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Life protection & savings  
IncomePartner Deferred  
Annuity Plan



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

Build your golden  
years just the way  
you want



Product brochure

Planning a rewarding future for yourself and your loved ones is something you should undertake today. Whether it is a once-in-a-lifetime holiday, an indulgent experience or just knowing your living expenses are well covered after retirement – these life comforts are within your reach. Whatever your dreams are, **IncomePartner Deferred Annuity Plan** provides you the financial resources to pursue your dreams: with the assurance of steady and guaranteed income - plus a few protection perks - you can enjoy the rewarding golden years ahead.

## Qualifying Deferred Annuity Policy (“QDAP”)

### Smart tip:

The “annuitant” in this product brochure shall carry the same meaning as the “Insured” as defined in the policy contract.



# IncomePartner Deferred Annuity Plan

**IncomePartner Deferred Annuity Plan** (“**IncomePartner**”), a participating deferred annuity insurance plan, allows you to accumulate wealth and build your retirement plan flexibly to enjoy your leisure life in your golden years. Apart from tax incentive and options to choose your annuity period, **IncomePartner** also enables you to defer the annuity start date or to leave the annuity payment with us to earn interest<sup>1</sup>.



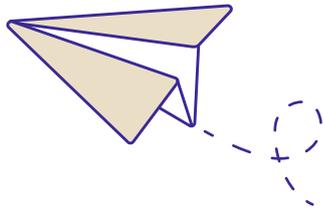
## **IncomePartner Rewards Programme<sup>2</sup>** (the “**Rewards Programme**”)

Upon successful application for **IncomePartner**, you may enjoy promotional monthly guaranteed annuity payments throughout the entire annuity term.

The promotional monthly guaranteed annuity payments under the **Rewards Programme<sup>2</sup>** are reflected in the Internal Rate of Return and illustrative examples in this product brochure.

*Note: The availability of the **Rewards Programme** is limited. AXA reserves the right to alter and terminate the **Rewards Programme** at any time without prior notice.*

## Highlights



Relish a hassle-free application experience



Enjoy a steady stream of income



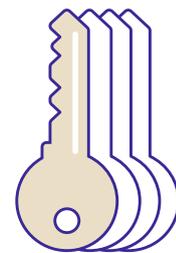
Flexibility to craft your retirement solution



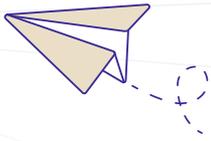
Boost your wealth with upside potential returns



Embrace your protection with tax incentive



Quadruple security with extra and optional protections



## Relish a hassle-free application experience

Reap the benefits of a simple application experience: with no medical underwriting required<sup>3</sup>, **IncomePartner** takes the hassle out of the application process so you can start your saving journey earlier than expected!



## Enjoy a steady stream of income

**IncomePartner** provides both monthly guaranteed and non-guaranteed annuity payments during your selected annuity period. So whether you want some financial help to kickstart your early retirement or crave security with regular income for your golden years, the choice is yours!



## Flexibility to craft your retirement solution

**IncomePartner** also gives you the flexibility to craft your retirement solution depending on your current and future needs. You can choose:

- ✓ Premium payment term of 5 / 10 years; and
- ✓ Annuity period of 10 / 20 years; and
- ✓ Annuity start age can be as early as age 50<sup>4</sup>; and
- ✓ Option to defer the start of your income stream up to age 75<sup>5</sup>; and
- ✓ Annuity payment option allows you to have the monthly annuity payment paid out in cash to the annuitant or you can choose to leave with us to accumulate for interest<sup>1</sup>. Any change of your annuity payment option will be free of charge.



## Boost your wealth with upside potential returns

Apart from the steady stream of monthly guaranteed annuity payments, you can also benefit from the upside potential returns. The table below illustrates the minimum and maximum of the Internal Rate of Return of **IncomePartner**.

### Internal Rate of Return (“IRR”) <sup>6,7,8,9</sup>

The following IRR table is based on a non-smoking male aged 45, and the IRR will vary by different factors, including annuity start age and premium payment mode.

Premium payment term	Annuity period	Minimum guaranteed IRR	Maximum guaranteed IRR	Minimum total IRR	Maximum total IRR
5 years	10 years	1.6%	2.5%	3.3%	4.7%
5 years	20 years	1.7%	2.3%	3.8%	4.7%
10 years	10 years	1.0%	2.3%	2.8%	4.6%
10 years	20 years	1.2%	2.1%	3.5%	4.6%



**Smart tip:** QDAP is designed to be held for long term. Should you terminate this policy early or cease paying premiums early, you may suffer a significant loss.

For details of early surrender, please refer to the section **IncomePartner at a glance**.

## Illustrative example 1

(The example below is solely for illustrative purposes. The graph below is not drawn to scale.)

