

Have you made your New Year resolutions?



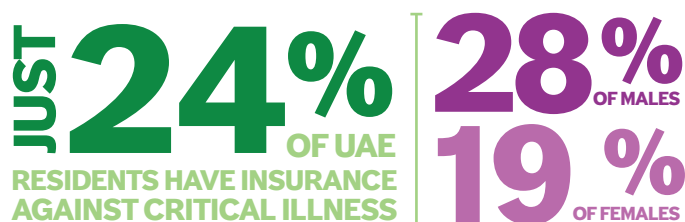
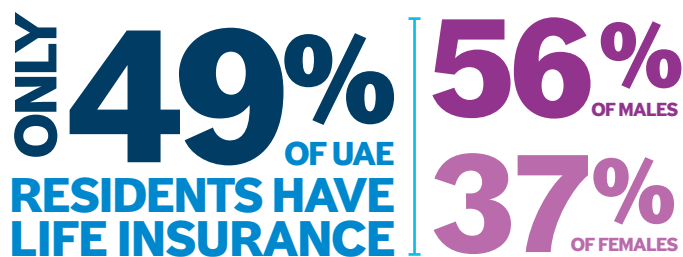
Every New Year, people around the world resolve to make changes to their lifestyle – things like stopping smoking, drinking less alcohol, exercising more...

Others decide to get to grips with their finances and to get their financial house in order.

At Friends Provident International (FPI), we recognise that making a long-term commitment to saving for your future, investing for your retirement and protecting the things you value most is not easy. But it is important that you act sooner rather than later, as the longer you delay making appropriate provision, the more it will cost you.

Here we have listed a few financial resolutions for you to consider for the New Year.

Our research* shows that...



ONE THIRD OF RESPONDENTS THINK THAT CRITICAL ILLNESS IS PROVIDED BY THEIR EMPLOYER



(which suggests they are confusing their medical cover with critical illness insurance).

In 2019 you should resolve to...

Understand the importance of protection

As our research shows, less than half the UAE population has life insurance and less than a quarter has protection against a serious illness. While no one likes to think about dying - or becoming seriously ill – you need to consider the implications for your family if you were no longer around to provide for them, or if you were unable to work following a serious illness.

FPI's **International Protector Middle East** term assurance plan can provide the financial security you and your family need.

When you are young, fit and healthy, there are often fewer risk factors to consider; so protection is likely to be at a lower cost and easier to arrange. As you get older your potential risk factors increase and consequently your premiums are likely to be higher. In addition, underwriting requirements change as you age, which means more details of your health may be required before life cover can be approved. The following example illustrates the cost implications of delaying taking steps to protect yourself and your family.**

- **Customer A** took out **USD500,000** life cover by arranging an **International Protector Middle East** plan at the age of 30, to run until he is 60. His premiums are guaranteed to be **USD58.70** a month throughout the cover term, regardless of any adverse changes to his health or changes in his lifestyle, residence or occupation.
- **Customer B** is the same age as Customer A, and decided to delay taking out cover until he was 40, to run for a 20 year term until he is aged 60, also for **USD500,000**. Customer B's premium is **USD79.49** – more than **USD20** per month more than Customer A's premium. And that assumes there have been no adverse changes to his health in the intervening years.

Granted, Customer B will pay less overall for his cover, as he has 10 years fewer premiums to pay. However, he is missing out on cover for 10 years between the ages of 30 and 40. The difference in premium over the 30 year period amounts to just **USD5.70** per month – about the same as a single cup of coffee.

You need to ask yourself whether it's worth delaying arranging cover when the cost of delay could be more than just an increased premium, it could be your family's future.

*Research by YouGov among 1003 UAE residents on behalf of FPI, between 16 and 22 July 2018.

**Example quoted assumes that Customer A and Customer B are insurable at standard rates for Indian and Western expatriates on FPI's International Protector Middle East plan.

Think about your life in retirement

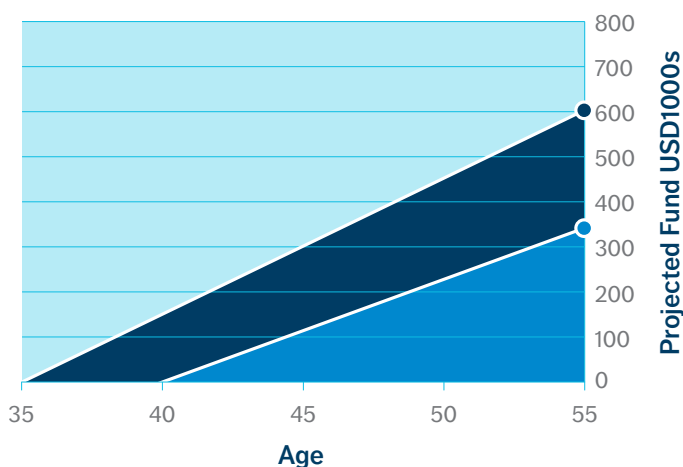
While you may not have considered life after work, and retirement may seem to be many years away, with no formal retirement scheme for expatriates living and working in the UAE, it is important that you take personal responsibility for funding your golden years.

There are a couple of ways you can achieve this:

Save regularly

Having established your goals, getting started can often be the most difficult part of the saving process. Putting off doing today what you can do tomorrow is a trap that's so easy to fall into. But, believe it or not, the earlier you start saving regularly, the more cost effective the savings process will be. Delaying the process, even for a short period of time could have a substantial effect on the final fund value, as you can see from the illustration below.

The figures show the potential difference in returns between **Customer X** who starts saving at age 35 and **Customer Y** who starts at age 40. Both are investing **USD1,000** a month to age 55 in a FPI **Premier Advance** savings plan. While Customer Y will save **USD60,000** in contributions, by delaying starting to save for just five years they could lose out on more than three times that amount (**USD201,537**) in final fund value.



This illustration assumes a monthly contribution of USD1,000 in a Premier Advance savings plan for terms of 15 and 20 years, assuming growth of 9% pa.

Saving regularly, on a monthly, quarterly or annual basis is usually the most affordable way of achieving your savings goals, be that retirement, education planning or simply saving for a rainy day. Another advantage of making regular savings is unit cost averaging. This means that you avoid the peaks and troughs of investment markets, which are smoothed out over the longer term meaning the impact on your savings is minimised.

With FPI's **Premier Advance** plan you have a choice of currencies, and a range of almost 200 investment funds – suitable for any investment philosophy – to choose from.

Invest a lump sum

If you have already accumulated a lump sum, you should consider investing in FPI's **Reserve** Portfolio Bond. This is an open-architecture investment bond that offers access to an almost unlimited range of investments including stocks and shares, bonds, commodities, alternatives and mutual funds around the world.

In fact, through **Reserve**, you can access most investments available on a recognised exchange, meaning portfolio construction can be tailored to your investment philosophy in terms of your attitude to risk and your investment time horizon, as well as any currency or geographical preferences. Coupled with the bond's flexibility and charging options, an investment in Reserve can be easily optimised to meet your retirement planning needs.

Whatever you resolve to do in 2019, no matter how dull it may seem, make financial resolutions a priority.

Whether investing for your future, or protecting the things that matter to you, the sooner you start to make arrangements the sooner you will have the satisfaction of knowing your financial future is taken care of.

And that will make for a very Happy New Year!

Speak with your financial adviser to find out more about how FPI can help you to secure your future and achieve financial peace of mind in 2019.

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