FINANCIAL & CORPORATE SERVICES
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EX DIVERSITATE VIRES

PREFERRED PROVIDERS OVERVIEW

DISCOVERY

1. Discovery Life and Discovery Invest Intro

1.1. FCS started marketing Discovery products in 1992 when they were first established.

1.2. I have a very special **"love – hate relationship"** with this company as it epitomises BSBB to absolute perfection – taking BSBB to a totally different level - an absolute art form.

1.3. By the same token they are the most innovative and forward-thinking Assurance and Investment company – probably worldwide.

1.4. In a nutshell their products can be deemed the very best in RSA – but God help you if you structure them incorrectly and do not understand the very specific rules of engagement because then they become a financial death sentence.

1.5. Suffice to say that my constant frustration at some of their models and my constant bitching at the long suffering Discovery Franchise CEO, has prompted the poor man to request that I kindly adopt the following mantra for both his sanity and mine, viz:-

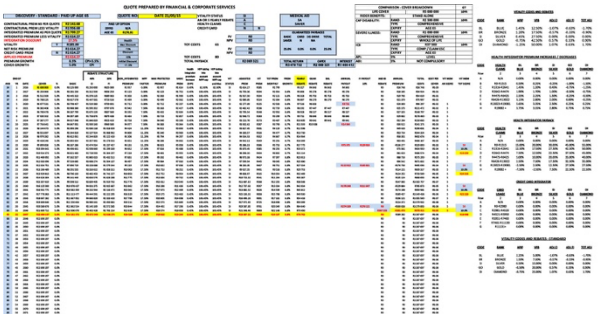
God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and wisdom to know the difference

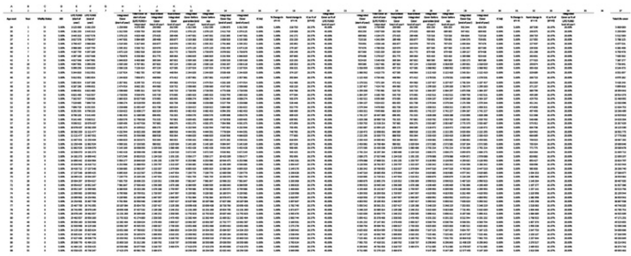
To both our relief – I now have adopted this 100% - (maybe 90% if I am honest 🙈 😂)

1.6. I could write the second "Tolstoy's War & Peace" about Discovery, but based on my mantra above I will desist except to stress that it is the best product in South Africa:-

1.6.1. Provided it suits your lifestyle
1.6.2. Provided you understand the Rules of Engagement 100%
1.6.3. Provided you adhere to the Rules of Engagement until death do us part.
1.6.4. Provided genius Broker structured your product correctly in the first place (which in 90% of cases does not happen)

1.7. Product is highly complex. Unfortunately I tend to analyse things to death – such as:-





1.7.1. In 2013, I first compiled above spreadsheet to analyse the Discovery Life product. (One of 10 sheets in the actual workbook). Took me over 3 months to create and navigate the myriad complex formulas of “If you do this then that…etc”. And then it took the Discovery Actuaries and good couple of weeks to confirm my calcs were correct. Don’t bother reading above as not only is it too tiny to read, but goalposts have subsequently all changed – for the hundredth time - and thus above is truly null and void.

1.7.2. In my **“Life Assurance Overview”** I mention that a competent Broker must be able to prove his recommendations actuarily. Possibly above will give you an inkling of the level I go to. I sincerely doubt there is any other Broker / Agent that has analysed Discovery to this degree nor understood this product quite like I have.

2. Discovery – the “Good” the “Bad” & the “Ugly”

2.1. Discovery has revolutionised the industry by coupling all its products into Vitality which is a very innovative program to encourage people to get fit and stay healthy.

2.2. Discovery come across as the good guys interested in your health and well-being. Good guys, right? Their excellent adverts leave you with this fuzzy sense of well-being and the impression they really care about you right?
Absolute rubbish people. BSBB at its absolute best.

2.3. Discovery Group are simply excellent business people. If they can keep you healthy and living a long and healthy life it minimises your medical aid claims and off course if you die at a ripe old age – perfect.

2.4. Vitality - the **“Discovery Sun where the rest of its solar system revolves”**, is definitely an excellent program and it does incentivise people to be more health conscious and become more physically active. This reward program is without question head and shoulders above the opposition - who years ago scorned Discovery - yet today all have followed suit in one form or another. My biggest gripe with Vitality is the changing goalposts – but not withstanding, it remains very good indeed.

