

ASISA STANDARD ON LIVING ANNUITIES

Q & A

1. When must the first status report in terms of Standard 4 be submitted to ASISA?

Members should submit the information by 31 March 2012 and yearly thereafter.

2. How must the information be submitted?

Members should use the standard template provided by ASISA

3. If the client has more than one living annuity contract then to establish whether the clients living annuity is in line with Regulation 28 in terms of Standard 2 must members aggregate or look at each contract on its own?

Members should look at each contract separately.

4. How should members interpret and apply the headings of the draw down table in Standard 1?

The table in Standard 1 refers to the “Investment return per annum (before inflation & after all fees)”. This means the investment return is a nominal return, not a real return, for example 5% before inflation of 6% means the real return is -1% (i.e. this is the investment return after inflation). The return is after all fees, for example the 5% return after fees, may require a return of 7% before fees to allow for a 2% impact of fees.

The standard does allow for expressing the headings in terms of returns vs. inflation. It is up to individual companies to decide what type of disclosure will suit their client base best.

5. What does communicating the actual asset composition mean in terms of Standard 3? How far must members go?

The standard is not meant to be too prescriptive but members are expected to rather comply with the spirit of the standard. In this regard it would require companies to aggregate asset allocation across funds and report an overall picture.