



# Wealth & Succession Planning in an Increasingly Uncertain World

---

3 May 2023 | Jeremy Young



# Disclaimer

---

- This presentation is intended to be used for general information purposes only and should not be treated as or substituted for financial, tax and/or legal advice.
- Any case studies and any other illustrations or examples given in this presentation are for information and illustrative purposes and do not predict future performance. TLB makes no warranties or representations, express or implied, with respect to the figures and illustrations provided.
- This presentation serves only as an overview and is not an offer to sell or a solicitation to buy any of TLB's products. All monetary values reflected in these materials are in US dollars.
- This presentation is prepared for a specific audience only and may not be distributed to any third party nor reproduced or copied in any form or by any means without the prior written consent of TLB. Although care is taken in preparing this material, TLB disclaims any express or implied warranty as to the accuracy of the content and any liability with respect to it. Customers and other interested parties should refer to the policy contract for detailed terms and conditions before any purchase.

# Who am I (and why am I in 'Life Insurance')

Personal experience led me to join the industry

- Professional sports coach – seeking new direction.
- Joined insurance industry as a broker specializing in the business owner market (Entrepreneur / HNW)
- This was following a family situation:

- Family business (x3) across New Zealand and Fiji
- Myself and Brothers not interested in entering
- Father diagnosed terminally ill, succession planning was a mess;
  - Only one business had a plan and adequate funding (via insurance)
  - One had a plan, but no funding
  - One had no plan, and no funding
- Lengthy negotiations, lower value, drawn out process and payment

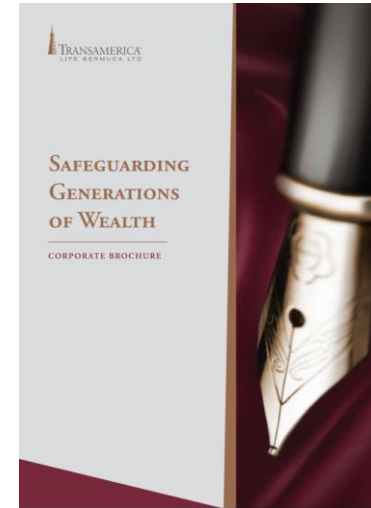


- As an adviser over 3 years had more than 2m in claims paid
- Two large claims, including a family member
- Based in Hong Kong since 2008
- 2021 Head of Distribution and Product strategy with Transamerica Life (Bermuda) Ltd

# Who is Transamerica Life Bermuda?

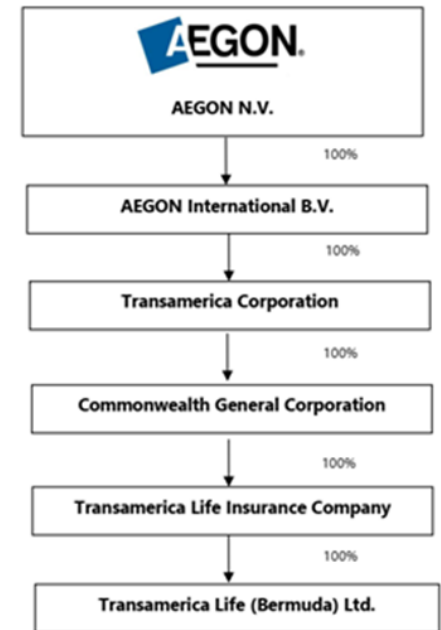
A long history 'Safeguarding Generations of Wealth'

- A specialist HNW Insurer, leveraging years of experience
- Operate in Bermuda, Hong Kong, and Singapore
- A specialist unit of Transamerica Life Insurance Company (TLIC)
- Part of the Aegon group
- Listed in Amsterdam and New York Stock Exchanges



## Claims data since 2020

- Total paid = **\$235,729,018** across **209** policies
- Largest claim = **\$75,000,000**
- Claims benefits paid to **23** countries across the globe
- **50%** of claims are from policies in force for more than **20** years



# The pathway on my session today



# The fundamentals

---

Using insights to explore  
reality



# Gathering insights

---

## Wealth Transfer and Succession planning



Various research and reports available regarding attitudes towards and preparedness for succession.

Closer alignment to business structures between Middle East and Asia, than to North America

- Higher percentage Family Owned and operated
- Fewer Generational transfers

# Similarities across reports?

## Wealth Transfer and Succession planning

Succession can be split into two parts;

- Succession of the Business for intergenerational wealth transfer
- Succession of Family wealth

***A high percentage of HNWI ‘think’ their family business is structured to allow for intergenerational wealth transfer (succession)***

The percentage of HNWI participants that DO have a plan differs across regions.

- North America 68 %
- Asia 43%
- Middle East 24%

- TLB research plus publicly available research and reports

Asia's HNWIs are still less prepared for succession planning when compared to their counterparts in other regions

57%

admitting they have done nothing in regards to estate planning and wealth transfer,

compared to

32%

in the West.

