

High Net Worth (HNW) Solutions

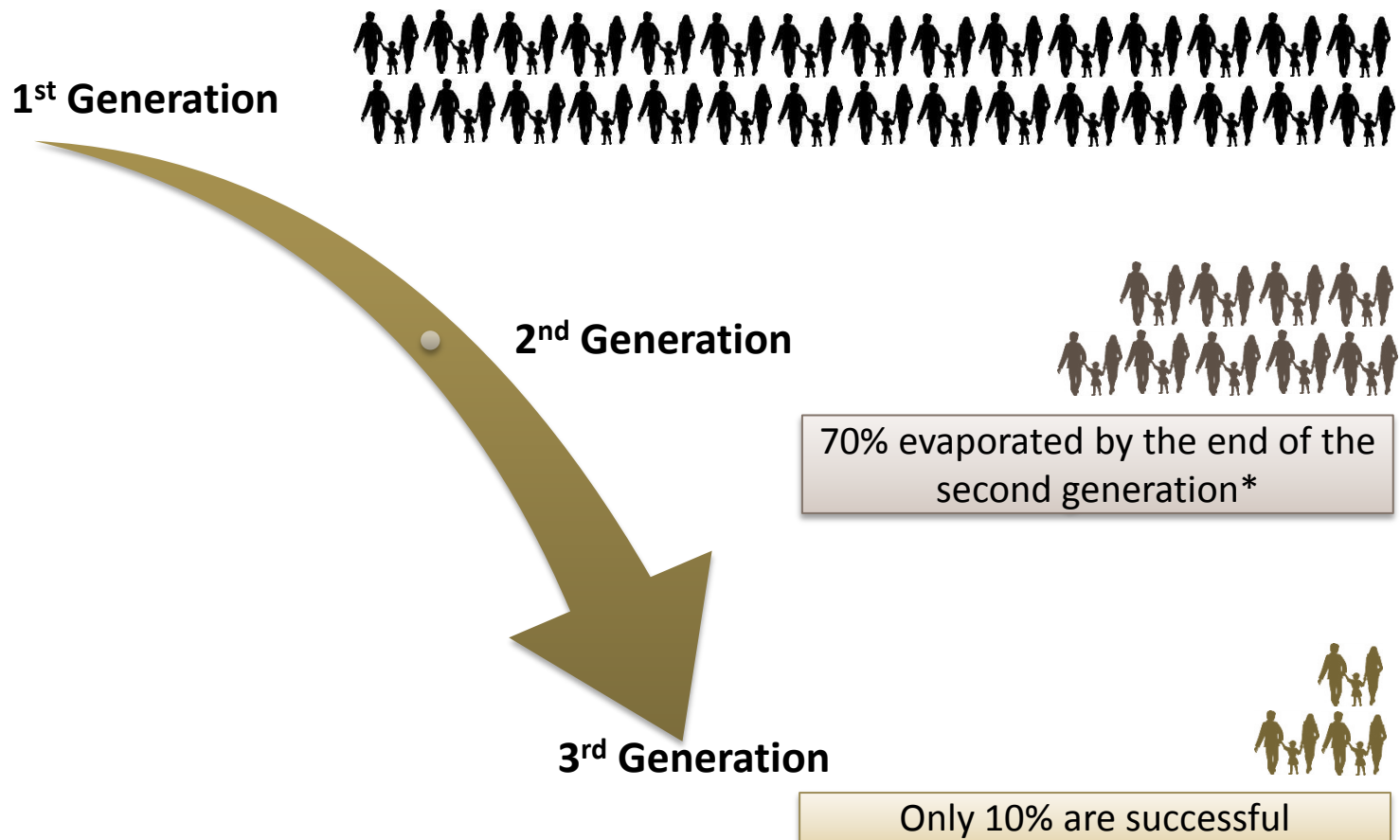


AGENDA

- WEALTH DISTRIBUTION ACROSS GENERATIONS
- WHAT'S IN THE MIND OF HNWI INDIVIDUALS
 - LEGACY & RETIREMENT PLANNING: EXAMPLE
 - INHERITANCE EQUALIZATION: EXAMPLE
- STRATEGIES & TOOLS IN SUCCESSION PLANNING
- INNOVATIVE FUNDING SOLUTIONS
 - PREMIUM FINANCING
 - INVESTMENT PORTFOLIO & PREMIUM FINANCING

WHAT DOES THE WORD LEGACY MEAN TO YOU?

