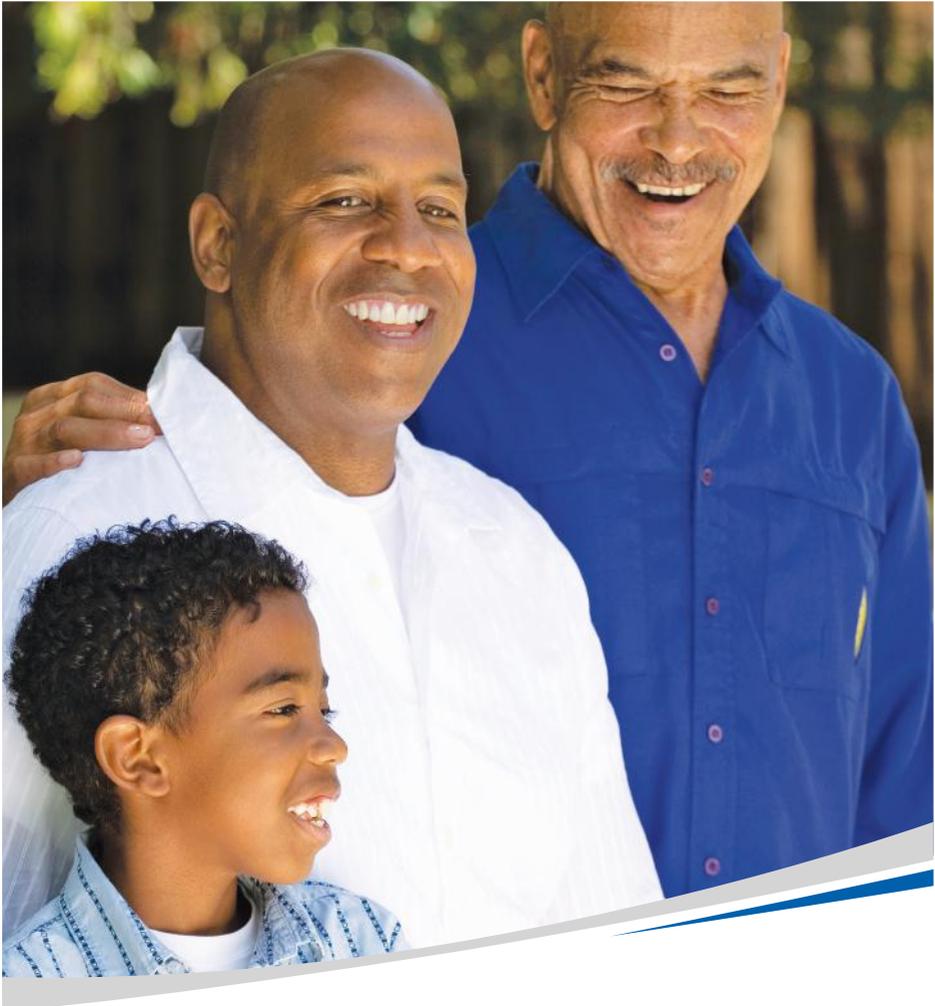


RETIREMENT INCOME SOLUTIONS



METROPOLITAN 

METROPOLITAN'S RETIREMENT INCOME SOLUTIONS

Everyone wants to enjoy a comfortable retirement free of financial worries. Together we can form a strong partnership to help you realise your retirement goals. Our products are specifically designed to meet your ever-changing financial needs. With the help of your financial adviser, you can select the most appropriate product to give you peace

of mind in your retirement years. Metropolitan offers you various investment options to cater for your retirement needs:

- Immediate annuity
- Capital Preservation Income Options – Retirement Income Plan (CPIO)
- The Ultimate Retirement Option

IMMEDIATE ANNUITY

An immediate annuity (or conventional annuity) is an income that you will receive immediately after you invest your retirement capital with Metropolitan. You have the option to choose to receive your income every month, quarterly (every three months), every six months or once a year.

You will be paid an income for the rest of your life. The amount of the income will depend on various factors such as:

- **Age**
The older you are, the higher the level of income. This is because the expected payment period is shorter and a higher level of income can be earned with your retirement capital.

