



Loan facility FAQs: the Ninety One Life Portfolio and Ninety One Global Life Portfolio

Q What is the difference between a loan and a surrender?

Both loans and surrenders are processed as withdrawals. Units are sold and the applicable capital gains tax within the policyholder fund is deducted before the net proceeds are paid to the investor. The key difference is that a loan can be repaid if the investor wishes at any point to do so, while a surrender cannot be repaid.

Q Why is it called a loan if it is my money?

The legislation that governs sinking funds refers to the terms “loan” and “surrender”. A loan provides an additional method for accessing capital from the Life Portfolio. It is structured as a loan to give the investor the option to repay it. There is no obligation to repay the loan. The investor has the right, not an obligation, to repay the loan up to the full value that was taken.

Q Is the loan a borrowing facility?

No, the term “loan” can create expectations of interest, margin, or leverage that do not apply. Units are sold, and therefore the investor does not receive market growth on the value of the loan taken until the loan is repaid.

Q Should I select a loan or surrender?

When the withdrawal is loaded on the product, the investor must select whether it is a loan or surrender. We encourage you to seek advice from an independent financial advisor in this regard. A loan can be beneficial to an investor as a first withdrawal option as it provides the option to repay capital into the investment, where a surrender does not.

Q How many loans can an investor take from their contract?

The first five years of the Life Portfolio contract is known as the restricted period. During this period, one loan and one surrender can be made. After the restricted period, unlimited loans and surrenders can be made.

Q Does the loan address liquidity concerns within the restricted period?

Yes, to a meaningful extent. Within the restricted period, the combination of one loan and one surrender per contract provides access to capital when needed. Choosing the loan as the first mechanism preserves the surrender as a further option. The maximum amount accessible from a Life Portfolio is limited within the first five years. The limit for the combined value of a loan and surrender is all contributions plus 5% annual compound growth. After the restricted period, access is no longer subject to that limit.

Q Does the loan bear any fees, interest or penalties?

There is no interest, loan fee or penalty payable on the value of the loan taken. If there is a balance remaining within the contract after the loan has been paid, the agreed contractual fees will apply to the remaining balance, such as fund management, platform administration and advisory fees. Because a loan is processed as a withdrawal, the investor will not participate in market growth on the amount withdrawn unless it is repaid.

Q Are loan repayments considered for the maximum contribution limits?

The investor must comply with contribution limits for the full investment term. The maximum amount that may be contributed is 120% of the highest annual contribution in the previous two years. A loan repayment falls outside of these contribution limits. This means that an investor can repay the outstanding loan balance at any time without breaching the 120% contribution limits.

Q When must the loan be repaid?

There is no obligation to repay the loan. The investor has the right, not an obligation, to repay the loan up to the full value that was taken. The investor can repay the loan in portions; they do not have to repay the loan in full. If the loan is not repaid, the outstanding loan balance remains recorded against the contract, and the investor retains the right to repay it in future.

Q Can a loan be used to avoid capital gains tax?

No. A loan is processed as a withdrawal. Units are sold and any applicable capital gains tax within the policyholder fund is deducted before payment.

Q Can the loan be ceded?

Where an outright cession of the Life Portfolio is processed, the value of any outstanding loan is ceded along with the contract. The new investor has the discretion to repay the loan at any time if they wish to do so. An outright cession does not trigger capital gains tax within the policyholder fund since the owner of the underlying assets remains Ninety One Assurance Limited, provided the new policyholder qualifies to remain in the same underlying policyholder fund (for example, the individual policyholder fund). Donations tax considerations still apply, subject to available exemptions and thresholds.

Q Can a beneficiary inherit a loan?

Yes, where a beneficiary receives a Life Portfolio contract and chooses to continue with the policy, they may also receive the right to repay any outstanding loan balance on the contract. Since the Life Portfolio contract matures on death, this means the beneficiary would not be restricted in terms of access to capital. The loan facility can therefore be used in meaningful ways to reinvest capital, subject to the beneficiary's own tax and planning considerations.

Q What happens to the loan if no beneficiary has been nominated and the policyholder passes away?

If no beneficiary has been nominated, the policy cannot continue and must be paid out to the estate. Therefore, the loan will effectively fall away.

Q Is the loan a liability in my estate?

No, the loan is a product feature and only reduces the value of the policy. It does not create a liability in the estate of the investor or beneficiaries.

Q Can Ninety One pay the loan proceeds to a third party?

A loan must be paid to a bank account in the name of the investor. The investor will receive the net proceeds after any applicable capital gains tax within the policyholder fund has been deducted.

Q If I have multiple Life Portfolio contracts, and I take a loan on one contract, how will it affect my other Life Portfolio contracts?

A loan from one Life Portfolio contract should not affect the liquidity available on the remaining contracts, as they are treated separately for access purposes. In the event of a loan or surrender, Ninety One may be required to deduct any accumulated capital gains tax, as a result of fee deductions or switches across all the investor's contracts, from the proceeds.

Q Does the term change if I take a loan?

A loan does not affect the term of a Life Portfolio contract.

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