

# Annuity Insurance

A key way to lead the life to the fullest



**HSBC**  
Insurance

Income Goal Insurance Plan

HSBC Life (International) Limited

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# INCOME GOAL INSURANCE PLAN

## **HSBC Life (International) Limited**

HSBC Life (International) Limited (“the Company”) is incorporated in Bermuda with limited liability, and is one of the HSBC Group’s insurance underwriting subsidiaries.

### **Registered office**

37 Front Street, Hamilton HM 11, Bermuda

### **Hong Kong SAR office**

18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong

The Company is authorised and regulated by the Insurance Authority (IA) to carry on long-term insurance business in the Hong Kong SAR.

Income Goal Insurance Plan is underwritten by the Company.

The Hongkong and Shanghai Banking Corporation Limited (referred to as “HSBC”) is an insurance agent of the Company. This product is a product underwritten by the Company and it is intended only for sale through HSBC in the Hong Kong SAR.

For monetary disputes arising between HSBC and you out of the selling process or processing of the related transaction, HSBC will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the product should be resolved between the Company and you directly.

The Company accepts full responsibility for the accuracy of the information contained in the Product Brochure and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The information shown therein is intended as a general summary. Please refer to your insurance policy for the detailed terms and conditions.

January 2018

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## A KEY WAY TO LEAD THE LIFE TO THE FULLEST

A delighted life comes with the attainment of numerous life goals with the accumulated wealth you built up.

### **How does the Income Goal Insurance Plan work?**

Income Goal Insurance Plan (the “Plan” or the “Policy”) is a long-term insurance plan with savings element. It is designed to build up savings by participating in the Plan for a pre-set period of 10 or 15 years at your choice. You will then receive a stream of income in the form of Monthly Annuity Payment<sup>1</sup> for 10 years according to your chosen Annuity Payment Option to suit your need and achieve your personal aspirations. A Special Bonus<sup>2</sup> may become payable as an additional source of funding at the beginning of the Annuity Period.

Throughout the Policy Term, if the Life Insured passes away, the Death Benefit payable to the Beneficiary(ies) plus the total amount of Monthly Guaranteed Annuity Payment we have paid to the Policyholder (if any) will be at least equal to 101% of the Total Premiums Paid<sup>3</sup>.

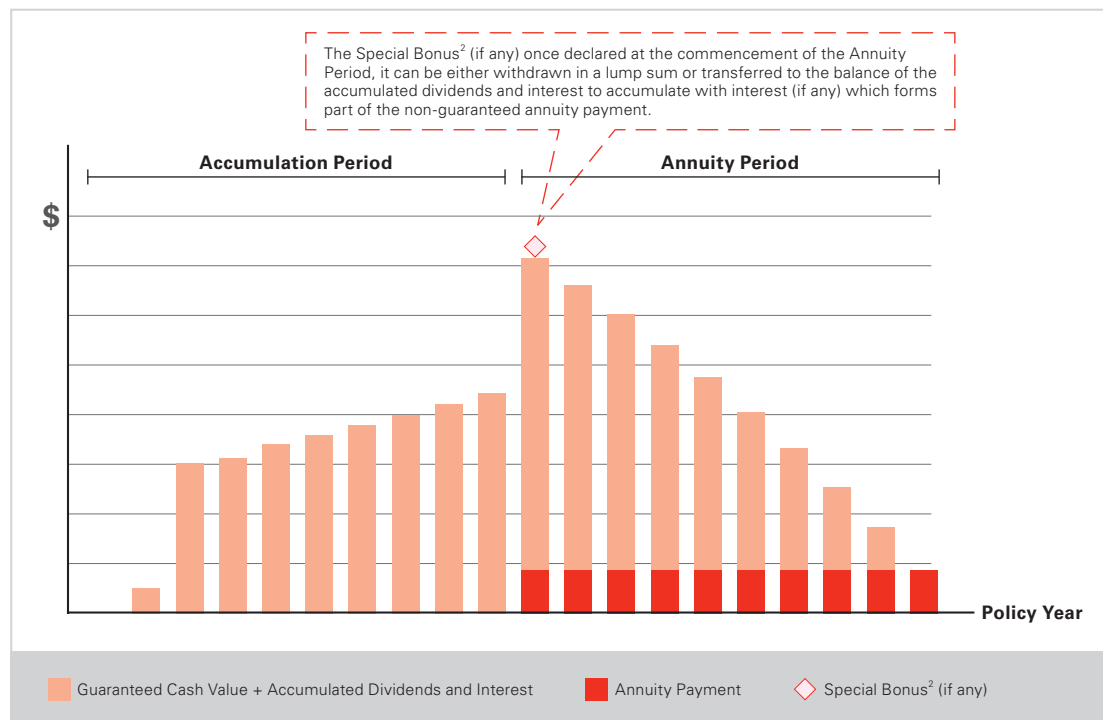
**The Plan is not equivalent or similar to any kind of deposit.**

## WHAT CAN YOU GET DURING ANNUITY PERIOD?

- Guaranteed Cash Value (the value payable under certain circumstances such as surrender or maturity)
- Dividends (non-guaranteed and applicable if cash payment option is elected)
- Monthly Annuity Payment<sup>1</sup>
- Special Bonus<sup>2</sup> (non-guaranteed and applicable if lump sum withdrawal option is elected)

### Assumption:

The below diagram is illustrated based on monthly payment option with Special Bonus<sup>2</sup> withdrawal.



