

Whole Life Insurance

# HSBC Family Goal Insurance Plan

Setting sail with the confidence of lifetime protection



HSBC Life (International) Limited

# Setting sail with the confidence of lifetime protection

Life unfolds through phases that change like the seasons. As we evolve from starting and raising our families to exploring the new horizons of our senior years, each stage of life presents its own needs and burdens. Just as sailors know that smooth seas today do not guarantee peaceful long voyages, setting the course for our working and family lives is a journey that may hold surprises for the unprepared.

**HSBC Family Goal Insurance Plan (“Family Goal” or “your policy”)** is a 3-in-1 solution that offers peace of mind with: (1) life protection throughout various stages of life; supplemented by (2) living benefits to protect yourself and loved ones against unforeseen events such as illness and unemployment, and (3) untapped saving appreciation for a fulfilling retirement age. While today’s outlook may be clear, tomorrow is a promise that is yet to be kept. Be confident that whatever challenge life presents; Family Goal is always there to help.



# How does Family Goal work?

Family Goal is a whole life insurance plan with a savings element, designed to cater for your needs from family matters to serious medical issues to your retirement. It is not equivalent or similar to any kind of deposit.

In different stages of life, you may be held to various major financial commitments including: paying mortgages and unexpected medical expenses; protecting your loved ones against unforeseen circumstances on you such as illness, disability or even in the unfortunate event of your passing, and; achieving well-being in retirement. Family Goal offers enhanced protection particularly during the policy's first 20 years when you need it the most. It helps overcome stressful events and allows your life journey to continue as smoothly as possible. Upon entering your senior years, you may also enjoy potential long-term capital appreciation in order to help you fulfil various life goals.

## Family Goal: A 3-in-1 solution that allows you to set your sails for security

### 1 Protection throughout different stages of life

In the unfortunate event of the death of life insured, your beneficiary(ies) will receive:

- (i) **Within the policy's first 20 years**
  - The Sum Insured (equivalent to around 3X total premiums<sup>1</sup> to be paid) plus the non-guaranteed Special Bonus
- (ii) **After the policy's first 20 years**
  - The higher of Total Basic Plan Premium Paid<sup>2</sup> plus USD2,500 or Guaranteed Cash Value; plus the non-guaranteed Special Bonus

### 2 Living benefits to protect yourself and loved ones against unforeseen events

In the unfortunate event of any of the below event happens (whichever is the earlier), an advance payment based on the below will be paid:

#### (i) Cancer and Disability (Advance Payment) Benefit<sup>3</sup>

- If the life insured is diagnosed with cancer or is suffering from total and permanent disability<sup>3</sup> within the policy's first 20 years, you will receive 110% of Total Basic Plan Premium Paid<sup>2</sup> plus the non-guaranteed Special Bonus
- This advance payment shall be extended to apply to cover life insured's child<sup>4</sup> who is under the age<sup>5</sup> of 18 and suffers from cancer<sup>3</sup>

#### (ii) Terminal Illness Benefit<sup>6</sup>

- If the life insured is diagnosed with a terminal illness before the age<sup>5</sup> of 65, you will receive an advance payment of the death benefit under this policy



#### Unemployment Benefit<sup>7</sup>

- If the policyholder becomes unemployed for 30 consecutive days and is age<sup>5</sup> before 65, you are entitled to defer your premium payment due for up to 365 days

### 3 Potential saving appreciation for a fulfilling retirement age

- You can realise potential growth in policy value through **Guaranteed Cash Value** and **non-guaranteed Special Bonus** throughout the policy term
- Upon attaining the 20<sup>th</sup> policy year, you have been given the choice to exercise the **Policy Value Management Option** (as detailed in the Product Summary section below) to lock in part of the policy value for more certainty



Please refer to the "Product Summary" section for details of the product features.

# Example

(The following example is hypothetical and for illustration only.)

Mr Lau has married recently and has just taken out his first mortgage. He hopes to:



Protect his family against mortgage liability should anything unfortunate befall him



