

New generation income protection

Reinventing disability and savings solutions

There are major threats to our income. Becoming disabled during our working life. Becoming impaired during retirement with the resultant expenses putting strain on our savings. Or running out of money and becoming a burden on our children because we are living longer than expected.

Myriad is bringing a new generation income protection solution to the market. We've completely overhauled our Longevity Protector benefits to bring you a solution that will give your clients true peace of mind that their income is protected, not only now, but also during retirement.

Major threats to income

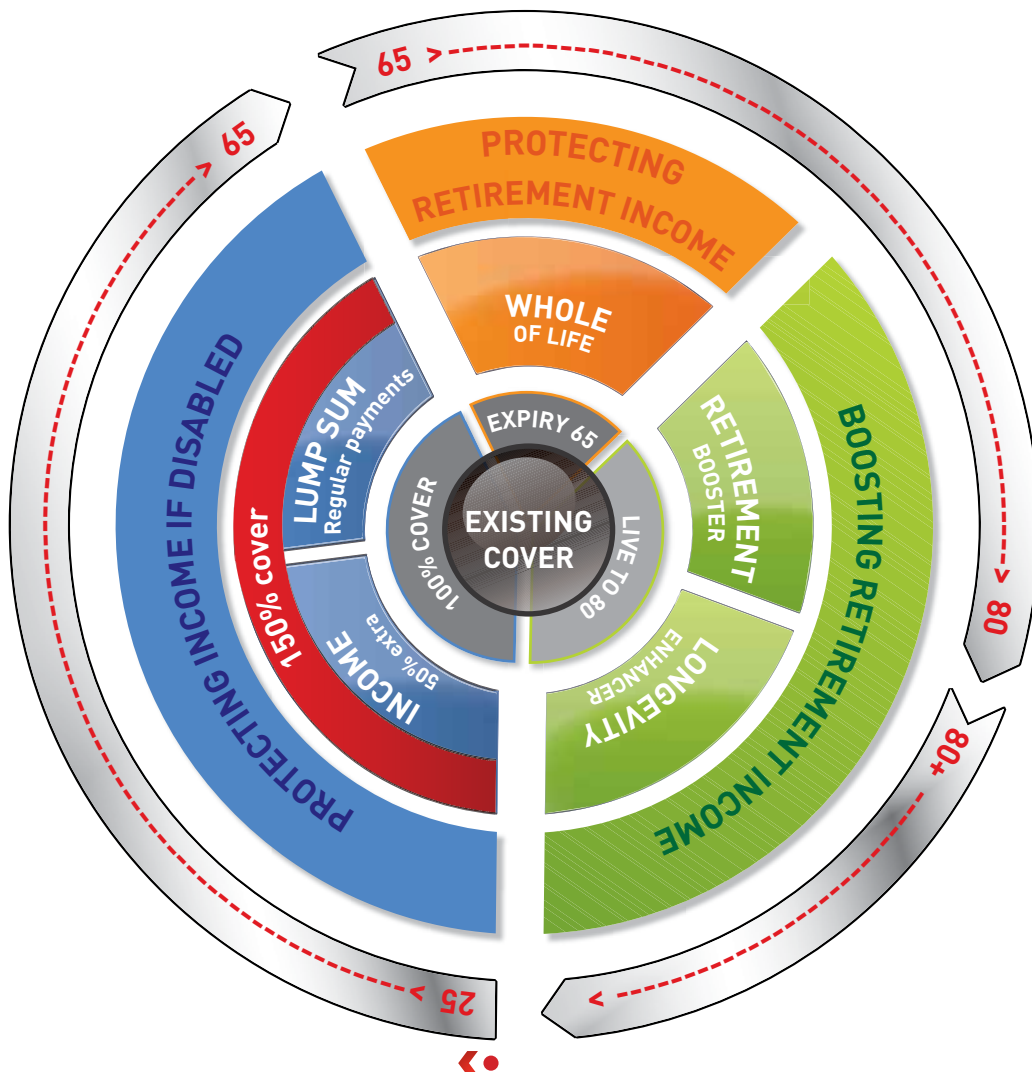
- Disabled during working life
- Impaired during retirement
- Living too long

