Expat
money expert

10 THINGS YOUR ADVISER
MAY NOT BE TELLING YOU ABOUT

regular premium saving plans

and how EME solutions save you money!

www.expatmoneyexpert.com

INTRODUCTION

In the money management business it's never the headline features you want to be wary about, it's always what's hidden in the small print especially when it comes to flexibility or cost.

In the next 12 pages we highlight the 10 worst offences committed by salesmen trying to put themselves first – how much commission they can earn quickly – rather than consideration for putting you, the client, first.

On the right we have displayed this brochure in numbers, and you can immediately see that there is a conflict of interest for anyone advising solely long term policies as a method of solving a saving issue.

There are alternatives!

> When someone tells you that you are creating a pension plan, or savings plan for education, or a "rainy day" fund then ensure that you read this first; with a bit more understanding you could make yourself a lot more money.

Read on to find out....

HOW EME SAVE YOU MONEY

Cut out the expensive salesman! Our aim is to maximise the amount of money invested for you from the start.

We can help you avoid, often, most of the initial charges you have to pay through a salesman. Through EME, you will save around 75% of the costs in the first 2 years on regular savings plans. Meaning you will have a real fund after only a few years to build on.

We will also provide an outline plan to ensure future success in investments.

CONTACT US

Either e-mail us on
enquiries@expatmoneyexpert.info

or call us on +44 1225 436 200

THIS BROCHURE IN NUMBERS

95% The number of policies that we have been asked to review that fail at least 4 of the worst case examples in this brochure

100% The loss incurred by nearly all regular plans in the first 2 years sold on long term

20 YEARS The arithmetic mode (majority) term that advisers sell for commission reasons

96% The number of 20 year monthly policies that do NOT reach maturity

7.5 YEARS The average term of regular savings plans when they are surrendered

54% The highest surrender charge on a 20 year policy after investing for only 10 years

90% The number of people who did not have any idea that commission/charges is linked to term and premium

10% Approximately, the number of policies stopped in the first two years

5.5% Extra fees of fund managers that are never disclosed – you can pay less!

1

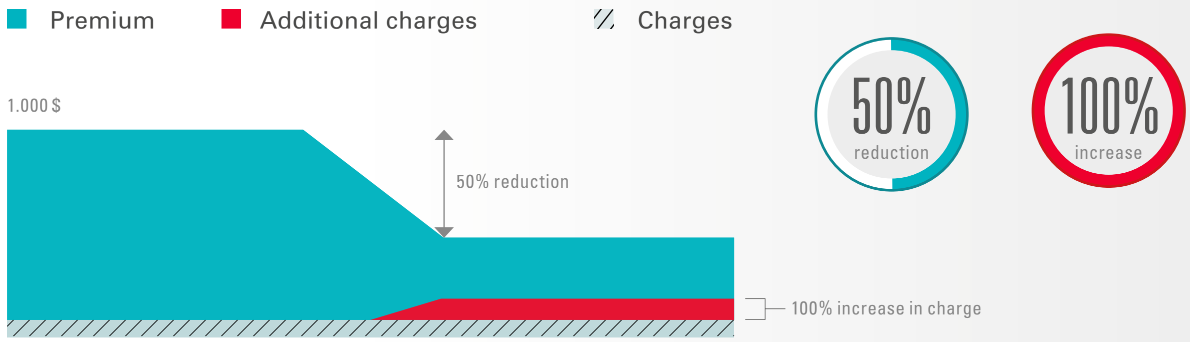
WHAT ADVISERS SAY

THESE ARE FLEXIBLE PRODUCTS THAT ALLOW YOU TO REDUCE AND VARY PREMIUMS AS YOU WISH.

WHAT ADVISERS DO NOT TELL YOU

When you reduce the premiums, at best, the charges remain the same level as originally (i.e. they do not reduce in line with the premium) and at worst, are increased even more!

