

## Training document

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### Save through spend Questions & Answers

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## What is Save Thru Spend?

- Save Thru Spend is a benefit that clients will qualify free of charge and unconditionally when they purchase an Investo portfolio policy or become a member of a FundsAtWork scheme.
- Momentum has negotiated with selected retailers to provide our clients with rebates on all goods purchased at their outlets.
- When the client uses their Save Thru Spend card to identify themselves as Save Thru Spend members or uses their Save Thru Spend card to record the purchase, the retailer stores the purchase information and forwards it along with the rebates to Momentum at the beginning of every month.
- Momentum channels this rebate (net of VAT) to the client's policy (75%) and to a Multiply Bonus Booster pool (25%). The Multiply Bonus Booster allocation occurs irrespective of whether or not the client is a Multiply member.

## How much does it cost?

Nothing!

There will be a fee of R2, 50 charged per member's monthly bulked rebate and these fees will be deducted before the reimbursement is allocated to the member's policy.

No charge will be applied to the application of the Multiply Bonus-Booster benefit.

## Retail Partners and Benefits

Retailer	Once-off (Adhoc)		Recurring	
	%	Fixed Rand Amount	%	Fixed Rand Amount
Asset Pulse	0,6%			
ADT	15%			R3
Auto & General			9.26%	
EasyCall – Telkom			8%	
EasyCall – Electricity			1,5%	
InterCape	7,5%			
Luggage Factory	20%			
Nashua Mobile			10%	
McCarthy Call-a-Car		R300		
SpecSavers			4%	
Stuttaford Van Lines	5%			
Tracker – Alert		R123		R10
Tracker – Retrieve		R246		R10
Cashbuild			4%	
Butcher’s Grill			10%	
RJ’s Restaurants			10%	
Amici Restaurants			10%	
Up Stairs Asian Fusion Restaurants			10%	
The Cape Fish Company			10%	
The Wine Market			2,5%	
Wesbank	0,2%			

# How do I qualify?

Save Thru Spend is currently offered

- On all new Investo Portfolio policies
- On all new FundsAtWork schemes except for Risk Only.

From July 2005, Save Thru Spend will be offered

- To all existing Investo Portfolio policy holders
- To all existing FundsAtWork scheme members

# What is the Multiply Bonus Booster?

- Save Thru Spend clients who is also a Multiply client will be entitled to a quarterly Bonus-Booster allocation to their policy.
- This amount is calculated by applying a Bonus-Booster factor to each reimbursement received in the period, i.e. the 75% portion that has already been allocated to the members.
- The Multiply Bonus-Booster Factors are as follows:

Multiply Status	Bonus Booster
Bronze	50%
Silver	75%
Gold	125%
Platinum	200%
Private Club	300%

- The Bonus Booster will be paid into the policy every quarter, on the following dates:
  - 15 April
  - 15 July
  - 15 October
  - 15 January

## A Simple Example

- Lets say that all the spending the client has done, in a particular month, at the partners has created a reimbursement of R228.
- The R228 includes VAT that will be paid by Momentum Interactive. This leaves (R228/1.14) for the reimbursement.
- R150 (75%) will be allocated to the client's policy and R50 (25%) will be transferred to the Multiply Bonus Booster pool (irrespective of whether or not the client is a Multiply member).
- If the client is also a member of Multiply, they will qualify for the Multiply Bonus Booster that will be paid to their policy on a quarterly basis. Let's assume for this example that the client is a Silver status Multiply member. R450 (R150 x 3) was paid to their policy over the quarter and therefore another R337,50 (R450 x 75%) will be paid to their at the end of the quarter.

