



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

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FWD
insurance

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 age¹ 51 of your choice.

| Premium payment term | 5 years | | | | 10 years | | | |
|--|----------|----------|--|----------|----------|----------|---|----------|
| Monthly annuity payment start age ¹ | 51 | 66 | Start after 5 years premium payment term | | 51 | 66 | Start after 10 years premium payment term | |
| Issue age ¹ | 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 payments³ as early as age¹ 51. Monthly annuity payment³ comprises monthly guaranteed annuity payment to provide a steady income stream and monthly non-guaranteed annuity payment² to give potential extra boost to your returns.

Based on a non-smoking male age¹ 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 ¹ | Annuity period | Range of guaranteed IRR at maturity | Range of total IRR at maturity |
|----------------------|--|----------------|-------------------------------------|--------------------------------|
| 5 years | Start after 5 years payment (Age ¹ 51) | 10 years | 0.62% - 0.64% | 2.10% - 2.22% |
| | | 20 years | 1.07% - 1.10% | 3.00% - 3.11% |
| | Age ¹ 66 | 20 years | 1.61% - 1.63% | 3.57% - 3.63% |
| 10 years | Start after 10 years payment (Age ¹ 56) | 10 years | 1.21% - 1.25% | 2.82% - 2.94% |
| | | 20 years | 1.34% - 1.37% | 3.33% - 3.44% |
| | Age ¹ 66 | 20 years | 1.63% - 1.66% | 3.56% - 3.63% |

You can switch between receiving monthly annuity payments³ in cash or accumulating them to earn interest[#] (if any) when the policy is in force without charges. You can also withdraw the accumulated monthly annuity payments and interest[#] (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.

[#] 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 value⁴ and special bonus (if any), plus accumulated monthly annuity payments and interest (if any).



Extended grace period benefit^{5,6}

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^{5,6} for premium payment of this Plan up to 365 days (inclusive of the original 30-day premium grace period⁶).



Death benefit settlement option for flexible wealth allocation

To provide greater flexibility in your wealth allocation, you may choose the death benefit settlement option⁷ 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.

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, age¹ 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) 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 ¹ | 5 years premium payment term: Age ¹ 19 – 76 of Insured 10 years premium payment term: Age ¹ 19 – 71 of Insured The Insured, Policy Owner and Annuitant must be the same person | | | | | | | | | | | | | | | | | | | | | | | | |
| Annuity Period | 10 years / 20 years | | | | | | | | | | | | | | | | | | | | | | | | |
| Monthly Annuity Payment Start Age ¹ | <table border="1"> <thead> <tr> <th>Premium payment term</th> <th>Monthly annuity payment start age¹</th> <th>Issue age¹</th> <th>Annuity period</th> </tr> </thead> <tbody> <tr> <td rowspan="3">5 years</td> <td>Age¹ 51</td> <td>Age¹ 19 – 45</td> <td>10 years</td> </tr> <tr> <td>Age¹ 66</td> <td>Age¹ 19 – 60</td> <td>20 years</td> </tr> <tr> <td>Start after 5 years premium payment term</td> <td>Age¹ 46 – 76</td> <td>10 years / 20 years</td> </tr> <tr> <td rowspan="3">10 years</td> <td>Age¹ 51</td> <td>Age¹ 19 – 40</td> <td>10 years</td> </tr> <tr> <td>Age¹ 66</td> <td>Age¹ 19 – 55</td> <td>20 years</td> </tr> <tr> <td>Start after 10 years premium payment term</td> <td>Age¹ 41 – 71</td> <td>10 years / 20 years</td> </tr> </tbody> </table> <p>Monthly annuity payment³ 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 ¹ | Issue age ¹ | Annuity period | 5 years | Age ¹ 51 | Age ¹ 19 – 45 | 10 years | Age ¹ 66 | Age ¹ 19 – 60 | 20 years | Start after 5 years premium payment term | Age ¹ 46 – 76 | 10 years / 20 years | 10 years | Age ¹ 51 | Age ¹ 19 – 40 | 10 years | Age ¹ 66 | Age ¹ 19 – 55 | 20 years | Start after 10 years premium payment term | Age ¹ 41 – 71 | 10 years / 20 years |
| Premium payment term | Monthly annuity payment start age ¹ | Issue age ¹ | Annuity period | | | | | | | | | | | | | | | | | | | | | | |
| 5 years | Age ¹ 51 | Age ¹ 19 – 45 | 10 years | | | | | | | | | | | | | | | | | | | | | | |
| | Age ¹ 66 | Age ¹ 19 – 60 | 20 years | | | | | | | | | | | | | | | | | | | | | | |
| | Start after 5 years premium payment term | Age ¹ 46 – 76 | 10 years / 20 years | | | | | | | | | | | | | | | | | | | | | | |
| 10 years | Age ¹ 51 | Age ¹ 19 – 40 | 10 years | | | | | | | | | | | | | | | | | | | | | | |
| | Age ¹ 66 | Age ¹ 19 – 55 | 20 years | | | | | | | | | | | | | | | | | | | | | | |
| | Start after 10 years premium payment term | Age ¹ 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 10 years premium payment term: USD2,400 per year | | | | | | | | | | | | | | | | | | | | | | | | |
| Monthly Annuity Payment ³ | <p>Monthly Annuity Payment³ consists of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment². While the policy is in effect and the insured is alive, monthly annuity payment³ will be credited to your policy within the annuity period. You can choose to receive the monthly annuity payment³ 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 payment³ in cash.</p> <p>If you decide to leave the monthly annuity payment³ 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 & Investment Strategy for details.</p> <p>Accumulated monthly annuity payments and interest (if any) include any monthly annuity payment³ 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 in force 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"> • Death benefit (only applicable when guaranteed cash value⁴ plus special bonus (if any) is higher than 105% of the total premium paid less monthly guaranteed annuity payment paid (if any)); • Partial surrender of the policy[#]; • Surrender of the policy; or • At the end of the one year reinstatement period if the policy lapses and is not reinstated within the period. <p>[#]Partial special bonus is payable in proportion to the reduction in monthly guaranteed annuity payment caused by partial surrender.</p> | | | | | | | | | | | | | | | | | | | | | | | | |

