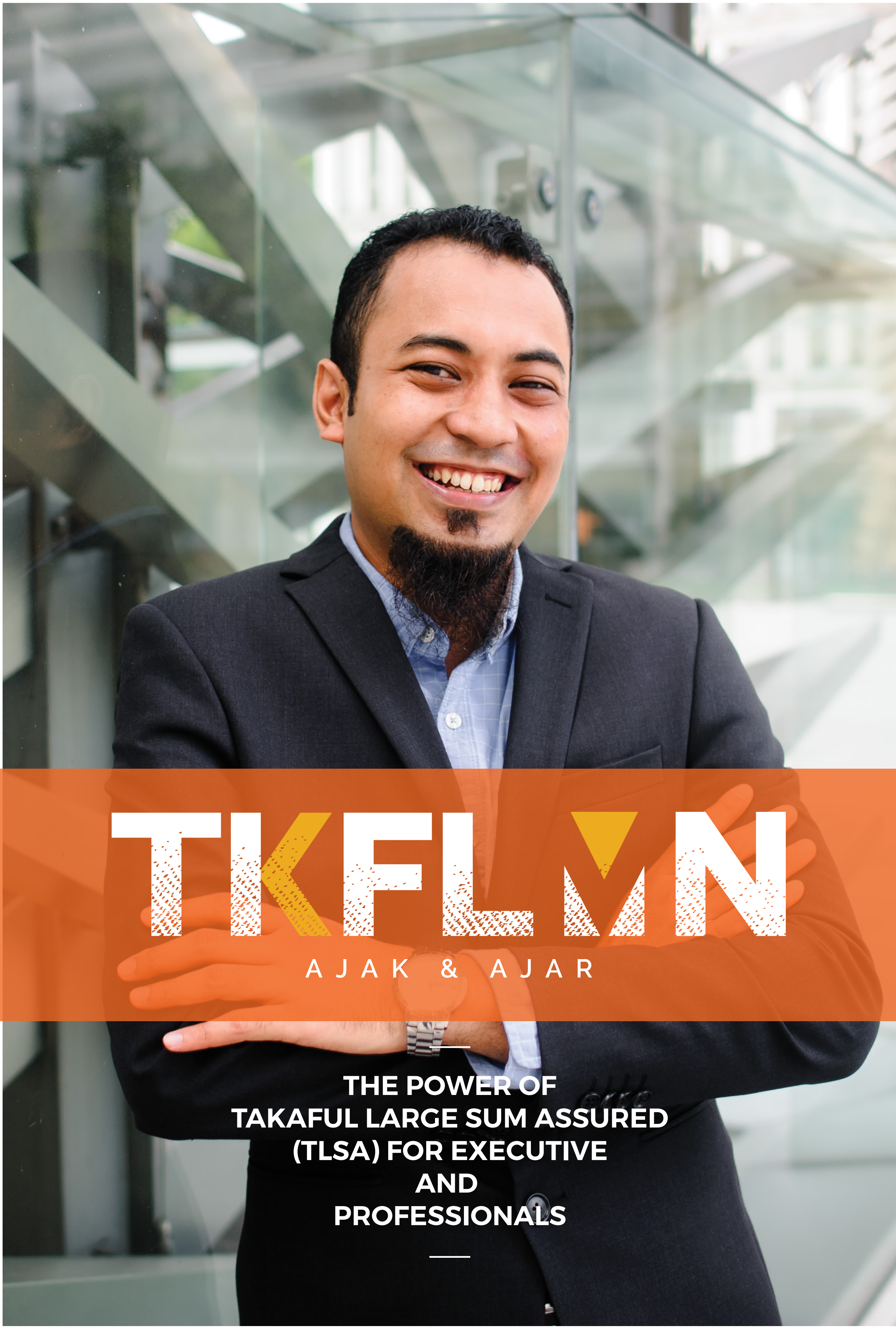


TKFLMN

AJAK & AJAR

THE POWER OF TAKAFUL LARGE SUM ASSURED (TLSA) FOR EXECUTIVE AND PROFESSIONALS

MAIN APPLICATIONS

First application :

ASSET PROTECTION via MLTA

- As life goes on, family grow bigger, you must have something sure in mind to acquire bigger and more convinient house. Probably it wont be now, but sometime in future, 5 or 10 years down the road.

