

Annuity Insurance



Income Goal Insurance Plan

HSBC Life (International) Limited

HSBC 
Insurance

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

6 Front Street, Hamilton HM11, 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 of the Company but not HSBC and it is intended only for sale 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 their 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.



A key way to lead the life to the fullest

A delighted life comes with the attainment of numerous life goals, prior to a rewarding retirement.

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 and is an annuity plan designed to build up savings while helping you meet your personal aspirations. It differs from a pure saving plan as it includes life insurance cover throughout the Policy Term and provides a stream of Monthly Annuity Payments¹ during the Annuity Period. In the event of the death of Life Insured, the total amount that we have paid to the Policyholder in the form of Monthly Guaranteed Annuity Payment (if any) together with the amount that we will pay to the Beneficiary(ies) as death proceeds is at least the Total Premium Paid.

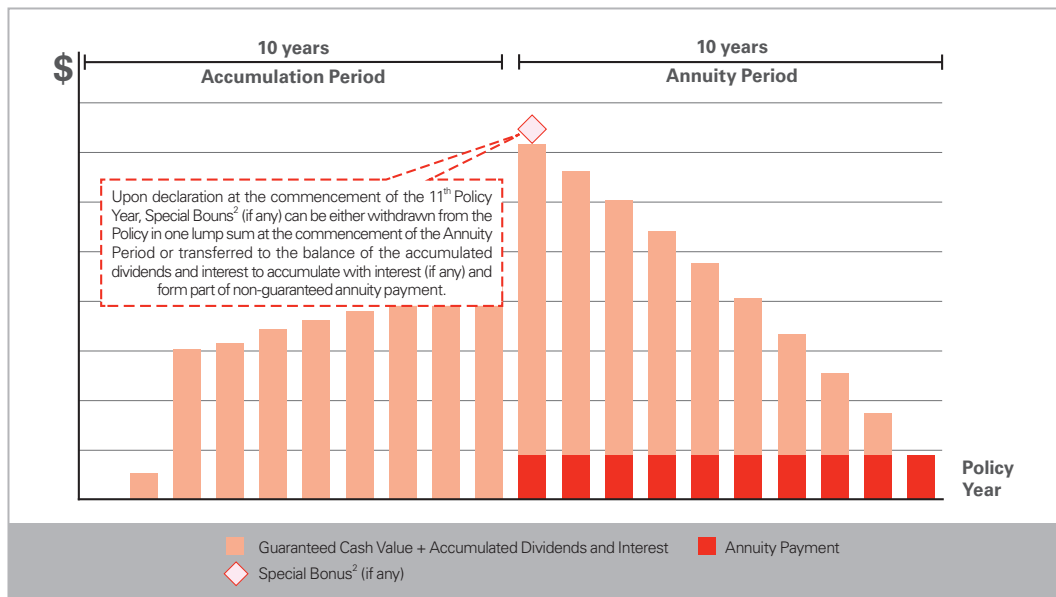
It accumulates wealth for a set period of 10 or 15 years, known as the Accumulation Period, and then it pays a Monthly Annuity Payment¹ (comprising both guaranteed and non-guaranteed portions) over the Annuity Period.

A Special Bonus² (if any) may become payable as an additional source of funding at the commencement of the Annuity Period.

Income Goal Insurance Plan is not equivalent or similar to any kind of deposit.

Assumptions:

The below diagram is illustrated based on monthly payment option with Special Bonus² withdrawal.



Note:

The above diagram is for illustrative purpose only. The actual future amount may be lower than or higher than that illustrated above. You should refer to your insurance proposal for illustrated figure and details.

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 Payment¹**
- **Special Bonus² (non-guaranteed and applicable if lump sum withdrawal option is elected)**

Please refer to Product Summary and policy provisions for details.



How much protection can you enjoy?

Life cover³

The Plan provides life protection to Life Insured during the Policy Term. In the unfortunate event of death of the Life Insured, the Beneficiary(ies) will be entitled to the Death Benefit. Please refer to Product Summary for detailed component of Death Benefit.

Extra protection

- **Additional Accidental Death Benefit⁶**

- In the unfortunate event of the death of the Life Insured as a result of an accident before the end of the Policy Term or the age⁷ of 80 (whichever is earlier), an additional 30% of the Total Premiums Paid⁵ will be paid to the Beneficiary(ies) in addition to the Death Benefit payable under the Policy.

