



The art of

# retirement living

**RetireFun Deferred Annuity Plan**

**Retirement Income • Participating life**



合資格延期年金保單  
Qualifying Deferred  
Annuity Policy

Appointed Insurance Agency

Underwritten by

# RetireFun Deferred Annuity Plan

Retirement is the golden years of your life giving you the freedom to do all the things you have always been dreaming of. FWD's **RetireFun Deferred Annuity Plan** (the "Plan") empowers you to live the retirement life you deserve by providing you with a steady stream of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment as a potential extra boost to your retirement income. You can choose your own premium payment term and annuity period, giving you greater flexibility to secure your financial future while enjoying the tax deduction per assessment year from your premiums paid during the premium payment term.

Start saving early and accumulate potential capital over time to build up an income stream for your retirement!

## Highlights:



Options for  
your own retirement  
safety net



Steady stream of  
income for retirement



Life protection for  
your loved ones



Extended grace  
period benefit



Death benefit  
settlement option  
for flexible wealth allocation



Savings for retirement  
on a tax-advantaged basis



Easy application



## Options for your own retirement safety net

With an option of 5 or 10 years premium payment term, you can start building your retirement reserves that caters your own circumstances to enjoy an annuity period of 10 or 20 years starting from as early as age<sup>1</sup> 51 of your choice.

| Premium payment term                           | 5 years  |          |                                          |          | 10 years |          |                                           |          |
|------------------------------------------------|----------|----------|------------------------------------------|----------|----------|----------|-------------------------------------------|----------|
| Monthly annuity payment start age <sup>1</sup> | 51       | 66       | Start after 5 years premium payment term |          | 51       | 66       | Start after 10 years premium payment term |          |
| Issue age <sup>1</sup>                         | 19-45    | 19-60    | 46-76                                    |          | 19-40    | 19-55    | 41-71                                     |          |
| Annuity period                                 | 10 years | 20 years | 10 years                                 | 20 years | 10 years | 20 years | 10 years                                  | 20 years |



## Steady stream of income for retirement

As the Insured, Policy Owner and Annuitant, you can start receiving your monthly annuity payments<sup>3</sup> as early as age<sup>1</sup> 51. Monthly annuity payment<sup>3</sup> comprises monthly guaranteed annuity payment to provide a steady income stream and monthly non-guaranteed annuity payment<sup>2</sup> to give potential extra boost to your returns.

Based on a non-smoking male age<sup>1</sup> 46, the Internal Rate of Return (“IRR”) of the Plan upon maturity is shown in the table below. The variation within the range depends on the premium payment mode. **If you pay premium annually, the guaranteed IRR and total IRR upon maturity will be lower than that of paying premium semi-annually or monthly.**

| Premium payment term | Monthly annuity payment start age <sup>1</sup>     | Annuity period | Range of guaranteed IRR at maturity | Range of total IRR at maturity |
|----------------------|----------------------------------------------------|----------------|-------------------------------------|--------------------------------|
| 5 years              | Start after 5 years payment (Age <sup>1</sup> 51)  | 10 years       | 0.62% - 0.64%                       | 2.10% - 2.22%                  |
|                      |                                                    | 20 years       | 1.07% - 1.10%                       | 3.00% - 3.11%                  |
|                      | Age <sup>1</sup> 66                                | 20 years       | 1.61% - 1.63%                       | 3.57% - 3.63%                  |
| 10 years             | Start after 10 years payment (Age <sup>1</sup> 56) | 10 years       | 1.21% - 1.25%                       | 2.82% - 2.94%                  |
|                      |                                                    | 20 years       | 1.34% - 1.37%                       | 3.33% - 3.44%                  |
|                      | Age <sup>1</sup> 66                                | 20 years       | 1.63% - 1.66%                       | 3.56% - 3.63%                  |

You can switch between receiving monthly annuity payments<sup>3</sup> in cash or accumulating them to earn interest<sup>#</sup> (if any) when the policy is in force without charges. You can also withdraw the accumulated monthly annuity payments and interest<sup>#</sup> (if any) at any time or wait till policy maturity and receive them as maturity benefit.

Note:

- For calculating the IRR, it assumes that a) all premiums and applicable insurance levies are paid in full when due, but the insurance levies do not form part of the premiums and are not included in the calculations, b) no claims have been paid, c) there is no indebtedness under the policy, d) the monthly guaranteed annuity payment of the Plan remains unchanged throughout the benefit term; and e) all monthly annuity payments are cashed out in each month during annuity period.
- The above IRR illustration is for illustrative purpose only. The projected non-guaranteed benefits (including monthly non-guaranteed annuity payment) are based on the latest dividend / bonus declaration philosophy and investment strategy of FWD and are not guaranteed. The actual amounts payable may change anytime with the values being higher or lower than those illustrated. Under some circumstances, the non-guaranteed benefits may be zero. In particular, the actual amount of monthly non-guaranteed annuity payment may increase or decrease from those illustrated during the annuity period.
- The IRR are rounded to the nearest 2 decimal places.

<sup>#</sup> Interest rate is not guaranteed and may change from time to time. The interest rate is subject to the latest dividend / bonus declaration philosophy and investment strategy of FWD, please refer to the section of Dividend / Bonus Information & Investment Strategy for details.



### Life protection for your loved ones

To take care of your loved ones, the Plan provides a life protection with a lump-sum death benefit, which is the higher of (i) 105% of your total premium paid less monthly guaranteed annuity payments paid (if any) or (ii) guaranteed cash value<sup>4</sup> and special bonus (if any), plus accumulated monthly annuity payments and interest (if any).



### Extended grace period benefit<sup>5,6</sup>

After holding the policy for 1 year, if you are made redundant or laid off during the premium payment term of the Plan while the policy is in effect, you can choose to apply for an extension of the grace period<sup>5,6</sup> for premium payment of this Plan up to 365 days (inclusive of the original 30-day premium grace period<sup>6</sup>).



### Death benefit settlement option for flexible wealth allocation

To provide greater flexibility in your wealth allocation, you may choose the death benefit settlement option<sup>7</sup> for the payment of death benefit in the form of a lump sum payment or regular installments (annually / monthly), or a mix of both if the insured passed away. You may also set the installment term and amount in advance so that your beneficiary can receive the death benefit in the way chosen by you while the remaining amount will be left in our company to accumulate interest (non-guaranteed) until the full amount has been paid to the beneficiary.



### **Savings for retirement on a tax-advantaged basis**

The Plan is a Qualifying Deferred Annuity Policy certified by the Insurance Authority, allowing you to enjoy a tax deduction of up to HKD60,000\* for the premiums you pay per assessment year.

For details of tax deduction, please refer to the “Tax Deduction” section under Important Notes.



### **Easy application**

No medical examination is required if for the same insured, the total annualized premium amount of all annuity products with our company is less than the limit of USD875,000.

\* The tax deductible limit is an aggregate of qualifying deferred annuity premiums and MPF tax-deductible voluntary contributions paid. Tax deduction is subject to the latest rules and regulation of Inland Revenue Department of Hong Kong Special Administrative Region. For details of tax deduction, please refer to the “Tax Deduction” section under Important Notes.

