

IPFM Death Needs Analysis Statement

Personal financial security for today and tomorrow

There are various factors that need to be considered when planning for *long-term financial security*. For example, are you aware that your fund and employer may provide you with certain benefits such as:

- 1) Membership of a retirement fund;
- 2) Group Life cover in the event of death; and/or
- 3) Personal health insurance in the event of disability?

You would have already received your *IPFM Retirement Projection Statement*, that helps you plan for a financially-secure retirement. However, have you considered what the financial implications are for your family in the event of your death before retirement? **The question you need to ask yourself is, 'how will my family survive financially without my salary?'**

The *IPFM Death Needs Analysis Statement* gives an indication as to whether your Fund Credit and Group Life cover are enough to provide your family with financial security should anything happen to you today.

The *IPFM Death Needs Analysis Statement* is based on the following information, which has been taken from your Fund's membership record:

- 1) Current age;
- 2) Gender;
- 3) Pensionable salary;
- 4) Current Fund Credit; and
- 5) Group Life cover.

We have limited information regarding your personal circumstances. Therefore, we have made the following assumptions in order to prepare the statement:

- 1) You are married;
- 2) The female spouse's age will always be four years younger than the male spouse's age;
- 3) Your surviving spouse will need 60% of your last pensionable salary after your death;
- 4) The income required will be payable for the rest of your spouse's life;
- 5) You will have no debt to be settled at the date of your death, or the 60% income paid to your spouse will be sufficient for him / her to repay the debt; and
- 6) You have no other life cover or discretionary investments.

But wait a minute...

- What about my other life policies?
- What about the fact that I might be a single parent?
- What about my children?
- What about my other investments?
- What about my bond and other debt?

These are all relevant questions. There are two ways to answer these questions - the first is to log onto www.afonline.co.za and use the interactive *IPFM Death Needs Analysis tool* that can be found on the site. Alternatively, you can speak to a qualified financial planner.

The online tool incorporates all the information and assumptions that we use in the *IPFM Death Needs Analysis Statement* but it allows you to change the information to reflect your personal situation. Let's have a closer look at the interactive *IPFM Death Needs Analysis tool*.

IPFM Death Needs Analysis tool

The statement on the right is an example of a member's *IPFM Death Needs Analysis Statement* based on his fund information and the assumptions we have made about him.

ABC Pension

Name :	Joe Bloggs	Date Of Birth :	01/07/1967
Member Number :	M12345 Cost	Centre :	Pretoria

Personal Information

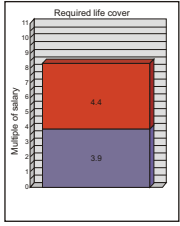
Date of Pensionable Service:	01/07/1992	Normal Retirement Date:	31/07/2028
Annual Pensionable Salary:	R 300,000.00	Normal Retirement Age:	60
Current Fund Credit:	R 250,000.00	Net Retirement Funding Rate:	17.00 %
Current Life Cover:	R 900,000.00	Gender:	Male

This Death Needs Analysis Statement has been produced for purely illustrative purposes. It is based on your personal information shown above and various assumptions outlined in the notes on the back. Your personal circumstances may well differ from these assumptions and this will impact on the results. These calculations also ignore any additional life cover you may have outside of your retirement fund, and any additional savings you may have made for your retirement. You are therefore strongly encouraged to log onto https://www.alexanderforbesonline.co.za and use the online Death Needs Analysis tool if you want a more accurate calculation based on your specific circumstances.

Assuming that you are married and that in the event of your death you would like your spouse to continue receiving an annual income equal to 60% of your existing Pensionable Salary, and ignoring any additional debt that need to be settled, or any additional life cover you may require (refer notes overleaf) you should have life cover in place equal to approximately **8.3 times your annual Pensionable Salary**.

In the event of your death your existing fund will pay out life cover equal to **3.9 times your annual Pensionable Salary (inclusive of your Fund Credit)**. Alternatively, in the event of your death your existing death benefit will only provide your spouse with an annual income equal to approximately 35% of your annual salary.