Note:

The above diagram is for illustrative purpose only. Please refer to Product Summary and Policy Provisions for details.

# HOW MUCH PROTECTION CAN YOU ENJOY?

## Life cover<sup>4</sup>

The Life Insured can enjoy life protection during the Policy Term. In the unfortunate event of death of the Life Insured, the Beneficiary(ies) will receive the Death Benefit (please refer to Product Summary for details).

## Extra protection

The following Supplementary Benefits are embedded in the Basic Plan of the Policy, subject to eligibility, with no additional premiums required:

- **Additional Accidental Death Benefit<sup>5</sup>**

In the unfortunate event that the death of the Life Insured results from an accident before the end of the Policy Term or the age<sup>6</sup> of 80 (whichever is earlier), an additional 30% of the Total Premiums Paid<sup>3</sup> will be paid to the Beneficiary(ies) in addition to the Death Benefit payable under the Policy.

- **Payor's Benefit<sup>7</sup> (not applicable to corporate Policyholders and to single premium policy)**

You can take out a Policy to cover your child whose Insurance Age<sup>8</sup> is 18 or under. If the Policyholder was to die or become temporarily disabled for a continuous period of 183 days, the subsequent premiums will be waived until the Policyholder recovers or the Payor's Benefit<sup>7</sup> terminates (whichever is earlier).

- **Terminal Illness Benefit<sup>5</sup>**

The Death Benefit will be paid in advance if the Life Insured is diagnosed with a terminal illness before the end of the Policy Term or the age<sup>6</sup> of 65 (whichever is earlier) and such illness is likely to result in death within one year. The Policy will terminate upon the payment of the Terminal Illness Benefit<sup>5</sup>.

- **Unemployment Benefit<sup>9</sup> (Not applicable to corporate Policyholders and to single premium policy)**

If the Policyholder has become unemployed for at least 30 consecutive days before the age<sup>6</sup> of 65, the Grace Period for payment of the premiums will be extended up to 365 days, during which the Life Insured will still enjoy the Policy's full protection.

The following Supplementary Benefit is optional with additional premiums required:

- **Critical Illness Select (Additional Payment)<sup>10</sup> (Not applicable to single premium policy)**

You can add this optional benefit at an extra cost which will cover the Life Insured until the age<sup>6</sup> of 65. It will pay the Critical Illness Select's benefit amount if the Life Insured is diagnosed with one of the covered illnesses listed in the additional protection leaflet. Health questions are required when applying for this benefit<sup>11</sup>.

Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions of the above Supplementary Benefits.

## Hassle-free Application

Policy approval is generally guaranteed<sup>12</sup> and medical examinations are not required.

## EXAMPLES

The figures below are used for examples 1 and 2 and the amounts shown are illustrated in Hong Kong dollars (HKD).

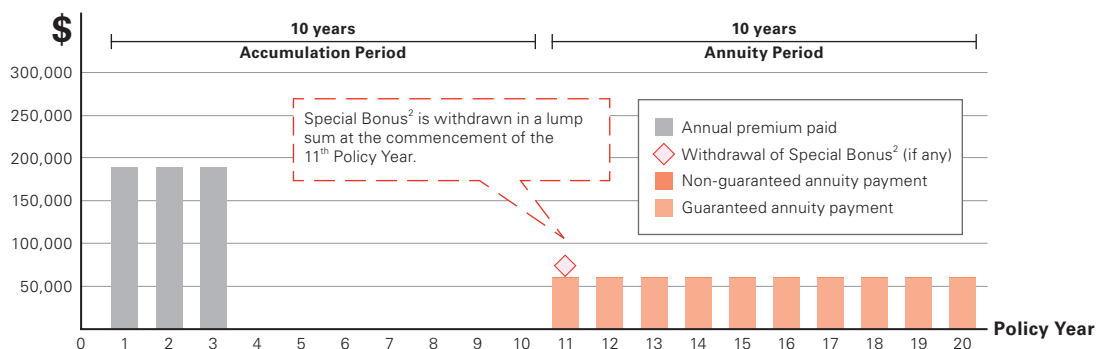
Insurance Age <sup>8</sup> of Life Insured	: 35		
Premium payment period	: 3 years	Total Premiums Paid <sup>3</sup>	: 567,000
Accumulation Period	: 10 years	Annuity Period	: 10 years
Annual premium	: 189,000	Monthly Guaranteed Annuity Payment	: 5,000

### Assumptions for examples 1 and 2

- All premiums are paid in full when due during the premium payment period.
- No withdrawal of accumulated dividends and interest (if any) under the Policy and no adjustment affecting the dividends has been made during the Policy Term.
- The current interest rate on accumulated dividends and interest is 3.5% p.a.. This interest rate is not guaranteed and may be adjusted by the Company at its discretion from time to time. The actual interest rate may be lower than or higher than 3.5% p.a..