# Illustrative Example

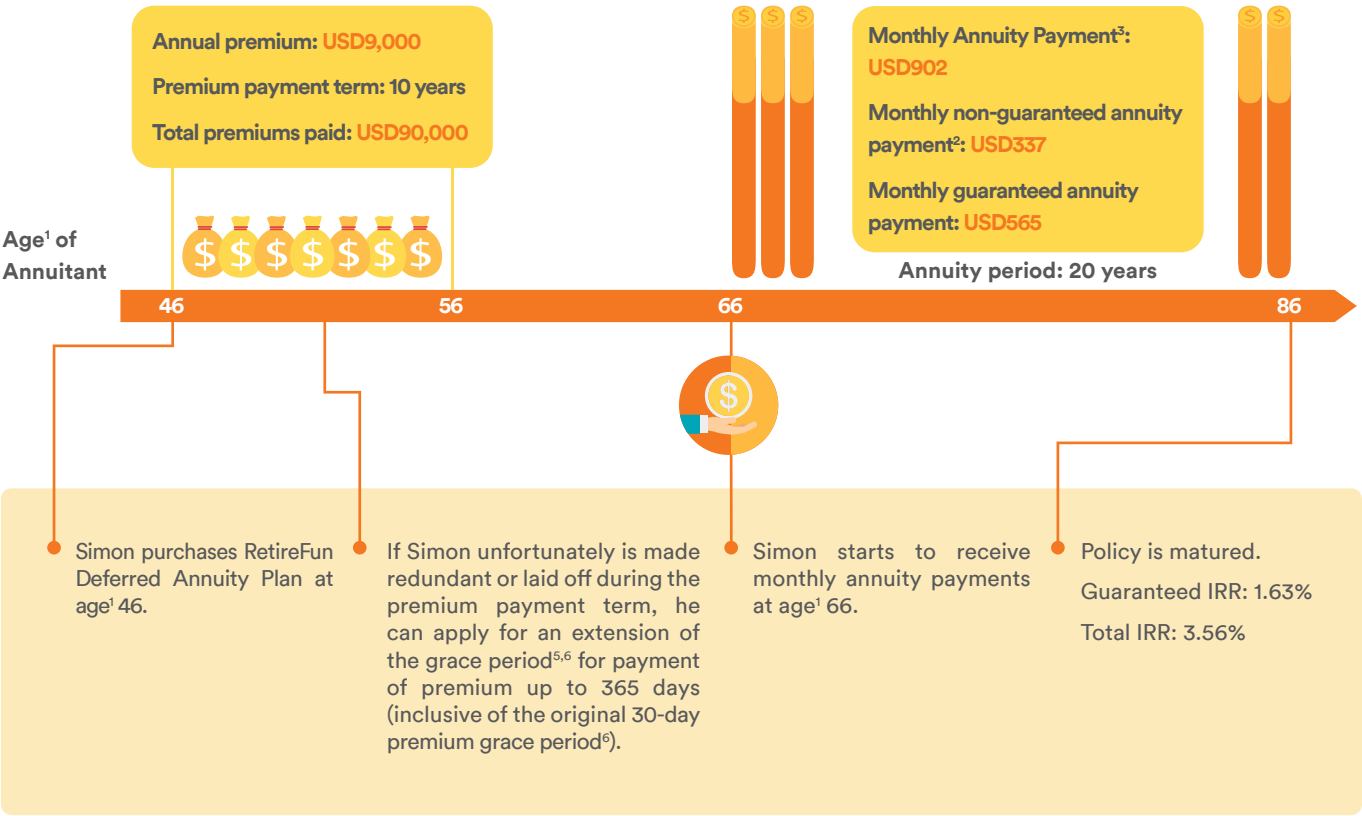


Simon

|                                                     |                                               |
|-----------------------------------------------------|-----------------------------------------------|
| Policy Owner, Insured and Annuitant                 | Simon (Age <sup>1</sup> 46, male, non-smoker) |
| Premium payment term                                | 10 Years                                      |
| Premium payment mode                                | Annually                                      |
| Annual Premium                                      | USD9,000                                      |
| Monthly annuity payment start age <sup>1</sup>      | Age <sup>1</sup> 66                           |
| Annuity period                                      | 20 years                                      |
| Monthly guaranteed annuity payment                  | USD565                                        |
| Monthly non-guaranteed annuity payment <sup>2</sup> | USD337                                        |
| Monthly Annuity Payment <sup>3</sup> payout option  | Payout in cash                                |

- Monthly Non-guaranteed Annuity Payment
- Monthly Guaranteed Annuity Payment

Total Monthly Annuity Payment<sup>3</sup> received at maturity: **USD216,626**  
  
 Total monthly non-guaranteed annuity payment<sup>2</sup> received at maturity: **USD81,026**  
  
 Total monthly guaranteed annuity payment received at maturity: **USD135,600**



## Steady flow of cash for hassle-free retirement

(The following example is strictly for illustrative purpose only. Part of the monthly annuity payment is non-guaranteed). There are other premium payment term, premium payment mode and annuity period under this policy to suit individual needs. Please refer to “Summary of Plan Features” section for details.

Even though Simon, age<sup>1</sup> 46, is seemingly far away from his retirement, he wants to start saving early in order to put his financial worries behind and enjoy the newfound freedom in his golden years. Therefore, he purchases **RetireFun Deferred Annuity Plan** with a 10-year premium payment term and pays USD9,000 per annum. As a Hong Kong taxpayer, Simon can enjoy a tax deduction amount up to HKD60,000 per year during the premium payment term.

### Tax Deduction

With maximum tax deduction amount up to HKD60,000, Simon can save tax up to HKD10,200 ( $\text{HKD60,000} \times 17\%$ ) per tax assessment year during premium payment term.

Assuming:

- (1) the applicable tax rate is 17%,
- (2) Simon has not made any Mandatory Provident Fund Deductible Voluntary Contributions, and
- (3) the exchange rate is USD1 to HKD7.8.

Note:

- Age is based on the Insured's age next birthday.
- The amount of annual premium may differ slightly from the annual premium payable in the Plan due to rounding differences. Other values in the graph above may differ slightly from the values payable by FWD under the Plan due to rounding differences.
- For converting USD to HKD on tax deduction calculation, the published exchange rates on the website of the Inland Revenue Department ([https://www.ird.gov.hk/eng/tax/ind\\_stp.htm](https://www.ird.gov.hk/eng/tax/ind_stp.htm)) shall be applied.
- For calculating the IRR, it assumes that a) all premiums and applicable insurance levies are paid in full when due, but the insurance levies do not form part of the premiums and are not included in the calculations, b) no claims have been paid, c) there is no indebtedness under the policy, d) the monthly guaranteed annuity payment of the Plan remains unchanged throughout the benefit term; and e) all monthly annuity payments are cashed out in each month during annuity period.
- The projected non-guaranteed benefits (including monthly non-guaranteed annuity payment) are based on the latest dividend / bonus declaration philosophy and investment strategy of FWD and are not guaranteed. The actual amounts payable may change anytime with the values being higher or lower than those illustrated. Under some circumstances, the non-guaranteed benefits may be zero. In particular, the actual amount of monthly non-guaranteed annuity payment may increase or decrease from those illustrated during the annuity period.
- The IRR are rounded to the nearest 2 decimal places.
- Please refer to the Important Note section for the Tax Deduction and Key Product Risks section for risk associated with the Plan.