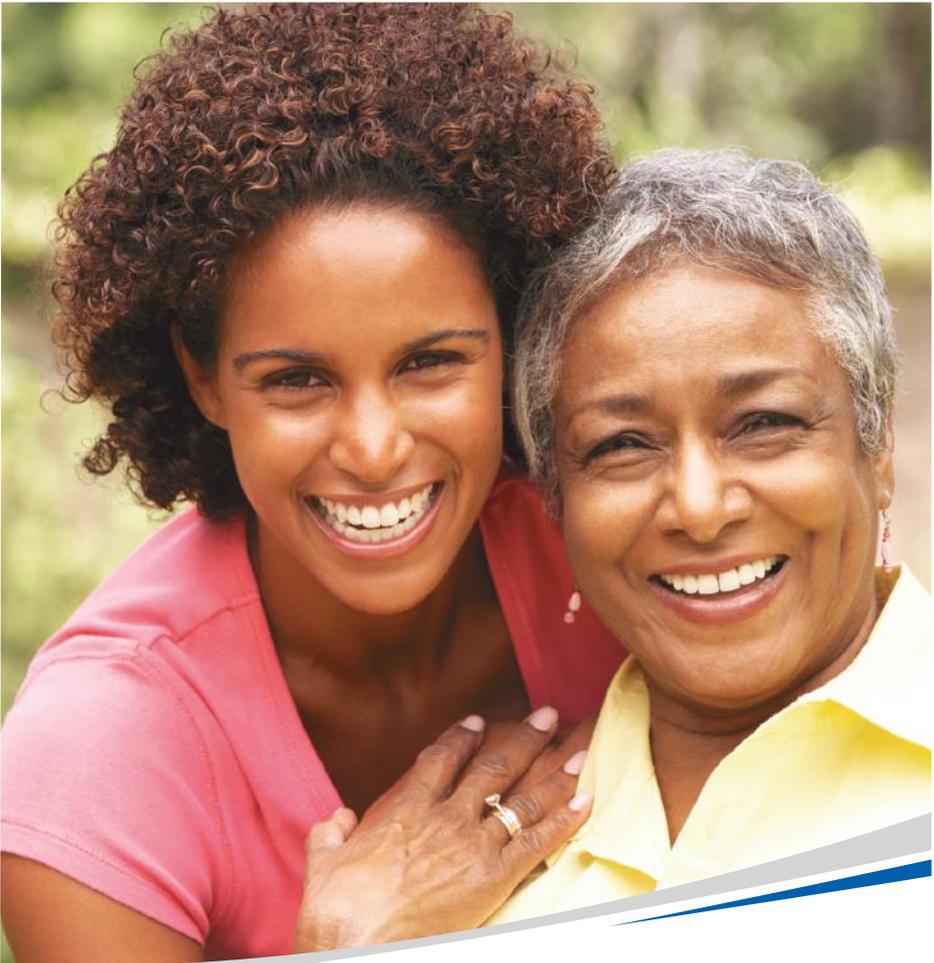
- **Gender**
Evidence has shown that women are expected to live longer than men. This means the expected payment period of the income for a man is shorter, resulting in a higher level of income.

- **Interest rate**
Interest rate levels in the market at the time that you invest your money with Metropolitan play a very important role in the calculation of your pension.

WHAT ARE THE GUARANTEES?

When you invest your retirement money with Metropolitan, we will quote you the amount of income you will receive and it is guaranteed for the rest of your life. You can also choose to have a guaranteed period on your annuity. This means that Metropolitan

will pay your income for the duration of the guaranteed period, whether you are alive or not. If you die during the guaranteed period, your beneficiaries will receive your income for the rest of the guaranteed term.



WHAT IS THE DIFFERENCE BETWEEN A SINGLE LIFE AND A JOINT LIFE ANNUITY?

