

## Asset Decumulation: Innovative New Options for Retirement and Estate Planning

A new method of asset decumulation is now available in New Zealand with our launch of a range of exit options for certain types of life insurance policies. For those who are asset rich but cash poor, accessing cash through asset decumulation – commonly seen with reverse mortgages or annuity style products - can be a welcome source of funds.

The Policy Exchange offerings differ in that they allow owners of whole of life and endowment life insurance policies to access funds from their policies prior to maturity - without fully exiting the policy. With many policyowners looking to supplement income now they're close to or in retirement, advisers who manage registers of these policy types are welcoming the new exit options.

Up till now accessing funds from a policy using the secondary market has been limited to the complete sell down of the policy, with some owners reluctant to conduct an early cash in of an asset they will have spent years building. The new options allow the policyowner to retain a portion of their policy at the same time as releasing funds, through a partial sell down. It represents a shift in how these life insurance assets can be managed.

Over the 20+ years we've provided an alternative cash out option for policyowners wishing to exit their policy, we've seen an increasing number of policyowners needing to supplement retirement income. Our new options provide more choice, and policyowners appreciate being able to continue participating in an asset they've worked hard to build up.

There is flexibility in how much of the policy is retained and how much is used to access funds, plus the choice to either receive funds as lump sums or reinvest to receive regular payments spread over time. This enables policyowners to tailor outcomes to suit their unique needs.

Financial advisers are excited about the new offers: they see the benefit in allowing policyowners to access much-needed funds while retaining some life cover. The new options also provide additional tools for advisers to help their clients fund retirement, or to plan for it.

The Policy Exchange website's free calculator estimates the likely outcome of partial encashment for a policy: [www.policyexchange.co.nz/online-calculator](http://www.policyexchange.co.nz/online-calculator). This no obligation service is available to both advisers and policyowners.

For more information on the new Policy Exchange exit options please refer to the website [www.policyexchange.co.nz](http://www.policyexchange.co.nz).