# Summary of Plan Features

| Premium Payment Term                           | 5 years / 10 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|--|----------------------|------------------------------------------------|------------------------|----------------|---------|---------------------|--------------------------|----------|---------------------|--------------------------|----------|------------------------------------------|--------------------------|---------------------|----------|---------------------|--------------------------|----------|---------------------|--------------------------|----------|-------------------------------------------|--------------------------|---------------------|
| Issue Age <sup>1</sup>                         | 5 years premium payment term: Age <sup>1</sup> 19 – 76 of Insured<br>10 years premium payment term: Age <sup>1</sup> 19 – 71 of Insured<br>The Insured, Policy Owner and Annuitant must be the same person                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Annuity Period                                 | 10 years / 20 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Monthly Annuity Payment Start Age <sup>1</sup> | <table><tr><th>Premium payment term</th><th>Monthly annuity payment start age<sup>1</sup></th><th>Issue age<sup>1</sup></th><th>Annuity period</th></tr><tr><td rowspan="3">5 years</td><td>Age<sup>1</sup> 51</td><td>Age<sup>1</sup> 19 – 45</td><td>10 years</td></tr><tr><td>Age<sup>1</sup> 66</td><td>Age<sup>1</sup> 19 – 60</td><td>20 years</td></tr><tr><td>Start after 5 years premium payment term</td><td>Age<sup>1</sup> 46 – 76</td><td>10 years / 20 years</td></tr><tr><td rowspan="3">10 years</td><td>Age<sup>1</sup> 51</td><td>Age<sup>1</sup> 19 – 40</td><td>10 years</td></tr><tr><td>Age<sup>1</sup> 66</td><td>Age<sup>1</sup> 19 – 55</td><td>20 years</td></tr><tr><td>Start after 10 years premium payment term</td><td>Age<sup>1</sup> 41 – 71</td><td>10 years / 20 years</td></tr></table> <p>Monthly annuity payment<sup>3</sup> starts from the policy monthiversary following the policy anniversary on or immediately after the monthly annuity payment start age.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                     |  | Premium payment term | Monthly annuity payment start age <sup>1</sup> | Issue age <sup>1</sup> | Annuity period | 5 years | Age <sup>1</sup> 51 | Age <sup>1</sup> 19 – 45 | 10 years | Age <sup>1</sup> 66 | Age <sup>1</sup> 19 – 60 | 20 years | Start after 5 years premium payment term | Age <sup>1</sup> 46 – 76 | 10 years / 20 years | 10 years | Age <sup>1</sup> 51 | Age <sup>1</sup> 19 – 40 | 10 years | Age <sup>1</sup> 66 | Age <sup>1</sup> 19 – 55 | 20 years | Start after 10 years premium payment term | Age <sup>1</sup> 41 – 71 | 10 years / 20 years |
| Premium payment term                           | Monthly annuity payment start age <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Issue age <sup>1</sup>   | Annuity period      |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| 5 years                                        | Age <sup>1</sup> 51                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Age <sup>1</sup> 19 – 45 | 10 years            |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
|                                                | Age <sup>1</sup> 66                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Age <sup>1</sup> 19 – 60 | 20 years            |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
|                                                | Start after 5 years premium payment term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Age <sup>1</sup> 46 – 76 | 10 years / 20 years |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| 10 years                                       | Age <sup>1</sup> 51                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Age <sup>1</sup> 19 – 40 | 10 years            |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
|                                                | Age <sup>1</sup> 66                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Age <sup>1</sup> 19 – 55 | 20 years            |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
|                                                | Start after 10 years premium payment term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Age <sup>1</sup> 41 – 71 | 10 years / 20 years |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Benefit Term                                   | Till end of annuity period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Basic Premium Structure                        | Guaranteed and fixed throughout the premium payment term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Currency                                       | USD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Premium Payment Mode                           | Monthly / Semi-annually / Annually                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Minimum Premium                                | 5 years premium payment term: USD4,800 per year<br>10 years premium payment term: USD2,400 per year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Monthly Annuity Payment <sup>3</sup>           | <p>Monthly Annuity Payment<sup>3</sup> consists of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment<sup>2</sup>. While the policy is in effect and the insured is alive, monthly annuity payment<sup>3</sup> will be credited to your policy within the annuity period. You can choose to receive the monthly annuity payment<sup>3</sup> in cash or leave them in the policy for interest accumulation. You can switch between the two payment options at any time without charges. If you did not choose which payment option preferred, the default option is to receive the monthly annuity payment<sup>3</sup> in cash.</p> <p>If you decide to leave the monthly annuity payment<sup>3</sup> with the policy to receive interest (if any), interest will accrue daily on the accumulated monthly annuity payments and interest that you leave with the policy. The interest rate is not guaranteed and is determined by FWD from time to time at its absolute discretion. The interest rate is subject to the latest dividend / bonus declaration philosophy and investment strategy of FWD, please refer to the section of Dividend / Bonus Information &amp; Investment Strategy for details.</p> <p>Accumulated monthly annuity payments and interest (if any) include any monthly annuity payment<sup>3</sup> paid to your policy that you leave with us to receive interest (if any), any interest accrued from the accumulated monthly annuity payments and the reduction of any withdrawals from the amount.</p> |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |
| Special Bonus (Non-guaranteed)                 | <p>While the policy is inforce and policy owner has held the policy for 1 year, special bonus (if any) may be payable along with payment of:</p> <ul style="list-style-type: none"><li>• Death benefit (only applicable when guaranteed cash value<sup>4</sup> plus special bonus (if any) is higher than 105% of the total premium paid less monthly guaranteed annuity payment paid (if any));</li><li>• Partial surrender of the policy<sup>#</sup>;</li><li>• Surrender of the policy; or</li><li>• At the end of the one year reinstatement period if the policy lapses and is not reinstated within the period.</li></ul> <p><sup>#</sup>Partial special bonus is payable in proportion to the reduction in monthly guaranteed annuity payment caused by partial surrender.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                          |                     |  |                      |                                                |                        |                |         |                     |                          |          |                     |                          |          |                                          |                          |                     |          |                     |                          |          |                     |                          |          |                                           |                          |                     |

