Sanlam

Wealth

# Sanlam savings programme

AT A GLANCE

**Purpose**

This document provides you with key information about this regular savings product. It is not marketing material nor does it replace or amend your existing Terms and Conditions with Sanlam. This information is to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

| | |
|---|---|
| **Product provider** | Sanlam Life & Pensions UK Limited trading as Sanlam Investments and Pensions |
| **Product availability** | Sold between 1 October 1987 and 1 February 1992 |
| **Policy holder** | Single or joint life basis |
| **Investment minimum** | £15 per month or £150 per annum |
| **Investment maximum** | £50 per month or £500 per annum |
| **Premium payment term** | From commencement to the policy anniversary preceding the policy holders 65th birthday |
| **Policy term** | No maturity date |
| **Life Assurance Benefit** | For qualifying policies, calculated as 75% of the premiums payable over the payment term. For non-qualifying policies £100 |
| **Assignment** | Can be assigned to a third party |
| **Change of ownership allowed** | Yes |
| **Six month premium holiday allowed** | Yes, as long as more than 10 years remain on the payment term. Not more than one premium holiday in any 12 month period |
| **Waiver of premium** | Option available on some products. Cannot be added at a later date |
| **Adviser fees** | Product does not facilitate adviser fees |
| **Allocation rate** | 100 – 102.5% |
| **Bid/offer spread** | Approximately 5% |
| **Annual management charge** | 1% plus any external annual management charge |
| **Maintenance fee** | Payable on some products |
| **Switching between funds** | Free |
| **Annual Management Charge rebate** | Payable on some products |
| **Withdrawals** | Income option available on some products. |
| **Exit charge** | No |
| **Loyalty bonus** | No |
| **Tax liability** | If Qualifying rules met, no liability to income or capital gains tax on surrender or death. If non-qualifying, 20% basic rate tax deducted within the investment funds and a further 20% for higher rate tax payers and 25% for additional rate tax payers income tax payable on surrender or death |
| **Death claim value** | The greater of the life assurance benefit and unit value. The claim value will be calculated based on the unit prices of the next working day following written notification |

## What is the Sanlam Savings Programme?

The Sanlam Savings Programme was available between 1 October 1987 and 1 February 1992 and was sold by Merchant Investors. Merchant Investors changed its trading name to Sanlam Investments and Pensions on 6 April 2011.

The Savings Programme is a regular premium unit linked whole of life Policy. This means regular premiums paid are used to purchase units in investment funds and build up a fund value. The Savings Programme is a long term investment product designed to be held for at least 15-20 years. Premiums cannot be paid past the policy anniversary preceding the policy holders 65th birthday but there is no maturity date and the Policy can remain invested until the fund value is 'cashed' in or the Policy ends in the event of death.

## Qualifying or Non-Qualifying?

The Sanlam Savings Programme can be Qualifying or Non-Qualifying and this effects the way the Policy is set up. To be a qualifying policy, qualifying rules are set by HM Revenue and Customs (HMRC) and they are:

- Policies must have a premium payment term of at least 10 years
- The capital sum payable on death must be at least 75% of the total premiums payable over the whole term
- The premium payable in any period of 12 months cannot exceed twice the premium payable in any other 12 month period
- The total premiums payable in any year must not exceed one-eighth of the total premiums payable over the whole term.

As long as ten years of continuous premiums are paid from commencement and there have not been any breaches of HMRC qualifying rules, then the surrender or death claim value is paid free of income and capital gains tax for qualifying policies.

The surrender or death claim value of a non-qualifying policy is liable for income tax if you are a higher rate tax payer with an additional 20% payable on any gain made or at 25% if you are an additional rate tax rate payer. Basic rate tax of 20% for both qualifying and non-qualifying policies has been deducted from within the investment funds.

## How does it work?

Savings Programmes can be set up on a single or joint life basis. You pay regular premiums on a monthly or annual basis and purchase units in funds of your choice (up to ten funds can be held at any one time). The Policy value is based on the value of the units once all charges have been deducted. The Policy is split into ten identical segments so you can cash in a number of segments or all of your Policy at any time with no charge. If you cash in segments, the premium being paid and life assurance benefit will reduce proportionately.

In the event of death, the claim value payable is the higher of the life assurance benefit and fund value. If the Policy is held on a joint basis, the Policy will end on the death of one of the Policy holders.

It is possible to change the ownership of the Policy or assign the Policy to a third party.

## Can I stop paying premiums?

It is possible to take a six month premium holiday as long as the premium term is longer than 10 years and the fund value over £500.

If you choose to stop paying premiums, the Policy will be amended to a 'paid up' status. The funds will remain invested with any charges being deducted by cancelling units to the equivalent value. The Policy will lapse without value if the units are reduced to zero. If you have a life assurance benefit, this will no longer apply and the Policy value will be paid out in the event of death.

If you wish to reinstate premiums, contributions must be restarted within 13 months of the first missed premium.