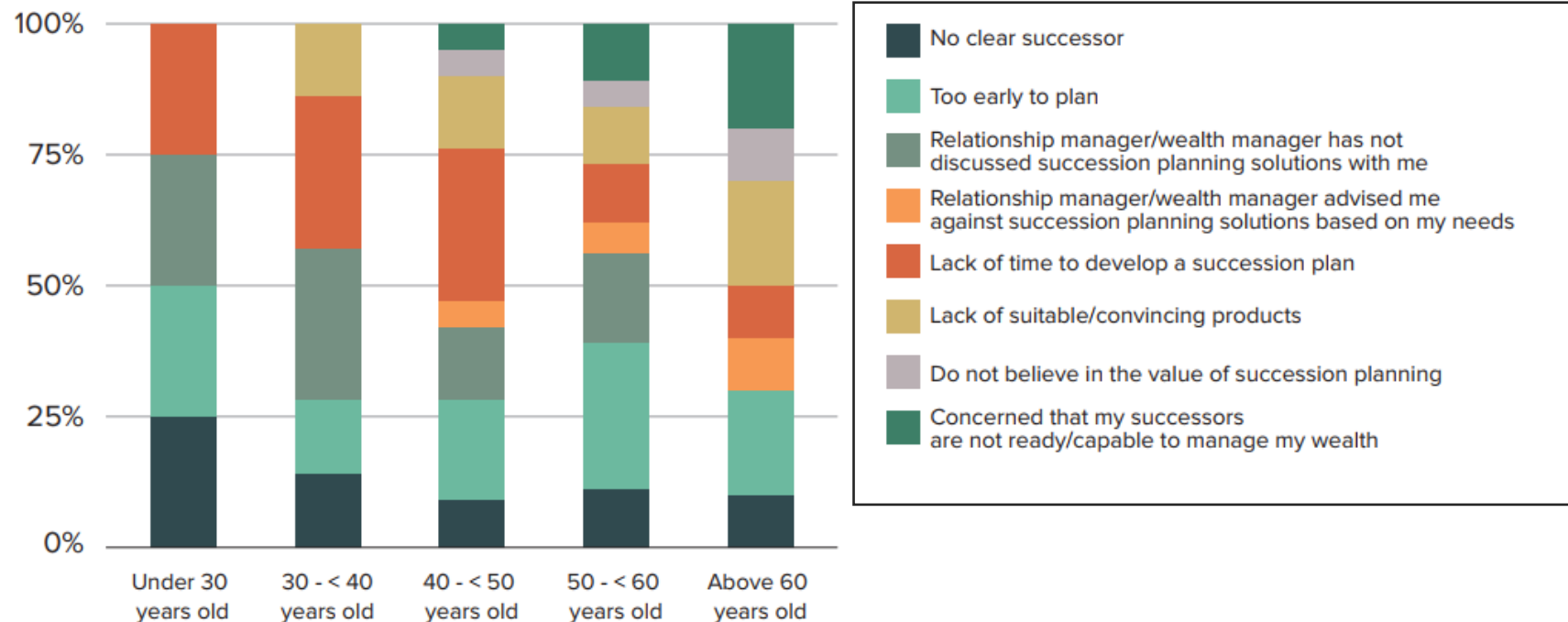


# Key reasons for not having a plan.

Selection of premium frequency at the point of application

Consistent across reports

- Procrastination – (*will do it later...*)
- Lack of Communication - (*reluctance to discuss across family*)
- Perceived complexity of the process – (*managing various assets across jurisdictional boundaries*)

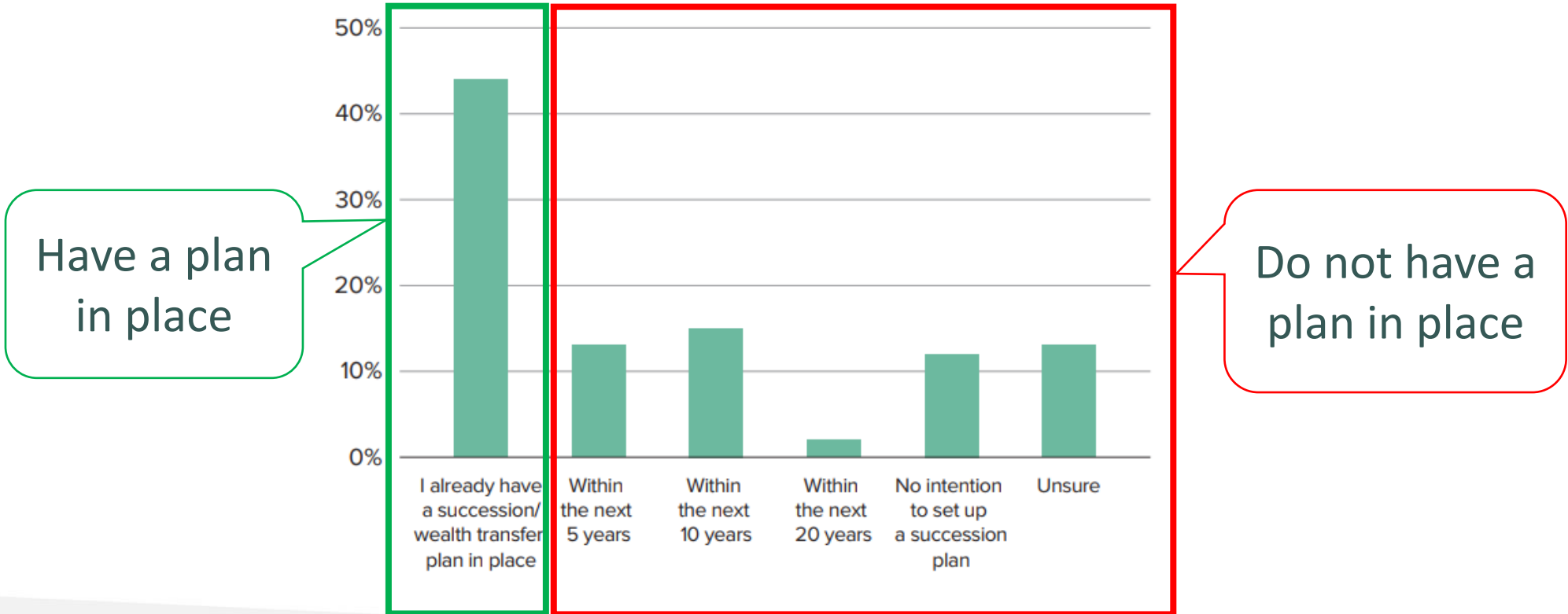


# Procrastination and Timing

Some indicate they will deal with succession in 10 – 20 years, or unsure when!

**Only 40%**  
of end-clients  
have planned/are currently planning  
their succession plan.

- Over 50% are going to do it some time in the future, and 12% never...



