



香港年金  
HKMC ANNUITY

# HKMC Annuity Plan



Never too Old to be **Bold**

HKMC  
RETIRE  
退休 **3** 寶



## Product Objective

**HKMC Annuity Plan** (the “**Plan**”) is underwritten by HKMC Annuity Limited and is designed to provide you, as the annuitant, with a steady stream of **GUARANTEED** monthly annuity payments after paying a single premium. With this special feature, you can better plan your retirement life by turning your lump sum cash into a stable **lifelong** income stream.



### Lifetime Guaranteed Monthly Annuity Payment<sup>1</sup>

With the contribution of a single premium, you will receive the guaranteed monthly annuity payments for life as long as your policy remains in force. The amount of the guaranteed monthly annuity payments will be determined at the outset and will remain unchanged throughout the whole of your life. It will be paid directly into your designated bank account monthly commencing from the month after the premium start date of the policy. Please refer to the Guaranteed Monthly Annuity Payment Table below and your Illustration Document for details of the guaranteed monthly annuity payments.



### Guaranteed Period

You are guaranteed to receive guaranteed monthly annuity payments of a total amount equal to at least 105% of the premium paid. Guaranteed Period means the period commencing from the premium start date of the policy during which guaranteed monthly annuity payments will be paid subject to the policy terms until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid. The guaranteed cash value<sup>2</sup> of the Plan will decrease when your guaranteed monthly annuity payments begin and it will be reduced to zero after the Guaranteed Period ends. After the Guaranteed Period, in the unfortunate event that the insured passes away or if the policy is surrendered, the policy will have no guaranteed cash value and no death benefit or surrender value will be payable and the policy will be terminated. As long as you are alive and your policy remains in force, you will continue to receive the guaranteed monthly annuity payments even after the expiry of the Guaranteed Period.



### No Medical Examination Necessary

No medical examination will be required for your application.

1. Guaranteed monthly annuity payments are payable to you provided that you are alive at the time of payment and the policy remains in force. Proof of your survival satisfactory to HKMC Annuity Limited is required. However, where, for any reasons, there are any suspended guaranteed monthly annuity payments which remain unpaid at the time the death claim application is received, whether before or after the expiry of the Guaranteed Period, some or all of those suspended guaranteed monthly annuity payments shall become payable to the designated beneficiary(ies) in a lump sum. Please refer to the policy provisions for details.
2. Guaranteed cash value varies with the level of guaranteed monthly annuity payment amount, your age, gender and other factors. Please refer to your Illustration Document for details.



## Key Features of the Plan

<b>Product Name</b>	HKMC Annuity Plan
<b>Insurer</b>	HKMC Annuity Limited
<b>Eligibility Criteria</b>	You can apply for the Plan if you (i) hold a valid Hong Kong Permanent Identity Card; and (ii) are 60 years old or above.
<b>Policy Currency</b>	Hong Kong Dollar (HK\$)
<b>Benefit Term</b>	Whole of Life
<b>Income Period</b>	Whole of Life
<b>Premium Term</b>	Single Premium
<b>Minimum Premium</b>	HK\$50,000
<b>Maximum Premium</b>	Subject to the maximum premium amount as set by us from time to time. Please visit our website or call our Customer Service Hotline for more information.



### **Guaranteed Period**

The period commencing from the premium start date of the policy during which guaranteed monthly annuity payments will be paid subject to the policy terms until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid.



### **Guaranteed Cash Value**

The cash amount offered to you when the policy is surrendered on the relevant date. The guaranteed cash value of the Plan will be reduced to zero after the Guaranteed Period ends.



### **Surrender Value**

You may surrender the policy within the Guaranteed Period up to the surrender value equivalent to the guaranteed cash value of your policy as at the time of the surrender.

There is no surrender value after the Guaranteed Period.



## Key Features of the Plan (cont'd)



### Death Benefit<sup>1,3</sup>

In the unfortunate event that the insured passes away within the Guaranteed Period, designated beneficiary(ies) may choose to receive the death benefit in either one of the following ways<sup>3</sup>:

- (1) Monthly Death Benefit Payment – continue to receive the remaining unpaid guaranteed monthly annuity payments until the end of the Guaranteed Period; or
- (2) Lump Sum Death Benefit Payment – receive a lump sum death benefit equivalent to the higher of:
  - (i) the guaranteed cash value of your policy as at the date on which the death claim application is received by HKMC Annuity Limited; and
  - (ii) 100% of the premium paid less the cumulative guaranteed monthly annuity payments paid as at the date on which the death claim application is received by HKMC Annuity Limited.

There is no death benefit after the Guaranteed Period.

3. Please refer to the policy provisions for details on conditions applicable to selection of the death benefit payment options. Lump Sum Death Benefit Payment option will apply in the absence of unanimous agreement of all designated beneficiaries to elect any death benefit payment option within 30 days of receiving the death claim application by HKMC Annuity Limited. Given that the death benefit will be determined as of the date of receipt of the death claim application, delay in submitting the death claim application may reduce the death benefit amount payable to your designated beneficiary(ies). Your designated beneficiary(ies) may not receive any death benefit if death claim application is received after the Guaranteed Period ends.



