

STRATEGIZING DDI & EPF SALES

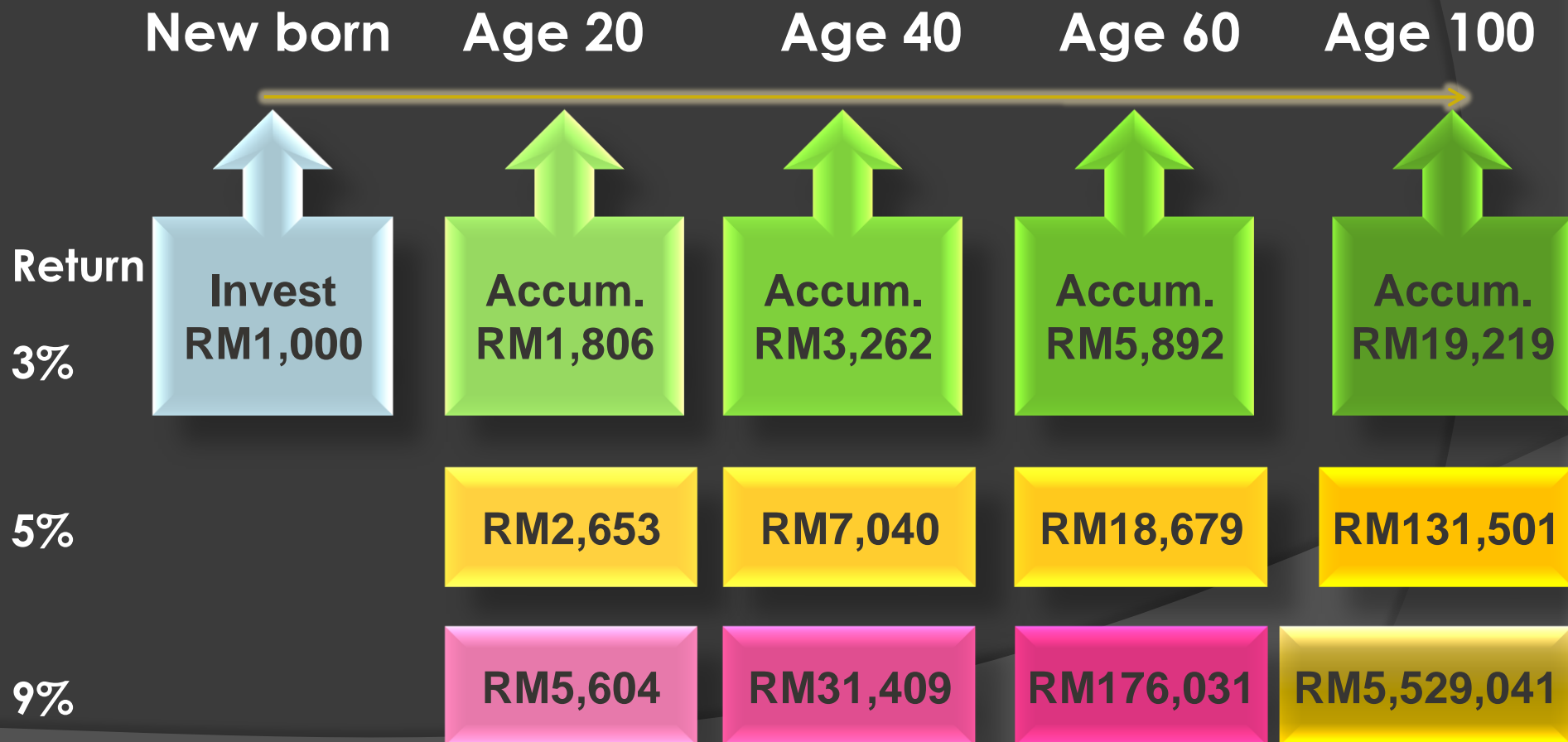
Jaslinah Rahman CFP[®] IFP[™]

B. Acctg Univ. Malaya

EPF SALES

Time Value of Money

Imagine the TVM here..



Note : ignore inflation rate

TVM and Critical Mass – Income Mentality

Determine what is your “Critical Mass”

