



# Quantum for retirement – short term funding

For various reasons, not all clients have the ability to commit to long term regular savings to help build a nest egg for retirement. For these clients short term funding could be the solution.

The minimum premium term for Quantum is 5 years. However, once the premium term is complete, the policy can remain invested until such times as the client chooses to retire. And remember, unlike a pension there is no obligation to purchase an annuity with the proceeds and the client can take funds earlier if their circumstances change.

**Example**

Using Quantum, Table 1 opposite illustrates the fund values that could be achieved adopting a short term funding approach. The examples assume that the client is aged 35 at outset, they invest \$2,500 per month and the fund value grows each year at 7.5% up until the chosen retirement age of 65.

The cost of short term funding into Quantum might be far less than both you and your clients might think.

Using the figures shown in Table 1, the annual growth required to cover all of Quantum’s product charges up until the target retirement age are shown in Table 2.

**Table 1**

Premium term	Monthly premium	Total premiums paid	Fund value at retirement age (65)
5 yrs	\$2,500	\$150,000	\$694,954
7 yrs	\$2,500	\$210,000	\$921,342
10 yrs	\$2,500	\$300,000	\$1,258,122
12 yrs	\$2,500	\$360,000	\$1,437,267
15 yrs	\$2,500	\$450,000	\$1,683,204

The fund values shown in both tables are inclusive of all product charges (including the 1.50% annual contract charge).

**Table 2**

Premium term	Monthly premium	Total premiums paid	Fund value at retirement age (65)	Annual growth required to cover product charges*
5 yrs	\$2,500	\$150,000	\$694,954	1.81%
7 yrs	\$2,500	\$210,000	\$921,342	1.79%
10 yrs	\$2,500	\$300,000	\$1,258,122	1.63%
12 yrs	\$2,500	\$360,000	\$1,437,267	1.60%
15 yrs	\$2,500	\$450,000	\$1,683,204	1.54%

\* The annual growth rate required to cover all the product charges is inclusive of the 1.50% annual contract charge.

**Important notes**

For financial advisers only. Not to be distributed to, nor relied on, by retail clients.

The figures provided in this sales aid assume the following:

- no escalation in premiums
- no withdrawals have been taken
- all premiums are paid throughout the selected premium terms
- the policy remains in force until the client has reached their chosen retirement age

The values shown in these examples assume that a constant growth rate has been achieved. In practice fund growth is prone to variance and future performance cannot be predicted.

For more information about Quantum, please read the literature suite, available to download from:

**[www.rl360adviser.com/quantum](http://www.rl360adviser.com/quantum)**