

PRUcash XPO

Enjoy extra flexibility to add protection at different stages of life with 5% yearly cashback



Life & Savings Insurance

PRUDENTIAL
英國保誠



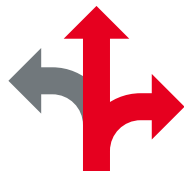
PRUcash XPO

PRUcash XPO is a different kind of endowment insurance. Unlike other ordinary insurance plans, you can get the cash out of your policy sooner. You will receive a Yearly CashBack equivalent to 5% of the sum assured annually (starting from the end of the 2nd policy year), and in the meantime, you can enjoy life and disability protections. What's more, in case you have stepped into a new stage in life following special events such as marriage or childbirth, you will have a privileged option to increase your protection and provide for the additional responsibility while enjoying a guaranteed insurability. Now with **PRU**cash XPO, you'll know that effective saving can be hassle-free!

PRUcash XPO at a glance



Enjoy 5% Yearly CashBack -
in whichever way
you like



Yearly CashBack
Options



Welcome your new stage
in life with Xtra Coverage



Enjoy extra bonuses
on maturity



Earn interest on the
Yearly CashBack



Enjoy double protections
while achieving
your saving goal



Widen your safety net
with optional benefits

The benefits

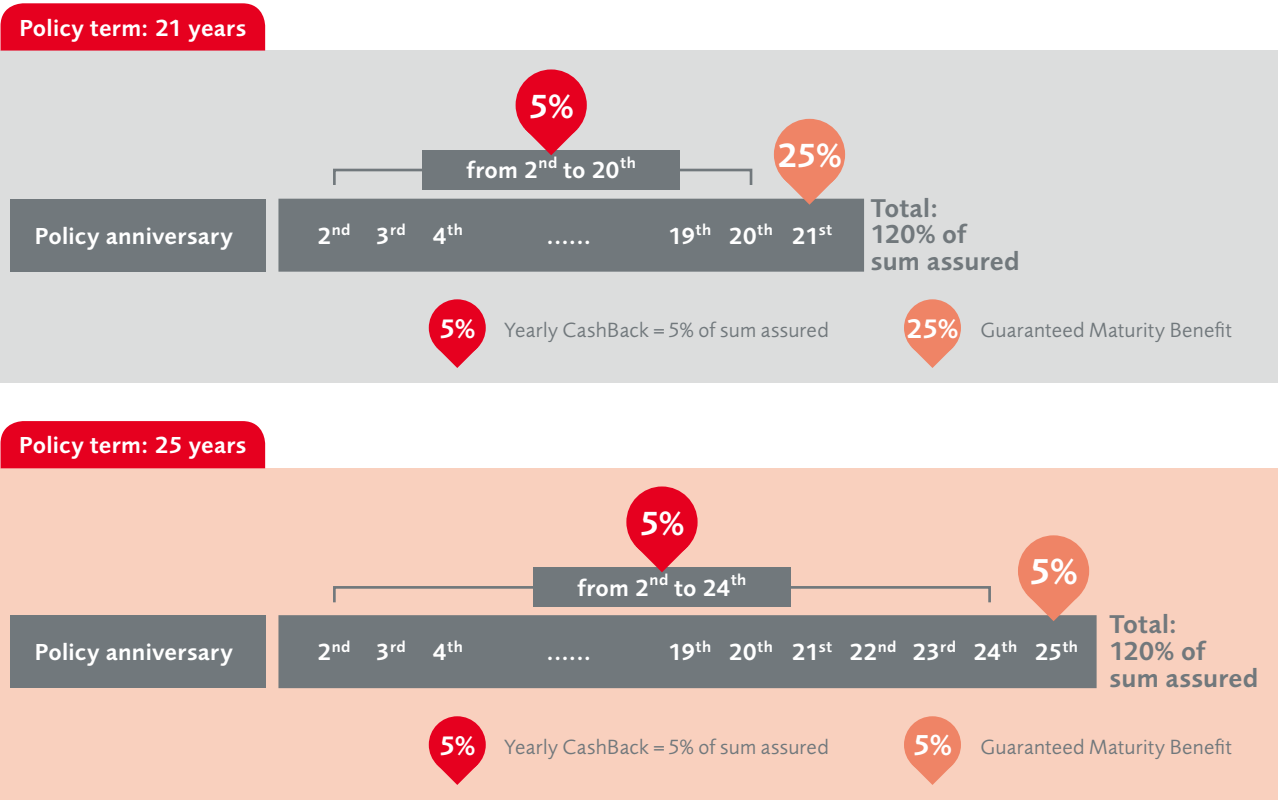


Enjoy 5% Yearly CashBack - in whichever way you like

PRUcash XPO is an endowment insurance plan available to those aged 18 to 35 (age next birthday). With **PRU**cash XPO, you can cultivate your wealth for a better future without delay while enjoying life. Each year, you will receive a Yearly CashBack equivalent to 5% of the sum assured starting from the end of the 2nd policy year. In total, you will receive 120% of the sum assured (total Yearly CashBack plus Guaranteed Maturity Benefit) plus all potential bonuses over the policy term.

You will have full control over the usage of your Yearly CashBack. Whether it is to go travelling with your loved ones, buying yourself a gift, accumulating your Yearly CashBack to earn interest or even using it to pay for your future premium, **PRU**cash XPO allows you total freedom to decide how you spend your money.

Schedule of Yearly CashBack and Guaranteed Maturity Benefit as a % of sum assured



Yearly CashBack Options

- a. Withdrawal – take the money and realise your plans; or
- b. Accumulate interest with Yearly CashBack – you can accumulate the Yearly CashBack to enjoy interest¹ ; or
