

# Retirement Plan

Fact Sheet



PROTECTION | SAVINGS | INVESTMENTS | RETIREMENT

This document and your personal illustration outline the most important features you need to know about your Policy. Please read them carefully so that you understand what you are buying and keep them with your Policy Documents. Full details of the Policy are contained in the Policy Document. We will be pleased to answer any further questions you might have.

## Aims of the policy

- To build up a sum of money which is available as a lump sum when you retire or, if you prefer, to take as a regular income. At maturity you will have the option to reinvest the proceeds in an annuity, subject to terms and conditions applicable at that time and subject to such products being available.
- To help your retirement planning cope with changes in your personal and financial circumstances.
- To offer you a wide and flexible choice of where to invest your contributions.
- To provide a cash sum to your wife, husband or dependant(s) should you die before retirement.

## About the policy

- The New MSV Retirement Plan is a long term regular contribution savings plan, offering you a choice of unit linked and with profits investments.
- It allows you to save on a regular basis and to invest a lump sum at anytime in the future. The value of the Policy is linked to the value of the underlying investments of your choice.

## Your commitment

- To make regular contributions for the life of the Policy. Your employer can also make contributions on your behalf.
- To keep the Policy invested until you choose to take your retirement benefits.
- To invest for the long term (normally to your retirement age) and to review your contributions on a regular basis.

## Risk factors

- The underlying investment funds, in which you can choose to invest your contributions, have different levels of risk.
- Past performance of funds is not necessarily a guide to future performance and the value of your Policy is not guaranteed.
- The value of funds and the currency in which they are denominated may go down as well as up and you may not get back your original investment.
- When you retire the maturity value may be less than illustrated if:
  - You or your employer stop contributing into the Policy, or reduce contributions
  - Investment performance is lower than illustrated
  - You take your benefits earlier than your selected maturity date
  - Tax rules change
  - Charges increase above those illustrated

## Questions and answers

### 1. What is a Retirement Plan?

- The New MSV Retirement Plan is your own personal savings plan for your retirement. It is a linked long term contract of insurance which accepts regular and single contributions.
- It may be suitable for people who are employed, self employed, self occupied or not employed.
- Your employer can contribute into this Policy on your behalf.
- You may start a Policy for your husband, wife or dependant(s).

### 2. How flexible is it?

#### *Paying In*

- You save on a regular basis and you can make single 'one off' contributions whenever you like.
- Contributions to the Policy can be made by cash, cheque or standing order.
- You can increase your regular contributions whenever you like, or choose to have them automatically increased each year in line with inflation (minimum 3.5%).
- You can change your contributions in the future to suit your personal circumstances.

#### *Stopping contributions*

You can stop making contributions, in which case:

- Your Policy will continue to be invested

- We will continue to deduct our charges, which may reduce the value of your Policy
- When you retire your benefits are likely to be less than you expected
- Any additional life cover you have selected will cease

#### *Restarting contributions*

- Within five years of stopping contributions you can restart them at no additional cost, subject to the minimum terms applicable at that time.
- If you do not restart your regular contributions within 5 years of stopping them we will automatically make the Policy paid up and no further contributions may be made into it.

### **3. What choices will I have when I retire?**

Subject to legislation and terms and conditions at that time you may have the following options:

- Take the whole Policy as a cash lump sum. You are then free to decide how to use the lump sum in order to provide retirement benefits.
- Exchange the fund value for a regular income, subject to terms and conditions applicable at that time.
- The size of your lump sum will depend on:
  - the amount of contributions made
  - how long they are invested for
  - the investment performance of the funds you choose
  - our charges
  - any taxes payable
- Your personal illustration will give you an idea of what you might get.

### **4. When are benefits payable?**

The Policy is designed to help you save for your retirement and the maturity date should be the age you plan to retire.

- Benefits are normally payable on your selected maturity date or on death if earlier.
- However benefits may be taken earlier subject to Policy terms and conditions applicable at that time. Charges may be applied if you take benefits in the early years.

### **5. Who can have one?**

The Policy is open to anyone aged between 18 and 65 and has a minimum term of 10 years.

### **6. How much can I pay in?**

There are no limits to the maximum you can contribute, but you should ensure any contributions you agree to are affordable now and for the foreseeable future.

- The minimum contributions are:
  - €40 per month
  - €120 per quarter
  - €240 half yearly
  - €480 annually
- The minimum single top up to the policy is €500.
- You can make payments by cash, cheque or standing order.