The Myriad solution

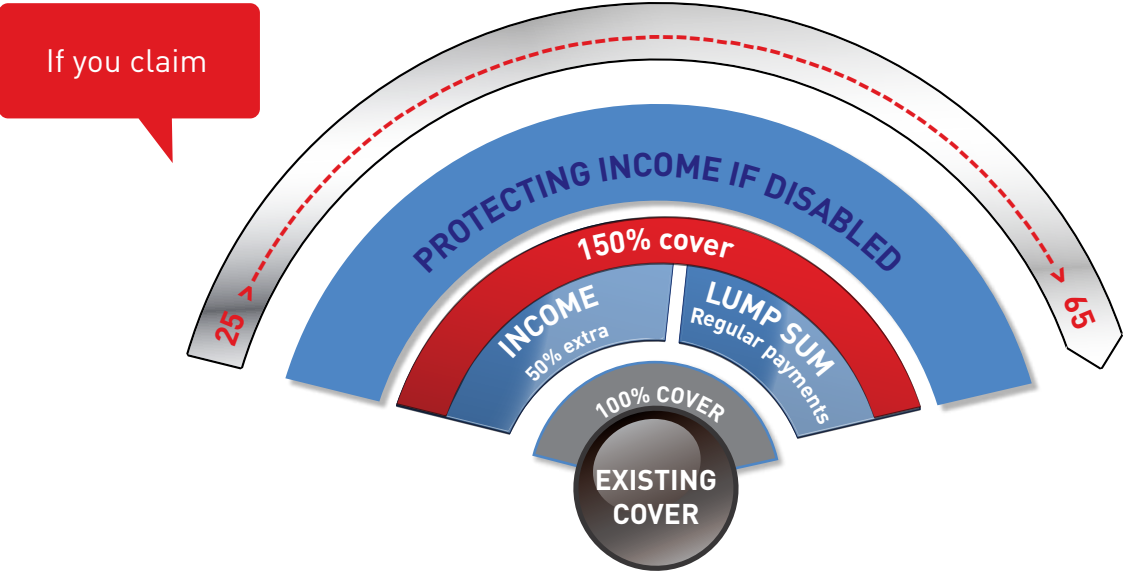
- 150% cover for our typical client
- Whole of life protection
- Payouts for staying alive

Compared to existing solutions that...

- Cover up to 100% of income
- Expire at age 65
- Only pay on death, disability or illness



150% cover: Protection against a long life with a disability



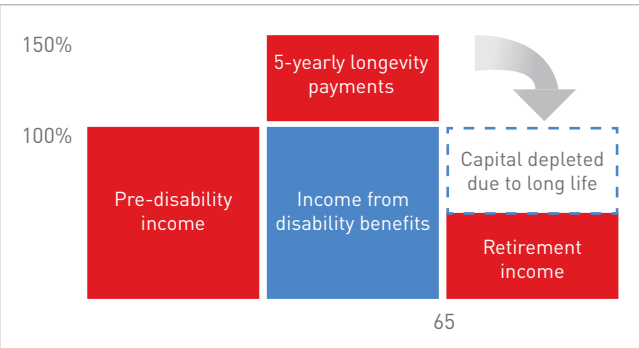
Threat to income

- Disabled during working life
- Medical advances results in long life with disability
- Capital depleted pre-maturely

Cover above 100% addresses longevity risk

Myriad clients receive five-yearly payments over-and-above their normal disability benefit payments.

By paying more than what the client earns now, we help clients stock up for a long life where medical advances are keeping them alive despite their disability.



See case study 6 for how we cover 150% of income.

The Myriad solution

- An Income Protector that pays 50% extra
- A lump sum benefit that keeps paying
- Cover above 100% helps address longevity risk

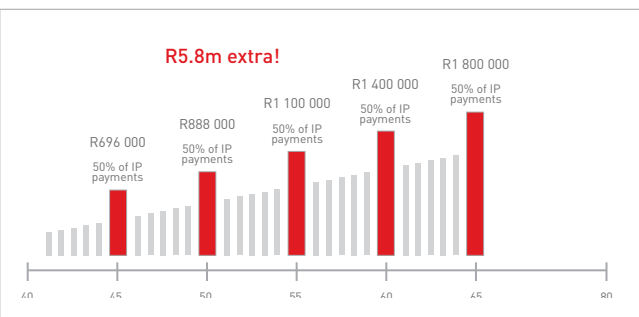
How does the five yearly payments work?