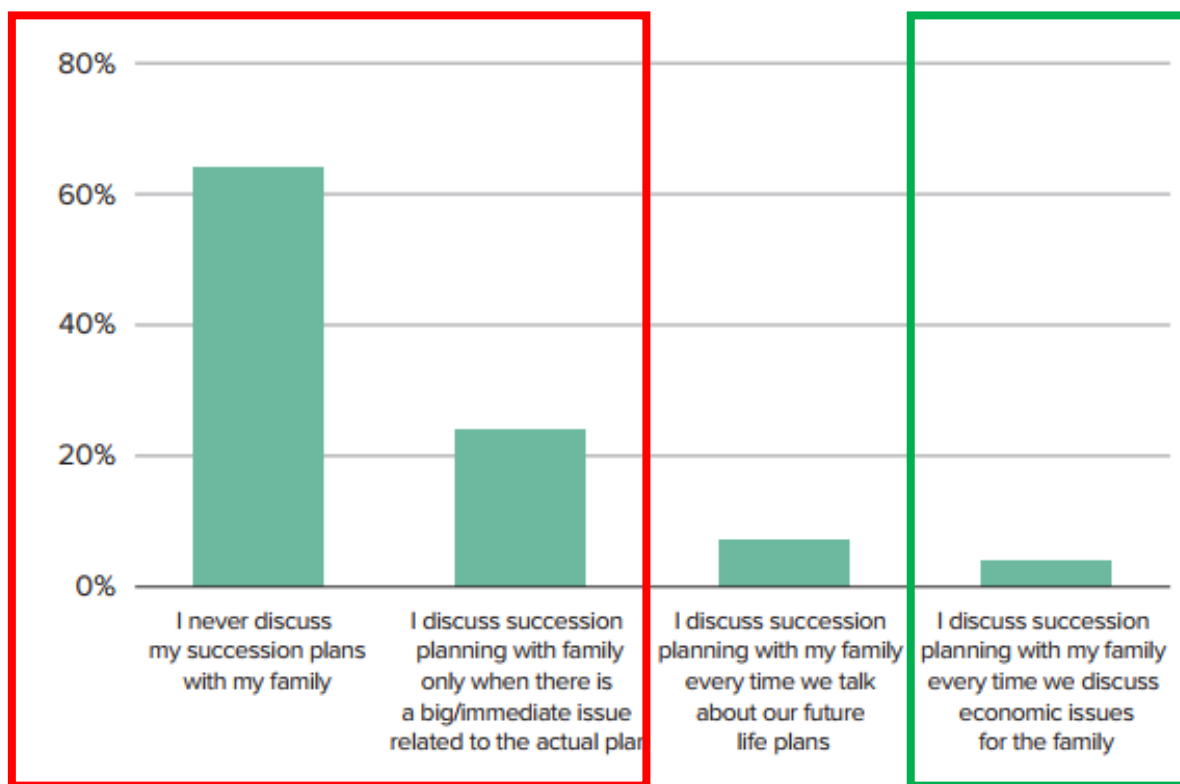
# Communication

Over 60% never discuss succession, and another 20% only do when there is an issue

**2 out of 3  
end-clients**

have never discussed  
planning with their family.

- Even if there is a plan in place, how well understood across the family is it?



# The time of challenge

Even when founders believe they have structured to facilitate transfer, things don't always work out that way

---

- Business and family wealth are intricately related
- Sharia law comes into play
- Foreign interpretation of will for foreign assets

## FINANCIAL TIMES

When the founder of an immensely successful family business in Kuwait passed leaving no will or foundation to manage his wealth, his estate and business were distributed to his wife, three sons and daughter according to the inheritance principles set forth by Sharia law.

His daughter had worked with him, while his sons had not been involved. Despite the expertise that made her an obvious candidate to take over the business operations, the application of the distribution law meant that she received just one small share of the business, while her brothers collectively received the vast majority. Jealous of their sister's relationship with their father, her brothers quickly voted her out of the business.

# Data from UAE

Trends are changing

- With population and wealth comes change in lifestyle
- Causes of death move from accidents to conditions



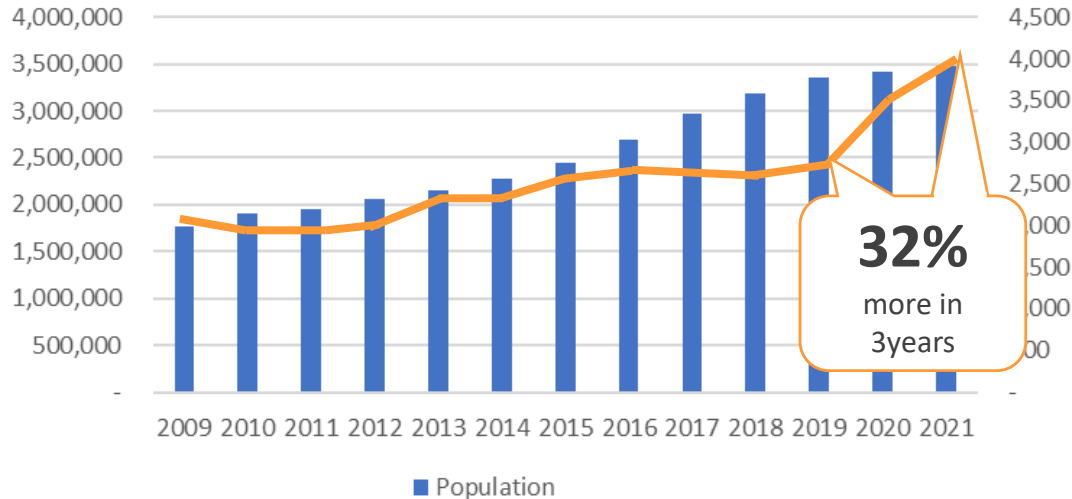
More than half of UAE residents affected by heart disease: Study

Coronary disease is the leading cause of death in the UAE, with symptoms in patients often occurring a decade earlier than their counterparts in other developed nations. (Shutterstock)