CHARGES ON REDUCING PREMIUM



THE WORST CASE WE HAVE COME ACROSS

An individual had paid in to a policy for 8 years. After 2 years of payments at the original level, he reduced the premium to 25% of original. The charges remained at the original level and the policy was therefore incurring charges at 20% of every premium. £8,000 had been paid in and the value was £2,000!

THE EXPAT MONEY EXPERT SOLUTION

The premium you start with is the premium you are committed to throughout the term. Therefore, check your affordability, and do not be encouraged to invest more. You can always increase later!

2

WHAT ADVISERS SAY

START WITH A COUPLE OF LARGE PREMIUMS TO GET A BOOST, AND THEN REDUCE YOUR CONTRIBUTIONS TO A MORE REGULAR AMOUNT AT A LOWER LEVEL IF YOU WISH.

WHAT ADVISERS DO NOT TELL YOU

After reading other sections you will quickly realise that this is said to increase the adviser's commission. The investor is "rewarded" with extended initial periods, higher charges and much less money!

THE WORST CASE WE HAVE COME ACROSS

We met a client who had originally £10,000 lump sum and around £200 per month available regular premium. The "adviser" had told the client to invest the £10,000 as 4 quarterly payments of £2,500 to take advantage of pound cost averaging! Then to invest £600 per quarterly thereafter. When we met the client after 4 years he had so many charges and penalties added that the fund was growing poorly, and the surrender value was still zero.

90%
of people
unaware

THE EXPAT MONEY EXPERT SOLUTION

Don't do this at any cost! If you are able to invest a lump sum, do not combine this with regular premiums to the same plan, unless it is a "single premium costed" plan which very few providers offer.

WHAT ADVISERS SAY

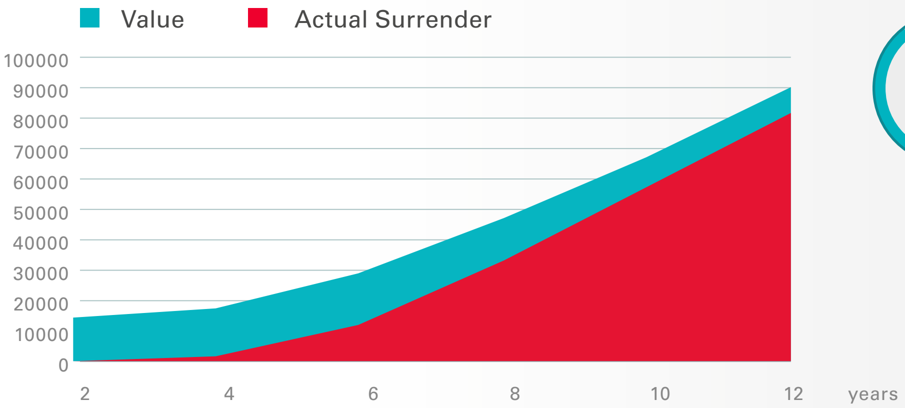
3

LONGER TERM POLICIES ARE BETTER FOR RETURNS. THE BONUSES YOU RECEIVE AT THE BEGINNING AND ON THE ANNIVERSARIES MAKE A LONG TERM POLICY ADVANTAGEOUS TO YOU..!

WHAT ADVISERS DO NOT TELL YOU

An adviser receives 5 times as much commission for a 25 year policy than selling a 5 year policy!

On average, a regular savings plan is paid in to for 7.5 years. Less than 20% of people retain their policy over 12 years. The penalties for stopping payments in to a 20 year policy are LARGE in the first 7-10 years.



THE WORST CASE WE HAVE COME ACROSS

A man, aged 55 was sold a 20 year term regular savings plan. At 65, when he wished to retire, the penalty for taking the money early meant that the plan was worth less than if he had put the money in a bank account.

The penalty for accessing this policy after 10 years was 54%. Despite good growth during those ten years, the amount he would have received back was less than 50% of the amount he has invested. If the same plan had been set up for 10 years there would have been NO penalty.