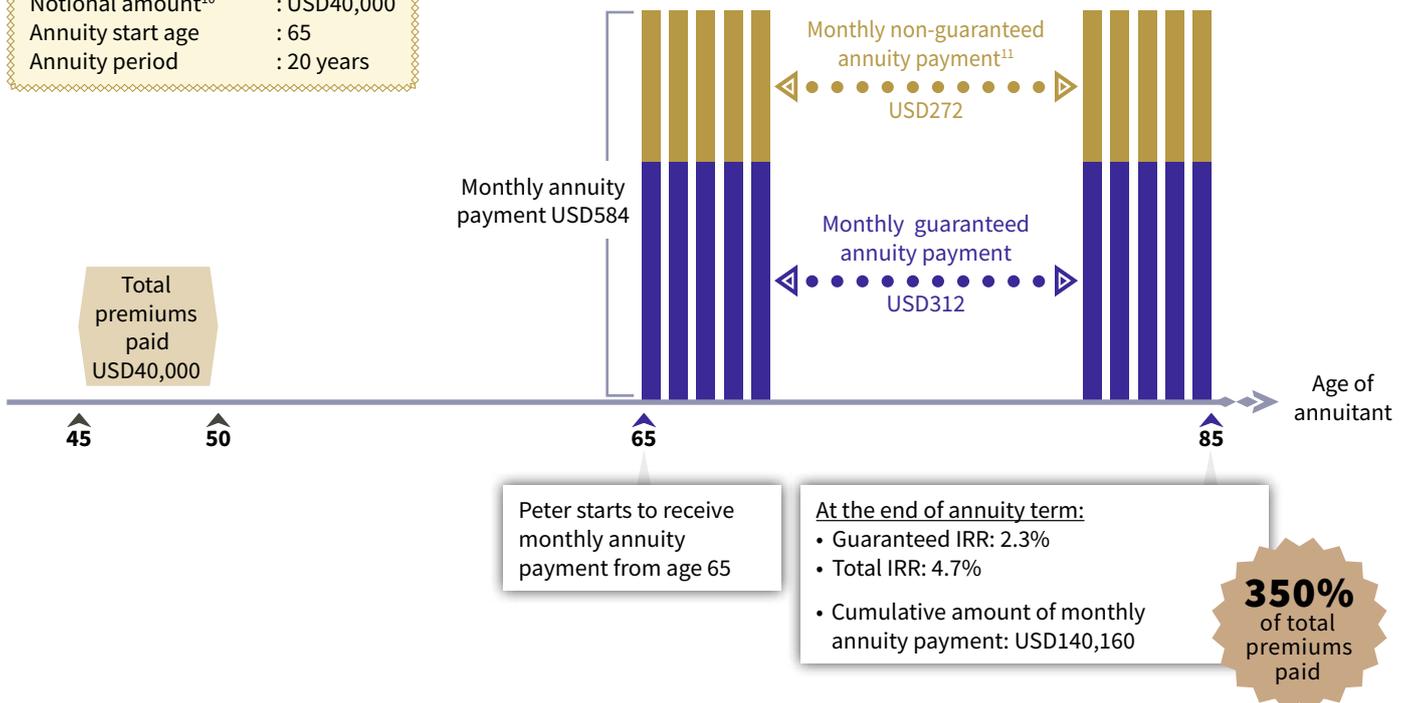


### A worry-free retirement<sup>6,7,8,9</sup>

After striving for career success for years, Peter wants to retire as planned to pursue his other dreams. Peter plans to pay an annual premium of USD8,000 for 5 years and receive the monthly annuity payment in cash for 20 years starting from age 65. He decides to take out an **IncomePartner** policy.

- Policy owner and annuitant : **Peter (Age 45, a non-smoker)**
- Occupation : **Accountant**
- Family status : **Single**

Premium payment term	: 5 years
Annual premium	: USD8,000
Notional amount <sup>10</sup>	: USD40,000
Annuity start age	: 65
Annuity period	: 20 years



Note: For the IRR under other premium payment terms and annuity periods, please refer to the IRR table on P.3.

Peter manages his wealth smartly with **IncomePartner**. He can enjoy stable monthly annuity payments throughout his retirement, enabling him to start something new and enjoy his golden years.

## Illustrative example 2

(The example below is solely for illustrative purposes. The graph below is not drawn to scale.)



### Your choice of annuity start date<sup>5,6,7,8,9</sup>

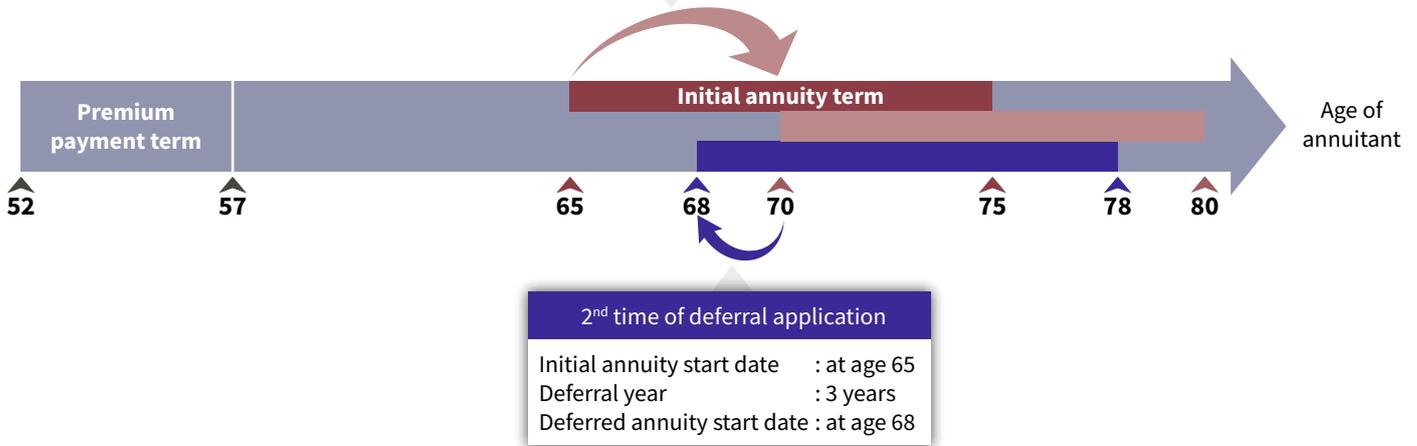
Bonnie wants to prepare for her retirement earlier, so she can achieve her retirement goal easier. However, she understands that life is full of unanticipated challenges. She hopes her retirement plan can flexibly cater to her needs, which may be evolving before she retires. She decides to take out an **IncomePartner** policy.