- **Payor's Benefit⁸ (not applicable to corporate Policyholders and to single premium policy)**

- You can take out a Policy that covers the life of your child provided that his or her Insurance Age⁹ of 18 or under. If the Policyholder was to die or become temporarily disabled for a continuous period of 183 days, the future premiums will be waived until Policyholder recovers or the Payor's Benefit terminates (whichever is earlier) according to the terms of such Supplementary Benefits Provisions.

- **Terminal Illness Benefit⁶**

- 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 age⁷ of 65 (whichever is earlier) and such illness is likely to result in death within one year.

- **Unemployment Benefit¹⁰ (not applicable to corporate Policyholders and to single premium policy)**

- If the Policyholder becomes unemployed for at least 30 consecutive days before the Policyholder reaches the age⁷ of 65, the Grace Period for payment of the subsequent premiums for both the Basic Plan and the Supplementary Benefits will be extended up to 365 days, during which you will still enjoy the Policy's full protection. Given that the policy value is not being affected, premiums will continue to accrue during the Grace Period (as extended) but will only become due and payable when Unemployment Benefit expires (end of extended Grace Period).

- **Critical Illness Select (Additional Payment)¹¹ (optional Supplementary Benefit and not applicable to single premium policy)**

- The optional benefit provides cover until the Life Insured reaches the age⁷ of 65. The Plan will pay a lump sum if the Life Insured is diagnosed with one of the covered illnesses as listed in the additional protection leaflet for this benefit. A number of health questions are required for the optional benefit application¹². An extra premium is required for this optional benefit.

Easy Application

You are not required to take any medical examination; policy approval is generally guaranteed⁴.

Illustrative Examples

The data below is for examples 1, 2 and 3 and the amounts shown are in Hong Kong dollars (HKD)

- Insurance Age⁹ of Life Insured: 35
- Premium payment period: 3 years
- Accumulation Period: 10 years
- Annual premium: 189,000
- Total Premiums Paid: 567,000
- Annuity Period: 10 years
- Monthly Guaranteed Annuity Payment: 5,000

Example 1 – Monthly payment option with Special Bonus² withdrawal

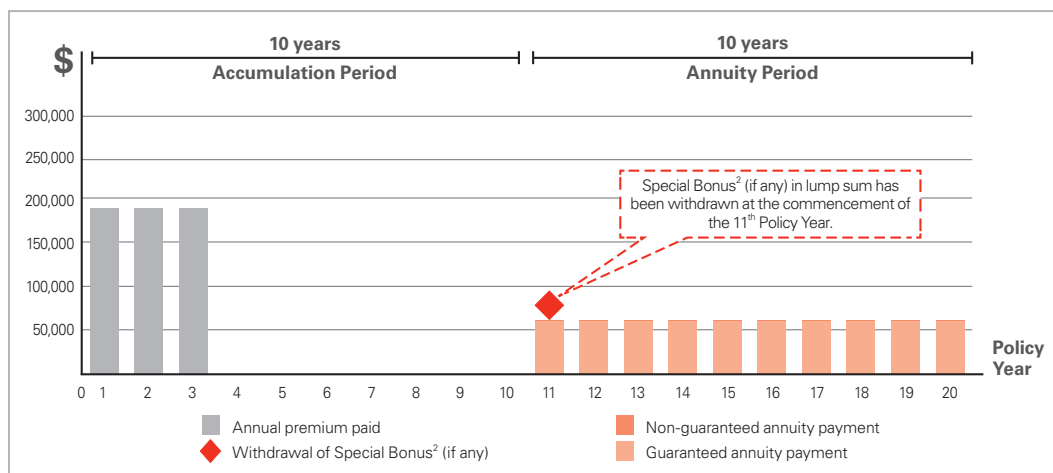
Assumptions:

- 1 Monthly payment as the Annuity Payment Option.
- 2 All premiums are paid in full when due during the premium payment period.
- 3 Special Bonus² (if any) in lump sum will be withdrawn at the commencement of the 11th Policy Year. Special Bonus² (if any) is not guaranteed.
- 4 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.
- 5 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..

Note:

- 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 example are subject to rounding adjustment and are for illustrative purposes only. Please refer to the figures as shown in your insurance proposal for details.