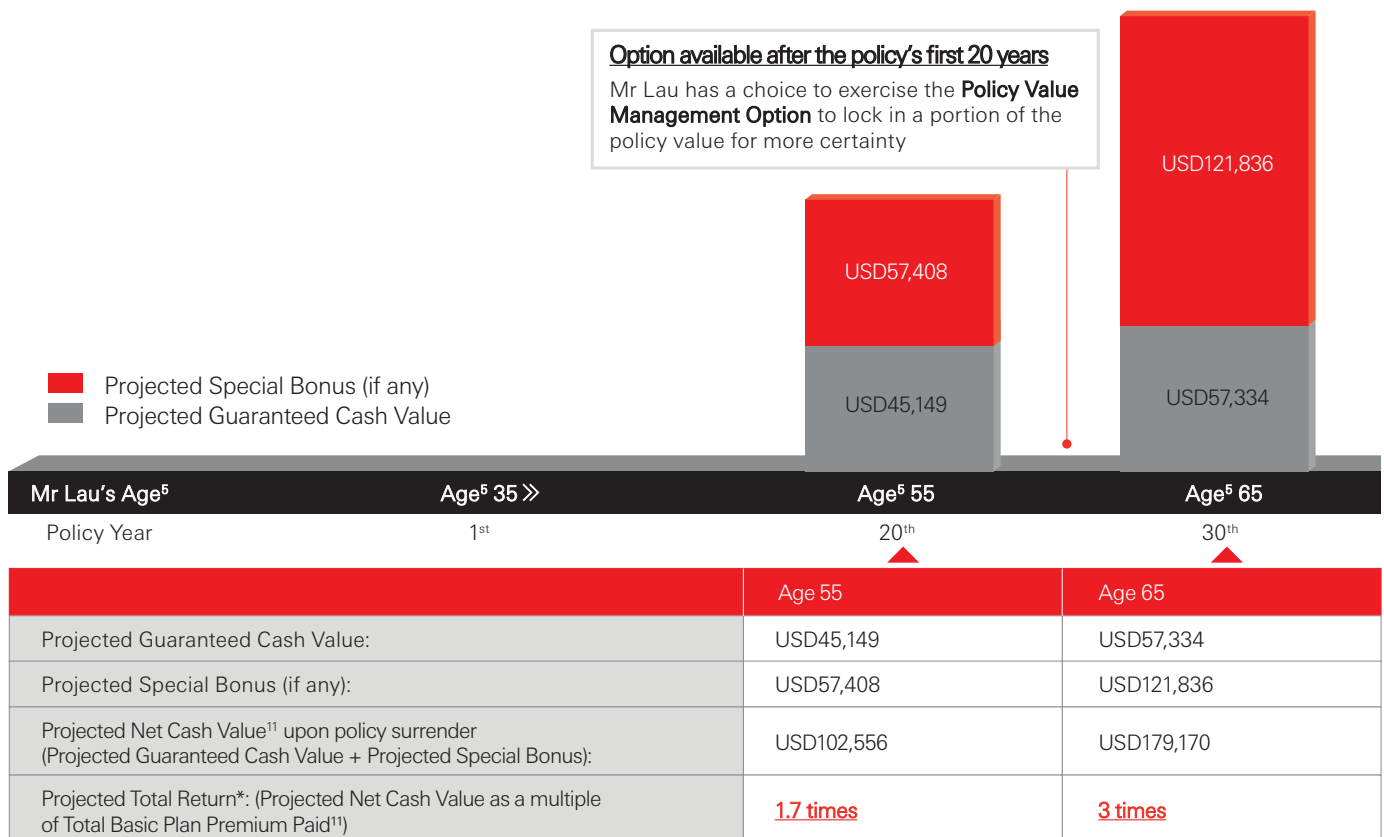
Enjoy life-long protection and potential growth in savings for a fulfilling life with his family

He then decides to purchase Family Goal:

Policyholder and life insured:	Mr Lau	Issue age <sup>5</sup> :	35
Annual premium:	USD6,000	Premium payment term:	10 years
Total annual premium:	USD60,000	Sum Insured (ie. around 3X the total annual premium <sup>1</sup> )	USD180,018

