



BRITANNIA
Financial Services Ltd

Lifetime Income Fund

Our Lifetime Income Fund can turn your UK pension or other investment into a retirement income to last the rest of your life.

You've spent your working life saving for retirement. Your focus has been on accumulating as much as possible. So what happens when you retire and the money starts flowing the other way?

Britannia's Lifetime Income Fund combines investment with insurance to give you a retirement income for life. No matter what happens to interest rates or financial markets, your income will continue for the rest of your life, no matter how long you live.





Planning your retirement

BRIDGING THE GAP

New Zealand Superannuation (NZ Super) is the government pension and isn't enough for many retirees.
How will you make up the difference?*



THE MARKETS

What will happen to your income if markets or interest rates fall?



LONGEVITY

What if your money doesn't last as long as you do?



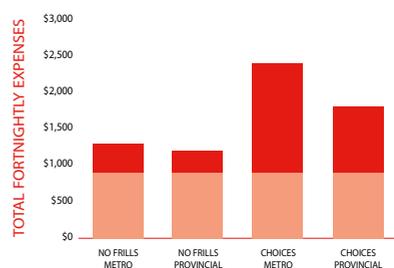
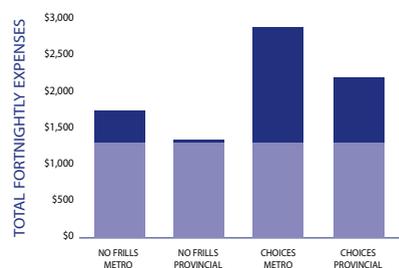
**New Zealand Retirement Expenditure Guidelines 2018, Massey University.*

BRIDGING THE GAP

The retirement income gap*

FOR A COUPLE,
BASED ON 2018 FIGURES

FOR A SINGLE,
BASED ON 2018 FIGURES



● FORTNIGHTLY INCOME GAP
● FORTNIGHTLY NZ SUPER RATES

● FORTNIGHTLY INCOME GAP
● FORTNIGHTLY NZ SUPER RATES

- * **Metro** is Auckland, Wellington and Christchurch. All other areas are **Provincial**.
- * **No Frills** reflects a basic standard of living that includes few, if any, luxuries.
- * **Choices** represents a more comfortable standard of living, which includes some luxuries or treats.

*New Zealand Retirement Expenditure Guidelines 2018, Massey University.

New Zealand Retirement Expenditure Guidelines

Research by Massey University shows that a gap exists between what people need or want in retirement and how much of that is funded by New Zealand Super.

Our Lifetime Income Fund is designed to help you bridge the gap between your fortnightly expenses and the money you get from New Zealand Super. This is shown in the diagram on the left.

When it comes to designing your retirement plan, it's important to make sure you've got a regular income, as well as money set aside to pay for holidays, any emergencies, and other large expenditure items.