### Example 1 – Withdrawal of Special Bonus<sup>2</sup>

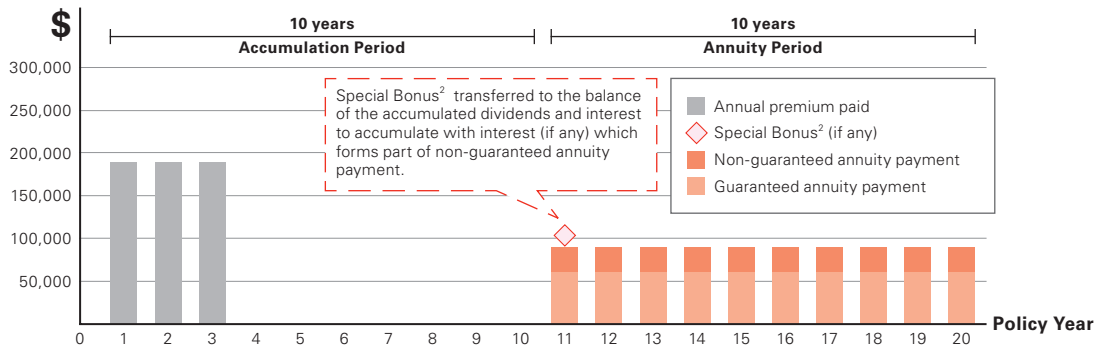
- Special Bonus<sup>2</sup> of **HKD237,410** is withdrawn upon declaration
- Monthly Annuity Payment<sup>1</sup> will be **HKD5,013**  
(comprising Monthly Guaranteed Annuity Payment HKD5,000 + Monthly Non-guaranteed Annuity Payment HKD13)
- Receive all Monthly Annuity Payment<sup>1</sup> in cash
- Total Monthly Annuity Payment<sup>1</sup> at policy maturity will be **HKD601,560**



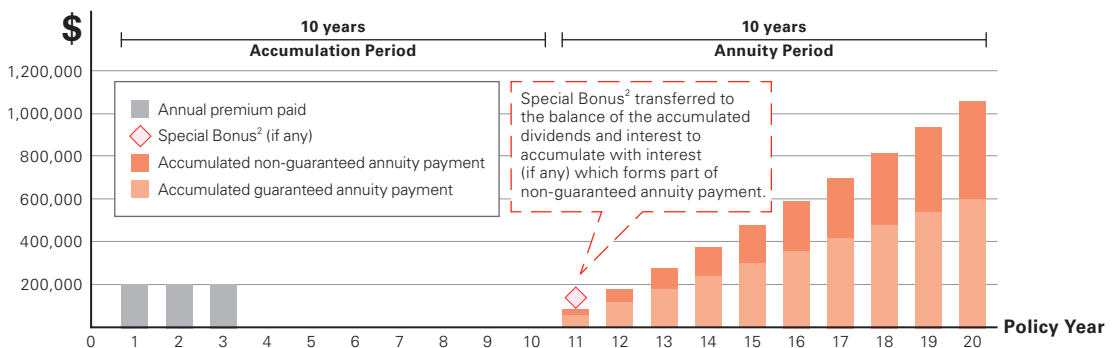
## Example 2 – No withdrawal of Special Bonus<sup>2</sup>

- **Special Bonus<sup>2</sup> is kept in the Policy upon declaration**
- **Monthly Annuity Payment<sup>1</sup> will be HKD7,355**  
(comprising Monthly Guaranteed Annuity Payment HKD5,000 + Monthly Non-guaranteed Annuity Payment HKD2,355)

- Scenario 1:**
- Receive all Monthly Annuity Payment<sup>1</sup> in cash
  - Total Monthly Annuity Payment<sup>1</sup> at policy maturity will be **HKD882,576**



- Scenario 2:**
- Accumulate all Monthly Annuity Payment<sup>1</sup> under the Policy
  - Accumulated Monthly Annuity Payment<sup>1</sup> at policy maturity will be **HKD1,051,891**



Notes for examples 1 and 2:

- The amount of the Monthly Non-guaranteed Annuity Payment is not guaranteed and may vary from time to time. The actual future amount may be lower than or higher than that illustrated above.
- The figures as shown in the above examples are subject to rounding adjustment and are for illustrative purpose only. You should refer to your insurance proposal for illustrated figure and details.