THE EXPAT MONEY EXPERT SOLUTION

Invest in shorter term policies, ignore the bonus argument and ask for a commission statement from the provider and NOT the financial adviser!

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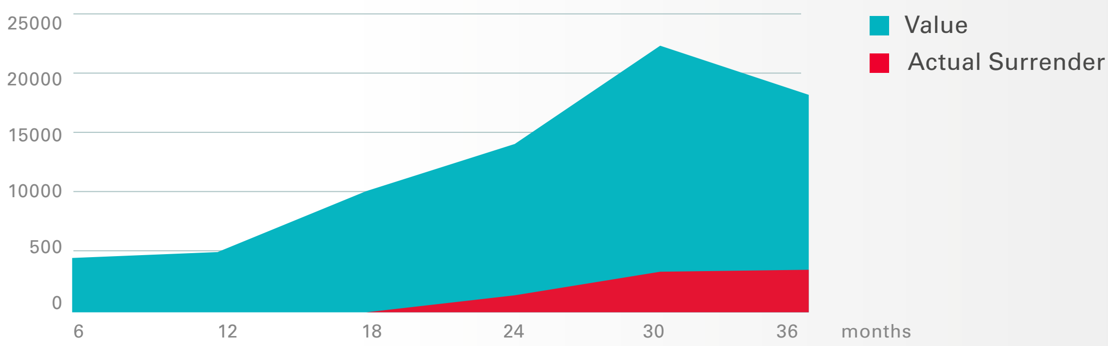
WHAT ADVISERS SAY

YOU PAY US NOTHING AS THE PRODUCT PROVIDER PAYS US. ALL THAT HAPPENS IS THAT THERE IS AN EXTRA ADMIN FEE, WHICH DOES NOT AFFECT YOUR INVESTMENT.

WHAT ADVISERS DO NOT TELL YOU

There is an "Initial Period" that is directly linked to the length of the term of the policy you take, and the commission taken. Stop the payments in this initial period and typically, you will get back nothing. There are alternatives where you DO get your money back in the early years..!

It gets worse! If you reduce payments in the initial period from the original amount, then the initial period gets extended until such time as you have paid for the commissions and product provider charges for the plan. A 23 month "initial period" can easily become years! The advisers commission have to come from somewhere!



THE WORST CASE WE HAVE COME ACROSS

There are far too many worse case scenarios we have seen, where payments on longer term policies have been stopped within 5 years, meaning the value in a policy was ZERO!

One individual, who had stopped paying in to his plan after 1.5 years, had been advised to pay the missed premiums. This would have been several thousand Euros, which would have paid the initial costs and penalties! Even worse, if he did not keep making the payments during the 25 year term, he would have lost money too!

THE EXPAT MONEY EXPERT SOLUTION

Be aware that your investment pays the advisers commission! The "initial period" of the plan directly relates to the charges and commissions that are paid. Take short term policies and seek advisers that work for you rather than themselves! Advisers with "real" qualifications are a good place to start.

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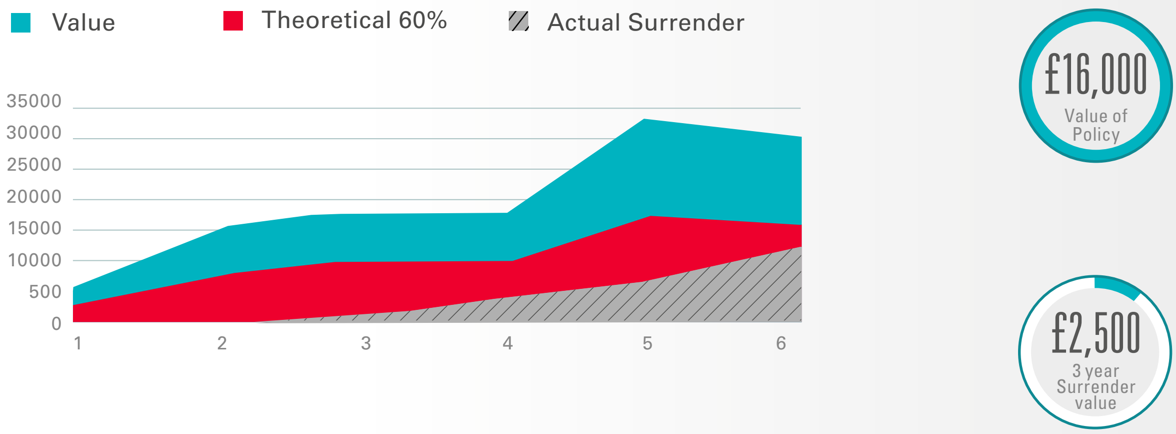
WHAT ADVISERS SAY