United Arab Emirates

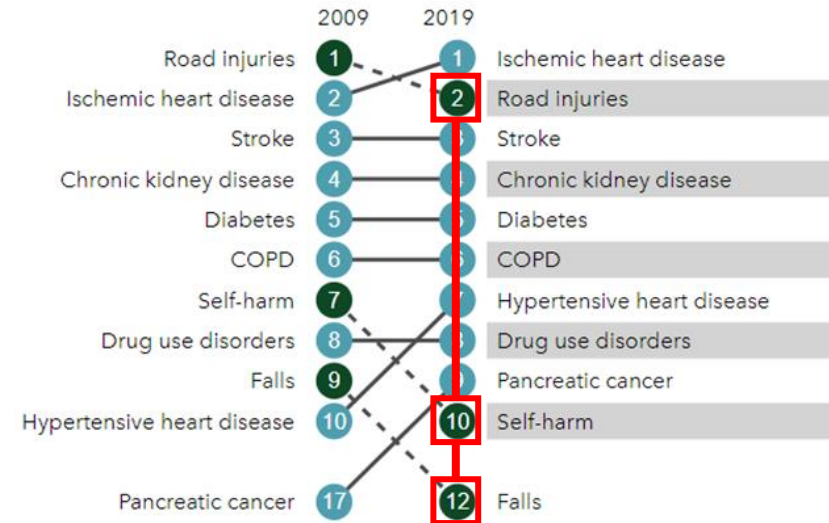
+ Follow

Population growth



**32%**  
more in  
3 years

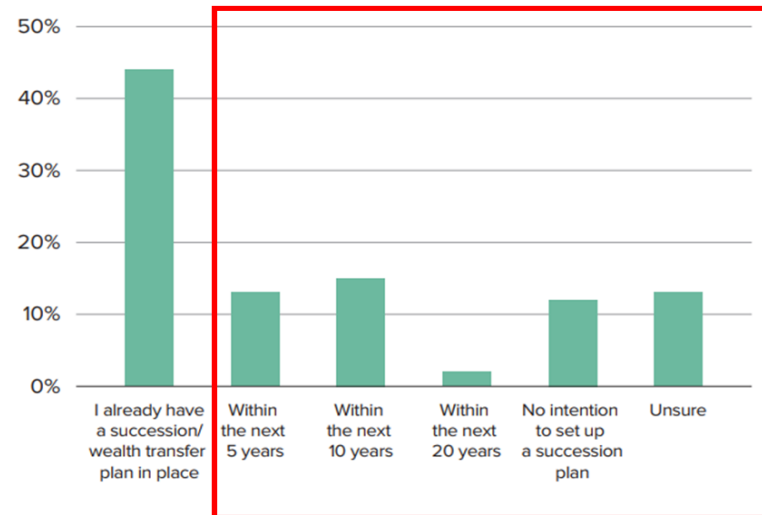
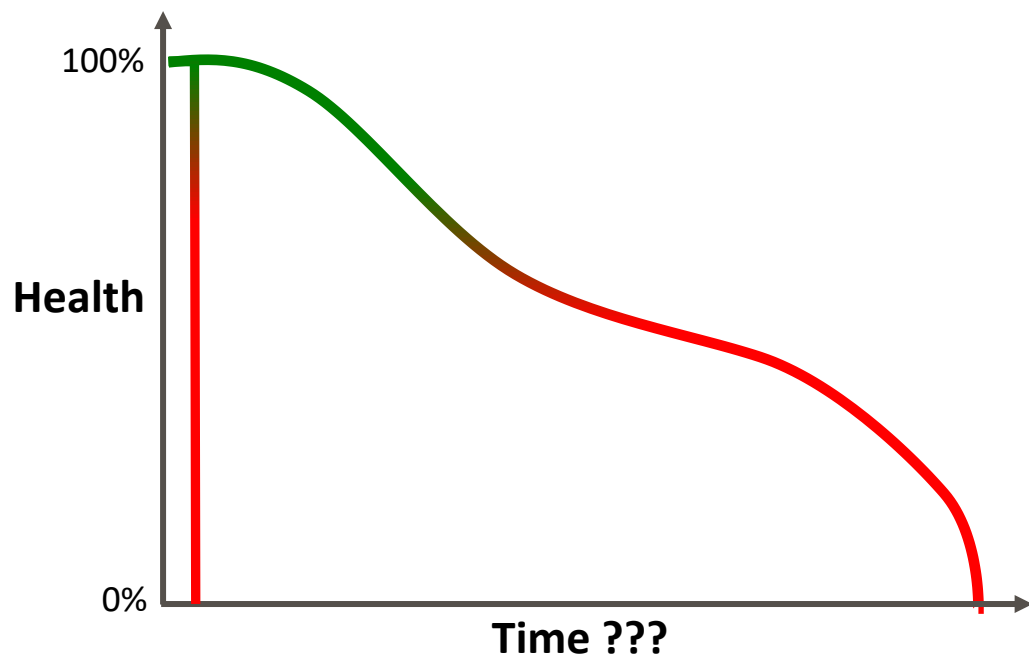
Cause of death



# Implications

The need for cash, control and certainty

- How long does it take?
- What happens on the way?



Business implications at loss of a founder or key person

Income



Expenses



Assets



Liabilities

**DUE NOW**

# The Options

---

## Insurance as a Multi Tool



# Wouldn't it be great...

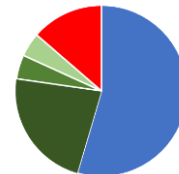
If there was a financial asset class that:

---

- Only increases in value over time,
- Has flexibility in how you pay for it – all at the start, over time, or some of both,
- Costs around 1% of the total benefit / target cash amount,
- Builds a cash value that can be accessed if needed,
- Has the ability to be borrowed against if more is required,
- Can be transferred to another [family] member if needed/desired,
- Provides a lump sum of cash in a time of need at an amount you determine at the beginning,
- Helps to avoid a family feud developing at time of asset transfer,
- Enables you to enjoy lifestyle mode [retirement] more,
- Plus more!