## Scenario 1: How does the plan benefit Mr Lau?

**If Mr. Lau chooses to surrender the Policy at relevant Age<sup>5</sup>**

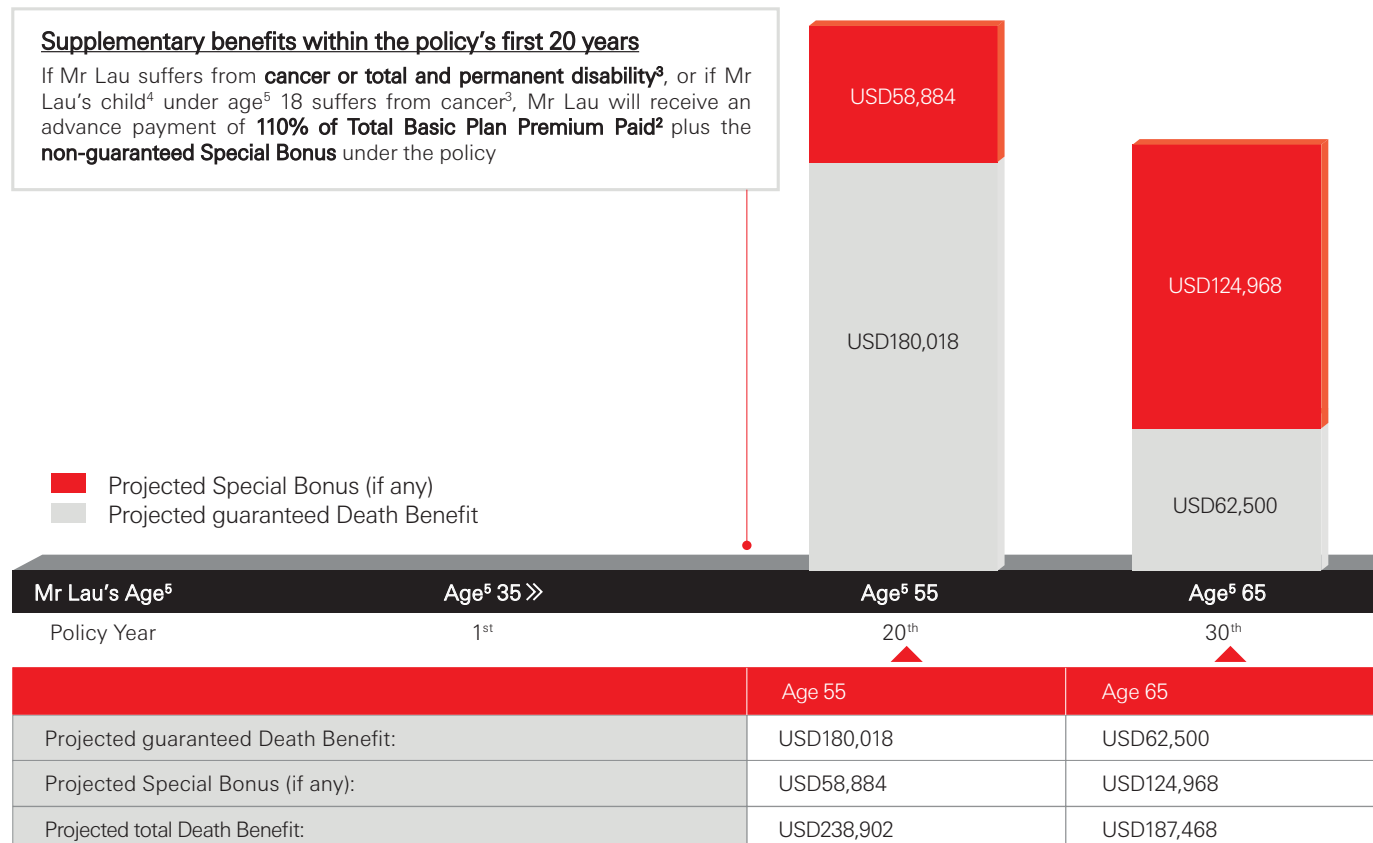


# Example

## If Mr. Lau passes away at relevant Age<sup>5</sup>

### Supplementary benefits within the policy's first 20 years

If Mr Lau suffers from **cancer or total and permanent disability<sup>3</sup>**, or if Mr Lau's child<sup>4</sup> under age<sup>5</sup> 18 suffers from cancer<sup>3</sup>, Mr Lau will receive an advance payment of **110% of Total Basic Plan Premium Paid<sup>2</sup>** plus the **non-guaranteed Special Bonus** under the policy



\* The above projected returns shown in different policy years are calculated using the current assumed investment returns and therefore are not guaranteed. They are illustrated for your reference only and subject to rounding adjustment. Please refer to the "Key risks - Non-guaranteed benefits" for the details of key risk factors.

## Scenario 2: How does the plan benefit Mr Lau if he exercises the Policy Value Management Option at the start of the 21<sup>st</sup> policy year

In contrast to Scenario 1 above, Mr Lau exercises the Policy Value Management Option ("PVMO") at the start of the 21<sup>st</sup> policy year to **lock-in part of the projected Net Cash Value<sup>11</sup> (USD102,556)** from fluctuation in the investment market.

Projected Net Cash Value <sup>11</sup> at the start of the 21 <sup>st</sup> policy year:	USD102,556
Locked-in amount: (Mr Lau decides to lock-in 60% of projected Net Cash Value <sup>11</sup> )	USD61,534 (To be transferred to Policy Value Management Balance)
Remaining balance: (40% of projected Net Cash Value <sup>11</sup> )	USD41,022

Depending on the prevailing market conditions, the projected aggregate cash value (which equals remaining Projected Net Cash Value<sup>11</sup> plus Projected Policy Value Management Balance) at a future point in time (eg. one year later) may be higher or lower than it would have been if Mr Lau had not exercised this option.

# Example

Projected aggregate cash value\* under different market conditions at the end of the 21<sup>st</sup> policy year:

Under current projected investment return	Assume 15% increase in Special Bonus due to favorable market condition	Assume 15% decrease in Special Bonus due to unfavorable market condition
<b>Aggregate cash value <u>without</u> exercising PVMO:</b>		
USD108,346	USD117,661	USD99,029
<b>Aggregate cash value <u>with</u> PVMO exercised:</b>		
USD106,102	USD109,829	USD102,376
<b>Difference in aggregate cash value with PVMO exercised (compared to not exercising PVMO):</b>		
- USD2,244	- USD7,832	+ USD3,347

- If the market rises, the Special Bonus may rise. The aggregate cash value might be lower if Mr Lau has exercised PVMO.
- If the market falls, the Special Bonus may fall. In this case, the exercising of PVMO may help to protect a portion of the Mr Lau policy's net cash value<sup>11</sup> (USD61,534) locked in.

\* It is assumed that no withdrawal from the Policy Value Management Balance has been made and such balance will be accumulated at a non-guaranteed accumulation interest rate of 2% p.a. which may be adjusted by us from time to time.

## Assumptions for the example::

- Mr Lau is a non-smoker.
- No partial surrender has been made during the policy term.
- All premiums have been paid in full during the premium payment period.
- There is no outstanding policy loan while this Policy is in force.
- Special Bonus scale in Scenario 1 remains unchanged from original illustrated throughout the policy term.

