

PRUlife saver

Build savings and protect loved ones with one insurance plan



Life & Savings Insurance

PRUDENTIAL
英國保誠 

PRUlife saver

Savings and protection are essential elements of financial success. **PRUlife saver** is for those who want to build long-term wealth while protecting their family's finances against mishap.

How it works

PRUlife saver is a **whole life insurance plan** featuring two elements: "**PRUlife saver – Savings**" and "**PRUlife saver – Protection**". **PRUlife saver – Savings** helps you save in our With-Profits Fund while both elements will protect your loved ones against the financial impact of mishap.

The first step in taking out a new plan is to consider the level of protection necessary for your family. A range of premium terms and currencies are available to suit your financial needs.



The benefits



Long-term savings

Savings growth within **PRU**life saver may come from three sources: a guaranteed cash value; a non-guaranteed reversionary bonus; and a non-guaranteed special bonus.

The guaranteed cash value builds over time during your policy years. The guaranteed cash value will only be paid upon policy surrender or termination.

The plan offers you the opportunity to earn potential returns through two non-guaranteed bonuses: the reversionary bonus and special bonus. By participating in our With-Profits Fund via the **PRU**life saver – Savings, 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.

You can access the cash value from the plan to support your financial needs at different life stages. You may encash the cash value of the reversionary bonus and its corresponding special bonus, although this will reduce the long-term policy value.

More detailed information on bonuses and cash value withdrawal is found in the "More about **PRU**life saver" section below.

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.



Life protection and accelerated disability benefit

Whatever premium term you choose, **PRU**life saver offers lifetime protection with death benefit.

In case of total and permanent disability due to injury or illness, the plan offers an advanced death benefit pay-out in the form of an accelerated disability benefit. In simple terms, the death benefit may be paid out before death in case of total and permanent disability. Should the person covered by the policy (the "life assured") suffer from total and permanent disability continuously for more than 180 days before the policy anniversary immediately after the life assured reaching age 70 (age next birthday ["ANB"]), the death benefit will be paid out early and the policy will be terminated.

The accelerated disability benefit requires additional underwriting. The life assured must hold a regular-premium plan, be aged between 19 and 65 (ANB) at the time of policy issue, hold a Hong Kong Identity Card and live in Hong Kong at the time of application.

Please refer to the "More about **PRU**life saver" section for the details of death benefit.



Optional benefits for utmost peace of mind

We offer a range of optional benefits which may be attached to **PRU**life saver. These include critical illness, accident, medical coverage and other benefits that may be relevant to you. Underwriting is required before issuing some optional benefits, while some age restrictions may also apply. Optional benefits are only available for regular-premium plans that are denominated in HKD or USD.

More about PRUlife saver

Plan type

Basic plan

Benefit term

Whole life

Premium terms/Issue age/Currency options

Premium term	Issue age (ANB)	Currency option
Single	19-65	HKD/RMB/USD
5-year	19-65	
10-year	19-65	
15-year	19-65	
20-year	19-65	HKD/USD
30-year	19-55	
Until age 60 (ANB)	19-50	
Until age 65 (ANB)	19-55	
Until age 85 (ANB)	19-65	

Premium structure

The premium will remain constant throughout the premium term. Designated premium rate applicable for each issue age, gender, premium term, currency, smoking class and risk class of the life assured.

Bonuses

- Consists of the two types of non-guaranteed bonuses: the reversionary bonus and the 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 or the first policy anniversary in the case of single-premium plans.
- The declared bonuses have a face value which will be paid out in the event of death of the life assured.
- The reversionary bonus can accumulate within the policy, allowing your savings to grow with time. Once declared, the face value of 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), 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 policy value.
- We have the right to determine bonus rates, cash values and frequency of declaration at our sole discretion.

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.

Cash value withdrawal

- You can choose to withdraw the guaranteed and non-guaranteed cash value from the policy by reducing the sum assured.
- As a result of sum assured reduction, the subsequent guaranteed cash value, bonuses (if any) and the total premium paid for the death benefit calculation will also be reduced. Therefore, the cash value withdrawal will reduce both death benefit and surrender value payable.

Surrender value

Upon policy surrender, we will pay a surrender value for your policy 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); **less**
- any loans and interest.

Death benefit

In the event of the 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).

Furthermore, we guarantee that the death benefit amount of the plan will be no less than the total premium paid, subject to the deduction of any benefit we paid and any assurance charge in respect of **PRU**life saver – Protection we refunded to you under the basic plan, any cash value of reversionary bonus and its corresponding special bonus encashed during the policy term.