Required Life Cover	8.3 x Annual Salary
Existing Life Cover	3.9 x Annual Salary
Shortfall	4.4 x Annual Salary

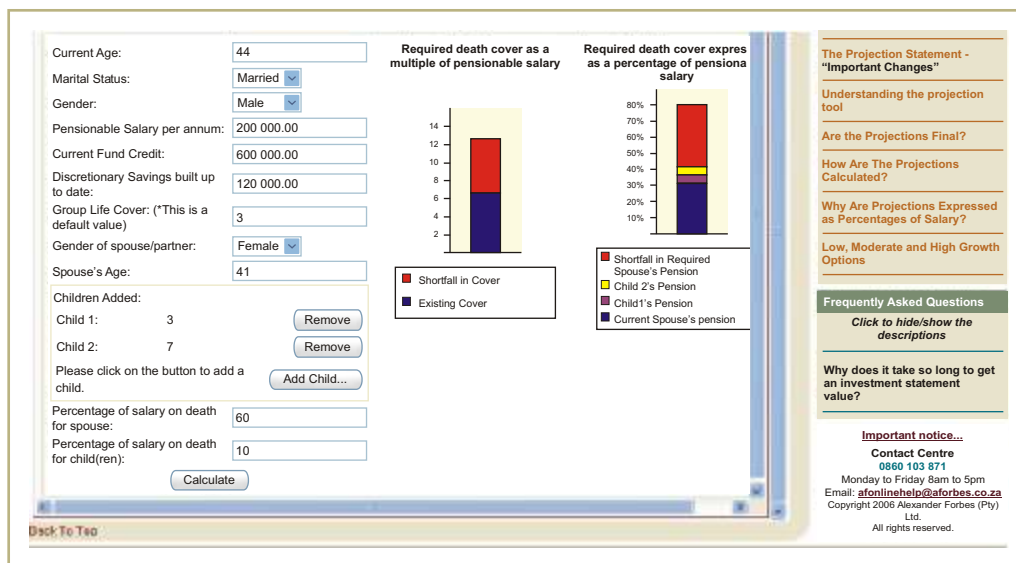


Multiple of salary

In the event of your death your existing death benefit will only provide your spouse with an annual income equal to approximately 35% of your annual Pensionable Salary.

Should you have additional life cover in place, or should you wish to see a more accurate calculation taking into account your actual personal circumstances you should log onto https://www.alexanderforbesonline.co.za and use the online Death Needs Analysis tool. Alternatively contact Alexander Forbes Contact Centre tel no: 0860 100 444 and arrange for a personalized financial review report.

Should you require assistance with your financial planning needs please contact the Alexander Forbes Contact Centre on 0860 100 444.



The illustration above shows the results after the example member has input his personal information into the IPFM Death Needs Analysis tool available on www.afonline.co.za which is different from the Death Needs Analysis Statement.

By using the IPFM Death Needs Analysis tool available on www.afonline.co.za the member can immediately assess for himself if he may need to purchase additional life cover.

Contact Us

Should you require any further information about the *IPFM Death Needs Analysis Statement* and education on personal financial planning or on accessing AF Online, you can reach us through the **Alexander Forbes contact centre on 0860 100 333**.

The contact centre is open Monday to Friday from 08:00 to 17:00.

Alternatively, visit www.afonline.co.za, and access your world.

Good luck with your personal financial planning. Alexander Forbes will continue to provide you with innovative financial education and financial tools that are relevant for you and will assist you in the pursuit of your long-term financial objectives. Your world is our world.

AFOnline

www.afonline.co.za is Alexander Forbes's gateway to online values, information, financial planning tools, and related material, which has been designed to assist our clients with all of their financial planning needs, whether they be related to retirement planning, medical aid, death and disability cover, short-term insurance, estate planning, etc.

The importance of a financial planner

When making important financial decisions it is always best to speak to a suitably qualified financial planner. Professional assistance in managing your financial affairs can provide substantial long-term benefits to both you and your family. The financial planner will be able to help you formulate a personalised financial plan that maximises the probability of you achieving your goals. For more information about how to choose a suitable qualified financial planner read the "**Choosing a financial planner**" brochure, or log onto www.afonline.co.za.

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