## Notes:

- The figures and charts shown in this example are based on the listed assumptions and are subject to rounding adjustments.
- Past, current, projected and/or potential benefits and/or returns such as Special Bonuses and interest presented in this example are not guaranteed and are shown for illustrative purpose only. The actual future amounts of benefits and/or returns may be higher or lower than the currently quoted benefits and/or returns.
- The Special Bonus (if any) is non-guaranteed. The amount of any potential Special Bonus will be determined by us when it becomes payable.
- Scenario 2 of this example only illustrates the potential changes of the aggregate cash value upon exercising the Policy Value Management Option. The Sum Insured and Total Basic Plan Premium Paid<sup>2</sup> under your policy will be adjusted and reduced proportionally if the PVMO is exercised. Please refer to the "Product Summary" section for more details of the option.
- You should also be aware of the impact of inflation over time, which will likely significantly reduce the spending power of accumulated amounts.

# Product summary

## > How can you apply for Family Goal?

<b>Application requirement<sup>8</sup></b>	<p>To apply, your issue age<sup>5</sup> needs to be:</p> <table border="1"> <thead> <tr> <th>For premium payment period of:</th> <th>Issue age<sup>5</sup>:</th> </tr> </thead> <tbody> <tr> <td>5/10-year</td> <td>19 to 55</td> </tr> <tr> <td>15-year</td> <td>19 to 50</td> </tr> <tr> <td>20-year</td> <td>19 to 45</td> </tr> </tbody> </table>	For premium payment period of:	Issue age <sup>5</sup> :	5/10-year	19 to 55	15-year	19 to 50	20-year	19 to 45
For premium payment period of:	Issue age <sup>5</sup> :								
5/10-year	19 to 55								
15-year	19 to 50								
20-year	19 to 45								
<b>Minimum Sum Insured (per policy)</b>	USD25,000								
<b>Underwriting requirement</b>	<p><b>Simplified underwriting (The application will be processed through simplified underwriting if certain conditions are met):</b></p> <p>USD625,000<sup>9</sup> for the life insured aged<sup>5</sup> 50 or below            USD312,500<sup>9</sup> for the life insured aged<sup>5</sup> between 51 and 55</p> <p><b>Full underwriting</b> is required for any Sum Insured amount higher than the above limits.</p>								
<b>Policy term</b>	Up to age <sup>5</sup> 99								
<b>Policy currency</b>	USD								
<b>Premium payment period</b>	5 / 10 / 15 / 20 years (Subject to the above issue age <sup>5</sup> requirements)								
<b>Premium payment option</b>	<p>You may choose to pay your premiums as below:</p> <p>Payment mode:</p> <ul style="list-style-type: none"> <li>• Monthly or annually<sup>10</sup></li> </ul> <hr/> <p>Payment method:</p> <ul style="list-style-type: none"> <li>• From your HSBC bank account, or</li> <li>• By cheque (for initial premium only, not applicable to subsequent premium payments), or</li> <li>• By your HSBC credit card</li> </ul>								

# Product summary

## > What does Family Goal offer?

<p><b>Guaranteed Cash Value</b> – the cash value of your policy at any time during the policy term</p>	<p>Guaranteed Cash Value refers to the cash value of your policy that accumulates over time during the policy term. It is calculated based on the Sum Insured at the relevant time and the cash values table in your policy.</p>
<p><b>Special Bonus</b></p>	<p>The Special Bonus (if any) is non-guaranteed. The amount of any potential Special Bonus will be determined by us when it becomes payable.</p> <p>We will pay the Special Bonus (if any) to you or your beneficiary(ies) when you fully or partially surrender or terminate your policy, when your policy matures or discontinues, or when we pay out the Death Benefit, or the Cancer and Disability (Advance Payment) Benefit<sup>3</sup>, or the Terminal Illness Benefit<sup>6</sup>.</p> <p>If you exercise the Policy Value Management Option, we will allocate a portion of the Guaranteed Cash Value and Special Bonus (if any) to the Policy Value Management Balance to accumulate with interest.</p> <p>We will update you regarding the amount of the Special Bonus (if any) of each policy anniversary on the respective annual statement. Such amounts as shown on the annual statement(s) may be lower or higher than those projected on the earlier annual statement(s) issued. Please refer to section “Key risks – Non-guaranteed benefits” for the details of key risk factors.</p>
<p><b>Policy Value Management Option</b></p>	<p>After the 20<sup>th</sup> Policy Year, if there is no outstanding policy loan or premiums, you may apply to exercise this option to lock in a portion of your policy’s Net Cash Value<sup>11</sup>. The amount you choose to lock in is guaranteed upon exercising this option and will be allocated to the Policy Value Management Balance to accumulate with a non-guaranteed interest rate as determined by us from time to time.</p> <p>The exercise of this option is subject to the following two minimum amount requirements as determined by us from time to time:</p> <ul style="list-style-type: none"> <li>(i) The Net Cash Value<sup>11</sup> to be allocated per transaction; and</li> <li>(ii) The remaining Sum Insured after the exercise of this option</li> </ul> <p>To apply for this option, you must submit a form made available by us. Upon exercising this option, the Sum Insured and Total Basic Plan Premium Paid<sup>2</sup> under your policy will be reduced proportionally, which will result in adjustments in the calculations of Guaranteed Cash Value, Special Bonus (if any) and Death Benefit according to the policy terms. We will issue the revised policy documents to you if your request is approved. After you have exercised this option, you cannot cancel, reverse or terminate the arrangement.</p>
<p><b>Policy Value Management Balance</b></p>	<p>The amount of cash value you have locked in from exercising the Policy Value Management Option, which is allocated to your policy to accumulate with a non-guaranteed interest rate, and less any previously withdrawn amounts.</p> <p>You can withdraw in cash from such balance at any time before your policy matures by submitting a form made available by us.</p>



