

## JUST LIFETIME INCOME: EVALUATING THE POST-INVESTMENT BENEFITS

### Measuring performance against expectations

Just Lifetime Income (JuLI) is Just SA’s flagship with-profit life annuity, which is offered as an investment portfolio inside partner living annuities or as a standalone life annuity. To assess its performance, particularly around client reviews, it helps to measure JuLI against what it set out to do:

1. Provide income that can never reduce no matter what happens to investment markets
2. Provide increases that target certain levels of inflation
3. Provide income that is guaranteed for life

We explore each of these criteria in more detail below.

#### 1. Just Lifetime Income provides income that can never reduce

Just Retirement Insights 2020 – a survey of retirees in South Africa – again highlighted the need for certainty in terms of their retirement income. In the short term, retirees prefer to know that their income will never reduce, regardless of what happens to investment markets. The market crash in March 2020 tested this and income from JuLI was unaffected, insulating JuLI policyholders from the extreme market volatility.

#### 2. Just Lifetime Income provides increases that target certain levels of inflation

Over the medium to long term, protection of savings against the eroding impact of inflation is important for retirees. JuLI’s increases have comfortably beaten inflation despite a low investment return environment over the last 5 years. While it is important to note that increases vary based on the chosen calibration option (HiGro, StableGro or HiYield) as well as the performance of the selected underlying investment portfolio, any increases are locked into the new guaranteed annual income and can never decrease in future.

Increase Year	CPI*	Actual Increase (after all fees)
2017	4.8%	4.1%
2018	5.1%	5.0%
2019	3.7%	6.1%
2020	3.3%	5.4%
2021	2.9%	5.5%

Note: Shows the increases to pensioners on the Just Lifetime Income StableGro linked to a balanced fund, which is expected to track 100% of inflation when investment returns are CPI + 6% after investment management fees (Source Just SA)

\*CPI is the Stats SA average year on year Consumer Price Inflation over 12 months as of February 2021.

You can expect JuLI’s increase targets to be met over the long term. Although increases may not *always* beat inflation, you can rest assured that the increase will not be lower than 0% in any given year.

### 3. Just Lifetime Income provides guaranteed income for life

One of the key benefits JuLI offers is that it is guaranteed to pay the income for the life of the main member or the longest surviving spouse, no matter how long they live. Per definition, this can only be measured over the long term – a lifetime.

In addition to the assets required to match the liabilities of an insurer, Just SA is holding more capital than the level required by the Regulator to provide policyholders with the highest level of comfort that their income is guaranteed, especially during times of market turmoil.

### JuLI as a lifetime income portfolio in a living annuity

As an investment portfolio, JuLI's performance increases the longer the client survives as they receive more income from their initial investment. This aspect is unique to JuLI which provides retirees with a **diversifying element in their portfolio**, which is uncorrelated to the performance of their other savings. Diversification is an important component of any investment strategy.

JuLI also provides an anchor investment, or a **safety net**. If the assets from the liquid living annuity portion are ever depleted, the income (after fees) from the living annuity will never fall below the guaranteed JuLI income level. The JuLI portfolio is the only investment that provides a guaranteed income in a living annuity, is immune to sequencing risk and provides confidence to implement a more aggressive long-term growth investment strategy for the balance of the living annuity assets.

### The market value of JuLI in a living annuity

It is important to note that within a living annuity, statements may reflect changes in the JuLI market value. This does **not** affect the lifetime income Just provides, or the fact that this income can never decrease and is guaranteed for life.

The market value of JuLI in a blended living annuity represents the present value of the future income that is expected to be paid on the investment, which may fluctuate as a result of current market conditions. The total value of the blended living annuity includes the JuLI market value and both annual drawdowns and fees should take the total value of the blended living annuity into account.

#### Need more information?

Please let us know if you would like to discuss the above in more detail, or to request a quote:

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Call: 087 238 2690

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