Achieve your desired annual lifetime income

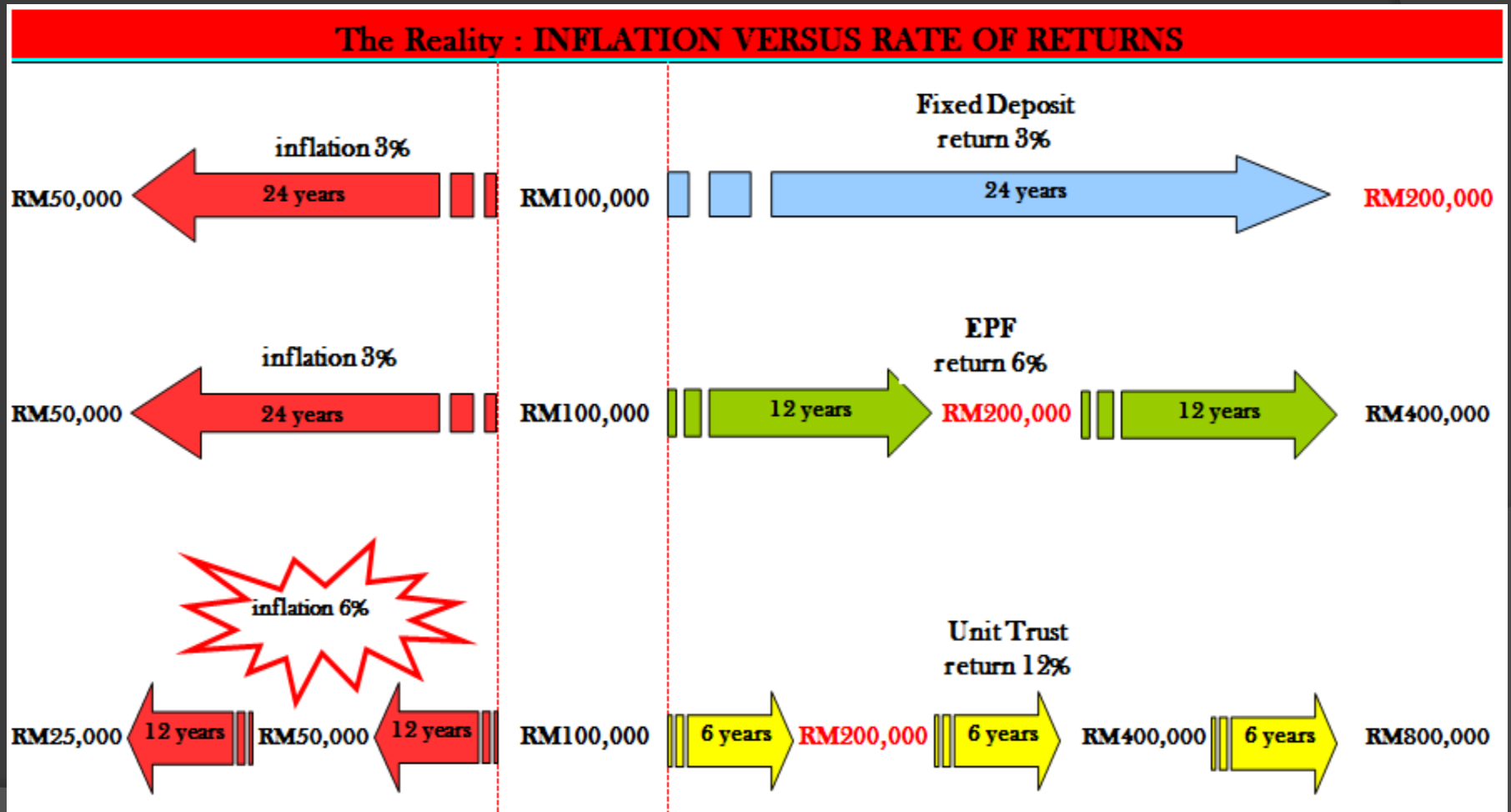
create your "CRITICAL MASS"

| Monthly Income | Annual Income | YOUR CRITICAL MASS | | | | | |
|-------------------|------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | at 4 ⁰ % return | at 6 ⁰ % return | at 8 ⁰ % return | at 12 ⁰ % return | at 15 ⁰ % return | at 20 ⁰ % return |
| 1,000 | 12,000 | 300,000 | 200,000 | 150,000 | 100,000 | 80,000 | 60,000 |
| 2,000 | 24,000 | 600,000 | 400,000 | 300,000 | 200,000 | 160,000 | 120,000 |
| 3,000 | 36,000 | 900,000 | 600,000 | 450,000 | 300,000 | 240,000 | 180,000 |
| 4,000 | 48,000 | 1,200,000 | 800,000 | 600,000 | 400,000 | 320,000 | 240,000 |
| 5,000 | 60,000 | 1,500,000 | 1,000,000 | 750,000 | 500,000 | 400,000 | 300,000 |
| 6,000 | 72,000 | 1,800,000 | 1,200,000 | 900,000 | 600,000 | 480,000 | 360,000 |
| 7,000 | 84,000 | 2,100,000 | 1,400,000 | 1,050,000 | 700,000 | 560,000 | 420,000 |
| 8,000 | 96,000 | 2,400,000 | 1,600,000 | 1,200,000 | 800,000 | 640,000 | 480,000 |
| 9,000 | 108,000 | 2,700,000 | 1,800,000 | 1,350,000 | 900,000 | 720,000 | 540,000 |
| 10,000 | 120,000 | 3,000,000 | 2,000,000 | 1,500,000 | 1,000,000 | 800,000 | 600,000 |
| 20,000 | 240,000 | 6,000,000 | 4,000,000 | 3,000,000 | 2,000,000 | 1,600,000 | 1,200,000 |
| 30,000 | 360,000 | 9,000,000 | 6,000,000 | 4,500,000 | 3,000,000 | 2,400,000 | 1,800,000 |
| 40,000 | 480,000 | 12,000,000 | 8,000,000 | 6,000,000 | 4,000,000 | 3,200,000 | 2,400,000 |
| 50,000 | 600,000 | 15,000,000 | 10,000,000 | 7,500,000 | 5,000,000 | 4,000,000 | 3,000,000 |
| 100,000 | 1,200,000 | 30,000,000 | 20,000,000 | 15,000,000 | 10,000,000 | 8,000,000 | 6,000,000 |