# Product summary

## > What does Family Goal offer?

<p><b>Surrender Benefit</b> – the amount you will receive if you terminate your policy or a portion thereof</p>	<p>If you surrender your policy anytime, you will receive:</p> <ul style="list-style-type: none"> <li>• The Guaranteed Cash Value;</li> <li>• Plus the Special Bonus (if any);</li> <li>• Plus the Policy Value Management Balance (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul>			
<p><b>Partial Surrender</b></p>	<p>You may partially surrender your policy by reducing the Sum Insured provided that the following two minimum amount requirements are met as determined by us from time to time:</p> <p>(i) a minimum amount of reduction of Sum Insured per transaction; and</p> <p>(ii) a minimum amount of the Sum Insured after such transaction</p> <p>To apply for it, you must submit a form made available by us. If we approve your request, you will receive the Net Cash Value<sup>11</sup> as calculated based on the reduced portion of the Sum Insured. This may include a portion of the Special Bonus (if any) as declared and determined by us based on the reduced portion of the Sum Insured.</p> <p>Upon the reduction of the Sum Insured, the Total Basic Plan Premium Paid<sup>2</sup> under your policy will be reduced proportionally, which will result in adjustments in the calculations of Guaranteed Cash Value, Special Bonus (if any) and Death Benefit according to the policy terms. We will issue the revised policy documents to you once the reduction of Sum Insured has taken effect.</p>			
<p><b>Maturity Benefit</b> – the amount you will receive at the end of the policy term</p>	<p>You will receive a Maturity Benefit which is:</p> <ul style="list-style-type: none"> <li>• The Guaranteed Cash Value;</li> <li>• Plus the Special Bonus (if any);</li> <li>• Plus the Policy Value Management Balance (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul> <p>when the life insured reaches the age<sup>5</sup> of 99.</p>			
<p><b>Death Benefit</b></p>	<p>If the life insured dies during the policy term, the beneficiary(ies) will receive:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Within the first 20 policy years:</p> <ul style="list-style-type: none"> <li>• Sum Insured (around 3X total premiums<sup>1</sup> to be paid);</li> <li>• Plus the Special Bonus (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul> </td> <td style="width: 5%; text-align: center; vertical-align: middle;"> <p>⋮</p> </td> <td style="width: 45%; vertical-align: top;"> <p>After the first 20 policy years:</p> <ul style="list-style-type: none"> <li>• The higher of               <ul style="list-style-type: none"> <li>(i) Total Basic Plan Premium Paid<sup>2</sup> plus an amount of USD2,500; or</li> <li>(ii) Guaranteed Cash Value;</li> </ul> </li> <li>• Plus the Special Bonus (if any);</li> <li>• Plus the Policy Value Management Balance (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul> </td> </tr> </table>	<p>Within the first 20 policy years:</p> <ul style="list-style-type: none"> <li>• Sum Insured (around 3X total premiums<sup>1</sup> to be paid);</li> <li>• Plus the Special Bonus (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul>	<p>⋮</p>	<p>After the first 20 policy years:</p> <ul style="list-style-type: none"> <li>• The higher of               <ul style="list-style-type: none"> <li>(i) Total Basic Plan Premium Paid<sup>2</sup> plus an amount of USD2,500; or</li> <li>(ii) Guaranteed Cash Value;</li> </ul> </li> <li>• Plus the Special Bonus (if any);</li> <li>• Plus the Policy Value Management Balance (if any);</li> <li>• Less any outstanding policy loans, interest and premiums</li> </ul>
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<p><b>Supplementary Benefits</b></p>	<ul style="list-style-type: none"> <li>• <b>Cancer and Disability (Advance Payment) Benefit<sup>3</sup></b></li> <li>• <b>Terminal Illness Benefit<sup>6</sup></b></li> <li>• <b>Unemployment Benefit<sup>7</sup></b></li> </ul> <p>Please refer to the respective terms of the Supplementary Benefits for detailed terms, conditions and exclusions.</p>			

The content in this Product Brochure is for reference only. You should read this together with the respective insurance proposal and the Policy Provisions for more details.