## PRODUCT SUMMARY

Premium payment period	3/5/10 years or single premium
Accumulation Period	10/15 years <sup>13</sup>
Annuity Period	10 years
Policy currency	HKD/USD
Policy Term	20/25 years
Issue age	15 days after birth to Insurance Age <sup>8</sup> of 65
Premium payment method	<p>Single premium, monthly or annual, through:</p> <ul style="list-style-type: none"> <li>• HSBC bank account, or</li> <li>• Cheque, or</li> <li>• HSBC credit card (not applicable to single premium)</li> </ul> <p>Note:</p> <ul style="list-style-type: none"> <li>• If you choose to pay your premiums monthly for a Policy Year, the total premium paid for that Policy Year will be higher than if you pay annually.</li> </ul>
Minimum Monthly Guaranteed Annuity Payment	HKD800/USD100
Annuity Payment Option	<ul style="list-style-type: none"> <li>• Payment at monthly interval <ul style="list-style-type: none"> <li>– Receive Monthly Annuity Payment<sup>1</sup> on each Monthiversary during the Annuity Period; or</li> </ul> </li> <li>• Rollover <ul style="list-style-type: none"> <li>– Accumulate all paid Monthly Annuity Payment<sup>1</sup> to earn interest, if any, (the interest rate will be determined at the Company's discretion from time to time) until the end of the Annuity Period.</li> </ul> </li> </ul>
First annuity payment	<ul style="list-style-type: none"> <li>• Accumulation Period: 10 years <ul style="list-style-type: none"> <li>– Pay from the 121<sup>st</sup> Monthiversary until the end of the Annuity Period</li> </ul> </li> <li>• Accumulation Period: 15 years <ul style="list-style-type: none"> <li>– Pay from the 181<sup>st</sup> Monthiversary until the end of the Annuity Period</li> </ul> </li> </ul>
Guaranteed Cash Value	Guaranteed Cash Value is calculated by reference to the Monthly Guaranteed Annuity Payment and the tabular cash value rates shown in the Policy Schedule. Such rates, and therefore the Guaranteed Cash Values will vary by Policy Year.



## Special Bonus<sup>2</sup>

The Special Bonus<sup>2</sup> (if any) is non-guaranteed. It will be declared, at the Company's absolute discretion, at the commencement of the Annuity Period provided that all premiums are paid when due during the premium payment period. The declared Special Bonus<sup>2</sup>, if any, can either be (i) withdrawn from the Policy in one lump sum at the commencement of the Annuity Period; or (ii) transferred to the balance of the accumulated dividends and interest to accumulate with interest if any, at an interest rate as determined by the Company from time to time.

During the Accumulation Period, no Special Bonus<sup>2</sup> is payable unless any of the following events occurs and the Company will pay the Special Bonus<sup>2</sup> (if any) at its absolute discretion under the Basic Plan:

- (a) death of the Life Insured; or
- (b) surrender of the Policy; or
- (c) lapse or termination of the Policy.

The Company will update you the amount of the Special Bonus<sup>2</sup> (if any) of each Policy Anniversary on the respective annual statement during the Accumulation Period. Such amounts as shown on the annual statement(s) may be lower or higher than those illustrated on the earlier annual statement(s) issued. Please refer to section "Key risks - Non-guaranteed benefits" for the details of key risk factors.

## Annual Dividend

Annual dividend, if any, are not guaranteed and are payable on each Policy Anniversary throughout the Policy Term at our absolute discretion, provided that all premiums are paid before the expiry of the Grace Period. The amount of annual dividends will not change once declared.

You may receive such annual dividends, if any, by the following means:

- accumulate in the Policy with interest, if any; or
- take out as cash.

The annual dividends and interest, if any (earned on any accumulated dividends and interest and any accumulated Monthly Annuity Payment<sup>1</sup>) are not guaranteed.

The Monthly Non-guaranteed Annuity Payment is derived from the accumulated dividends and interest and projected dividends (if any). The amount of the accumulated dividends and interest (if any) after each Monthly Non-guaranteed Annuity Payment will gradually decrease with the intention that it will be reduced to zero at the end of the Annuity Period. Please refer to section "Key risks - Non-guaranteed benefits" for the details of key risk factors.

Surrender Benefit	<p>Guaranteed Cash Value plus the following:</p> <ul style="list-style-type: none"> <li>• Accumulated dividends and interest (if any);</li> <li>• Plus accumulated Monthly Annuity Payment<sup>1</sup> (if any) (if surrender is made during the Annuity Period);</li> <li>• Plus Special Bonus<sup>2</sup> (if any) (if surrender is made during the Accumulation Period);</li> <li>• Less any Indebtedness<sup>14</sup></li> </ul>
Death Benefit	<ul style="list-style-type: none"> <li>• During the Accumulation Period, Death Benefit payable is the higher of: <ul style="list-style-type: none"> <li>– 101 % of the Guaranteed Cash Value; and</li> <li>– 101 % of the Total Premiums Paid<sup>3</sup> for the Basic Plan, at the date of death of the Life Insured, plus any accumulated dividends and interest and any Special Bonus<sup>2</sup>, less any Indebtedness<sup>14</sup>.</li> </ul> </li> <li>• During the Annuity Period, Death Benefit payable is the higher of: <ul style="list-style-type: none"> <li>– 101 % of the Guaranteed Cash Value; and</li> <li>– 101 % of the Total Premiums Paid<sup>3</sup> for the Basic Plan, less any total amount of Monthly Guaranteed Annuity Payment paid, at the date of death of the Life Insured, plus any accumulated Monthly Annuity Payment<sup>1</sup> and any accumulated dividends and interest less any Indebtedness<sup>14</sup>.</li> </ul> </li> </ul>
Death Benefit settlement	<p>Based on the written instruction<sup>15</sup> of the Policyholder, the Beneficiary(ies) will receive:</p> <ul style="list-style-type: none"> <li>• the Death Benefit in one lump sum payment; or</li> <li>• the unpaid Monthly Annuity Payment<sup>1</sup> until the end of the Annuity Period (this option is only applicable if it is elected during Life Insured's lifetime and the death of the Life Insured occurs during the Annuity Period)</li> </ul>
Embedded Supplementary Benefits (no additional premiums required)	<p>Additional Accidental Death Benefit<sup>5</sup>, Payor's Benefit<sup>7^</sup>, Terminal Illness Benefit<sup>5</sup>, Unemployment Benefit<sup>9^</sup></p> <p><sup>^</sup> Not applicable to corporate Policyholders and single premium policy</p>
Optional Supplementary Benefits (with additional premiums required)	<p>Critical Illness Select (Additional Payment)<sup>10</sup> (Not applicable to single premium policy)</p>