2.5. I am not exactly young, fit or ripped, yet I am Gold. If I can maintain that level for years, then so can each and everyone of you. It simply takes a bit of discipline and above all **“willingness to Buy into the Program”.**

Work the program and the program will work for you.

3. Discovery Life

This is a brilliant product if somewhat complicated. Has an awful lot of bells and whistles which are very good if you actually work the program. The most important aspect of Discovery Life is to ensure that it is structured as follows:

3.1.1. Standard Top of the Range Level Rated Premium pattern (Discovery "level" can never be actually "level" in the true sense of the word as it can still change due to numerous factors). Age Rated products – especially Discovery Age Rated products must be avoided at all costs. (Refer to my comments under Life Assurance Overview please)

3.1.2. Paid Up Age 65. Unique benefit whereby your premiums stop dead at age 65, yet your cover remains in place until you die. Extremely powerful benefit. Cannot stress enough how important this is and just how much it will mean to you financially in your old age.

- Look at Life Assurance Overview Item 2.5 and look at table after age 65 and check out amount of premiums paid even in best case example. Difference of R19.5 million in that example between age 65 and 90. **R1,2 million in today's money**. That's huge if you can save that.

3.1.3. There are numerous other benefits but at this stage I am only prepared to discuss with you in person.

3.1.4. **Discovery Life Paybacks** are critically important to understand. If I pay R1000 and you give me a cash reward of R200 it still has cost me R800. That spreadsheet mentioned above was created solely for the purpose of determining exactly the net cost of Life Cover after implementing the various myriad of criteria. In a nutshell:

- Get to Gold or even better Diamond – you will score handsomely.
- Integrate with Discovery Bank, Invest and Insure and you will score even more.
- Get to Silver you will be OK - barely.
- Don't move past Blue - you will be so financially screwed you will be forced to cancel the policy and thus fall slap bang into their trap. (Refer comments Life Assurance Overview).

4. Discovery Invest - DRO

DRO (Discovery Retirement Optimiser) - is a retirement annuity linked to a Discovery Life policy.

4.1. My contention is that a Discovery Retirement Annuity (RA), utilising Discovery Funds, which has been linked to a Discovery Life policy, will outperform any comparable product by miles. To the degree it is not even in the same ballpark.

4.2. Furthermore, the higher the investment premium, the better the results, where in fact there comes a point that Discovery are paying you to invest, and not the other way around.

4.3. RA must be linked to a Discovery Life policy of at least R1650 p.m. which has to be integrated with Discovery Health or Vitality. The Life policy is really academic as it is paid for by the investment.

4.4. A recent comparison was done based on a maximum RA tax deductible contribution of R350,000 per annum, based on a 45-year-old retiring at age 65. (20-year term).

4.4.1. Assuming a conservative 8% return net of Fund Manager fees, there was a difference of R8.99 million in present day values between Discovery and Allan Gray Direct - its closest competitor.

4.4.2. That represents a **174% difference** in terms of rands and cents in pocket.

4.5. Discovery DRO is an absolute brilliant product, but only really suitable for high income earners who wish to contribute a substantial amount into a RA.

4.6. **Contact me for a detailed analysis**.

5. Discovery Dollar Plans

5.1. **Discovery Dollar Life** - For as little as $50 per month.

5.2. **Discovery Dollar Endowments: -** For as little as $200 per month you can invest in 100% Offshore accounts.

5.3. **Discovery have made investing Offshore very simple and accessible to the average investor.** Funds are managed by Blackrock – a highly reputable Fund Manager with an excellent track record.

5.4. **Contact me directly for more information**.

6. Discovery Bank

6.1. **Discovery Dollar Bank:-** This is the one product that is honestly magic. I was a huge critic of the old Discovery Card system, but since the launch of the new Discovery Bank App and all its products I can honestly say it is excellent.

6.2. **Transferring money offshore is unbelievably easy.** It took me exactly 30 minutes to set up an offshore US account and transfer money to my son in USA. Within minutes of setting up and pressing send my son's bank informed him of receipt of funds in US. That is simply unreal.

6.3. **Contact me should you require advice on type of accounts you should set up, and the new Easy Equities and Easy Properties investment opportunities.**

As per above Discovery can be the very best in RSA, or equally the worst. If you already have a Discovery product, I urge you to give me the opportunity to review your portfolio and check that it has been set up correctly.

Contact me - could just save you a small fortune during your lifetime. What's App or call me directly on 0824504151 or email at rob@fcs.co.za

Regards

Rob Santini