In addition, any applicable loans and interest will be deducted from the death benefit amounts.

The assurance charge of **PRU**life saver – Protection (where the assurance charge rate is subject to review and adjustment by us) will be deducted from your share of the With-Profits Fund in each calendar month during the term of the policy.

Note: The death benefit will be reduced if **PRU**life saver – Protection is not in force under the policy. For more details, please refer to the policy documents.

Premium discount

Premium discount per HKD / RMB / USD 1,000 sum assured.

Sum assured	≥ HKD 800,000 / RMB 600,000 / USD 100,000	≥ HKD 1,600,000 / RMB 1,200,000 / USD 200,000
Single premium payment	1.7	2.4
Regular premium payment	0.4	0.7

Sum assured	≥ HKD 2,400,000 / RMB 1,800,000 / USD 300,000
Single premium payment	2.7
Regular premium payment	1.0

E.g. If the sum assured is HKD 800,000, the premium discount for single premium term would be HKD 1,360 (HKD 800,000 / 1,000 × 1.7).

Termination of this plan

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

- death of the life assured; or
- you fail to pay your premium within one calendar month grace period from the date it is due and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- your policy is surrendered; or
- the total outstanding amount (including interest) owed to us under the policy exceeds 90% of the sum of the guaranteed cash value and the cash value of the reversionary bonus of this policy.

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 (%) USD- / HKD- denominated policies	Allocation (%) RMB-denominated policies
Fixed income instruments	47%	60%
Equity-type security	53%	40%

- Current long-term target ranges of asset mix for USD, HKD and RMB funds* underlying PRUlife saver, 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.

USD fund	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.
HKD fund	We invest in a higher proportion of investment-grade corporate bonds compared with the USD fund. This is due to the limited supply of long-term Hong Kong government bonds.
RMB fund	We invest in a mixture of government bonds and investment-grade corporate bonds.

* "USD fund", "HKD fund" and "RMB fund" refer to the investment funds used to support USD-denominated, HKD-denominated and RMB-denominated policies respectively.

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, HKD and RMB funds underlying PRUlife saver**

We use assets in the USD, HKD and RMB funds to support USD-denominated, HKD-denominated and RMB-denominated policies respectively.

USD fund	• We invest a greater proportion of assets in the currency of the underlying policies to reduce currency risks which may affect non-guaranteed benefits.
HKD fund	
RMB fund	• 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, HKD and RMB funds underlying PRUlife saver**

Greater relative allocation of assets to the US and to Asia Pacific (excl. Japan) is targeted for the USD and HKD/RMB funds respectively. 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 may 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 (including that for Renminbi – “RMB”) may fluctuate. As a result, you may incur a substantial loss when you choose to convert your payout benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to applicable currency 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. Please also note that the RMB is not freely convertible at present, and its conversion through banks in Hong Kong is subject to applicable banking and regulatory requirements.

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.

What influences non-guaranteed assurance charge?

We set the assurance charge rate based on our claims experience at our discretion. We may review and adjust the rate for any particular risk classes at any time without prior notice.

What are the risks of investing in RMB-denominated assets?

For RMB policies, the investment strategy of the With-Profits Fund associated with the plan includes investing in RMB-denominated assets. The investment performance of RMB-denominated assets will affect the investment yield experience of the With-Profits Fund associated with the plan. Also, investing in RMB-denominated assets is subject to applicable laws, regulations and guidelines issued by relevant regulatory authorities from time to time. Any change of the applicable laws, regulations and guidelines may lead to updates to the investment strategy and may affect the associated investment performance.

Important information

Limited offer period for RMB currency option

The RMB currency option of this plan is offered for a limited period only and is subject to a quota limit. We reserve the right to withdraw this currency option from the market at any time at our sole discretion without prior notice, regardless of whether or not we have received your policy application. If we decide to withdraw the currency option after we have received your application, we will return your original premium in the original amount and premium payment currency without interest.

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 (HKD 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_aeo.html.

Need more details? Get in touch

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

Notes

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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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Prudential Hong Kong Limited

(A member of Prudential plc group)

8/F, Prudential Tower

The Gateway, Harbour City, 21 Canton Road

Tsim Sha Tsui, Kowloon, Hong Kong

Customer Service Hotline: 2281 1333

Corporate Website

www.prudential.com.hk