YOU CAN OBTAIN 50-65% OF YOUR INVESTMENT VALUE BACK AT ANY TIME AFTER THE FIRST 2 YEARS, AND MAINTAIN YOUR POLICY.

WHAT ADVISERS DO NOT TELL YOU

The maximum you can take is the "surrender" value of the policy. BUT the surrender value is usually a fraction of the money you have invested during the first 7 years on a long term policy. In the first 5 years, this amount is negligible and far less than 50-65%!

ACCESS TO MONEY - SURRENDER REALITY



THE WORST CASE WE HAVE COME ACROSS

An individual's 3 year old policy was worth £16,500.
He asked for a 50% payout which was turned down.
He could surrender the whole policy though,...for £2,500.

THE EXPAT MONEY EXPERT SOLUTION

Take out short term polices of 5 years that you can extend or maximise returns with fixed 10 year polices combined with short term polices. The original term is so important to flexibility, costs, charges and access.

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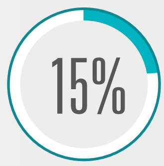
WHAT ADVISERS SAY

YOU CAN TRUST ME, MY COMPANY IS A LARGE ADVISER FIRM WITH OFFICES IN MANY COUNTRIES AND HAS A STRONG REGULATED CULTURE.

WHAT ADVISERS DO NOT TELL YOU

Most “advisers” you are speaking with have NO financial qualifications and the “facts” do NOT apply in the jurisdiction that you are receiving the product and advice.

This is a complex area and regulation comes in many forms. In general, the advice offered is NOT covered by the regulator or ombudsmen of another country. Even in the country you are in, the products may or may not be licensed. This means no redress for you!



of advisers have any recognised financial qualification

THE WORST CASE WE HAVE COME ACROSS

A regular savings product was sold via a regulated company in the UAE as licensed. In reality the product was not licensed in that country, and the “adviser” disappeared within 4 months and was never seen again. This happens all the time!

An “IFA” who claimed to be UK trained and regulated told someone in Portugal that their advice was regulated and came under the Financial Ombudsman Service in the UK. None of this was correct. Any highly regulated environment has a website which allows you to verify statements of fact regarding regulation.

THE EXPAT MONEY EXPERT SOLUTION

Look for advisers with “real” qualifications, and genuine awards. Check out the website of the regulated country, and be aware that Ombudsmen have no power outside of their own countries, even in Europe. Regulators only apply regulation on their own countries standards.

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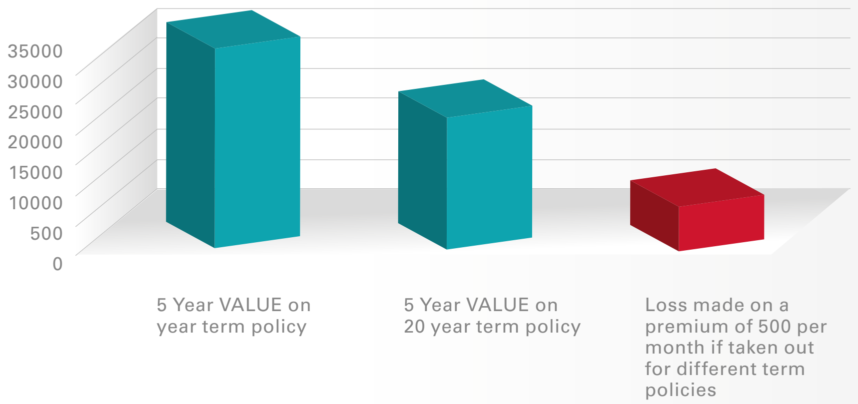
WHAT ADVISERS SAY