adapted from Anthony Robbins - WEALTH MASTERY

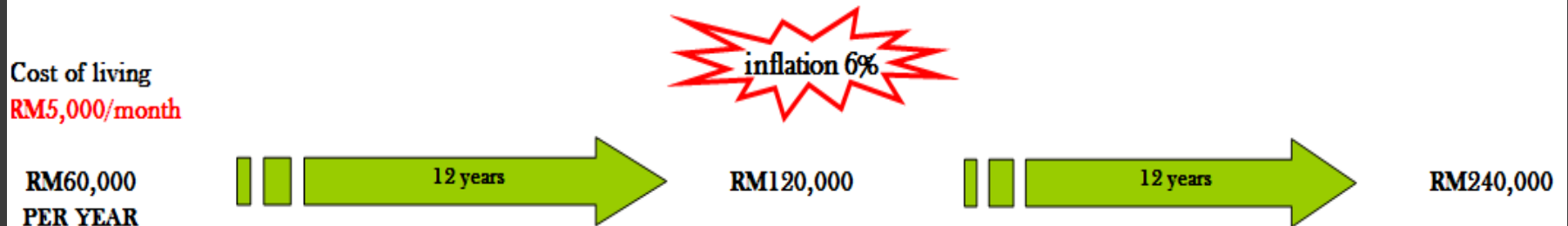
The Risk and Return dilemma...

Understand inflation rate and return rate – RULE 72



Illustrate inflation rate and return rate – RULE 72

The Reality : COST OF LIVING VERSUS RATE OF RETURNS



Cost of living increases 4 folds at inflation rate of 6% per year !



Grow your funds by 16 folds over the same period by investing in unit trust !

Speed of growth and time...

A lump sum investment of RM10,000, with interest compounded yearly, accumulates the amounts indicated

FD

EPF at the **TH** **ASB**

UT

| Annual Interest Rate | 3% | 4% | 5% | 6% | 8% | 10% | 12% | 15% | 20% |
|-------------------------------------|--------|--------|--------|--------|---------|----------------|---------|-----------|-----------|
| Number Of Accumulation Years | | | | | | | | | |
| 5 | 11,593 | 12,167 | 12,763 | 13,382 | 14,693 | 16,105 | 17,623 | 20,114 | 24,883 |
| 6 | 11,941 | 12,653 | 13,401 | 14,185 | 15,869 | 17,716 | 19,738 | 23,131 | 29,860 |
| 7 | 12,299 | 13,159 | 14,071 | 15,036 | 17,138 | 19,487 | 22,107 | 26,600 | 35,832 |
| 8 | 12,668 | 13,686 | 14,775 | 15,938 | 18,509 | 21,436 | 24,760 | 30,590 | 42,998 |
| 9 | 13,048 | 14,233 | 15,513 | 16,895 | 19,990 | 23,579 | 27,731 | 35,179 | 51,598 |
| 10 | 13,439 | 14,802 | 16,289 | 17,908 | 21,589 | 25,937 | 31,058 | 40,456 | 61,917 |
| 11 | 13,842 | 15,395 | 17,103 | 18,983 | 23,316 | 28,531 | 34,785 | 46,524 | 74,301 |
| 12 | 14,258 | 16,010 | 17,959 | 20,122 | 25,182 | 31,384 | 38,960 | 53,503 | 89,161 |
| 13 | 14,685 | 16,651 | 18,856 | 21,329 | 27,196 | 34,523 | 43,635 | 61,528 | 106,993 |
| 14 | 15,126 | 17,317 | 19,799 | 22,609 | 29,372 | 37,975 | 48,871 | 70,757 | 128,392 |
| 15 | 15,580 | 18,009 | 20,789 | 23,966 | 31,722 | 41,772 | 54,736 | 81,371 | 154,070 |
| 16 | 16,047 | 18,730 | 21,829 | 25,404 | 34,259 | RM 140k | | 93,576 | 184,884 |
| 17 | 16,528 | 19,479 | 22,920 | 26,928 | 37,000 | | | 107,613 | 221,861 |
| 18 | 17,024 | 20,258 | 24,066 | 28,543 | 39,960 | 55,599 | 76,900 | 123,755 | 266,233 |
| 19 | 17,535 | 21,068 | 25,270 | 30,256 | 43,157 | 61,159 | 86,128 | 142,318 | 319,480 |
| 20 | 18,061 | 21,911 | 26,533 | 32,071 | 46,610 | 67,275 | 96,463 | 163,665 | 383,376 |
| 25 | 20,938 | 26,658 | 33,864 | 42,919 | 68,485 | 108,347 | 170,001 | 329,190 | 953,962 |
| 30 | 24,273 | 32,434 | 43,219 | 57,435 | 100,627 | 174,494 | 299,599 | 662,118 | 2,373,763 |
| 35 | 28,139 | 39,461 | 55,160 | 76,861 | 147,853 | 281,024 | 527,996 | 1,331,755 | 5,906,682 |

EPF Savings for Retirement

- Only 23% (11% + 12%) from our salary during average working life (30 years), is saved for post retirement needs (at least 20 years).
- Our life expectancy is as high as 72 years for men and 76 years for women (average 75)
- Average savings Active EPF members at age 54:

| Years | Members | Total savings RM | Average Saving RM |
|-------|---------|------------------|-------------------|
| 2000 | 29,089 | 2.184m | 75,086 |
| 2001 | 35,681 | 2.757m | 77,272 |
| 2002 | 34,979 | 3.093m | 88,429 |
| 2003 | 39,238 | 3.626m | 92,406 |
| 2004 | 39,535 | 3.916m | 99,048 |

EPF/UT Scheme for...