- c. Pay for future premium – you can use your Yearly CashBack to pay for future premium by depositing into the Premium Deposit Account.



Welcome your new stage in life with Xtra Coverage

We understand your insurance needs will not be the same once you have stepped into a new stage in life, so **PRUcash XPO** brings you **Xtra Purchase Option**, guaranteeing you the right to purchase additional sum assured without the need to present any health evidence. Regardless of the state of your health, **Xtra Purchase Option** allows you to obtain additional insurance up to twice the aggregate sum assured of your existing **PRUcash XPO**². You can exercise the option once upon the occurrence of a special event of your life³, of your choosing, which includes:

- getting married;
- having a baby;
- buying a new home; and
- starting up a business.



Enjoy extra bonuses on maturity

Apart from the accumulated Yearly CashBack, you will also have an opportunity to share in the profits of Prudential's With-Profits Fund through **Reversionary Bonus** and **Special Bonus**, which will be declared annually starting from the 3rd policy anniversary onwards. By participating in our With-Profits Fund through the plan, you can receive your share of distributable profits, if any, from our With-Profits Fund in the form of non-guaranteed bonuses. No less than 90% of the distributable profit from our With-Profits Fund will be allocated to With-Profits policyholders. The calculation of the distributable profit of With-Profits Fund is performed separately and is not the same as that of the total profits of Prudential Hong Kong Limited. The bonuses will be payable upon death or policy maturity and the projected (non-guaranteed) maturity value as a percentage of total basic premium paid can possibly reach 174%⁴. Please refer to the "More about **PRUcash XPO**" section for the details of bonuses.



Earn interest on the Yearly CashBack

The Yearly CashBack left with Prudential will earn interest. The current rate is 4%⁵ per annum.



Enjoy double protections while achieving your saving goal

PRUcash XPO is an endowment plan combining savings with life protection. No matter how many times you have received Yearly CashBack, in case of death happening while the policy is in force, a sum equal to the sum assured plus bonuses (if any) will be paid.