### Special Withdrawal For Medical and Dental Expenses

Within the Guaranteed Period, you may apply for special withdrawal for medical and dental expenses for the purpose of payment for the actual or estimated amount of medical and dental expenses incurred or to be incurred from medical and dental treatment and/or medical and dental examination carried out or to be carried out in Hong Kong. This special withdrawal can only be made once under a single application in the insured's lifetime for all the policies issued by HKMC Annuity Limited in respect of the same insured<sup>4</sup> up to an amount equivalent to:

- (1) 50% of the premium paid; or
- (2) The premium paid less the cumulative guaranteed monthly annuity payments paid as at the date of acceptance of the special withdrawal application;

whichever is lower.

This special withdrawal is subject to an aggregate withdrawal limit of HK\$1,000,000 in the insured's lifetime for all the policies issued by HKMC Annuity Limited in respect of the same insured.<sup>5</sup>

After the special withdrawal, the amount of the guaranteed monthly annuity payments, the guaranteed cash value, the death benefit (if applicable) and the total amount of benefits paid and payable of the policy will be reduced accordingly. If the amount of guaranteed monthly annuity payment payable under the policy becomes zero after the special withdrawal, the policy will be terminated. Please refer to the policy provisions for details on conditions applicable to special withdrawal for medical and dental expenses.

There is no special withdrawal for medical and dental expenses after the Guaranteed Period.

4. You must submit one single application for all the medical and dental expenses in respect of the insured for all policies issued by HKMC Annuity Limited whether in respect of one or more than one medical and dental treatment or medical and dental examination. Once a single application has been made and accepted by HKMC Annuity Limited, no other application will be accepted. Please refer to the policy provisions for details on conditions applicable to special withdrawal for medical and dental expenses.
5. The aggregate withdrawal limit of HK\$1,000,000 is the total maximum amount that may be withdrawn for medical and dental expenses once in the insured's lifetime for all the policies issued by HKMC Annuity Limited in respect of the same insured. If a single application has been made and accepted by HKMC Annuity Limited and the special withdrawal amount as specified in the application is less than HK\$1,000,000, you will only be entitled to receive the specified special withdrawal amount approved for the application. HKMC Annuity Limited will not accept further application for special withdrawal of the balance in respect of any medical and dental expenses not submitted and approved for the single application.



## Example of Guaranteed Monthly Annuity Payment Table (HK\$) (For reference only)

♂ Male

(Single Premium HK\$1,000,000)

Age Last Birthday at Application	Guaranteed Monthly Annuity Payment (The amount will be determined at the outset and will remain unchanged throughout the whole of your life)	Number of Guaranteed Monthly Annuity Payments	Guaranteed Period
60	5,100	206	206 months
61	5,240	201	201 months
62	5,380	196	196 months
63	5,520	191	191 months
64	5,660	186	186 months
65	5,800	182	182 months
66	5,950	177	177 months
67	6,100	173	173 months
68	6,250	168	168 months
69	6,400	165	165 months
70	6,560	161	161 months
71	6,720	157	157 months
72	6,880	153	153 months
73	7,040	150	150 months
74	7,200	146	146 months
75	7,360	143	143 months
76	7,520	140	140 months
77	7,680	137	137 months
78	7,840	134	134 months
79	8,000	132	132 months
80	8,160	129	129 months
81	8,320	127	127 months
82	8,480	124	124 months
83	8,640	122	122 months
84	8,800	120	120 months
85	8,960	118	118 months

For age 86 years old or above, please visit our website or call our Customer Service Hotline for more information.



Example of Guaranteed Monthly Annuity Payment Table (HK\$)  
(For reference only)



**(Single Premium HK\$1,000,000)**

Age Last Birthday at Application	Guaranteed Monthly Annuity Payment (The amount will be determined at the outset and will remain unchanged throughout the whole of your life)	Number of Guaranteed Monthly Annuity Payments	Guaranteed Period
60	4,700	224	224 months
61	4,820	218	218 months
62	4,940	213	213 months
63	5,060	208	208 months
64	5,180	203	203 months
65	5,300	199	199 months
66	5,400	195	195 months
67	5,510	191	191 months
68	5,620	187	187 months
69	5,730	184	184 months
70	5,840	180	180 months
71	5,950	177	177 months
72	6,060	174	174 months
73	6,180	170	170 months
74	6,300	167	167 months
75	6,420	164	164 months
76	6,540	161	161 months
77	6,660	158	158 months
78	6,780	155	155 months
79	6,900	153	153 months
80	7,030	150	150 months
81	7,160	147	147 months
82	7,290	145	145 months
83	7,420	142	142 months
84	7,550	140	140 months
85	7,680	137	137 months

For age 86 years old or above, please visit our website or call our Customer Service Hotline for more information.





