



# Sanlam Inflation-Linked Annuity

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Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

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# Sanlam Inflation-Linked Annuity

The **Sanlam Inflation-Linked Annuity** is the flagship of the Sanlam annuities product range, that gives pensioners access to quality retirement solutions. It provides a guaranteed income for life and offers pension increases that track CPI inflation.

Pensioners can choose from various options based on their preference for a higher starting pension or a higher level of inflation protection. The guarantee offered ensures that pension increases are never negative, even if inflation is negative. Pensioners are paid for as long as they, and their nominated spouse, may live.

If you have employees who are nearing retirement, now is the time to plan.



# Why choose Sanlam?

- > More than 100 years industry experience
- > Largest insurer in South Africa
- > We administer over 330 000 annuities
- > Annuity Book Size: R175 billion
- > Solvency cover ratio of 173%
- > Level 1 BBBEE certified

## Why Choose Sanlam Inflation-Linked Annuity

- > The Sanlam Inflation-Linked Annuity is a life annuity which **guarantees inflationary linked increases** in order to preserve the purchasing power of your pension over time.
- > The Sanlam Inflation-Linked Annuity has a **20 year track record**
- > Pensions are guaranteed to be paid for life and are **guaranteed never to decrease**
- > Pensions are **not exposed to investment volatility so any economic instability does not impact your pension**

# Sanlam Inflation-Linked Annuity Options

## 100% of CPI

Pensions are fully protected against inflation, and the purchasing power of the pension will be maintained throughout the life of the pensioner and their spouse.

## 75% of CPI

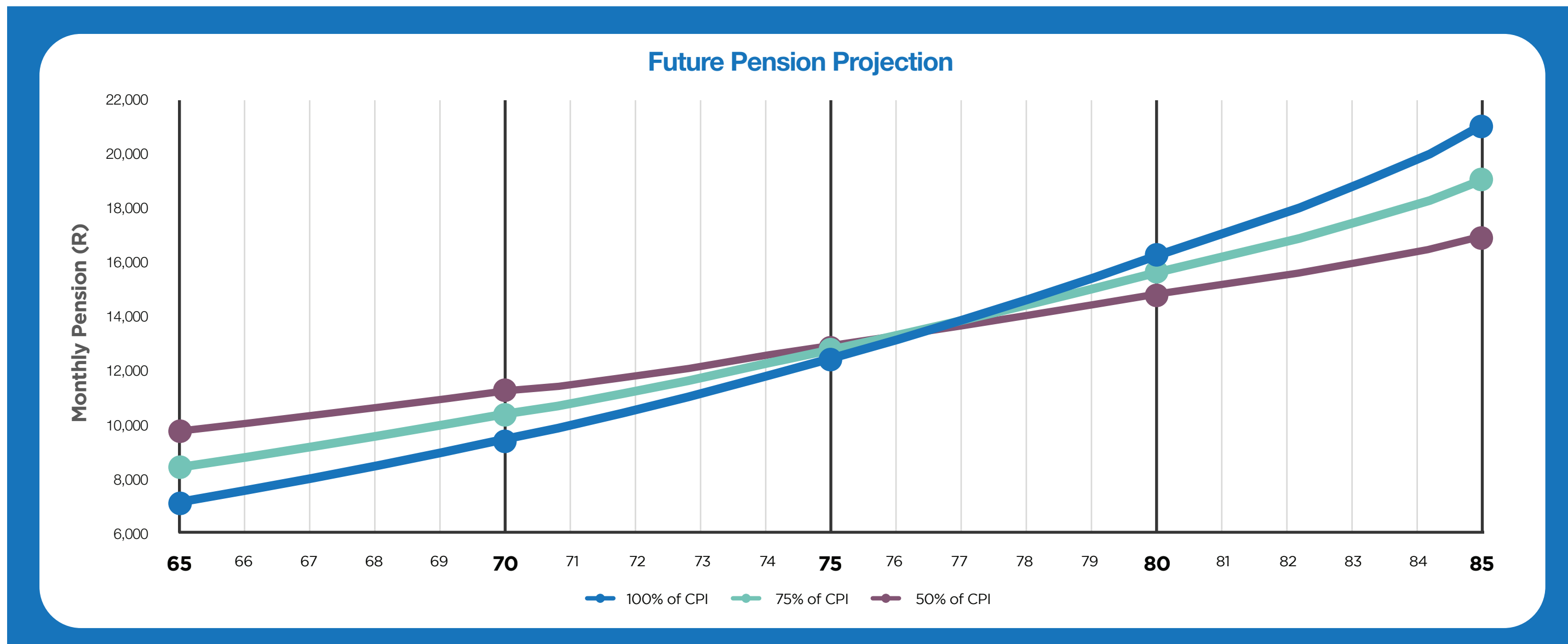
A 75% of CPI inflation linked pension provides a balance by offering a higher starting pension than a 100% of CPI annuity, whilst still being relatively well protected against price increases because increases will be 75% of inflation.