Bonnie pays an annual premium of USD9,600 for 5 years. At the time of application, she selects to receive the monthly annuity payment in cash starting from age 65 with a 10-year annuity period. At the age of 58, she decides to continue her career so she defers to start the monthly annuity payment at age 70. While she reaches age 65, she thinks she is getting ready to retire so she finally decides to start the monthly annuity payment at age 68.

- Policy owner and annuitant : **Bonnie (Age 52, a non-smoker)**
- Occupation : **Marketing manager**
- Family status : **Married with a son**

Premium payment term	: 5 years
Annual premium	: USD9,600
Total premiums paid	: USD48,000
Notional amount <sup>10</sup>	: USD48,000
Annuity period	: 10 years

1 <sup>st</sup> time of deferral application	
Initial annuity start date	: at age 65
Deferral year	: 5 years
Deferred annuity start date	: at age 70



2 <sup>nd</sup> time of deferral application	
Initial annuity start date	: at age 65
Deferral year	: 3 years
Deferred annuity start date	: at age 68

At the end of annuity term	Initial annuity start date (at age 65)	Latest deferred annuity start date (at age 68)
Cumulative amount of monthly guaranteed annuity payment (or monthly guaranteed deferred annuity payment <sup>12,13,14</sup> when the annuity start date is deferred)	USD66,816	USD66,816
Cumulative amount of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment <sup>11</sup> (or monthly guaranteed deferred annuity payment <sup>12,13,14</sup> and monthly non-guaranteed deferred annuity payment <sup>12,13,14</sup> when the annuity start date is deferred)	USD91,008	USD102,556
Cumulative amount of monthly annuity payment (or monthly deferred annuity payment when the annuity start date is deferred) (as % of total premiums paid)	190%	214%

With **IncomePartner**, Bonnie has the flexibility to change the annuity start date. She can plan ahead for her retirement with peace of mind even in the face of evolving needs.



## Embrace your protection with tax incentive

**IncomePartner** is a Qualifying Deferred Annuity Policy (“QDAP”) eligible for tax deduction which is certified by the Insurance Authority. Such certification is not a recommendation or endorsement of **IncomePartner**, nor does it guarantee the commercial merits of **IncomePartner** or its performance, and that the Insurance Authority does not take any responsibility for the contents of the product brochure, makes no representation as to its accuracy or completeness, expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the product brochure. The plan features tax incentive which also aims to give you accessible, continuous, quality and transparent annuity protection.

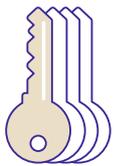
Individual applicants can enjoy a maximum tax deductible limit up to HKD60,000<sup>15</sup> annually for qualifying annuity premiums paid while married couples can enjoy a maximum tax deductible limit up to HKD120,000<sup>15</sup> amongst themselves, provided that the deduction claimed by each taxpayer does not exceed the individual limit of HKD60,000<sup>15</sup>. With tax savings, you may consider to add extra protection to protect yourself and your loved ones in your golden years.

For eligibility of tax deductions, please refer to **Tax deduction** under the section Important information and the website of the Inland Revenue Department (“IRD”) or to contact the IRD directly for any tax related enquiries.



### Smart tip:

Please note that the above-mentioned tax incentive would not be relevant to people who do not have taxable income, such as retirees aged 65 or above.



## Quadruple security with extra and optional protections

Life is full of both rewards and challenges, and sometimes accidents and injuries can strike at any time. That is why we want to offer an extra peace of mind for you and your family in the event of any unforeseen event.



### Additional life protection to care for your family

Should the worst ever happen to the annuitant, **IncomePartner** provides death benefit to the designated beneficiary.

Death benefit is equal to the higher of:

- (i) a percentage (the “Applicable Rate”) of an amount equal to the “total notional premiums<sup>16</sup>” less “sum of notional monthly guaranteed annuity payment<sup>17</sup>” where the Applicable Rate is 101% from the 1<sup>st</sup> policy year to the 10<sup>th</sup> policy year, and 120% from the 11<sup>th</sup> policy year and onward; and
- (ii) sum of cash value<sup>18</sup> and any terminal dividend<sup>11</sup> payable, as at the time of death of the annuitant

⊕ any amount left with us to accumulate for interest<sup>#</sup>

⊖ any indebtedness and outstanding premiums (if applicable)

\* For details of death benefit, please refer to the section **IncomePartner at a glance** and illustrative example 3.



### Complimentary extended grace period benefit<sup>19</sup>

Allows you to enjoy an extended grace period for premium payment up to 365 days if you are laid off or made redundant, thereby providing support to you and your family during difficult times.

Please note any outstanding premiums during the grace period (or extended grace period, if applicable) are not qualified for tax deduction. Please also note that you may or may not enjoy tax deduction on all or part of the overdue premiums paid during or after the grace period (or extended grace period, if applicable).



### Terminal illness benefit<sup>20</sup>

Advanced payment of death benefit if the annuitant is first diagnosed as suffering from terminal illness and the benefit is paid to the annuitant if the annuitant is still alive at time of payment.



### Optional protection including Accident Protector First 3 Years Free Supplement<sup>21</sup>

Optional supplements including accident protection up to USD62,500 with the first three years' premium waived. Other than this, you can also combine **IncomePartner** with a wide range of optional supplements such as critical illness, medical, accident and disability protection to meet your personal needs.

Please note any premiums paid for any supplements attached to **IncomePartner** will not be qualified for tax deduction.

### Illustrative example 3

(The example below is solely for illustrative purposes. The graph below is not drawn to scale.)



### The most precious family<sup>6,7,8,9</sup>

Family is always the top priority for David. He would like to accumulate wealth for his ideal retirement life with his loved ones as early as he can. In addition, he wants to provide adequate protection for his family to prepare for the unexpected as he is the breadwinner of the family. He decides to take out an **IncomePartner** policy with an annual premium of USD2,500 for 10 years. He wants to receive the monthly annuity payment for 20 years.