## Example<sup>6</sup>

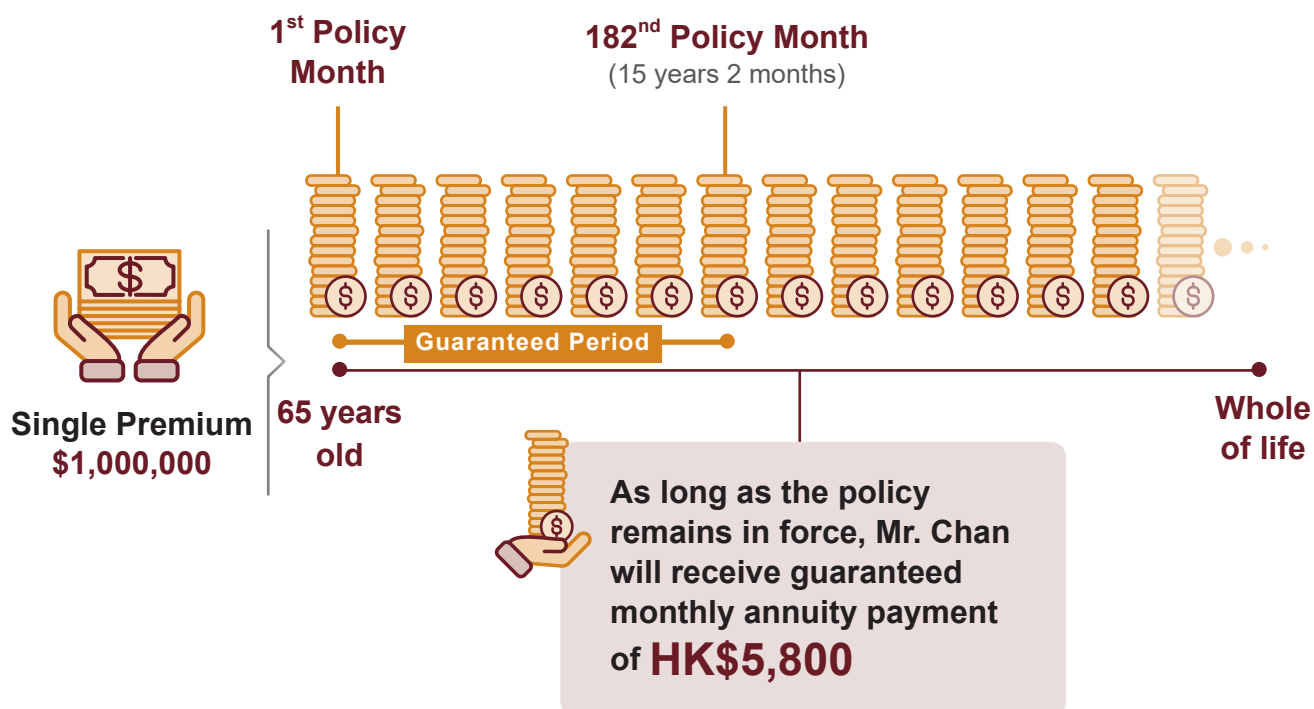


Applicant: **Mr. Chan**

Age of Insured: 65 years old

Single Premium	Guaranteed Monthly Annuity Payment	Guaranteed Period	Income Period
 <b>HK\$1,000,000</b>	 <b>HK\$5,800</b>	<b>182 months</b> <p>(The period commencing from the premium start date of the policy during which guaranteed monthly annuity payments will be paid to Mr. Chan subject to the policy terms until the cumulative guaranteed monthly annuity payments paid to Mr. Chan reaches 105% of the premium paid)</p>	<b>Whole of life</b>

**Mr. Chan enrolls for HKMC Annuity Plan at 65 years old, with a single premium of HK\$1,000,000**



6. The example used in this product brochure is for reference only which aims to provide you with illustrative examples on how the respective amounts of the death benefit, the surrender value and the special withdrawal value will be calculated under different scenarios. Under the scenarios, where a death benefit is payable, we have assumed that the relevant death claim application is received by HKMC Annuity Limited upon death of Mr. Chan and no partial surrender or special withdrawal for medical and dental expenses has been made under the policy. If partial surrender has been made, the subsequent amounts of the guaranteed monthly annuity payment, guaranteed cash value, death benefit (if applicable) and special withdrawal value will be reduced after the partial surrender proportionally based on the ratio of the partial surrender amount to the guaranteed cash value at the time of partial surrender. As a result, the total amount of benefits paid and payable of the policy after the partial surrender will be reduced. If special withdrawal has been made, the subsequent amounts of the guaranteed monthly annuity payment, guaranteed cash value and death benefit (if applicable) will be reduced after the special withdrawal proportionally based on the ratio of the special withdrawal amount to the lump sum death benefit value at the time of special withdrawal. As a result, the total amount of benefits paid and payable of the policy after the special withdrawal will be reduced. The figures used in the illustrative examples are subject to rounding adjustment. Please refer to your Illustration Document and the policy provisions for details.

## Example (cont'd)


### Scenario 1

#### Death Benefit of Mr. Chan

##### Death Benefit payable within the Guaranteed Period (before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment)<sup>#</sup>

Assume Mr. Chan passes away after receiving the 12<sup>th</sup> guaranteed monthly annuity payment.