# Summary of Plan Features

| Death Benefit                                | <p>Death benefit equals to:</p> <p>(a) the higher of:</p> <p>(i) 105% of the total premium paid, less monthly guaranteed annuity payments paid (if any); or</p> <p>(ii) Guaranteed cash value<sup>4</sup> plus special bonus (if any)</p> <p>(b) Plus accumulated monthly annuity payments and interest (if any);</p> <p>(c) Less any amounts owed to us and any outstanding insurance levy.</p> <p>Total premium paid is the total amount paid for premium under your policy as at the relevant date, which will be adjusted based on the reduction in monthly guaranteed annuity payment caused by partial surrender (if any).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                      |                                                       |                                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
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| Partial Surrender Benefit                    | <p>Partial surrender benefit equals to:</p> <p>(a) A portion of guaranteed cash value<sup>4</sup> calculated proportionally to the reduction in the monthly guaranteed annuity payment;</p> <p>(b) Plus a portion of special bonus (if any) determined at the time you made the request that is calculated proportionally to the reduction in the monthly guaranteed annuity payment;</p> <p>(c) Less any amounts owed to us and any outstanding insurance levy.</p> <p>Any subsequent premium, monthly guaranteed annuity payment, monthly non-guaranteed annuity payment<sup>2</sup>, guaranteed cash value<sup>4</sup>, and special bonus (if any) will be reduced according to the reduced monthly guaranteed annuity payment from the effective date of the partial surrender. The death benefit will thus be reduced accordingly. After partial surrender, the premium required to maintain per year should not be below the minimum premium level as stated in this table.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |                                                       |                                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| Surrender Benefit                            | <p>Surrender benefit equals to:</p> <p>(a) Guaranteed cash value<sup>4</sup>;</p> <p>(b) Plus special bonus (if any);</p> <p>(c) Plus accumulated monthly annuity payments and interest (if any); and</p> <p>(d) Less any amounts owed to us and any outstanding insurance levy</p> <p>Based on policy in USD issued to a non-smoking male age<sup>1</sup> 46, if policy owner surrenders the policy at the end of 1<sup>st</sup> policy year, he will receive the following projected surrender benefit for every USD10,000 of premium paid:</p> <table><tr><th>Premium payment term</th><th>Monthly annuity payment start age<sup>1</sup></th><th>Annuity period</th><th>Surrender benefit for every USD10,000 of premium paid</th><th>Surrender benefit as a percentage of premium paid</th></tr><tr><td rowspan="3">5 years</td><td rowspan="2">Start after 5 years payment (Age<sup>1</sup> 51)</td><td>10 years</td><td>USD6,574 - USD6,579</td><td>65.74% - 65.79%</td></tr><tr><td>20 years</td><td>USD6,573 - USD6,579</td><td>65.73% - 65.79%</td></tr><tr><td>Age<sup>1</sup> 66</td><td>20 years</td><td>USD4,760 - USD4,764</td><td>47.60% - 47.64%</td></tr><tr><td rowspan="3">10 years</td><td rowspan="2">Start after 10 years payment (Age<sup>1</sup> 56)</td><td>10 years</td><td>USD3,521 - USD3,524</td><td>35.21% - 35.24%</td></tr><tr><td>20 years</td><td>USD3,521 - USD3,524</td><td>35.21% - 35.24%</td></tr><tr><td>Age<sup>1</sup> 66</td><td>20 years</td><td>USD1,549 - USD1,550</td><td>15.49% - 15.50%</td></tr></table> <ul style="list-style-type: none"><li>• The variation within the range depends on the premium payment mode. The percentage in above table is rounded to the nearest 2 decimal places.</li><li>• It assumes that a) all premiums and applicable insurance levies are paid in full when due, but the insurance levies do not form part of the premiums and are not included in the calculations, b) no claims have been paid, c) there is no indebtedness under the policy, d) the monthly guaranteed annuity payment of the Plan remains unchanged in the 1<sup>st</sup> policy year.</li><li>• The figures and percentages shown in the above are neither guaranteed nor an indication of future performance. The actual amounts payable may change anytime with the values being higher or lower than those illustrated.</li></ul> | Premium payment term | Monthly annuity payment start age <sup>1</sup>        | Annuity period                                    | Surrender benefit for every USD10,000 of premium paid | Surrender benefit as a percentage of premium paid | 5 years | Start after 5 years payment (Age <sup>1</sup> 51) | 10 years | USD6,574 - USD6,579 | 65.74% - 65.79% | 20 years | USD6,573 - USD6,579 | 65.73% - 65.79% | Age <sup>1</sup> 66 | 20 years | USD4,760 - USD4,764 | 47.60% - 47.64% | 10 years | Start after 10 years payment (Age <sup>1</sup> 56) | 10 years | USD3,521 - USD3,524 | 35.21% - 35.24% | 20 years | USD3,521 - USD3,524 | 35.21% - 35.24% | Age <sup>1</sup> 66 | 20 years | USD1,549 - USD1,550 | 15.49% - 15.50% |
| Premium payment term                         | Monthly annuity payment start age <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Annuity period       | Surrender benefit for every USD10,000 of premium paid | Surrender benefit as a percentage of premium paid |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| 5 years                                      | Start after 5 years payment (Age <sup>1</sup> 51)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 10 years             | USD6,574 - USD6,579                                   | 65.74% - 65.79%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 20 years             | USD6,573 - USD6,579                                   | 65.73% - 65.79%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
|                                              | Age <sup>1</sup> 66                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 20 years             | USD4,760 - USD4,764                                   | 47.60% - 47.64%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| 10 years                                     | Start after 10 years payment (Age <sup>1</sup> 56)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 10 years             | USD3,521 - USD3,524                                   | 35.21% - 35.24%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 20 years             | USD3,521 - USD3,524                                   | 35.21% - 35.24%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
|                                              | Age <sup>1</sup> 66                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 20 years             | USD1,549 - USD1,550                                   | 15.49% - 15.50%                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| Maturity Benefit                             | <p>Upon maturity, the policy will be terminated and the maturity benefit will be paid to you. Maturity benefit is the accumulated monthly annuity payments and interest (if any) at the Maturity Date, less any amounts owed to us and any outstanding insurance levy. Maturity benefit will be zero if there is no accumulated monthly annuity payments and interest.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |                                                       |                                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| Extended Grace Period Benefit <sup>5,6</sup> | <p>After holding the policy for 1 year, if you are made redundant or laid off during the premium payment term of the Plan, you can choose to apply for an extension of the grace period<sup>5,6</sup> for premium payment of this Plan up to 365 days (inclusive of the original 30-day premium grace period<sup>6</sup>) .</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                      |                                                       |                                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |
| Death Benefit Settlement Option <sup>7</sup> | <p>Policy owner can choose the death benefit settlement option<sup>7</sup> for the payment of death benefit in the form of a lump sum payment or regular installments (annually / monthly), or a mix of both if the insured passed away.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                      |                                                       |                                                   |                                                       |                                                   |         |                                                   |          |                     |                 |          |                     |                 |                     |          |                     |                 |          |                                                    |          |                     |                 |          |                     |                 |                     |          |                     |                 |

# Dividend / Bonus Information & Investment Strategy

## Dividend / Bonus Information

The non-guaranteed special bonus, monthly non-guaranteed annuity payment and non-guaranteed interest for accumulation of monthly annuity payments and interest are determined based on the latest dividend / bonus declaration philosophy and investment strategy of FWD Life Insurance Company (Bermuda) Limited (incorporated in Bermuda with limited liability) (“FWD” or “We”) that shown below (Please refer to FWD’s website for latest information:

<https://www.fwd.com.hk/en/regulatory-disclosures/dividend-bonus-declaration-philosophy/>)

You may also refer to below FWD’s website for dividend / bonus history:

<https://www.fwd.com.hk/en/regulatory-disclosures/fulfilment-ratios/>

## Dividend / Bonus Declaration Philosophy

FWD issues participating policies, which offer the policyholders (“You”) with dividend / bonus benefits that are not guaranteed. Dividend / bonus includes annual dividend (Include interest on accumulated dividends), terminal dividend, reversionary bonus and special bonus.

Through the dividend / bonus declaration, you participate in the financial performance of the participating products. The financial performance of participating products covers the experience and future outlook of a number of factors, including but not limited to:

1. Investment return;
2. Expenses;
3. Persistency;
4. Claims experience.

FWD reviews the dividend / bonus at least annually based on our dividend policy. The dividend / bonus could be adjusted if the financial performance is different from the expectation, and as a result the actual declared dividend / bonus may be different from the benefit illustrations.

The dividend / bonus recommendation is reviewed and approved by our Board of Directors (the “Board”), with written declaration by the Chairman of the Board, an Independent Non-Executive Director and the Appointed Actuary on due regard to our dividend policy as well as the principle of fair treatment of customers.

The current year and projected dividend / bonus would be communicated to you at least annually. Any changes in the current year and projected dividend / bonus will be reflected in the policy annual statement.

## Smoothing

Financial performance is unforeseeable. To facilitate your financial planning, we have a smoothing process aiming to deliver a more stable dividend / bonus payouts during the policy term.