In addition, **PRUcash XPO** further extends your protection by providing an **Accelerated Disability Benefit**⁶. In case of total and permanent disability continuously for more than 180 days as a result of injury or illness before the policy anniversary immediately after the person covered by the policy (the "life assured") reaches age 70 (age next birthday), 100% of the death benefit will be advanced to you.



Widen your safety net with optional benefits

You may also add supplementary benefits to your **PRUcash XPO** in meeting your personal needs. **PRUcash XPO** offers a variety of benefit choices ranging from medical, accidental and waiver of premium, which can suit your requirements along the different stages of your life.

Illustrative example



Mr. Chan, 25 years old (age next birthday), non-smoker, USD 20,000 sum assured

Policy Term (Yrs)	Annual Premium	Total Yearly CashBack Payout before maturity (1)	Projected amount receivable at maturity		Projected (non-guaranteed) total amount received over the policy term = (1) + (2) + (3)
			Guaranteed (2)	Non-guaranteed (3)	

CashBack Option: Payout

21	USD 2,006	USD 19,000	USD 5,000	USD 34,175	USD 58,175
25	USD 1,834	USD 23,000	USD 1,000	USD 40,701	USD 64,701

CashBack Option: Accumulate

21	USD 2,006	N/A	USD 24,000	USD 43,953	USD 67,953
25	USD 1,834	N/A	USD 24,000	USD 55,783	USD 79,783

Projected (non-guaranteed) maturity value as a percentage of total premiums
174%

Projected (non-guaranteed) rate of return at maturity (p.a.)
4.03%

The current illustrated interest rate of 4% p.a. for Accumulated Yearly CashBack is not guaranteed and is subject to change without notice. As the bonus rates are not guaranteed, the actual benefits payable will vary at the discretion of the Company.

Please also refer to our With-Profits Plan brochure available at www.prudential.com.hk/withprofits for information (such as investment philosophy and bonus philosophy) on your With-Profits Plan and the operation of a With-Profits Fund.

More about PRUcash XPO

Premium term/Benefit term/Issue age/ Currency option

Premium term/ Benefit term	Issue age (age next birthday)	Currency option
21 years	18 – 35	USD
25 years		

Bonuses

- Consists of two types of non-guaranteed bonuses: a reversionary bonus and a special bonus. These may be considered as an annual bonus and a one-off bonus respectively.
- Bonuses are normally declared annually according to the declared bonus rates which can be changed from time to time, may vary for different currency options, and are not guaranteed.
- Bonuses are declared from the third policy anniversary for regular-premium plans.
- The declared bonuses have a face value which will be paid out in the event of death of the life assured or maturity.
- The reversionary bonus can accumulate within the policy, allowing your savings to grow with time. Once declared, the face value of the reversionary bonus is guaranteed.
- The special bonus is an additional one-off bonus; the declared bonus may rise and fall and does not accumulate within the policy. It does not form a permanent addition to the policy value.
- Bonuses also have a non-guaranteed cash value. The cash values of the bonuses are not guaranteed and are determined by a cash value discount factor, which may vary.
- In the event of policy surrender or termination (other than due to death of the life assured or maturity), the non-guaranteed cash value – not the face value – of the bonuses shall be paid out.
- You may encash the cash value of the accumulated reversionary bonus and its corresponding special bonus from the policy on request, although this will reduce the long-term value of the policy.
- We have the right to determine bonus rates, cash values and frequency of declaration at our sole discretion.
- The illustrative figures of the bonuses can be found in the illustration proposal. We calculate these figures based

on our current bonus projections and declaration principles, and assume that none of the bonuses have previously been encashed. They are shown for illustration only and cannot be regarded as guarantees or estimates of future bonuses. The actual values paid may be higher or lower than those illustrated.