Mr. Chan has already received 12 guaranteed monthly annuity payments as below:


$$12 \times \text{HK\$}5,800 = \underline{\text{HK\$}69,600}$$




##### Monthly Death Benefit Payment

If Mr. Chan's designated beneficiary(ies) decides to opt for "Monthly Death Benefit Payment", then the designated beneficiary(ies) will continue to receive the remaining 170 guaranteed monthly annuity payments (i.e. 182 guaranteed monthly annuity payments – 12 paid guaranteed monthly annuity payments) at HK\$5,800 per month until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid.

$$(182 - 12) \times \text{HK\$}5,800 = \underline{\text{HK\$}986,000}$$


The sum of the amount of the cumulative guaranteed monthly annuity payments already paid to Mr. Chan and the death benefit to be paid to Mr. Chan's designated beneficiary(ies) is as below:



Cumulative guaranteed monthly annuity payments paid

$$12 \times \text{HK\$}5,800 = \text{HK\$}69,600$$

+



Monthly Death Benefit Payment

$$170 \times \text{HK\$}5,800 = \text{HK\$}986,000$$

=

$$\text{HK\$}1,055,600$$



## Lump Sum Death Benefit Payment

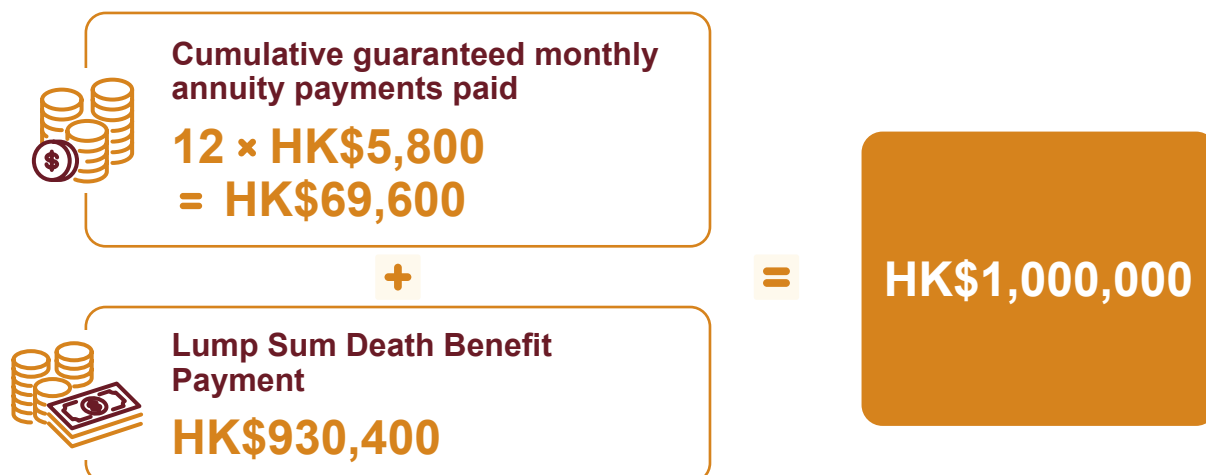
If Mr. Chan's designated beneficiary(ies) decides to opt for "**Lump Sum Death Benefit Payment**", then the designated beneficiary(ies) will receive a lump sum death benefit equivalent to the higher of:

(i) the guaranteed cash value of the policy as at the date on which the death claim application is received by HKMC Annuity Limited (in this example, HK\$663,148); and

(ii) 100% of the premium paid less the cumulative guaranteed monthly annuity payments paid as at the date on which the death claim application is received by HKMC Annuity Limited (in this example, HK\$930,400).

Hence, the designated beneficiary(ies) will receive a lump sum death benefit payment of **HK\$930,400**.

The sum of the amount of the cumulative guaranteed monthly annuity payments which have already been paid to Mr. Chan and the death benefit in a lump sum to be paid to Mr. Chan's designated beneficiary(ies) is as below, which is equivalent to the total premium paid with no financial loss.



# There is no Death Benefit after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

## Example (cont'd)


### Scenario 2

#### Death Benefit of Mr. Chan (cont'd)

##### Death Benefit payable within the Guaranteed Period (before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment)<sup>#</sup>

Assume Mr. Chan passes away after receiving the 120<sup>th</sup> guaranteed monthly annuity payment.

Mr. Chan has already received 120 guaranteed monthly annuity payments as below:


$$120 \times \text{HK\$}5,800 = \underline{\text{HK\$}696,000}$$




##### Monthly Death Benefit Payment

If Mr. Chan's designated beneficiary(ies) decides to opt for "Monthly Death Benefit Payment", then the designated beneficiary(ies) will continue to receive the remaining 62 guaranteed monthly annuity payments (i.e. 182 guaranteed monthly annuity payments – 120 paid guaranteed monthly annuity payments) at HK\$5,800 per month until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid.

$$(182 - 120) \times \text{HK\$}5,800 = \underline{\text{HK\$}359,600}$$


The sum of the amount of the cumulative guaranteed monthly annuity payments already paid to Mr. Chan and the death benefit to be paid to Mr. Chan's designated beneficiary(ies) is as below:



Cumulative guaranteed monthly annuity payments paid

$$120 \times \text{HK\$}5,800 = \text{HK\$}696,000$$

+



Monthly Death Benefit Payment

$$62 \times \text{HK\$}5,800 = \text{HK\$}359,600$$

=

$$\text{HK\$}1,055,600$$





## Lump Sum Death Benefit Payment



If Mr. Chan's designated beneficiary(ies) decides to opt for "**Lump Sum Death Benefit Payment**", then the designated beneficiary(ies) will receive a lump sum death benefit equivalent to the higher of:

(i) the guaranteed cash value of the policy as at the date on which the death claim application is received by HKMC Annuity Limited (in this example, HK\$308,544); and

(ii) 100% of the premium paid less the cumulative guaranteed monthly annuity payments paid as at the date on which the death claim application is received by HKMC Annuity Limited (in this example, HK\$304,000).

