FINANCIAL & CORPORATE SERVICES

CK1989/007583/23
FSP5481

EX DIVERSITATE VIRES

PREFERRED PROVIDERS OVERVIEW

SANLAM & OLD MUTUAL

INTRO

Life Assurance Service Providers can be broadly categorised into 3 groups, viz:

a) Sanlam, Old Mutual, Momentum, Liberty (These are reputable companies and I deliberately exclude the rest). These 4 companies are all large, stable companies, been in business for years, and frankly there is little to choose in terms of products between them. (If you strip away the BSBB - pretty much 6 of one and half a dozen of the other)
   - FCS deals only with Sanlam and Old Mutual because - in my personal opinion – the others have nothing better to offer.

b) PPS (Professional Provident Society) - only for degreed professionals.

c) Discovery - a very unique animal all on it own.

1. SANLAM

1.1. Established in 1918 as a life insurance company, Sanlam Group has developed into a diversified financial services business. Its five business clusters comprise Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Sanlam Corporate and Santam.

1.2. I joined Sanlam as an Agent in 1986 and then subsequently took on a Broker contract with Sanlam via FCS in 1989.

1.3. FCS has always had a great relationship with Sanlam – especially with its underwriting dept. The ability to get through to the Head Underwriter is often critical to ensure these departments actually take cognisance of detailed explanations submitted by the Client relating to specific medical conditions and not simply underwrite as per "paint by number".

1.4. Their life rates tend to be very competitive for non-smokers and their basic products are on par with the rest.

1.5. Sanlam has a rewards program call **"Reality Lifestyle Benefits"** which has a 3 tier discount – viz: 7.5% , 15% & 30% based on health targets and performance. Very simple program and not punitive like Vitality. Lots of perks. Read all about it. https://www.sanlamreality.co.za/benefits/

1.5.1. Unlike Discovery Vitality whether you participate in the fitness program or not is irrelevant - you still get a minimum of 7.5% discount on Life premium. However, if you wish to get motivated then that discount can be as high as 30%.

1.6. A unique product is their **"Cashback"** whereby Sanlam will refund all premiums after 15 years. If you have read my Life Assurance Overview you will immediately understand that my initial reaction would be **"Rubbish – this is BSBB"**.

1.6.1. So, step one is I take the extra Cashback premium (Approx. 35% of total) and look at what % return I would have to obtain for the Client if I had to invest the same amount into a Unit Trust. Answer is > 15%. That is **15% tax-free payout** after 15 years. Where are you going to get 15% tax free???? That is phenomenally good.

1.6.2. Technically it is BSBB as it should rather be viewed as you **investing** that extra premium not as cash back.

1.6.3. Calc is simple. If your total premium including Cashback was say R1000 p.m. you can expect the following:

- Jan 2023 policy starts at R1000. Minus R20 admin = R980 X 12 X 15 = R176,400 cash in year 15 + 1 month. – Jan 2039.
  - In year 2024 policy increases by R100 - R100 X 12 X 15 = R18,000 cash in year 15 + 1 month. – Jan 2040.
    - In year 2025 policy increases by R110 - R110 X 12 X 15 = R19,800 cash in year 15 + 1 month. – Jan 2041.
- Think of each increase as a layer of a cake. Completely independent. Premium X 12 X 15 - that is what you get back.

A very good benefit and investment.

1.7. Sanlam's long term reward program is called **"Wealth Bonus"**. Participating Wealth Bonus products come with a built-in monetary reward. This monetary reward is collected in a client's Wealth Bonus portfolio. Wealth Bonus might track the market like a real investment, or grow like an investment does, but technically it is not an investment. Instead, the locked portions behave more like a **"survival benefit"** in life insurance, because you can only access them if you stay alive, and stay a client for long enough, pay your product contributions, etc.

1.7.1. This benefit is built into the premium and you the client have to do nothing to earn it – other than pay premiums until age 60 – at which point you can cash in the bonus.

1.8. In conclusion, if you want a solid, value for money, no frills product – Sanlam fits the bill perfectly. The rewards and bonuses are good – but best of all do not force you to jump through a million hoops.

https://sanlam.co.za

2. OLD MUTUAL

2.1. Established in Cape Town in 1845 as South Africa's first mutual life insurance company, and like Sanlam developed into a massive diversified financial services business.

2.2. FCS signed a Broker contract with Old Mutual 1989.

2.3. Old Mutual's products, rewards and benefits are so similar to Sanlam's that it would be pointless repeating above verbatim.

2.4. Old Mutual and Sanlam are fierce competitors and we as Brokers need to at all times compare their rates. Sanlam is very hard to beat, but Old Mutual's life rates tend to be often times better for smokers, and their income protector rates generally are very competitive.

https://www.oldmutual.co.za/

Although I praise both companies and have given their links, do not try to take out an investment or life assurance online. You will get burnt. You are not buying Coke @ R* / special. You are buying your family's financial future and to do so you require expert financial advice.

I urge you to give me the opportunity to review your portfolio and give you an obligation free assessment.

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