When the financial performance is better (worse) than expected, we may hold back a portion of the gains (losses), which will be passed back to you over the future years to ensure a more stable dividend / bonus payouts. Due to the variation of features and benefits of different products, different levels of smoothing may also be applied.

## Pooling

Consistent with the nature of insurance contracts, we also group similar policies together to pool the risks amongst a larger number of policyholders to provide diversification benefits, which help to stabilize the financial performance (and hence the dividend / bonus payouts).

To maintain the fairness between policyholders, we may also separate different generations of policies of the same product into different buckets with different dividend / bonus scales, with an aim to more closely reflect the underlying financial performance. As a result, the frequency and magnitude of the dividend / bonus adjustments may vary among different products and buckets. In general, the adjustments on dividend / bonus are more frequent and significant for products with higher risk profile.

# Dividend / Bonus Information & Investment Strategy

## Investment Strategy

FWD's investment strategies are customized for different products to optimize the return. In particular, these asset portfolios employ a balanced asset allocation investment strategy, which consists of

- Investment-grade fixed income-type securities
- Equity-type investments to enhance the investment performance in the long run. This may include listed equity, hedge funds, mutual funds, private equity and property

The current long-term target asset allocation of this product is as follows:

| Asset type                   | Target asset allocation (%) |
|------------------------------|-----------------------------|
| Fixed income-type securities | 75% - 95%                   |
| Equity-type investments      | 5% - 25%                    |

The asset portfolios also target to provide diversification across different geographic regions and industries to the extent the size of portfolio can support.

Currency exposure of the underlying policies is mitigated by closely matching either through direct investments in the same currency denomination or the use of currency hedging instruments. Currently, the majority of the asset is invested in the United States and Asia Pacific and denominated in USD.

Furthermore, the asset portfolio is actively managed by investment professionals to closely monitor the investment performance. In addition to conducting regular review, FWD also reserves the right to change the investment strategy and shall notify policyholders for any material changes.

## Investment Vehicle

The dividend / bonus rate will be influenced by the performance of the underlying investment portfolio, which consists of both fixed income-type securities and equity-type investments. The performance is not static and will be highly affected by the change in market conditions:

### Fixed income-type securities

- The return of fixed income-type securities arise from the interest income, that is the yield, attained at the purchase of the securities. Under a higher (lower) market interest rates environment, the company is more likely to attain higher (lower) interest income with the new money (e.g. proceeds from coupons, maturities, new contributions);
- The defaults or downgrades of the fixed income-type securities will result in unfavorable investment performance.

### Equity-type investments

- The movement of the market price of the equity-type investments will result in change in the market value of the portfolio. Rise (fall) in the market price will increase (decrease) the market value of the portfolio.
- The change in dividend-type income from the equity-type investments will impact the investment results. Higher (lower) dividend-type income from the underlying investment will improve (worsen) the investment results.

# Notes

1. Age is based on the Insured's age next birthday.
2. The monthly non-guaranteed annuity payment is not guaranteed and is based on the current dividend scales, which are not guaranteed, of FWD and are determined at least annually and may be adjusted more frequently than annually based on a series of factors including but not limited to market conditions, investment outlook, expenses, policy persistency, claims experience, and FWD's investment return. The actual amount payable may change anytime, with the values being higher or lower than those illustrated. Under some circumstances, the non-guaranteed benefits may be zero.
3. The monthly annuity payment will be paid to you based on your selected method and preferred currency available and acceptable by us once a month on the specified date by FWD. Please note that the amount payable will be in your preferred currency available and acceptable by us equivalent of the USD based on a market-based currency exchange rate of USD to your preferred currency, as solely determined by FWD from time to time. Any fluctuations in exchange rate of USD to your preferred currency will have a direct impact on the value of the monthly annuity payment as calculated in your preferred currency.
4. The guaranteed cash value may continuously reduce when the monthly guaranteed annuity payment starts to pay, and will become zero at the end of annuity period.
5. After holding the policy for 1 year from the later of the policy date or the policy restart date, you can apply for an extension of the grace period to a maximum of 365 days (inclusive of the original 30-day premium grace period) if you are made redundant or laid off during the premium payment term while the policy is in effect, subject to FWD's applicable rules and procedures as determined in FWD's sole discretion from time to time. A completed and signed prescribed form or other means acceptable by us together with the document proof should be submitted to FWD (i) within 30 days from the date you first receive a notice of redundancy or lay-off from your employer and (ii) before the end of the original 30-day grace period (if applicable). And during such period, this policy will continue to be in effect but the total cash value will remain at the level when the extended grace period starts. Notwithstanding any clauses under this policy document of this policy, you are not allowed to reduce the monthly guaranteed annuity payment or to apply for any policy loan during such period. If the aggregate sum of premiums that falls due during the extended grace period is fully paid before or at the end of the extended grace period, the total cash value shall be calculated as if extended grace period benefit has not been exercised. This benefit can only be exercised once under this policy. For details, please refer to Policy Provisions.
6. Only qualifying deferred annuity policy premiums paid will be eligible for tax deduction. Any unpaid premium during the grace period (extended grace period or the original 30-day grace period) will not be qualified for tax deduction. Please note that you may or may not enjoy the tax deduction on the premiums paid for any outstanding premiums during the grace period or policy reinstatement after the grace period. Please refer to the website of the Inland Revenue Department ("IRD") of Hong Kong Special Administrative Region or to contact the IRD directly for any tax related enquiries. You should always consult with a professional tax advisor if you have any doubts.
7. Policy owner can choose the death benefit settlement option for the payment of death benefit (in the form of a lump sum payment, regular installment (annually / monthly), or a mix of both) while the insured is alive and the policy is in effect, subject to FWD's relevant policies and procedures as determined in FWD's sole discretion from time to time. The default payment option is lump-sum payment. For settlement option other than lump sum payment, the unpaid amount of death benefit will be deposited with FWD to accumulate non-guaranteed interest until the full amount of death benefit is paid to the beneficiary. The interest (if any) on unpaid balance of the death benefit will be accumulated and paid to the beneficiary in the last installment in lump sum. Such balance does not participate in the participating fund or benefit from its profit. Selection of death benefit settlement option is subject to current applicable rule and procedures and may change from time to time.

# Important Policy Terms

## Contesting payments

If the policy owner or the insured did not provide accurate and truthful information, or they gave misleading or exaggerated information, FWD can contest (dispute) any payment within the first two years of the policy starting, restarting, or increasing (for the increased notional amount).

If the policy owner or the insured act fraudulently, FWD can contest (dispute) any payment at any time.

# Key Product Risks

## Credit Risk

The Plan is an insurance policy issued by FWD. The application of this insurance plan and all benefits payable under your policy are subject to the credit risk of FWD. You will bear the default risk in the event that FWD is unable to satisfy its financial obligations under this insurance contract.

## Liquidity Risk

The Plan is a long term insurance policy. This policy of long term insurance will be made for certain determined term of years starting from the policy effective date to policy maturity date. The policy contains value and, if you surrender your policy in the early policy years or before its maturity date, the amount you get back may be considerably less than the total premium you have paid. You can select the prepayment option only if you pay your premium annually. The guaranteed interest rate on pre-paid premiums is 0.25% per annum. However, if you pay premium annually, the guaranteed IRR and total IRR upon maturity will be lower than that of paying premium semi-annually or monthly. You can get back the amounts in premium deposit account without charges upon your written request and when the policy is cancelled or surrendered. You should make sure that you intend to leave your prepayment amount in your premium deposit account. Application of the Plan may constitute the liquidity risk to your financial condition. You need to bear the liquidity risk associated with the Plan.