Hence, the designated beneficiary(ies) will receive a lump sum death benefit payment of **HK\$308,544**.

The sum of the amount of the cumulative guaranteed monthly annuity payments which have already been paid to Mr. Chan and the death benefit in a lump sum to be paid to Mr. Chan's designated beneficiary(ies) is as below:

	<p style="text-align: center;"><b>Cumulative guaranteed monthly annuity payments paid</b></p> <p style="text-align: center;"><b>120 × HK\$5,800</b></p> <p style="text-align: center;"><b>= HK\$696,000</b></p>	
	+	
	<p style="text-align: center;"><b>Lump Sum Death Benefit Payment</b></p> <p style="text-align: center;"><b>HK\$308,544</b></p>	=
		<div style="background-color: #e69d00; color: white; padding: 20px; border-radius: 15px; display: inline-block; font-weight: bold; font-size: 1.5em;">HK\$1,004,544</div>

# There is no Death Benefit after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

## Example (cont'd)

### Scenario 3

#### Surrender Value for Mr. Chan

##### Financial Loss Scenario

**Surrender within the Guaranteed Period**  
(before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment) <sup>##</sup>:

Assume Mr. Chan surrenders the policy after receiving the 36<sup>th</sup> guaranteed monthly annuity payment.

Mr. Chan has already received 36 guaranteed monthly annuity payments as below:


$$36 \times \text{HK\$}5,800 = \underline{\text{HK\$}208,800}$$

Mr. Chan will receive the surrender value of HK\$599,968<sup>^^</sup>.

The sum of the amount of the cumulative guaranteed monthly annuity payments which have already been paid and the surrender value to be paid to Mr. Chan is as below:



 <p>Cumulative guaranteed monthly annuity payments paid <math>36 \times \text{HK\\$}5,800</math> <math>= \text{HK\\$}208,800</math></p>	+		=	<b>HK\$808,768</b>
 <p>Surrender value to be paid <b>HK\$599,968</b></p>				

The total amount of HK\$808,768 is less than the total premium paid of HK\$1,000,000.

***In this scenario, the total amount of benefits paid to Mr. Chan is less than the total premium paid and thus results in a significant financial loss.***

**In this case, after Mr. Chan has surrendered the policy, NO lifetime guaranteed monthly annuity payments will be payable to him under the Plan.**

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## There is no surrender value after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

^^ The Plan is a lifetime insurance product. You may surrender the policy when the policy is in force and during the Guaranteed Period. If you surrender the policy within the Guaranteed Period, the sum of the amount of the cumulative guaranteed monthly annuity payment(s) which have already been paid and the surrender value to be paid to you may be significantly less than the total premium paid and may therefore result in a significant financial loss. You should therefore ensure that (1) purchase of HKMC Annuity Plan will improve or at least not adversely affect your ability to pay your regular expenses, including living expenses, housing expenses, medical expenses (including long term medical care and drugs), etc., and (2) you have reserved sufficient funds for emergency purposes to meet any financial contingencies (such as emergency medical expenses, transitional living expenses pending government's approval of living allowance, and other sudden expenses) that may occur after purchase of the Plan. For details, please refer to your Illustration Document.

## Example (cont'd)

### Scenario 4


#### Surrender Value for Mr. Chan (cont'd)

##### Break-even Scenario\*\*

**Surrender within the Guaranteed Period**  
(before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment) <sup>##</sup>:


Assume Mr. Chan surrenders the policy after receiving the 120<sup>th</sup> guaranteed monthly annuity payment.

Mr. Chan has already received 120 guaranteed monthly annuity payments as below:


$$120 \times \text{HK\$}5,800 = \underline{\text{HK\$}696,000}$$


Mr. Chan will receive the surrender value of HK\$308,544<sup>^^</sup>.

The sum of the amount of the cumulative guaranteed monthly annuity payments which have already been paid and the surrender value to be paid to Mr. Chan is as below:



Cumulative guaranteed monthly annuity payments paid  
 $120 \times \text{HK\$}5,800$   
 $= \text{HK\$}696,000$

+



Surrender value to be paid  
 $\text{HK\$}308,544$

=

**HK\$1,004,544**

**In this case, after Mr. Chan has surrendered the policy, NO lifetime guaranteed monthly annuity payments will be payable to him under the Plan.**

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\*\* This example is a “break-even” scenario whereby Mr. Chan surrenders his policy in the year when the sum of the cumulative guaranteed monthly annuity payments and the surrender value exceeds the total premium paid.

## There is no surrender value after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

^^ The Plan is a lifetime insurance product. You may surrender the policy when the policy is in force and during the Guaranteed Period. If you surrender the policy within the Guaranteed Period, the sum of the amount of the cumulative guaranteed monthly annuity payment(s) already paid and the surrender value to be paid to you may be significantly less than the total premium paid and may therefore result in a significant financial loss. You should therefore ensure that (1) purchase of HKMC Annuity Plan will improve or at least not adversely affect your ability to pay your regular expenses, including living expenses, housing expenses, medical expenses (including long term medical care and drugs), etc., and (2) you have reserved sufficient funds for emergency purposes to meet any financial contingencies (such as emergency medical expenses, transitional living expenses pending government’s approval of living allowance, and other sudden expenses) that may occur after purchase of the Plan. For details, please refer to your Illustration Document.