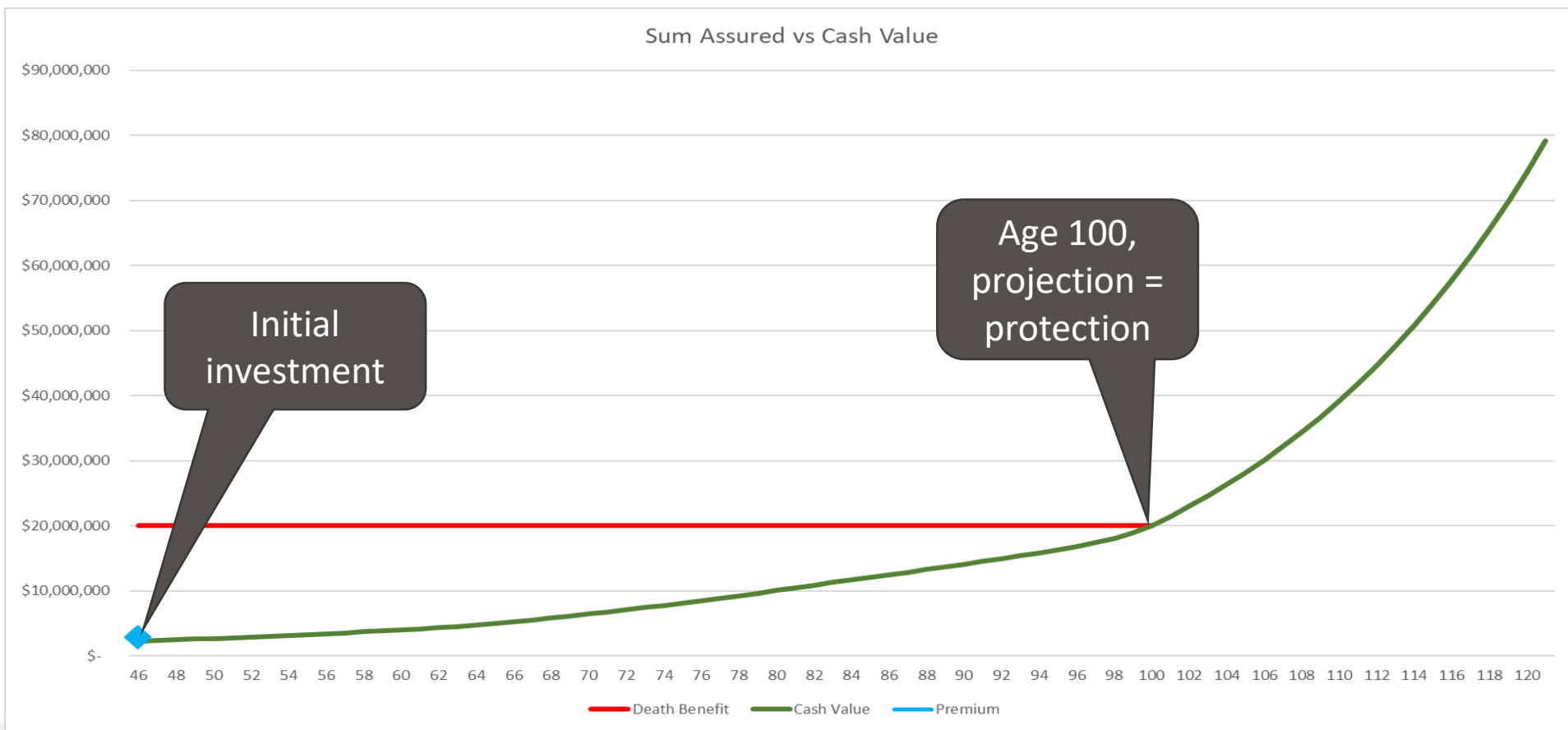


# Insurance as an asset class



While the cash value accrues, the death benefit fills the gap

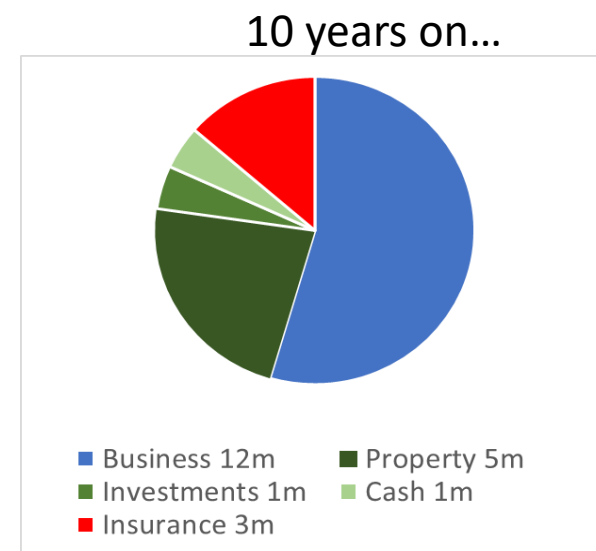
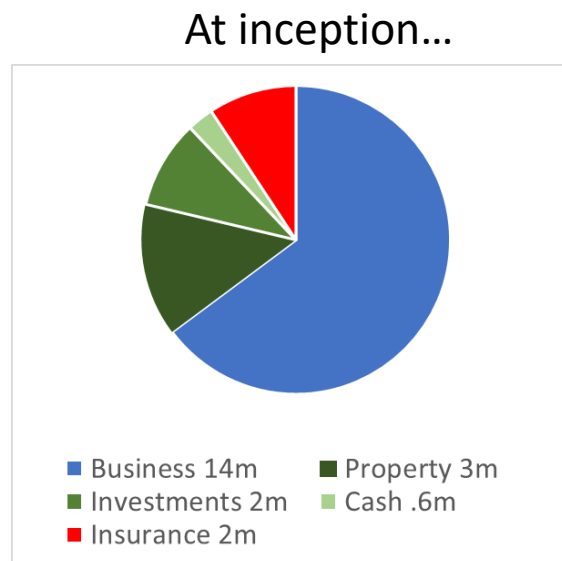
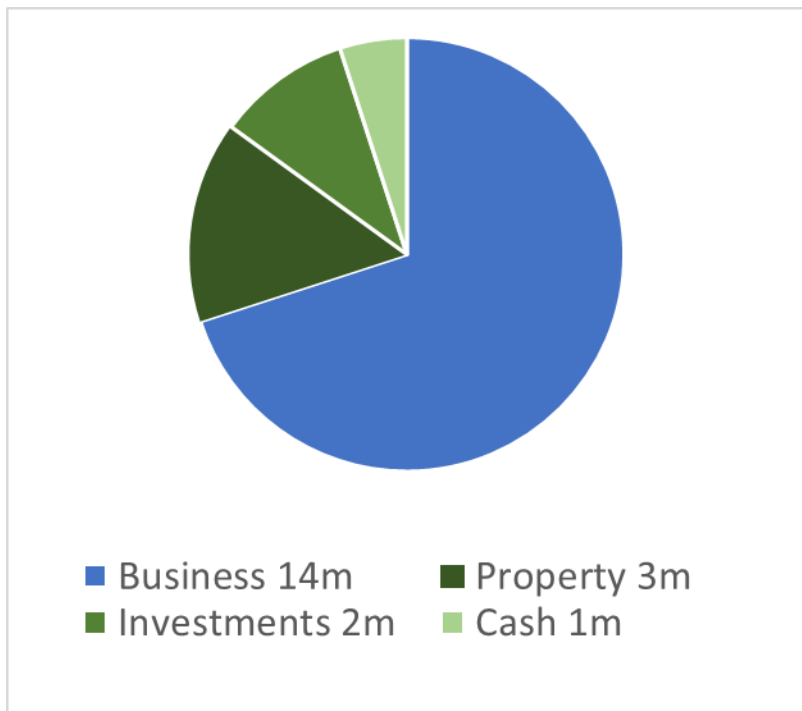
- Providing certain outcome until the accrued value has been achieved



# Using Insurance as an asset class

## Insurance as a Multi Tool – Stable growth amid turbulent markets

- Simple hypothetical scenario
  - Use a loan to pay 80% premium
  - Insurance provides a steady increase in value