WEALTH DISTRIBUTION ACROSS GENERATIONS



Source – The Wall Street Journal “Lost Inheritance”

WHAT'S IN THE MIND OF HNW INDIVIDUALS?



Making More Money!

Spending Money!

Legacy Planning & Retirement Planning

To protect wealth and to provide future financial security of their family in a cost effective way

Inheritance Equalization

To consider inherit different asset types to family members, particularly those with family business who have active and inactive members

Charitable Giving

To provide charitable donation and to ensure goals are met in efficient manner

Succession Planning - Business

LEGACY & RETIREMENT PLANNING: EXAMPLE

Increase of US\$4,000,000!

**Enjoy More
Today!**



**Existing portfolio
US\$10,000,000**

**Reserve for retirement
US\$4,000,000**

**Amount of legacy for elder son
US\$3,000,000**

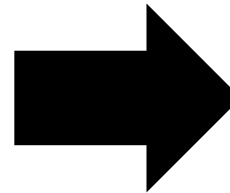
**Amount of legacy for younger son
US\$3,000,000**



**New portfolio
US\$14,000,000**

- Take out an insurance policy
US\$6,000,000,
- Premium is US\$2,000,000
- Beneficiaries are TWO sons

**Reserve for retirement
US\$8,000,000**



WHAT'S IN THE MIND OF HNW INDIVIDUALS?



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Succession Planning - Business

INHERITANCE EQUALIZATION: EXAMPLE

- Provides liquidity for division of estate
- Avoid sell-out of business
- Ensure smooth succession of business
- Treat all children fairly, to prevent conflict



Asset USD 12m

USD 2m - Daughter

USD 6m
Business - Son

USD 4m
Retirement Expenses

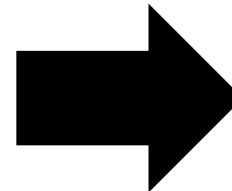


Asset USD 16m

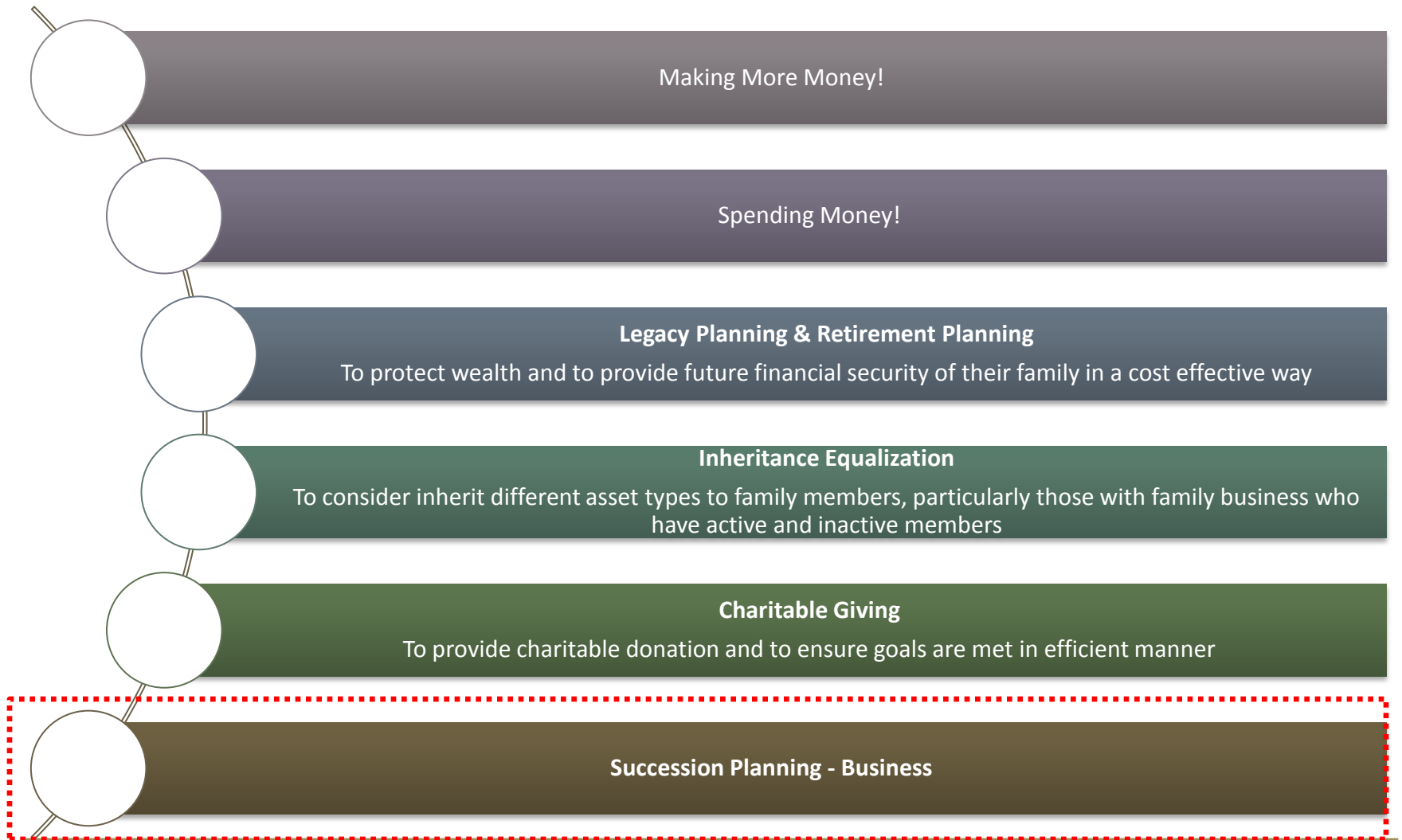
Take out an insurance policy
US\$6,000,000,
Premium is US\$2,000,0000