## Example (cont'd)

### Scenario 5

#### Surrender Value for Mr. Chan (cont'd)

##### Partial surrender within the Guaranteed Period

(before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment) <sup>###</sup>:

Assume Mr. Chan wishes to partially surrender an amount of **HK\$250,000<sup>^^</sup>** of the guaranteed cash value of the policy after receiving the **60<sup>th</sup>** guaranteed monthly annuity payment.

After partially surrendering the policy, Mr. Chan will continue to receive a reduced guaranteed monthly annuity payment in the amount of **HK\$3,058**

Premium paid	HK\$1,000,000
Original amount of the guaranteed monthly annuity payment before the partial surrender	HK\$5,800
Cumulative guaranteed monthly annuity payments paid	60 x HK\$5,800 = HK\$348,000
Partial surrender amount	HK\$250,000
Guaranteed cash value at the time of partial surrender	HK\$528,754
Lump sum death benefit value at the time of partial surrender	HK\$1,000,000 – HK\$348,000 = HK\$652,000
Reduction ratio	HK\$250,000/HK\$528,754 = 47.28%
Reduced guaranteed monthly annuity payment after the partial surrender	HK\$3,058
Reduced guaranteed cash value at the point of time after the partial surrender	HK\$278,754
Reduced lump sum death benefit value at the point of time after the partial surrender	HK\$343,728



***In this scenario, after Mr. Chan has partially surrendered the policy, the subsequent amounts of the guaranteed monthly annuity payment, guaranteed cash value, death benefit (if applicable) and special withdrawal value will be reduced after the partial surrender proportionally based on the ratio of the partial surrender amount to the guaranteed cash value at the time of partial surrender. As a result, the total amount of benefits paid and payable of the policy after the partial surrender will be reduced. However, the Guaranteed Period will remain unchanged.***

### Partial surrender is not applicable when either (1) the surrender amount or the guaranteed cash value of the policy after the partial surrender is less than the minimum amount (which we set from time to time); or (2) after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

^^ This is a lifetime insurance product. While the policy is in force and during the Guaranteed Period, you may withdraw money from the policy by way of partial surrender of the guaranteed cash value of the policy (subject to the minimum surrender amount and the minimum guaranteed cash value of the policy after the partial surrender) but it will reduce the amount of subsequent guaranteed monthly annuity payments, guaranteed cash value, death benefit (if applicable), special withdrawal value and the total amount of benefits paid and payable of the policy. The guaranteed cash value of the policy after the partial surrender shall not be less than the minimum amount which we set from time to time. You should therefore ensure that (1) purchase of HKMC Annuity Plan will improve or at least not adversely affect your ability to pay your regular expenses, including living expenses, housing expenses, medical expenses (including long term medical care and drugs), etc., and (2) you have reserved sufficient funds for emergency purposes to meet any financial contingencies (such as emergency medical expenses, transitional living expenses pending government's approval of living allowance, and other sudden expenses) that may occur after purchase of the Plan. For details, please refer to your Illustration Document.

Please note that if there are medical and dental expenses incurred or to be incurred in respect of the insured, partial surrender of the same amount as special withdrawal in this scenario will result in more reduction of future benefits payable under the policy. However, when the premium paid minus cumulative guaranteed monthly annuity payments paid becomes less than the guaranteed cash value of the policy at a policy year, partial surrender will result in the same reduction of future benefits payable under the policy as special withdrawal.

If you wish to make a partial surrender, and the purpose is to cover medical and dental expenses which were incurred or are going to be incurred by the Insured, you may consider the option of making a special withdrawal. Please also consult HKMC Annuity Limited on their respective impacts on the policy values.



## Example (cont'd)

### Scenario 6

#### Special Withdrawal Value for Mr. Chan

##### Special withdrawal for medical and dental expenses within the Guaranteed Period

(before receiving the 182<sup>nd</sup> guaranteed monthly annuity payment)<sup>####</sup>:

Assume Mr. Chan wishes to withdraw **\$250,000<sup>^^^</sup>** for medical and dental expenses from the special withdrawal value of the policy after receiving the **60<sup>th</sup>** guaranteed monthly annuity payment and no partial surrender has been made under the same policy.

After such special withdrawal, Mr. Chan will continue to receive a reduced guaranteed monthly annuity payment in the amount of **HK\$3,576**.