Factors affecting the bonuses

The bonuses we pay are not guaranteed and are subject to review and adjustment at our discretion. Factors that may affect them include (but not limited to):

- i. Investment performance factors – your plan's performance will be affected by the return on its underlying investment portfolio. This could be driven by:
 - interest earnings from fixed-income securities and dividend from equity-type investments (if any);
 - capital gains and losses from investment assets;
 - counterparty default risk of fixed-income securities (such as bonds);
 - investment outlook; and
 - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.
- ii. Claims factors – Our historical claims experience on death and/or other covered benefits, and projected future costs of providing death benefit and/or other covered benefits.
- iii. Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.
- iv. Persistency factors – Policy persistency and any partial surrenders of a group of policies may impact the bonus we pay to the continuing policies.

The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at https://www.prudential.com.hk/bonushistory_WPPAR_en explains the bonus history.

Surrender value

Upon policy surrender, we will pay a surrender benefit equal to:

- the guaranteed cash value; **plus**
- the non-guaranteed cash value of the reversionary bonus (if any) and the non-guaranteed cash value of the special bonus (if any); **plus**
- the Accumulated Yearly CashBack (if any); **less**
- any outstanding loans and interest.

Maturity benefit

Upon policy maturity, we will pay a maturity benefit equal to:

- the Guaranteed Maturity Benefit; **plus**
- the face value of the reversionary bonus (if any) and the face value of the special bonus (if any); **plus**
- the Accumulated Yearly CashBack (if any); **less**
- any outstanding loans and interest.

Death benefit

In the event of death of the life assured, we will pay a death benefit equal to:

- the sum assured; **plus**
- the face value of the reversionary bonus (if any) and the face value of the special bonus (if any); **plus**
- the Accumulated Yearly CashBack (if any); **less**
- any outstanding loans and interest.

Premium discount

Premium discount per USD 1,000 sum assured.

Sum assured	≥ USD 200,000	≥ USD 300,000	≥ USD 400,000	≥ USD 500,000
Premium discount	0.2	0.3	0.4	0.5

E.g. If the sum assured is USD 400,000 and the premium pay mode is annual, the premium discount for each premium payment would be USD 160 (USD 400,000 / 1,000 X 0.4).

Termination of this plan

We will terminate this plan when the first of these happens:

- death of the life assured; or
- the plan reaches its end of benefit term; or
- your policy is surrendered; or
- you fail to pay your premium within one calendar month from the date it is due and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- if the total outstanding amount owing to us under your policy exceeds the cash value of your policy.

Termination of Xtra Purchase Option

We will terminate the **Xtra Purchase Option** when the first of these happens:

- the **Xtra Purchase Option** reaches its end of benefit term; or
- the **Xtra Purchase Option** in any **PRU**cash policies issued to the life assured has been exercised; or
- the basic plan has matured or has been surrendered, terminated or converted to a reduced-paid up policy.

Remarks

- 1 Interest rate is determined of the discretion of Prudential. In the event of non-payment of premium, the accumulated Yearly CashBack will be used to pay for premium due.
- 2 The sum assured of the new policy shall not exceed USD 250,000 or twice the aggregate Sum Assured of all in force **PRU**cash XPO policies (excluding any bonus additions), whichever is smaller.
- 3 **Xtra Purchase Option** is exercisable once only even if two or more **PRU**cash XPO policies are issued to the life assured; is exercisable if you have an insurable interest in the life of the life assured at the time of application for a new life insurance policy; and is only exercisable at or before age 45 (age next birthday) of the life assured and within 3 months after the occurrence of any life events of the life assured. Satisfactory evidence should be provided with the appropriate application form. The new policy must be a life insurance plan with cash value including investment-linked plans. We shall determine the premium for such new policy based on the applicable premium rate and the age of the life assured at the time of application for a new life insurance policy. If your original plan (under the original policy) is subject to special terms and conditions, such special terms and conditions shall apply to such new policy. The sum assured of the new policy shall not exceed USD 250,000 or two times the aggregate sum assured of all in-force **PRU**cash policies with **Xtra Purchase Option** issued to the life assured (excluding any bonus additions), whichever is smaller.
- 4 This figure is calculated based on the sum assured of USD 20,000 (**PRU**cash XPO 25) for a non-smoking male at issue age of 25 (age next birthday), accumulating the Yearly CashBack without withdrawal and is for reference only. It is calculated based on current projections of bonus rates and current illustrated interest rate of 4% p.a. which are not guaranteed. Besides, it is assumed that there is no policy loan, change of sum assured or encashment of any cash value of bonuses while the policy is in force. The figure is rounded to the nearest whole number.
- 5 This rate is not guaranteed and can be adjusted by Prudential without notice.
- 6 The **Accelerated Disability Benefit** is only offered to life assured who is aged 18-35 (age next birthday) at policy issuance, holds a Hong Kong Identity Card and is residing in Hong Kong. Prudential reserves the right of the final decision to offer the benefit.