The contents in this Product Brochure are for reference only. You should read this document in conjunction with the respective insurance proposal and Policy Provisions for details.

# IMPORTANT NOTES

## **Cooling-off period**

The Income Goal Insurance Plan is a long-term life insurance plan with a savings element. Part of the premium pays for the insurance and related costs including but not limited to policy acquisition, maintenance and claims costs.

If you are not satisfied with the Policy, you have a right to cancel it and obtain a refund of any premiums and levies paid, subject to any market value adjustment (applicable to single premium policies) (see section below for details of market value adjustment), by giving written notice. To cancel, you must sign on such notice, return the Policy (if received) and ensure that such notice and the Policy are received directly by the office of HSBC Life (International) Limited at 18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong within the Cooling-off Period (that is, 21 days after the delivery of the Policy or issue of a Notice informing the availability of the Policy to you or your representative, whichever is earlier).

After the expiration of the Cooling-off Period, if you cancel the Policy before the end of the Policy Term, the projected Net Cash Value<sup>16</sup> that you receive may be less than the total premium you have paid.

## **Market value adjustment for single premium policy**

During the Cooling-off Period, the single premium policy is subject to market value adjustment, which refers to the amount of the shortfall (if any) by which the value of investment for the single premium at the time when the cancellation notice on the Policy is received by the Company has fallen below the amount of the single premium paid.

## **Suicide**

If the Life Insured dies by suicide within one year of the Issue Date or from the effective date of reinstatement, whichever is later, whether sane or insane, the Company's liability will be limited to the amount of premiums paid to the Company less any amount paid by the Company to you since the Policy Date. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.

## Policy Loan

You may apply for a Policy Loan before the commencement of the Annuity Period, provided that the amount borrowed (including any previous unpaid borrowed amount) does not exceed 90% of the Net Cash Value<sup>16</sup> before Indebtedness<sup>14</sup>. You will be advised of the rate of interest determined by the Company which may change from time to time. Consequently, the value payable under certain circumstances such as surrender or maturity will be reduced. When the Policy Loan with accrued interest exceeds the Net Cash Value<sup>16</sup> before Indebtedness<sup>14</sup>, the Policy may lapse.

Please be reminded that any Indebtedness<sup>14</sup> on this Policy outstanding at the time of any payment of Monthly Annuity Payment<sup>1</sup> or Death Benefit claim shall be deducted from the amount otherwise payable under this Policy. The Company's claim for any Indebtedness<sup>14</sup> shall be prior to any claim of the Policyholder or the Beneficiary(ies) or the assignee(s) or other persons.

## Tax reporting and financial crime

The Company may from time to time request information from you regarding you and your Policy for the Company and other members of the HSBC Group to meet certain obligations to legal or regulatory bodies and government or tax authorities in Hong Kong and overseas. If you fail to provide to the Company information that is requested from you or if you present a financial crime risk to a member of the HSBC Group, such consequences as set out in your policy terms include that the Company may:

- Take such actions as are necessary to enable it or a member of the HSBC Group to meet its obligations;
- Be unable to provide new, or continue to provide all of the services to you;
- Be required to withhold payments or benefits that would otherwise be due to you or your Policy and permanently pay those over to tax authorities; and
- Terminate your Policy.

Should any benefits or payments be withheld or the Policy be terminated by the Company, the amount you get back plus the total amount you have received before policy termination (if any) may be less than what you have paid. The Company recommends that you seek your own independent professional advice on your tax liabilities and tax position in relation to your Policy.

### **Termination conditions**

The Company has the right to terminate the Policy under any of the following circumstances,

- If you cannot make the overdue premium payment by the end of the Grace Period; or
- The Policy Loan with accrued interest exceeds Net Cash Value<sup>16</sup> before Indebtedness<sup>14</sup>; or
- We reasonably consider that by continuing the Policy or the relationship with you we may break any laws or the Company, or a member of the HSBC Group, may be exposed to action censure from any authority; or
- If the Company has the right to terminate pursuant to the terms of any Supplementary Benefits.

Please refer to Policy Provisions for detailed terms and conditions on termination.

### **Applicable laws**

The laws governing the Policy are the laws of Bermuda. However, in the event of any dispute arising in the Hong Kong SAR, the non-exclusive jurisdiction of the Hong Kong SAR courts will apply.