Qualify your suspect & prospect

- **M**oney
- **A**uthority
- **N**eed

Prospecting for suspects. How & where ?

Volume or quality ?

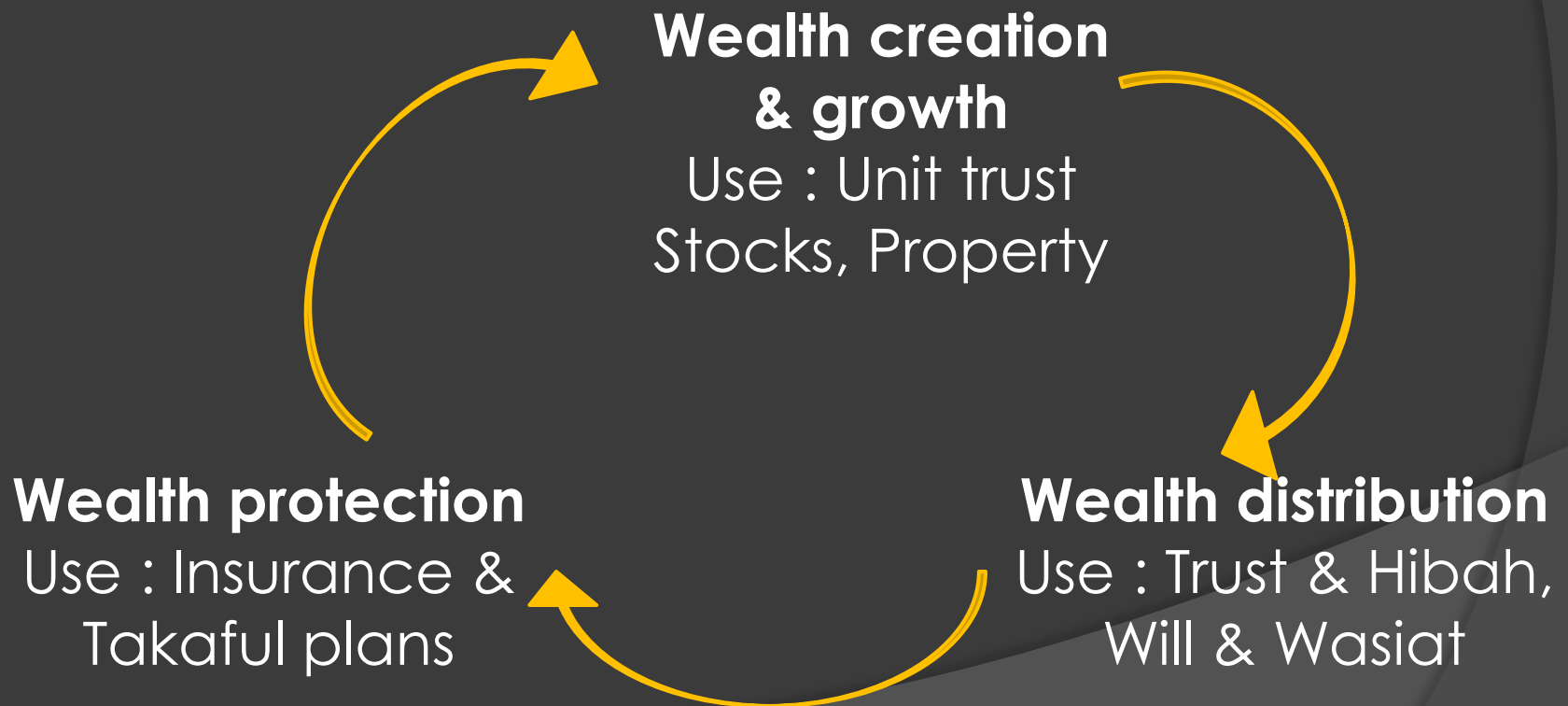
EPF/UT Scheme for...Sales Presentation

- ⦿ Top-Down approach
- ⦿ Bottom-Up approach

Which do you use ?

The Top-Down Approach

What is wealth planning ?



The Top-Down Approach

How they are connected...

**Financial
Planning
Process**



**Wealth
Planning**



**Unit Trust
Planning
&
Strategies**

- ✓ Professional (Consultant) – systematic, documented, objective
- ✓ Time consuming – fact finding
- ✓ Builds trust & relationship
- ✓ New biz & upselling
- ✓ Tools :
 1. PMB's Investment Blueprint (UTIPP\$)
 2. FP Advisor
 3. Customized Plans (CFP, IFP)

The Top-Down Approach

FP – technical skill



Sales Presentation
The 7 STEPS – soft skill



The Bottom-Up Approach

The Process flow

✓ Maybe less time consuming

Establish Rapport

Basic Fact Finding

- Asset allocation
- Risk profile
- Return targets, stop loss, investment period
- Funds selection

✓ Tools (common) :