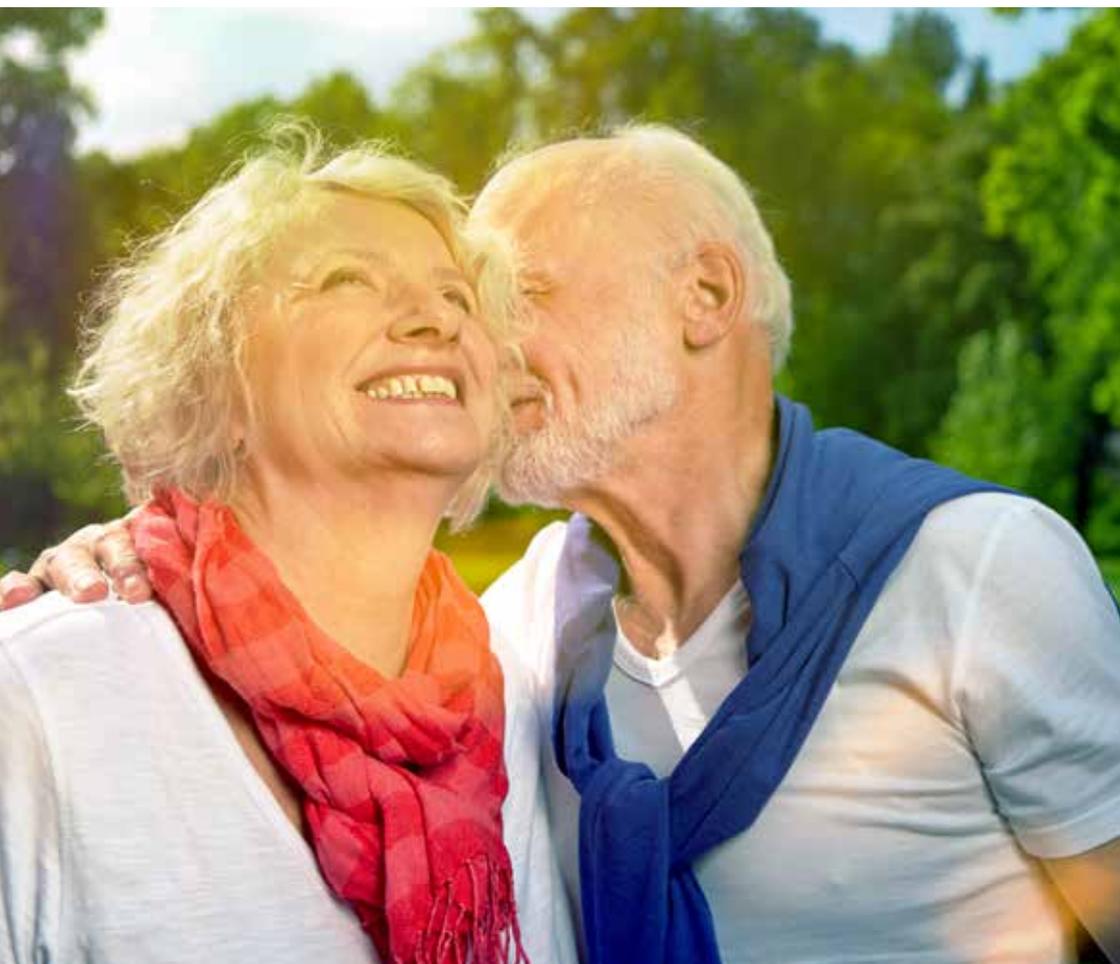
Our Lifetime Income Fund helps you fund your retirement needs with payments into your bank account every fortnight or every four weeks, for life.

If you've got a funding gap, talk to your financial adviser to investigate ways to bridge it.

How it works

When you invest in our Lifetime Income Fund, your savings are invested into a fund which is designed to grow your nest egg and make it last as long as possible.

On top of that, your retirement income is insured so that it lasts as long as you do. You don't need to worry about stock market crashes or low interest rates affecting it.



Investment returns from the Fund are added to your account whilst fees, tax, lifetime income insurance premiums and your fortnightly (or four weekly) retirement income payments are deducted.

Even if your regular retirement income payments deplete your savings in the Fund, it doesn't mean you'll run out of income.

Your income is insured by Lifetime Income Limited to make sure your income keeps getting paid to you for the whole of your life.

With our Lifetime Income Fund, you know that you've got money coming in every fortnight to pay the bills and enjoy yourself, just like when you were working.

If you need to withdraw some, or all, of your remaining savings down the track, you can. It's your money and it's always available to you.

You can make a partial withdrawal subject to your withdrawal being at least the smaller of \$10,000 or 5% of your Protected Income Base. However, you must retain a minimum account balance of at least \$25,000. If your partial withdrawal will result in an account balance lower than \$25,000, we'll either decline it or process your request as a full withdrawal at our discretion. There is no limit on the number of partial withdrawals you can make from the Fund but your insured income will be reduced proportionately by all amounts withdrawn. The Protected Income Base concept is explained on page 12.

If you pass away, any remaining balance will go to your estate.

When can you invest?