### **7. Where are the contributions invested?**

You can choose where to invest from a large range of funds. The 'Abridged Chartbook' provides full details of the funds available, including their objectives, risk profile and the investments they hold.

- The funds invest in different assets like stocks, shares and property, and in different markets and countries.
- We offer both 'Unit Linked' funds and 'With-Profits'.
- Your choice of investments to which the Policy is linked should be based on the full details included in the prospectus of the scheme, copies of which are available on request.
- You can select as many funds as you want so long as at least 10% of your contribution is allocated to any one fund.
- The maximum investment in the MSV With Profits Fund is 50% of the total contribution.
- We may change the funds available for investment in the future and may place restrictions on the amount that can be invested in any one fund.
- As some of the funds' holdings may not be held in local currency, unit prices may rise and fall purely because of changes in exchange rates.

### *Unit Linked Funds*

This section applies only to the unit linked funds available under the Policy.

- Our funds are managed by Professional Fund Managers.
- The MSV names of the funds reflect the name of the underlying sub-fund to which your Policy is linked. For instance the MSV Fidelity America Fund will invest in the underlying America Fund within the Fidelity Funds SICAV.
- After deduction of any charges the balance of your contribution (the "Investment Premium") will be used to purchase units in the funds you have chosen at the Offer Price.
- Units are allocated at the Offer Price on the 15th and 30th day of each month, or the next working day as appropriate.
- Units in funds are sold at the Bid Price in order to provide benefits on maturity, death, surrender or fund switches.
- The Bid Price used shall be that applicable for the next Valuation Date following the date we receive your written instructions, together with any documentation we may require. The cut off time is 1200hrs on every business day.
- The bid and offer prices of MSV Funds shall be determined by reference to the market value of the underlying sub-funds, taking into account any charges, fees, taxation or other liabilities that might occur.
- Unit prices are not guaranteed. They go up and down in line with fluctuations in the value of the funds' investments. As unit prices go up and down so does the value of your Policy.
- The allocation of units to the Policy is only notional and is solely for the purpose of calculating your entitlement to benefits. At all times we will retain ownership and control of the units to which the Policy is linked.

### *The MSV With-Profits Fund*

This section applies only to the MSV With Profits Fund that is available under the Policy.

Apart from selecting one or more unit-linked investment funds, you may also choose to allocate a percentage (maximum 50%) of your contribution to the MSV With Profits Fund. We may change the maximum percentage allocation from time to time.

- After deduction of any charges the balance of your contribution (the "Investment Premium") will be applied to your Policy Account.
- With-Profits is a type of investment that aims to smooth out the return on your money through a system of bonuses. It is designed to provide you with some form of protection from the volatility of the underlying investments, by smoothing the returns from year to year and providing some guarantees.
- The MSV With-Profits Fund participates in MSV's distribution of profits by means of allocation of annual Regular Bonuses declared from time to time. Regular Bonuses are usually expressed as a percentage of the Policy Account and are calculated on a daily basis from the Date of Investment.
- Regular Bonuses are determined and declared annually in arrears based on the investment returns of our underlying investments (which can consist of a wide range of financial instruments such as Maltese and international equities and bonds, property, cash and other similar instruments).
- Regular Bonuses once declared are guaranteed to be paid at maturity or on prior death.
- A Market Value Reduction (MVR) may be applied if you want to move your money out of the fund early. This is to ensure other Policy Owners do not lose out financially as a result of your actions. If we apply an MVR, you can normally choose to delay the action to a later date.
- We will not apply an MVR if you take benefits at your chosen retirement age or if you die before such benefits become payable.
- A Final Bonus may be applied on maturity or death, but not on surrender. Final bonus rates are not guaranteed and may be volatile depending on our investment performance.

### *Lifestyle Option*

- As you approach retirement you might want to reduce the investment risk you are taking whilst protecting any of the gains previously made.
- The Lifestyle Option automatically changes your investment as you approach retirement. It can save you the time and trouble of switching funds yourself to meet your investment objectives.
- Five years from your selected retirement date and on each policy anniversary thereafter, 20% of your existing unit linked funds will be switched gradually into the With-Profits Fund. This potentially reduces the investment risk to your Policy; however, by selecting this option you may reduce the potential for higher growth.
- If you select this option and then decide at a later date that you do not want it you may cancel without charge.