Premium paid	HK\$1,000,000
Original amount of the guaranteed monthly annuity payment before the special withdrawal	HK\$5,800
Cumulative guaranteed monthly annuity payments paid	60 x HK\$5,800 = HK\$348,000
Special withdrawal for medical and dental expenses	HK\$250,000
Guaranteed cash value at the time of special withdrawal	HK\$528,754
Lump sum death benefit value at the time of special withdrawal	HK\$1,000,000 – HK\$348,000 = HK\$652,000
Reduction ratio	HK\$250,000/\$652,000 = 38.34%
Reduced guaranteed monthly annuity payment after the special withdrawal	HK\$3,576
Reduced guaranteed cash value at the point of time after the special withdrawal	HK\$326,011
Reduced lump sum death benefit value at the point of time after the special withdrawal	HK\$402,000

***In this scenario, after Mr. Chan has made a special withdrawal for medical and dental expenses, the subsequent amounts of the guaranteed monthly annuity payment, guaranteed cash value and death benefit (if applicable) will be reduced after the special withdrawal proportionally based on the ratio of the special withdrawal amount to the lump sum death benefit value at the time of special withdrawal. As a result, the total amount of benefits paid and payable of the policy after the special withdrawal will be reduced. However, the Guaranteed Period will remain unchanged. If the amount of guaranteed monthly annuity payment payable under the policy becomes zero after the special withdrawal, the policy will be terminated.***

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#### There is no special withdrawal value after the Guaranteed Period ends (after the 182<sup>nd</sup> guaranteed monthly annuity payment date).

#### Please note that if there are medical and dental expenses incurred or to be incurred in respect of the insured, special withdrawal of the same amount as partial surrender in this scenario will result in less reduction of future benefits payable under the policy. However, when the premium paid minus cumulative guaranteed monthly annuity payments paid becomes less than the guaranteed cash value of the policy at a policy year, special withdrawal will result in the same reduction of future benefits payable under the policy as partial surrender.

If the Insured has incurred or is going to incur medical and dental expenses, and you wish to make a claim for special withdrawal to cover such expenses, please consult HKMC Annuity Limited on the impact of such special withdrawal on the policy values or whether the option of making a partial surrender should be considered.



## Risk Disclosures

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### 1 Nature of the Plan

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The Plan is a whole life guaranteed annuity insurance product. It is a long-term insurance plan and is underwritten by HKMC Annuity Limited. The Plan is **NEITHER** a bank deposit **NOR** a bank savings plan. The objectives of the Plan are to provide regular and guaranteed income in the future and to address your longevity risk. The actual return of the policy depends on your lifespan. The longer you live, the higher cumulative guaranteed monthly annuity payments you will receive. Please refer to your illustration document for details.

### 2 Premium Term and Benefit Term of the Plan

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This is a single premium product and the benefit term (protection period) is whole of your life. We will pay the guaranteed monthly annuity payments as long as you are alive and the policy remains in force. Proof of your survival satisfactory to HKMC Annuity Limited will be required for the continuation of guaranteed monthly annuity payments.

### 3 Cooling-off Rights

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If you are not satisfied with the policy or its terms and conditions, you have the right to cancel the policy within the cooling-off period and obtain a refund of any premiums paid by giving a written notice to us, subject to a deduction of the guaranteed monthly annuity payment that we have already made (if any). Such notice must be signed by you and submitted to the Customer Service Centre of HKMC Annuity Limited at 19/F, Two Harbour Square, 180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong within the cooling-off period in compliance with relevant regulatory requirements. Please refer to the application form for more information.

## 4 Liquidity and Partial Surrender Risk, Surrender within Guaranteed Period, and Death or Surrender after the Guaranteed Period

This is a lifetime insurance product. You should therefore ensure that (1) purchase of HKMC Annuity Plan will improve or at least not adversely affect your ability to pay your regular expenses, including living expenses, housing expenses, medical expenses (including long term medical care and drugs), etc., and (2) you have reserved sufficient funds for emergency purposes to meet any financial contingencies (such as emergency medical expenses, transitional living expenses pending government's approval of living allowance, and other sudden expenses) that may occur after purchase of the Plan.

You are advised not to surrender the full value of the policy which will result in early termination of the policy. Should you surrender the policy within the Guaranteed Period (i.e. the period commencing from the premium start date of the policy during which guaranteed monthly annuity payments will be paid subject to the policy terms until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid), the sum of the amount of the cumulative guaranteed monthly annuity payment(s) already paid to you and the surrender value to be

paid to you may be significantly less than the total premium paid by you. After the Guaranteed Period, in the unfortunate event that the insured passes away or if the policy is surrendered, the policy has no guaranteed cash value and no death benefit or surrender value is payable and the policy will be terminated. Please refer to your illustration document for more information.

If you surrender the policy (whether during or after the Guaranteed Period), the policy will be terminated. Subsequent to that, **NO** lifetime guaranteed monthly annuity payments will be payable to you under the Plan.

While the policy is in force and during the Guaranteed Period, you may withdraw money from the policy by way of partial surrender of the guaranteed cash value of the policy (subject to the minimum surrender amount and the minimum guaranteed cash value of the policy after partial surrender. You can visit our website or call our Customer Service Hotline for details of the minimum surrender amount and the minimum guaranteed cash value of the policy). The guaranteed cash value of the policy after the partial surrender shall not be less than the minimum amount which we set from time to time.



## Risk Disclosures (cont'd)

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You are also advised not to partially surrender the policy which will result in reduction of the subsequent amounts of the guaranteed monthly annuity payment, guaranteed cash value, death benefit (if applicable), special withdrawal value and the total amount of benefits paid and payable of the policy. Please refer to the policy provisions for details.