You can invest into the Lifetime Income Fund at any time by making one or more lump sum investments. The minimum amount of any lump sum investment is \$25,000 and the maximum total investment permitted is \$1,000,000.



What will your retirement income be?

Your investment is made into the Lifetime Income Fund which has around 50% of its assets invested in income assets (cash and fixed income) and around 50% invested in growth assets (equities). The initial amount of money you invest is called your Protected Income Base (PIB). Your insured retirement income is a percentage of your PIB.

We review your PIB annually on the anniversary of your initial investment. If at that date, your investment account balance has increased, we will increase your PIB to match it. However, if your investment account balance falls, your PIB will remain the same. This means that, unless you make a partial withdrawal, your insured retirement income can rise but cannot fall, regardless of what happens in the markets.

Your insured retirement income rate is based on your age when you first start receiving income payments. For example, it would be 4.00% pa (after fees and tax) if you start to receive your income at age 65.

You can also choose to have your regular retirement income payments indexed in line with movements in the consumer price index (inflation).

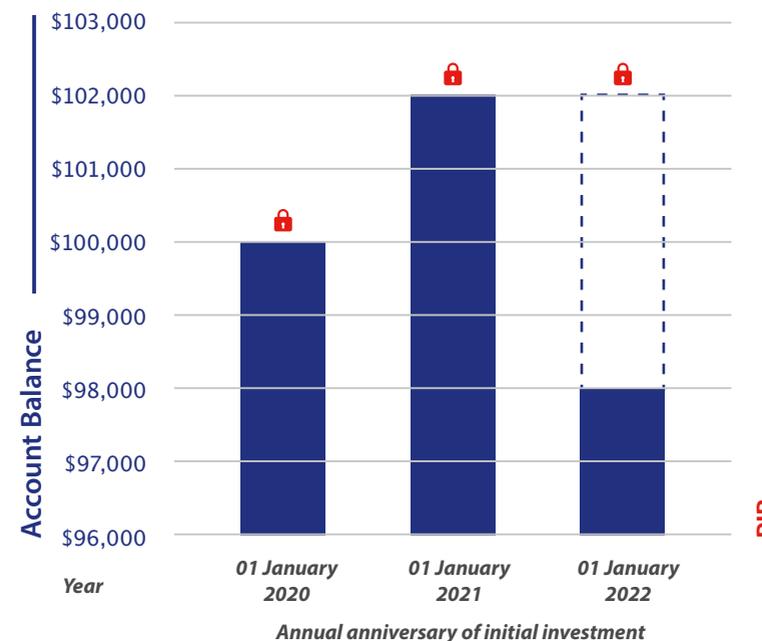
Selecting an inflation option means your initial retirement income payments will commence at a lower level than you would otherwise have been entitled to. However, indexation will be applied to revise your retirement income payment amounts from 1 May each year based on inflation to 31 March of that year. If you wish to consider this option, which is only available at the time you commence taking your retirement income payments, we will need to calculate an individualised payment rate for you.

EXAMPLE ONE

In the example below, you invest \$100,000 on 1 January 2020 and your PIB is set at \$100,000 on that date.

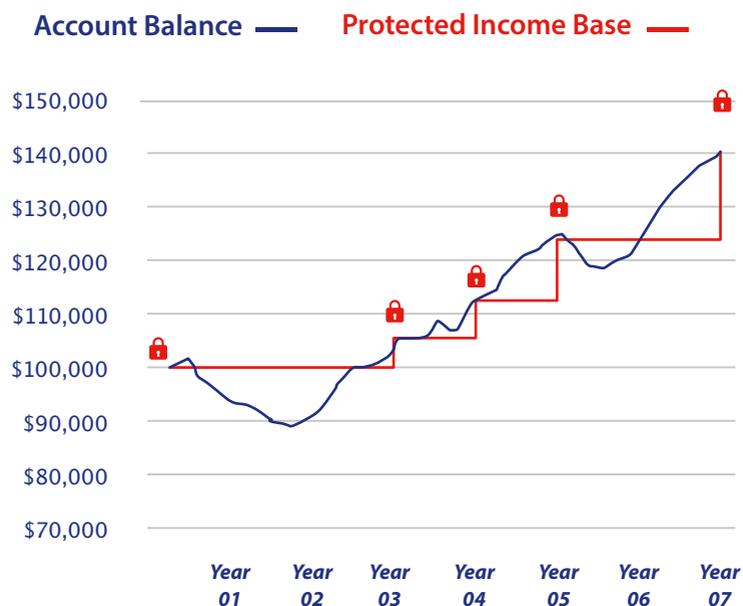
On the first anniversary of your investment (i.e. 1 January 2021) your account balance has grown to \$102,000 so your PIB is reset to that higher level. If you are aged 60 or older, you can start taking your retirement income now and your income payments will be based on your PIB of \$102,000.