## Contact Details

See "Momentum Partner info on contact person day to day – 25 Oct 2004.xls"



# General questions

Question	Answer
<b>Product Questions</b>	
On which products is the STS benefit available?	Investo Single Premiums: <ul style="list-style-type: none"><li>• Linked Investment</li><li>• Endowment</li><li>• Retirement Annuity</li><li>• Preservation Plan</li></ul> Investo Recurring Premiums <ul style="list-style-type: none"><li>• Linked Investment</li><li>• Endowment</li><li>• Retirement Annuity</li><li>• Investo Designer Annuity</li></ul> FundsAtWork Reirement Portfolio (excluding Risk Only)
Why does the client no get the STS benefit on GVS?	The STS benefit is currently not available for investments into funds in Segment One (Guaranteed Focus Segment) of the Investo Rhombus. Due to the terms, structure and nature of the underlying investment we only allow singles into the GVS funds. We also do not allow split funding between Segments One and Segments 2 to 6 on the Investo Rhombus and therefore we can't make the STS benefit available to Segment One.



Question	Answer
What happens if the Investor dies or the policy matures before applying the Save Thru Spend benefit?	The investor must be alive on the payment date applicable to the Save Thru Spend and the Multiply Bonus Booster benefits – there is no apportionment applicable.
How do I reflect the RA premium Tax benefit in my Tax return?	<p>Contributions to the Retirement Annuity are tax deductible within certain limits. The current limits applicable to the tax deductibility of contributions to Retirement Annuities are the greatest of:</p> <ul style="list-style-type: none"><li>• 15% of the taxpayer's non-retirement funding income, or</li><li>• R3 500 less the deductible pension fund contribution, or</li><li>• R1 750</li></ul> <p>Momentum has structured the "Save Thru Spend" benefit in such a way that we will apply the benefit as extra premiums on an RA contract and therefore it will be tax deductible. Remember that all premiums not previously allowed as a deduction, will be deductible at retirement, if you already contribute the maximum deductible amount.</p>
Will existing policyholders get the STS benefit and if so, when?	Yes, the existing policyholders will get the STS benefit as soon as the conversion process has been put into place.
If I have 4 policies, do they all qualify for STS and can I change it, and if so, how often?	The client needs to choose only one policy to apply the STS benefit to. We will build the facility to change the policy to which your STS benefit is allocated to in the near future.
Is the Save Thru Spend benefit included in the Loyalty Bonus?	The Loyalty Bonus is expressed as a percentage and is calculated on the fund value plus the growth on the benefits that you have received from Momentum through the Save Thru Spend benefit.
Why do FundsAtWork Risk Only funds NOT qualify for the option?	These are existing funds, which are no longer being sold.



Question	Answer
<b>Benefit Allocation Questions</b>	
When is the client's spending added to their policy?	Retailers will forward to Momentum Interactive the spending for each calendar month by the 7 <sup>th</sup> of the following month. This information will then be reconciled and allocated to the appropriate contract on the 15 <sup>th</sup> of each month.
<b>Bonus Booster Questions</b>	
When is the Bonus Booster amount applied to the client's policy?	The Multiply Bonus Booster benefit will be applied on the 15 <sup>th</sup> (at the same time as the Save Thru Spend) following each quarter of the calendar year, i.e. April, July, October, January.
Why is Auto and General excluded from Multiply Bonus Booster?	Each Save Thru Spend partner has been individually negotiated to meet the needs of Momentum as well as the partner. In this case, this resulted in the Multiply Bonus Booster being calculated on the Save Thru Spend amounts excluding the Auto and General option.
<b>Rebate Questions</b>	
What surety do I have that the rebate will not reduce?	This rebate is guaranteed to be in place for at least the one-year contract period with all the partners. The contract parties might give each other six months notice to cancel or alter the contract after the first year. In this case, a new agreement will be signed with the retail partner.
If there is a special at a Retailer, do I get the rebate on the special?	Momentum has negotiated with the Retail Partners that the client will receive the STS rebate on all the normal offerings as offered to the general public.