Summary of Plan Features

| <p>Death Benefit</p> | <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 value⁴ 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> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------------|---|---|---|---|---------|---|----------|---------------------|-----------------|----------|---------------------|-----------------|---------------------|----------|---------------------|-----------------|----------|--|----------|---------------------|-----------------|----------|---------------------|-----------------|---------------------|----------|---------------------|-----------------|
| <p>Partial Surrender Benefit</p> | <p>Partial surrender benefit equals to:</p> <p>(a) A portion of guaranteed cash value⁴ 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 payment², guaranteed cash value⁴, 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> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Surrender Benefit</p> | <p>Surrender benefit equals to:</p> <p>(a) Guaranteed cash value⁴;</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 age¹ 46, if policy owner surrenders the policy at the end of 1st policy year, he will receive the following projected surrender benefit for every USD10,000 of premium paid:</p> <table border="1" data-bbox="507 1211 1433 1503"> <thead> <tr> <th>Premium payment term</th> <th>Monthly annuity payment start age¹</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> </thead> <tbody> <tr> <td rowspan="3">5 years</td> <td rowspan="2">Start after 5 years payment (Age¹ 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>Age¹ 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 (Age¹ 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>Age¹ 66</td> <td>20 years</td> <td>USD1,549 - USD1,550</td> <td>15.49% - 15.50%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The variation within the range depends on the premium payment mode. The percentage in above table is rounded to the nearest 2 decimal places. 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 1st policy year. 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. | Premium payment term | Monthly annuity payment start age ¹ | 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 ¹ 51) | 10 years | USD6,574 - USD6,579 | 65.74% - 65.79% | 20 years | USD6,573 - USD6,579 | 65.73% - 65.79% | Age ¹ 66 | 20 years | USD4,760 - USD4,764 | 47.60% - 47.64% | 10 years | Start after 10 years payment (Age ¹ 56) | 10 years | USD3,521 - USD3,524 | 35.21% - 35.24% | 20 years | USD3,521 - USD3,524 | 35.21% - 35.24% | Age ¹ 66 | 20 years | USD1,549 - USD1,550 | 15.49% - 15.50% |
| Premium payment term | Monthly annuity payment start age ¹ | 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 ¹ 51) | 10 years | USD6,574 - USD6,579 | 65.74% - 65.79% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 20 years | USD6,573 - USD6,579 | 65.73% - 65.79% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Age ¹ 66 | 20 years | USD4,760 - USD4,764 | 47.60% - 47.64% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 years | Start after 10 years payment (Age ¹ 56) | 10 years | USD3,521 - USD3,524 | 35.21% - 35.24% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 20 years | USD3,521 - USD3,524 | 35.21% - 35.24% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Age ¹ 66 | 20 years | USD1,549 - USD1,550 | 15.49% - 15.50% | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Maturity Benefit</p> | <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> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Extended Grace Period Benefit^{5,6}</p> | <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^{5,6} for premium payment of this Plan up to 365 days (inclusive of the original 30-day premium grace period⁵).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Death Benefit Settlement Option⁷</p> | <p>Policy owner can choose the death benefit settlement option⁷ 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.

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

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 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.



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