

Life Policy Trading to Fund Retirement; Investigating Flexible Cash-Out Options; Adviser Remuneration

Funding Retirement: Two-Thirds of Kiwis will Need More Income

We're hearing from more advisers and policyholders looking to access a with-profits policy before maturity to help support themselves in retirement. This ties in with research conducted by the Financial Services Council late 2017: more than two-thirds of retirement-age Kiwis surveyed felt they would not have enough income to live comfortably in retirement.

Policy Exchange's enhanced cash payout is one option to consider: recently we purchased an indebted policy from a freshly retired couple for \$14K, which was \$2K more than the surrender value quoted by the life company, and settled the debts direct with the life company, which the couple had been unable to do. We also helped another couple in their mid-60s trade their policy for \$51K, \$1,100 more than the life company's surrender value. In both cases the proceeds provided much-needed funds for ongoing living costs in retirement.

To date the only option to add value when exiting a policy has been to obtain an enhanced cash payout via Policy Exchange. However, given the growing demand for more flexible retirement income options, we're currently investigating other ways to utilise with-profits policies.

New Product Development: Creating Flexible Cash-Out Options

We're researching new exit options for policyholders with the aim of **providing an income stream over a set period** rather than a one-off lump sum.

We'd like to know what you think. **To share general thoughts about exit options or participate in a survey**, please contact greg@policyexchange.co.nz.

Adviser Remuneration – Up to 2% of Gross SV, Regardless of Debt

For successful referrals Policy Exchange pays the adviser up to 2% of the gross surrender value. The fee amount is determined by the extent of the offer we're able to make, and, being based on the gross surrender value, is not affected by any premium or loan debts that may exist on the policy.

Policyholder Privacy Protection

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 requires us to obtain certain personal information to process a policy sale, and occasionally we're asked about security of that information.

When establishing Policy Exchange in New Zealand we recognised that providing security of personal information was paramount. For over 20 years we have used a third-party professional custodian, to ensure policyholders' personal information remains secure at all times.

Upon purchase, the policy contract is assigned into the name of Covenant Trustee Services Limited, which holds it as custodian. Neither the policy document nor any information regarding the life insured or the policyholder is disclosed to any party not involved in this process. The policyholder can feel secure knowing their personal information remains confidential, and that their interest in the policy is secured right up until they receive payment from Policy Exchange.

Term Life Policies Not Currently Tradeable

We sometimes field enquiry from policyholders who own term life contracts. While a substantial market exists in the United States for US-based Term Life Policies (called the Life Settlements Market), unfortunately at this stage we're unable to make offers against these types of life insurance contracts in New Zealand.

Should this change we will advise the market accordingly.

Quantify a policy's cash value in 2-3 mins

To find out how much we could offer on a life policy, plus the likely enhancement amount, the pre-qualifying form on our website is free and quick:

www.policyexchange.co.nz/do-you-qualify

There's no obligation to continue to a quote if you don't wish to.

Was this article useful?

Please feel free to forward this to anyone who would also find this useful.

For more on life policy trading visit our website www.policyexchange.co.nz/industry-portal or email us with a specific question.

If you'd like to receive our [quarterly market updates](#) on the policy trading market, including tips on how to get the best value for your clients, please [let us know here](#).