## 50% of CPI

A higher starting pension will be available than a 100% , or 75% of CPI annuity. Pension increases are linked to inflation but pensions will gradually lose their purchasing power over time.

# Sanlam Inflation-Linked Annuity Options

The following example demonstrates the approximate starting pension that a 65 year old male retiree might expect to receive, and how it progresses in the future. Whilst the 50% of CPI option starts off higher, the 100% of CPI option overtakes it later, with the 75% of CPI option somewhere in-between. Future pensions shown assume a 5% future inflation.



# Pension Increases

At inception of the policy, pensioners choose the proportion of CPI that they want their pension increases to be based on.

Increases are applied in the selected month of increase, based on the published CPI inflation figure for the prior year, four months prior to the increase date. CPI inflation will be taken from the “CPI-All Urban areas” figure in Statistical release P0141 by Stats SA.

The new pension, once granted, is also guaranteed for life and subject to non-negative increases going forward.

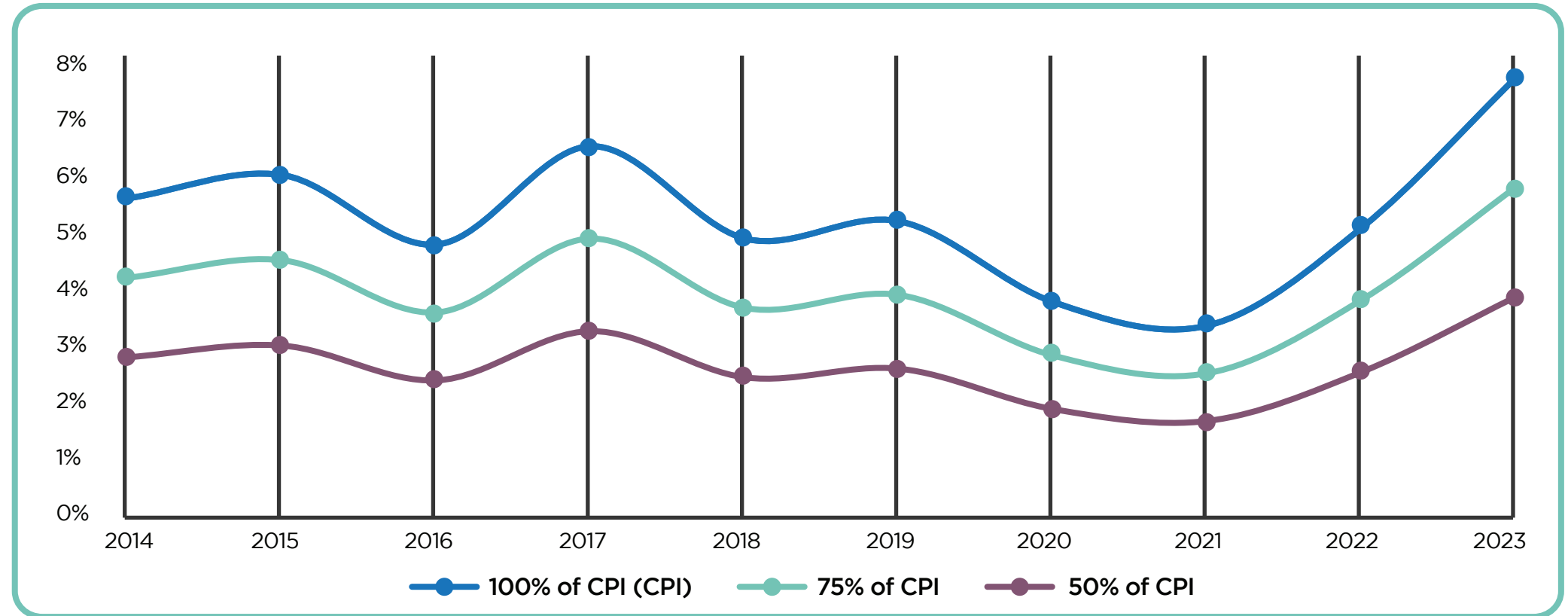
Pension increases for the past five years are as in the table below, with a longer history and progression shown on the following page.