Receive Monthly Annuity Payment¹ on a monthly basis for 120 months (10 years)	Total Premiums Paid HKD567,000	
Monthly Annuity Payment¹ HKD5,013 (Monthly Guaranteed Annuity Payment HKD5,000 + Monthly Non-guaranteed Annuity Payment HKD13)	Total Monthly Annuity Payment¹ at policy maturity HKD601,560	Non-guaranteed Special Bonus² HKD237,410



Example 2 — Monthly payment option without Special Bonus² withdrawal

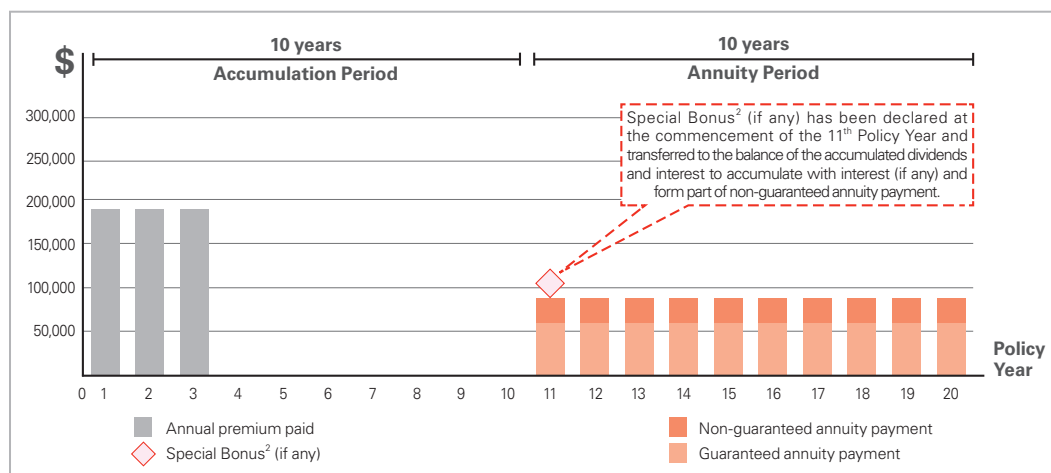
Assumptions:

- 1 Monthly payment as the Annuity Payment Option.
- 2 All premiums are paid in full when due during the premium payment period.
- 3 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.
- 4 No withdrawal of Special Bonus² (if any). Special Bonus² (if any) is not guaranteed.
- 5 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..

Note:

- 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 example are subject to rounding adjustment and are for illustrative purposes only. Please refer to the figures as shown in your insurance proposal for details.

Receive Monthly Annuity Payment¹ on a monthly basis for 120 months (10 years)	Total Premiums Paid HKD567,000
Monthly Annuity Payment¹ HKD7,355 (Monthly Guaranteed Annuity Payment HKD5,000 + Monthly Non-guaranteed Annuity Payment HKD2,355)	Total Monthly Annuity Payment at policy maturity HKD882,576



Example 3 – Rollover option without Special Bonus² withdrawal

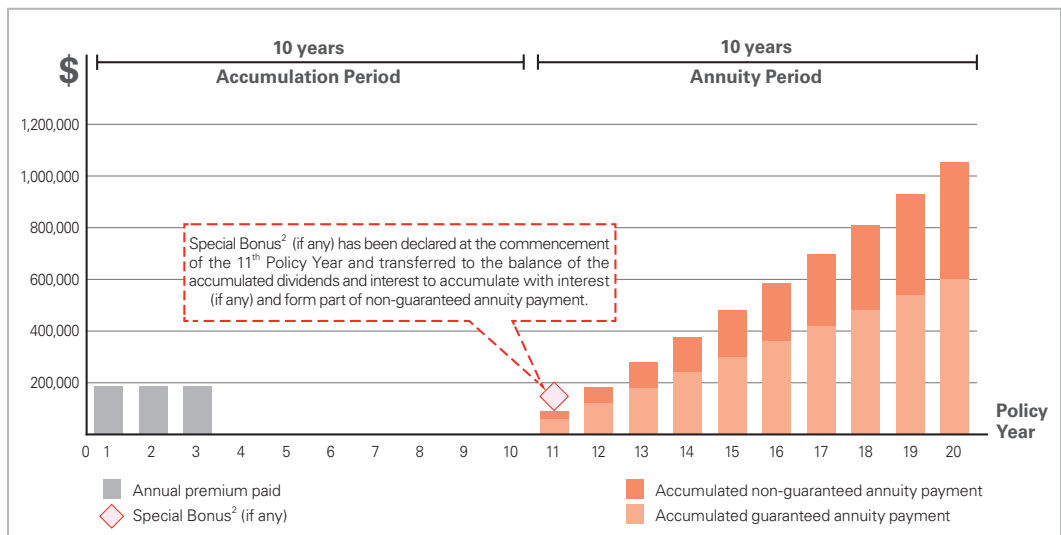
Assumptions:

- 1 Annuity Payment Option: accumulate with interest
- 2 All premiums are paid in full when due during the premium payment period.
- 3 No withdrawal of the accumulated Monthly Annuity Payments¹ and accumulated dividends and interest (if any) under the Policy, and no adjustment affecting the dividends has been made during the Policy Term.
- 4 No withdrawal of Special Bonus² (if any). Special Bonus² (if any) is not guaranteed.
- 5 The interest rate for 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..

Note:

- 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 example are subject to rounding adjustment and are for illustrative purposes only. Please refer to the figures as shown in your insurance proposal for details.

<p>Receive Monthly Annuity Payment¹ on a monthly basis for 120 months (10 years)</p>	<p>Total Premiums Paid HKD567,000</p>
<p>Monthly Annuity Payment¹ HKD7,355 (Monthly Guaranteed Annuity Payment HKD5,000 + Monthly Non-guaranteed Annuity Payment HKD2,355)</p>	<p>Accumulated Monthly Annuity Payment¹ at policy maturity HKD1,051,891</p>



Product Summary

Premium payment period	3/5/10 years or single premium
Accumulation Period	10/15 years ¹³
Annuity Period	10 years
Policy currency	HKD/USD
Policy Term	20/25 years
Issue age	15 days after birth to Insurance Age ⁹ of 65
Premium payment method	<p>Single premium, monthly or annual, through:</p> <ul style="list-style-type: none"> • HSBC bank account, or • Cheque, or • HSBC credit card (not applicable to single premium) <p>Note: 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.</p>
Minimum Monthly Guaranteed Annuity Payment	HKD800/USD100
Annuity Payment Option	<ul style="list-style-type: none"> • Monthly Annuity Payment <ul style="list-style-type: none"> – Receive Monthly Annuity Payment¹ on each Monthiversary during the Annuity Period; or • Rollover <ul style="list-style-type: none"> – Accumulate all paid Monthly Annuity Payment¹ 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.
First annuity payment	<ul style="list-style-type: none"> • Accumulation Period: 10 years <ul style="list-style-type: none"> – Monthly Annuity Payment¹ will be paid from the 121st Monthiversary until the end of the Annuity Period. • Accumulation Period: 15 years <ul style="list-style-type: none"> – Monthly Annuity Payment¹ will be paid from the 181st Monthiversary until the end of the Annuity Period.
Guaranteed Cash Value	Guaranteed Cash Value refers to the amount as calculated by reference to the Monthly Guaranteed Annuity Payment ¹ and the tabular cash value rates shown in the Policy Schedule. Such rates, and hence the Guaranteed Cash Values derived, would vary by Policy Year of the Policy.
Special Bonus²	<p>The Special Bonus² (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 due are paid during the premium payment period. The declared Special Bonus², 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 amount 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.</p> <p>During the Accumulation Period, no Special Bonus² is payable unless any of the below events occurs and the Company will, at its absolute discretion, pay the Special Bonus², if any, under the Basic Plan:</p> <p>(a) death of the Life Insured; or</p> <p>(b) surrender of the Policy; or</p> <p>(c) lapse or termination of the Policy.</p> <p>During the Accumulation Period, the Company will update you the amount of the Special Bonus², if any, on the annual statement of each Policy Anniversary. Such amounts as shown on the annual statement(s) may be higher or lower than those illustrated on the earlier annual statement(s) issued during the Accumulation Period as the actual amount of Special Bonus², if any, is only declared and becomes payable at the commencement of the Annuity Period.</p>