Even if David unfortunately passes away, we will provide a death benefit to his designated beneficiary.

- Policy owner and annuitant : **David (Age 35, a non-smoker)**
- Occupation : **Secondary school teacher**
- Family status : **Married with a son and a daughter**

Premium payment term	: 10 years
Annual premium	: USD2,500
Total premiums paid	: USD25,000
Notional amount <sup>10</sup>	: USD25,000
Annuity start age	: 50
Annuity period	: 20 years



	At age 43 (the 8 <sup>th</sup> policy year)	At age 48 (the 13 <sup>th</sup> policy year)	At age 65 (the 30 <sup>th</sup> policy year)
Applicable Rate	101%	120%	120%
Total notional premiums <sup>16</sup>	USD20,000	USD25,000	USD25,000
Sum of notional monthly guaranteed annuity payment <sup>17</sup>	N/A	N/A	USD27,000
Sum of cash value <sup>18</sup> and any terminal dividend <sup>11</sup> paid	USD14,275	USD27,775	USD11,725
Total death benefit (A)	USD20,200	USD30,000	USD11,725
Cumulative amount of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment <sup>11</sup> (B)	N/A	N/A	USD43,650
Total benefits paid (A) + (B)	USD20,200	USD30,000	USD55,375
Total benefits paid (as % of total premiums paid)	101%	120%	222%

With **IncomePartner**, David can secure his retirement with stable and long-term annuity payment, while he can also ensure his loved ones are covered against the unforeseen event.

## IncomePartner at a glance

Premium payment term	5 years / 10 years		
Benefit period	From policy inception to end of annuity period		
Issue age	Annuity start age	Annuity period	
		10 years	20 years
	50	18 - 40	18 - 40
	55	18 - 45	18 - 45
	60	18 - 50	18 - 50
	65	18 - 55	18 - 55
	70	18 - 60	
	75	18 - 65	
Premium	Fixed and guaranteed		
Minimum annual premium	Premium payment term	Minimum annual premium	
	5 years	USD4,800	
	10 years	USD2,400	
Minimum notional amount <sup>10</sup>	USD24,000		
Annuity start age	Annuity period	Annuity start age	
	10 years	Age 50 / 55 / 60 / 65 / 70 / 75	
	20 years	Age 50 / 55 / 60 / 65	
Annuity period	10 years / 20 years		
Deferral year <sup>5</sup>	You may postpone your annuity start date up to age 75 provided that your annuity period has not yet started		
<b>GUARANTEED</b> cash value <sup>18</sup>	Available upon policy surrender		
Monthly annuity payment	Monthly <b>GUARANTEED</b> annuity payment	Level and steady monthly income during your selected annuity period	
	Monthly non-guaranteed annuity payment <sup>11</sup>	Potential monthly income during your selected annuity period	
	Any indebtedness will be deducted from monthly annuity payment when payable		
Annuity payment option	Annuity payment option allows you to have the monthly annuity payment paid out in cash to the annuitant or you can choose to leave with us to accumulate for interest <sup>1</sup>		
Other non-guaranteed benefits	Terminal dividend <sup>11</sup> May be payable <ul style="list-style-type: none"> <li>■ upon policy surrender; or</li> <li>■ at policy maturity; or</li> <li>■ on the death of the annuitant; or</li> <li>■ when terminal illness benefit<sup>20</sup> becomes payable</li> </ul>		

## IncomePartner at a glance (con't)

Deferred annuity payment	<p>If your annuity start date is deferred: Original monthly guaranteed annuity payment and monthly non-guaranteed annuity payment<sup>11</sup> (if any) will be payable to the policy for accumulation after deduction of any outstanding indebtedness during initial annuity term. The aggregate balance of these annuity payments and interest<sup>1</sup> accrued on such accumulated annuity payments is referred to as “Combined Annuity Balance”</p>		
	Monthly <b>GUARANTEED</b> deferred annuity payment <sup>12,13,14</sup>	Level monthly income withdrawn from the Combined Annuity Balance during the deferred annuity term	
	Monthly non-guaranteed deferred annuity payment <sup>12,13,14</sup>	Potential monthly income withdrawn from the Combined Annuity Balance during the deferred annuity term	
Surrender value	<p>Cash value<sup>18</sup>                      ⊕ any amount left with us to accumulate for interest*                      ⊕ any terminal dividend<sup>11</sup> payable at the time                      ⊖ any indebtedness and outstanding premiums (if applicable)                      If you surrender the policy at the end of the 1<sup>st</sup> policy year, you will receive surrender value of amount as set out below:</p>		
	Premium payment term	Surrender value per each USD10,000 of premium paid <sup>^</sup>	Surrender value as % of premium paid <sup>^</sup>
	5 years	USD2,000	20%
	10 years	USD1,500	15%
<p><sup>^</sup> Assuming annual premium payment mode</p>			
Maturity benefit	<p>Any amount left with us to accumulate for interest*                      ⊕ any terminal dividend<sup>11</sup> payable at the time                      ⊖ any indebtedness and outstanding premiums (if applicable)</p>		
Life protection	<p>Death benefit is equal to the higher of:                      (i) a percentage (the “Applicable Rate”) of an amount equal to the “total notional premiums<sup>16</sup>” less “sum of notional monthly guaranteed annuity payment<sup>17</sup>” where the Applicable Rate is 101% from the 1<sup>st</sup> policy year to the 10<sup>th</sup> policy year, and 120% from the 11<sup>th</sup> policy year and onward; and                      (ii) sum of cash value<sup>18</sup> and any terminal dividend<sup>11</sup> payable, as at the time of death of the annuitant                      ⊕ any amount left with us to accumulate for interest*                      ⊖ any indebtedness and outstanding premiums (if applicable)</p>		
Extended grace period benefit <sup>19</sup>	Starting from the 2 <sup>nd</sup> policy year, extension of grace period for premium payment up to 365 days if you are made redundant or laid off during the premium payment term		
Terminal illness benefit <sup>20</sup>	Death benefit payable in advance upon the first diagnosis of terminal illness of the annuitant		

\* This is applicable if (a) the annuity start date is deferred or (b) you choose or have ever chosen to leave the monthly annuity payments with us to accumulate for interest<sup>1</sup>.