Son inherits USD6M
Business

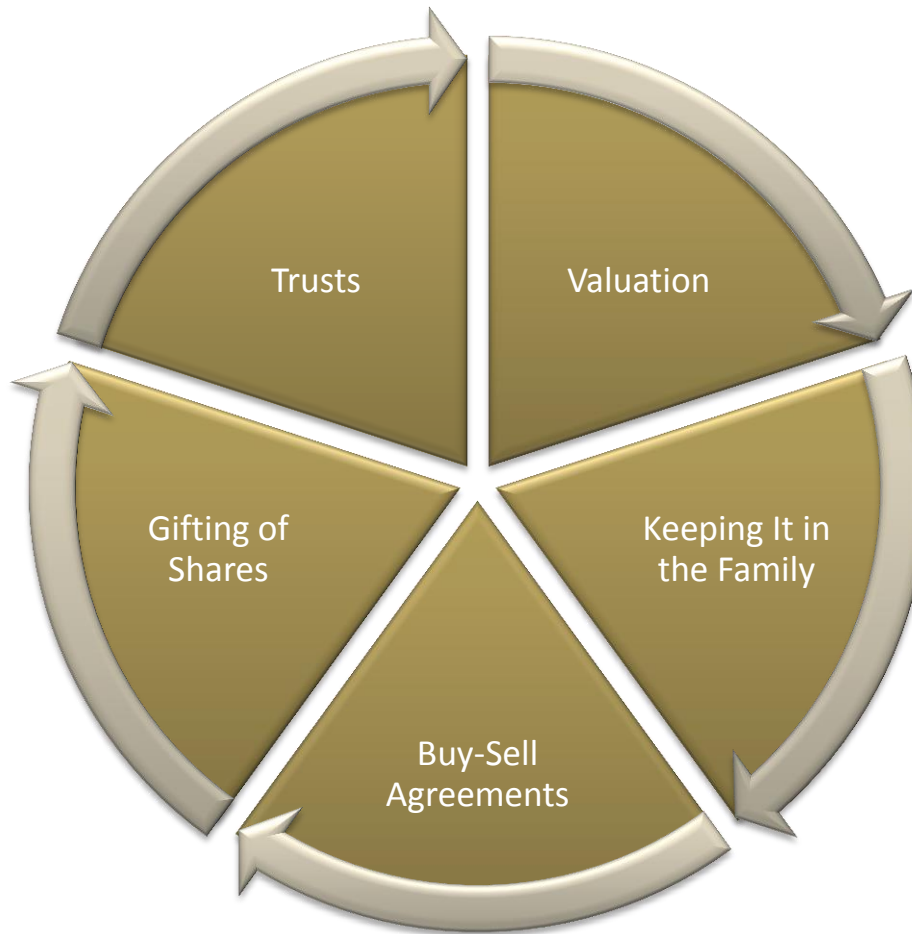
USD 4m
Retirement Expenses



WHAT'S IN THE MIND OF HNW INDIVIDUALS?