## Exchange Rate and Currency Risk

The application of this insurance plan with the policy currency denominated in a foreign currency is subject to that foreign currency's exchange rate and currency risk. The foreign currency may be subject to the relevant regulatory bodies' control (for example, exchange restrictions). If your home currency is different from the policy currency, please note that any exchange rate fluctuation between your home currency and the policy currency of this insurance plan will have a direct impact on the amount of premium required and the value of benefit(s) to be received. For instance, if the policy currency of the insurance plan depreciates substantially against your home currency, there is a negative impact on the benefits you receive from the Plan. If the policy currency of the insurance plan appreciates substantially against your home currency, your burden of the premium payment is increased.

## Inflation Risk

The cost of living in the future may be higher than now due to the effects of inflation. Therefore, the benefits under this policy may not be sufficient for the increasing protection needs in the future even if FWD fulfills all of its contractual obligations.

## Early Surrender Risk

If you surrender your policy in the early policy years or before its maturity date, the amount of the benefit you will get back may be considerably less than your total premium paid.

## Non-guaranteed Benefits

Non-guaranteed benefits (including but not limited to special bonus and monthly non-guaranteed annuity payment) are determined based on FWD's latest dividend / bonus declaration philosophy. Under some circumstances, the non-guaranteed benefits may be zero.

## Exclusions from Suicide

FWD will not pay any death benefit if the Insured commits suicide within 13 calendar months from the policy date or policy restart date (whichever is later), FWD's legal responsibility will be limited to an amount equivalent to any premium paid without interest, after deducting any benefits FWD has paid, and any amounts owed to FWD, including any outstanding insurance levy. This applies regardless of whether the Insured was sane or insane when committing suicide.

## Premium Term and Non-payment of Premium

The premium payment term of the Plan is 5 years or 10 years.

FWD allows a grace period of 30 days or 365 days premium grace period under extended grace period benefit, as the case may be, after the premium due date for payment of each premium. If a premium is still unpaid at the expiration of the grace period and the policy has no cash value, the policy will be terminated from the date the first unpaid premium was due. If the policy has any loanable cash value, FWD shall automatically advance the amount of premium due as a loan against such loanable cash value of the policy. Once the total amount of outstanding loan and interest accrued is equal to or exceeds the loanable cash value of the policy, the policy will be terminated. Please note that once the policy is terminated on this basis, you will lose all of your benefits.

Only qualifying deferred annuity policy premiums paid will be eligible for tax deduction. Any unpaid premium during the grace period (extended grace period or the original 30-day grace period) will not be qualified for tax deduction. Please note that you may or may not enjoy the tax deduction on the premiums paid for any outstanding premiums during the grace period or policy reinstatement after the grace period. Please refer to the website of the Inland Revenue Department ("IRD") of Hong Kong Special Administrative Region or to contact the IRD directly for any tax related enquiries. You should always consult with a professional tax advisor if you have any doubts.

## Termination Conditions

The policy shall terminate on the earliest of the following:

- 1) From the premium due date, if you have not paid your premiums within the 30-day premium grace period or 365-day premium grace period under extended grace period benefit, as the case may be (unless the automatic premium loan applies).
- 2) On the date you surrender your policy.
- 3) On the date of Insured's death.
- 4) On the Maturity Date of your policy.
- 5) On the date your policy lapses; your outstanding policy loan amounts (including interest and automatic premium loans) are equal to or greater than the sum of guaranteed cash value and total amount of accumulated monthly annuity payments and interest (if any) that you leave with the policy.

# Important Notes

## Tax Deduction

Please note that the QDAP status of this product does not necessarily mean you are eligible for tax deduction available for QDAP premiums paid. This product's QDAP status is based on the features of the product as well as certification by the Insurance Authority and not the facts of your own situation. You must also meet all the eligibility requirements set out under the Inland Revenue Ordinance and any guidance issued by the Inland Revenue Department ("IRD") of Hong Kong Special Administrative Region before you can claim these tax deductions. Please refer to the website of the IRD or to contact the IRD directly for any tax related enquiries.

Any general tax information provided is for your reference only, and you should not make any tax-related decisions based on such information alone. You should always consult with a professional tax advisor if you have any doubts. Please note that the tax law, regulations or interpretations are subject to change and may affect related tax benefits including the eligibility criteria for tax deduction. We do not take any responsibility to inform you about any changes in the laws and regulations or interpretations, and how they may affect you. Further information on tax concessions applicable to QDAP may be found in Insurance Authority's website at [www.ia.org.hk/en](http://www.ia.org.hk/en)

Please note that these tax deduction benefits may not be applicable to you if you are a retiree who is not subject to salaries tax or tax under personal assessment.

## Insurance Authority Certification

The Insurance Authority certification is not a recommendation or endorsement of the policy, nor does it guarantee the commercial merit of the policy or its performance. It does not mean that the policy is suitable for all policyholders, nor is it an endorsement of its suitability for any particular policyholder or class of policyholders. The policy has been certified by the Insurance Authority but this certification does not imply official recommendation. The Insurance Authority does not take any responsibility for the content of the product leaflet of the policy, makes no representation as to its accuracy or completeness, expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of the product leaflet of the policy.

## Cancellation Right

If you are not fully satisfied with this policy, you have the right to change your mind.

We trust that this policy will satisfy your financial needs. However, if you are not completely satisfied, you have the right to cancel and obtain a full refund of the insurance premium paid by you and levy paid by you without interest by giving us written notice. Such notice must be signed by you and received directly by the office of FWD within 21 calendar days immediately following either the day of delivery of the policy or a Cooling-off Notice to you or your nominated representative, whichever is the earlier. The notice is the one sent to you or your nominated representative (separate from the policy) notifying you of your right to cancel within the stated 21 calendar day period. No refund can be made if a claim payment under the policy has been made prior to your request for cancellation. Should you have any further queries, you may (1) call our Customer Service Hotline on 3123 3123; (2) visit our FWD Insurance Solutions Centres; (3) email to [cs.hk@fwd.com](mailto:cs.hk@fwd.com) and we will be happy to explain your cancellation rights further.

While the Policy is in force, the Policy Owner may surrender or terminate the Policy by sending a written request to FWD.

## Automatic Exchange of Financial Account Information

FWD must comply with the following requirements of the Inland Revenue Ordinance to facilitate the Inland Revenue Department automatically exchanging certain financial account information:

- (i) to identify accounts as non-excluded "financial accounts" ("NEFAs");
- (ii) to identify the jurisdiction(s) in which NEFA-holding individuals and NEFA-holding entities reside for tax purposes;
- (iii) to determine the status of NEFA-holding entities as "passive NFEs" and identify the jurisdiction(s) in which their controlling persons reside for tax purposes;
- (iv) to collect information on NEFAs ("Required Information"); and
- (v) to furnish Required Information to the Inland Revenue Department.

The Policy Owner must comply with requests made by FWD to comply with the above listed requirements.