- Income Protector:
 - 50% of the sum of all Income Protector after-tax payments during the preceding five years
- Lump sum benefits:
 - 10% of the benefit amount every five years, increased with inflation
- Payments up to benefit expiry

Claim requirements for longevity payments

- Insured life must qualify for the full benefit amount
- Disability must be total and continuous
- For the following conditions, the 100% impairment criteria must be met:
 - Conditions of the spinal column
 - Mental disorders
 - Chronic fatigue syndrome or similar conditions

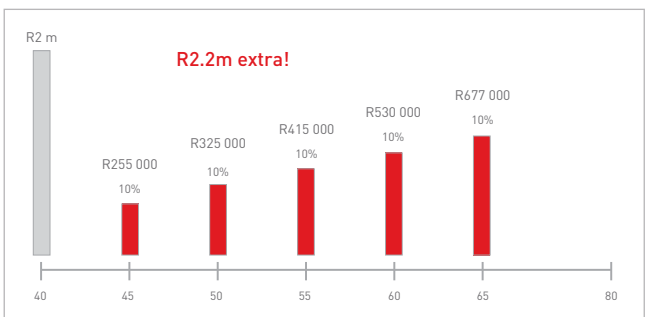
Case study 1: Income Protector – 50% extra!



Assumptions

- 40 year male, non-smoker, R40 000 pm, best rates
- Benefit amount: R30 000 pm, 1 month waiting period, benefit growth 7.5%

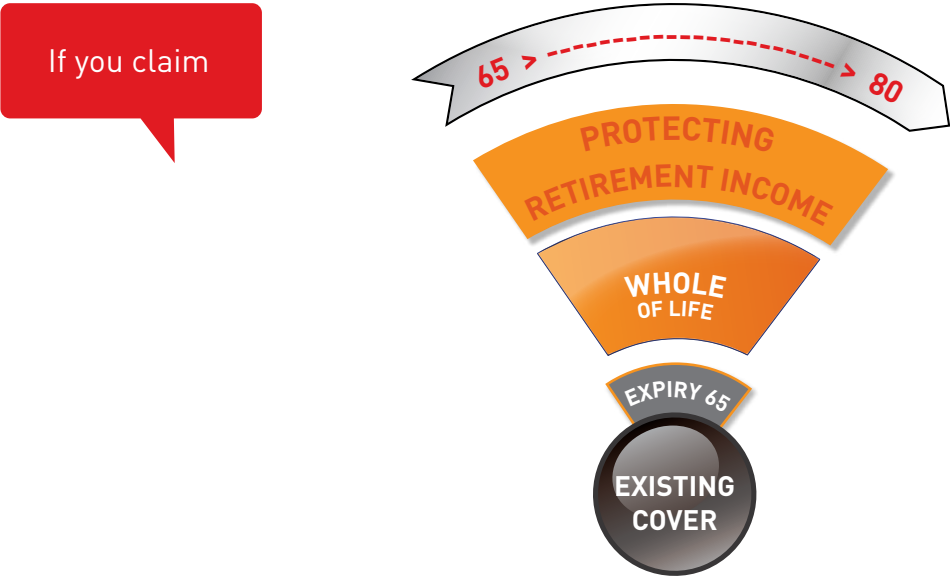
Case study 2: Lump sum disability – regular payments!



Assumptions

- 40 year male, non-smoker, R40 000 pm, best rates
- Benefit amount: R2 million, benefit growth 7.5%

Protecting retirement income: Whole of life protection

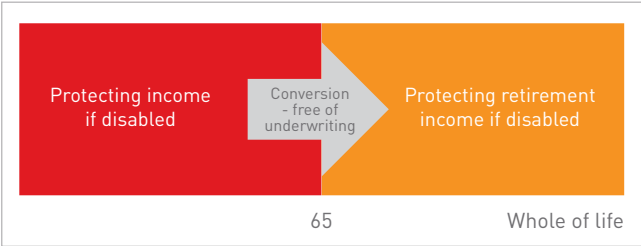


- Threat to income**
- Becoming impaired during retirement
 - Additional expenses eroding retirement savings

Whole of life protection

Protecting one’s retirement income is just as important as one’s income during working life.