# The Options for business transfer

## Insurance as a Multi Tool

- Funding options at time of unplanned transfer where multiple parties exist.
  - Use Cash - *how much required vs how much available*
  - Sell Assets – *Reduces asset base and may be at reduced value*
  - Get a loan – *How much is the interest rate, and will be able to get finance?*
  - Prefunded – *Use insurance for certainty, lower interest rate, increases in value*

## Insurance provides **Cash, Control, and Certainty**

### Loan = pay interest at current rates

Bank/Lender	Interest/Profit Rates
Emirates NBD	15% to 21% reducing
ADCB	20 % Reducing & 15% in Offer
Standard Chartered	19% to 22% Reducing
NBQ	13 to 16% flat

### Insurance = 'pre-pay interest'

Single Premium  
*Reduces from 14% (Y1) -> 1% (y15)*

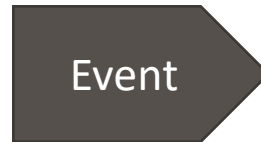
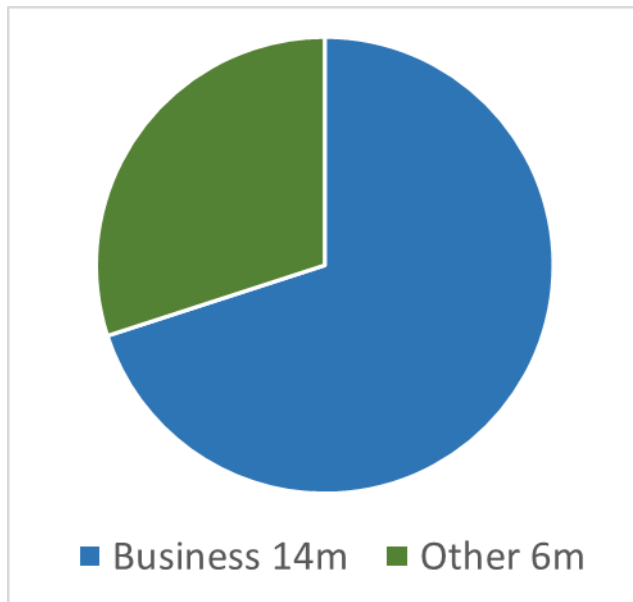
Multi Pay (10) premium  
*Reduces from 1.8% (Y1) -> 1% (y18)*

# Helping avoid a Family Feud

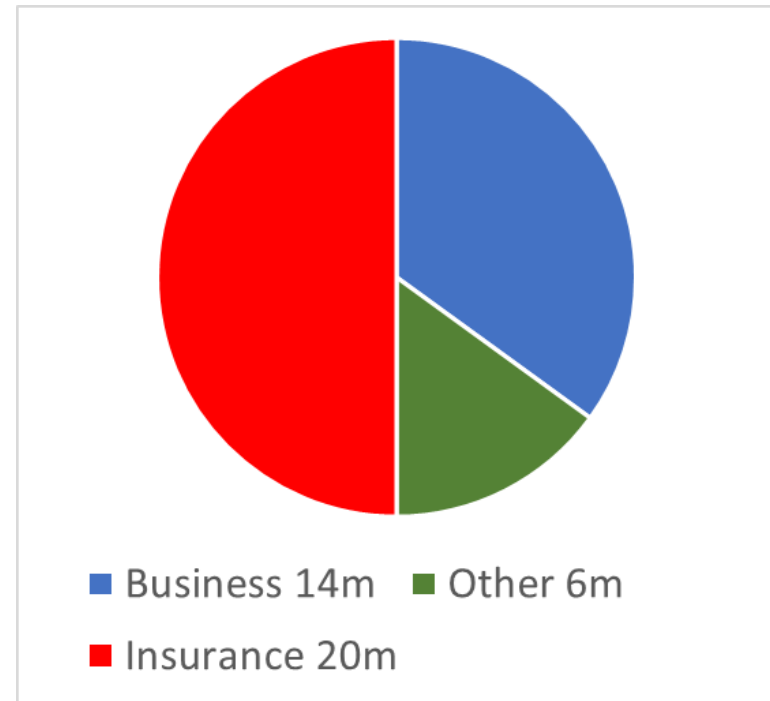
Insurance as a Multi Tool - Distribute assets equitably across estate

- Simple hypothetical scenario
  - 1 Child involved in business
  - 2 Children not involved in business

The current situation



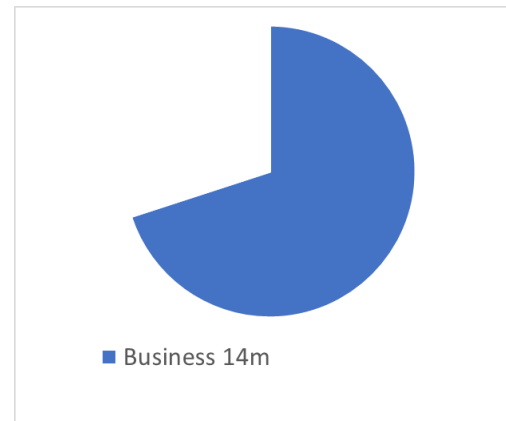
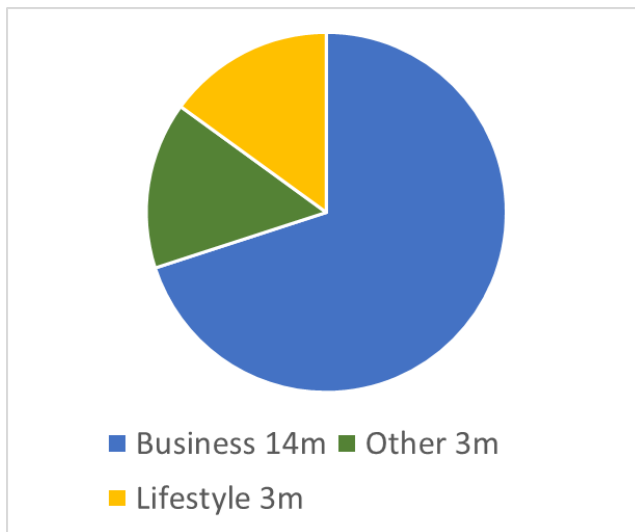
Using insurance funding to balance the estate



