding of financial markets

The retirement goals based strategy is outcome focused and targets a retirement goal expressed as a replacement ratio. Each member's position and retirement goals are considered, and members are allocated into one of the Liberty Core Portfolios provided in an Employer Retirement Strategy (ERS) report. Members are also tracked on a yearly basis against their retirement goals and guidance is provided on how to improve their ability to reach their goals provided in an Employer Retirement Strategy Anniversary (ERSA) report.

The Extended Investment Strategy

The Extended Investment Strategy has various investment styles to support different risk profiles for employers whose membership profile does not fit into the Core Investment Strategy. Employers who invest in portfolios underlying the Extended Investment Strategy need to complete an Investment Strategy Document (ISD) to comply with Regulation 37.

The Liberty Core Portfolios are used as the underlying portfolios for Single Manager Life Stage's phasing approach and therefore does not need an Investment Strategy Document (ISD) to comply with Regulation 37.

The Enhanced Investment Strategy

The Enhanced Investment Strategy has adviser-specific investment strategies that can be used to create bespoke advice-level solutions. There is a range of various specialist portfolios from external providers that can be used to create an adviser-constructed investment strategy specific to a participating employer with unique membership profiles. Employers who invest in the Enhanced Investment Strategy need to complete an Investment Strategy Document (ISD) to comply with Regulation 37.

Member Choice

Members may choose to invest in a portfolio or investment strategy that is different to the employer-level investment strategy. Members do not need to complete an ISD for member choice. Members should seek professional advice from a financial adviser before making any financial decisions.

More information on the available investment strategies and portfolios can be found on the fund fact sheets at www.liberty.co.za.

2. *Risks*

Any form of investment should be made considering the possible risks. Below are some risks that should be considered.

Investment Risk

The risk of fluctuation in the value of an investment and this may result in loss of capital. Some causes of investment risk are general market fluctuations (market risk), industry-specific market fluctuations (industry risk), company-specific factors (company risk) and inflation rate risk. Higher risk is usually associated with the potential for higher long-term returns.

Market Risk

This refers to the extent to which an investment fluctuates in value because of general market fluctuations. The general market fluctuations are caused by three interdependent factors: equity risk, currency risk and interest rate risk. Different portfolios have different proportions of investment in asset classes according to their risk profile to manage the market risk exposure.

Equity Risk

The risk that equity prices will change and is normally measured in the form of standard deviation. It is taken in order to benefit from the superior inflation-beating returns that equities are expected to offer over the long-term compared to any other asset class.

Currency Risk

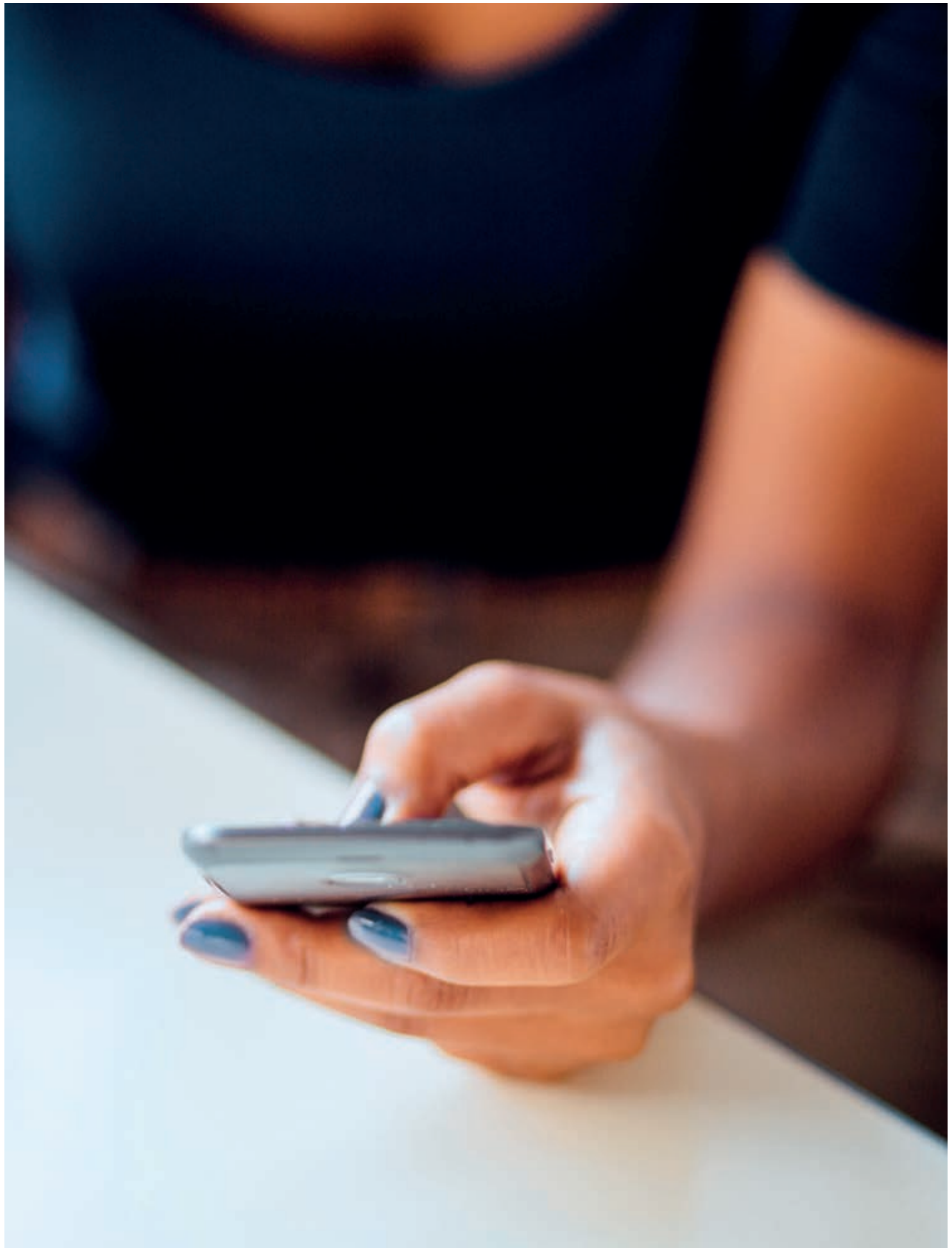
The investment portfolios available have limited currency risk exposure, which occurs when the assets and the liabilities are not denominated in the same currency. This risk is taken to benefit from the additional diversification offered by investing in international assets.