Myriad offers a cost-effective, whole of life solution that will protect your clients’ income from being eroded by the cost of living with an impairment.



- The Myriad solution**
- Disability benefits convert to impairment cover at expiry, free of underwriting
 - Monthly income of up to R27 500 for whole of life

How does the conversion work?

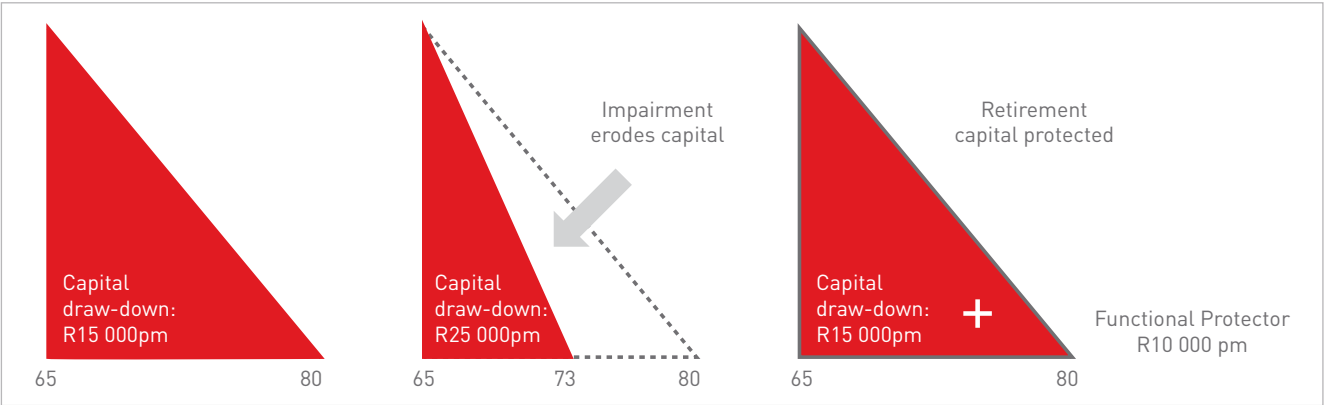
- Disability benefits convert to Functional Protector at expiry, free of underwriting
- The full Income Protector benefit amount can be converted, subject to benefit maximum of the Functional Protector
- The lump sum benefit conversion equals 1% of lump sum per month, again subject to the benefit maximum at the time.
- Conversion is at new business rate at the time

Claim requirements for Functional Protector

- Permanent, severe impairment, for example paraplegia, blindness, loss of hearing and dementia
- Refer to broker guide for more detail

Case study 3: An impairment could halve your retirement capital’s lifespan

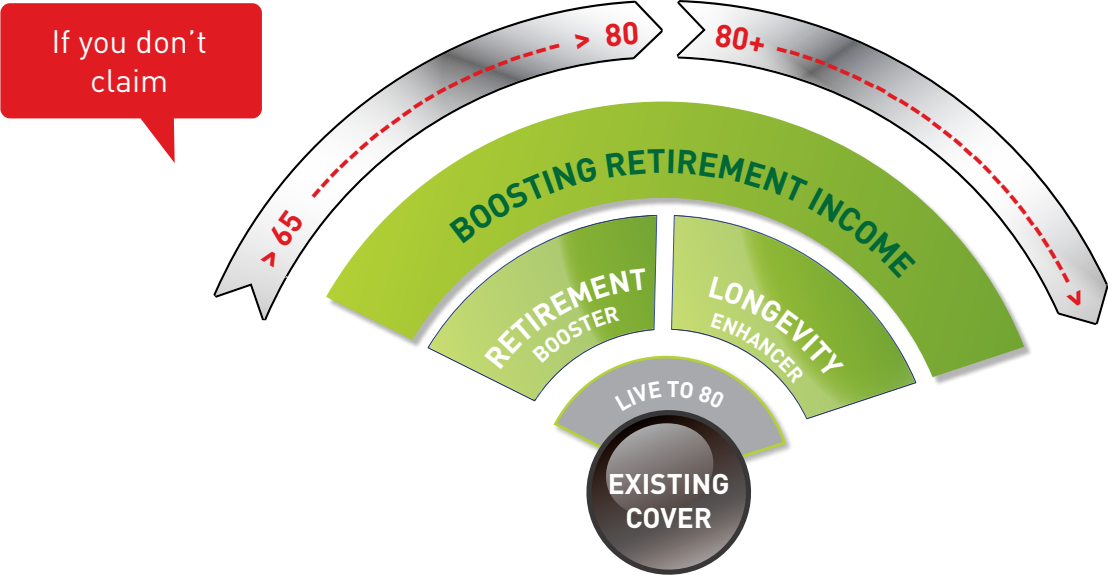
Client age 65 needs R15 000 per month during retirement. His capital is enough to last until age 80.	If he becomes impaired shortly after retirement and incurs an additional expense of R10 000 pm, his capital will only last 8 years.	If he converts his disability benefits to a Functional Protector at retirement, he does not need to fund the cost of impairment through his capital.
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Assumptions

