

Bayo Executive Marketer
Mutual Benefits Life Assurance



Life Insurance vs **Life Assurance**

Financial benefits paid to the survivors
Can cost thousands of dollars/year

Benefits the dead person
Available for FREE to all

Life Insurance provides "for payment of a sum of money to a named beneficiary on the death of the policyholder" (Dictionary.com). Do you own life insurance? It is for your family in the event of your death. But what protects you when you die? Absolutely nothing, unless you have life-assurance. Life-assurance is permanent life and it can't be acquired by human means or effort.

Protecting your future against the risk of loss

Presented By Omotosho Adebayo

Rhetorical Questions

- How much do I want to be worth at retirement?
- How much will it cost to get that desired quality education for my children or business fixed cost? (Set a target year for each level, child or business goals)
- How long do I want to continue working?, When do I need to start up a business? How much will I need as start up Capital?
- Will my pension or back up investments be enough for me at retirement
- Are the risk of my investment on the high side?
- How much will be enough for my family if I die today?

Overview

Answers to what you need, when you need and how to?"

- **Simple Financial Future Planning for yourself, family & children**
- **Adding to your financial worth and protect the future of your beneficiaries and business in case of eventualities**
- **Future: How to increase what you get after retirement (Are you on the right track?)**

Simple Financial Future Planning for yourself, family & children

Your Income

Tithe

Savings

Short-Term Savings

Medium-Term Savings

Long-Term Savings

Investment

Mortgaging, Savings Investment

Capital Projects

Other Contingencies & Miscellaneous/Emergencies



Long Term Saving, the solution to the future

What do I need and What is the right platform?