### **Eligibility**

The Plan is generally available to anyone who is between 15 days after birth and Insurance Age<sup>8</sup> of 65. The Plan is subject to the relevant requirements on nationality and/or addresses and/or residency of the Policyholder and/or Life Insured as determined by the Company from time to time.

### **Policy currency**

The Plan is available in Hong Kong dollars and US dollars. Both premiums and benefits can be paid in currencies other than the policy currency. Please refer to section “Key risks - Policy currency risk” for the details of key risk factors.

### **Missing payment of premium**

There is a 30-day Grace Period for premium payments that are due. If you cannot make the payment by the end of the Grace Period, the non-forfeiture option which you have selected will then take effect. If no non-forfeiture option is elected, an Automatic Premium Loan will be granted to cover the unpaid premium provided that the Non-forfeiture Value<sup>17</sup> is greater than the amount of unpaid premium. Interest will apply on such loan at a rate determined by the Company which may change from time to time. When the Non-forfeiture Value<sup>17</sup> is not enough to cover the unpaid premium, the Policy will lapse and the amount you get back may be significantly less than what you have paid.

The Monthly Annuity Payment<sup>1</sup> will only be paid if all premiums due up to the relevant Monthiversary have been fully paid.

## KEY RISKS

### **Credit and insolvency risks**

The product is an insurance policy issued by the Company. You are subject to the credit risk of the Company. Your premiums paid will form part of the Company's assets. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only.

### **Non-guaranteed benefits**

The scales for calculating dividends and Special Bonus<sup>2</sup> (if any) are not guaranteed and are determined by the Company from time to time.

The Monthly Non-guaranteed Annuity Payment is mainly derived from the accumulated dividends and interest, any Special Bonus<sup>2</sup> and projected dividends. Any adjustment affecting the dividends and Special Bonus<sup>2</sup>, which may include but not limited to withdrawals of any accumulated dividend and interest and/or Special Bonus<sup>2</sup>, change of dividend scale or Special Bonus<sup>2</sup> scale, investment return assumptions or applicable accumulated interest rate on dividends, will trigger re-calculation of the Monthly Non-guaranteed Annuity Payment. The interests earned on the accumulated dividends and interest, and accumulated Monthly Annuity Payments<sup>1</sup> are determined based on an interest rate which is not guaranteed and may be adjusted by the Company at its discretion from time to time.

Whether dividends and Special Bonus<sup>2</sup> are payable and the size of the dividends and Special Bonus<sup>2</sup> to be paid depend on how well the Company has performed with regard to investment returns on the assets supporting the policies, as well as other factors including but not limited to claims, lapse experience, expenses, and the long term future performance outlook. The key risk factors are further described below:

- **Investment risk factors** – The investment performance of the assets supporting the policies could be affected by changes in interest rate and its outlook (which affect both interest earnings and values of assets), fluctuations in prices of growth assets and various market risks including but not limited to currency risk, credit spread and default risk.
- **Claims factor** – The actual experience of mortality and morbidity is uncertain which may lead to a higher than expected claim or living benefit payment and impact the overall performance of the product.
- **Persistency factor** – The actual experience of policy surrender (full or partial) and policy lapse is uncertain, and therefore it has impacts on both the current performance and future return of the portfolio of the policies.
- **Expense factor** – The actual amount of any direct (e.g. commission, underwriting, policy acquisition and maintenance expenses) and indirect expenses (e.g. general overhead costs) incurred and apportioned to the group of policies may be higher than expected and impact the overall performance of the product.

### **Risks from the delay or missing the payment of premiums due**

Any delay or missing of the payment of premiums due may lead to policy lapse and the amount, if any, you get back may be significantly less than what you have paid.

### **Risks from surrender**

If you surrender the Policy in early years, the surrender proceeds to be received under the Policy may be significantly less than the premiums paid.

### **Liquidity risk**

This Policy is designed to be held for the entire Policy Term. Should you have liquidity needs for any unexpected events, you may apply for a Policy Loan or surrender the Policy in full or in part subject to the respective policy terms, however this may cause the Policy to lapse or to be terminated earlier than the original Policy Term, and the amount (if any) you get back may be less than the premiums paid. You may also apply for withdrawal of any amounts that are accumulated within the Policy, but the amount available for withdrawal is not guaranteed. Any partial surrender, Policy Loan, accrued loan interest and withdrawal will reduce the Death Benefit and Net Cash Value<sup>16</sup>. Any partial surrender before the commencement of the Annuity Period will reduce the Special Bonus<sup>2</sup>. Consequently, the value payable under certain circumstances such as surrender or maturity will be reduced.

### **Inflation risk**

Cost of living is likely to be higher in the future than it is today due to inflation, therefore you or your assigned Beneficiary(ies) may receive less from the Policy in real terms in the future even if the Company meets all of its contractual obligations.