You decide to wait. On the second anniversary of your investment (i.e. 1 January 2022) your account balance has fallen to \$98,000. However, your PIB remains at \$102,000 because your PIB is insured, meaning that unless you make a withdrawal, it can rise but cannot fall. If you start taking your retirement income now, your income payments will be based on your PIB of \$102,000.



EXAMPLE TWO

The graph below shows how, during the period from when you start investing in the Fund until you commence taking retirement income payments, your Protected Income Base (which is the balance on which your insured income is calculated) is locked in each year. You will see that it rises with positive returns but it cannot fall unless you make a withdrawal.



What could your retirement income be?

You can start your retirement income any time after you turn 60. Your retirement income is a percentage of your PIB and your rate is set for life based on your age when you decide to take retirement income payments. The minimum investment is \$25,000 and the maximum investment is \$1,000,000.

We pay tax on your behalf at your normal PIR tax rate and all fees and tax are deducted from your account. This means that your fortnightly retirement income payments are paid after any fees and tax.

For example, if you were 65 your annual Lifetime Withdrawal Benefit rate would be 4.00%. If your PIB is \$100,000 you would receive an income of \$4,000 (after fees and tax) each year, paid into your bank account at a rate of \$154 every fortnight for life.

If you would like to have your fortnightly (or four weekly) payments adjusted annually in line with the consumer price index, please let us know and we will provide a separate illustration.

Age at first income payment		Annual Lifetime Withdrawal Benefit rate (after fees and tax)	
60	3.5%	76	5.3%
61	3.6%	77	5.6%
62	3.7%	78	5.9%
63	3.8%	79	6.2%
64	3.9%	80	6.5%
65	4.0%	81	6.8%
66	4.1%	82	7.1%
67	4.2%	83	7.4%
68	4.3%	84	7.7%
69	4.4%	85	8.0%
70	4.5%	86	8.4%
71	4.6%	87	8.8%
72	4.7%	88	9.2%
73	4.8%	89	9.6%
74	4.9%	90	10.0%
75	5.0%		

Why invest in our Lifetime Income Fund?

A DEPENDABLE INCOME FOR LIFE

You know you've got money coming in every fortnight (or four weekly) to pay the bills, just like when you were working.

PROTECTS YOUR DOWNSIDE

The Lifetime Income insurance means you don't need to worry about stock market crashes or low interest rates affecting your income.

YOUR MONEY IS ALWAYS YOURS

If you need to withdraw some, or all, of your savings down the track, you can. There are no withdrawal fees. If you pass away, any remaining balance will go to your estate.

LICENSED AND REGULATED OPERATORS

The insurer, Lifetime Income Limited, is licensed and regulated by The Reserve Bank of New Zealand.

The Lifetime Income Fund is a part of the Britannia Retirement Scheme which is regulated by the Financial Markets Authority, managed by Britannia Financial Services Limited and supervised by The New Zealand Guardian Trust Company Limited.

IT'S DESIGNED TO BE EASY

Your retirement income payments are paid into your bank account after fees and tax every fortnight. We take care of any tax filings.