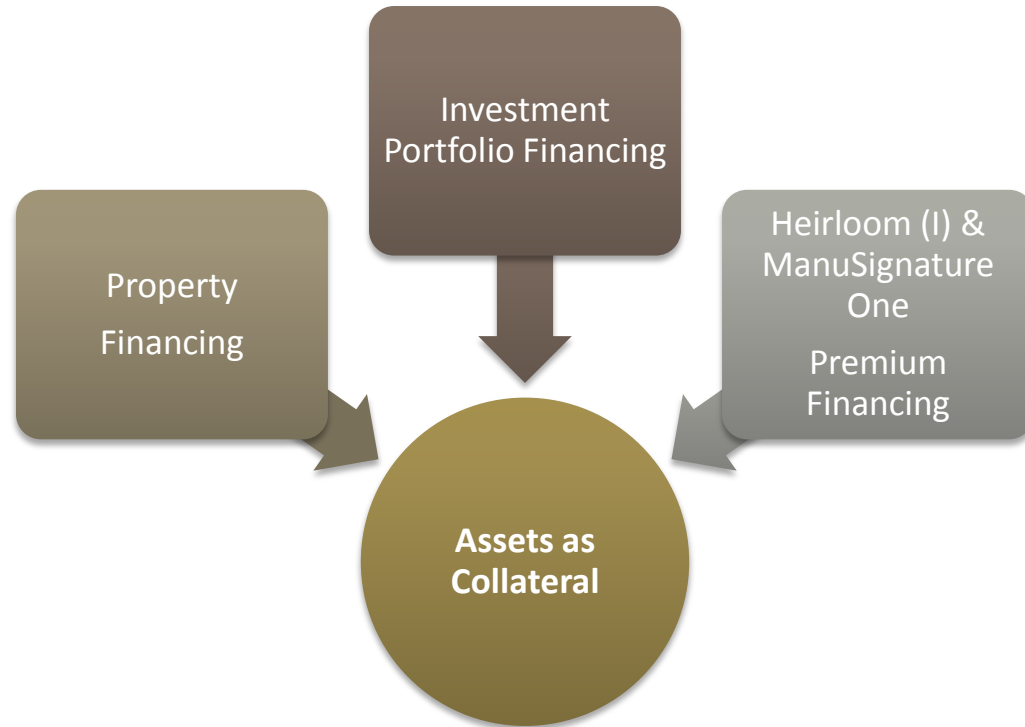


STRATEGIES & TOOLS IN SUCCESSION PLANNING



INNOVATIVE FUNDING SOLUTIONS

- Traditional Methods involve paying premiums in full
 - However there are options for clients to explore financing opportunities with different private banks using various assets (subject to the bank's terms & conditions)



PREMIUM FINANCING



Bank Loans 90% of First Day Surrender Value

- USD1,224,000 @ 1.5% p.a. (Cost of Interest)
- USD18,360 p.a. (Estimated Interest Costs)



Universal Life Policy

- Premium = USD1.7M
- Coverage = USD5M



Remaining Balance of Premium to be paid by Client

- Premium – Loan Amount
- = USD1.7M – USD1,224,000
- = USD476,000

INVESTMENT PORTFOLIO & PREMIUM FINANCING

Summary

- Interests Costs = USD25,500 p.a.
- Net Gain = USD19,500 p.a.

Bank Loans 90% of First Day Surrender Value

- USD1,224,000 @ 1.5% p.a. (Cost of Interest)
- USD18,360 p.a. (Estimated Interest Costs)

Account Opening

- Amount = USD1M



Universal Life Policy

- Premium = USD1.7M
- Coverage = USD5M



USD 1M Bond Portfolio (OTC)

- Overdraft of USD476,000 @ 1.5% p.a.
- USD7,140 p.a. (Estimated Interest Costs)
- USD45,000 Coupon @ 4.5%