# Important notes

## Cooling-off Period

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

If you are not satisfied with your policy, you have a right to cancel it within the cooling-off period and obtain a refund of any premiums and levies paid. A written notice signed by you together with your policy (if received) should be received by the office of HSBC Life (International) Limited at 18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong within the cooling-off period (that is, 21 days after the delivery of your policy or issue of a notice informing you or your representative about the availability of your policy and expiry date of the cooling-off period, whichever is the earlier).

After the expiration of the cooling-off period, if you cancel your policy before the end of the term, the projected Net Cash Value<sup>11</sup> may be less than the total premium you have paid.

## Suicide

If the life insured dies by suicide within one year of the Issue Date or from the effective date of reinstatement, whichever is later, whether sane or insane, our liability will be limited to the amount paid to us less any amount we may have paid to you since the Policy Date.

## Policy loan

You may apply for a policy loan but the amount you borrow plus any previous unpaid borrowed amount must not exceed 90% of your policy's Guaranteed Cash Value. We will advise you of the rate of interest as determined by us from time to time.

Any Partial Surrender or the exercise of the Policy Value Management Option will reduce the Guaranteed Cash Value. Should the policy loan with interest exceed the Guaranteed Cash Value, we may discontinue your policy.

Please be reminded that when we make any payment to you under your policy, we will deduct any outstanding loan, interest and premiums from the amount otherwise payable. Our claim for any outstanding loan, interest and premiums will be prior to any claim made by you, your beneficiary(ies), the assignee(s) or other persons under your policy.

## Tax reporting and financial crime

You are required to provide us with information that we may occasionally request from you regarding you and your policy so that we can comply with certain obligations to legal or regulatory bodies, government or tax authorities in Hong Kong and overseas. If you fail to provide us with such requested information, or if you place/expose us or any of our Group members at financial crime risk, we may:

- Take necessary actions so that we or our members can meet our/their obligations;
- Be unable to provide new, or continue to provide all services to you;
- Be required to withhold payments or benefits that would otherwise be due to you or your policy and pay them to tax authorities; and
- Terminate your policy

In the event that any benefit or payments is withheld or your policy is terminated by us as a result of any of the above reasons, the amount you receive plus the total amount you have received before policy termination (if any) may be less than what you have paid. We recommend that you seek your own independent professional advice on your tax liabilities and tax positions related to your policy.

# Important notes

## Termination conditions

We have the right to terminate your policy under any of the following circumstances:

- If you cannot make the overdue premium payments by the end of the Grace Period; or
- The Policy Loan with accrued interest exceeds the Guaranteed Cash Value; or
- We reasonably consider that by continuing your policy or our relationship with you, we may break any laws or a member of our Group may be exposed to action or censure from any authority; or
- We have the right to terminate according to any Supplementary Benefits terms

Please refer to the Policy Provisions for more details of the termination conditions.

## Applicable laws

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

## Missing premium payment

We will give you a 30-day Grace Period for making premium payments. If you cannot make the payment by the end of the Grace Period, we will grant you an automatic premium loan to cover the unpaid premium provided that the Net Cash Value<sup>11</sup> of your policy calculated immediately before the due date of the relevant unpaid premium is greater than the amount of the unpaid premium. We will apply interest on such a loan at a rate determined by us from time to time. If the Net Cash Value<sup>11</sup> at the time is not enough to cover the unpaid premium, your policy will be discontinued and we will pay you the Net Cash Value<sup>11</sup> as at the due date of the first unpaid premium.

# Key risks

Please take note of the following key risks before taking out the Family Goal policy:

## Credit and insolvency risks

Family Goal is an insurance policy issued by us. **You are subject to our credit risk** because all your premiums paid become part of our assets. You do not have any rights or ownership over any of our assets. You can only claim against us under all circumstances.

## Non-guaranteed benefit

**The scale for calculating the Special Bonus (if any) is not guaranteed and will be determined by us from time to time.** Whether the Special Bonus is payable and the size of the Special Bonus to be paid **depend on the investment performance of the assets supporting the policies, as well as other factors including but not limited to, claims, lapse experience, expenses and the long-term expected future performance.** The key risk factors are described below:

- **Investment risk factors** – The investment performance of the assets supporting the policies could be affected by changes in interest rates and expectations of it (which affect both interest earnings and values of assets), fluctuations in prices of growth assets and various market risks including, but not limited to, currency risk, credit spread and default risk
- **Claims factors** – The actual experience of mortality and morbidity is uncertain which may lead to a higher than expected claim or living benefit payment and impact the overall performance of the product
- **Persistency factors** – The actual experiences of policy surrender (full or partial), policy lapse and exercise of Policy Value Management Option are uncertain, and therefore has impacts on both the current performance and future return of the policies' portfolio
- **Expense factors** – The actual amount of any direct expenses (eg. commission, underwriting, policy acquisition and maintenance expenses) and indirect expenses (eg. general overhead costs) incurred and allocated to the group of policies may be higher than expected and may impact the overall product performance
- Interests earned on the Policy Value Management Balance (where applicable) are not guaranteed and may be adjusted by us from time to time

## Risk from delayed or missing premium payments

Delayed or missed payments may lead to a discontinuation of your policy. As a consequence, you will only receive an amount which may be significantly less than the premiums you paid.

