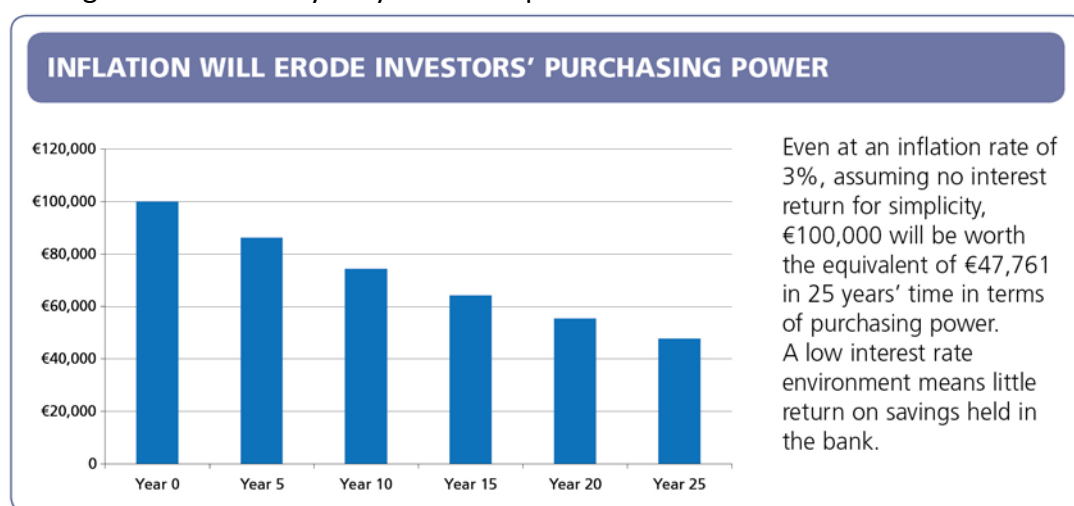


Money in the bank is costing your customers money!

David Walls, Head of Platform Sales, Zurich Life

If you ask customers where they keep their savings most would likely say “in the bank”. Savings held in the bank are still seen as safe, risk free and always there when you need it.

Investing is all about putting money to good use so as to benefit from potential profitable returns – unfortunately the last time I looked, I don’t remember seeing a picture of a bank beside that definition! With current deposit rates at record lows (and likely to remain there for some time) and deposit interest retention tax (DIRT) at 41% this means net returns of less than 1% are not uncommon. And of course, that's before allowing for inflation! So in real terms, customers are earning next to nothing on all the money they hold in deposit accounts in the bank.



Source: Zurich Life, February 2014. Assumptions: Constant annual inflation of 3% and no interest returns for simplicity.

A 'once in a generation' opportunity for advisors

I'm sure that every one of your customers has money on deposit – money put away for that rainy day, maybe to fund for a college education or even to supplement retirement income. But if your customers are saving for those longer term goals, they should really be making their money work harder. It's sensible that people hold some savings on deposit – as a rule of thumb most people would suggest three to six months salary. Anything over and above that they should consider investing.

It's interesting (and worrying for advisors) to see the banks spending big on attracting mortgage customers. The Irish economy is recovering and with it the fortunes of the Irish bank. It won't be too long before they are once again targeting savers and investors – people who are (or should be) your customers.