Remaining Balance of Premium

- Premium – Loan Amount
- = USD1.7M – USD1,224,000
- = USD476,000




Premium Financing



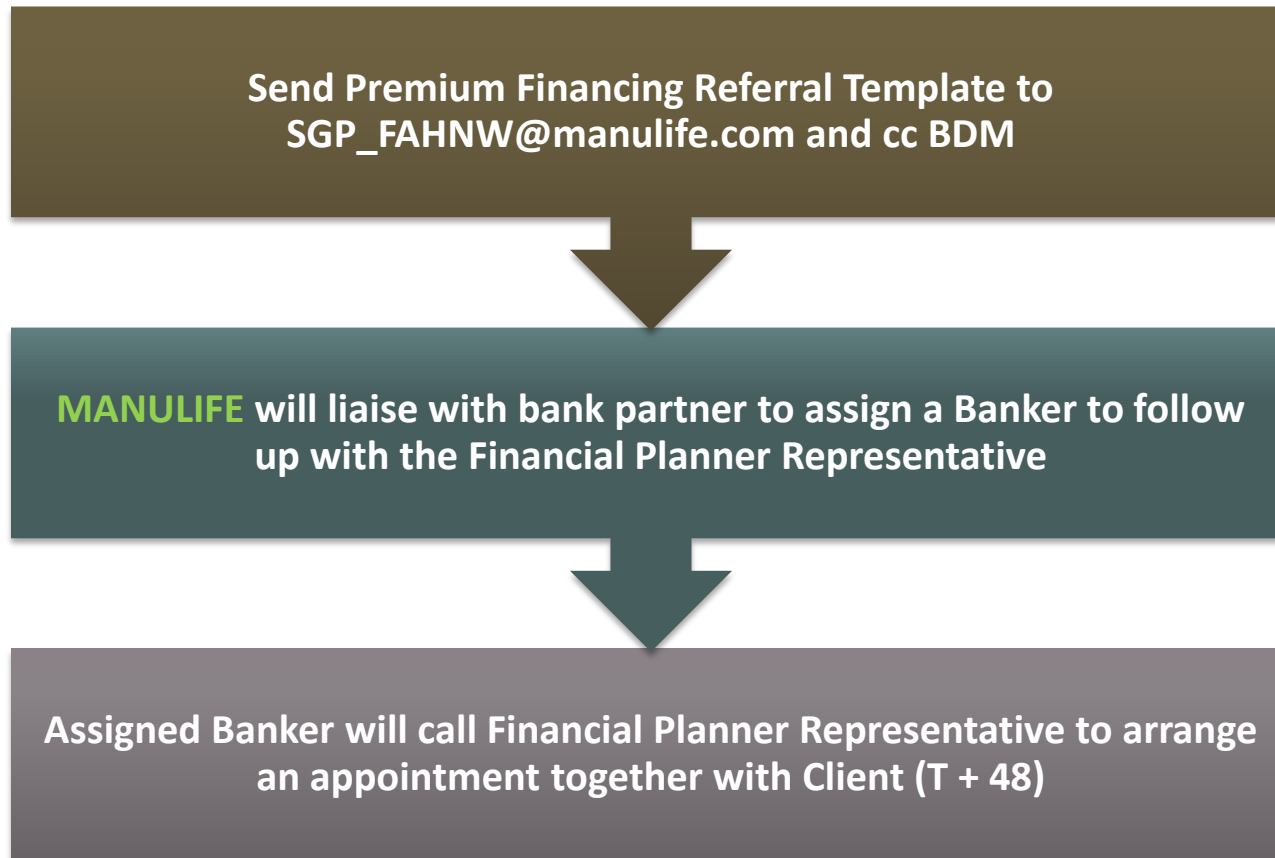
AGENDA

- PREMIUM FINANCING BANK PARTNERS
- PREMIUM FINANCING REFERRAL PROCESS
 - PREMIUM FINANCING REFERRAL TEMPLATE
- MANULIFE HIGH NET WORTH CALCULATOR
- RISK DISCLAIMERS
- FAQ

PREMIUM FINANCING BANK PARTNERS

Bank				
	RHB (Malaysia)	First Gulf Bank (Abu Dhabi)	Banque Privée Crédit Industriel et Commercial (France)	Bank of Montreal (Canada)
Applicable Insurance Policy	Heirloom (I)	Heirloom (I) ManuSignature One	Heirloom (I)	Heirloom (I)
Minimum Assets Under Management (AUM) Requirement ¹	Not Applicable	SGD250,000	USD1M	USD1.5M
Loan Limits	<u>Up to</u> 90% of First Day Surrender Value (FDSV)	90% of First Day Surrender Value (FDSV)		
Minimum Loan Amount	USD200,000	USD500,000 SGD500,000	USD500,000	USD1M
Interest Rate	ULF + 0.75%	3M LIBOR + 1.20%	3M LIBOR + 1%	3M LIBOR + 1%
Loan tenure	Perpetual			
Repayment Option	Interest Only			
Admin Fees/Charges Fee:	Not Applicable	<ul style="list-style-type: none">▪ Not Applicable; if the Asset to Loan Ratio is above 50%.▪ If the Loan Ratio is below 50%: charge will be 2% of Loan Amount or USD5,000 whichever is lower	Not Applicable	Not Applicable
Asset to Loan Ratio	Not Applicable	50%	50%	50%
Accredited Investor Status	Not Applicable	Mandatory		
Loan-To-Value (LTV) Margin	In the case where the LTV exceeds 90% of the CSV, the client must top-up his loan account by repaying part of his loan, such that the LTV returns to within 90% of the CSV.			