Increase Option:	100% of CPI	75% of CPI	50% of CPI
2019	5.10%	3.83%	2.55%
2020	3.70%	2.78%	1.85%
2021	3.30%	2.48%	1.65%
2022	5.00%	3.75%	2.50%
2023	7.60%	5.70%	3.80%
5 Year Average	4.94%	3.71%	2.47%
10 Year Average	5.20%	3.90%	2.60%

Increases shown use a March month of increase.

## Past Pension Increases

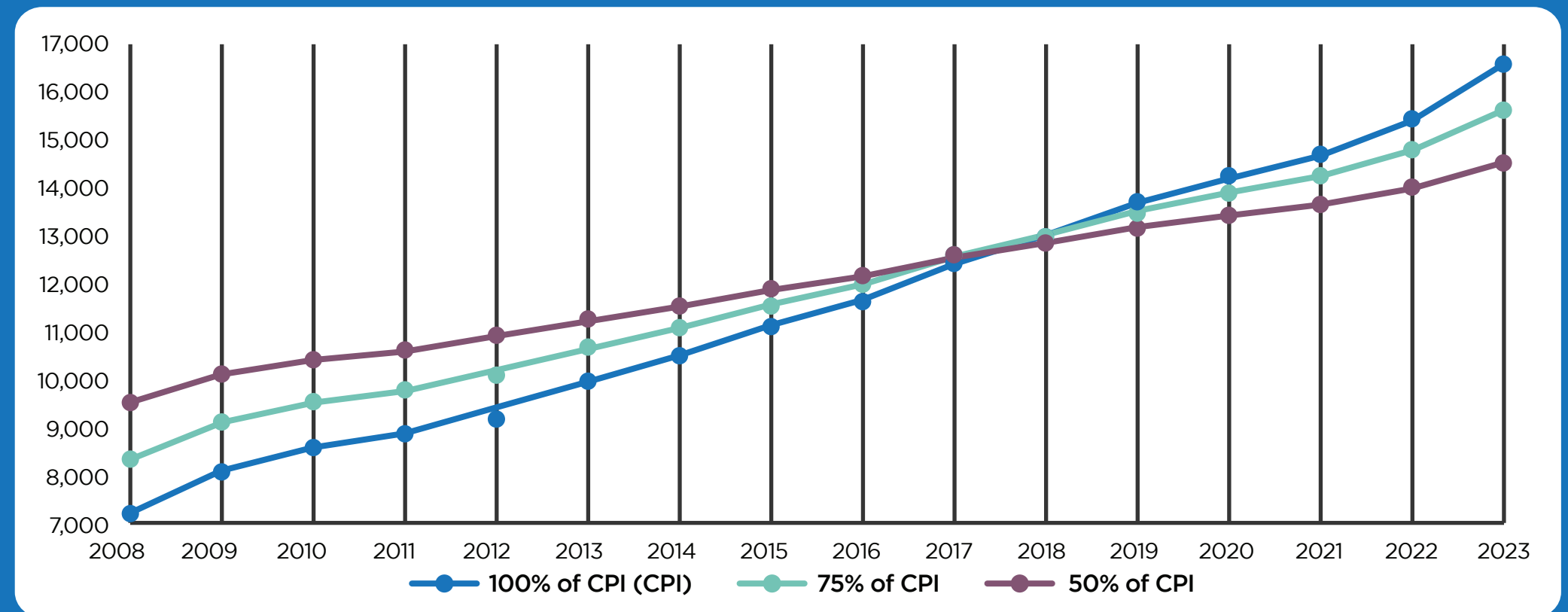
Pension increases for various options, for the past fifteen years are shown in the following illustration. Increases shown use a March month of increase.



