

# Income Continuation Benefit

## Protecting your income

- Pays a regular income should you experience a loss of income
- Choice of waiting periods from 7 days to 12 months
- Immediate upgrade to 100% of income on permanent disability
- The ability to protect future earnings growth
- Protection against the effect of interest rate increases
- The Dynamic Spend Protector ensures affordability of basic living expenses while permanently disabled
- Cover up to age 70
- Ensures funding of a portion of your contributions to Discovery for your insurance and healthcare needs



The Income Continuation Benefit pays you a regular income if you experience a loss of income on becoming partially or fully unable to follow your nominated occupation due to disability

## How the Income Continuation Benefit works

- The benefit provides you with monthly payments while disabled
- It pays you an income either until you have recovered from the disability and return to work, or until you reach the selected expiry age of 60, 65 or 70
- The premium for this benefit will be waived for the duration of the period that you receive benefit payments.

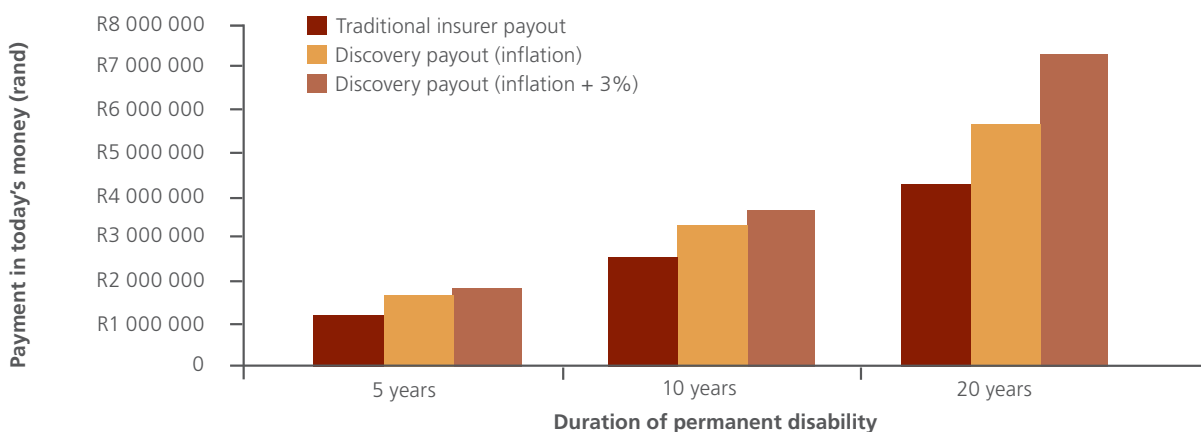
## Unique features

- **Immediate upgrade to 100% of income on permanent disability:** Traditional income disability benefits allow you to cover 66% to 75% of your income. With Discovery Life, your monthly payments will be increased from a maximum of 75% of income on temporary disability to 100% on permanent disability, should you meet the Category A or D criteria of the Capital Disability Benefit, subject to the maximum benefit amount established by Discovery Life.

## The power of the 100% upgrade

Assume a policyholder earns R30 000 per month with an Income Continuation Benefit of R22 500 per month.

If permanently disabled, the payout in today's money, (increased to R30 000 per month at 9% discount rate) would be as follows:



## Unique features of the Income Contribution Benefit (continued)

### The Interest Rate Protector

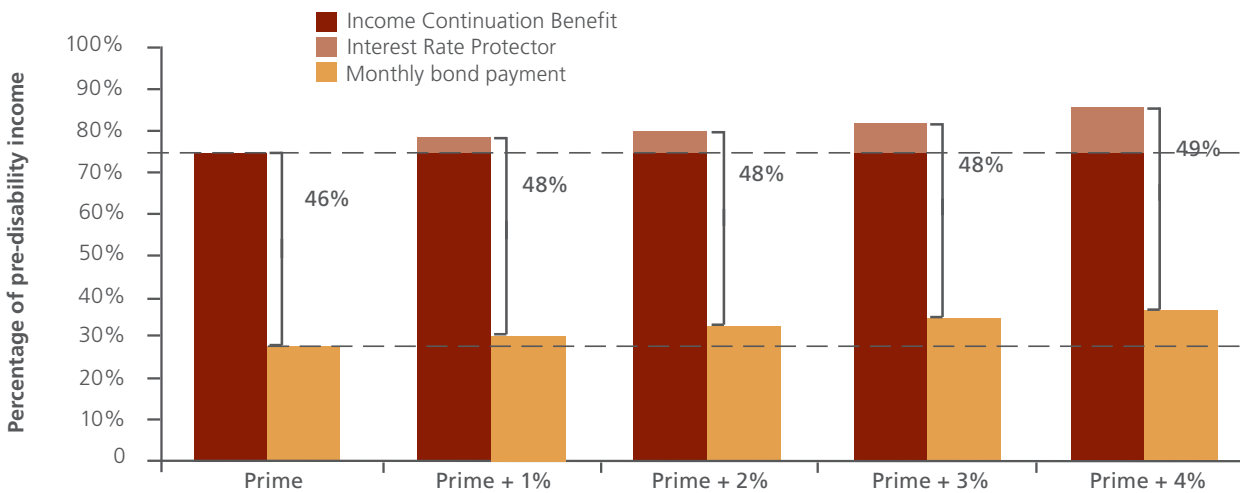
If you are temporarily disabled for a period longer than one month, the Income Continuation Benefit will be boosted by up to 15%, depending on the current prime interest rate versus the lowest prime interest rate in the 12 months prior to claim. The boost percentage is determined by the following table:

**Interest Rate Protector table**

Prime interest rate increase	Income Continuation Benefit increase
1% – 1.99%	5%
2% – 2.99%	7.5%
3% – 3.99%	10%
4% +	15%

Note: should interest rates decrease at any point in time while in claim, your boost percentage will be adjusted accordingly. The benefit is payable for up to 24 months or permanent disability if sooner.

### The value of the Interest Rate Protector: net disposable income is maintained despite increases in interest rates



**Assumptions:** Prime interest rate = 10%, Bond amount: R900 000, Bond term: 20 years, Salary: R30 000 per month, Income Continuation Benefit: R22 500 per month.

## Unique features of the Income Continuation Benefit (continued)

- **An additional payment of either 25% for 12 months (Core Option) or 100% for 24 months (Comprehensive option) of your Discovery Life, Discovery Health and Discovery retirement Optimiser™ contributions through the Contribution Protector.** Payment is subject to a maximum of 33% of the Income Continuation Benefit amount, payable on temporary disability.
- **Dynamic Spend Protector** in the event of becoming permanently disabled, your DiscoveryCard partner discounts will be boosted by up to 50%, as follows:

Benefit Claim Category	Vitality status at date of claim event					Term
	Blue	Bronze	Silver	Gold	Diamond	
A and D	10%	15%	25%	35%	50%	Up to selected benefit expiry

- **Protection of your earning ability and standard of living:** Unlike traditional income disability benefits, benefit payments for business owners are not determined by personal taxable income. Instead, payments are determined by gross fees for services rendered and net income from trading activities, less the overhead expenses of the business
- **No interruption in your cash flow** as payments are made once the waiting period has expired. You have three months from the date of the disability event to prove earnings before disability
- **Salaried employees are covered on a cost-to-company basis**
- **Comprehensive cover on a partial disability.** Unlike traditional income disability benefits, which reduce your payout by the income you still earn during partial disability, Discovery's benefit is unique, because:
  - You will receive your **full sum assured for the first three months** from the disability event, irrespective of any income still earned during disability
  - Thereafter, benefit payments are only reduced with income earned during disability to the extent that it exceeds 30% of pre-disability earnings. This applies for two years in claim
  - For professionals in private practice or partnership there is no aggregation in the first two years
  - Payments from other disability/sickness income benefits will still be aggregated.
- **A choice of waiting periods:** Seven days, one month, three months, six months or 12 months
- A choice of flexible **escalation options for benefits in claim:** 0%, CPI or CPI +3%
- **Retrospective payments from day one on the seven-day waiting period** for a comprehensive range of illnesses and injuries. Most self-employed occupations qualify for the seven-day waiting period
- **Unique cost saving opportunity for professionals in private practice,** as payments are similarly back-dated from day one on the one-month waiting period
- **Cover up to age 70:** Traditional income disability benefits have a maximum expiry age of 65. However, with increasing longevity many of us will be forced to work longer to generate sufficient retirement savings. Discovery offers the only income disability benefit in the market with an expiry age of 70
- **Increase your cover by 20% every three years without medical underwriting** through the Guaranteed Insurability Benefit. This is particularly valuable if you're expecting your earnings to grow by more than inflation.

- There are two Income Continuation Benefit options:
  - Core option
  - Comprehensive option

Features	Core option	Comprehensive option
Contribution Protector up to 25% for 12 months	✓	x
Contribution Protector up to 100% for 2 years	x	✓
Dynamic Spend Protector	x	✓
Guaranteed Insurability Benefit	x	✓
Interest Rate Protector	x	✓
In-claim escalation option of CPI + 3%	x	✓

The **Overhead Expenses Benefit** provides monthly funding for business expenses.

- This benefit provides you with cover to fund your business overhead expenses while you are disabled
- The waiting period is one month
- Professionals in private practice or partnership will be automatically upgraded to a seven-day waiting period if they have selected a seven-day waiting period for the Income Continuation Benefit
- The benefit is payable for a maximum of 24 months or until the benefit expiry age of 60, 65 or 70 is reached – whichever happens first
- The Overhead Expenses Benefit may be selected without the Income Continuation Benefit on company-owned policies.