Dividend	<p>This is a participating policy. Dividends, 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.</p> <p>You may receive such dividends, if any, by the following means:</p> <ul style="list-style-type: none"> • accumulate in the Policy with interest, if any; or • take out as cash. <p>The dividends and interest, if any (earned on any accumulated dividends and interest and any accumulated Monthly Annuity Payment¹) are not guaranteed. The dividend scale for calculating any dividends and the interest rates applied to accumulated dividends and interest and accumulated Monthly Annuity Payment¹ amount are determined by the Company and may vary from time to time at the Company's absolute discretion.</p> <p>Dividends, if any, are declared and credited to the Policy on each Policy Anniversary throughout the Policy Term and the amount of the dividends will not change once declared.</p> <p>If there is any adjustment affecting the dividend scale or applicable accumulated interest rate on dividends, the amount of future monthly non-guaranteed annuity payments will be adjusted accordingly.</p> <p>The Monthly Annuity Payment¹ consists of Monthly Guaranteed Annuity Payment plus Monthly Non-guaranteed Annuity Payment. The Monthly Non-guaranteed Annuity Payment is mainly derived from the accumulated dividends and interest and projected dividends. Any adjustment affecting the dividends and Special Bonus², which may include but not limited to dividend withdrawals, change of dividend scale or Special Bonus scale or applicable accumulated interest rate on dividends and accumulated Monthly Annuity Payment¹ amount, will trigger re-calculation of the Monthly Non-guaranteed Annuity Payment. 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.</p>
Surrender Benefit	<p>Guaranteed Cash Value plus the following:</p> <ul style="list-style-type: none"> • Accumulated dividends and interest (if any); plus • Accumulated Monthly Annuity Payment¹ (if any) (if surrender is made during the Annuity Period); plus • Special Bonus² (if any) (if surrender is made during the Accumulation Period); less • Indebtedness¹⁶ (if any) <p>If you surrender before end of Policy Term, the amount you get back under this Policy may be less than the total premiums you have paid.</p>
Death Benefit	<p>During the Accumulation Period, Death Benefit payable is the higher of:</p> <ul style="list-style-type: none"> • 101% of the Guaranteed Cash Value; and • 101% of the Total Premiums Paid⁵, <p>at the date of death of the Life Insured, plus any accumulated dividends and interest and any Special Bonus², less any Indebtedness¹⁶.</p> <p>During the Annuity Period, Death Benefit payable is the higher of:</p> <ul style="list-style-type: none"> • 101% of the Guaranteed Cash Value; and • 101% of the Total Premiums Paid⁵, less total amount of Monthly Guaranteed Annuity Payment paid, at the date of death of the Life Insured, plus any accumulated Monthly Annuity Payment¹ and any accumulated dividends and interest less any Indebtedness¹⁶.

Death Benefit settlement	Based on the written instruction ¹⁴ of the Policyholder, the Beneficiary(ies) will receive: <ul style="list-style-type: none"> • the Death Benefit in one lump sum payment; or • the unpaid Monthly Annuity Payment¹ 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)
Optional Supplementary Benefits (with additional premiums required)	Critical Illness Select (Additional Payment) (not applicable to single premium policy)
Embedded Supplementary Benefits (no additional premiums required)	Additional Accidental Death Benefit ⁶ , Payor's Benefit ^{8+^} , Terminal Illness Benefit ⁶ , Unemployment Benefit ^{10+^} ⁺ not applicable to single premium policy [^] not applicable to corporate Policyholders

The content in this Product Brochure is for reference only. Please refer to the insurance proposal and policy provisions of the Basic Plan for details.

Important Notes

Cooling-off period

The 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 premium(s) 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 Value¹⁵ that you may 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 us has fallen below the amount of the single premium paid.

Suicide

If the Life Insured commits 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 us less any amount paid by us to you since the Policy Date. Please refer to policy provisions of the Basic Plan for detailed terms and conditions.

Eligibility

The Plan is generally available to anyone who is between 15 days after birth to Insurance Age⁹ of 65. The Plan is subject to the relevant requirements on nationality and/ or addresses 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, and both premiums and benefits will be paid in the selected currency. If the premium payments are paid in currencies other than the policy currency(ies), the premium payments would be subject to change according to the prevailing exchange rate of policy currency(ies) to payment currency(ies) to be determined by the Company from time to time; likewise any payments settled in currencies other than the policy currency(ies) would be subject to change according to the prevailing exchange rate of policy currency(ies) to payment currency(ies) to be determined by the Company from time to time. The fluctuation in exchange rates may have impact on the amount of payments including but not limited to premium payments and benefit payments.

