

31 March 2019

## **HSBC OFFERS NEW SOLUTIONS TO HELP HONG KONG PEOPLE MAXIMISE THE VALUE OF NEW TAX CONCESSIONS TO LEAD A BETTER RETIREMENT LIFE**

- *As the market leader in the retirement space, HSBC is introducing qualifying deferred annuity policies and MPF tax-deductible voluntary contributions account to help customers enjoy the newly announced tax concession measures*
- *With a maximum tax-deductible amount of HKD60,000 per taxpayer each year, each taxpayer can save personal income tax of up to HKD10,200<sup>1</sup> which equals to up to HKD20,400<sup>1</sup> for a couple combined*
- *The purchase of qualifying deferred annuity policies offers up to 7% premium discount in the first year<sup>2</sup> and the MPF tax-deductible voluntary contribution plan comes with bonus unit rebates up to HKD3,300<sup>3</sup>, or HKD4,800 if the customer is an employee of a MPFA Good Employer Awardee*

HSBC today announced the offering of two qualifying deferred annuity policies (QDAPs) — the HSBC Income Goal Deferred Annuity Plan and the HSBC Early Income Deferred Annuity Plan – and a new MPF tax-deductible voluntary contributions (TVC) account, effective 1 April 2019, to support the HKSAR government’s latest tax deduction initiative to encourage people to save more for their retirement. This timely response to the recently-announced government initiative for tax deductions for relevant products further demonstrates HSBC’s ongoing efforts to help people enjoy a better retirement life through a comprehensive range of products and services.

The purchase of qualifying deferred annuity policies and/or contribution made towards MPF TVC account will enjoy a maximum tax deductible limit of up to HKD60,000 per year for each taxpayer, which is equivalent to a personal tax saving of up to HKD10,200<sup>1</sup> which equals to up to HKD20,400<sup>1</sup> for a couple combined.

**Greg Hingston, Head of Retail Banking and Wealth Management, Hong Kong, HSBC,** said, “HSBC is committed to helping customers plan for retirement. In response to the latest tax deduction initiative, we are pleased to be among the first batch of financial institutions offering qualifying deferred annuity policies and MPF tax-deductible voluntary contributions account that can help customers better prepare for a comfortable retirement.

According to our latest Retirement Monitor<sup>4</sup>, retired singles need an annual budget of over HKD260,000 to afford a comfortable retirement. People recognise that they are living longer and may not be able to rely solely on more traditional forms of funding for their old age. We see customers becoming more aware that they need to start saving for retirement earlier

than previous generations and to consider alternative methods to help fund their retirement. Even small amounts set aside today can go a long way to helping fund a comfortable retirement in the future.”

### **Qualifying deferred annuity policies offer regular and stable income stream for a secure financial future**

An annuity is a long-term insurance product with accumulated savings to provide a stable stream of income for a period of time. A deferred annuity is an annuity which delays the income to start a period of time after the final premium has been paid. Customers who purchase the HSBC Income Goal Deferred Annuity Plan or the HSBC Early Income Deferred Annuity Plan from HSBC Life can enjoy up to 7% discount in the first year premium payment upon a successful application<sup>2</sup>.

**Edward Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life**, said, “Our latest Future of Retirement survey showed that although only 20% of working age people in Hong Kong said they have not started saving for retirement, nearly half (48%) of the working people in Hong Kong are not confident they will achieve a comfortable retirement life. The fact that Hong Kong people understand the importance of saving for retirement, yet are still struggling to save enough for a comfortable retirement life is worthy of attention.”

“To ensure you have enough savings to cover the cost of living in retirement, especially as we are living longer, you need to make good use of different investment and insurance tools. Deferred annuity is an effective and practical retirement planning tool which generates a stable and guaranteed income flow to support retirement expenses, which can be very important in times of market volatility. Leveraging our decade-long leading position in the annuity market, we are confident in supporting customers’ retirement needs by providing them with the right insurance solutions to ensure a secure financial future.”

	<b>HSBC Income Goal Deferred Annuity Plan</b>	<b>HSBC Early Income Deferred Annuity Plan</b>
Eligibility	Issue age needs to be from 41 to 65	Issue age needs to be from 46 to 70
Payment period	5 or 10 years	5 years
Accumulation period	10 years	5 years
Annuity period	10 years	20 years or to age 99
Key benefits	<b>Stable income</b> - Make premium payments over 5 or 10 years and receive a steady stream of annuity payments <sup>5</sup> for 10 years. A non-guaranteed special bonus <sup>6</sup> may be declared at the 1 <sup>st</sup> annuity payment	<b>Stable income</b> - Pay 5 years, receive a monthly annuity payment <sup>5</sup> for 20 years or up to age 99  <b>Flexibility</b> – Receive your monthly annuity payment after the accumulation period or continue to accumulate with interest <sup>7</sup>