1. QFR
2. Pocket Calculator
3. Rule 72
4. Testimonial (other investors)
5. Basic documentation (for future reference)

Monitor & Review

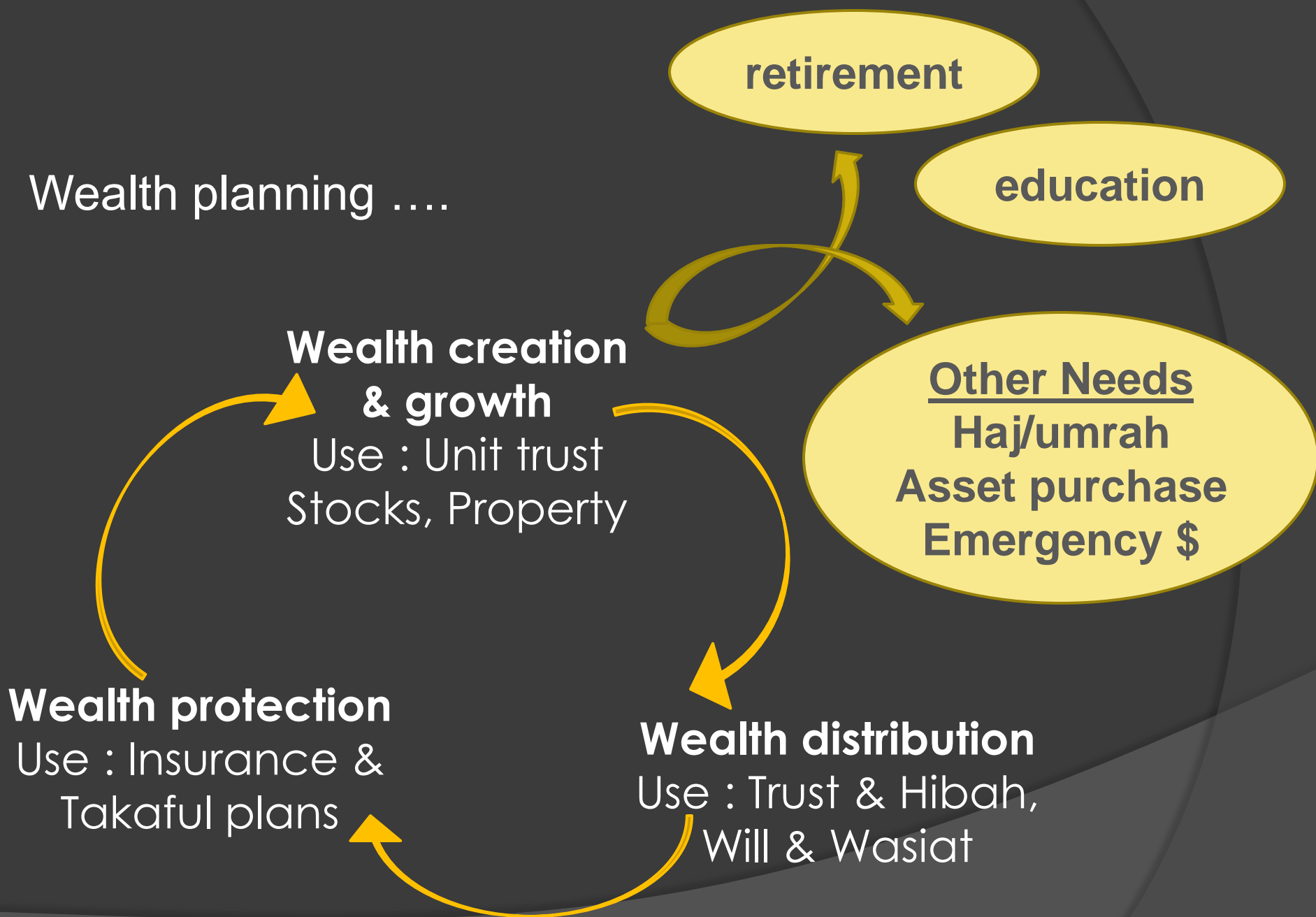
Discuss...

Mock sales presentation for EPF sales transaction.

- a) New epf sales
- b) Repeat epf sales
- c) Investors with multiple funds from various UTMC.
- d) Managing investors from epf/ut scheme
 - (i) approaching retirement
 - (ii) during retirement
- e) Special consideration for woman investors

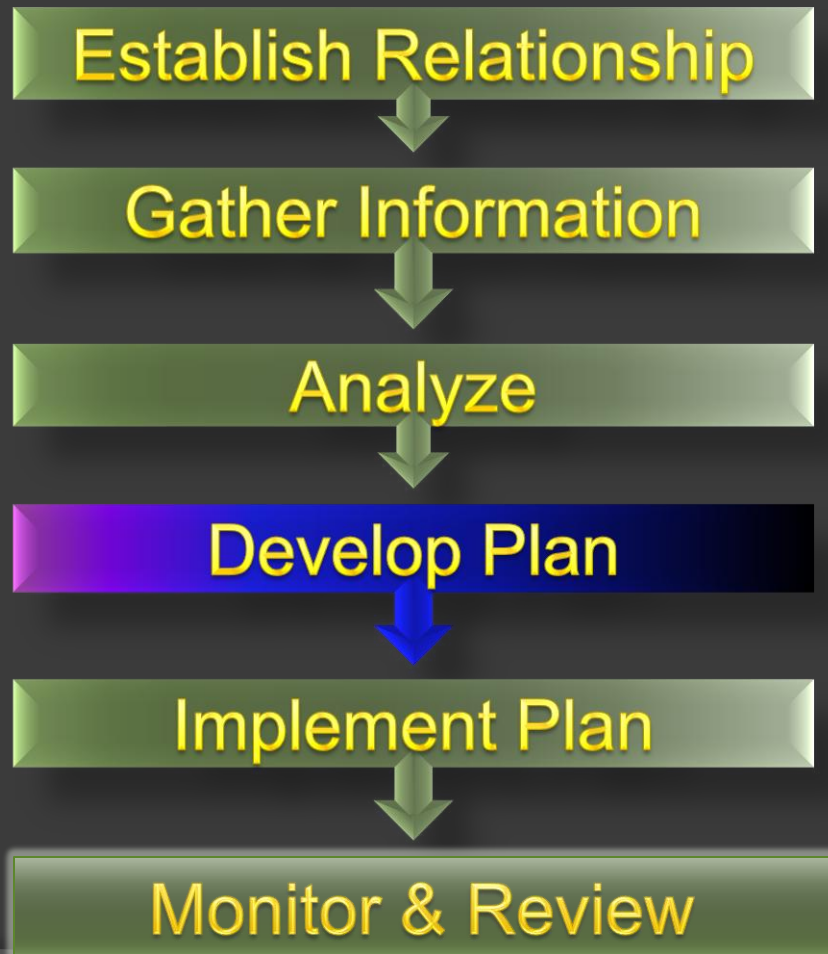
STRATEGIZING DDI SALES (CASH)