- In any attempts to acquire house/assets, some cost involve:
  - 10% downpayment
  - Legal Fees
  - Memorandum of Transfer
  - Mortgage Reduce Term Assurance (MRTA)

- One of the 'unforseen cost' is MRTA, where normally it is included in the loan package. MRTA is an option, not compulsory, thus Takaful Large Sum Assured compensate on this aspect.

Mortgage Reduced Term Assurance (MRTA)

- Sum assured against asset purchased, MRTA offered by bank.

- Normally, if purchased price say at RM1,000,000 , MRTA imposed full term (say 30 years) most likely hovering at 35-45k.

- MRTA is isrrelative cost - if we include MRTA cost in the loan, the total cost incurred incluing interest over years probably can escalate up to 70 - 80k. This money will be gone even though nothing happen to you after that 30 years.

- MRTA Function is to eliminate the loan liability if you die or incurring permanent disability. So the idea is the heirs will acquire the house without having to pay anything. But since this is reducing coverage, say if that 'anything happen' is really happen at 28th years of loan services (where the outstanding loan amount at the time probably at RM60-80k), this outstanding loan will eliminated by MRTA. Like it or not, it serve real disadvantage because the early paid MRTA was originally for RM1,000,000 loan value, but the elimination covered only for remaining balance for RM60 or 80k.

- MRTA is non transferrable. One MRTA is for one property. Meaning to say, if you have to acquires 5 or 6 properties over years, you have also to adopt 5 or 6 respective MRTA. MRTA cost is getting higher, when you are getting older.

- Last one, MRTA generate no cash value over years.

COMPARISON MRTA & MLTA

Mortgage Level Term Assurance (MLTA)

(*Offered through Takaful Large Sum Assured-TLSA*)

- Independence sum assured against asset, future debt/liability cancellation or passive form of family financial protection.

- Retreivable cost - every RM which has to be forked out monthly, will satisfy 2 functions:
  1) Sum protection against property value, ie RM1,000,000
  2) Dveloping cash value.

  The cash withdrawal (withdrawn from cash value developed over years) wont jeopardize function number 1, the RM1 mil protection.

- MLTA is transferrable. It can be transferred from one property to another, regardless which year, as long as the accumulative purchased properties are within MLTA value. Say you posses 4 properties concurrently; if total accumulative loan is till within RM 1mil, you are fine.