Investment philosophy

Investment strategy

Our investment objective is to balance policyholders' returns with an acceptable level of risk. We do this through a broad mix of investments which aims to protect the rights and manage the reasonable expectations of all With-Profits policyholders.

The With-Profits Fund invests in various types of assets, such as equities, property, government/corporate bonds and cash, to diversify investment risks. This multi-asset approach targets stability over the long term.

We adopt an advanced and actively managed investment strategy which we adjust in response to changing market conditions. Under normal circumstances, our risk management and investment experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee, and vice versa. In doing so, we aim to match the level of risk to the risk profiles of our products.

The following paragraphs explain the current investment ranges according to our current investment strategy. If we make any material changes to the investment strategy, we will inform you afterwards and explain the reasons behind them and their implications.

The investment mix of your plan

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

Asset Type	Allocation (%)
Fixed income instruments	54%
Equity-type security	46%

- **Current long-term target ranges of asset mix for USD fund underlying PRUcash XPO, by security type**

We invest in fixed-income type securities to back our guaranteed liabilities to policyholders. Our primary investment objective is to maintain a highly diversified credit profile in the fixed-income portfolio.

We primarily invest in long-term US Treasury securities and investment-grade corporate bonds. We also include a small portion of high-yield and emerging-market bonds to further improve yield.

We also invest in equity-type securities which aim to provide policyholders with the potential for a greater return. In general, we invest most of the equity-type investments in common stocks. We also include a small portion of properties and other equity-like investments to further improve long term expected return.

Because of different product features and risk profiles, the proportion of fixed-income and equity-type securities investment varies for each product.

- **Current long-term target ranges of currency mix for USD fund underlying PRUcash XPO**

We invest a greater proportion of assets in USD dominated assets, which has the same currency as the underlying policies, to reduce currency risks which may affect non-guaranteed benefits. We may invest a portion of the fund in other currencies to allow for a wider investment scope.

Our current practice is to currency-match our fixed income asset purchases with the underlying policy's currency denomination. If fixed income assets are not denominated in the same currency as the underlying policies, we will enter into currency hedges as much as practically possible to offset any impact from currency fluctuations. In contrast, we give more flexibility to equity-type assets where those assets can be invested in other currencies in order to benefit from diversification.

- **Current long-term target ranges of geographic mix for USD fund underlying PRUcash XPO**

Greater relative allocation of assets to the US is targeted for the USD fund. Moreover, our strategy is to invest globally to achieve diversification benefits.

We actively manage and adjust actual exposure in response to changing market conditions, opportunities and asset availability on the market. Additionally, we regularly review long-term targets, i.e. equity allocation, asset mix, credit mix, currency mix, and geographical mix, etc., in line with our investment objectives and risk appetite. For more information on the asset mix, credit mix, currency mix, and geographical mix, please refer to the summary tables made available at www.prudential.com.hk/investmentmix_en.

Key risks

How our credit risk could affect your policy?

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

How currency exchange rate risk affects your return?