• Under (a), such amount includes any (1) accumulated monthly guaranteed annuity payment; (2) accumulated monthly non-guaranteed annuity payment<sup>11</sup>; (3) accumulated monthly guaranteed deferred annuity payment<sup>12,13,14</sup>; (4) accumulated monthly non-guaranteed deferred annuity payment<sup>12,13,14</sup>; and (5) interest<sup>1</sup> accrued on such accumulated annuity payments.

• Under (b), such amount includes any (1) accumulated monthly guaranteed annuity payment; (2) accumulated monthly non-guaranteed annuity payment<sup>11</sup>; and (3) interest<sup>1</sup> accrued on such accumulated annuity payments.

For details of non-guaranteed benefits, please refer to **Dividend philosophy** under the section Important information.

## Important information

### Cooling-off period

If you are not completely satisfied with the policy, you have the right to cancel it by returning the policy and giving written request. Such letter of request must be signed by you and received directly by our Customer Service at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong within 21 days after the delivery of the policy or issue of the notice (informing about the availability of the policy and the expiry date of the cooling-off period) to you or your representative, whichever is earlier. The policy will then be cancelled and a refund of any premium(s) paid will be returned to you on the condition that no claim has been admitted.

### Tax deduction

Please note that the QDAP status of this product does not necessarily mean you are eligible for tax deduction available for QDAP premiums paid. This product's QDAP status is based on the features of the product as well as certification by the Insurance Authority and not the facts of your own situation. You must also meet all the eligibility requirements set out under the Inland Revenue Ordinance and any guidance issued by the Inland Revenue Department of HKSAR before you can claim these tax deductions.

Any general tax information provided is for your reference only, and you should not make any tax-related decisions based on such information alone. You should always consult with a professional tax advisor if you have any doubts. Please note that the tax law, regulations or interpretations are subject to change and may affect related tax benefits including the eligibility criteria for tax deduction. We do not take any responsibility to inform you about any changes in the laws and regulations or interpretations, and how they may affect you.

### Non-guaranteed benefits

#### Dividend philosophy

The plan is designed to provide both life insurance protection and growth potential for savings through a combination of:

- (a) guaranteed benefits, such as cash value, monthly guaranteed annuity payment, terminal illness benefit, and death benefit; and
- (b) monthly non-guaranteed annuity payment and terminal dividend (collectively "dividends").

#### How do we determine your dividends?

The premiums from you and the owners of other policies pooled together will form a participating fund and will be invested. We will make deductions for expenses, surrenders, claims, charges and profit sharing from this participating fund, while it earns investment returns. The value of this participating fund is called the "asset share". It is an important reference to help us determine your dividends.

When we determine the amount of the dividends of your policy, we will take into account the following:

- (a) the asset share;
- (b) both the current and the expected future amount of guarantees; and
- (c) the returns we expect the participating fund to earn in the future.

In the plan, profit and loss arising from investment, claims, expenses and policy persistency will impact your asset share. To align our interest with yours, we aim to ensure a fair sharing of the profit and loss of the participating fund between policy owners and shareholders.

Your participating policy is designed to be held for long term. When we determine your dividends, we also take into account the policy duration, and they are adjusted downward in the early policy years to reflect this.

#### What will affect your dividends?

We consider the past performance and future outlook of the following factors when determining your dividends and they may significantly affect your dividends.

##### Investment return

This includes changes in interest rates that will cause changes in interest earnings, as well as changes in market value of the assets in the participating fund due to changes in financial markets and economic conditions. These may result from risks or changes in factors, such as interest rates, currency risk, liquidity risk, credit / default risk, volatility risk and also general investment conditions.

##### Claims

These include the cost of providing death benefit and other insurance benefits. If the amount of benefit claims turns out to be higher, your dividends will be lower.

##### Policy persistency

If policies lapse or are surrendered (whether in full or partially), profits or losses arise when the benefits paid out differ from the asset share of the terminated policies. Such profits or losses will be added to the asset share of the remaining policies.

##### Expenses

These include both expenses directly related to the policy (e.g. distribution costs and taxes) and indirect expenses allocated to the product group (e.g. office rent). If the actual expenses become higher, there will be less money available to pay you as dividends.

We may also apply smoothing when determining the dividends. The value of the participating fund may go up and down sharply within days. Instead of sharing with you the gains or losses immediately, we may even out some short-term fluctuations.

As your policy will be grouped together with other similar policies, the dividends of your policy may also vary if the characteristics of policies in your group change.

Based on these, we conduct a detailed analysis of the participating business and make recommendation of the dividends to be declared at least annually.

#### **Interest on accumulated monthly guaranteed annuity payment and monthly non-guaranteed annuity payment**

You can choose to leave the monthly guaranteed annuity payment and monthly non-guaranteed annuity payment with us to earn interest. The amount accumulated with interest will form a separate fund. This fund does not form part of the asset share and is separately managed. We will make deductions for the management of the fund.

The interest rate is not guaranteed. We determine the interest rate from time to time based on the past investment performance, as well as future investment outlook of the assets of this fund. We may also make reference to the interest rates in the market.

#### **Investment objective and strategy**

##### **Investment objective**

The overall objective of investing the participating fund is to ensure that the guarantees we committed to the policies are met, while seeking competitive and stable returns over a medium to long term.