Wealth planning



Top-Down

FP – technical skill

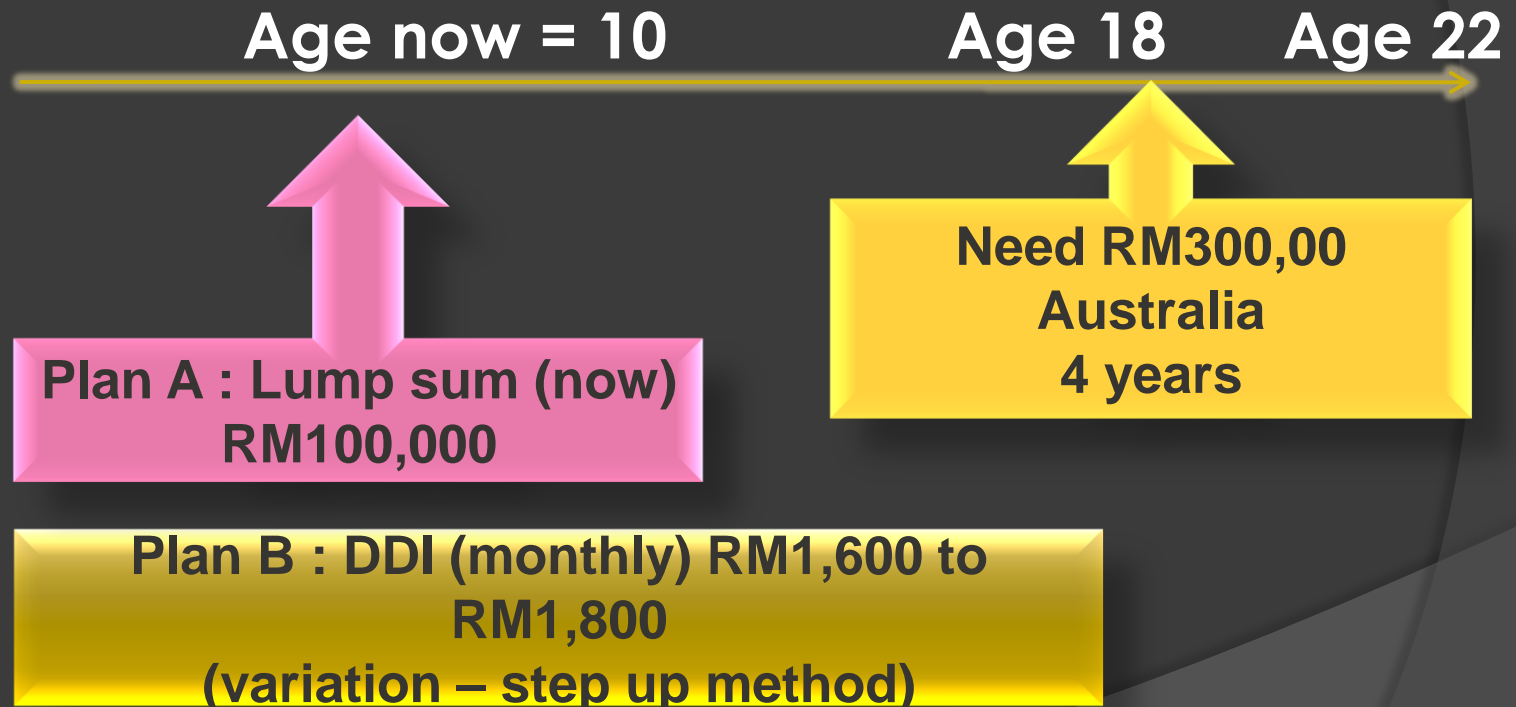


Bottom-Up



How much do you need ?
...to achieve financial objective

Education Plan



A lump sum investment of RM10,000, with interest compounded yearly, accumulates the amounts indicated at the respective years