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to applicable exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies.

What are the risks of surrendering your plan or withdrawing money from your plan?

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

How inflation affects the value of your plan?

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future, even if the plan offers increasing benefit intended to offset inflation.

What happens if you do not pay your premiums?

You should only apply for this product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums by an Automatic Premium Loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.

Important information

Cancellation right

A customer who has bought the life insurance plans has a right to cancel the policy within the cooling-off period and obtain a refund of any premium(s) paid less any withdrawals. Provided that no claim has been made, the customer may cancel the policy by giving written notice to us within 21 days after: (1) the delivery of the policy or (2) the issuance of a notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer/his/her representative, whichever is earlier. The premium will be refunded in the currency of premium payment at the time of application for this policy. If the currency of premium payment is not the same as the plan currency, the refundable premium amount in plan currency under this policy will be converted to the currency of premium payment at the prevailing currency exchange rate as determined by us in our absolute discretion from time to time upon payment. After the cooling-off period expires, if a customer cancels the policy before the end of benefit term, the actual cash value (if applicable) may be substantially less than the total amount of premiums paid.

Automatic Exchange of Financial Account Information

Over 100 countries and jurisdictions around the world have committed to adopt new rules for automatic exchange of financial account information ("AEOI"). Under the new rules, financial institutions are required to identify account holders who are foreign tax residents and report certain information regarding their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will then provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

Hong Kong has adopted the new rules into its legislation (please see the Inland Revenue (Amendment) (No. 3) Ordinance 2016 ("the Amendment Ordinance") which came into effect on 30 June 2016). Therefore, the above requirements will be applicable to financial institutions in Hong Kong including Prudential. Under these rules, certain policyholders of Prudential are considered as "account holders." Financial institutions in Hong Kong including Prudential are required to implement due diligence procedures to identify account holders (i.e. policyholders in case where the financial institution is an insurance company) and in the case where the account holder is an entity, its "controlling persons," who are foreign tax residents, and report this information to the Inland Revenue Department ("IRD") if required. The IRD may transfer this information to the country of tax residence of such account holders.

In order to comply with the law, Prudential may require you, the account holder, to:

- (1) complete and provide us with a self-certification form with information regarding your tax residence status, your tax identification number in your country or countries of tax residence, your date of birth, and in the case where the policyholder is an entity (for example, a trust or a company), the classification of the entity that holds the policy and information regarding "controlling persons" of such entities;
- (2) provide us all required information and documentation for complying with Prudential's due diligence procedures; and
- (3) advise us of any change in circumstances which affect your tax residence status and provide us with a suitably updated self-certification form within 30 days of such change in circumstances.

According to the due diligence procedures set out in the Amendment Ordinance, self-certifications are required from account holders for all new accounts. As for pre-existing accounts, if a reporting financial institution has doubts about the tax residence of an account holder, it may require a self-certification from the account holder to verify its tax residence.

Prudential cannot provide you with any tax or legal advice. If you have doubts about your tax residence you should seek professional advice. You should seek independent professional advice on the impact that AEOI may have on you or your policy.

An account holder who knowingly or recklessly provides a statement that is misleading, false or incorrect in a material particular in making a self-certification to a reporting financial institution is liable on conviction to a fine at level 3 (HK\$10,000).

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: http://www.ird.gov.hk/eng/tax/dta_aeoi.htm.

Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at 2281 1333 for more details.

Notes

PRUcash XPO is underwritten by Prudential Hong Kong Limited ("Prudential"). This brochure is for reference only. It does not represent a contract between Prudential and anyone else. You should read carefully the risk disclosures and key exclusions (if any) contained in this product brochure. For further details and the terms and conditions of this plan, please ask Prudential for a sample of the policy document.

Prudential has the right to accept or decline any application based on the information provided by the policyholder and/or life assured in the application.

Please cross your cheque and make it payable to "Prudential Hong Kong Limited".

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