HSBC Income Goal Insurance Plan II

A comfortable retirement begins with wealth accumulation.

Adrian is a film photographer in his mid-40s. Like many freelance workers, his income often depends on market conditions. He knows that he must plan now for a steady income after retirement, Adrian took up Income Goal Insurance Plan II to achieve his goal.

This is a long-term insurance plan with a saving element, enabling him to accumulate savings over a 10-year period. After this, he would be entitled to a regular Monthly Guaranteed Annuity Payment for 10 years. There is also an opportunity to receive a lump sum special bonus at the end of the policy term.

So, at age 45, Adrian chooses to pay premiums of HKD190,435 annually for three years.

The annuity period will begin when Adrian turns 55, and he would be entitled to a Monthly Guaranteed Annuity Payment of HKD5,000 per month for 10 years. Upon maturity of the policy, Adrian may also receive a lump sum of HKD434,090 as a Non-guaranteed Special Bonus. With that he would receive a total of HKD1,034,090 from his policy.

Alternatively, Adrian can choose not to withdraw but to keep his monthly guaranteed annuity payments in his policy to earn interest. When he turns 65, he would receive a lump sum of HKD1,138,416 for annuity payments with non-guaranteed interest and Non-guaranteed Special Bonus.

As a buffer against future uncertainties, the Plan also has a Policy Value Management Option to lock in a portion of the policy value, after the Policy has been in force for 10 years or more. This may give Adrian greater peace of mind over future annuity payments so that his retirement plan won't be ruined.

Assume that Adrian takes out the policy at age 55 and chooses to accumulate the annuity payments in his policy. He decides to lock in half of his policy value by exercising the Policy Value Management Option at age 70.

If market conditions are getting weak upon policy maturity when he's 75, the value of special bonus may decrease by 30%, and the projected maturity amount would be HKD1,016,508. If Adrian had not exercised his Policy Value Management Option, the projected maturity amount in his policy would go down to only HKD1,008,189.

On the other hand, if market conditions are favourable when he turns 75, his special bonus may increase by 30%, and the projected maturity amount could reach HKD1,146,735. Had he not locked in the amounts by exercising the Policy Value Management Option, the projected maturity amount might even go up to HKD1,268,643.

In brief, nobody has a crystal ball and the beauty of the Policy Value Management Option is having greater stability in policy value during uncertain market situations.

Act now and plan for your retirement. Find out how annuities could help you achieve your retirement savings goal.

Please visit any HSBC branch or browse our website for more details.