### **8. Can I move between funds?**

- You can change the funds your future contributions are invested in at no charge. This is called "redirecting contributions". You should notify us at least 15 days before the date you wish to make the change effective.
- You can also move the funds your previous contributions have been invested in. This is called "switching funds". The first two switches in any calendar year are free. Subsequent switches will be charged at 0.5% of the bid value, subject to a minimum of €25.

### 9. How will I know how my Policy is performing?

We will provide you with a free Policy statement once a year, or every six months if specifically requested. In addition you should have regular reviews with your financial adviser.

### 10. What happens to the Policy if I die before I retire?

- If you die before taking benefits we will pay 101% of the value of your Policy plus any additional life cover you have selected. The value of your Policy shall be the bid value of your unit linked investments plus the value of your Policy Account where appropriate.
- We will normally pay the cash sum directly to your husband, wife or dependant(s).
- If you've arranged your Policy under a suitable trust we will pay the cash sum to the trustees.
- Advanced pre-payment of death benefits is available to cover funeral expenses, up to a maximum of €2,500 or the value of the Policy.

### 11. What happens if I need the money early?

Saving for retirement is a long term strategy, however sometimes we need to access the money earlier than we anticipated.

- You may withdraw your savings at anytime subject to Policy rules and charges applicable at that time.

Surrender charges apply in the first 5 years:

Year	Surrender Charge
1	20%
2	10%
3	10%
4	5%
5	5%
6	0%

- Any early surrender of monies held in the MSV With Profits Fund may also be subject to a Market Value Reduction.
- Partial withdrawals may also be permitted at the company's discretion and subject to rules and charges applicable at that time.

### 12. What other benefits can I choose?

You can choose to increase the amount payable on death before maturity and you can choose to protect your contribution payments in case of sickness or injury.

#### *Additional Life Cover*

- The new MSV Retirement Plan will pay 101% of the value of your Policy on death before retirement; however you can elect to increase this by selecting the Additional Life Cover option.
- Under the option you choose how much additional money you would like to be paid. You can choose a level or a decreasing term insurance policy.
- The cost of providing the additional cover will be provided in your illustration.

#### *Waiver of Contribution*

- You have the option to protect your future contributions in case you are unable to work due to accident or illness. This option is only available if the Policy Owner and the Person Covered is the same person.
- If you select this option we will automatically credit your Policy with your contributions from the date of the claim until the maturity date of the Policy or the date the claim ceases, whichever is the earliest.
- The cost of this benefit is 3.5% of your regular contributions.

### 13. What are the Policy charges?

- The charges we make cover the cost of setting up your Policy, any advice provided, as well as the costs of administration, marketing and investing your money.
- We take an annual management charge of 0.2% p.a. by cancelling units in your Policy on a monthly basis.
- A Policy Fee of €2.50 per month will be taken by cancelling units on a monthly basis to pay for the maintenance of the Policy. The fee will increase each year in line with the official inflation rate as published in the Government Gazette, or 3.5%, whichever is higher.
- In the first year only of the Policy a deduction will be made from the regular contributions in order to cover establishment costs. The amount of deduction will depend on the size of the contribution:

Annual Contribution	Year 1 allocation	Year 2+ allocation
Up to €899	80%	100%
€900 - €1,799	90%	100%
€1,800 - €2,399	95%	100%
€2,400+	100%	100%

- From the second year onwards you will receive 100% allocation.
- Any increases to regular contributions are allocated as per the above table.
- 'One-off' single top ups will be allocated on the following basis:

Payment amount	Allocation
€500 - €2,499	98%
€2,500 - €4,999	99%
€5,000+	100%

All charges are subject to review from time to time, however we will give you 90 days notice before making any alterations.

#### 14. Are there any bonuses?

Saving for your retirement is a long term commitment and to reward long term savers we will reduce the annual charge once your fund reaches certain thresholds:

Fund value	Reduction
€50,000 - €100,000	0.1%
€100,000+	0.15%

#### 15. Can I change my mind?

- After your Application Form has been accepted and you have received the Policy Document from us, you have 30 days to cancel the Policy and obtain a refund of your contributions.
- If you cancel the Policy during this period you will not be liable to any charges imposed by us. However any adverse market movement in the value of the investments shall be at your risk.
- A request to cancel must be received in writing by us. You will not be able to cancel your Policy if it is pledged with a bank as collateral for credit or loan facilities.

