

LIFE INSURANCE



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Dear valued client,

As the old adage says time and tide waits for no man. We are already in the second month of the year and its all hands on deck as we move on with our plans at individual and business level. From us all at First Mutual Life we thank you for choosing us over the years as your life insurer and funeral services partner and we are looking forward to serving you again in 2023 and beyond.

This year we are introducing new products which we believe will be relevant to you our valued clients given the macro environment we are operating in. In this newsletter edition we bring to you the SME Funeral Cash Plan. the (USD dollar plan) and the Guardian Life Plan - read on for more information!



UNPACKING RETIREMENT PLANNING

The Retirement Roadmap: Potholes and Patches

Retirement is an inevitable phase of our lives that generally marks the end of formal earned income with its associated fringe benefits and the planning rubber hits the road to a new life style. It is an experience viewed differently depending on how one would have planned for this life phase.

For some, it is a transition from the hustle and bustle of a successful career built over the years, skills acquisitions to remain relevant and competent, the hard work in meeting targets and demanding workplace deadlines to a much more relaxed stress-free life of holidays, travel, new hobbies pursuits and spending more time with family. Whilst for others, it marks the beginning of a depressing life, a transition to drastically reduced regular income earnings contrasted by rising living expenses and health issues.

The question that arises is how tough is the planned rubber and how smooth is the retirement road? There is always the relaxation and comfort zone element emanating from regular income whilst still formally employed, hence a lot people do not plan for retirement until close to the retirement date.

Many consider 65 years as the magic retirement age but sadly very few take their time to seriously think about, let alone dream and envision this important phase of their lives. To some, death and retirement are taboo topics to ponder on and thus they are habitually ignored every time one works out their financial budget on a month to month basis and left to fate to decide when the time comes.

Alternatively, procrastination rules and retirement thoughts are left until too late when wrinkles and grey hair begin to give way and reality hits that youthfulness is fast fading and old age creeping in fast. In this article, we will give a bird's eye view of life in retirement, exploring the road terrain, its smoothness and potholes starting from the age 65 milestone onwards.

Come 65, Retiring or Unretiring:

Times are fast changing and the retirement landscape not being left behind. Is 65 still that magic retirement age? Those with the financial wherewithal now desire to leave their jobs early before age 65 while a considerable number find themselves working beyond this age either because they desire to or financial circumstances force them to work longer.

A lump sum cash commutation comes as a windfall for those that choose to retire and were fortunate enough to be under an employer driven group pension or provident fund. The lump sum can be a source of dilemma for the non-planners. They will only get to know of the amount the week it hits their account. As such, retirement becomes an event or just a moment in their lives and not a much more customised process.

Ad-hoc arrangements overtake reason for some and the lump sum blessing is quickly blown away by the same wind that blew it to their hands. Some venture into so called trending business lines that they have no clue about or adequate experience. Others may make it through such ventures while with some pitfalls take over and they find themselves broke and with no alternative plan and destitution looming.

The risk can be too great to take as the magical age is quite limiting in terms of income generating alternatives. Perceived financial independence turns to old age dependence.

Uncertainty

Transitioning into retirement brings about so many questions. Others view the transition with so much excitement while in some, fear is triggered. The near demise of Defined Benefit (DB) pension plans from the private corporate sector has compounded uncertainty for those approaching the milestone retirement age.

DB plans had the assurance of predetermined pension incomes largely funded by the employer and inflation linked as pension is based on last earnings preceding retirement. These plans have been predominantly replaced by Defined Contributions (DC) pension plans where all the funding risks rests with the employee. Weakening economic fundamentals worsen the situation for recipients of pension from DC

Funds where their benefit remains a function of accumulated contributions and interests earned during their years of fund membership. This puts to rest the wrong assumption that employer provided pension or provident fund will be adequate at retirement.

Chances become much higher that the retired member will possibly outlive their money and slide to inevitable destitution or dependence upon family. Such drastic changes in life circumstances ultimately lead to depression accompanied by undesired immature death and thus solidifying the untrue myth that retirement attracts death.

Longevity

Long life is a much-desired blessing but it also reflects as a longer road in retirement and means one needs to earn their pensions longer. Long life beyond age 90 implies living through a whole generation with its full cycles of fortunes and misfortunes as a retiree with weakened physical strength and inclination to independently earn income.

The longevity paradox implies special care requirements in terms of nutrition and medical attention. These do come at a considerable cost. Family structures in Zimbabwe have also changed in the last generation. Some elderly are taking care of grandchildren at a time they are struggling for self-sufficiency and thriving for financial independence.



Increased Medical Expenses

Experts estimate that 80% of one's life medical expenses are incurred between the age of 65 and their death. A lot of hidden ailments show up along the retirement road map and they must be attended to in order to enjoy a healthy and happy retirement life.

To some, medical aid insurance usually comes as a fringe benefit that drops off at the retirement milestone. Seeking new medical aid cover at age 65 can be near impossible in terms of availability and associated cost to the insured. This leaves one with the sad picture of increased necessary medical expenses against a decreased pension income, a much undesirable and dangerous pothole on the road.

Inflation

Inflation has always been touted as the greatest enemy to a pensioner, a truly insatiable parasite to incomes. Destitution ceases to be a shadow but comes to life for an unplanned retirement life.

Those that will have earlier surrendered all to fate during their working life will taste the ugliness and bitterness of not having planned and saved adequately.