YOU CAN CEASE YOUR POLICY AFTER AROUND 5 YEARS, GET YOUR MONEY BACK, IRRESPECTIVE OF THE TERM THAT YOU HAVE INITIALLY SELECTED; IF YOU SELECT A LONGER TERM YOU RECEIVE A BONUS.

WHAT ADVISERS DO NOT TELL YOU

This graph compares the value at 5 years for two policies. The only difference is the term; one term being 5 years and the other 20 years!



THE WORST CASE WE HAVE COME ACROSS

In approximately 85% of cases, advisers have convinced clients to take longer term policies for a potential bonus that clients will probably never receive, so every case is a worse case.

THE EXPAT MONEY EXPERT SOLUTION

Take a policy for 5 years. You do not get a bonus, BUT you do have lower charges and your policy will have value in the early years! In the long term, your investment will also have more money. After 5 years you can continue/ extend in many cases with lower charges!

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WHAT ADVISERS SAY

DUE TO THE TAX EFFICIENCY OF THESE VEHICLES, WE PROVIDE PROJECTIONS AT 12% PER ANNUM AND TARGET A RETURN AT THIS RATE.

WHAT ADVISERS DO NOT TELL YOU

Advisers often use funds that pay additional commission. With the fund charges and the high charges on a long term policy, the returns you will have will reduce dramatically. Even if the funds grow at 12%, the actual return after charges would be around half of this.

Tax efficiency is a misunderstood concept and used incorrectly by many advisers. Many countries are already tax efficient! Others do NOT recognise insurance wrappers utilised in regular plans. Other countries have far better products! For real tax efficiency, seek a qualified adviser!

THE WORST CASE WE HAVE COME ACROSS

A "child education savings" plan targeted at 12% actually returned less than 2% after charges, even though the underlying investments had grown at around 8%. The higher risk taken had just paid for the charges.

A couple previously based in Hong Kong who had been putting US$5000 a month aside into a 15 year tax efficient savings plan for retirement in the UK. They were surprised to find that they had to pay an additional 20% tax on part of the returns when they got back to the UK.

5.5%
extra fund fees

THE EXPAT MONEY EXPERT SOLUTION

Use the age old adage, "Do not let the tax tail wag the investment dog". Do not work on returns of 12%. Plan on 7% and understand that not all charges on the illustrations! Work with an adviser that is qualified and understands how tax truly applies to your money in different countries.

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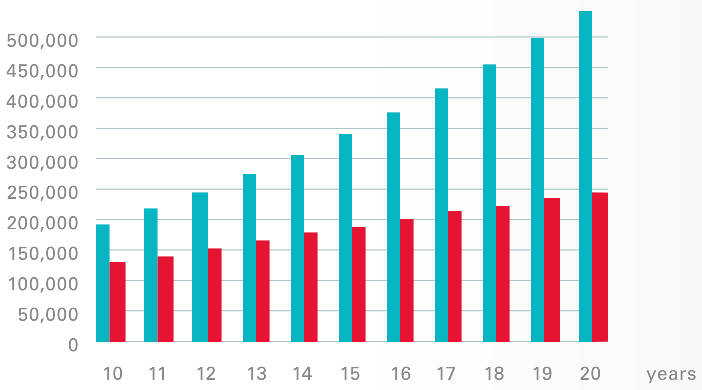
WHAT ADVISERS SAY

THE PROJECTIONS TAKE ACCOUNT OF INFLATION AND ALL COSTS OF THE INVESTMENT.