# Declarations

1. The Plan is underwritten by FWD. FWD is solely responsible for all features, policy approval, coverage and benefit payment under the Plan. FWD recommends you carefully consider whether the Plan is suitable for you in view of your financial needs and that you fully understand the risk involved in the Plan before submitting your application. You should not apply for or purchase the Plan unless you fully understand it and you agree it is suitable for you. Please read through the following related risks before making any application of the Plan.
2. The Plan material is issued by FWD. FWD accepts full responsibility for the accuracy of the information contained in the Plan material. The Plan material is intended to be distributed in the Hong Kong Special Administrative Region ("Hong Kong") only and shall not be construed as an offer to sell, a solicitation to buy or the provision of any insurance products of FWD outside Hong Kong. All selling and application procedures of the Plan must be conducted and completed in Hong Kong.
3. The Plan is an insurance product. The premium paid is not a bank savings deposit or time deposit. The Plan is not protected under the Deposit Protection Scheme in Hong Kong.
4. This product is a participating life product with a savings element. The premium of the Plan has covered the costs of insurance and the related costs of the policy despite the product brochure / leaflet and / or the illustration documents of the Plan having no schedule / section of fees and charges or no additional charge noted other than the premium.
5. The Plan is a savings insurance product. If you surrender your policy before its maturity date, the amount you get back may be less than the total premium you have paid.
6. The Plan is designed for individuals who are looking for a long-term savings plan and it is not suitable for people who seek short-term gains.
7. All underwriting and claims decisions are made by FWD. FWD relies upon the information provided by the applicant and the Insured in the insurance application to decide to accept or decline the application with a full refund of any premium paid and any insurance levy paid without interest. FWD reserves the right to accept / reject any insurance application and can decline your insurance application without giving any reason.
8. All the above benefits and payment are paid after deducting policy debts (if any, e.g. unpaid premiums or premium loan and the interest of the loan).

The Plan material is for reference only and is indicative of the key features of the Plan. For the exact terms and conditions and the full list of exclusions of the Plan, please refer to the Policy Provisions of the Plan materials. In the event of any ambiguity or inconsistency between the terms of this brochure and the Policy Provisions, the Policy Provisions shall prevail. In case you want to read the terms and conditions of the Policy Provisions before making an application, you can obtain a copy from FWD. The Policy Provisions of this product are governed by the laws of Hong Kong.

# Disclosure of Important Information to Life Insurance Customers

## **Part 1 : Definitions and Interpretation**

In the Disclosures and Declarations stated below:

- The “Bank” means Bank of Communications (Hong Kong) Limited
- “Insurance Company” means FWD Life Insurance Company (Bermuda) Limited.
- The “Plan” means the insurance plan in the product brochure.
- “Insurance Application” means the insurance application with the application number.
- “I/Applicant” means the applicant listed in the Insurance Application
- “Insured” means the insured person listed in the Insurance Application

## **Part 2 : Disclosure of Important Information to Applicant**

### **2.1 Relationship between the Bank and Insurance Company**

- The Bank is an appointed insurance agent of Insurance Company. The Bank is responsible for the distribution and selling of the Plan which is underwritten by Insurance Company and assists you to handle the Insurance Application procedures for the Plan.
- The Plan is underwritten by the Insurance Company. Insurance Company is authorized and regulated by Insurance Authority. The Plan is a product of the Insurance Company but not the Bank. Insurance Company is fully responsible for all features, policy approval, coverage and claims under the Plan. In respect of the benefits, rights and claims related to the policy of the Plan, the policyholder or beneficiary should enquire and recourse Insurance Company.
- In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between the Bank and the customer arising from the selling process or processing of the related transaction, the Bank is required to enter into a Financial Dispute Resolution Scheme process with the customer; however any dispute concerning the contractual terms of the product should be resolved directly between the Insurance Company and the customer.

### **2.2 Risk disclosures**

Key risks associated with the Plan include but not limited to,

#### **Credit Risk**

Application of the Plan and all benefits payable under the Plan are subject to the credit risk of Insurance Company. All premiums you paid under the Plan shall become part of the assets of Insurance Company. You do not have any property rights or ownership rights to these assets, nor do you have any rights related to these assets. Your recourse is against Insurance Company only.

#### **Liquidity and Withdrawal Risk**

The Plan is a product under non-linked long term insurance category. Long term insurance policy will have a certain determined benefit term starting from the policy effective date until the policy maturity date. The benefit could be few years, over ten years or a lifelong period of the Insured. Some of the long term insurance policies contain policy value under the policy (including but not limited to endowment insurance, whole life insurance or annuity, etc.), if you need to surrender your policy in the early stage of the policy or before the policy maturity date, the recoverable amount may be considerably less than the total premium you have paid. Application of the Plan may constitute the liquidity risk to your financial condition. You need to bear the liquidity risk associated with the Plan.

#### **Exchange Rate & Currency Risk (Applicable to the plan with policy currency denominated in RMB or to those policies with policy currency denominated in foreign currency as selected.)**

- Application of plan with policy currency denominated in RMB or the policy with policy currency denominated in foreign currency is subject to exchange rate and currency risk. Exchange rate of RMB against Hong Kong Dollar (“HKD”) and exchange rate of any foreign currency against HKD may fall as well as rise.
- If you choose to pay the premium(s) in HKD, you must pay the premium(s) based on a market-based currency exchange rate of HKD to RMB (applicable to the policy currency denominated in RMB) or a market-based currency exchange rate of HKD to the selected foreign currency (applicable to the policy currency denominated in foreign currency) which is solely determined by Insurance Company from time to time. Any fluctuations in the exchange rate of HKD to RMB, as well as in the exchange rate of HKD to the foreign currency will have a direct impact on the amount of premium paid in HKD. If the RMB or the selected foreign currency appreciates after the Policy is issued due to exchange rate fluctuation, the premium payable later will be higher than the initial premium when calculated in HKD.
- All Benefits payable (including refund of premium etc.) will be settled in RMB or in foreign currency as selected. For the policy with policy currency denominated in RMB, if you choose to receive any benefits under the Plan in HKD, the amount payable will be the HKD equivalent of the RMB based on a market-based currency exchange rate of HKD to RMB, as solely determined by Insurance Company from time to time. For the policy with policy currency denominated in foreign currency, if you choose to receive any benefits under the Plan in HKD, the amount payable will be the HKD equivalent of the selected foreign currency based on a market-based currency exchange rate of HKD to such foreign currency, as solely determined by Insurance Company from time to time. Any fluctuations in the exchange rate of HKD to RMB, as well as in the exchange rate of HKD to the foreign currency will have a direct impact on the value of your benefit(s) as calculated in HKD and if the RMB or the selected foreign currency depreciates substantially against the HKD upon a benefit(s) becoming payable, you will lose a substantial portion of the benefit(s) in HKD terms.
- If the premium(s) and/ or benefit(s) under the Plan with policy currency denominated in RMB cannot be paid in RMB or in HKD, the policy with policy currency denominated in foreign currency cannot be paid in selected foreign currency or in HKD either due to a change in regulation(s) or for such other reasons as Insurance Company may, in its absolute discretion solely determine, Insurance Company shall, based on such terms as it deems just and proper, at its sole discretion determine the currency, the currency exchange rate and the manner of calculating the premium(s) receivable, the benefit(s) payable and the premium refundable under the Plan.
- RMB is currently not freely convertible. Conversion of RMB or provision of RMB services through banks is subject to relevant RMB policies, other restriction and applicable regulatory requirements in Hong Kong. No prior notice will be given for any changes on such requirements which may be made from time to time.
- **Market and Interest Rate Risk (Applicable to the Plan with guaranteed return and/or non-guaranteed return)**
  - Market fluctuation and change in interest rate will not affect the guaranteed return part (e.g. guaranteed cash value) of the policy. Non-guaranteed return part (e.g. Policy Dividends) is subject to market and interest rate risk. Actual amount of the non-guaranteed return paid by Insurance Company and the determination of the interest rate for policy dividend accumulation made by Insurance Company may be varied due to market and interest rate risk. You need to bear the market and interest rate risk associated with non-guaranteed return of the Plan.
- **Inflation Risk**
  - The cost of living in the future may be higher than expected due to the effect of inflation. Therefore your current planned benefits and/or returns may be insufficient to meet your future needs even if the Insurance Company has fulfilled its contractual terms and obligations.