# Having fun and leaving a legacy

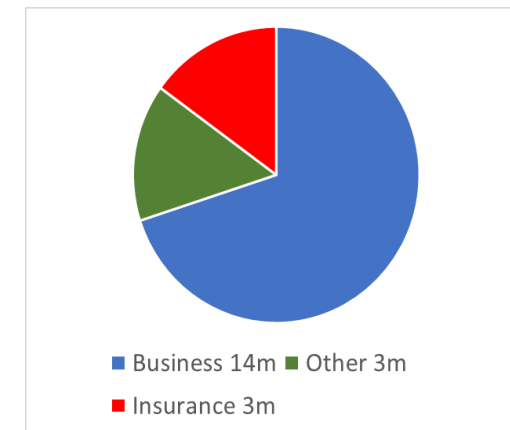
Insurance as a Multi Tool – Filling the gap after having fun and making a mark on society

- Simple hypothetical scenario
  - All children involved in business
  - Want to leave 3m to Philanthropic cause



or

Insurance proceeds fund a lasting cause



# Wouldn't it be great...

If there was a financial asset class that:

---

- Only increases in value over time,
- Has flexibility in how you pay for it – all at the start, over time, or some of both,
- Costs around 1% of the total benefit / target cash amount,
- Builds a cash value that can be accessed if needed,
- Has the ability to be borrowed against if more is required,
- Can be transferred to another [family] member if needed/desired,
- Provides a lump sum of cash in a time of need at an amount you determine at the beginning,
- Helps to avoid a family feud developing at time of asset transfer,
- Enables you to enjoy lifestyle mode [retirement] more,
- Plus more!

# The Review

---

Keeping it relevant



# The purpose of all this

Claim time is where the benefit of good planning comes to play

---

- Family business (x3) across New Zealand and Fiji
- Myself and Brothers not interested in entering
- Father diagnosed terminally ill, succession planning was a mess;
  - Only one business had a plan and adequate funding (via insurance)
  - One had a plan, but no funding
  - One had no plan, and no funding
- Lengthy negotiations, lower value, drawn out process and payment







## How much potential income was missed?



# The Review Process

Leveraging other professions to provide inspiration

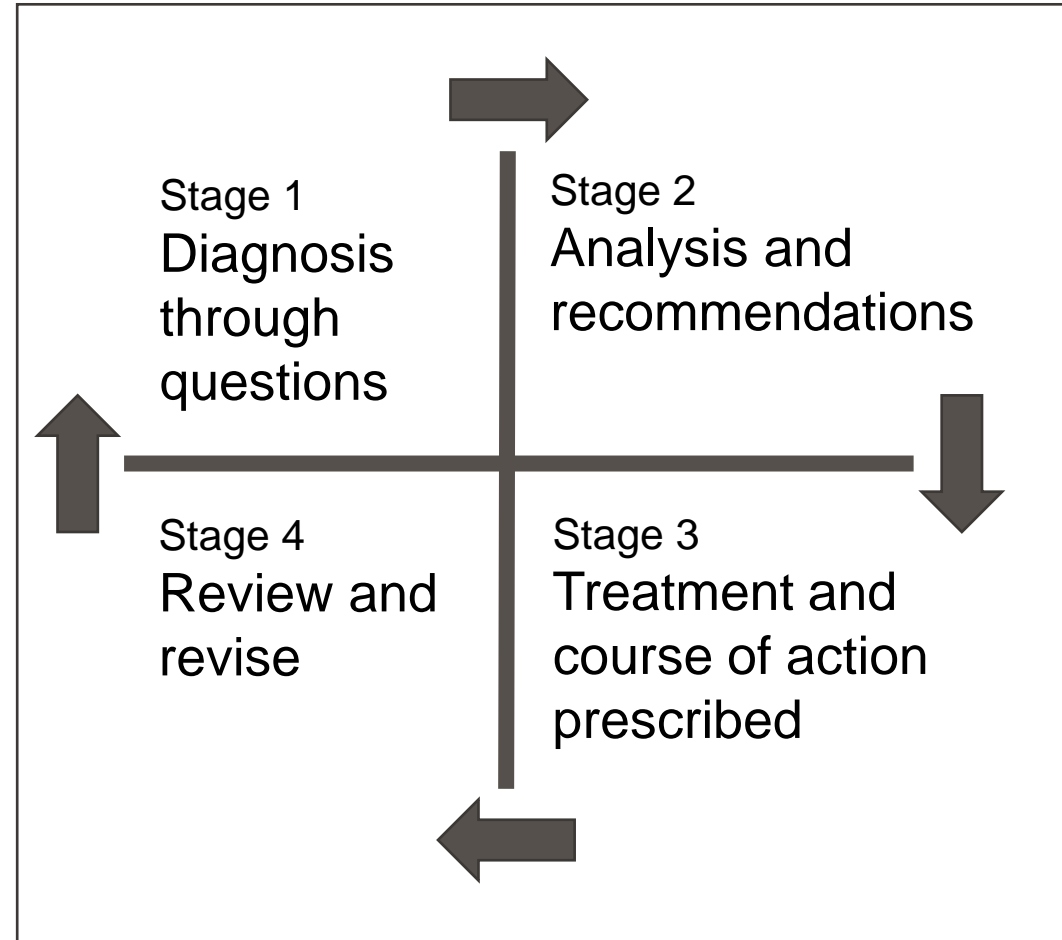
- As a sports person, I've had a few body parts needing fixing
- Observed the medical profession as a good example to compare against
- Draw similarities in some key roles

	Standard process Emphasis on execution	Customised process Emphasis on diagnosis
High degree of client contact	<b>Nurse</b> 	<b>Physiotherapist</b> 
Low degree of client contact	<b>Pharmacist</b> 	<b>Surgeon</b> 

# What is the process of the medical professional?

Treatment is not a 'one and done', constant review is required to ensure relevance.

