

23 February 2020

## **HSBC LIFE ANNOUNCES NEW QDAP PHONE APPLICATION SERVICE AND ENHANCED QDAP SOLUTION TO MAKE EARLY RETIREMENT PLANNING AND TAX SAVINGS MORE ACCESSIBLE**

- *New phone application through relationship managers complementary to HSBC's branch network and appointment booking hotline to suit customers' preference and current market needs*
- *Eligibility age substantially lowered to 25 with higher potential total return of up to 3.4%<sup>1</sup>, helping young customers to plan for retirement and reap tax benefit for at least five years*

In light of recent regulatory announcements, coupled with a desire to ensure all customers have the opportunity to take full advantage of the tax concessions before 31 March, HSBC Life announces a new phone application service for applying its qualifying deferred annuity policies ('QDAP') including the newly enhanced HSBC Income Goal Deferred Annuity Plan ("Deferred Income Goal") for people as young as 25. Both the QDAP phone application service and Deferred Income Goal are designed to protect customers' wellbeing and financial security.

**Edward Moncreiffe, Chief Executive Officer, Hong Kong, HSBC Life**, said, "By making our QDAP more accessible to Hongkongers including younger customers during this critical period, we would like to encourage more people to start planning for retirement early to maximise the benefits of compound interest returns over a longer period. For those who would like to grab the final opportunity to maximise tax benefit for the 2019/2020 tax year before the season ends in March, they are set to have an additional option to use our new QDAP phone application service if face-to-face interaction is not preferred. Leveraging our decade-long leading position in the annuity market, we are confident in supporting customers at different ages to plan for a secure financial future by providing them with the right insurance solutions available over multiple touchpoints."

Adhering to HSBC Life's high standards in protecting customer data and transactions, the QDAP phone application service has been built on HSBC's well-established banking security infrastructure. Apart from a phone pin and audio recording system, it also enables paperless and straight-through application. From end of February till 31 March, HSBC customers can apply for HSBC Life's QDAP solution by phone through their relationship managers. This new service complements HSBC's extensive branch network in Hong Kong and the Appointment Booking Hotline on +852 2233 3130 (Monday to Friday from 11am to 7:30pm except public holiday) whilst providing a non-face-to-face interaction model for customers who prefer this during the current climate.

At the same time, to encourage more Hongkongers to better plan for their future, HSBC Life introduces Deferred Income Goal, an enhanced QDAP with widened eligibility age to cover Hongkongers turning 26 to 65 at their next birthday, helping those as young as 25 years old

to save for retirement while enjoying tax benefit. On top of steady annuity payments with a higher potential return of up to 3.4%<sup>1</sup>, the plan also offers customers an option to get their Monthly Annuity Payment for 10, 15 or 20 years to match their personal aspirations.

Purchase made before 31 March will allow the annuitant to enjoy a maximum individual tax deductible limit of up to HKD60,000 starting from the current assessment year for a minimum of five years. This is equivalent to an annual personal tax saving of up to HKD10,200<sup>2</sup> per person or up to HKD20,400<sup>2</sup> for a couple combined.

As a leader in the annuity market, HSBC Life recorded a 25% year-on-year growth in the number of annuity policies sold in 2019. Deferred Income Goal is HSBC Life's latest response to a growing awareness among Hongkongers, and particularly amongst young people, of the benefits of deferred annuities as an effective retirement tool. According to a recent HSBC survey on consumer sentiment, 83% of millennial say they want to have stable recurring income after retirement and the number of those who rank retirement preparation as one of their key spending items has doubled<sup>3</sup>.

Taking the example of a 26-year-old young customer who has bought Deferred Income Goal, at the age of 51, he can choose to either start receiving a projected monthly annuity payment of HKD4,391 for 15 years, or if he does not need the income he can leave the annuity on deposit with interest to receive a projected total benefit of HKD1,009,056 at age 66.