### **Policy currency risk**

You are subject to exchange rate risks. If your Plan is denominated in currencies other than local currency, or, If you choose to pay premium or receive benefit in currencies other than the policy currency(ies), the actual amount paid or received by you will be subject to change according to the prevailing exchange rate to be determined by the Company from time to time between the policy currency and the local / payment currencies. The fluctuation in exchange rates may have impact on the amount of payments including but not limited to premium payments, levy payments and benefit payments.

## MORE ABOUT PARTICIPATING POLICY

### **Participating policy**

Policies under the Plan are participating policies which consist of both the guaranteed benefits and non-guaranteed benefits. The non-guaranteed benefits comprise the policy dividends which allow Policyholders to participate in the financial performance of the life insurance operation. The policy dividends, if any, are in form of (i) annual dividends which are declared by the Company on an annual basis. Once declared, the amount of annual dividend for the year becomes vested and will be credited to your Policy; and (ii) Special Bonus<sup>2</sup> (if any) which is a one-off entitlement declared at a pre-determined Policy Year or upon early termination of the Policy (e.g. death, surrender etc.) before the pre-determined Policy Year. The amount of Special Bonus<sup>2</sup>, if payable, may change from time to time based on the performance over the entire period before such declaration as well as the prevailing market condition and the actual amount will not be determined until it is payable. Please refer to page on "Product Summary" above for more details of dividends and Special Bonus<sup>2</sup>.

The policy dividends (including annual dividends and Special Bonus<sup>2</sup>) are not guaranteed, whether they are payable and the size of the dividends to be paid depend on how well the Company has performed with regard to investment returns on the assets supporting the policies, as well as other factors including but not limited to claims, lapse experience, expenses, and the long term future performance outlook. Please refer to section "Key risks - Non-guaranteed benefit" for the details of key risk factors. If the performance over the long term is better than the assumed level, then dividends paid would increase and if performance is worse than the assumed level then dividends paid would reduce.

The key feature of participating policies over other forms of insurance policies is that in addition to the guaranteed benefits receivable, Policyholders will also benefit from additional dividend payments if the insurance company's performance is better than that required to support the guaranteed benefits. The better the performance, the greater the dividend payments, and, conversely, the worse the performance, the lower the dividend payments.

### **Dividend philosophy**

The Company conducts regular review on the level of dividends payable to Policyholders. Both the actual performance in the past and also management's outlook of the long-term future performance will be assessed against the assumed level, and where variances arise, gains and losses will be shared with Policyholders in a fair and equitable manner through the adjustment of dividend scales.

When considering the adjustment of scales for dividends and Special Bonus<sup>2</sup>, the Company also operates a smoothing philosophy in order to maintain a more stable payout to Policyholders, so the level of dividends will only be changed if the actual performance is significantly different from the assumed level over a period of time or if management's expectation of the long-term future performance changes substantially.

In order to ensure the fairness between Policyholders of the Plan, the Company will carefully consider the experiences of different groups of policies (e.g. different products, currencies, issue years etc.) so that each group of policies will receive a fair return reflecting mostly its own performance. To balance the interest between Policyholders and shareholders, a dedicated committee is established to provide independent advice on the management of the participating policies and the determination of dividends.



### Investment policy and strategy

The Company follows an asset strategy that:

- i) Helps to ensure that we can meet the guaranteed benefits that we have committed to you;
- ii) Delivers to you competitive long-term returns through the non-guaranteed dividends and Special Bonus<sup>2</sup>; and
- iii) Abides by a pre-defined set of risk tolerance.

The assets supporting the participating policies predominantly consist of fixed income assets issued by corporate entities with good credit quality (average A-rated or above ) and long-term prospects. Growth assets, including equity-type investments and alternative investments such as property, private equity and hedge fund, as well as structured products including derivatives, are utilized in order to deliver returns reflecting real economic growth in the long run.

Our investment portfolios are well diversified in different types of assets, and are invested in different geographical markets (mainly Asia, US and Europe), currencies (mainly HKD and USD) and industries. The assets are carefully managed and monitored according to a pre-defined set of risk appetite.

### Target asset allocation

Asset type	Allocations%
Fixed income	60% - 100%
Growth assets	0% - 40%
- Equities	0% - 30%
- Alternative investments	0% - 30%

The exposure to growth assets is normally within the range of 0% to 40% during the Accumulation Period and the exposure will be reduced at the absolute discretion of the

Company during the Annuity Period in order to achieve a relatively stable investment return.

There could be slight deviation from the above range due to market fluctuation.

Actual allocations will take into consideration past investment performance of the assets supporting the policies, prevailing market conditions and future outlook, and the guaranteed and non-guaranteed benefits of the policies. This includes assessing factors such as risk tolerance and real economic growth over the appropriate time horizon.

### Accumulation interest rate

Policyholders can choose, amongst other options, to leave the dividends, annuity payments and Special Bonus<sup>2</sup> in the Plan to accumulate with interests (if any). The rates of interests are not guaranteed and will be determined by the Company from time to time. We review such accumulation interest rates regularly with reference to the portfolio bond yields, prevailing market conditions, outlook on bond yields, and the likelihood of Policyholders leaving their payment for accumulation.