A single life annuity pays an income for your lifetime only. A joint life annuity means that you may choose to have an income paid for your and your spouse's lifetime. Metropolitan will pay the income until the last survivor passes away. In addition, you can choose to have the income remain level or reduce after

the death of the first spouse. You may even specify that the income reduces on the death of either the husband or the wife. You can select the percentage by which the income reduces upon these events. If you have selected a reduction in the income, it will result in a higher initial income payment.

LEVEL VERSUS INCREASING INCOME

You may opt to have your income automatically increase every year to counter the effects of inflation. Of course, the higher the level of increase selected, the lower the

initial income. On the other hand, by selecting this option, you can ensure that your income is better able to keep up with the rising cost of living.



CAPITAL PRESERVATION INCOME OPTIONS RETIREMENT INCOME PLAN

One of the benefits of the Capital Preservation Income Options is that, when the payment of the income ceases upon your death, a death benefit will be paid to your beneficiary(ies). This means that your beneficiaries can still benefit from the balance of the capital preservation percentage. This will come as a great relief to

your family if you were to pass away shortly after purchasing a Capital Preservation Income Options plan. The Retirement Income Plan may be appropriate if you wish to leave a legacy for your beneficiary(ies), or if for some or other reason, you don't expect to live long after retirement.

HOW CAN I PRESERVE MY RETIREMENT CAPITAL?

The plan not only guarantees an income for the rest of your life, but also guarantees a return of the capital contribution (or the selected capital preservation percentage between 25% and 100%) to the nominated beneficiaries. This means that upon death, the income payments will stop and the death benefit will be paid to your beneficiaries. This is achieved by using some of the income

to pay for the premiums on a life cover policy. The death benefit of this policy will be the amount of capital that you elect to be paid to your beneficiaries in the event of your death. This way, you are preserving your capital. In other words, upon your death, the income payments will cease, but your beneficiaries will receive the death benefit of the life policy.

YOU CAN CHOOSE BETWEEN LEVEL AND INCREASING INCOME

If you choose a level income rate, your income will remain the same. You do have the option to increase your income

automatically by between 3% and 15% every year to ensure that your income is better able to keep up with the rising cost of living.

WHAT OTHER INCOME OPTIONS ARE AVAILABLE?

You may choose from the following income boost options available:

- No income boost option: the capital you preserved remains unchanged.
- Phased income boost option: your income will increase each time the capital preserved reduces*.
- Immediate income boost option: your initial income level will be higher at the start taking into account the future reductions* in the capital preserved.

Note that with each of the income options, you may select a level or an increasing income. These income boost options will occur irrespective of the level of increase selected for your income payments.

Capital Preservation Income Options does not offer:

- A guaranteed period on the annuity. When you die, your income will stop and the death benefit will be paid.
- Joint life.

** With the Phased and Immediate income boost options, the amount of capital you preserved will reduce by 10% every 5 years until the minimum preservation amount of 25% is reached. These income boost options may be more suitable for customers who have younger dependants or high liabilities. As their dependants grow older and/or their liabilities reduce they are not likely to need as much capital preserved.*



ULTIMATE RETIREMENT OPTION

The Metropolitan Ultimate Retirement Option will help you to better manage your retirement money. It enables you to choose a single life annuity that does not lose its value

should you pass away. This means that your family will be taken care of even after you pass away.

HOW DO I MANAGE MY INCOME?

The Ultimate Retirement Option is also known as a living or variable annuity. Income is paid from this fund at a rate selected by you of between 2.5% and 17.5% per year. The annual amount is calculated as this

percentage of the investment value at the specific annuity anniversary. You can change this amount every year on your annuity anniversary, allowing you to better meet your financial needs over a coming year.

WHAT HAPPENS WHEN I DIE?

Unlike immediate or conventional annuities, the Ultimate Retirement Option does not cease when you pass away. When you pass away, the balance of the investment fund is available to your nominated beneficiaries. The beneficiaries have the option to

continue with the living annuity, convert the living annuity to a conventional annuity or receive the balance of the invested capital. The extent to which these options can be exercised is dependent on the size of the investment fund balance at the time of death.

WHAT COULD IMPACT MY INCOME?

The level of income you select is not guaranteed for the rest of your life.