## Risks from surrender

In the event that you have to fully or partially surrender your policy in the early years, you may receive an amount significantly less than the premiums paid.

# Key risks

Please take note of the below key risks before taking out the Family Goal policy:

## Liquidity risk

**We would expect you to keep your policy for the entire policy term. In the event that you have liquidity needs for any unexpected events, you may apply for a policy loan or surrender your policy** in full or in part for cash pursuant to the policy terms. However, **this may cause your policy to discontinue or to be terminated earlier than the original policy term. There is always a risk that you could only receive an amount which may be less than the premiums you paid.**

If you exercise the Policy Value Management Option, the aggregate cash value (an amount equal to the Net Cash Value<sup>11</sup> plus Policy Value Management Balance, if any) under your policy at a future point in time may be lower or higher than if you have not exercised such option.

## Inflation risk

You must take into account the **risk of inflation, which will likely cause the future cost of living to rise.** With inflation in place, you should expect that **you or your assigned beneficiary(ies) will receive an amount that is less in real terms in the future,** even if we have done our best to serve your policy.

## Policy currency risk

**You are exposed to exchange rate risks.** If you choose (i) to set a foreign currency as your policy currency, or, (ii) to pay premiums or receive benefits in currencies other than the policy currency, **the actual amount you paid or received will then be subject to the prevailing exchange rate** determined by us between the policy currency and the local/payment currencies. You must take note that exchange rate fluctuations may affect your payment amounts including premium payments, levy payments and benefit payments.

# More about participating policy

We issue participating life insurance policies providing both guaranteed and non-guaranteed benefits. The guaranteed benefits may include the death benefit, guaranteed cash value and other benefits that vary depending on your chosen plan. The non-guaranteed benefits comprise the policy dividends which allow policyholders to share in the financial performance of the life insurance operation.

For HSBC Family Goal Insurance Plan, the policy dividends, if any, is in the form of:

**Special Bonus** which is declared upon early termination of the policy due to, for example, death or surrender, the exercise of Policy Value Management Option or at policy maturity.

The Special Bonus amount may change from time to time based on the performance over the life of the policy before the time of declaration and prevailing investment market conditions. The actual amount will not be determined until it is payable.

Please refer to the "Product Summary" section of this brochure for more details.

## What factors will affect your Special Bonus?

Special Bonus (if any) is not guaranteed; the size of the Special Bonus and whether it is payable depends on factors including but not limited to:

- The investment performance of the assets supporting the policies;
- Claims, lapses, and expenses experiences; and
- The long-term expected future performance of the investment and other experiences mentioned above

If the performance over the long term is better than expected, the Special Bonus paid would increase. If performance is below expectation, the Special Bonus paid would decrease.

Please refer to the "Key risks – Non-guaranteed benefit" section of this brochure for more details.

## What are the key benefits of participating policies?

The key feature of participating policies over other forms of insurance policies is that in addition to the guaranteed benefits, you will also benefit from an additional Special Bonus payment if the investment performance is better than that required to support the guaranteed benefits. The better the performance, the greater the Special Bonus, and, conversely, the worse the performance, the lower the Special Bonus.

# More about participating policy

## Dividend philosophy

### Establishing a risk-sharing mechanism

We have a clear interest in the performance of your participating policy as our participating business operates on the principle of sharing risks between you and ourselves to achieve a reasonable balance. We regularly review the Special Bonus levels payable to you. Both the past actual performance and management's expectation of the long-term future performance will be assessed against the assumed level. If variances arise, considerations will be undertaken regarding sharing these with you through Special Bonus adjustments.

### Fairness across policyholder groups

To ensure fairness between policyholders of participating products, we will carefully consider the experience (including investment performance) of various policy groups such as products, product generations and currencies so that each policy group will receive a fair return based mainly on its own performance. To balance the interest between you and us, a dedicated committee formed from a group of professionals will provide independent advice on managing the participating policies and determining the Special Bonus.

### Stable long-term returns

When considering adjusting the Special Bonus scales, we strive to maintain a more stable payout to you by smoothing. This means the Special Bonus levels will only be changed if the actual performance is significantly different from the assumed level over a period of time, or if management's long-term future performance expectations change substantially.

We may also reduce the extent of smoothing or even stop smoothing the effects of the change in asset values for a time in the determination of the Special Bonus. We would do this to protect the interests of the remaining policyholders. For example, we may reduce smoothing when payouts with smoothing are higher than payouts without smoothing.

## Investment policy and strategy

We follow an asset strategy that

- i) helps to ensure that we can meet the guaranteed benefits that we have committed to you;
- ii) delivers competitive long-term returns to you through Special Bonus; and
- iii) maintains an acceptable level of risk

The assets supporting the participating policies consist of fixed income and growth assets. The **fixed income assets** predominately include fixed income assets issued by corporate entities with good credit ratings (average A-rated or above) and long-term prospects. **Growth assets**, including equity-type investments and alternative investments such as property, private equity or hedge funds, as well as structured products including derivatives, are utilised to deliver returns that are more reflective of economic performance over the long term.

