



PRODUCT NOTE

Just Lifetime Income (“JuLI”) with-profit annuity available as part of the Itransact retirement product options

Why does Itransact use ‘JUST’

Your Trustees have included the Just Lifetime Income (“JuLI”) with-profit annuity in the annuity strategy of your Fund. This means that through a careful process, the Trustees have decided to recommend the JuLI with-profit life annuity as a default option to retiring members.

Just is an international insurer focused on retirement income solutions. They are headquartered in the UK and listed on the London Stock Exchange. Just has a very strong default credit rating of A on the international scale.

Just entered South Africa in 2015 and has partnered with best-of-breed asset managers and administrators to provide, collectively, an enhanced value proposition and client experience relative to competitors.

Scope of this note

- It provides information on Just Lifetime Income, a monthly income for your retirement that is appropriate for covering your regular monthly expenses.
- It should be read together with the product fact sheet, which provides more detail on how increases are calculated and track record of increases. (Available at www.justsa.co.za/our-products/fund-fact-sheets/)
- It does not provide advice

JuLI provides regular income in retirement to replace your salary

During your working career, you received a monthly income (or salary) from which you paid your regular expenses like food, medical, accommodation, water, electricity, transport and insurances.

Each year, you received an increase that will have helped you to keep up with inflation – in good years perhaps a little more than inflation, and in bad years a little less.

When you get to retirement your expenses continue and so does inflation. To cover those expenses, you need a regular income for the rest of your life.

JuLI is the retirement option that is designed to be closest to a salary – it converts your retirement savings into a regular income for the rest of your life:

- It provides a guaranteed income that will be paid for the rest of your life, no matter how long you live or what happens to investment markets.
- You can choose to target increases at inflation or a percentage of inflation.
- This income is taxed in the same way that a salary is taxed.

You can also choose death benefit options that continue to provide monthly income to your dependants after you pass away:

- A guaranteed income to your spouse for the rest of his/her life
- A guaranteed income to your dependants for a period of time that you would expect them to rely on your income.

JuLI increase options

The increases you will receive from JuLI are linked to an investment portfolio managed by one of South Africa's leading asset managers. You can choose between three popular increase options (or your financial adviser can help you customise an increase profile to meet your needs):

- ***JuLI HiGro provides the highest increases that target inflation when the average long term investment return (after asset management fees) is 4% p.a. above inflation.***
- ***JuLI StableGro provides increases that target inflation when the average long term investment return (after asset management fees) is 6% p.a. above inflation.***
- ***JuLI HiYield provides increases that target 70% of inflation when the average long term investment return (after asset management fees) is 6% p.a. above inflation.***

These three increase options are priced to provide identical value for money over your life expectancy. This is because the higher the increase option you choose, the lower your starting income.

The Trustees have selected JuLI StableGro as the default increase option.

JuLI investment options

You can choose to link the increases you will receive from JuLI to an investment portfolio managed by one of these specialist independent asset managers:

- Alexander Forbes Investments
- Allan Gray
- Anchor BCI
- Coronation

- Prudential
- Sygnia

All the portfolios have a similar asset allocation: about 70% in growth assets (like equities) and 30% in more conservative assets (like fixed interest bonds). Just smoothes investment returns over six years to make the increases more stable from year to year.

The Trustees have selected the following as the default investment portfolio option:

- Members with a retirement benefit of less than R3 million: 100% Allan Gray Balanced Fund.
- Members with a retirement benefit of R3 million and more: 34% Allan Gray Balanced Fund, 33% Coronation Balanced Plus Fund and 33% Prudential Balanced Fund.

The fact sheets on the different investment portfolio options are available on the Just website at www.justsa.co.za/our-products/fund-fact-sheets/. These provide details of the JuLI increase track records (after all fees) and the increase formula which links JuLI increases to the investment performance of the specific investment portfolio.

JuLI death benefits

JuLI's death benefits are designed to continue paying a monthly income to your spouse and dependants to enable them to cover their regular expenses after you pass away.

The higher the level of death benefit you add (longer minimum payment periods or higher spouse's income), the lower the starting income that will be paid whilst you are alive.

Minimum Payment Period

The full JuLI income will be paid for the Minimum Payment Period, regardless of when you, your spouse or dependants pass away.

You could consider setting this as the length of time until your last dependant reaches the age of 18 or 21, or will leave home and earn their own income.

If there is no spouse's income, this can be paid as a lump sum.

The longest Minimum Payment Period that can be selected is 20 years.

The Trustees have selected a 10 year minimum payment period as the default for members.

Spouse's income

After you pass away, it is likely that some of the household expenses will reduce: for example, food, medical, transport and insurances.

Your spouse and dependants may continue living in the family home, or may move to smaller accommodation.

Families who do this budgeting exercise typically find the household expenses will reduce to:

- 50% to 65%, for a spouse with no other dependants, or where the needs of the dependants are already covered by the Minimum Payment Period;
- 65% to 75%, for a spouse with 1 or 2 dependants;
- 75% to 90%, for a spouse with more than 2 dependants.

The highest spouse's income that can be selected is 100%, and only one spouse/partner can be specified.

The Trustees have selected a 50% spouse's pension as the default for married members.

JuLI optional features

Underwriting at retirement to improve your starting income

Underwriting at retirement is a 20-minute confidential phone call by a trained professional to establish whether health or lifestyle factors could reduce your life expectancy – if they do, you may qualify for a higher income from JuLI that will be paid for life.

For example, if you have:

- earned lower income over your lifetime, which might have meant less access to health care and nutritional food; and/or
- a lifestyle that exposed you to health risks, such as underground work, smoking, drinking or high body mass; and/or
- a life-shortening illness;
- you may qualify for a higher income.

Underwriting is optional, but Just will never reduce your income based on this information.

A level initial period to ease you into your retirement lifestyle

Some people reach retirement needing a little extra income in the first few years, before settling into a lower cost retirement lifestyle.

You may choose a level initial period of 3 or 5 years. Your income will stay level during this period, and then start to increase with the increase option you have chosen.

Be aware, that if inflation is 5% p.a., you will only be able to buy:

- 85% of what you bought at retirement, after 3 years of level income.
- 75% of what you bought at retirement, after 5 years of level income.

How to invest in JuLI

If you would like to invest in Just Lifetime Income, there are three ways to do this:

- Contact a financial adviser who is authorised to provide advice on JuLI. The financial adviser can do a full financial needs analysis, taking account of all your assets and liabilities, and provide comprehensive advice on your financial and tax position, and how this product could help you. For a list of financial advisers accredited to provide advice on Just's products, contact us at info@justsa.co.za
- If you are a member of a pension fund, provident fund or retirement annuity fund that has appointed Just as a default annuity provider, the Fund's retirement benefit counselling process could guide you to the option which the Trustees have approved as being appropriate for its members. The retirement benefit counsellor should also be able to provide you with a JuLI quotation.

If you are confident that you have a good understanding of your financial needs, tax position and enough information to make an informed choice that the JuLI product from JUST meets your needs. You can contact JUST at info@justsa.co.za or call them on 087 238 2690. As part of this process, Itransact will require you to sign a disclaimer stating that you have chosen to proceed with JUST without advice and that you are selecting the JuLI product as one of the default options of a retirement fund.

Regardless of which route you follow to request a quote, you will need the following information:

- Full name (of self and spouse, if applicable)
- Identity number
- Telephone number

And you will be required to confirm:

- That you will follow the default options set by the Trustees, or you will need to choose:
 - An increase option and investment portfolio
 - A minimum payment period
 - A spouse's income percentage
- A time that will be convenient to you to receive a call, if you opt for underwriting.