FD

TH ASB

UT

| Annual Interest Rate | | 3% | 4% | 5% | 6% | 8% | 10% | 12% | 15% | 20% |
|------------------------------|----|--------|--------|--------|--------|---------|---------|---------|-----------|-----------|
| Number Of Accumulation Years | 5 | 11,593 | 12,167 | 12,763 | 13,382 | 14,693 | 16,105 | 17,623 | 20,114 | 24,883 |
| | 6 | 11,941 | 12,653 | 13,401 | 14,185 | 15,869 | 17,716 | 19,738 | 23,131 | 29,860 |
| | 7 | 12,299 | 13,159 | 14,071 | 15,036 | 17,138 | 19,487 | 22,107 | 26,600 | 35,832 |
| | 8 | 12,668 | 13,686 | 14,775 | 15,938 | 18,509 | 21,436 | 24,760 | 30,590 | 42,998 |
| | 9 | 13,048 | 14,233 | 15,513 | 16,895 | 19,990 | 23,579 | 27,731 | 35,179 | 51,598 |
| | 10 | 13,439 | 14,802 | 16,289 | 17,908 | 21,589 | 25,937 | 31,058 | 40,456 | 61,917 |
| | 11 | 13,842 | 15,395 | 17,103 | 18,983 | 23,316 | 28,531 | 34,785 | 46,524 | 74,301 |
| | 12 | 14,258 | 16,010 | 17,959 | 20,122 | 25,182 | 31,384 | 38,960 | 53,503 | 89,161 |
| | 13 | 14,685 | 16,651 | 18,856 | 21,329 | 27,196 | 34,523 | 43,635 | 61,528 | 106,993 |
| | 14 | 15,126 | 17,317 | 19,799 | 22,609 | 29,372 | 37,975 | 48,871 | 70,757 | 128,392 |
| | 15 | 15,580 | 18,009 | 20,789 | 23,966 | 31,722 | 41,772 | 54,736 | 81,371 | 154,070 |
| | 16 | 16,047 | 18,730 | 21,829 | 25,404 | 34,259 | 45,950 | 61,304 | 93,576 | 184,884 |
| | 17 | 16,528 | 19,479 | 22,920 | 26,928 | 37,000 | 50,545 | 68,660 | 107,613 | 221,861 |
| | 18 | 17,024 | 20,258 | 24,066 | 28,543 | 39,960 | 55,599 | 76,900 | 123,755 | 266,233 |
| | 19 | 17,535 | 21,068 | 25,270 | 30,256 | 43,157 | 61,159 | 86,128 | 142,318 | 319,480 |
| | 20 | 18,061 | 21,911 | 26,533 | 32,071 | 46,610 | 67,275 | 96,463 | 163,665 | 383,376 |
| | 25 | 20,938 | 26,658 | 33,864 | 42,919 | 68,485 | 108,347 | 170,001 | 329,190 | 953,962 |
| | 30 | 24,273 | 32,434 | 43,219 | 57,435 | 100,627 | 174,494 | 299,599 | 662,118 | 2,373,763 |
| | 35 | 28,139 | 39,461 | 55,160 | 76,861 | 147,853 | 281,024 | 527,996 | 1,331,755 | 5,906,682 |

A monthly investment of RM100 made at the beginning of each month, with interest compounded monthly, accumulates the amounts indicated at the respective years.

FD

TH

ASB

UT

| Annual Interest Rate | 3% | 4% | 5% | 6% | 8% | 10% | 12% | 15% | 20% | |
|------------------------------|----|--------|--------|---------|---------|---------|---------|---------|-----------|-----------|
| Number Of Accumulation Years | 5 | 6,481 | 6,652 | 6,829 | 7,012 | 7,397 | 7,808 | 8,249 | 8,968 | 10,345 |
| | 6 | 7,898 | 8,149 | 8,411 | 8,684 | 9,264 | 9,893 | 10,576 | 11,712 | 13,953 |
| | 7 | 9,358 | 9,708 | 10,075 | 10,459 | 11,286 | 12,196 | 13,198 | 14,897 | 18,353 |
| | 8 | 10,862 | 11,329 | 11,823 | 12,344 | 13,476 | 14,740 | 16,153 | 18,594 | 23,718 |
| | 9 | 12,412 | 13,017 | 13,661 | 14,345 | 15,848 | 17,550 | 19,482 | 22,885 | 30,259 |
| | 10 | 14,009 | 14,774 | 15,593 | 16,470 | 18,417 | 20,655 | 23,234 | 27,866 | 38,236 |
| | 11 | 15,655 | 16,602 | 17,624 | 18,725 | 21,198 | 24,085 | 27,461 | 33,647 | 47,963 |
| | 12 | 17,351 | 18,505 | 19,758 | 21,120 | 24,211 | 27,874 | 32,225 | 40,358 | 59,824 |
| | 13 | 19,098 | 20,485 | 22,002 | 23,662 | 27,474 | 32,060 | 37,593 | 48,148 | 74,288 |
| | 14 | 20,899 | 22,546 | 24,361 | 26,362 | 31,008 | 36,684 | 43,642 | 57,191 | 91,924 |
| | 15 | 22,754 | 24,691 | 26,840 | 29,227 | 34,835 | 41,792 | 50,458 | 67,686 | 113,430 |
| | 16 | 24,666 | 26,923 | 29,446 | 32,270 | 38,979 | 47,436 | 58,138 | 79,869 | 139,653 |
| | 17 | 26,636 | 29,247 | 32,186 | 35,500 | 43,468 | 53,670 | 66,792 | 94,011 | 171,630 |
| | 18 | 28,666 | 31,664 | 35,066 | 38,929 | 48,329 | 60,557 | 76,544 | 110,426 | 210,623 |
| | 19 | 30,757 | 34,181 | 38,093 | 42,570 | 53,593 | 68,165 | 87,533 | 129,479 | 258,170 |
| | 20 | 32,912 | 36,800 | 41,275 | 46,435 | 59,295 | 76,570 | 99,915 | 151,595 | 316,148 |
| | 25 | 44,712 | 51,584 | 59,799 | 69,646 | 95,737 | 133,789 | 189,764 | 328,407 | 862,672 |
| | 30 | 58,419 | 69,636 | 83,573 | 100,954 | 150,030 | 227,932 | 352,991 | 700,982 | 2,336,082 |
| | 35 | 74,342 | 91,678 | 114,083 | 143,183 | 230,918 | 382,827 | 649,527 | 1,486,064 | 6,308,355 |