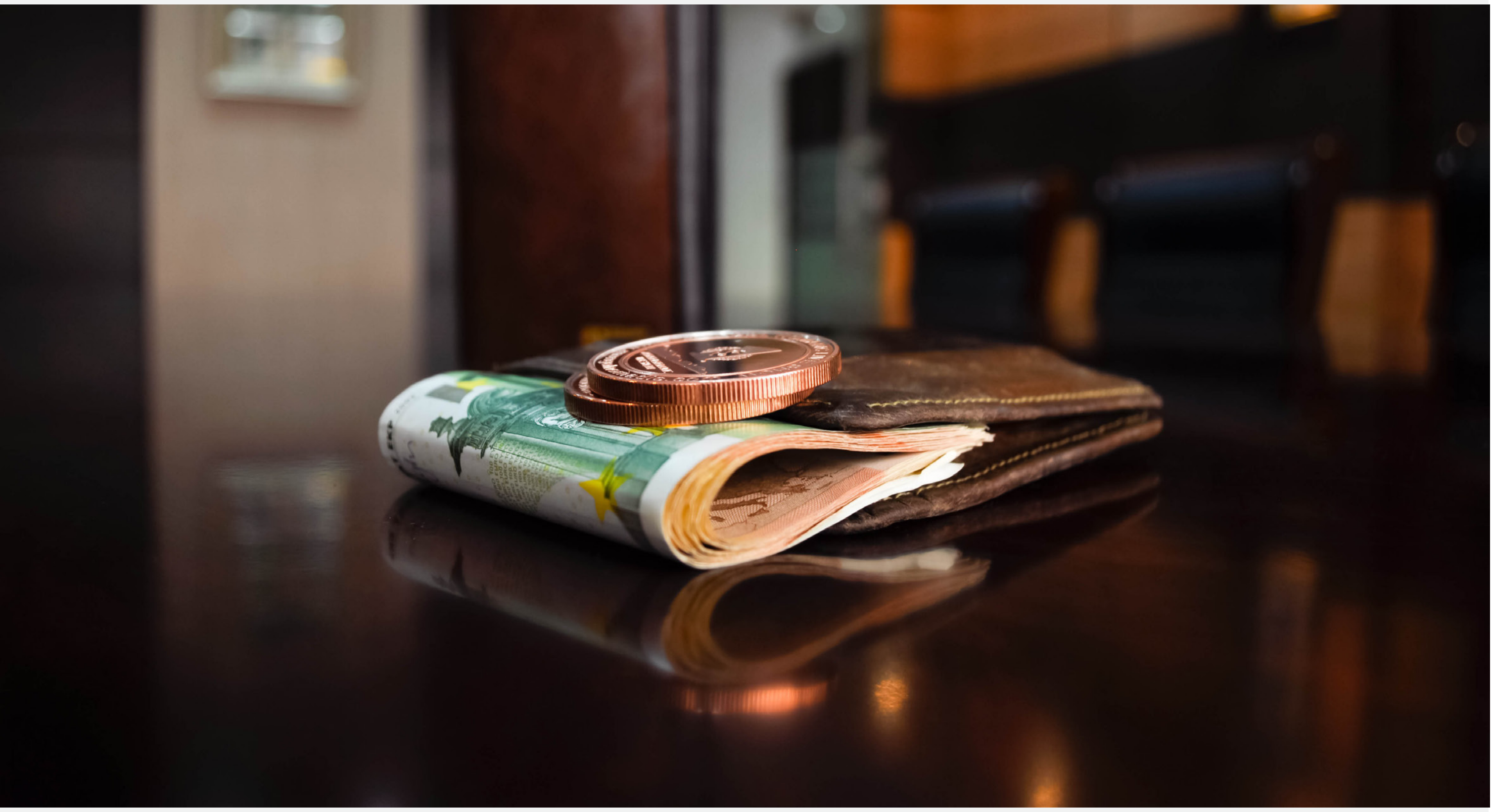
- MLTA **will not automatically eliminate outstanding balance own to the bank.** Taking similar MRTA example as above, if anything happen at 28th years of your loan services, the remaining balance of RM6o-80k wont be automatically eliminated. Anyhow, the heirs will be receiving solid RM1,000,000. So, depend on the heirs whether to execute full settlement to the bank or to continue paying monthly installment. (Assuming heirs execute full settlement). Thus in the end the heirs will obtain:
  a) A house
  b) Cash RM 1,000,000 minus outstanding RM60-80K = RM900k++
  c) Potential investment return/saving.

- And what if after completing loan service but you are still in good health. So what happen to the money? That coverage RM1,000,000 remain intact, and you can continue to acquire any other asset by utilizing the same MLTA certifiicate.

Second Application :

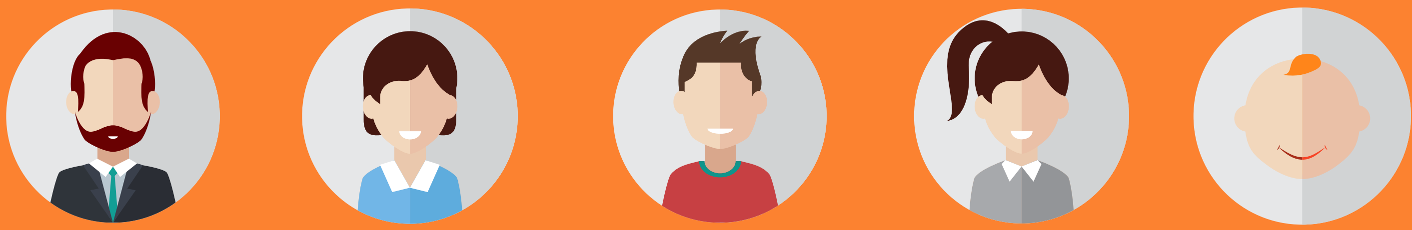
Passive Form of Financial Protection

(Lifestyle Sustainability)



- Releasing spouse/family members from unsettle liability/debt.
- Liability/Debt could be in many forms, like car loan, credit cards, personal debts and etc.
- It can maintain the family lifestyle as the household income wont really distract too much when the breadwinner is not earning for the family anymore.

Imagine the family members consist of :



Husband
(Working - income 100k/annum)

Wife
(Housewife)

Son
(Primary School)

Daughter
(Kindergarten)

Toddler
(Babysit)

Having the fact that **life is well uncertain, when the husband died, or no longer able to work due to permanent disability** (which many cases like this happen everyday), the family income will affected by RM100k/annum, or RM8k/month.