Case Studies



CASE STUDY 01

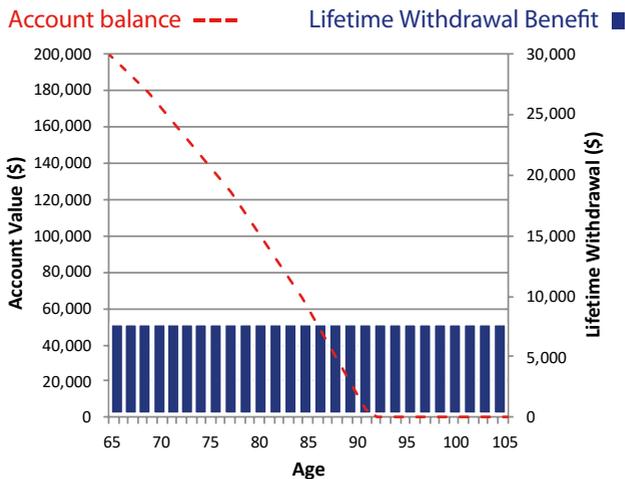
Dave, 65

Dave has just retired with savings of \$350,000. He is still fit and active so feels like NZ Super won't be enough to meet his needs. He wants to invest \$200,000 in the Lifetime Income Fund and start drawing a retirement income immediately to supplement his NZ Super.

The blue bars on the graph below represent Dave's retirement income of \$8,000 per annum. The red line illustrates how Dave's investment account balance may change from year to year. In any year, the account balance is equal to the original investment plus net (of fees and tax) investment returns, less income payments.

In some years, Dave's investment returns may be less than his retirement income payments. When this happens, his capital is used to make up the difference. Even if his regular retirement income payments eventually deplete his savings, this doesn't mean he'll run out of retirement income. Lifetime's longevity insurance makes sure he'll always receive \$8,000 per annum, paid at a rate of \$307 every fortnight, for life.

Protected Income Base **\$200,000**
 x **Lifetime Withdrawal Benefit rate at age 65** **4.00% p.a.**
 = **Lifetime Withdrawal Benefit at age 65** **\$8,000 p.a.**
(\$307 per fortnight)

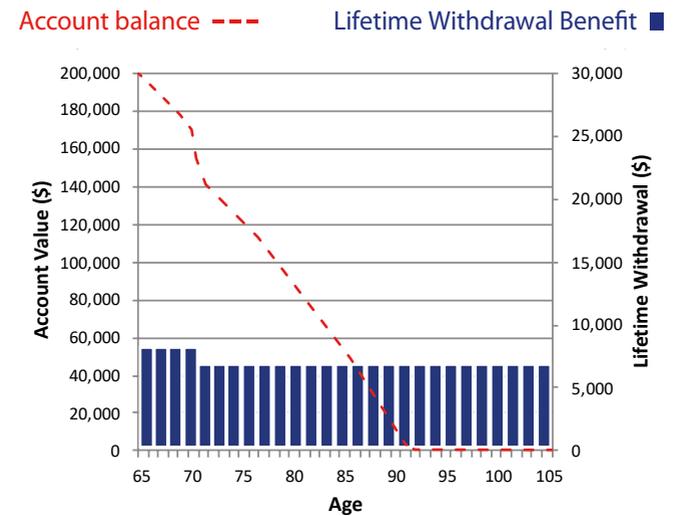


This graph shows Dave's regular income payments and account balance over time.

What happens if Dave's hip becomes a serious problem when he's 70?

Rather than go on a waiting list for an operation, Dave decides to take \$20,000 out of his account and pay for private treatment.

He withdraws the money and has the operation. As you can see in the graph below, the account balance falls by \$20,000 and his Lifetime Withdrawal Benefit is reduced proportionately by 10% – which is the withdrawal (\$20,000) divided by his Protected Income Base (\$200,000).



This graph shows Dave's regular income payments and account balance over time.

If Dave's account balance runs out by the time he turns 92 then Lifetime's insurance means he'll continue receiving his regular retirement income of \$7,200 per annum paid at a rate of \$276 every fortnight until he passes away.