Our investment portfolios are well diversified across various types of assets, and are invested in varied geographical markets (mainly Asia, the United States and Europe), currencies (mainly US dollars) and industries. The assets are carefully managed and monitored according to our own acceptable level of risk.

# More about participating policy

## Target asset allocations

Asset type	Long-term target allocation percentage
Fixed Income Assets (government bonds, corporate bonds and alternative credit such as infrastructure debt)	30%-50%
Growth Assets	50%-70%

Note: there could be slight deviation from the above range due to market fluctuation.

We consider other factors when deciding the actual asset allocations, including, but not limited to:

- Past investment performance of the assets supporting the policies;
- Current and expected future market conditions;
- Guaranteed and non-guaranteed benefits of the policies;
- The acceptable risk level of the policies; and
- Expected economic growth after adjustment for inflation over a period of time

Subject to our investment policy, actual asset allocation could deviate from the above long-term target allocation from time to time.

For policies with the Policy Value Management Option exercised, the assets supporting the Policy Value Management Balance are 100% invested into fixed-income assets.

## Accumulation interest rate

You can choose to exercise the Policy Value Management Option to allocate a portion of the Net Cash Value<sup>11</sup> to the Policy Value Management Balance to accumulate with interest (if applicable).

Interest rates are not guaranteed, and will be reviewed by us regularly with reference to the following factors:

- Portfolio bond yields;
- Prevailing market conditions;
- Expectations of future bond yields; and
- The likelihood and duration of policyholders leaving their payment for accumulation

The policy of determining the Special Bonus (if any) and accumulation of interest rates may be reviewed and adjusted by us from time to time. For more updated information, please visit our website [<https://www.personal.hsbc.com.hk/1/2/hk/insurance/life/detail#policy>]. You may also visit the above website to refer our dividend history. The past or current performance of our business may not be a guide for future results.



# Endnotes

- 1 The Sum Insured as a percentage of the total premiums expected to be paid over the full premium period is a rounded percentage that varies depending on your chosen premium payment mode. If you choose monthly payments, such percentage will be lower due to higher amount of total annual premiums projected to be paid.
- 2 Total Basic Plan Premium Paid refers to the total amount of premiums due for the Basic Plan (whether or not actually paid) as of the life insured's date of death.
- 3 Cancer and Disability (Advance Payment) Benefit will terminate upon the 20<sup>th</sup> policy year. Your policy will terminate once we pay this benefits to you. Any pre-existing condition from which the life insured was suffering prior to the Issue Date, the Policy Date or the effective date of the last reinstatement, whichever is the latest, will be excluded. We will only pay cancer claim if the one-year waiting period has passed.
- 4 Child means a biological and adopted son or daughter, step-son, step-daughter of the life insured who is of age<sup>5</sup> under 18.
- 5 Age means the age of the life insured or the policyholder where applicable at his/her next birthday.
- 6 Terminal Illness Benefit will terminate on the Policy Anniversary at which the life insured attains the age<sup>5</sup> of 65, or payout of such benefit or your policy is terminated (whichever is the earliest). Your policy will terminate once we pay this benefit.
- 7 Unemployment benefit is applicable to any policyholder aged<sup>5</sup> between 19 and 55 years who is the holder of a Hong Kong Identity card. The benefit will terminate on the policy anniversary at which the policyholder attains the age<sup>5</sup> of 65 or all due premiums have been paid or your policy is terminated (whichever is the earliest).
- 8 Application for Family Goal is subject to our relevant requirements on your and/or the life insured's nationality and/or addresses and/or residency as determined by us from time to time.
- 9 Your proposed Sum Insured and the total Sum Insured of all the pending applications and effective policies of Goal Access Universal Life Plan (Protection), Goal Access Universal Life Plan (Education), WholeLife Protection Plan, Lifetime Protection Plus, Target Protection Plus, Lifestyle Wealth Protection Plus, Lifestyle Protection Plus, Lifestyle Retirement Protection Plus, Lifestyle Education Protection Plus, HSBC Term Protector and this HSBC Family Goal Insurance Plan for each proposed life insured subject to simplified underwriting shall not exceed HKD5,000,000/USD625,000 (for Proposed life insured aged<sup>5</sup> 50 or below) or HKD2,500,000/USD312,500 (for Proposed life insured aged<sup>5</sup> above 50). Full underwriting will be applied otherwise.
- 10 If you choose to pay your premiums monthly for a policy year, the total premium paid for that policy year will be higher than if you pay annually.
- 11 Net Cash Value means an amount equal to the Guaranteed Cash Value plus Special Bonus less any outstanding policy loan, interest and premiums.

# More information

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

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

**Call** 2233 3131

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

**Visit** any HSBC branch

# HSBC Family Goal Insurance Plan

**HSBC Life (International) Limited**

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

**Hong Kong SAR office**

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

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

The Hongkong and Shanghai Banking Corporation Limited (referred to as "HSBC") is an insurance agent of the Company. HSBC Family Goal Insurance Plan is underwritten by the Company and it is only intended for sale through HSBC in the Hong Kong SAR.

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

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

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HSBC Life (International) Limited is the proud winner of the following awards:



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