Policy Loan

If you need access to ready cash, you might consider borrowing from the Plan during the Accumulation Period provided that the amount borrowed (including any previous unpaid borrowed amount) does not exceed 90% of the Net Cash Value¹⁵ before Indebtedness¹⁶. You will be advised of the rate of interest from time to time. Any partial surrender, Policy Loan and accrued loan interest may reduce the Net Cash Value¹⁵ and Death Benefit of the Policy. 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 Value¹⁵ before Indebtedness¹⁶, the Company has the right to lapse this Policy at any time, subject to the terms and conditions of the policy provisions.

Please be reminded that any Indebtedness¹⁶ on this Policy outstanding at the time of any payment under the Policy shall be deducted from the Monthly Annuity Payment¹ and Death Benefit otherwise payable under this Policy. The Company's claim for any Indebtedness¹⁶ shall be prior to any claim of the Policyholder or the Beneficiary(ies) or the assignee(s) or other persons under the Policy.

Tax reporting and financial crime

The Company and other members of the HSBC Group have certain obligations to Hong Kong and foreign legal or regulatory bodies and government or tax authorities regarding you and your Policy. The Company may from time to time request information from you in relation to these obligations.

There are consequences, which will be set out in your Policy Terms, 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 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.

The amount you get back in the event of benefits or payments withholding and/or policy termination by the Company as mentioned above plus the total amount that you have received from the Policy (if any) before policy termination may be less than the amount of the premium(s) you have paid. The Company recommends that you seek your own independent professional advice on your tax liabilities.

Taxation

You should consult your own professional advisers for tax position in relation to your Policy.

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 Policy will lapse with effect from the due date of the first unpaid premium unless the Net Cash Value¹⁵ calculated as the date immediately preceding the due date of the relevant unpaid premium is greater than zero. In the latter case, if you have elected a non-forfeiture option it will then take effect; or if no non-forfeiture option is elected and the amount of the Net Cash Value¹⁵ is greater than the relevant unpaid premium, an Automatic Premium Loan equivalent to the amount of the unpaid premium will be granted and applied to pay such due premium. Interest will apply on the principal of all Policy Loans (including Automatic Premium Loan) made under the Policy and you will be advised of such rate of interest at that time, which may be adjusted by the Company at its discretion from time to time.

Please note that the Monthly Annuity Payment¹ will only be paid on each Monthiversary during the Annuity Period if all premiums are paid when due during the premium payment period.

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 a 30-day Grace Period, the Policy will terminate with effect from the due date of the first unpaid premium and Net Cash Value¹⁵ (if any) will be refunded to you unless non-forfeiture option will take effect or an Automatic Premium Loan will be granted; or
- The Policy Loan with accrued interest exceeds Net Cash Value¹⁵; 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 and the relevant Supplementary Benefit Provisions (if applicable) for detailed terms and conditions on termination.

Surrender

If you surrender the Policy, you will receive the surrender value of the Policy, which is equal to the sum of the Guaranteed Cash Value, accumulated dividends and interest (if any), accumulated Monthly Annuity Payment¹ (if any) (if surrender is made during the Annuity Period) and Special Bonus² (if any) (if surrender is made during the Accumulation Period), less Indebtedness¹⁶ (if any).

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.

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 Bonus² are not guaranteed and are determined by the Company from time to time.

The Monthly Non-guaranteed Annuity Payment is determined based on the amount of dividends accumulated by the end of the Accumulation Period, any Special Bonus² declared at the commencement of the Annuity Period, any projected dividend payable during the Annuity Period and any projected interest on the accumulated amount, and may vary if there is a change in the dividend scale, Special Bonus scale, investment return assumptions or applicable interest rate(s). If you withdraw any accumulated dividends and interest and/or the Special Bonus², the amount of future Monthly Non-guaranteed Annuity Payments will be adjusted accordingly. The interests earned on the accumulated dividends and interest, and accumulated Monthly Annuity Payments 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 Bonus² are payable and the size of the dividends and Special Bonus² 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 is subject to various market risk factors including but not limited to:

- Interest rate risks – The risk that the values of assets and the interest earnings will be affected by the change of interest rate level and its outlook, and lead to investment loss.
- Equity risk – The risk that the prices and volatilities of equity type investments will change and lead to investment loss.
- Credit risk – The risk of investment losses due to the default or change in credit rating of issuers of debt securities or counterparties.
- Currency risk – The risk that the values of investments that are in other currencies different from the policy currency will be affected by the change of exchange rates.