- Net investment return: 8%; Inflation 5%

Boosting retirement income: Protection against living too long



Threat to income

- Medical advances result in increased life expectancy. (80% likelihood of living past age 80, assuming modest life expectancy improvements)
- Planning often only done until age 80
- Risk of outliving retirement capital

Too much life at the end of the money? We've got you covered!

When we retire our capital is in a race against time. We all run the risk of running out of money because we are living longer than expected.

That's why Myriad clients get a significant boost to their retirement savings. First when they retire and again when they reach age 80 – a boost so significant that it should provide them with an income they can live on for another 10 years.



See case study 7 for how we pay 10 years extra income after age 80.

The Myriad solution

- Between 30% and 45% of risk premiums back at retirement
- Significant payout at age 80 simply for staying alive

How does the Retirement Booster work?

- Client must keep Myriad and qualifying Momentum retirement annuity to retirement
- At retirement, client receives portion of risk premiums back tax free, whether they've claimed or not
- Longevity Protector triples Retirement Booster

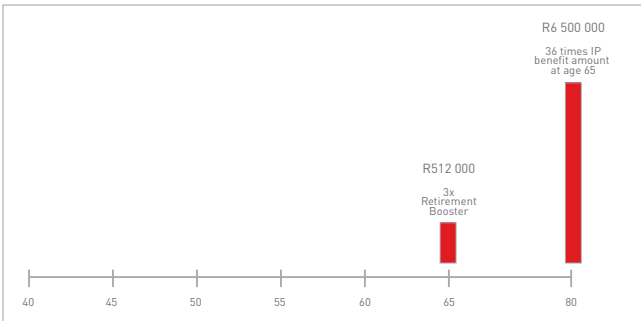
How does the Longevity Enhancer work?

- Income Protector:
 - 36 times the final benefit amount at age 80
- Lump sum benefits:
 - 20% of the benefit amount at expiry paid at age 80

Claim requirements for the Longevity Enhancer

- Income Protector:
 - Reach age 80 without claiming for longer than two years
- Lump sum benefits:
 - Reach age 80 without claiming
- Must convert benefits to Functional Protector at expiry (free of underwriting) and keep it in force to age 80

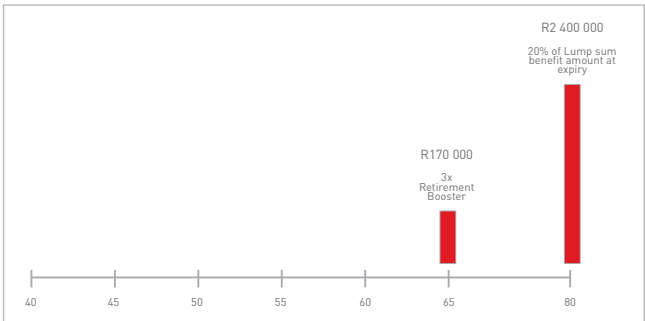
Case study 4: Income Protector boost



Assumptions

- 40 year male, non-smoker, R40 000 pm, best rates
- Benefit amount: R30 000 pm, 1 month waiting period, benefit growth 7.5%

Case study 5: Lump sum disability boost



Assumptions

- 40 year male, non-smoker, R40 000 pm, best rates
- Benefit amount: R2 million, benefit growth 7.5%

How we cover 150% of a client's income

Case study 6:

This case study shows how a client earning R40 000 pm can get R60 000 pm during disability by adding the Longevity Protectors to his disability benefits.