	<p><b>Flexibility</b> – enjoy monthly annuity payment or accumulate as a lump-sum retirement amount with interest <sup>7</sup></p> <p><b>Guaranteed portion</b> – guaranteed annuity amount of 70% of the total annuity amount</p> <p><b>Early breakeven</b> – breakeven is forecast to be achievable as soon as the 7th policy year <sup>8</sup></p> <p><b>Security</b> - protect against life’s uncertainties with an accidental death benefit, terminal illness benefit and unemployment benefit with no additional premiums</p>	<p><b>Guaranteed portion</b> – guaranteed annuity amount of over 80% of the total annuity amount</p> <p><b>Early breakeven</b> – breakeven is forecast to be achievable as soon as the 8th policy year <sup>8</sup></p> <p><b>Continuity</b> - unpaid annuity payment can be passed to beneficiaries<sup>9</sup></p>
Target customer:	Designed for Hong Kong residents over 40 years old	Designed for Hong Kong residents who are close to retirement

**Tax-deductible voluntary contributions (TVC) offer flexibility to choose your own investment**

TVC is a new and special contribution under MPF for members to contribute voluntarily. Starting from 1 April 2019, customers contributing to HSBC MPF TVC accounts can save a maximum of HKD10,200<sup>1</sup> of personal income tax every year and at the same time are entitled to up to HKD3,300<sup>3</sup> bonus unit rebates, or HKD4,800 bonus unit rebates for employees of any employers who are awardees of the MPFA Good Employers Award.

**Alfred Yip, Head of Pensions, Hong Kong, HSBC**, said, “While being a core part of retirement savings, MPF mandatory contribution alone is not enough if one aspires to a more comfortable retirement life. TVC marks an important step to incentivise members to save more through the MPF platform with the flexibility for them to choose the amount they contribute as well as investment funds that suit their life stage and risk appetite. As one of the leading MPF providers in Hong Kong managing around 1.8 million MPF accounts, we will continue to help our customers gain the most value from MPF savings to meet their retirement needs.”

Members will also be rewarded with three waves of bonus unit rebate offer.

	Offer 1	Offer 2	Offer 3
Offer	Maximum rebate of HKD3,000 depending on your contributions to TVC. The greater the contribution, the more rebates they will get	Receive extra (one-off) bonus unit rebates of HKD300 if customers consolidate their non-HSBC Group (non-HSBC or Hang Seng) MPF Personal Accounts into HSBC MPF, and contribute to TVC at the same time <sup>3</sup>	If a customer is an employee of an awardee of the 2017/18 and 2018/19 MPFA Good Employers on the day of opening the HSBC MPF TVC Account, the rebate amounts under Offer 1 will be increased to 1.5 times of the standard offer
Promotion period	1 April 2019 – 31 March 2022	1 April 2019 – 31 March 2020	1 April 2019 – 31 March 2022

“HSBC MPF - Tax-deductible Voluntary Contributions” leaflet will be available on HSBC MPF website on 1 April 2019 at [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf)

For details on the features of QDAP and MPF TVC, please refer to the table in the appendix.

*ends/more*

**Photo caption:**



Greg Hingston, Head of Retail Banking and Wealth Management, Hong Kong, HSBC(middle), Edward Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life (right) and Alfred Yip, Head of Pensions, Hong Kong, HSBC (left) announced the introduction of qualifying deferred annuity policies and MPF tax-deductible voluntary contributions account, effective 1 April.

### **Notes to editors:**

1. Based on the highest rate (17%) of progressive tax rates and a tax payer paying HKD60,000 of qualifying deferred annuity premium, TVC or a combination of both during the year of assessment. A taxpaying couple can also claim a total deduction of HKD120,000 provided that the deductions claimed by each taxpayer do not exceed the individual limit. Taxpaying couple is not allowed to claim tax deductions for TVC.
2. Discount offer valid until 30 June 2019. Promotional terms and conditions apply.
3. Based on a member contributing HKD180,000 of TVC over a 3-year campaign period from 1 April 2019 to 31 March 2022, and has consolidated a MPF Personal Account from a non-HSBC Group (non-HSBC or Hang Seng) MPF scheme into HSBC MPF from 1 April 2019 to 31 March 2020.
4. Based on the latest HSBC Retirement Monitor: [www.hsbc.com.hk/mpf/retirement-monitor/](http://www.hsbc.com.hk/mpf/retirement-monitor/)
5. Annuity payment includes both guaranteed annuity payment and non-guaranteed annuity payment (if any). Please refer to the "Example" and "Product Summary" sections of the product brochures for details.
6. Special Bonus is a one-off bonus. It is declared at a pre-determined policy year as set out in your plan, or upon early termination of the policy due to, for example, death or surrender before the pre-determined policy year.
7. The interest rate is not guaranteed and may be adjusted by us at our discretion from time to time without prior notice.
8. Breakeven means that the Net Cash Value (as defined in product brochure) which is contributed by both guaranteed and non-guaranteed benefits to total premium paid (as defined in product brochure) at a particular policy year is 100%. For the details of non-guaranteed benefits, please refer to the "Key risks – Non-guaranteed benefit" section of the product brochures.
9. Beneficiary definitions include relationships between grandparents, stepchildren, de-facto couples and same-sex couples.

