

BENCHMARK BLEND FRAMEWORK

Just Lifetime Income (JuLI) in a blended annuity

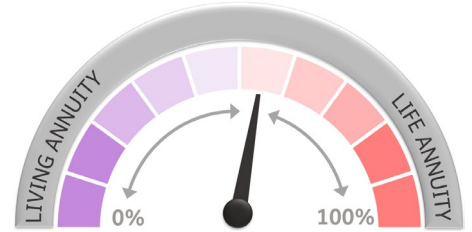
JUST.

RETHINK RETIREMENT

HOW MUCH SHOULD I BLEND?

A blended annuity allows you to 'dial up' the level of guaranteed income to find an optimal balance between :

- The **life annuity** (JuLI), which pays an income for life no matter how long you live or what markets do
- The **living annuity**, which provides flexibility for discretionary spending, or to leave a financial legacy



% in Just Lifetime Income

Our benchmark blend framework helps determine how much to allocate to the JuLI component based on your client's profile.

FRAMEWORK PRINCIPLE AND GRAPHICS

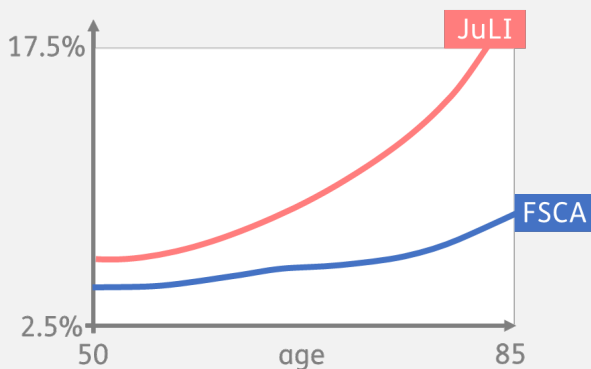
To derive a benchmark blend %, we need to consider the **sustainable income %** from a blended annuity. For our framework this is represented by two components:

- JuLI annuity rate %
- FSCA draft recommended drawdown % in a living annuity

JuLI is a with-profit annuity which by design, provides a sustainable income for life. The FSCA's draft recommended drawdown % in a living annuity provides a good estimate for a sustainable income from a living annuity.

The combination of these represents a **sustainable income %** from a blended annuity.

The benchmark blend % is now determined by comparing this combined **sustainable income %** to the **required drawdown %**.



JuLI and FSCA sustainable income %s vary by age

- Horizontal axis shows age
- Vertical axis shows the income %
- Plotted **CORAL** line: JuLI HiGro annuity rates*
- Plotted **BLUE** line: FSCA recommended drawdown %

* JuLI HiGro annuity rates for indicative purposes only

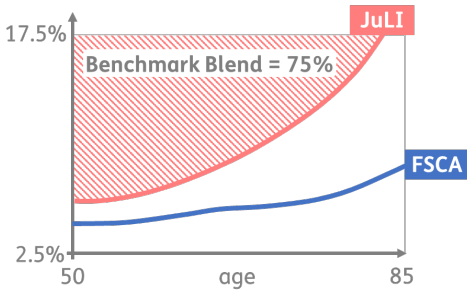
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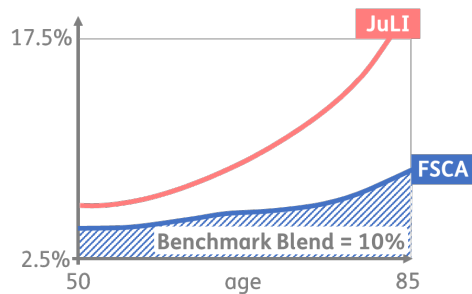
RETHINK RETIREMENT

Scenario 1: Required drawdown % > JuLI %



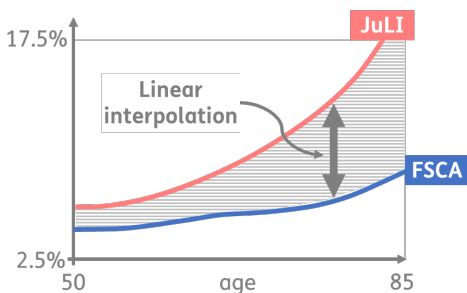
Given that the required drawdown is higher than the JuLI annuity rate % – and therefore in the **CORAL** zone – the benchmark blend % is the maximum proposed (75%)

Scenario 2: Required drawdown % < FSCA %



Given that the required drawdown is lower the FSCA rate – and therefore in the **BLUE** zone – the benchmark blend % is the minimum proposed (10%)

Scenario 3: Required drawdown % between FSCA % and JuLI %



Given that the required drawdown is between the FSCA % and the JuLI annuity rate %, the benchmark blend % is derived by interpolation within the range of the two points. More precisely:

$$\text{benchmark blend \%} = \frac{\text{drawdown \% minus FSCA \%}}{\text{JuLI \% minus FSCA \%}}$$

PRACTICAL APPLICATION

The framework provides a way to derive the benchmark blend % for an individual. For this calculation, we also allow for the sex of the main life and whether the life is single or joint, given that the JuLI and FSCA %s also vary with these two factors.

A client's specific benchmark blend % can be seen either as part of an **Income Sustainability Map** for your client portfolio or depending on your arrangement, in **JustBlend** on the outcome screen.

Please contact us for more information

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