It is assumed that the client starts by covering 100% of his income through the combination of an Income Protector and lump sum disability benefit. By adding the Longevity Protectors, the client is effectively covering 150% of his income.



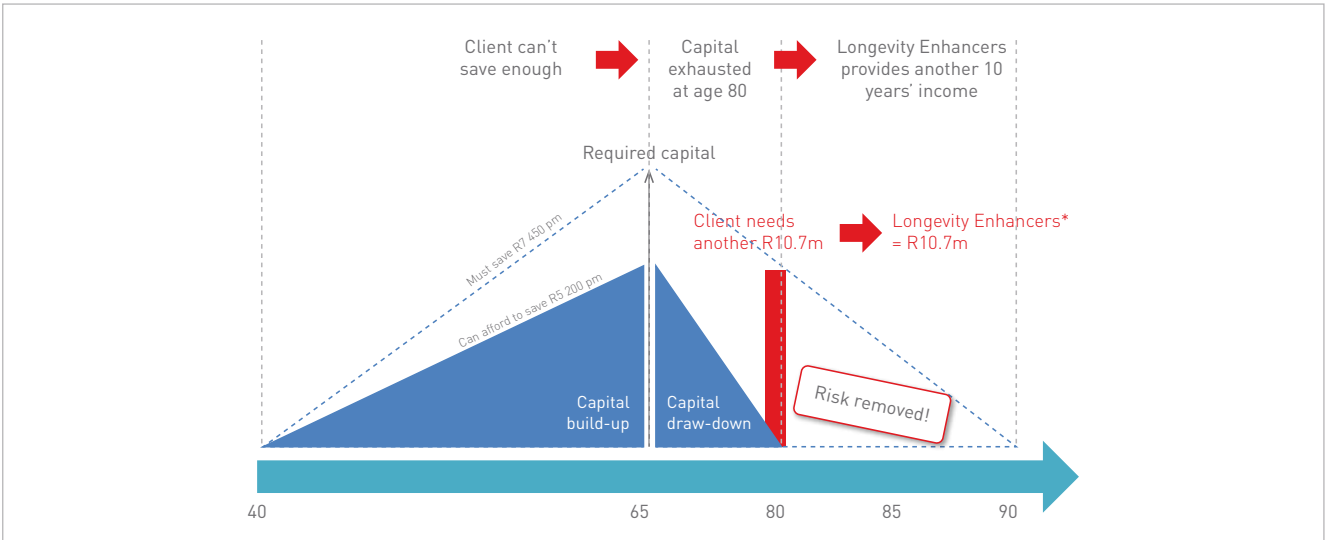
Assumptions

- Client earns R40 000 pm. Disabled at age 40. Benefit expiry age 65
- Benefit growth ignored to simplify case study
- R2 million and R1 million sufficient to generate an income of R10 000 pm and R5 000 pm respectively, assuming a net return of 8% and inflation of 5%.
- *Longevity payments are tax free. The actual payment has been grossed up with tax (assuming a 30% tax rate) to produce an equivalent comparison with the Income Protector payment, which is taxable.

How we pay 10 years extra income after age 80

Case study 7:

In this case study the client aims for an income of R15 000 pm during retirement. Based on what he can afford to save, his capital will be exhausted at age 80. Should he live to age 90, he will have a shortfall of R10.7 million, which is exactly what the combined Longevity Enhancers will pay out.



Assumptions

- 40 year male, earns R40 000 pm. Aims for R15 000 pm during retirement
- Net investment return: 8%; Inflation: 5%
- Critical illness benefit: R500 000. Benefit growth 7.5%

*Includes Longevity Enhancers from case studies 4 and 5, as well as R1.8 million from Longevity Protector – Critical Illness.