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 result in worse performance.

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 expenses incurred and apportioned to the group of policies may be higher than expected and impact the overall performance of the product. The expenses may include direct expenses which are specifically related to the group of policies, such as commission, underwriting, policy acquisition and maintenance expenses. It may also include indirect expenses such as general overhead costs which will be allocated to the group of policies.

Risks from the delay or missing the payment of premiums due

You should pay the premium for the entire premium payment term. 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

For a Policy being surrendered 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 and the amount of Death Benefit and Net Cash value¹⁵ will reduce accordingly subsequent to the withdrawal. 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 for plans denominated in currencies other than local currency. Exchange rate fluctuates from time to time. You may suffer a loss of your benefit values and the subsequent premium payments (if any) may be higher than your initial premium payment as a result of the exchange rate fluctuations.

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) dividends which are declared by the Company on an annual basis. Once declared, the amount of dividend for the year becomes vested and will be credited to your Policy; and (ii) Special Bonus² 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 Bonus², 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 Bonus².

The policy dividends (including annual dividends and Special Bonus³) 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 Bonus², 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) Help 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 Bonus²; 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 government and 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 receive their dividends (if any), annuity payments (if any) and Special Bonus² (if any), by leaving them 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. The review on such accumulation interest rates will be conducted 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 purposes. 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 is not guaranteed and subjected to the Company's absolute discretion.
- 3 If the Life Insured commits suicide within one year of policy issuance, whether sane or insane, our liability will be limited to the amount of premiums paid to us less any amount paid by us to you. Please refer to policy provisions for detailed terms and conditions.
- 4 For the same Life Insured, if the total premiums of all of the pending and in-force HSBC Wealth Goal Insurance Plan, RetireEnrich Protection Plus, EarlyIncome Annuity Plan, RetireIncome Annuity Plan and Income Goal Insurance Plan Applications or policies of the Life Insured are more than the 'guaranteed approval' limit of HKD2,500,000/USD312,500 for Life Insured who are 15 days after birth to Insurance Age⁹ of 18 and HKD30,000,000/USD3,750,000 for Life Insured's Insurance Age⁹ of 19 to 65, the Life Insured is required to complete a number of simple health questions. And we reserve the right to accept or reject any Applications for the Plan based on the information provided by the Life Insured during Application.
- 5 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.
- 6 Additional Accidental Death Benefit and Terminal Illness Benefit will terminate when the Life Insured attains the age⁷ 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.
- 7 The Policy Anniversary at which the Life Insured reaches the specified age based on age at next birthday.
- 8 The eligibility of Payor's Benefit is applicable to the Life Insured who is 15 days after birth to Insurance Age⁹ of 18 and Policyholder's Insurance Age⁹ between 19 to 60. The benefit will terminate when the Policyholder attains the age⁷ of 65 or the Life Insured attains the age⁷ 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.
- 9 Insurance Age means the age of the Life Insured or Policyholder where applicable at his or her next birthday.
- 10 Unemployment Benefit is applicable to Policyholder's Insurance Age⁹ between 19 and 64 who is the holder of the Hong Kong Identity Card. The benefit will terminate when the Policyholder attains the age⁷ 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.
- 11 Critical Illness Select (Additional Payment) is applicable to the Life Insured's Insurance Age⁹ 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 age⁷ 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.

- 12 Life Insured is required to complete a number of simple health questions. If Critical Illness Select (Additional Payment) 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.
- 13 The 15-years Accumulation Period option is not applicable for 10-year premium payment period.
- 14 The written request must be made by the Policyholder and is accepted and endorsed by the Company while the Life Insured is alive.
- 15 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 Indebtedness¹⁶. On or after commencement of the Annuity Period, Net Cash Value means the sum of Cash Value plus any accumulated Monthly Annuity Payments, plus any accumulated dividends and interest, less any Indebtedness¹⁶.
- 16 Indebtedness means the sum of all outstanding Policy Loans, any interest accrued on such Policy Loans, and any outstanding premiums under this Policy.

More Information

Planning for your financial future is important. We will be happy to help 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.

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