WHAT ADVISERS DO NOT TELL YOU

They do not all understand how or if the illustrations take inflation into account. The truth is the projections do not.



THE WORST CASE WE HAVE COME ACROSS

This myth has been misunderstood in several cases that we have dealt with. The projections do not take inflation into account! The illustrations do not include all fund fee charges.

THE EXPAT MONEY EXPERT SOLUTION

The projected amount you desire would need to go up at least in line with inflation, so target the price at inflation, not the current price. Use an inflation calculator provided by a decent IFA.

10

WHAT ADVISERS SAY

THE AMOUNT YOU PAY WILL BE DEDUCTED FROM YOUR CREDIT CARD AS THIS IS THE CHEAPEST FORM OF PAYMENT, AND THERE IS NO HASSLE.

WHAT ADVISERS DO NOT TELL YOU

You probably have to credit your credit card from a bank account which usually costs. If you forget to pay your credit card there are charges. If you, in error, go over your limit (or the company takes 2 payments in one go) you will also have charges. There are costs in using a credit card, and when your card expires every few years, there is a lot of administrative hassle.

THE WORST CASE WE HAVE COME ACROSS

An individual missed 3 payments, the card expired and the policy cancelled. There was a policy re-instatement fee, charges to be made up, and now 4 payments took him over his card limit so he was charged for this too. Then he had to negotiate to pay the premiums in a different way. The total cost to him was around £200 plus several days wasted trying to organise everything.

THE EXPAT MONEY EXPERT SOLUTION

Take into account the way you would like to pay and then ask if that is possible. If you have to use a credit card work out the actual cost of all bank charges – it really adds up over time!

SUMMARY

In essence EME have analysed well in excess of 300 regular savings plans sold to clients over the last 15 years. We have been stunned with the mass miss-selling that has gone on. Whilst it is true that standards of advice are improving as regulation starts to bite, we also have seen some of that largest IFA's in the world (or so they claim) continue to offer advice which is every bit as bad now as it was 15 years ago. So, if you have an adviser who says even a few of the following lines, then we say, come to us for a referral to a reputable IFA who will give you good advice, or go direct and cut out the salesman to save charges!

The worst financial advisers will tell you anything, to get you to buy now:

"You can trust us / me, because my company is the largest IFA in the world with offices in over xx countries all backed by a regulated culture from the xx (fill in a top regulated country). Our policies are guaranteed and are from some of the biggest name firms in the world.

Due to the tax efficiency of these vehicles we target a return of 12%, and provide projections at this rate, which take account of inflation for school fees planning/ cash savings/ pension planning. These are flexible products that allow you to reduce and vary premiums for periods throughout. You can obtain XX% (usually 50-65%) of your investment value back at any time after the first 2 years, and maintain your policy; so it is flexible in this way as well. Longer term policies are better for returns and you receive bonus at the beginning/on anniversaries, so the longer you are prepared to commit, the bigger the advantage. If you invest today, then I can organise a further bonus of 2 months contributions. You can cease your policy after around 5 years, get your money back, irrespective of the term that you have initially selected.

You do not pay us, as the product provider pays us, and as you will see in the first few months, all that happens is an extra admin fee is taken, and it does not affect your investment.

Start with a couple of large premiums to get a boost, and then reduce your contributions to a more regular amount at a lower level if you wish. The amount you pay will be deducted from your credit card as this is the cheapest form of payment, and there is no hassle."

CONTACT US

Either e-mail us on
enquiries@expatmoneyexpert.info

or call us on +44 1225 436 200

or complete the enquiry form on our website
www.expatmoneyexpert.com
and we will do all we can to assist.

START CHECKING FOR FINANCIAL QUALIFICATIONS, KNOWLEDGE AND PROBITY AND PUT A SMILE BACK ON YOUR FACE!