##### **Investment strategy**

We employ a rigorous and disciplined approach in determining strategic asset allocations which defines the nature of assets and how much we invest in. We monitor market positions carefully and frequently, and update our allocations when appropriate. In addition, we may complement our investment strategies with the use of derivatives and other financial agreements to manage liquidity, achieve an efficient portfolio management and effective risk management or pre-invest partially or fully expected future premiums to reduce the uncertainty of future investment earnings.

From time to time we will review the investment strategies and asset allocations, and will modify them if necessary. We aim to ensure all guarantees are met while maintaining non-guaranteed return potential for the dividends. We also assess factors such as risk tolerance, changes in market conditions and economic outlook in order to maintain an optimal portfolio.

##### **Selection of assets**

We maintain a robust asset portfolio for the participating funds by investing in a wide range of investments, primarily with exposure to the U.S. and Asia (including Hong Kong and China). We may also consider using reinsurance assets as alternatives for fixed income assets. Generally, we aim to match the currency of fixed income investments and the underlying policy currency denomination to the extent appropriate investments are available and acceptable. However, taking into consideration the aforementioned market constraints, we also invest in assets that are not denominated in the same currency as the underlying policies (“currency mismatch”). In such case, we may consider using derivatives to hedge the currency risk, and more broadly to ensure a proper matching between the assets and the policies. Some specific strategies may embed a currency mismatch as it may bring additional returns or be a source of diversification. We also aim at maintaining adequate liquidity with respect to the policies and an appropriate level of risk diversification.

##### **Asset allocations**

You can find the current target asset allocations below:

Assets <sup>^</sup>	Allocations*	
	Participating fund within the first 10 policy years	Participating fund after the first 10 policy years
Government bonds, corporate bonds, reinsurance asset and other similar instruments	80% - 100%	100%
Growth assets	0% - 20%	0%

<sup>^</sup> The bond allocation includes (i) developed market investment-grade corporate bonds, (ii) emerging market investment-grade bonds, (iii) high yield bonds, and may include (iv) reinsurance assets and (v) developed market government bonds. The growth assets allocation includes (i) listed equities and (ii) private equities, and may include (iii) real estate and (iv) hedge funds.

\* The total actual allocation will be equal to 100%, and there may be some holdings in cash. In addition, we may accept certain degree of deviation from the above targets in order to manage the portfolio efficiently or to optimise the portfolio based on the prevailing market condition and views.

For more details, please refer to the relevant participating policy fact sheet which can be found at our website <https://www.axa.com.hk/participating-policy-fact-sheets>.

For the fulfilment ratios and total value ratios of our participating life insurance plans, please refer to our website at <https://www.axa.com.hk/fulfilment-ratios-and-total-value-ratios>.

#### **Policy currency**

If your policy is denominated in a currency other than your local currency, you may face an exchange rate risk. Upon currency conversion, the amounts you receive and the premiums you pay may vary as a result of changes in exchange rate.

## Non-payment of premium

You should pay premiums for the whole of your premium payment term. Any premiums remaining outstanding at the end of the grace period (or extended grace period, if applicable) under the basic plan may lead to termination of your policy. You may lose the insurance protection offered by the policy and the policy value (if any) to be received may be considerably less than your premiums paid.

Only qualifying annuity premiums paid will be eligible for tax deduction. Any outstanding premiums during the grace period (or extended grace period, if applicable) are not qualified for tax deduction. Please also note that you may or may not enjoy tax deduction on all or part of the premiums paid as required for policy reinstatement or overdue premiums paid during or after the grace period (or extended grace period, if applicable). Please refer to the website of the IRD or to contact the IRD directly for any tax related enquiries. And you should always consult with a professional tax advisor if you have any doubts.

## Early surrender

The policy is designed to be held for long term. Policy owners have the right to surrender the policy; however, surrender of the policy may result in a significant loss where you may get back considerably less than your premiums paid. Please refer to the section **IncomePartner at a glance** for the calculation of the surrender value.

## Inflation

The cost of living in the future is likely to be higher than it is today due to inflation. In case the actual rate of inflation is higher than expected, the purchasing power of the amounts you receive under the policy may be lower than expected.

## Termination

The policy will automatically terminate upon the earliest occurrence of any of the following:

- (a) when the policy lapses, or is cancelled or surrendered; or
- (b) on the death of the annuitant; or
- (c) on the maturity date; or
- (d) when the indebtedness equals to or exceeds the total of the cash value and the value of any monthly guaranteed annuity payment and monthly non-guaranteed annuity payment and, if applicable, any monthly guaranteed annuity payment and monthly non-guaranteed deferred annuity payment accumulated with us and interest accrued on such annuity payments; or
- (e) when the right of policy termination is exercised pursuant to the cross-border provision of the policy; or
- (f) when surrender value is equal to zero; or
- (g) when the terminal illness benefit becomes payable under the basic plan.

## Suicide exclusion

If the annuitant commits suicide within 1 year from (a) the policy date; (b) any date of reinstatement of the policy, whichever is later, whether sane or insane, the death proceeds will be limited to a refund of the premiums paid without interest. The amount of premiums to be refunded will be calculated from (a) the policy date; or (b) any date of reinstatement of the policy, whichever is later.

If the annuitant commits suicide within 1 year from the date of any increase in the notional amount and / or supplement amount(s), whether sane or insane, such increase shall be deemed not to have taken effect in determining the death proceeds payable. The additional premium paid for the increase in the notional amount and / or supplement amount(s) will be refunded without interest.

Any indebtedness and any benefits previously withdrawn from the policy, and benefits paid or payable by us under the policy will be deducted from the death proceeds.