### **The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves our customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,558bn at 31 December 2018, HSBC is one of the world's largest banking and financial services organisations.

#### **Disclaimer for HSBC Life**

HSBC Income Goal Deferred Annuity Plan and Early Income Deferred Annuity Plan ("the Plans") are deferred annuity insurance policies. They are underwritten by HSBC Life (International) Limited ("HSBC Life"). The policyholder is subject to the credit risk of HSBC Life. The Plans provide guaranteed cash value, non-guaranteed dividend and special bonus (only applicable to HSBC Income Goal Deferred Annuity Plan). The dividend and special bonus (if any) will be declared by HSBC Life at its absolute discretion. If surrendered early, the amount to be received may be considerably less than the total premiums paid. Please refer to the product brochures for the characteristics and terms and conditions of the Plans. The Plans offer features certified by the Insurance Authority ("IA") to be compliant with its Guideline on Qualifying Deferred Annuity Policy. Nonetheless, certification by IA does not imply official recommendation does not guarantee you will be eligible for a tax deduction on the premium paid for the Plans. Actual tax deduction under salaries tax and personal assessment with Inland Revenue Department from premiums paid under the Plans shall be subject to your individual circumstances. It is also at Inland Revenue Department's discretion when your premiums are paid over the premium payment period. Please refer to the "Key Risks - Tax implication of Qualifying Deferred Annuity Insurance Policy" section of the product brochures for details regarding key risk factors. HSBC Life is incorporated in Bermuda with limited liability, and is one of the HSBC Group's insurance underwriting subsidiaries. HSBC Life is authorised and regulated by the Insurance Authority of the Hong Kong SAR to carry on long-term insurance business in the Hong Kong SAR. The Hongkong and Shanghai Banking Corporation Limited ("HSBC") is an insurance agent of HSBC Life. The Plans are intended only for sale through HSBC in the Hong Kong SAR. For monetary disputes arising between HSBC and you out of the selling process or processing of the related transaction, HSBC will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the product should be resolved between HSBC Life and you directly.

#### **Disclaimer for HSBC MPF**

Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the relevant 'Principal Brochure'.

The information shown in this material is for illustrative purposes only. You are advised to exercise caution in relation to tax matters and this document. If you are in doubt about any of the contents of this publication, you should obtain independent professional advice

**Appendix:  
Characteristics of qualifying deferred annuity policy (QDAP) and MPF tax-deductible voluntary contributions (TVC)**

Features of QDAP and MPF TVC vary to cater to the different needs of people in Hong Kong. Please refer to the below table for detailed features.

	<b>QDAP</b>	<b>MPF TVC</b>
Customer commitment	<ul style="list-style-type: none"> <li>• Minimum premium is HKD180,000</li> <li>• Premium payment term is at least 5 years</li> </ul>	<ul style="list-style-type: none"> <li>• Members can contribute as low as HKD300 / month or HKD1,000 as a lump sum</li> </ul>
Flexibility	<ul style="list-style-type: none"> <li>• Premium payment schedule is fixed. However customers can withdraw monthly annuity after the accumulation period or continue to accumulate with potential interest</li> </ul>	<ul style="list-style-type: none"> <li>• Members can contribute as low as HKD300/month or HKD1,000 as a lump sum</li> </ul>
Minimum age of benefit payment	<ul style="list-style-type: none"> <li>• 50 or above</li> </ul>	<ul style="list-style-type: none"> <li>• 65, or when meeting other prescribed conditions, as per MPF mandatory contributions</li> </ul>
Benefit payment	<ul style="list-style-type: none"> <li>• As regular income or lump sum</li> </ul>	<ul style="list-style-type: none"> <li>• As lump sum or phased withdrawal</li> </ul>
Investment options	<ul style="list-style-type: none"> <li>• Not applicable but peace of mind with guaranteed % of return</li> </ul>	<ul style="list-style-type: none"> <li>• Member's own choice within MPF scheme, as per their own investment goals and risk appetite, to seek optimised returns</li> </ul>

*ends/all*