## Past Pension Progression

For a R 1m purchase amount, a 65 year old male might have seen his pension, under the various increase options, progress as follows, over the past fifteen years. The starting pension for each increase option will differ in practice, and varies based on pensioner-specific details and economic indicators at the time of quotation.

For a quotation to determine the starting income a pensioner will receive on their preferred option, please [contact us](#).





# Fees

All fees detailed below are included in the purchase price and/or starting pension calculated in your quotation, and no additional fees are deducted throughout the remaining life of the policy.

## **Initial Administration Fee**

R 350 and 0.3615% of the purchase price. This covers the take-up costs in respect of data administration, record capturing, and the issue of policies.

## **Ongoing Monthly Fee**

R25 per pensioner per month. This covers the valuation, solvency calculations, administration and record keeping activities relating to each pensioner



# Understanding your Annuity

## **Guaranteed Period**

The period, up to 20 years, that the full pension is guaranteed to be paid, regardless of whether the pensioner or spouse is alive.

## **Single Life Pension**

The pension is payable until the latter of the guarantee period OR the death of the pensioner.

## **Joint Survivor Pension**

After the death of the pensioner, their surviving spouse continues to receive a pension until their death. It may reduce by a pre-specified proportion.

## **Children's Pension**

The pension is payable to specified children, until a specific age.

## **13<sup>th</sup> Cheque**

An additional payment, which can be made in any month, such as December when you would have received a bonus.

## **Flexible Increase Date**

You may specify the month in which the increase is granted, e.g. January, February, etc.



# Additional Resources

Click on any of the following topics to browse to the resource on our website:

Products Info Sheet

The Sanlam Inflation-Linked Annuity is Sanlam's flagship annuity product, which provides guaranteed regular income for investment and inflation risk. Pensions are guaranteed to be paid for the life of the annuitant and include options, and can't decrease even if inflation is high.

**Why choose Sanlam?**

- More than 100 years industry experience
- Largest issuer in South Africa
- We administer over 250 000 annuities
- Annuity track since 1978 before
- Sanlam's cover ratio of 117%
- Level 1 BBBB+ certified

**Starting Pensions**

The starting pension will be determined based on a calculation which depends on pensioner specific details and economic indicators at the time of operation.

For a quotation to determine the starting income you will receive on your preferred option, please contact us.

**Future Pension Increases**

Pension payments are based on four month lagged CPI inflation published by Stats SA. Payments will adjust 100% of CPI or 75% of CPI or 50% of CPI increases. Payments ceiling increases higher than inflation stop under 12 months increases, while 10% larger than 1% to 10% - these will begin with a lower starting pension.

**Future Pension Options**

Compare the starting and future monthly pension payments for a 50 year annuitant aged 65. The chart shows that the 100% CPI option provides the highest pension payments, followed by the 75% CPI option, and then the 50% CPI option.

Video | The Centenarian: Financial Strategy in Old Age

How much is enough?

R 10,000 p.m. (R 120k p.a.)

Age 80	20x120k	R 2.4m
Age 90	30x120k	R 3.6m
Age 100	40x120k	R 4.8m

Video | Decisions at Retirement

Decisions at Retirement

Life Annuity Product Range

Life Annuity Product Range

Video | Retirement and Annuities

Retirement and Annuities

See more of our product range [here](#)

# Contact us

Quotations, support and questions:

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and Registered Credit Provider (NCRCP43).

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