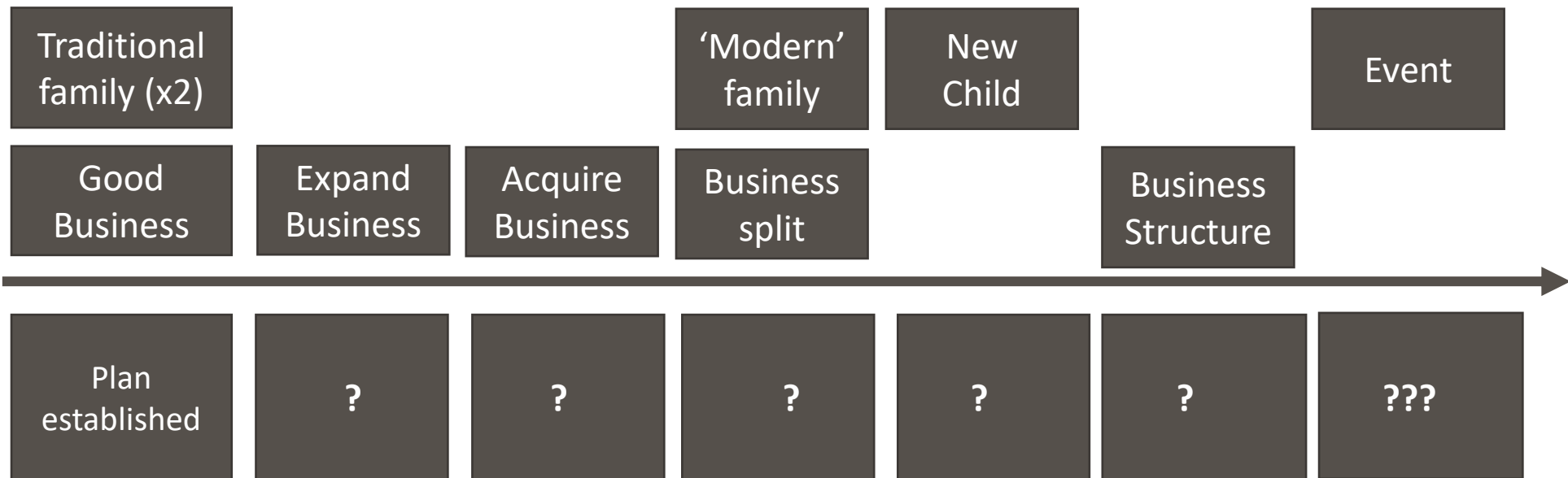
- An injury goes through various stages as you recover (or make it worse)
- Require regular checks and reviews to ensure relevance of the treatment
- A client goes through various stages making things better (or worse)!
- Requires regular checks and reviews to ensure relevance of the plan



# Reviewing the plan determines the outcome

The plan a client has now is only as good as its relevance to their situation

- With each change, is the review of the plan or the policy?
- How many additional opportunities exist for insurance as a multi tool?
- What will the outcome be at the time of need?




# Conclusion

## Our journey today

---




- Insights regarding the need for planning and the gap that exists
- The reality of the data
- Considered Insurance as a Multi Tool asset class the grows in value over time
- Explored how it can also provide cash, control and certainty in a time of need
- How we can leverage off the medical profession for best practice
- The importance of a review to ensure relevance of the plan and capture new opportunities
- Leverage the experts to achieve the desired outcome




**TRANSAMERICA**  
LIFE BERMUDA LTD

We invite you to learn more about Transamerica Life (Bermuda) Ltd (TLB).


Please scan to access:



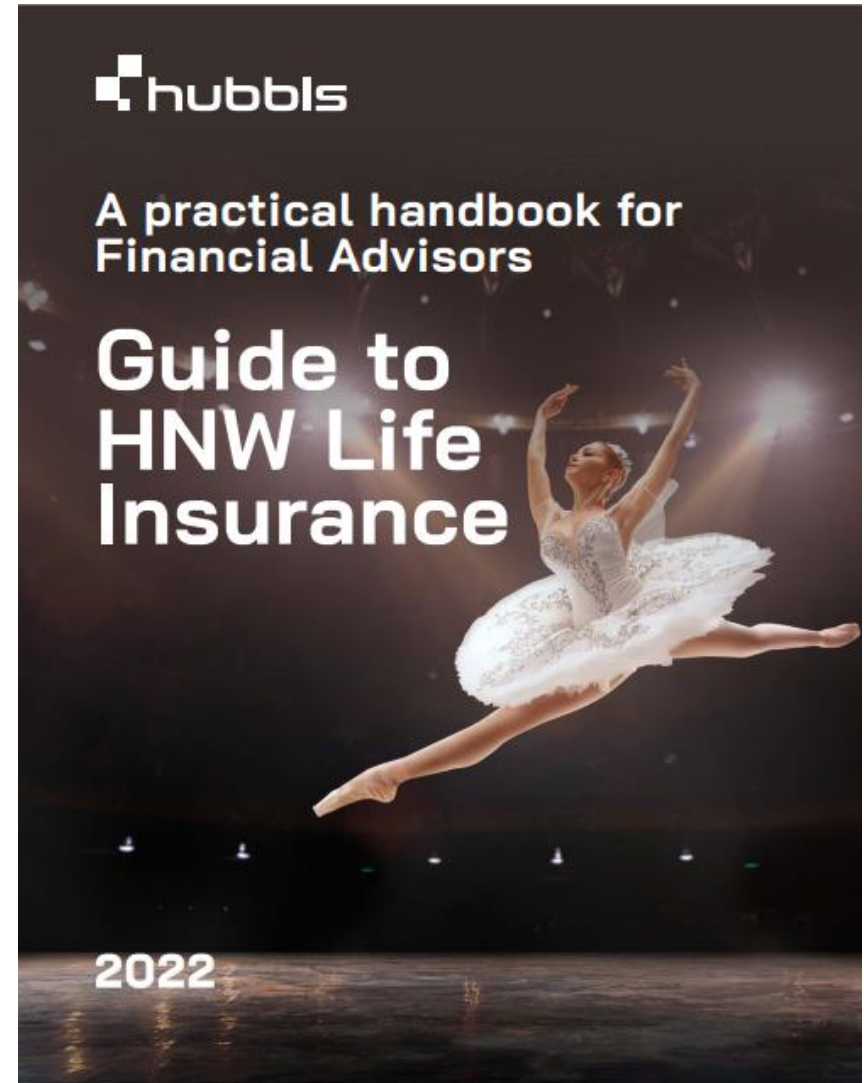
TLB's  
Corporate Brochure



Genesis Indexed  
Universal Life  
Product Summary



Guide to  
HNW Life Insurance



**hubbls**

A practical handbook for  
Financial Advisors

**Guide to  
HNW Life  
Insurance**

**2022**

Sponsored By:






MASTERING  
HIGH NET WORTH

Thank you