Interest Rate Risk

The risk that interest rates will change and that this will negatively or positively affect the relative value of interest-bearing assets like bonds. This risk is taken to benefit from the additional diversification that interest-bearing assets bring to an investment portfolio.

Inflation Risk

Inflation risk is the risk that general prices of goods and services will go up over time. The available investment portfolios have return objectives that aim to exceed inflation.



Understanding Your Scheme's Operating Expenses

A scheme's operating expenses comprise three main types of fees or charges:

- Management fees associated with the initial setup and ongoing administration
- Scheme fees and statutory charges associated with ensuring governance and compliance with statutory requirements
- Investment management fees, levied by asset managers for services rendered

1 *Management fees*

The management fees are made up of the following fees: administration fees, commission and a distribution support fee.

Administration fees

Administration fees are levied by Liberty Corporate to cover the cost of ongoing administration. The administration fee shown on the quotation is charged on a monthly basis and is deducted from each contribution received.

- This fee is calculated according to the benefits selected and scheme structure. Liberty Corporate reserves the right to charge an additional fee where special administrative or actuarial services are required and/or are imposed by legislation.
- The administration fee includes an allowance for Value Added Tax (VAT) where applicable.

In addition, investment administration fees are charged by Liberty Corporate on the scheme assets (or the assets attributable to the participating employer in the case of Corporate Selection Umbrella Schemes). These fees are proportionally charged to each member's share of fund monthly.

The following scale of investment administration fees applies:

Total Scheme Assets	Investment Administration Fee
First R 3,000,000	1.20% p.a.
Next R 7,000,000	0.80% p.a.
Next R 30,000,000	0.45% p.a.
Balance over R 40,000,000	0.10% p.a.
The fee is subject to a minimum of R300 per month or R3600 per annum.	

Where assets are managed by an external asset manager, including STANLIB, an asset handling fee of 0.25% p.a. is charged in addition to the above.

Commission and distribution support fees

Commission and distribution support fees are levied on an on-going basis. The charges cover Liberty's sales costs, which include commission paid to the financial adviser.

- Commission is payable to the appointed Liberty accredited financial adviser at a level not exceeding that provided for in the The Financial Advisory and Intermediary Services Act (FAIS Act). This amount is recovered on an ongoing basis.
- Where the scheme is being established for the first time, and is not transferring from another administrator, a further once-off introductory commission is payable to the appointed Liberty accredited financial adviser at a level not exceeding that provided for in the FAIS Act. This amount is recovered over a 5-year period.
- If the appointed financial adviser is a full-time representative of Liberty, or a principal of a Liberty franchise, the financial adviser may receive other benefits from Liberty in lieu of, or in addition to, the commission described above.
- Commission payment scales are revised by regulators from time to time. When this occurs, revised commission and distribution support fees will be applied to the scheme from its next anniversary or rate review date as applicable.

Variation of Management Fees

Please note that the management fees are directly related to scheme membership and benefits and therefore may vary in Rand value from month to month as these factors fluctuate.

- Adviser fees are negotiable and payable to the appointed Liberty accredited financial adviser at a level not exceeding that provided for in the FAIS Act. This amount is recovered on an ongoing monthly basis.

2 *Governance Levy and other statutory charges*

In addition to the management fees, there are other fees that are separately accounted for. These fees will be deducted proportionally, as they fall due, from each member's share of fund.

Governance Levy

These fees generally relate to the costs incurred in respect of governance of the scheme and include, where applicable:

- Trustee costs
- Principal officer costs

- Fidelity guarantee insurance premiums
- Preparation of financial statements and financial reporting
- Accounting costs
- Auditor costs
- Other fees as authorised by the Trustees from time to time.