Current Account: Daily Transactions

Savings Account: Short term savings

Life Assurance and Fixed Deposit: Medium term

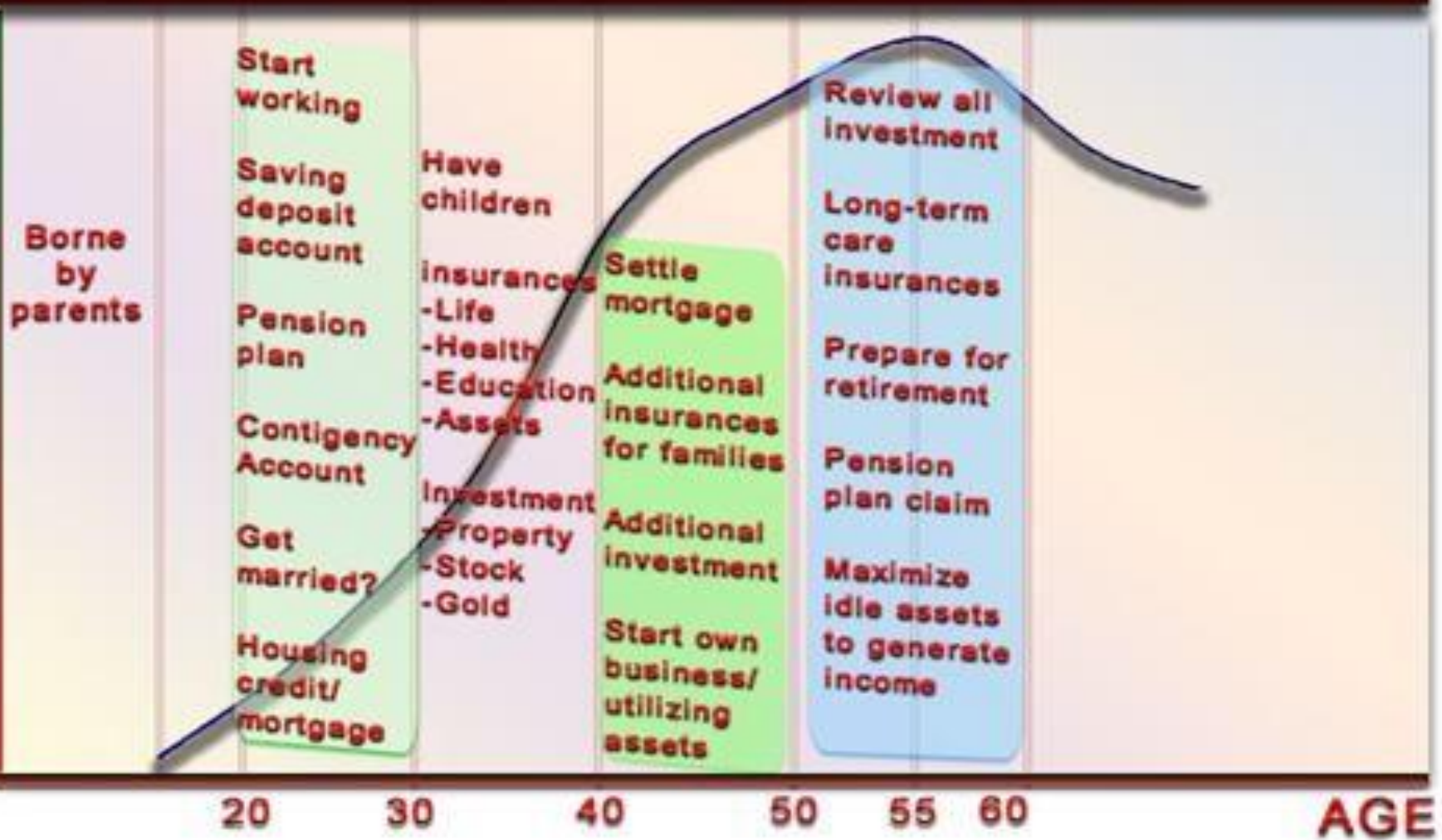
Life Assurance Savings: Long term goals

Investment: ROI

Long Term Needs	Life Assurance	Bank	Pension Funds Administrators	Investments
Uninterrupted savings	Yes	No	Yes	No
Flexibility to save	Yes	Yes	No	Yes
Life Cover	Yes	No	No	No
Tax Rebate	Yes	No	No	No
Discipline Withdrawal	Yes	No	No	No
Ability to mop-up funds	Yes	Yes/No	Yes	No

FINANCIAL LIFE CYCLE

INCOME



AGE

Financial priorities change over time, but a good savings plan lasts a lifetime. I hope the tips I shared in my last mail helped in keeping you on track

It's no secret that your financial priorities change over the course of your life. In your teens you might save for a car, in your 30s you might save for your kids' education, and by your 40s and 50s you're more focused on your retirement. But to achieve any of these goals you need a solid savings plan. One that keeps you on track for your long-term goals, and one that will see you through any economic downturns that may happen along the way.

You can brace up and begin a savings now for your short term, medium term or long term goals

✓ **Long term Goal:**

Children Educational Plan
Individual Savings and Protection Plan

✓ **Medium Term Goal:**

Personal Pension Investment Plan
Mutual Guaranteed Education Plan

✓ **Short Term Goal:**

Bank

} Full life Cover, Tax
Rebate, 7.5 compound
interest annually

Adding to your financial worth and protecting the future of your beneficiaries and business in case of eventualities



Mothers Love



Mothers Dream



Mothers Dies



Child cries =No future



Create a worth
Of
=N=1,000,000
With Just
=N=5,000 yearly

*Get a
Term
Assurance
Today*



Yeall I Got it!!
A Life Assurance is all I need



With
N5,000,
You can worth
N1million naira or get
more if you so desire....

Life Cover:

Term Assurance/WholeLife :

Group Life:

School Fees Guaranteed Plan: is an insurance plan designed to guarantee the continuation of a child's education in the event of the parents not being there to fund their education as a result of death, critical illness or permanent disability

Mortgage term assurance

How to increase what you get after retirement



How to increase what you get after retirement

Who needs this?

- Retirees and employees from ministries (State or Federal)
- Retirees & employees from private organizations having pension scheme;
- Self-employed and artisans that are not covered by pension reform act of 2004.

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MEET MY FRIENDS

AROUND THE TABLE AT THE COFFEE SHOP



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What are the most common ways of providing sustainable income for yourself after retirement



Personal long term savings/investment for yourself, perhaps through a life assurance company or a pension scheme organized by your organization or the government through a pension fund administrator



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...What will you use your money to do?

Start up
a Business

Acquire
Properties

RISK DRIVEN &
UNCERTAINTY



I'll use the
Business man
idea

Investment in
Real Estate or Transportation

Investment Banking
Or Treasury Bills

Things we must always take to cognizance

- Your Health will be too fragile to face business uncertainties and challenges such as: fraud, risk, Economy melt down & disappointments

Remember, this lump sum is your life time savings accumulated over your working years. **You need certainties not uncertainties**

- What Experience do you have in running your new business that could guaranty zero loss
- Stress and worries during retirement is obviously not what you want

Will your pension/savings sustain you till death or which of your investment is not risk involved?

Let's be honest to ourselves, It will never be enough!!

Are you aware you can increase what is paid to you after retirement

with or without adding extra cash

Even though your pension might do, are you aware it doesn't last for a life time. Its just prorated over an expected life time

So what if you live longer?

I'm already retired and earning from my pension. Can I benefit from this knowledge?

Oh Yes!!