Question	Answer
<b>Retail Partners Questions</b>	
Why and how were the partners chosen?	Partners have been selected according to the principle that these are purchases that clients must make on a monthly basis. The main categories used to identify where a partner relationship would be most beneficial to our clients are: <ul style="list-style-type: none"><li>● Home Maintenance</li><li>● Utilities</li><li>● Finance</li><li>● Motor</li><li>● Food</li><li>● Protection</li><li>● Travel</li><li>● Medical</li><li>● Luxury</li></ul>
Who are the partners? What rebates do they offer (percentage of premium versus explicit) and what is the benefit if I take up Multiply?	Refer to Figure 1. Table of Benefits below.
How, when and who will be informed of “switching” current retailer to new? (e.g. CHUBB to ADT)	The current status is that if the client indicated when his contract expires, we (Momentum Call Centre) will contact the client 2 months before the expiry of their contract to remind them of the STS partner and benefit.
How is the benefit honoured should we stop doing business	We will look at another retailer to replace the existing retailer and will negotiate with



Question	Answer
with the retailer?	existing debit order retailers that as long as the debit order is deducted for their benefit, they must pay the STS benefit to Momentum and we will then pas it on to the client.
What is the difference between the benefit offered by Multiply and that offered by Save Thru Spend on Nashua Mobile?	<p>Multiply</p> <ul style="list-style-type: none"><li>• The client receives a 10% discount upfront</li></ul> <p>Save Thru Spend</p> <ul style="list-style-type: none"><li>• The client receives a 10% rebate before VAT. The VAT exclusive amount is then divided between the client's policy (75%) and the Multiply Bonus Booster pool (25%). If the client is also a Multiply client, they will receive a quarterly allocation of this pool in the form of a factor applied to the reimbursement amount.</li></ul>
<b>Save Thru Spend Card</b>	
Can I have more than one card and can anyone use this?	We will provide a card for the investment owner. Additional cards may be ordered at an extra cost. Anyone may use this card since the rebates will be allocated only to the designated policy.
How do we communicate to the client if we add a new retailer, change rebate percentage or terminate the retailer?	We will send updated Retail Partner Pocket Guides to all existing Investo clients with the updated info in, as well as updating all info on the website and print media.

# Table of Benefits

Effective Date	Retailer	Multiply Bonus Booster		Once Off (Adhoc)		Recurring	VAT
		%	%	Fixed Rand Amount	%	Fixed Rand Amount	%
2005/01/15	Asset Pulse	25%	0.6%				14% <sup>1</sup>
	ADT	25%	15%			R3.00	14%
	Auto & General	0%			9.26%		14%
	EasyCall – Telkom	25%			8%		14%
	EasyCall – Electricity	25%			1.5%		14%
	InterCape	25%	7.5%				14%
	Luggage Factory	25%	20%				14%
	Nashua Mobile	25%			10%		14%
	McCarthy Call-a-Car	25%		R300			14%
	SpecSavers	25%			4%		14%

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Effective Date	Retailer	Multiply Bonus Booster		Once Off (Adhoc)		Recurring	VAT
		%	%	Fixed Rand Amount	%	Fixed Rand Amount	%
	Stuttaford Van Lines	25%	5%				14%
	Tracker – Alert	25%		R123.00		R10.00	14%
	Tracker – Retrieve	25%		R246.00		R10.00	14%
	CashBuild	25%			4%		14%
	Butcher’s Grill	25%			10%		14%
	RJ’s Restaurants	25%			10%		14%
	Amici Restaurants	25%			10%		14%
	Up Stairs Asian Fusion Restaurants	25%			10%		14%
	The Cape Fish Company Restaurants	25%			10%		14%



Effective Date	Retailer	Multiply Bonus Booster		Once Off (Adhoc)		Recurring	VAT
		%	%	Fixed Rand Amount	%	Fixed Rand Amount	%
	The Wine Market	25%			2.5%		14%
	Wesbank	25%	0.2%				14% <sup>1</sup>

These rebate amounts are VAT inclusive so the VAT portion must still be extracted before the rebate is allocated to the policy and to the Multiply Bonus Booster pool.

Both Wesbank and Asset Pulse will pay us VAT over and above the agreed rebate. This means that the rebates sent through in the monthly feed will be: [rebate] x [transaction amount] x 1.14.