## Levy on insurance premium

Levy collected by the Insurance Authority through the Company will be imposed on the policy at the applicable rate. Policyholders must pay the levy in order to avoid any legal consequences.

## Rights of third parties

The policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) ("TP Ordinance"). Any person or entity which is not a party to the policy shall have no rights under the TP Ordinance to enforce any terms of the policy.

## U.S. Foreign Account Tax Compliance Act

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), a foreign financial institution ("FFI") is required to report to the U.S. Internal Revenue Service ("IRS") certain information on U.S. persons that hold accounts with that FFI outside the U.S. and to obtain their consent to the FFI passing that information to the IRS. An FFI which does not sign or agree to comply with the requirements of an agreement with the IRS ("FFI Agreement") in respect of FATCA and / or who is not otherwise exempt from doing so (referred to as a "nonparticipating FFI") will face a 30% withholding tax ("FATCA Withholding Tax") on all "withholdable payments" (as defined under FATCA) derived from U.S. sources (initially including dividends, interest and certain derivative payments).

The U.S. and Hong Kong have signed an inter-governmental agreement (“IGA”) to facilitate compliance by FFI in Hong Kong with FATCA and which creates a framework for Hong Kong FFIs to rely on streamlined due diligence procedures to (i) identify U.S. indicia, (ii) seek consent for disclosure from its U.S. policyholders and (iii) report relevant tax information of those policyholders to the IRS.

FATCA applies to the Company and this policy. The Company is a participating FFI. The Company is committed to complying with FATCA. To do so, the Company requires you to:

- (i) provide to the Company certain information including, as applicable, your U.S. identification details (e.g. name, address, the US federal taxpayer identifying numbers, etc); and
- (ii) consent to the Company reporting this information and your account information (such as account balances, interest and dividend income and withdrawals) to the IRS.

If you fail to comply with these obligations (being a “Non-Compliant Accountholder”), the Company is required to report “aggregate information” of account balances, payment amounts and number of non-consenting US accounts to IRS.

The Company could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your policy. Currently the only circumstances in which the Company may be required to do so are:

- (i) if the Inland Revenue Department of Hong Kong Government fails to exchange information with the IRS under IGA (and the relevant tax information exchange agreement between Hong Kong and the U.S.), in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS; and
- (ii) if you are (or any other account holder is) a nonparticipating FFI, in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS.

You should seek independent professional advice on the impact FATCA may have on you or your policy.

#### Remarks

1. The monthly annuity payment will be left with us to accumulate for interest. The interest rate is not guaranteed and shall be determined by the Company from time to time.
2. AXA reserves the right to alter and terminate the **Rewards Programme** at any time without prior notice.
3. Other than Accident Protector First 3 Years Free Supplement, the exemption from medical underwriting is not applicable to the optional supplement(s) (if any) attached to **IncomePartner**.
4. Only applicable to policies with issue age of 18 - 40.
5. Written application should be made by you and submitted to us to defer the annuity start date or make subsequent changes to the number of deferral year and such request is subject to the Company’s administrative rules and approval. The maturity date will be adjusted based on the new annuity start date.  
The request of deferral or the subsequent change of the number of deferral years must be submitted to us at least six (6) months before the earlier of (a) the annuity start date applicable at the time of request and (b) the new annuity start date. The number of deferral years (or the changed deferral years) must be a non-negative whole number. The first request is free. We reserve the right to impose a (reasonable) administration fee on any subsequent requests. Please refer to the policy contract for details.
6. The projected values of benefits are rounded to the nearest whole number, while the IRRs are rounded to the nearest one decimal place.
7. The projected values of benefits and total IRRs are based on the Company’s bonus scales as of April 2019. The projected values, total IRRs and bonus scales are not guaranteed and may be changed by the Company from time to time at our absolute discretion. The actual amounts payable and actual total IRRs may be higher or lower than those illustrated.
8. The IRRs and illustrative examples assume that (i) the monthly annuity payment (which comprises of monthly guaranteed annuity payment and monthly non-guaranteed annuity payment) are paid to you in cash at each policy monthiversary during the annuity term; (ii) annual premium payment mode is chosen and all premiums are paid in full when due and as planned; (iii) total premiums paid excludes the levy collected by the Insurance Authority; (iv) no death benefit, surrender value or terminal illness benefit has been paid before or becomes payable; (v) no withdrawal has been made before, except for the amount of monthly annuity payment paid at each policy monthiversary during the annuity term; (vi) there is no indebtedness under the policy; and (vii) the notional amount of the policy remain(s) unchanged throughout the contract term of the policy. In the calculation of IRRs, it is also assumed that the annuity start date has not been deferred.
9. The calculation of guaranteed IRRs takes into account:
  - (i) the premiums paid for the basic plan; and
  - (ii) the monthly guaranteed annuity payment paid to you at each policy monthiversary during the annuity term.While the total IRRs take into account:
  - (i) the premiums paid for the basic plan; and
  - (ii) the monthly annuity payment paid to you at each policy monthiversary during the annuity term.
10. The notional amount is equivalent to the total premiums paid for the basic plan under annual premium payment mode. It is used for the calculation of premium and relevant policy values of **IncomePartner**; **it is not equivalent to the death benefit of the annuitant and is only one of the factors in determining the death benefit payable.**  
The minimum notional amount is subject to change and may be specified by the Company from time to time.

11. We may review and adjust the monthly non-guaranteed annuity payment and terminal dividend from time to time at our absolute discretion. Under some circumstances, the monthly non-guaranteed annuity payment and terminal dividend can be zero.

The actual amount of monthly non-guaranteed annuity payment may increase or decrease during the annuity period.