The level of income you select may be too high and may not be sustainable if:

- You live longer than expected with the

result that the investment is significantly reduced before your death; or

- The return on the investment is lower than that needed to provide a sustainable income for life. It is your

ULTIMATE RETIREMENT OPTION

responsibility (in consultation with your financial adviser) to ensure that the income you select is at a level that can be maintained for the rest of your life.

The table indicates the number of years it will take before your income starts reducing, assuming a selected drawdown rate and a specific performance of your investment.

It is important to note that the table assumes that you will adjust your percentage income selected over time to maintain the same amount of real income (i.e. allowing for inflation of 6% per annum). Once the number of years in the table has been reached, your income will diminish rapidly in the subsequent years.

		YEARS BEFORE YOUR INCOME WILL START TO REDUCE				
		Investment return per annum (before inflation and after all fees)				
		2.50%	5.00%	7.50%	10.00%	12.50%
Annual income rate selected at inception	2.50%	21	30	50+	50+	50+
	5.00%	11	14	19	33	50+
	7.50%	6	8	10	13	22
	10.00%	4	5	6	7	9
	12.50%	2	3	3	4	5
	15.00%	1	1	2	2	2
	17.50%	1	1	1	1	1

Please ensure that your financial adviser explains both the advantages and the risks of the living annuity to you and compares these against immediate annuities (where the insurer carries the full investment risk and the risk of you living longer than expected) and the Capital Preservation Income Options (where an income is guaranteed, together with a benefit payable upon death).

The table is a general guideline and should be considered taking into account each annuitant's financial situation and all other sources of income. It is an indicative guideline only, to assist you in making informed decisions in respect of your annuity.

(Source: ASISA Standard on Living Annuities; 2009)

WHAT IS THE UNDERLYING INVESTMENT?

The Ultimate Retirement Option offers all the advantages of a living annuity while reducing the investment risk by providing an element of capital protection. This is due to the fact that the underlying investment of the Ultimate Retirement Option is Metropolitan's smooth bonus portfolio.

- With the smooth bonus portfolio, the Ultimate Retirement Option is not directly subjected to the volatility of local or international markets, but rather provides more stable investment growth.
- Once a year, Metropolitan declares bonuses based on the investment returns over the past year. In a year when investment returns are good, Metropolitan "withholds" a percentage of its investment returns to declare a lower bonus. This allows Metropolitan to declare a higher bonus even when the markets experience a downturn in subsequent years.
- The declared bonuses are fully vesting. This means that the bonuses will not be removed or reduced once they are declared.



UNDERSTANDING INVESTMENT RISK

The Ultimate Retirement Option offers you the flexibility and control to manage your retirement income over time in a way that an immediate annuity product won't. It gives you the opportunity to:

- Actively manage the annual income which you withdraw from your investment fund.
- Participate in potential inflation-beating returns earned by the Ultimate Retirement Options smooth bonus portfolio.

However, this flexibility requires that you understand the risks associated with a living annuity and, in consultation with your financial adviser, responsibly manage your retirement capital and income over time. In particular, you need to understand the

following risks:

- Unless expressly provided for, the investment returns under a living annuity are not guaranteed and depend on the performance of the investment fund.
- Accordingly, the value of the investment can increase or decrease in line with fluctuations in the market value of the fund.
- You assume the full investment risk on a living annuity. If the investment fund produces poor investment returns, the real value of your retirement capital will be eroded.
- This will, in turn, reduce the amount of income that you are able to withdraw from the investment fund in future years.



MAKE THE MOST OF **YOUR SAVINGS** WITH OUR RETIREMENT **INCOME SOLUTIONS**

Metropolitan is committed to protecting and growing your wealth. Our financial solutions seek to provide for your future needs. Partner with Metropolitan to help you choose the best way to use your retirement capital to generate a suitable income for the rest of your life. **Contact Metropolitan and together, we will help you make the most of your income during your retirement years.**

Speak to your Metropolitan financial adviser or broker today. Alternatively call us on 0860 724 724 or visit your nearest Metropolitan regional office.



Together we can **METROPOLITAN** 

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