CASE STUDY 02

Deborah, 65

Deborah is 65 and has saved \$250,000 over her working life. She intends to keep working part time so there's no pressing need for extra income just now. She's decided to invest \$150,000 in the Lifetime Income Fund but defer her retirement income until she turns 71.

At first, markets rise and on the anniversary of her initial investment (Year 1) her account balance has grown to \$156,000 and then to \$163,000 in Year 2. However, following this, markets perform poorly so her account balance drops to \$155,000 in Year 3 and then to \$152,000 in Year 4.

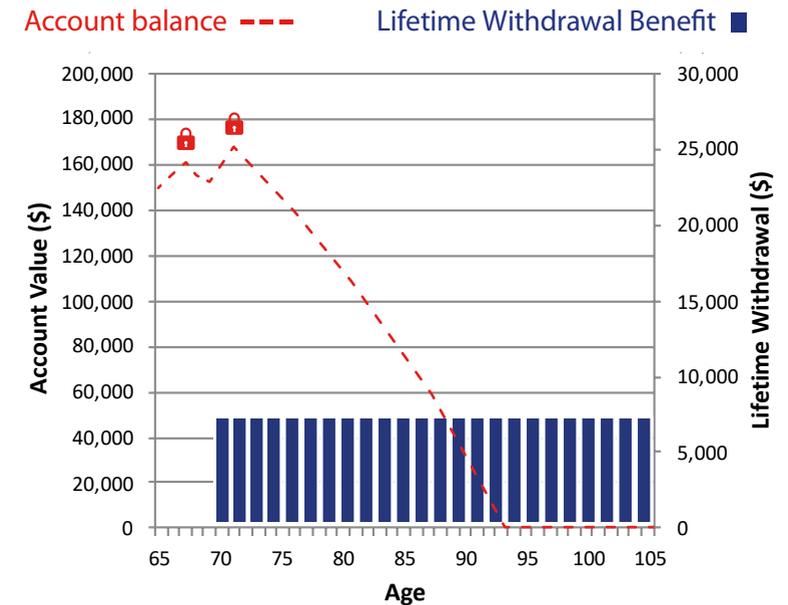
Although her account balance has fallen, the Fund locked in her Protected Income Base at \$163,000 in Year 2. This means that her future retirement income payments are permanently based on this higher level despite a fall in her account balance.

In Years 5 and 6 the markets recover, sending her account balance up again to \$160,000 in Year 5 and then to \$168,000 by the time Deborah turns 71. Her Protected Income Base has increased to \$168,000.

Deborah's eventual retirement income is based on this latest and highest account balance of \$168,000. At 71, her Lifetime Withdrawal Benefit rate is 4.60% per annum after fees and tax and she starts receiving her retirement income payments of \$7,728 per annum paid into her bank account at a rate of \$297 per fortnight, for life.

The red line illustrates how her investment account balance may change from year to year.

Protected Income Base	\$168,000
x Lifetime Withdrawal Benefit rate at age 71	4.60% p.a.
= Lifetime Withdrawal Benefit	\$7,728 p.a.
	(\$297 per fortnight)



This graph shows Deborah's regular income payments and account balance over time.

What happens if, unfortunately, Deborah dies at 74?

At age 74, Deborah's account balance is \$151,829. This money is paid to her estate.

The Lifetime Income Fund is an investment option in the Britannia Retirement Scheme. Britannia Financial Services Limited is the issuer of the Britannia Retirement Scheme. You can get a copy of the product disclosure statement for the Britannia Retirement Scheme from our website britanniafinancial.co.nz





BRITANNIA
Financial Services Ltd

Unit 4, 106 Bush Road, Albany, Auckland 0632, New Zealand.
PO Box 302 369, North Harbour, Auckland 0751, New Zealand.
Phone: + 64 9 414 4215 Toll Free: 0800 500 811 (within NZ only)
Website: britanniafinancial.co.nz Email: team@britanniafinancial.co.nz