### 2.3 The circumstances and consequences of late payments or non-payments of premiums

- Insurance product with savings element [with savings but without investment element] (Applicable to non-participating policy) or Insurance product with investment element (Investment decisions and risks borne by Insurance Company) (Applicable to participating policy)  
Should there be any late payment or non-payment of premiums, the policy will be subject to automatic premium loan (if applicable) or termination of the policy. During automatic premium loan, Insurance Company shall automatically advance the premium due as a loan. The policy shall automatically be terminated if at any time sums loaned and accrued interest equal or exceed the accumulated cash value under the policy. If the policy is terminated automatically, the policy will become valueless and the Insured of the policy will lose his/her insurance protection under the policy.

- Insurance product with investment element (Investment decisions and risks borne by Insurance Company) (Applicable to Universal Life Insurance Plan)

Should there be any late payment or non-payment of premiums, the policy will exercise premium holiday. During Premium Holiday, all relevant charges will be continuously deducted from the Policy Account. When the Account Value is equal to or less than zero, the Policy shall automatically be terminated. If the policy is terminated automatically, the policy will become valueless and the Insured of the policy will lose his/her insurance protection under the policy.

### 2.4 The description of non-guaranteed items (Applicable to the plan with non-guaranteed benefits only)

- Insurance product with investment element (Investment decisions and risks borne by Insurance Company) (Applicable to participating policy)  
For traditional participating insurance plans, any illustrated values of non-guaranteed items that are applicable to this plan (including but not limited to accumulated interest rates, dividends and bonuses) are not guaranteed and are for illustrative purposes only. It is determined by Insurance Company from time to time at its absolute discretion based on a series of factors including but not limited to market conditions, investment outlook, policy persistency, claims experience, and Insurance Company's investment return. It is neither an estimate nor guarantee of the Policy performance in the future. The non-guaranteed items are subject to change during the term of the policy. The actual amounts of the non-guaranteed items may be lower than or higher than those illustrated. The actual amounts of benefits and/or returns may be lower than or higher than the currently illustrated benefits and/or returns. If you choose to withdraw the non-guaranteed items (including but not limited to the accumulated dividends and bonuses) of the policy, the accumulated benefit and/or non-guaranteed returns will be reduced accordingly or lower than the illustrated values.

- Insurance product with investment element (Investment decisions and risks borne by Insurance Company) (Applicable to Universal Life Insurance Plan)

Any illustrated values of non-guaranteed items that are applicable to the plan (including but not limited to bonuses, crediting rates and interest) are not guaranteed and are for illustrative purposes only. It is determined by Insurance Company from time to time at its absolute discretion based on a series of factors including but not limited to market conditions, investment outlook, policy persistency, claims experience, and Insurance Company's investment return. It is neither an estimate nor guarantee of the Policy performance in the future. The non-guaranteed items are subject to change during the term of the policy. The actual amounts of the non-guaranteed items may be lower than or higher than those illustrated. The actual amounts of benefits and/or returns may be lower than or higher than the currently illustrated benefits and/or returns. If you choose to withdraw the non-guaranteed items (including but not limited to the accumulated dividends and bonuses) of the policy, the accumulated benefit and/or non-guaranteed returns will be reduced accordingly or lower than the illustrated values.

### 2.5 The information contained in the product brochure and policy provision of insurance plan

- The policy provisions and product brochure of the Plan are issued by the Insurance Company. Insurance Company accepts full responsibility for the information contained in the policy provisions and product brochure.
- The product brochure and any product materials of the Plan are intended to be distributed in the Hong Kong Special Administrative Region (HKSAR) only and shall not be construed as an offer to sell or solicitation to buy or provision of any insurance products of Insurance Company outside HKSAR. All selling and application procedures of the Plan must be conducted and completed in the HKSAR.
- The law governing the policy of the Plan is the laws of Hong Kong Special Administrative Region.

### 2.6 Fees and Charges

- The Plan is an insurance product. Part of the premiums will pay for the insurance and related costs.
- The costs of insurance and the related costs of the policy are included in the premium paid under the Plan despite the product brochure and/or the illustration documents of the Plan have no schedule/section of fees and charges or no additional charge apart from the premium. This does not mean that you do not have to bear any fees and charges, nor does it mean that the Plan does not have any fees and charges. If the product brochure contains the schedule/section of fees and charges (such as universal life insurance plan), you should read it thoughtfully to ensure you understand each fee & charge item before making the Insurance Application.

### 2.7 No coverage under Deposit Protection Scheme

- The Plan is not the savings deposit or time deposit of the Bank. The Plan and all premiums paid under the Plan are not protected under the Deposit Protection Scheme in Hong Kong Special Administrative Region.

### 2.8 Underwriting and claims decision are made by Insurance Company

- Insurance Company shall make final decisions on all the underwriting and claims. Insurance Company will base on the information provided by you to decide whether to accept or decline your application, in the event of a refusal of your application, Insurance Company will refund all the premiums and insurance levies (if any) that have been paid (without interest).

### 2.9 Policy Loan

- If the life insurance policy contains cash value, policyholder can apply for policy loan from Insurance Company. Interest charge will be imposed under the policy loans. The applicable interest rate is determined by Insurance Company and it is subject to change from time to time. Policy loan together with its accumulated interest will form parts of policy indebtedness. When the amount of policy indebtedness is equal to or larger than total cash value of the policy, the policy will be terminated automatically. The policy will become valueless and the Insured of the policy will lose his/her insurance protection.

### 2.10 Commission Disclosure

- Insurance Company will provide commission and sales bonus to the Bank subject to the sales of the Plan. The bonuses, incentives or remuneration packages which are provided by the Bank to their licensed insurance intermediaries have considered the staff's overall performance including various areas, not only determined by their sales performance or contribution on revenue to the Bank.

### 2.11 Tax reporting and financial crime

- Insurance Company has certain obligations to Hong Kong and foreign legal or regulatory bodies and government or tax authorities regarding you and your policy and the Insurance Company may from time to time request information from you in response to these obligations. You are recommended to seek your own independent professional advice regarding your tax liabilities.

### **Part 3 : Disclosure of Cooling-off Rights**

#### **3.1 “Cooling-off Rights”**

- You have the right to cancel the policy by written notice within the cooling-off period and obtain a refund of any premiums and premium levy (if any) paid provided that no claim has been made under it. You must submit a written notice signed by you to the Insurance Company at 13/F., Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong within 21 calendar days after the delivery of the policy or Notice of Policy Issuance (notification about the availability of the policy and the expiry date of cooling-off period) to you or your representative, whichever is earlier.

#### **3.2 “Cooling-off Rights” (applicable to single premium insurance plan only)**

- You have the right to cancel the policy by written notice within the cooling-off period and obtain a refund of any premiums and premium levy (if any) paid (less any market value adjustment\*) provided that no claim has been made under it. You must submit a written notice signed by you to the Insurance Company at 13/F., Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong within 21 calendar days after the delivery of the policy or Notice of Policy Issuance (notification about the availability of the policy and the expiry date of cooling-off period) to you or your representative, whichever is earlier.

\* The right to apply an market value adjustment and its basis of calculation will be disclosed in the product brochure.

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