HONEY I'VE SHRUNK OUR PENSION POT

Not to be confused with the 1989 children's comedy, this story line is darker and far more dramatic, yet strangely, is unlikely to receive the green-light from production studios.

The prologue

A young, upcoming project manager (in the oil sector) and his wife arrive in Dubai, about to begin the next chapter of their life together. Seduced by the salary, the climate, the beautifully appointed beach front apartment, and the promise of an early retirement, their future appears on course.

For many years Michael and Antonia enjoy life as if on holiday, attending as many Friday brunches and social events as possible. They are dressed to impress in the season's latest designer-wear and are regulars at many of Dubai's top restaurants.

Soon 2 become 4 as their daughters are born, with Michael and Antonia deciding to remain in Dubai until after their education is completed.

But lurking in the shadows, a silent truth prepares to deprive of them of the future they've taken for granted.

Dramatic pause

- According to the annual National Bonds GCC Savings Index, 65% of residents (locals and expats) do not save any money on a regular basis
- Of those that do save, 45% of all people surveyed save 10% or less of their income
- The reasons why those that save, do, are focused on education fees and retirement

The villainous reveal

Time flies when raising a family and soon their children are attending elite universities. The outgoings have significantly increased year on year but they want to continue to keep up appearances within social circles, so the majority of incoming earnings are fast spent.

Now in their late 40s, the promise of an early retirement at 55 is now nothing more than a pipe dream and Michael and Antonia are left considering how they will pay for things such as their daughters' weddings and a potential move back to the UK. Their concern can now be seen etched into their foreheads.

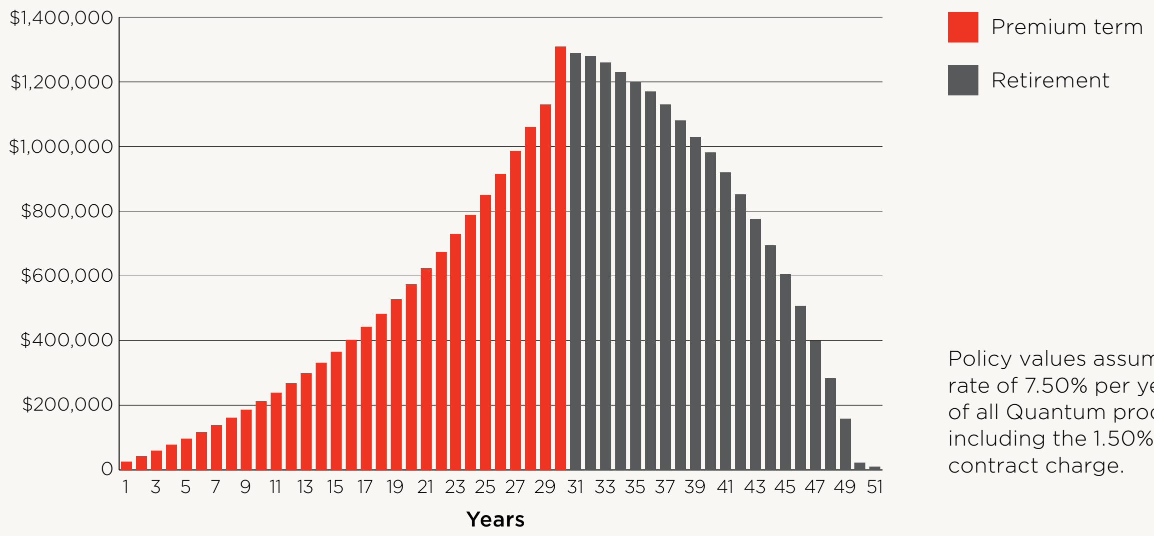
They wonder where they went wrong, what they failed to do and why they didn't take action sooner.

Perhaps we should all ask ourselves this question: "If I want to maintain my current lifestyle in retirement, what must I do today?"

You can count on us

RL 360

Policy values each year assuming a 30 year premium term, with withdrawals at retirement for a further 20 years



Policy values assume a growth rate of 7.50% per year inclusive of all Quantum product charges including the 1.50% per year contract charge.

The heroic fight back

There is no doubting that it is easy to be lured into a lifestyle of free spending, one which can leave little or no disposable income by the end of each month. And it would appear as though this is not the picture of those in the minority, but in fact the majority.

With Michael's earnings potential standing at approximately $9,500 a month, arranging to save 15% of his salary (from age 30) could have helped return $90,000 a year for 20 years in retirement.

As shown in the bar chart above, that would have equated to $1,392 per month for 30 years in order to achieve a potential $7,500 per month over 20 years in retirement.

But there are always options.

Increasing the amount saved per month by 40.4% whilst simultaneously reducing the term by 50% would result in $1,954 per month for 15 years, whilst achieving the same goal.

Or alternatively, $2,608 per month for 10 years could also achieve similar.

Critical reaction

The dark subject matter of this script may be off-putting for some. It tackles head-on our fears of financial insecurity and demonstrates that a failure to plan for the future can result in a bleak outlook. What was once a rose-tinted ideal suddenly becomes a head scratching conundrum.

Despite this, a message of hope remains. Planning for retirement is possible and there are many options which may suit in terms of how much and for how long. The key is to take financial advice sooner rather than later and make a commitment to ensure future prosperity.

Assumptions

The figures provided in this sales aid assume the following:

- no escalation in premiums
- all premiums are paid throughout the selected premium term
- the policy remains in force until the client has reached their chosen retirement age
- the withdrawals would escalate at 3% per year for 20 years

Important notes

For financial advisers only. Not to be distributed to, nor relied on, by retail clients.

For further information, please read the Quantum literature suite available to download from: www.rl360adviser.com/quantum

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