Sudden shortage of income will definitely put family members in difficulties, not to metion the wife is a housewife. Therefore, the allocation of income, which previously well distributed into various channel of living like buying good food, good dress, good family vacation, good cars, good education, good saving are now will be not so good anymore.

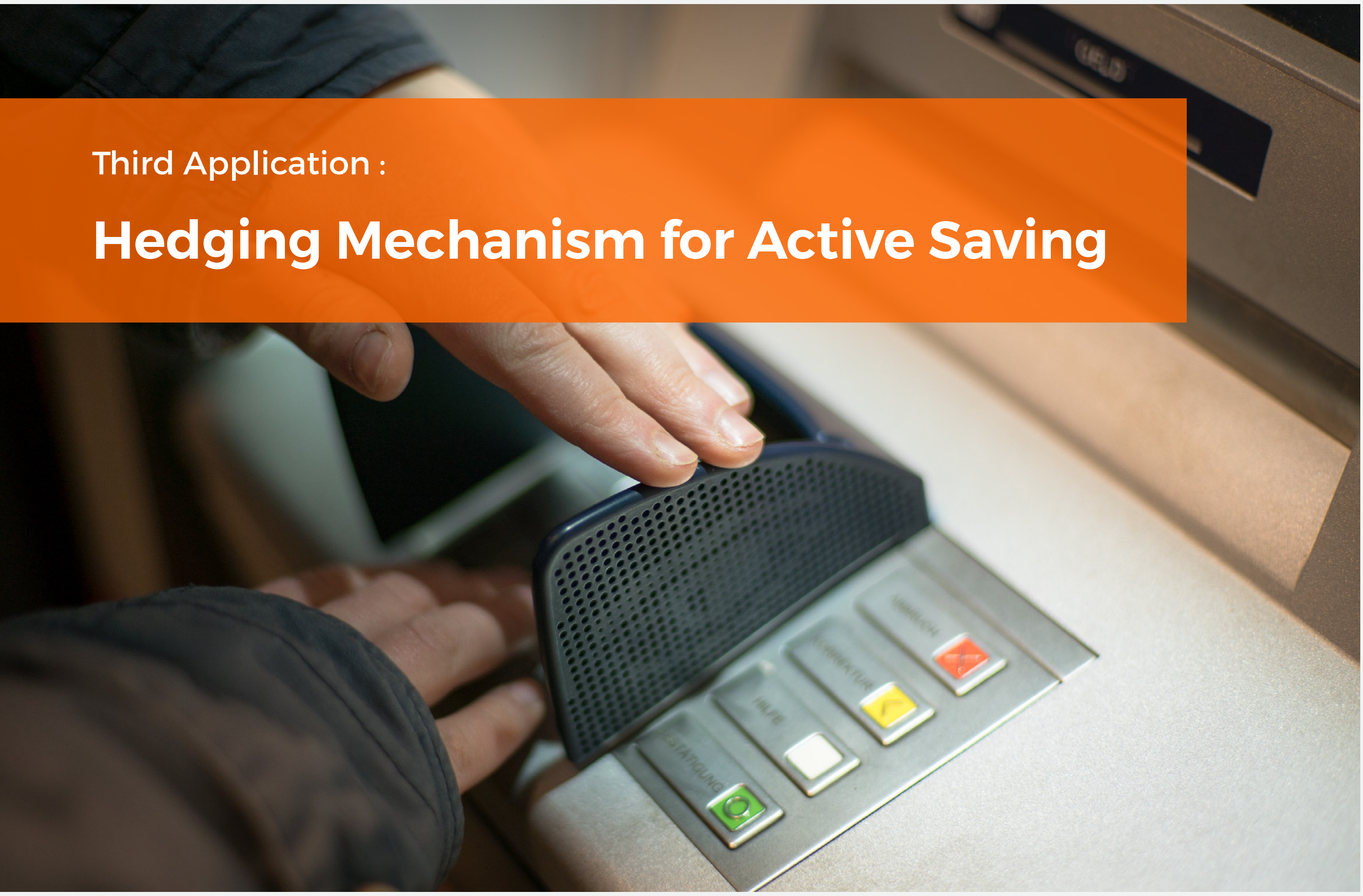
This is where Takaful Large Sum Assured play a **very important role**, securing your family financial, sustaining their lifestyle and affordability.