#### 16. What about tax?

Any statement about taxation is based on our understanding of current law and tax practice. Future changes in law and taxation, or your own financial circumstances, could affect the treatment of this Policy and the amount of tax payable.

In order to ascertain your exact tax status, you should seek specific and professional tax advice in relation to your tax obligations under the New MSV Retirement Plan.

##### *Unit Linked Funds - tax*

- All the underlying unit linked funds to which this Policy is linked are licensed by the Malta Financial Services Authority and are listed under the Malta Stock Exchange.
- There are two categories of unit linked funds to consider:
- Prescribed Funds - a fund of a Malta Based Scheme which has at least 85% of the value of the total assets situated in Malta.
- Non-Prescribed Funds - a fund which is based overseas or has less than 85% of its total assets situated in Malta.
- Capital gains from Prescribed Funds are not taxed in the hands of the Policy Owner, so long as the funds have been held for the lifetime of the Policy, or at least the last three years before surrender or maturity.
- When monies in Non-Prescribed Funds are redeemed a 15% Withholding Tax becomes payable on any capital gains.

##### *With Profits Funds - tax*

Under current legislation you are not liable to personal or capital gains tax on proceeds arising under the Policy from the With Profits Fund.

## Further information

### *Financial Advice*

This document is not designed to offer financial advice and should not be used in isolation when making a decision about your retirement planning. We encourage you to always seek financial advice before starting a long term savings contract.

### *How to complain*

We are committed to providing you with a high level of service. It is therefore very important that you inform us when our level of service does not meet your expectations. Should you have any cause for complaints about our services please write to us at the address above, for the attention of The Chief Executive Officer.

If you are not completely satisfied with our response you have the right to take your complaint to:

*The Consumer Complaints Manager  
Malta Financial Services Authority  
Notabile Road Attard BKR 3000 Malta*

Making a complaint will not affect your legal rights.

### *Law and language*

The Policy shall be construed in accordance with the Laws of Malta.

The translation of this document into the Maltese language can be provided upon request. This Policy shall in no case be interpreted by reference to that translation and should there be a conflict of meaning between the English text and Maltese translation or any doubt whatsoever, the English text shall take precedence and be applied to the complete exclusion of the Maltese translation.

This document has been produced on our understanding of current legislation and tax laws, which may be subject to change in the future. Any word, expression or amount to which a specific meaning or significance has been attached in any part of this Fact Sheet shall bear such specific meaning or significance wherever it may appear. Reference to the masculine includes the feminine and the singular includes the plural and vice versa, unless the context requires otherwise.

## Notes and illustrations

Investment returns quoted on any illustration are for illustration purposes only and consequently do not reflect the actual return on maturity or surrender. The value of the underlying assets and the returns resulting there from (and hence the value of your policy) can fall as well as rise according to market conditions including exchange rate fluctuations. The higher assumed investment returns shown in illustrations assume a significant weighting of a higher investment risk tolerance being a higher allocation to funds which have a higher risk and greater volatility such as equity funds. Market conditions may be such as to result in returns far inferior to the lowest projected returns shown in any illustration. The Illustrative Maturity Values of the policy are not guaranteed and they are not minimum or maximum rates or amounts. Furthermore you may not get back the amount originally invested, especially if the policy is surrendered after a short period following its commencement. The assumptions used in the calculations of any Illustrative Maturity Values and Estimated Cash Surrender Values are based on the terms and conditions stated in the Information Guide or Fact Sheet that should be provided to you with any illustration. Please read the accompanying documents carefully. Investment returns can go up as well as down and therefore past performance is not necessarily a guide to future performance.

All illustrations are based on the current level of internal product charges. Annual management fees charged by funds to cover the costs of managing the funds are factored into the daily "share price" (the NAV – Net Asset Value) of the fund and are therefore reflected in the performance of the funds. Illustrations are therefore shown net of all charges. Internal product charges can be varied by us in accordance with policy conditions. Changes in the rate of exchange of currencies may also affect the value of your policy.



**Registered Address:** MSV Life p.l.c., Middle Sea House, Floriana, FRN 1442, Malta.

**Postal Address:** P.O. Box 54, Marsa, MRS 1000, Malta. **Registration Number:** C15722

**Telephone:** (+356) 2590 9000 **Telefax:** (+356) 2122 6429 **Email:** info@msvlife.com **Website:** www.msvlife.com