12. When the annuity start date is deferred, the original monthly guaranteed annuity payment and monthly non-guaranteed annuity payment (if any) will be payable to the policy for accumulation after deduction of any outstanding indebtedness during initial annuity term. The aggregate balance of these annuity payments and interest accrued on such accumulated annuity payments is referred to as Combined Annuity Balance. The current interest rate used for accumulation is 4.0% p.a.. This is the current projected interest rate and is not guaranteed. It may be determined by the Company from time to time.

13. If any amount of the Combined Annuity Balance is withdrawn, the monthly guaranteed deferred annuity payment and any future monthly non-guaranteed deferred annuity payment will be adjusted and reduced accordingly.

14. During the deferred annuity term, the monthly guaranteed deferred annuity payment will be withdrawn from the Combined Annuity Balance and the amount is determined based on the number of deferral years, the new maturity date and the new annuity start date as shown in the latest annuity endorsement. Please refer to policy contract for further details.

The monthly non-guaranteed deferred annuity payment will be withdrawn from the Combined Annuity Balance and the amount shall be determined by us based on the monthly non-guaranteed annuity payment (if any) previously declared or to be declared in the future and any other surplus allocated or to be allocated to this policy at our sole and absolute discretion. For details, please refer to **Dividend philosophy** under the section Important information and policy contract.

15. This maximum tax deduction limit is the aggregate limit for Mandatory Provident Fund Tax Deductible Voluntary Contribution and deferred annuity premiums. It is also based on the information on allowance published by the Inland Revenue Department as of the print date of this brochure and is subject to change from time to time. Only qualified annuity premiums paid in relation to the annuity payments can be tax deductible. Please note any premiums paid for any supplements attached to **IncomePartner** will not be qualified for tax deduction.

16. "Total notional premiums" is equal to the applicable annualised premium amount determined based on the latest notional amount and the latest premium payment mode for the basic plan immediately before the death of the annuitant divided by twelve (12), and then multiplied by the number of months in which the premium for the basic plan has been due and fully paid.

17. "Sum of notional monthly guaranteed annuity payment" is the total of all monthly guaranteed annuity payments, without interest accrued, which would have been paid from the initial annuity start date (without taking into account any deferral) to the policy monthiversary on or immediately before the death of the annuitant by the Company as if the policy was effective from the policy date with the notional amount equal to the latest notional amount, regardless of which annuity payment options had been applied to these annuity payments.

18. The underlying cash value rate used to calculate the cash value is guaranteed by the Company. If there is any change in the notional amount, the corresponding cash value will be adjusted accordingly.

19. Eligibility for the extended grace period benefit is subject to certain criteria and exceptions. The policy owner must provide the relevant evidence to the Company. The extended grace period benefit can be claimed once only under this policy. Please refer to the policy contract for further details.

20. Eligibility for the terminal illness benefit is subject to certain criteria and exceptions. The benefit payable under this terminal illness benefit is equivalent to the amount of death benefit payable under the basic plan as if the annuitant died on the date of first diagnosis of the terminal illness. Once this terminal illness benefit becomes payable, this policy shall be automatically terminated. Please refer to the policy contract for further details.

21. Annuitant of **IncomePartner** is entitled to Accident Protector First 3 Years Free Supplement provided that the annuitant is not covered by the same supplement or Accident Protector First (1<sup>st</sup>) Year Free Supplement prior to the application of **IncomePartner**. Each annuitant is entitled to the supplement only once in a lifetime. And the application for the supplement is subject to the relevant terms and conditions of the supplement, and the administrative rules and underwriting requirements of AXA. For details of the supplement, please refer to the relevant product brochure and policy contract.

Notes:

- AXA reserves the final right to approve any application.
- Unless otherwise specified, all ages mentioned in this product brochure refer to the age of the annuitant on his or her last birthday.

**IncomePartner Deferred Annuity Plan** is underwritten by AXA China Region Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability) ("AXA", the "Company", or "we").

The plan is subject to the terms, conditions and exclusions of the relevant policy contract. AXA reserves the final right to approve any application. This product brochure contains general information only and does not constitute any contract between any parties and AXA. It is not a policy. For detailed terms, conditions and exclusions of the plan, please refer to the relevant policy contract, which will be made available by the Company upon request.

## ABOUT AXA HONG KONG AND MACAU

AXA Hong Kong and Macau, a member of the AXA Group, prides itself on serving over 1 million customers<sup>1</sup> in the region. In addition to being the #1 global Property & Casualty commercial lines insurer by Gross Written Premium (GWP)<sup>2</sup>, we have also been the #1 insurance brand worldwide for ten consecutive years<sup>3</sup>. In Hong Kong and Macau, we are also one of the largest health protection providers.

"Empowering people to live a better life" is the goal of AXA Hong Kong and Macau, which is reflected in everything we do. We are one of the most diversified insurers, providing a full range of coverage for individual and commercial customers. We offer all-round, integrated solutions across Life, Health and Property & Casualty to address all their insurance needs.

As an innovative insurer, we leverage on Big Data and AI to transform the customer experience end-to-end, making insurance simpler and more personal. We continue to drive innovation notably in health and protection, supporting customers in prevention, treatment and recovery.

We also believe it is our inherent responsibility to support the communities in which we operate. AXA Foundation is our flagship corporate social responsibility programme covering all of our efforts in promoting health, education and community support to create a positive and lasting impact in Hong Kong and Macau.

<sup>1</sup> Including customers of AXA China Region Insurance Company Limited, AXA China Region Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability), and AXA General Insurance Hong Kong Limited

<sup>2</sup> AXA Corporate Solutions, AXA Matrix Risk Consultants, AXA Insurance Company, and AXA Art with AXA XL's insurance and reinsurance operations combined 2016 GWP in one billion Euro

<sup>3</sup> Interbrand Best Global Brand 2018 (By brand value)



## IncomePartner Deferred Annuity Plan Product Brochure

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Find out more about **IncomePartner**



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