

# ICEA LION Endowment With Profits



 **ICEA LION**  
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# What Is An Endowment?

The term endowment is tossed around quite a bit, yet it is unclear to most people what it actually means! Despite the complicated name, an endowment is a type of life insurance where you make monthly or periodical payments and you get a guaranteed payout after a specified period of time, i.e. when the policy matures or in the unfortunate event of your demise. Some endowments even pay out in the unfortunate event of your incapacitation or if you are diagnosed with a critical illness. Typical maturity periods for endowments are ten, fifteen or twenty years, up to a certain age limit.

## What Is An Endowment With Profits Policy?

An Endowment With Profits policy is insurance that gives you a platform to grow your savings by making regular payments (**premiums**) over a specified period of time. An Endowment With Profits policy is suitable for anyone who wants to save up for a long-term goal and wishes to have a disciplined way to do so.

An Endowment With Profits policy pays you a lump sum at the end of the term of the policy. There are no partial payments during the course of your policy term. It is also important to note that an Endowment With Profits policy is essentially life insurance, which means that the **Sum Assured** and **bonuses** (both of which combined are known as **maturity benefits**) are payable to your **nominated beneficiaries** in the unfortunate event of your demise. Endowments grow your savings because the potential bonuses you gain are derived from the interest accrued from the investments made on your behalf by the insurer.





# What Are The Key Benefits Of Our ICEA LION Endowment With Profits Policy?

## **Eligibility for full Sum Assured Payout is immediate:**

A very special feature of this endowment policy is that once our contractual agreements are finalized (including payment of your first premium installment), in the unfortunate event of your demise, we will pay out the full Sum Assured to your nominated beneficiaries immediately. You should however note that we will deduct the amount commensurate with what you would have paid for as a full year's premium - from the final dues - if you had not paid up for the full first year.

**Affordability:** In the unfortunate event you lose your source of income, you can reduce your premium payments up to Kes 2,000 and you can later revise them upwards when your circumstances improve.

**Flexible payment options:** You can opt to pay premiums monthly, quarterly or annually which is suitable for self-employed as well as salaried employees.

**You can add on additional benefits (Riders):** At a minimal additional fee, you can boost your policy with a rider to your existing policy. These include disability rider, accidental death, waiver of premium for unfortunate events such as loss of income, critical illness and last expense (funeral benefit). This can be done at any stage of the policy; it does not have to be done at inception.

**Contribution Break (Re-Dating):** If you are unable to continue paying the premiums for your policy, you can pause payment of your policy and restart when your circumstances improve, at no extra cost. This is known as re-dating. Other organizations may charge a fee on the arrears, however we do not charge at ICEA LION. You can however only re-date once.

**Policy Loan:** You can take a loan against your premiums from year 3 (36 months of contributions) and the loan amount is dependent on the value of your policy at that time not the Sum Assured.

**Tax-Free benefit:** When your policy matures, you will get the full Sum Assured paid to you Tax-Free.

**15% tax relief:** If you are employed and you advise your HR department about your policy, you get a 15% tax relief each month. If you are self-employed you can claim the same from Kenya Revenue Authority (KRA).

**Guarantee Income for Your Loved Ones:** In the unfortunate event of your demise, your nominated beneficiaries can still have the quality of life you envisioned for them. That said, it is very important that you ensure you have structures in place to ensure that the people who are left in control of your funds use it as you desired. In order to protect your legacy for your intended purposes, it would be advisable to consider Estate Planning and perhaps set up a Trust.



# What Happens If I Cannot Pay My Premium?

Life Happens! If for one reason or another you are unable to pay your premiums, you can opt for either of these options:

**Take a Contribution Break (Re-Dating):** As mentioned above, you have the option to Re-Date your policy and you can resume your payments once your circumstances improve. The policy period will be revised to suit your new circumstances.

**Reduce Your Premium:** You have the option to reduce the premiums you pay to a minimum of Kes 2,000 per month and keep the policy active. This will result in either a reduced maturity amount (if you stick to the original policy duration) or an extended policy duration.

**Accept an Automatic Premium Loan:** ICEA LION will deduct the amount of outstanding premium from the maturity value of the policy which will have been given to you in form of a loan as monthly premium. After 3 months of non-payment, we automatically take up this loan on your behalf, referred to as an Automatic Premium Loan (APL), in order to keep your policy active. This can remain in effect for several years, so it is important to engage us your options as this facility erodes the final dues paid to you at the end of contract. This facility only applies if you have been saving for over 3 years (36 months).

**Surrender The Policy after 3 Years:** If you have paid up for more than 3 years (36 months), your policy will have attained what is called surrender value and you will be able to terminate your policy. However, you should note that due to the fact that your funds had been invested in a longer term financial instrument and you are pulling out and also because funds have been utilizing in servicing the policy, you will be paid an amount that is potentially less than what you have contributed.

## What Is The Difference Between Endowment With Profits & Anticipated Endowment?

An Endowment With Profits may be confused with Anticipated Endowment. They are similar products however; they are differentiated on 2 key features:

- The Endowment with Profits has one lump sum payout at the end of the policy term whilst the Anticipated Endowments has partial payouts throughout the duration of the policy.
- Due to the above mentioned structure, the final payout for Endowment With Profits is higher than that of an Anticipated Endowment. Long term investments are more likely to yield higher returns because one can invest in more profitable financial instruments. Below, is a comparison of a saving with Endowment with Profits Anticipated Endowment with the same monthly premium. The difference in the final maturity payout is about Kes 400,000.

**At ICEA LION, our mission is to protect and create your wealth. Should you have any inquiries about our ICEA LION Endowment with Profits or would like to set it up, you can call us on [+254 719 071 999](tel:+254719071999) or email us at [contactcentre@icealion.com](mailto:contactcentre@icealion.com).**

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