These are the pitfalls of the unplanned retirement road map, an unpleasant and rugged roadway indeed. Can it be any better? Well, financial experts estimate that to maintain your current standard of living in retirement, you will need at least 75% of your current household income every year in retirement. Prudent financial planning is required for leading a financially independent life even in retirement.

Look out for our next issue of this newsletter where we will reflect a little more on planning and other financial aspects that will help make the retirement transition a joyous one

SME FUNERAL CASH PLAN (The dollar plan)

It is with great pleasure that we announce the introduction of the USD SME funeral cash plan targeted at the informal sector. From as little as USD1 per month a member can now get funeral cover of up to USD625.

The premium rates are as follows.

USD PREMIUMS AND SUMS ASSURED

PREMIUM (USD)	SUM ASSURED (USD)			
	0-23 Maximum of 5 Children	24 -69 Years	70 – 74 Years	75 – 80 Years
\$1	\$ 625.00	\$ 625.00	\$ 410.00	\$ 260.00
\$2	\$1,250.00	\$1,250.00	\$ 830.00	\$ 525.00
\$3	\$1,875.00	\$1,875.00	\$1,250.00	\$ 790.00
\$4	\$2,500.00	\$2,500.00	\$1,665.00	\$1,050.00
\$5	\$3,125.00	\$3,125.00	\$2,080.00	\$1,315.00

NOTE

- A maximum of 5 children under the age of 23 years will collectively pay \$1 with each individual child covered for \$625. **This means a total of 5 children or less will pay \$1 but but individually one will get \$625 sum assured in the event of a claim.**
- Where the number of children exceeds the maximum limit of 5, the additional children will attract an individual premium similar to that for ages 24 - 69 years **per each child, for example if there are 7 children, the 6th child and 7th child will each pay \$1 for a sum assured of \$625.**

To sign up today SMS join to 712 or contact us on Econet Toll free line 08080071, 08677020253, WhatsApp numbers +263772187438 or email Contact Centre@firstmutual.co.zw.

FIRST MUTUAL

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With you, for you

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FAMILY GUARDIAN PRODUCT

Great News! First Mutual Life Assurance Company (Pvt) Ltd is excited to advise you, our valued customer of the official launch of the Guardian Life plan product (Muchengeti wemhuri / Umgcinimuzi), a term assurance product which is annually renewable through continuous payment of premiums.

The premiums are payable in either USD or ZWL denominated currencies. ZWL premiums will be reviewed periodically to track inflation and exchange rate movements.

1. Product Main Features

Product Plans	Tested Plan (Medical underwriting required)	Untested Plan (Medical underwriting not required)
Product Options	Individual or with Spouse	Individual or with Spouse
Minimum age at entry	18 years age attained	18 years age attained
Maximum age at entry	65 years age attained	65 years age attained
Minimum sum assured	USD10,000	USD10,000
Maximum sum assured	USD1,000,000	USD30,000
Optional Riders	Funeral and Accidental death cover	Funeral and Accidental death cover
Waiting Period	No	Yes. Refer to Table 4 below
Premium payment grace period	30 days from the due date	30 days from the due date.
Lapse	Yes. If premiums are not paid within 90 days from the due date.	Yes. If premiums are not paid within 90 days from the due date.
Surrender	No	No
Paid Up	No	No

The minimum and maximum sum assured will be based on USD minimum and maximum applicable to the chosen plan multiplied by the prevailing exchange rate. The sum assured will be increased as and when the premiums are reviewed.

2. Guardian Life Plan Premium Rates for both USD and ZWL insurance contracts

Rate Per 1000 per month		
Age Band	Tested Rates	Untested Rates
18 - 35	0.80	0.90
36 - 55	1.20	1.30
56 - 69	3.40	3.90
70 - 80	8.00	9.50
81 - 90	16.50	19.00
91+	30.00	35.00

2.1 Premium and Sum Assured Calculation Examples

Description	Calculating Premium given the Sum Assured	Calculating Sum Assured given the Premium
Required Product Plan	Tested Plan	Tested Plan
Sum Assured	USD66,000	USD83,333
Age at entry	49 years	49 years
Premium Rate	USD1.20	USD1.20
Formula	Sum Assured/1,000*Premium Rate	Monthly Premium/Premium Rate*1,000
Calculation	66,000/1,000*1.20	100/1.20*1,000
Monthly Premium	USD79.20	USD100.00

3. Optional Riders

3.1 Funeral Riders

- The funeral rider is available to the life insured and any other eligible dependants.
- USD minimum and maximum benefit payable will be USD1,000. and USD6,000 respectively.
- ZWL minimum and maximum benefit payable will be based on the USD minimum and maximum applicable to the chosen plan multiplied by the prevailing exchange rate.

3.2 Accidental Death

- The premium rate for the accidental death benefit rider is 0.25 per 1,000.
- The minimum benefit payable is USD5,000.
- The maximum benefit payable is 50% of the basic sum assured (main benefit).

For more details on the product features, please contact us on Econet Toll free line 08080071, 08677020253, WhatsApp numbers +263772187438 or email ContactCentre@fiirstmutual.co.zw.

The right relationships matter

With the right partner, everything that's important can be neatly tied together, bringing you closer to your loved ones.

Life insurance designed,
With you and For You



With you, for you

FIRST MUTUAL LIFE

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