



Previously Investec
Asset Management

Ninety One Global Life Portfolio

Frequently asked questions

1

**Is the product
FSCA approved?**

Yes.

2

**Where is the product
domiciled?**

Guernsey.

3

**Where is the
administration done?**

South Africa.

4

**Is there a time lag when
communicating or
submitting documentation?**

No. Documentation is viewed and administered in Johannesburg. There is no need to courier any documentation to Guernsey.

5

**Governed by the SA
Long Term Insurance Act?**

Yes.

6

Endowment OR a sinking fund?

Sinking Fund which means that there are no life assureds and the policy can continue to be passed from beneficiary to beneficiary.

7

Regarding the owner of the policy:



a

One owner?

Yes. Investors are individuals and/or offshore trusts with natural persons as beneficiaries.

i

Does the investor need SARB/SARS approval to invest?

Yes, the investor's offshore allowances will be used or approved funds already offshore.

ii

How does the policy transfer to beneficiary/ies on the death of the investor?

On the death of the investor, the policy is transferred immediately over to the primary beneficiary (ies) or to the alternative beneficiary(ies) in cases where there are no primary beneficiaries at the time of death of the investor.

iii

Do the beneficiaries inherit one policy or multiple policies?

Each beneficiary will inherit his/her own policy. Trusts with natural beneficiaries can also inherit the policy provided they have only natural persons as beneficiaries.

b

Multiple owners of a policy permitted?

No.

8

Does CGT apply on death?

No, assuming that a beneficiary is nominated and that the beneficiary keeps the policy.

9

What is the CGT treatment during the lifetime of the investment?

The method of deducting CGT at the time of withdrawal is used. The reason for this is that investors when making withdrawals often leave insufficient funds when it comes to doing the annual CGT deduction within the policy every April, leaving the Life company with a liability to SARS, and not enough funds to recoup from the investor's investment.

To clarify, we only withhold CGT on withdrawals, and not on switches, but we do consider all capital gains or losses realised until the point of the withdrawal ie. if a switch realised a capital gain in May, and then a withdrawal is processed in October, the total CGT liability at the time of withdrawal (switch + withdrawal) will be withheld from the proceeds of the withdrawal.

10

Beneficiary for ownership or proceeds?

Ownership. Once the policy is transferred over to the beneficiary, then the beneficiary can decide whether to keep the policy or cash it in completely or take a full or partial loan against the policy.

11

How does this work when there are multiple beneficiaries selecting different options?

In the case of multiple beneficiaries, we will transfer a policy to each beneficiary separately to action their instructions to us as per their own policy.

12

Does the policy allow a loan facility?

Yes. It is important to note that the investor does not get market growth on the portion borrowed. If the investor takes the maximum loan permissible, then no product or advisor fees will be paid to either the provider or the advisor until the loan is paid back (if ever).

13	Is there any interest on the loan?	Once the loan is taken, it is interest free because the investor is borrowing some or all of his/her own funds and the loan need not ever be repaid.
14	Does the provider allow the client to loan everything or is there a certain % that must always remain behind?	During the first five years of the policy, the maximum loan amount is 100% of the contributions paid plus 5% compound interest p.a. After the first five years of the policy (or on death), there is no restriction on liquidity via loans or withdrawals.
15	What are the other policy restrictions during the first five years of the policy?	The restriction period applies to the first five years of the policy or five years from the day of any month during which the 120% rule takes effect. The 120% rule would take effect in any year of the policy where the investor's contributions are greater than 120% any of the previous policy years' total contributions.
16	If the investor during his lifetime contributed only up to a maximum of 120% of the previous years' policy contributions ie. stuck to the maximum contributions permitted:	✓
a	Does the product provider allow the investor to continue with his contributions after 5 years without starting a new term?	If the investor kept up with his/her contributions as per the 120% rule, then he/she can continue to contribute after the initial 5 year term following the 120% rule again even though the policy is then 100% liquid and matured with multiple loan and/or withdrawal options available. If the 120% rule is breached after the 5 year restriction period is over, then a new 5 year restriction period will begin for the amount over contributed.
b	Does the product provider allow the beneficiary of the investor to continue with the contributions if the investor who did contribute for example died in year 3?	The beneficiary would inherit a matured policy (liquid) on the death of the investor, provided that none of the policy restrictions were breached by the investor. The beneficiary can then continue to make contributions to the policy in accordance with the 120% rule when inheriting the policy in year 3.
17	On the death of the investor who has taken a loan during his lifetime, does the loan facility get carried over to the beneficiary?	Yes. On the investor's death, the 5 year restriction period expires immediately which means that a matured policy is carried over to the beneficiary(ies), including the loan value.
18	Does the product provider charge any additional fees for this product versus the Ninety One Global Investment Portfolio?	No, the same fees are applicable for both products. We aggregate the fee if the client decides to invest in both offshore products ie. the fees are calculated based on the aggregate value across both offshore products. We charge no initial fee on both products.
19	Protected from creditors?	No.
20	Forms part of the balance sheet of the provider?	The underlying assets are owned by Ninety One Assurance Limited via its Guernsey branch and must form part of its balance sheet in order to match its liabilities under the investment policies ie. the liability to pay the investor the value of the investment policy.

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Does this product allow for alternative beneficiaries to be nominated?

Yes. Alternative beneficiary/ies may be nominated to inherit the policy in instances where:

1. The investor and primary beneficiary die together; or
2. The primary beneficiary died, and the investor did not replace beneficiary before passing away.

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What is the treatment on death?

The beneficiaries inherit the matured and immediate liquid policy and will be issued with their own policies. They can then elect to have the policy paid out or to continue holding the policy. There are some restrictions as to the elections available to certain beneficiaries. For example, if the beneficiary is a US person, they are currently restricted to cashing out the policy only. Non-resident beneficiaries would also need to assess whether it makes sense to retain the policy from a tax perspective. We would need proof of SARB approval for any minor beneficiaries or SA trusts to be able to take over the policy and retain the asset offshore (as they don't have an offshore allowance).

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What are the SARB implications of the beneficiary retaining the asset offshore?

Refer to our document called SARB declaration on foreign assets.

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Are the funds invested in roll-up (accumulating) or distributing funds?

The funds are invested in unit trusts. Currently we only offer accumulating classes which never distribute income which means that the required 30% income tax within the policy does not apply. Only CGT at 12% applies when there is a switch, redemption or loan taken.

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In what currency is the CGT deducted within the policy?

USD.

Important information

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Ninety One Investment Platform Proprietary Limited is an authorised financial services provider.



Contact information

Please visit our website at www.ninetyone.com for more information on our range of funds and portfolio products. You'll also find application forms and other relevant documentation for offshore investing on the website.

For more information and assistance with investing, call the Advisor Service Centre Tel: 0860 444 487

Alternatively, please contact your Ninety One investment consultant.