

# LIFEPLAN CASE STUDY



## THE CLIENTS

Deepak and Saanvi both aged 35 live and work in Dubai. They have been married for eight years and have two children Rudra aged five, and Prisha aged three. Deepak is a doctor and Saanvi is a self-employed accountant. They have a combined income of USD230,000 per year.

## THEIR PROBLEM

Deepak & Saanvi want to be able to cover their salaries should either or both of them die before their youngest child completes their studies, which they estimate will be around age 25.

They would also like to leave a sum of money to each other on death to help fund living expenses in their senior years, with an additional inheritance to both their children when the last of them eventually passes away.

They are fine with the idea of an investment backed whole of life protection product but don't want to pay for cover once they retire.

## THE SOLUTION

With the help of their adviser, Deepak & Saanvi have decided to invest in a Whole of Life (WOL) protection plan from RL360 as detailed below:

**Product name:** LifePlan

**Payment term:** 22 years (up until their youngest child turns age 25)

**Life cover basis:** Joint life both death (this means two separate policies held within the one plan)



	Deepak's requirements	Saanvi's requirements
Current annual salary	USD150,000	USD80,000
Amount of cover required	USD150,000 x 22 = USD3,300,000	USD80,000 x 22 = USD1,760,000
Primary Life Cover (WOL)	USD750,000	USD750,000
Term Life Cover (22 yrs)	USD2,550,000	USD1,010,000

At the end of the 22 year payment term, their plan will be fully funded; the Term Life Cover will end leaving USD750,000 of Primary Life Cover each on Deepak and Saanvi's lives.

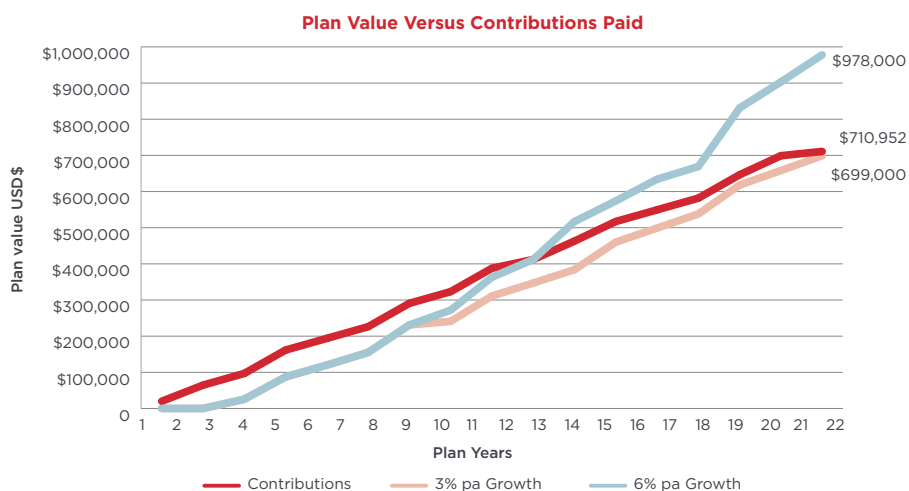
The cost of providing this cover would be USD2,693 per month\*

\*The monthly payment is calculated assuming a growth rate after the deduction of all product and benefit charges of 3% per year.

This equates to USD710,952 paid in over the 22 years however, unlike a non-investment based term protection plan, which may be cheaper but that has no value at the end of the payment term, Deepak & Saanvi will build up value in their plan from the performance of the funds they invest in.

There are no guarantees as to how much their plan value could be however, if it were to grow by a modest 3% pa, the value could be around USD699,000 at the end of the payment term. In this scenario, the difference between the total paid in and the plan value is the equivalent to a monthly payment of about USD50 for a combined total of USD5.6 million of Term and Primary Life Cover.

If their plan grows by 6% pa over the payment term, its value could be in the region of USD978,000, which is USD267,048 more than they paid in, effectively covering the cost of providing cover up until the end of the payment term.



Plan values used in this example are not guaranteed. They are not minimum or maximum amounts; you may get back more or less than this. In practice fund growth is prone to variance and future performance cannot be predicted. Ultimately, what you get back if you cancel your plan will depend on how your investments grow.

### **WHAT HAPPENS AT THE END OF THE PAYMENT TERM?**

At the end of the payment term, Deepak & Saanvi have a few options they can consider:

- 1. Carry on as they intended** - Although they will no longer be contributing into their plan, it will remain invested and continue to grow in line with the performance of the funds they invest in, less the cost of providing USD1.5 million (USD750,000 x 2) of Primary Life Cover and the ongoing product charges.
- 2. Take the money** - If their circumstances have changed and they no longer require the Primary Life Cover, they can cash in the plan.
- 3. Access some of the plan's value** - Depending on the value of their plan, they could withdraw some money however, as LifePlan is designed to provide cover until both lives assured die, any withdrawal could impact its ability to continue to meet the cost of maintaining the Primary Life Cover at the level they require.
- 4. Amend the levels of Primary Life Cover** - Deepak & Saanvi could adjust the levels of Primary Life Cover up\*\* or down to accommodate their personal circumstances if they have changed significantly.

**\*\* Any request to Increase Primary Life Cover will be subject to underwriting acceptance and may require Deepak & Saanvi to start contributing into their plan again.**

Therefore, unlike term protection products that only pay out on death with no value at the end of the cover period if you survive, LifePlan provides you with the cover you need, with the flexibility to access some or all of its value if your circumstances change in the future.

**TALK TO YOUR FINANCIAL ADVISER TODAY ABOUT HOW A LIFEPLAN FROM RL360 COULD HELP YOU AND YOUR FAMILY PLAN FOR THE FUTURE SAFE IN THE KNOWLEDGE THAT SHOULD ANYTHING HAPPEN TO YOU, THEY WILL BE FINANCIALLY SECURE.**