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Maybank expands into Bancassurance annuity market with Smart Retirement Xtra

Maybank is expanding into the deferred annuity market through its 'Smart Retirement Xtra' Plan, the first-ever deferred annuity insurance plan in Malaysia made available through the Bancassurance channel.

'Smart Retirement Xtra' (SRX) completes Maybank's range of retirement plans and expands Maybank's portfolio of life insurance offerings which currently includes endowment, investment-linked, general life and takaful life insurance products.

Targeting to generate RM48 million in premiums in 2014, SRX aims to tap into the potential of the life insurance market in Malaysia which currently has a relatively low penetration rate of 41.22%.

SRX is designed to enable customers to plan for their future retirement, while at the same time, benefit from the special tax relief offered for the purchase of such plans. The plan includes Insurance coverage of RM10,000 on Death or Total and Permanent Disablement and Guaranteed Cash Payouts of 10.5% per annum of the total annual contractual premiums paid. This is payable on a yearly basis for 10 years, commencing at the end of the year at age 60. In addition, the Plan offers guaranteed acceptance for applicants aged 30 to 50 years. Tax Relief entitlement is subject to a maximum of RM3,000 per year and applicable until the year 2021. Apart from this, customers stand to benefit from additional non-guaranteed returns of the maturity value.

Datuk Lim Hong Tat, Group Head of Community Financial Services, Maybank said the introduction of 'Smart Retirement Xtra' is part of the Bank's initiative to continually enhance its insurance product range as part of its overall consumer banking offerings.

"Planning one's retirement can be challenging due to cost of living issues, especially in the area of health care. Many assume that their savings in the Employee Provident Fund (EPF) will be sufficient to tide them through after retirement but surveys have shown that 75% of retirees exhaust their EPF savings within a few years after retiring," he said. "Smart Retirement Xtra allows our customers to mitigate this through a non-participating deferred annuity plan with a limited premium payment period of just 10 years."

Datuk Lim added that 'Smart Retirement Xtra' offers customers additional alternatives for retirement savings. "It is estimated that by 2020, 10% of Malaysia's population, representing some 3 million people, would be aged 60 or over," he explained. "This market segment is aware of the challenges of retired life and is constantly on the lookout for retirement plans."

"Given customers' growing concern for financial stability post-retirement, Maybank is committed to designing products that can meet such needs," he said. "We have leveraged on our expertise in insurance within Maybank Group to introduce this plan which we believe will also strengthen our market leadership in the Bancassurance segment."

Kamaludin Ahmad, Group Head of Etiqa Insurance & Takaful said, "Under Bancassurance, Etiqa offers products that meet various insurance protection needs for different life stages and the growing financial needs and goals of individuals. The key focus for this year is on Regular Premium, specifically on retirement and savings plans, with investments elements."

Maybank was a pioneer in Bancassurance, being the first bank to obtain approval by Bank Negara Malaysia to offer this service in 1993. Since then, it has grown its leadership in this segment and today holds more than one third of market share.

'Smart Retirement Xtra' is underwritten by Etiqa Insurance Berhad, the insurance arm of Maybank Group.