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***What the Nigerian Law says
(Section 4, PRA 2015)***



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Section 4 of PRA 2015

A holder of a retirement savings account(RSA) upon retirement or attaining the age 60 years whichever is later, shall utilize the balance standing to the credit of his retirement savings account for the following benefits:

- a. Programmed withdrawals calculated on the basis of an expected life span;*
- b. Annuity for life purchased from a life Insurance company licensed by NAICOM and*
- c. A lump sum from the balance standing to the credit of his RSA: provided that the amount left after the lump sum withdrawal shall be sufficient to procure an Annuity or fund a Programmed withdrawal that will produce an amount not less than 50 percent of his annual remuneration as at the date of his retirement*



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So what options do you have

Annuity

An Annuity is a vehicle that provides lifetime income to a Retiree or Annuitant

Annuities provide financial protection against living too long. They do this by guaranteeing a stream of income for life.

You can pay a lump sum from your investment returns, savings, pension part payment, or convert your pension program withdrawal to buy up an annuity plan & start receiving money immediately

Pension Program withdrawal

A pension plan is a method in which an employee transfers part of his or her current income stream toward retirement income.



At retirement, you can be paid between 25%-50% of your total pension savings at retirement and your balance paid monthly as income not less than 50% of your usual emolument which is called a program withdrawal

So what next? What do I do? Give all or some of my pension to annuity?



Provide investment to enjoy profit on ROI and ensure a steady income

• Increase profits though uncertain

Get Annuity income | Certain |

Why Annuity Package ?

- Regular Income till death
- Transfer of Risks □ Means you don't need to carry the risk yourself of managing the fund in retirement
- With banks all risks are yours, with this package you can peacefully retire.
- Government policies cannot affect your annuity □ Means you can be rest assured to receive your pay cheque as at when due
- It is not directly affected by Capital and Money market fluctuations
- Flexibility designed to guide against inflation
- Designed to help you maintain/sustain the standard of living you were before retirement by getting increased pay compare to your pension



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Make your decisions using this facts & comparisons

Annuity for life	Pension Programmed Withdrawal
Product of Insurance Company	Product of Pension Fund Administrator (PFA)
Pays pension for life	Pays pension over an expected life span
Periodic payment is higher	Periodic payment is lower
Longevity risk is passed to insurance company who pays pension for life	Longevity risk – RSA balance may be exhausted during life time
If the retiree dies within 10yrs of retirement, monthly annuities will be paid up to 10 years to beneficiaries because annuity is guaranteed for minimum of 10 years	If retiree dies within 10yrs of retirement, RSA balance goes to beneficiaries of the deceased as inheritance
If retiree dies after 10years of retirement no inheritance will be passed to beneficiaries	If retiree dies after 10years of retirement RSA balance goes to beneficiaries of the deceased as inheritance
A retiree on Annuity with an Insurance Company can move to another Insurance Company after 2 years	A retiree on Programmed Withdrawal can't move to another PFA
A retiree on annuity with Insurance Company cannot change to Program Withdrawal with PFA	A retiree on Programmed Withdrawal can change to Annuity with Insurance Company
The fund is in the annuity pool with Insurance Company	The Fund is in the RSA of the retiree with PFA

Illustration

Age: 60 Years

Purchase Price :
N10,000,000.00

Year	Benefit
Year 1	N 1,187,110.00
Year 2	N 1,187,110.00
Year 3	N 1,187,110.00
Year 4	N 1,187,110.00
Year 5	N 1,187,110.00
Year 6	N 1,187,110.00
Year 7	N 1,187,110.00
Year 8	N 1,187,110.00
Year 9	N 1,187,110.00
Year 10	N 1,187,110.00

**GUARANTEED
PERIOD**

Annuitant dies in the 4th year,
beneficiaries get balance of
unpaid premium
From year 5-10th year. E.G Year
5,6,7,8,9,10=6yrs account
balance will be paid

Total benefit received by the 10th year = **N 11,871,100.00**

If the annuitant survives the first 10 years, he/she will continue to enjoy this benefit till his/her demise



You can pay a lump sum from your investment returns, savings, pension part payment, or convert your pension program withdrawal to buy up an annuity plan and start receiving money immediately

beneficiary premium performance
portfolio fixed plan time surrender charge split
period certain fixed type 1035 exchange rollover survivor return joint
ANNUITY
life insurance investment
qualified accumulation tax deferred interest
market retirement contract income sell withdrawal
age single premium asset fees money



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FAQ

- Can payment option be changed when an annuitant has already started receiving payment?

Yes

- Can purchase amount be increased/reduced when an annuitant has already started receiving payment ?

Purchase amount can be increased but cannot be reduced when an annuitant has already started receiving payment



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FAQ

- What is the role of the regulator if an insurance company is liquidated?

Protect the interest of the stakeholders and to enforce the contract the insurance company had with clients before the liquidation.

- Who takes over the risks after liquidation?

Naicom will takeover the company and transfer all the contracts to an healthy company

- What will be the fate of the annuitant if the company goes under?

The contract is guaranteed



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THANK YOU

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