

What NRIs want

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In conjunction with local research company Insight Discovery, we recently canvassed the opinion of non-resident Indians (NRIs) living in the UAE. We carried out a survey on their attitudes, behaviours, wishes and needs in relation to buying life insurance, savings and investments. I am going to share some of our findings. Having carried out a similar study in 2013, we have been able to track trends and there are some interesting and significant changes which can be used to shape the future propositions of insurers in the region.

NRIs worry about money

NRIs are here in the Emirates to make money, but over half are struggling to meet their financial obligations, and 25 per cent are repaying debt. This is a significant change from 2013 when only four per cent were worried about debt. It is clear therefore that money worries have increased among NRIs in the UAE.

NRIs would like to remain in the UAE indefinitely; but probably won't

According to our survey, 92.9 per cent expect to retire in India eventually, which is an increase from 2013. However, while only 6.5 per cent expect to retire in the UAE, over two-thirds would like to retire here if they could. The UAE is indeed, a very attractive place to live, but remaining in the UAE can be a challenge from a visa perspective post-retirement (more on that later). Perhaps there is a dawning realisation that pension income will stretch further in some parts of India?

NRIs would like to retire early; but probably won't

Most respondents indicated they would like to retire between the ages of 61 and 65, which is at odds with how little they are saving. Only one in four NRIs save more than 10 per cent of their salary, so this goal is unlikely to be realised unless this percentage is increased quickly. A lifetime of working is the more chastening reality.

NRIs are becoming more global in attitudes

Those that are saving want exposure to stocks and shares and commodities, yet over half of those surveyed were not prepared to lose any money. This perhaps suggests a lack of financial awareness. Only five years ago, NRIs were focused on traditional investments such as gold, property, cash and bonds. There appears to have been another shift in attitudes here, perhaps due to globalisation. The survey shows that all expats are becoming more homogenous in their thinking and that previous cultural demarcation lines are becoming blurred.

NRIs have an impending retirement issue

The main reasons identified for saving were funding a business, followed by children's education and property purchase. Retirement has dropped down to fourth, from second on the priority list for NRIs since 2013, and we believe this is storing up a longer-term problem. Perhaps NRIs view property purchase as an alternative to a pension - a quarter of those surveyed would buy their next property in the UAE.

NRIs are under-insured

NRIs have not embraced life insurance yet. Only 13.6% have life cover with an international insurer; (which is portable overseas) and less than a third consider protecting their family in the event of their death. The impact on the family unit of the death of the breadwinner doesn't bear thinking about. NRIs need to insure.

Conclusion

The survey suggests that NRIs are attracted by the financial opportunities afforded by the UAE, but are neither saving nor insuring their lives anywhere near enough. Reasons for this could be many-fold, but some re-evaluation of household budgets should be considered based on needs. There is a difference between wanting new furniture and needing to pay the rent, for example.

Financial advisers can help NRIs to save and protect, but they can also help in other ways. The dream of retiring in the UAE is not impossible: setting up a company and/or purchasing a freehold property (which grants a six month renewable property visa) can prolong an NRI's stay. Advisers can help their customers achieve their life goals, as well as their financial goals.

Finally, assuming a stay in the UAE after retirement is desired, advisers can also help non-Muslim NRIs to register a DIFC will so that in the event of their death in the UAE, their affairs are neatly wrapped up and will not be subject to Sharia'h law.

For further information on life insurance, savings and investments for NRIs, please speak with your financial adviser or visit - www.fpinternational.ae



All information contained in this article is correct at the time of publication, March 2018.

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