## How do I switch funds?

Existing unit holdings may be switched from one fund to another. It can also be arranged to allocate future contributions to different funds and up to ten funds can be held per Policy at any one time. There is currently no charge for switching. If a switch of funds is required, please ask us for a fund switch authority form. This form can also be downloaded from our website: www.sanlam.co.uk. Full details of all the current funds available are set out in our Fund Choice Guide (Historic) again held on our website or we can post a copy to you on request.

## Can I take an income from my Policy?

Some policies offer an income option. Please contact us to see if this option is available on your Savings Programme.

## How do I cash my Policy in?

Please send a signed letter with your bank details and return the original policy schedule given to you when you took the Policy out. If this has been lost or mislaid, please ask us for a Lost Policy Declaration Form. We will electronically verify your identity and bank details but may need to ask for further documentation. The electronic verification will not affect your credit record.

## Summary of Benefits

- Build up a fund value through regular saving
- Access to a wide variety of funds from many respected investment houses
- The ability to invest in up to 10 funds per Policy at any one time
- There is currently no charge for switching between funds
- No charge to withdraw money from the Policy

## Things to consider

- You cannot top up or increase premiums on this type of Policy
- There is investment risk. Unit linked policies can be high risk depending on the investment choice and unit prices can go down as well as up. You may not get back the amount originally invested
- Higher charges may apply than other available tax efficient investments
- There is an income tax liability on surrender for non-qualifying policies if you are a higher or additional rate tax payer
- No loyalty bonus.

## Charges

| Charge | Explanation |
|---|---|
| Allocation rate | Each premium we receive is allocated to the Policy at either 100% or 102.5%. If the allocation rate is 102.5%, the premium is enhanced by 2.5% before being used to purchase units, so for every £10 that we receive we purchase £10.25 worth of units at the unit buying price prevailing. |
| Bid/offer spread | There is a difference of approximately 5% between the buying (offer price) and selling price (bid price) of units which effectively reduces the amount of each contribution we allocate. This difference is known as the bid/offer spread. |
| Setting up charge | This charge recovered our initial costs and was calculated as a percentage of the initial annual contribution. The percentage charge depended on the type of Programme, the number of complete years from the commencement of the Policy to the date on which benefits were due to be paid and the contribution frequency. The charge was set up as a “debt” and each contribution allocated to the programme reduced the debt until it was cleared, normally within the first two years of the contract.<br>Initial costs relate to marketing and administration and include the cost of:<br>- providing literature about the Policy<br>- setting up the Policy record on our computer system<br>- preparing and issuing the Policy document<br>- commission, representing the cost of financial advice |
| Life assurance benefit if appropriate | This covers the cost of providing the life assurance benefit and is taken each month by cancelling units equal in value to the amount of the charge. The charge varies from month to month and depends, amongst other things, upon the amount of life cover and the Policyholder’s current age. If the unit value is higher, a charge for the life assurance will not be taken. |
| Contribution waiver benefit if appropriate | This charge relates to an optional benefit and covers the cost of contributions which we may have to pay in the event of the Policyholder being unable to work through sickness or disability. |
| Monthly maintenance charge if appropriate | This charge is taken on a monthly basis by cancelling units. The charge is reviewed in January each year, and, together with the allocation rate and the bid/offer spread, covers our ongoing costs. |
| Sanlam Annual Management Charge | We take this charge into account when we calculate unit prices. The charge is 1% of the fund value each year.<br>Please note that there will normally be additional annual management charges made on the fund by external fund managers. Please refer to our “Fund Choice Guide-Historic Products and Closed Fund Guide” on our website (www.sanlam.co.uk) for further details of these. If you do not have access to the internet, please contact us and we will be pleased to send you one of these booklets. |

| Rebate | Explanation |
|---|---|
| Bonus Units | Each month, for some programmes but not all, we currently allocate 0.0008379 bonus units for every unit held. The value of these bonus units almost entirely offsets our annual management charge. |

## How do I contact Sanlam?

If you wish to know the exact charges being applied or details of your Savings Programme, please contact our Client Services team on 03330 155 600 or email clientservices@sanlam.co.uk. Alternatively, our address is Sanlam, One Temple Quay, 1 Temple Back East, Bristol BS1 6DZ.

## How can I complain?

If you wish to complain about any aspect of the Sanlam Savings Programme you can register your complaint with us in any of the following ways:

- You can contact our Complaints Team on 03330 155 600 who will log your complaint and explain what will happen next.
- You may log your complaint via our website www.sanlam.co.uk.
- You may send your complaint via email to complaints@sanlam.co.uk or in writing to Complaints Team, Sanlam, One Temple Quay, 1 Temple Back East, Bristol BS1 6DZ.

## What happens if Sanlam Life & Pensions UK Limited is unable to pay out?

Sanlam Life & Pensions UK Limited (SLP) is covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you will be entitled to compensation from the FSCS which currently provides cover for 100% of the claim, with no upper limit.

If an operator of an underlying investment fund was declared in default SLP could not make a claim against the FSCS on your behalf. This is because the investments are held in SLP's name and SLP would not be an eligible claimant. In these circumstances it may not be possible to claim under the FSCS. However, the underlying investments should be held by a custodian (i.e. ring fenced) this means these assets are not the operator's and would therefore be protected from creditors.