Other statutory charges

This relates to charges and levies, which may be imposed by the Financial Sector Conduct Authority (FSCA) such as liquidation costs where applicable.

3 *Investment management fees*

Asset managers levy a fee directly against the invested assets for their services, prior to investment returns being declared. These fees vary depending on the manager and investment portfolio. Please refer to the Fund Fact Sheets on www.Liberty.co.za. .

4 *Insured benefit costs Aggregate Costed Schemes*

Risk premiums are calculated for each member within a single scheme, based on each individual member's risk factors (age, gender, salary, etc). However, the individual premium for each benefit is added together per member category and is then expressed as a rate per amount of benefit cover. To calculate each member's cost for a particular benefit, this rate is multiplied by the member's benefit amount.

This method of costing is also known as aggregate costing and it is important to note that there is cross subsidisation across members. This means that the members in each category all pay an average rate instead of individual rates.

This costing method is the default for Liberty Corporate.

Exact Costed Schemes

This method of costing will calculate the risk premium attributable to each individual member. This cost will depend on the member's selected cover as well as his/her age and individual circumstances. Every member in the scheme is then levied their own premium.

Under both arrangements, the scheme's actual claims experience will be taken into account at the annual revision as long as the membership continues to exceed 200. For schemes that exceed 200 members, the rates quoted are provisional and will be adjusted to take the past claims experience of the scheme into account.

5 *Revision of management fees and insured benefit costs*

The basis used for calculating management fees, as well as insured benefit costs, is reviewed annually. However, Liberty Corporate may revise these fees and costs more frequently if necessary, giving all affected clients notice in line with the current policy provisions.

6 *Net amount for investment*

The net amount that will become available for investment each month is calculated as follows:

Gross contributions received, less:

- Insured benefit costs
- Management fees
- Investment management fees
- Governance levy and other statutory charges

Contact Details

Contact us

For assistance, customers should contact their Liberty accredited Financial Adviser or Broker, alternatively the Liberty Corporate contact centre below.

Liberty Corporate General Contact Centre

t: 011 558 2999
f: 011 694 5309
e: lc.contact@liberty.co.za

Complaints

Complaints or comments should be directed in writing to:

Liberty Corporate Information Officer:
Information Officer
Liberty Corporate
Libridge Building
25 Ameshoff Street
Braamfontein
Johannesburg
2001
e: privacy@liberty.co.za

Information Regulator:
PO Box 31533
Braamfontein
Johannesburg
2017
Complaints: complaints.IR@justice.gov.za
General enquiries: inforeg@justice.gov.za

The Complaints Resolution Manager:
Liberty Corporate
PO Box 2094,
Johannesburg,
2000
t: 011 408 2771
f: 011 408 4440
e: contactlcb@liberty.co.za

For Liber8 and Liberty Corporate Selection Suite of Umbrella Fund:
The Principal Executive Officer
P O Box 2094,
Johannesburg,
2000
f: 011 408 5685
e: roger.spence@liberty.co.za

If a complaint is not resolved satisfactorily by Liberty, customers may contact one of the legislative bodies that have been tasked to look after their interests.
Please note that if a complaint is formally logged with Liberty Corporate using our complaints process, a reference number will be provided.

For complaints regarding retirement funds:
The Pension Funds Adjudicator
P O Box 580,
Menlyn,
0063
t: 012 346 1738
f: 086 693 7472
e: enquiries@pfa.org.za

For complaints regarding long-term insurance:
The Ombudsman
Private Bag X45,
Claremont,
7735
t: 021 657 5000
Sharecall: 0860 10 3236
f: 021 674 0951
e: info@ombud.co.za

For complaints regarding a Financial Adviser:
FAIS Ombud
P O Box 74571,
Lynnwood Ridge,
0040
t: 012 470 9080
f: 012 348 3447
e: nfo@faisombud.co.za

The above process is our formal complaints process and a reference number will always be provided. If you do not receive a reference number for a complaint, please contact the Complaints Resolution Manager using the contact details above.

Liberty Corporate, a division of Liberty Group Limited
Libridge Building
25 Ameshoff Street, Braamfontein
PO Box 10499, Johannesburg 2000

Disclaimer

The information contained in this document does not constitute financial, tax, legal or accounting advice by Liberty. Any legal, technical or product information contained in this document is subject to change from time to time. The product, benefits and values referred to in this document are subject to policy terms and conditions

Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty cannot be held responsible for any errors that may occur.

For more details about benefits, guarantees, fees, tax, limitations, charges, contributions or other conditions and associated risks, please speak to a Liberty Financial Adviser or visit our website.

Liberty Group Limited (Reg. no 1957/002788/06) is an insurer and an Authorised Financial Services Provider (no. 2409). Terms and Conditions, risks and limitations apply.

Should you require any additional information, please contact Liberty Corporate directly on +27 (011) 558 2999 or visit our head office at the Libridge, 25 Ameshoff Street, Braamfontein, Johannesburg .

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