Having said that, if the large sum assured subscribed at RM 1million level, the family members will be left with RM 1mil compensation. This equivalent to 10 years income earned by the husband.

Now, don't you think the wife (housewife) can continue living in good financial environment with her kids?

Third Application :

Hedging Mechanism for Active Saving



- Takaful Large Sum Assured can serve the objective to hedge active saving ie ASB, Unit Trust etc.

- A father do saving for family, so that in future he can buy good car and convinient house

- A father saving for his kids, so that in the future he can use the money for the best of his kids education.

To turn such dreams into reality, we do saving. But saving comes with 2 disadvantages :

- Must be active, when you stop saving, the money in the fund would also stop.
- The value of saving in the value when you stop doing so.

Next question, why stop saving?

Now we take similar scenario as I explained in the function number 2. if the father has 3 kids, still schooling, he must be expecting to have some handsome fund when their kids ready to further study at university or college level.

If the father save RM200/kid. He save RM600/month. We take the maturity fund when the kids reach 18 yrs old. **Let's do some math:**

Son
(8 years Old)

RM 200 x 12 months x 10 years
= **RM24,000** *(cost alone, if plus dividend probably go double up to RM50,000)*

Daughter
(5 Years Old)

RM 200 x 12 months x 10 years
= **RM31,000** *(cost alone, if plus dividend probably go double up to RM60,000)*

Toddler
(2 Years Old)

RM 200 x 12 months x 10 years
= **RM38,000** *(cost alone, if plus dividend probably go double up to RM75,000)*

To continue saving until each kids reach 18yrs old, Consist a lot of uncertainties. Again, taking function number 2, the dream of achieving sufficient fund at certain age, would be fragile.

But, if now, you have the Takaful Large Sum Assured say RM1mil insured, there will be no worries at all if you been called up while your kids still small.

Q : Want to buy house, but not now. Maybe 5 years down the road. When shall I take up this TLSA (Takaful Large Sum Asured)?

A : *You should take this now. Because in 5 years time, the cost will be expensive due to incremental of age, and furthermore, your health state would not be as healthy as now. The TLSA is really depending on your health condition. take it when you are up to it.*

Q : Let say I just pay for about 5 or 6 months, then doctor diagnose me to have critical illness, I will not be having job at that time. What happen to my TLSA?

A : *The moment you are diagnosed, the payment for TLSA would stop, and to be continued by Takaful. You don't have to pay anything, in the same time all benefits (1mil policy + savings) is remain guaranteed as per contract.*

Q : Paying RM450 or any number a month, seems itching. Putting this amount in active saving would generate much value cash value over time, and fast cah out when emergencies.

A : *I have explained on the TLSA perspective in the article, you may consider your position whether to gauge life in short span or long enough to see your family secured in term of financial when you are no longer living. In other words, 500 or so may be painful in the first year, but after salary increment or better job opportunity comes, you won't really feel this as a burden. Trust me!*

Q : You only pay RM 450 or any number a month, TLSA give you RM 1mil protection or so, giving you cash value, pay for you if you got permanent disability or having critical illness. Too good to be true, is it?

A : *Yes. Sounds too good to be true. But again, it is true!*

Q : No detail spells out in cash value aspect in yout TLSA article. Can you explain?

A : *Every RM you fork out for TLSA, they will be channeled into investment fund. over time, depending on investment performance, the return will be accumulated into your cash account. Based on current estimation, over 10, 15 or 20 years, the return value expected to develop between 3% and 8% level of total contribution you have made since the very first day. This figure derived from investment expectation, it is not guaranteed, but to be on safer side. Bottom line it serve cash value as per stated % estimation. Therefore having back some of your money (estimation), while sustaining RM1mil policy, does it feel good?*

Q : I'm 30 years old. How much shall I pay monthly to adopt RM 1mil policy?

A : *On average, age between 25 - 35 years old, the cost falls between RM450 to 500/month. Assuming the person is fully healthy.*

Q : Can I have less than RM 1 million TLSA?

A : *Yes you can. You can have as low as RM 10,000 and as high as RM 10,000,000.*

Q : Why I should take up this TLSA anyway?

A : *Life is uncertain. God ask us to be prepared at all time. Put effort, after that Tawakkal. The efforts, that matters. TLSA could be one of the effort you should consider.*

** The monthly cost depends on the age band. For precise calculation, the DOB, sex, job scope and smoking status is required*

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