PREMIUM FINANCING REFERRAL PROCESS



PREMIUM FINANCING REFERRAL TEMPLATE

PREMIUM FINANCING REFERRAL	
Financial Advisory Firm / Branch	
Financial Advisor Representative	
Email Address	
Mobile Number	
Type of Product	MANULIFE HEIRLOOM (I)
Face Amount / Sum Insured	USD3,000,000
Estimated Premium Amount	USD417,724
First Day Surrender Value	USD354,127
Is Client an Accredited Investor	Yes/No
Client Residency (If Singapore, please state Residency Permit the client is holding)	Singapore
Client Nationality	Singapore
Preferred Bank Partner	RHB
Other Information / Questions	

MANULIFE HIGH NET WORTH CALCULATOR

Manulife High Net Worth Calculator		
Specialty Prepared For	Mr Client	
Plan Name	Manulife Heirloom (I)	
	With Financing	No Financing
Insured Amount / Face Amount	USD 8,000,000.00	
Single Premium Amount	USD 3,091,478.00	
Day 1 Surrender Value	USD 2,377,361.00	
Loan Amount (90% financing of Day 1 Surrender Value)	USD 2,139,624.90	
Client Outlay	USD 951,853.10	
Estimated Interest Rate (%)	1.79%	
Estimated Interest (Per Annum)	USD 38,299.29	
Estimated Interest (Per Month)	USD 3,191.61	
Estate Leverage Factor (Gross Insured Amount divided by Outlay)	8.40	2.59
Estate Leverage Factor (Net Insured Amount divided by Outlay)	5.16	1.59
Net Insured Amount / Face Amount	USD 4,908,522.00	

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RISK DISCLAIMERS

- **Change to Terms & Conditions**

- The Premium Financing Facility (“Facility”) is provided by the Participating Banks (“Banks”) and the Banks reserves the right to withdraw, or vary the terms of the Facility at any time without notice. The Bank’s decision on all matters relating to the Facility and the Terms and Conditions shall be final and binding.

- **Leverage Risk**

- Leverage may not be suitable for all investors as it can work for you as well as against you. Before deciding to use leverage you should carefully consider your objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment. You should be aware of all the risks associated with using leverage, and seek appropriate advice.

- **Foreign Currency Risk**

- **Interest Rate Risk**

- **Assignment of Collateral**

- All proceeds, claims, options, privileges, rights, title and interest therein that have attached / will attach to the Policy will be assigned to the bank

- **Naming Of Beneficiary**

- Consent of Bank must be obtained

FAQ

- **Is the Premium Financing Facility guaranteed for the client?**
 - All Financing Applications are subject to the bank's credit assessment and approval.

 - **What are the Income Documents / Requirements that are usually requested by the Banks?**
 - Latest Computerized Payslip
 - Notice of Assessment (NOA): 2 years for Self-Employed
 - Stamped Tenancy Agreement - with at least 6 months validity remaining and in Singapore
 - Bank and/or Investment Statements

 - **My client is a foreigner; can he/she provide documents from his/her country?**
 - For documents that are not in English, kindly ensure that there is proper translation to English.

 - **What are the typical Manulife documents that will be required by the bank?**
 - Policy Acceptance Letter / Letter of Offer
 - Benefit Illustration (Signed)
 - Application Form (Signed)
 - Collateral Assignment form
-

FAQ

■ **Am I allowed to contact the bank directly?**

- No. You should follow the referral process and establish contact via Manulife Singapore.
- This is a corporate level arrangement and we require the referral process to follow a systematic manner.
- There may be changes to the terms & conditions or the bank may reach their capacity for risk. It is therefore more efficient to have a central liaison so that everyone is aware of the latest information and requirements.
- Additionally, we need to ensure that head office is aware of a referral so that we can step in in the event of disputes.
- The company will not assist in any disputes arising from prospects/cases directly referred without the knowledge of Manulife Singapore. Furthermore, the banks' reserve the right to prohibit financial advisers / planners who violate the referral process.

■ **Is the Premium Financing Facility available for Corporate owned policies?**

- Currently only First Gulf Bank will consider Premium Financing for Corporate owned policies, however, the company must satisfy Corporate Accredited Investor status:
- a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency)

THANK YOU!