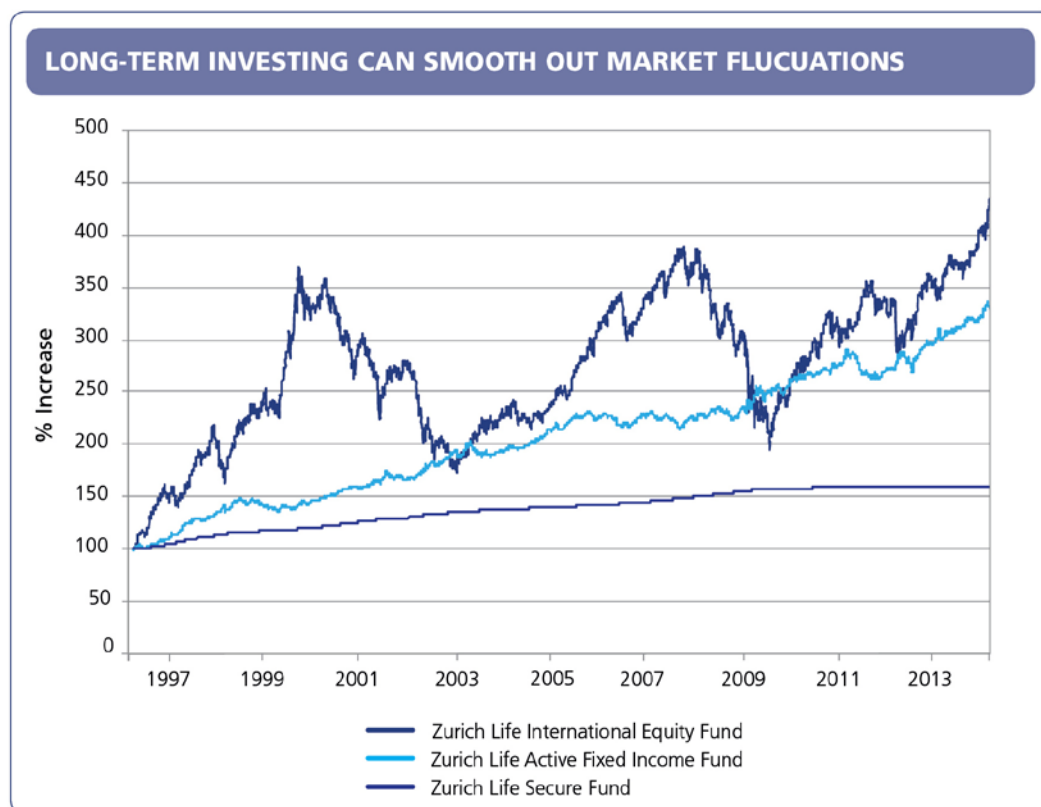
If your customers want to make their money work hard they will probably have to accept some level of risk - but how much depends on what they want to achieve. As their advisor you'll be able to identify what their goals are and you can help them

determine how much risk they are prepared to accept to reach them. Usually, the decision will be based on three things:

- What do they want to achieve with their money?
- What levels of investment risk are they comfortable with?
- For how long would they be happy to invest their money?

Market recovery gives you an edge

As an advisor you have a great story to tell. With all major equity and bond markets having steadily recovered and deposit rates collapsing, it should be time for cash "investors" to consider real investing to match their goals and objectives. I know customers can be fearful of re-entering the investment market but when you look at the recovery power of assets – you can see that over the longer term, returns are generally smoothed out.



Source: Zurich Life, Financial Express, March 2014. Time period used 01.01.97 to 31.12.13.

At Zurich we are seeing more and more investors move back into the markets. However, the trend is different to the pre-financial crash. Customers are more diversified than before – whether through bespoke portfolios or through risk targeted multi-asset funds. Both of these options work in tandem with risk profiling (a much needed added boost to the toolkit of the advisor!)

A risk targeted diversified solution – Zurich's Pathway Funds

We launched our Pathway Funds in October 2013 and they have captured the imagination of advisors. There are five different funds – each matching an ESMA*

risk category. This means that you can offer your customers a professional risk profiling service and match your customer with an appropriate Pathway Fund.

Earlier this year we launched our Pathway Bond – a bespoke investment bond that is linked to the five Pathway Funds. It's a very simple structure and wraps a customer brochure and application into one. Feedback from advisors has been very positive – "it keeps the sales process simple"!

So if your clients want to put their money to use with the potential to earn profitable returns, then our Pathway Funds could be considered for at least a portion of their deposits. The ability to pick a multi-asset fund with an appropriate level of risk is proving popular with clients as our Pathway Funds recently exceeded €200m in assets under management.

To see how Zurich can help you in making the most of this once in a lifetime opportunity, just speak to your Zurich Life Broker Consultant or contact me at david.walls@zurich.com

*European Securities and Markets Authority

The information contained herein is based on Zurich Life's understanding of current Revenue practice as at August 2014 and may change in the future

Warning: The value of your investment may go down as well as up.
Warning: Past performance is not a reliable guide to future performance.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this fund you may lose some or all of the money you invest.

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.