Annual premium	HKD60,016	Accumulation period	25 years
Premium payment period	5 years	Annuity period	15 years
Total premium paid	HKD300,080		
Projected monthly annuity	HKD4,391		
Projected total annuity at maturity	HKD790,416		

Together with the HSBC EarlyIncome Deferred Annuity Plan launched last year, HSBC Life now offers two QDAPs to meet customers' different retirement needs as follows:

	<b>HSBC Income Goal Deferred Annuity Plan (enhanced)</b>	<b>HSBC EarlyIncome Deferred Annuity Plan</b>
Eligibility (age at next birthday basis)	Age 26* to 65 *applicable to those reaching the age of 25	Age 46* to 70 *applicable to those reaching the age of 45
Premium payment period	5 or 10 years	5 years
Accumulation period	10, 15, 20 or 25 years	5 years

	<b>HSBC Income Goal Deferred Annuity Plan (enhanced)</b>	<b>HSBC EarlyIncome Deferred Annuity Plan</b>
Annuity period	10, 15 or 20 years	20 years or to age 99
Key benefits	<p><b>Stable income</b> - Pay over 5 or 10 years and receive a steady stream of guaranteed annuity payments for 10 to 20 years upon entering the annuity period.</p> <p><b>Higher potential return</b> - A Special Bonus may be declared at the commencement of the annuity period and accumulated with interest (if any) which forms part of non-guaranteed annuity payment.</p> <p><b>Flexibility</b> – Enjoy monthly annuity payment or accumulate as a lump-sum retirement amount with non-guaranteed interest</p> <p><b>Security</b> - Protect against life’s uncertainties with an accidental death benefit, and unemployment benefit with no additional premiums</p>	<p><b>Stable income</b> - Pay 5 years and start to receive a monthly annuity payment for 20 years or up to the age of 99</p> <p><b>Flexibility</b> – Receive your monthly annuity payment after the accumulation period or continue to accumulate with non-guaranteed interest</p> <p><b>Continuity</b> - Unpaid annuity payment can be passed to beneficiaries<sup>4</sup></p>
Target customer:	Designed for younger Hong Kong residents who want to save early for retirement	Designed for Hong Kong residents who are close to retirement

Terms and conditions apply

For more details, please visit: [www.hsbc.com.hk/SmartTax](http://www.hsbc.com.hk/SmartTax)

*ends/more*

**Notes to editors:**

1. The projected benefit consists of both guaranteed annuity payment and non-guaranteed Special Bonus. Therefore, the total projected benefit of a policy is **not guaranteed** and is for illustration purposes only. The actual benefit may be higher or lower than the amount quoted. The example is based on the assumption of a USD denominated policy with policy period of 40 years and it is assumed that (i) the life insured aged 26-50; (ii) premiums are payable over 5 years in annual mode, accumulation period is 25 years and annuity period is 15 years; (iii) the Monthly Annuity Payment is paid out at monthly interval (iv) all premiums have been paid in full during the premium payment

- period; (v) neither policy loan nor partial surrender has been applied during the policy term and (vi) there is no change in dividend and Special Bonus scale.
2. Based on the highest rate (17%) of progressive tax rates and a tax payer paying HKD60,000 of qualifying deferred annuity premium 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.
  3. Consumer Sentiment and Market Outlook 2020, Ipsos
  4. Beneficiary definitions include relationships between grandparents, stepchildren, de-facto couples and same-sex couples.

HSBC Income Goal Deferred Annuity Plan and HSBC EarlyIncome Deferred Annuity Plan (“the Plans”) are both qualified deferred annuity insurance policies with a savings element and are not equivalent or similar to any kind of bank deposit. They are underwritten by **HSBC Life (International) Limited** (“the Company”). The policyholder is subject to the credit risk of the Company. The Plans provide guaranteed cash value, non-guaranteed dividend, interest and special bonus (only applicable to HSBC Income Goal Deferred Annuity Plan). The dividend, interest and special bonus (if any) will be declared by the Company 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 or guarantee you will be eligible for a tax deduction on the premium paid for the Plans. Whether actual tax deduction is allowed under salaries tax and personal assessment with Inland Revenue Department from premiums paid under the Plans shall be subject to your individual circumstances and Inland Revenue Department of HKSAR’s discretion regarding any tax deduction 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. The Company is one of the HSBC Group’s insurance underwriting subsidiaries. The Company is authorised and regulated by IA 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 the Company. The Plans are intended only for sale through HSBC in the Hong Kong SAR.

Issued by HSBC Life (International) Limited (Incorporated in Bermuda with limited liability).

### **HSBC Life (International) Limited**

HSBC Life (International) Limited (“HSBC Life”) is an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. 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. As one of the leading life insurers in Hong Kong, HSBC Life offers a wide range of life insurance products, including annuities, to retail and commercial customers in Hong Kong through HSBC banking channels and third party brokers. HSBC Life provides tailored solutions to meet the protection, education, retirement, managing growth and legacy planning needs of its customers. As of 30 September 2019, HSBC Life had a total market share of 14.2% of the Hong Kong life insurance market.

*Ends/all*