The Policy in determining the dividends and accumulation interest rates may be reviewed and adjusted by the Company from time to time. For more updated information, please visit our website [<https://www.personal.hsbc.com.hk/1/2/hk/insurance/life/detail#policy>]. You may also visit the above website to understand the Company's dividend history for reference. The past performance or current performance of the Company's business may not be a guide for future performances.

## ENDNOTES

- 1 Monthly Annuity Payment means Monthly Guaranteed Annuity Payment plus Monthly Non-guaranteed Annuity Payment, if any.
- 2 The amount of Special Bonus, if any, is not guaranteed and subjected to the Company's absolute discretion.
- 3 Total Premiums Paid refers to the total amount of premiums due under the Basic Plan (whether or not actually paid) as of the date of death of the Life Insured. Please refer to the Policy Provisions for detailed terms and conditions.
- 4 If the Life Insured dies by suicide within one year of the Issue Date or from the effective date of reinstatement, whichever is later, whether sane or insane, the Company's liability will be limited to the amount of premiums paid to the Company less any amount paid by the Company to you since the Policy Date. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.
- 5 Additional Accidental Death Benefit and Terminal Illness Benefit will terminate when the Life Insured attains the age<sup>6</sup> of 80 or 65 respectively or payout of the relevant benefits or the Policy is terminated (whichever is earlier). Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 6 The Policy Anniversary at which the Policyholder or the Life Insured reaches the specified age based on age at next birthday.
- 7 The eligibility of Payor's Benefit is applicable to the Life Insured who is 15 days after birth to Insurance Age<sup>8</sup> of 18 and Policyholder's Insurance Age<sup>8</sup> between 19 and 60. The benefit will terminate when the Policyholder attains the age<sup>6</sup> of 65 or the Life Insured attains the age<sup>6</sup> of 25 or the Policyholder recovers or all premiums have been paid or the Policy is terminated, whichever is earlier. Such benefit is not applicable for single premium policy. Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 8 Insurance Age means the age of the Life Insured or Policyholder where applicable at his or her next birthday.
- 9 Unemployment Benefit is applicable to Policyholder's Insurance Age<sup>8</sup> between 19 and 64 who is the holder of the Hong Kong Identity Card. The benefit will terminate when the Policyholder attains the age<sup>6</sup> of 65 or all due premiums have been paid or the Policy is terminated (whichever is earlier). Such benefit is not applicable for single premium policy. Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 10 Critical Illness Select (Additional Payment) is applicable to the Life Insured's Insurance Age<sup>8</sup> between 19 and 60 who is the holder of the Hong Kong Identity Card or Macau Identity Card. The benefit will terminate if the Policy terminates, expires, lapses, or is surrendered (whichever applicable) or when the Life Insured attains the age<sup>6</sup> of 65 or the Policy is terminated (whichever is earlier). Such benefit is not applicable to single premium policy. Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 11 Life Insured is required to complete a number of simple health questions. If Critical Illness Select (Additional Payment)<sup>10</sup> Application is selected, we reserve the right to accept or reject any Applications for such optional Supplementary Benefit based on the information provided by the Life Insured during Application.
- 12 For the same Life Insured, if the total premiums of all of the pending Guaranteed

## MORE INFORMATION

Approval Applications and in-force policies of HSBC Wealth Goal Insurance Plan, RetireEnrich Protection Plus, EarlyIncome Annuity Plan, RetireIncome Annuity Plan and Income Goal Insurance Plan are more than the 'guaranteed approval' limit of HKD2,500,000/USD312,500 for Life Insured who are 15 days after birth to Insurance Age<sup>8</sup> of 18 and HKD40,000,000/USD5,000,000 for Life Insured's Insurance Age<sup>8</sup> of 19 to 65, the Life Insured is required to complete a number of simple health questions. And the Company reserve the right to accept or reject any Applications for the Plan based on the information provided by the Life Insured during Application.

- 13 The 15-years Accumulation Period option is not applicable for 10-year premium payment period.
- 14 Indebtedness means the sum of all outstanding Policy Loans, any interest accrued on such Policy Loans, and any outstanding premiums under this Policy.
- 15 The written request must be made by the Policyholder and is accepted and endorsed by the Company while the Life Insured is alive.
- 16 Net Cash Value means before the commencement of the Annuity Period, an amount equal to the sum of Guaranteed Cash Value plus any accumulated dividends and interest, less any Indebtedness<sup>14</sup>. On or after commencement of the Annuity Period, Net Cash Value means the sum of Cash Value plus any accumulated Monthly Annuity Payments<sup>1</sup>, plus any accumulated dividends and interest, less any Indebtedness<sup>14</sup>.
- 17 Non-forfeiture Value means for the purposes of Automatic Premium Loan, the Net Cash Value<sup>16</sup> calculated as at the date immediately preceding the due date of the relevant unpaid premium. Please refer to the Policy Provision for detailed terms and conditions.

Planning for your financial future is important. Let us review your current and future needs and help you decide if Income Goal Insurance Plan is the right product to help you fulfill your personal goals.

You can visit any HSBC branch and arrange for a financial planning review with us.

**Go to [www.hsbc.com.hk](http://www.hsbc.com.hk)**

**Visit any HSBC branch**

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