

## **PRESS RELEASE**

### **Revolutionising Retirement**

Lifetime Income products are now available in New Zealand, signaling a significant development for the retirement sector.

The fresh approach taken by Retirement Income Group overcomes the historical problems associated with old annuities offered in New Zealand, which suffered from inflexibility, poor tax treatment, low returns and high costs.

The Lifetime Income fund converts retirement savings into a regular fortnightly income, which remains at the same level regardless of market movements and will last the life of the investor.

The investor can remain with the fund as long as they wish or they can redeem their investment, less withdrawals, at any time.

Chairperson Diana Crossan said,

“ Over the next 15 years, 500,000 KiwiSavers will reach 65 and most will live for another 25 years, the combined value of their savings is estimated be as much as \$40b.

New Zealanders face important financial decisions about their retirement savings to ensure they won't outlive the savings they worked hard to accumulate.

Modern retirement income options that can be relied upon, and at the same time are flexible enough to change as retirement needs change, are a key step to achieving a quality retirement.”

Managing Director, Ralph Stewart said, “We've taken a proven international concept and adapted it to meet the needs of New Zealand's retirement community.

Our retirement savings solution converts retirement savings into a regular reliable income which will continue for the investor's lifetime. Any account balance remaining in the fund on death is returned to the estate,

The fund combines managed fund and life insurance principles, creating a simple and transparent retirement income option for the growing number of New Zealanders entering retirement.

The fund is licenced by the Reserve Bank of New Zealand and registered with the Financial Markets Authority.”

## QUESTION & ANSWERS

**Q What is Lifetime Income?**

A The technical term for Lifetime Income is a variable annuity with Lifetime withdrawal benefits. Retirement savings are invested in balanced PIE Fund similar to a conservative KiwiSaver Fund. Investors draw down on their retirement savings and earnings by a fixed amount. When all the savings are drawn down the fund continues to pay the same fixed amount or income for as long as the investor lives.

**Q How much income will investors receive?**

A Annual income which is paid fortnightly or monthly is based on the age of the investor when they join. The Lifetime Income rates, which are tax paid, are:

Age 65-69	5.00%
Age 70-74	5.50%
Age 75-79	6.00%
Age 80-85	6.50%

**Q Who invests the funds?**

A All funds are overseen by the Public Trust. The investment strategy is balanced conservative. The funds are invested with Vanguard, NZX, Harbour and the ANZ.

**Q What is the tax status of the funds?**

A All income paid to the investors is tax paid. The fund has a binding ruling from the Inland Revenue Department. Investment earnings are taxed at the investors individual marginal tax rate (PIE) and paid directly by the fund.

**Q Can investors cancel their investment?**

A Investors can withdraw all their retirement savings less their withdrawals and any fees and taxes applicable, at any time. Investors can withdraw 20% of their original investment at any time and maintain the lifetime income guarantee (partially reduced to reflect their withdrawal).

**Q What happens when an investor dies?**

A If the investors Lifetime Income Account has a balance on death this is automatically paid to their estate. If their account has been drawn down to zero and their income is being paid by reserves from the fund, these payments will cease.

**Q Who regulates the fund?**

**A** The fund is regulated by both the Financial Markets Authority and the Reserve Bank of New Zealand. Only licenced insurers can offer Lifetime Income Products in New Zealand and must comply with the Insurance (prudential supervision) Act 2010. The Reserve Bank of New Zealand issued a solvency standard for issuers of lifetime income products in April 2015 and must pre-approve all providers. Lifetime Income Limited is the only approved provider of Lifetime Income Products in New Zealand.

**Q Is there a commission paid to Financial Advisers?**

**A** The Retirement Income Group can pay an Authorised Financial Advisers up to 1 5<sup>th</sup> of 1 per cent (0.20%) p.a. of the account value for as long the fund remains invested.

**Resources**

- More information about the fund can be found at [lifetimeincome.co.nz](http://lifetimeincome.co.nz).
- Short introductory video available at [lifetimeincome.co.nz](http://lifetimeincome.co.nz)
- Investment statement available at [lifetimeincome.co.nz](http://lifetimeincome.co.nz)

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