Longevity Protector value proposition

After seeing everything the Longevity Protectors do, you must think that it must be very expensive. The good news is that it is surprisingly affordable.

The table below shows that the total premium only increases by about 12% after the guaranteed Momentum Interactive discount is taken into account.

Case study 8 shows how incredibly cost-effective our new generation solution is as a savings vehicle.

How much does it cost?

	Without Longevity Protector	With Longevity Protector	After 7.5% guaranteed discount
Lump sum disability	R373	R453	R419
Income Protector	R632	R754	R697
Total	R1 005	R1 207	R 1 116

Assumptions

- 40 year male, non-smoker, R40 000 pm, best rates
- Income Protector: R30 000 pm, Lump sum benefit: R2 million
- Income Protector: 5% compulsory; lump sum benefit: 3% compulsory
- Benefit increase: 7.5%

Highlights

- Income Protector pays 50% extra!
- Lump sum benefit keeps paying!
- Whole of life protection!
- Triple Retirement Booster!
- Disability cover that gives cash back if you didn't claim! Enough to give you an income you can live on for 10 years after age 80!

Case study 8:

What will it cost you to have an income after 80?

R924 vs R229

R924 = what you have to save to receive an income of R15 000 pm from age 80 to 90

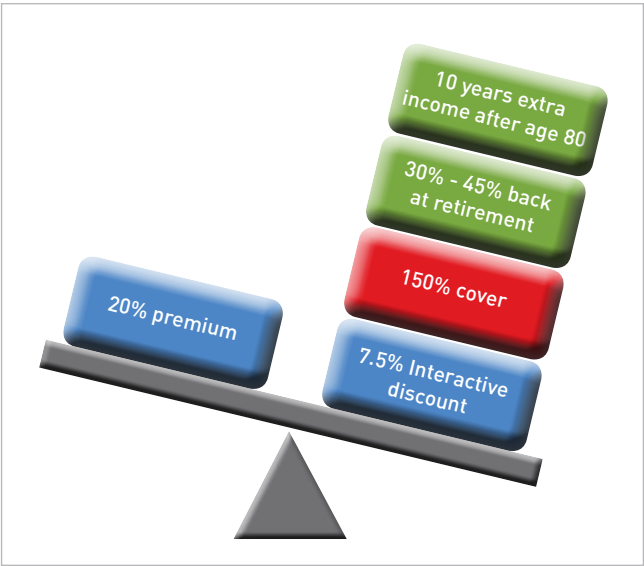
R229 = the total cost of the Longevity Protectors that will give you the same income, plus risk protection

4 times more cost-efficient!

Assumptions

- 40 year old client wants an income of R15 000 pm from age 80 to age 90 (see case study 7). Net investment return 8%; Inflation: 5%
- He saves from age 40 to age 65
- Savings of R924 pm increase at the same rate as the total increase of the Longevity Protector premiums (12.9% per year including benefit growth). If it increased at 5%, as per case study 7, the required saving would be R2 250 pm
- Insurance premium includes premiums of all three Longevity Protectors (Income Protector, Disability and Critical Illness)
- Income Protector and Disability premiums based on assumptions under the table above
- Critical Illness premium based on a critical illness benefit of R500 000, level premium, benefit growth 7.5%

Value proposition



50% more cover. Saving multiplied by four.
At a cost of 12.5%

Summary of Myriad Longevity Protectors

	Income Protector	Lump sum disability	Critical Illness
5-yearly longevity payment	50% of IP payment	10% of lump sum	10% of lump sum
Longevity Enhancer at age 80	36 times final monthly benefit	20% of lump sum	20% of lump sum
Retirement Booster	3 X	3 X	3 X
Guaranteed Interactive discount	7.5%	7.5%	7.5%

Note: We have made no changes to the Longevity Protector – Critical Illness

Why none of your clients can do without Myriad's Longevity Protectors

- Peace of mind that your clients will have an income if medical advances keep them alive for a long time after becoming disabled or critically ill.
- 30% - 45% of premiums back at retirement.
- Peace of mind that if they didn't claim, they'll have an income after age 80 to live on for another 10 years. And not be a burden on their children!