How much do you need ?
...to achieve financial objective

Haj Plan

Age now = 40

Age 55

Haj Cost RM20,000

Plan A : Lump sum (now)
RM3,700 (15%) – RM5,500 (12%)

Need RM30,000
Haj Cost in 15 years
Inflation 3%
(pocket calculator)

Plan B : DDI (monthly) RM44 (15%)
RM59 (12%)

A lump sum investment of RM10,000, with interest compounded yearly, accumulates the amounts indicated at the **TH** respective years. **UT**

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| | 11 | 13,842 | 15,395 | 17,103 | 18,983 | 23,316 | 28,531 | 34,785 | 46,524 | 74,301 |
| | 12 | 14,258 | 16,010 | 17,959 | 20,122 | 25,182 | 31,384 | 38,960 | 53,503 | 89,161 |
| | 13 | 14,685 | 16,651 | 18,856 | 21,329 | 27,196 | 34,523 | 43,635 | 61,528 | 106,993 |
| | 14 | 15,126 | 17,317 | 19,799 | 22,609 | 29,372 | 37,975 | 48,871 | 70,757 | 128,392 |
| | 15 | 15,580 | 18,009 | 20,789 | 23,966 | 31,722 | 41,772 | 54,736 | 81,371 | 154,070 |
| | 16 | 16,047 | 18,730 | 21,829 | 25,404 | 34,259 | 45,950 | 61,304 | 93,576 | 184,884 |
| | 17 | 16,528 | 19,479 | 22,920 | 26,928 | 37,000 | 50,545 | 68,660 | 107,613 | 221,861 |
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| | 19 | 17,535 | 21,068 | 25,270 | 30,256 | 43,157 | 61,159 | 86,128 | 142,318 | 319,480 |
| | 20 | 18,061 | 21,911 | 26,533 | 32,071 | 46,610 | 67,275 | 96,463 | 163,665 | 383,376 |
| | 25 | 20,938 | 26,658 | 33,864 | 42,919 | 68,485 | 108,347 | 170,001 | 329,190 | 953,962 |
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| | 6 | 7,898 | 8,149 | 8,411 | 8,684 | 9,264 | 9,893 | 10,576 | 11,712 | 13,953 |
| | 7 | 9,358 | 9,708 | 10,075 | 10,459 | 11,286 | 12,196 | 13,198 | 14,897 | 18,353 |
| | 8 | 10,862 | 11,329 | 11,823 | 12,344 | 13,476 | 14,740 | 16,153 | 18,594 | 23,718 |
| | 9 | 12,412 | 13,017 | 13,661 | 14,345 | 15,848 | 17,550 | 19,482 | 22,885 | 30,259 |
| | 10 | 14,009 | 14,774 | 15,593 | 16,470 | 18,417 | 20,655 | 23,234 | 27,866 | 38,236 |
| | 11 | 15,655 | 16,602 | 17,624 | 18,725 | 21,198 | 24,085 | 27,461 | 33,647 | 47,963 |
| | 12 | 17,351 | 18,505 | 19,758 | 21,120 | 24,211 | 27,874 | 32,225 | 40,358 | 59,824 |
| | 13 | 19,098 | 20,485 | 22,002 | 23,662 | 27,474 | 32,060 | 37,593 | 48,148 | 74,288 |
| | 14 | 20,899 | 22,546 | 24,361 | 26,362 | 31,008 | 36,684 | 43,642 | 57,191 | 91,924 |
| | 15 | 22,754 | 24,691 | 26,840 | 29,227 | 34,835 | 41,792 | 50,458 | 67,686 | 113,430 |
| | 16 | 24,666 | 26,923 | 29,446 | 32,270 | 38,979 | 47,436 | 58,138 | 79,869 | 139,653 |
| | 17 | 26,636 | 29,247 | 32,186 | 35,500 | 43,468 | 53,670 | 66,792 | 94,011 | 171,630 |
| | 18 | 28,666 | 31,664 | 35,066 | 38,929 | 48,329 | 60,557 | 76,544 | 110,426 | 210,623 |
| | 19 | 30,757 | 34,181 | 38,093 | 42,570 | 53,593 | 68,165 | 87,533 | 129,479 | 258,170 |
| | 20 | 32,912 | 36,800 | 41,275 | 46,435 | 59,295 | 76,570 | 99,915 | 151,595 | 316,148 |
| | 25 | 44,712 | 51,584 | 59,799 | 69,646 | 95,737 | 133,789 | 189,764 | 328,407 | 862,672 |
| | 30 | 58,419 | 69,636 | 83,573 | 100,954 | 150,030 | 227,932 | 352,991 | 700,982 | 2,336,082 |
| | 35 | 74,342 | 91,678 | 114,083 | 143,183 | 230,918 | 382,827 | 649,527 | 1,486,064 | 6,308,355 |

*Practical training – demonstration
& role play available during
Training Sessions*

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J.U.S.T