### 5 Risk of Making Special Withdrawal for Medical and Dental Expenses

Subject to the terms and conditions of the policy, if there are medical and dental expenses incurred or to be incurred in respect of the insured, you can only make one single special withdrawal application for all policies issued by HKMC Annuity Limited in respect of the insured during his/her lifetime and the subsequent guaranteed monthly annuity payments, guaranteed cash values, death benefit (if applicable) and the total amount of benefits paid and payable of the policy will be reduced after the special withdrawal is made. Making special withdrawal will also cause the policy to terminate if the amount of the guaranteed monthly annuity payments payable under the policy becomes zero after the special withdrawal.

In respect of any estimated medical and dental expenses to be incurred, if medical and dental treatment or medical and dental examination is scheduled to be carried out on a date but is not carried out on or within a reasonable period of time from the scheduled date, any payment made by HKMC Annuity Limited for the estimated amount of medical and dental expenses may, at HKMC Annuity Limited's discretion, be deemed as payment made for partial surrender. In such case, if partial surrender is less favourable than special withdrawal, you may be placed in a less favourable position.

### 6 Credit Risk

HKMC Annuity Limited underwrites the Plan and you are subject to our credit risk. If HKMC Annuity Limited is unable to satisfy the financial obligations of the policy, you may lose your premium paid and benefits under the Plan.



## 7 Inflation Risk

Your current planned benefit may not be sufficient to meet your future needs since the future cost of living may become higher due to inflation. Please note that the amount of the guaranteed monthly annuity payment is determined at the outset and will remain unchanged throughout the whole of your life, and if the actual rate of inflation is higher than expected, you may receive less in real terms.

## 8 Termination

The policy shall terminate upon the earlier of the following dates:

- (i) The date of surrender, if you submit a written request to fully surrender the policy before the end of the Guaranteed Period, and such written request is approved by HKMC Annuity Limited; or
- (ii) The date on which the insured dies; or
- (iii) The date on which the amount of the guaranteed monthly annuity payments payable under the policy becomes zero upon special withdrawal for medical and dental expenses under the policy.



## Disclaimer

This product brochure should be read together with your Illustration Document and other marketing materials, which include additional information and important considerations about the Plan.

In this product brochure, 'you' and 'your' refer to the policyowner and the policyowner shall also be the insured. 'We', 'us' and 'our' refer to HKMC Annuity Limited.

HKMC Annuity Plan is underwritten by HKMC Annuity Limited. Apart from the sales representatives of HKMC Annuity Limited, HKMC Annuity Limited may appoint licensed insurance intermediary(ies) as the authorised intermediaries of HKMC Annuity Limited from time to time for referring interested customer to HKMC Annuity Limited to conduct a Financial Needs Analysis to ascertain the customer's suitability in subscribing to the Plan. You can call our Customer Service Hotline for details of our authorised intermediaries.

The Plan is a product of HKMC Annuity Limited but not the Agent Banks'. In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between you and an Agent Bank out of the selling process or processing of the related transaction, the Agent Bank is required to enter into a Financial Dispute Resolution Scheme process with you;

however any dispute over the contractual terms of the Plan should be resolved between you and HKMC Annuity Limited directly.

HKMC Annuity Limited is a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited which, in turn, is wholly owned by the Hong Kong Special Administrative Region Government through the Exchange Fund.

HKMC Annuity Limited is authorised and regulated by the Insurance Authority to carry on long term insurance business in or from the Hong Kong Special Administrative Region of the People's Republic of China.

HKMC Annuity Limited reserves the right to decide at its sole discretion to accept or decline any application for the Plan. HKMC Annuity Limited will refund any premiums paid (without any interest) for unsuccessful applications.

This product brochure is issued by HKMC Annuity Limited. It is for reference only and is intended to be distributed in Hong Kong only. It shall not be construed as an offer to sell or to provide any products of HKMC Annuity Limited outside Hong Kong. HKMC Annuity Limited does not offer or sell any insurance products or other products or services in any other jurisdiction in which such offering or sale is illegal under the laws of such jurisdiction. The content of

this product brochure is not legally binding. For the terms and conditions of the Plan, please refer to the policy provisions.

You should not apply for the Plan unless you fully understand the product features and risks. For more information or if you have any doubts, please call our Customer Service Hotline.

Levy collected by the Insurance Authority has been imposed on relevant policy at the applicable rate and would be remitted in accordance with the prescribed arrangements. For further information, please visit our website ([www.hkmca.hk](http://www.hkmca.hk)) or call our Customer Service Hotline at (852) 2512 5000. For HKMC Annuity Plan, the levy will be absorbed and paid by HKMC Annuity Limited for all policyowners.

HKMC Retire 3 refers to the Reverse Mortgage Programme and the Policy Reverse Mortgage Programme operated by HKMC Insurance Limited (HKMCI) and the HKMC Annuity Plan underwritten by HKMC Annuity Limited. The HKMCI is a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited.

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# HKMC Annuity Limited

(A wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited)

## Application Servicing and Customer Service Centres

19/F, Two Harbour Square

180 Wai Yip Street, Kwun Tong

Kowloon, Hong Kong

Suites 3202-5, 32/F, Tower One

Times Square, 1 Matheson Street

Causeway Bay, Hong Kong

## Application Servicing Centre

22/F, 909 Cheung Sha Wan Road

Lai Chi Kok, Kowloon, Hong Kong

Customer Service Hotline: **(852) 2512 5000**

[www.hkmca.hk](http://www.hkmca.hk)

