



**What is it?**

Life cover is an insurance policy which pays out a lump sum of cash to nominated beneficiaries upon the death of the individual insured

**Who is it for?**

- Individuals who, upon their untimely demise, wish to:
- Financially protect loved ones from taxes, debts & bonds
  - Provide capital to fund their family's lifestyle

**Why do I need it**



To create liquidity for your Estate to fund **taxes and costs upon death** (see the example below for details of these)



To create cashflow for your Estate to pay your **outstanding debts and bonds** on properties, student loans, credit cards and vehicles to avoid immovable property, like your personal residence, being sold off to do so



To leave behind capital that can be reinvested to generate an income to **maintain your family's lifestyle** if you do not have sufficient provisions for them

The following key variables need to be considered for each life cover policy:

**Key Variables**



We estimate the appropriate **level of cover** you require based on each of the needs mentioned above



There are various **rider benefits and boosters** you can consider adding on to your policy (paid-up and foreign currency options, accidental death add-ons, paybacks etc)



Based on your **health and smoker-status at policy inception**, you may incur loadings (increased premiums) on your policy or be declined cover

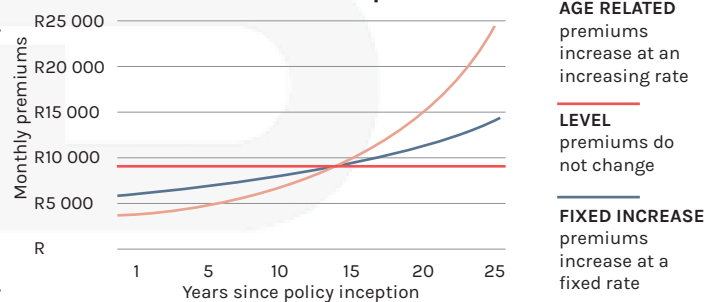


There are various **premium patterns** to choose from when paying for your policy (see premium patterns below)

**Taxes and Costs Upon Death**

- Estate duty**
  - 20% on dutiable assets up to R 30 million
  - 25% on dutiable assets above R 30 million
- Capital gains tax**
  - On capital gains made on the Estate's assets
- Executor fees**
  - Usually calculated at 3.5% of the Estate's assets
- Conveyancing fees**
  - On properties belonging to the Estate, for transferring property ownership to beneficiaries

**Premium Pattern Comparisons**



**Typical Life Cover Requirements Through Lifestages**

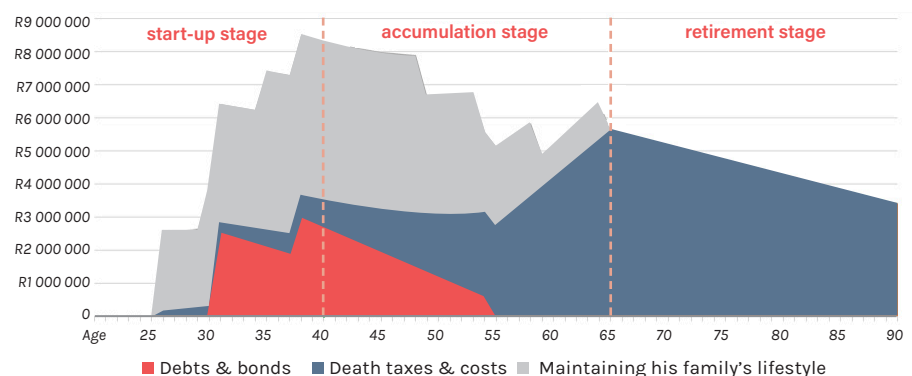
Here's a fictional example of a typical professional, Bob\*, and the life cover he needs over his lifetime. We break up the amount of cover into 3 categories (debts & bonds, death taxes & costs, maintaining his family's lifestyle):

Key assumptions used in calculating Bob's life cover:

He gets married at 25, his wife is dependent on him throughout his lifetime. He has 2 kids at 30 and 35, who become independent in their 20's.

He takes out a R2.5 million bond when he buys a house at 30, he borrows another R 1.1 million at 38 to upgrade his house. He pays off his debts gradually and becomes debt free at 55.

He starts with nothing saved up but diligently invests until he retires at 65 with estate dutiable assets worth R 21 million. At 65, he starts drawing down on these assets to fund living expenses. He dies at 90.



\* Not his real name

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