

Life Insurance

ManuLeisure Deferred Annuity

歲稅樂享延期年金

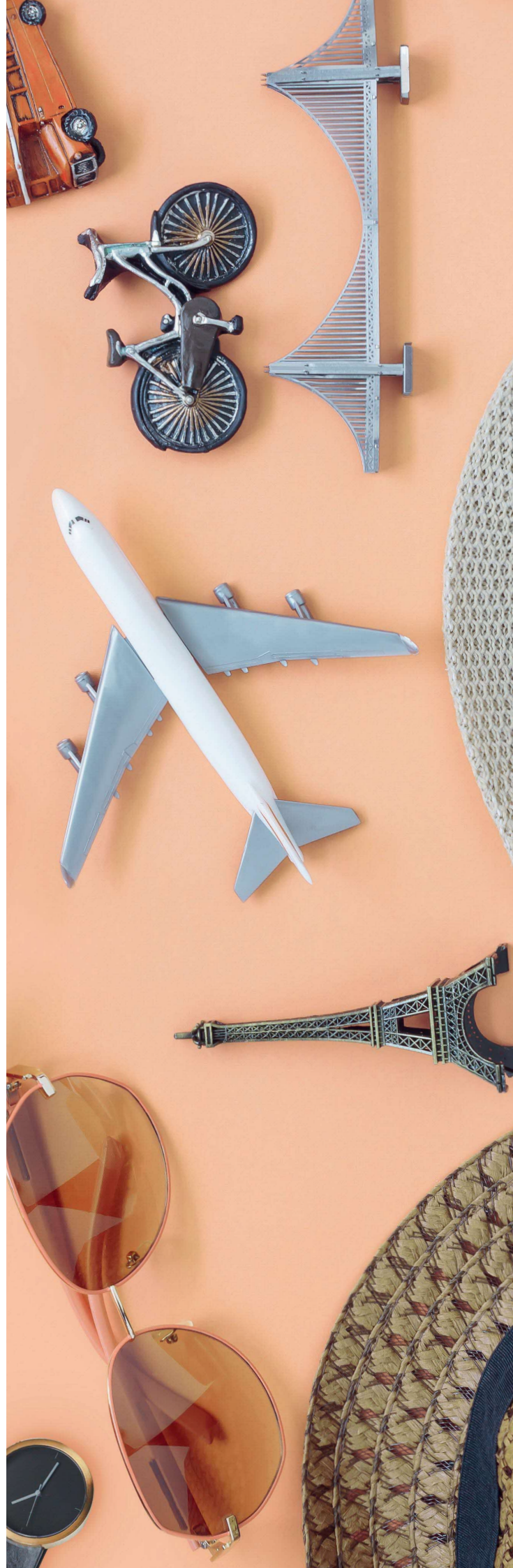
This product leaflet is for use by the customers of DBS Bank (Hong Kong) Limited (the 'Bank'). **ManuLeisure Deferred Annuity is a long term participating life insurance plan underwritten by Manulife (International) Limited (incorporated in Bermuda with limited liability) ('Manulife')**. The Bank is acting as a licensed insurance agency of Manulife.

The product is an insurance product and is neither a bank deposit nor a bank saving plan.



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

manulife.com.hk



ManuLeisure Deferred Annuity

We all look forward to a life of leisure when we retire. After all the hard work throughout the years, we deserve to do all the things we want to enjoy life. With good financial planning, your dream retirement will turn into a reality, and leisure will become a pleasure.

ManuLeisure Deferred Annuity ('ManuLeisure') is a Qualifying Deferred Annuity Policy ('QDAP') certified by the Insurance Authority. It's designed to give you a stable stream of retirement income in the future as well as tax benefits (see note 1) now while you're saving up for your retirement. So you can enjoy your retirement to your heart's content.

ManuLeisure Deferred Annuity is a long-term participating life-insurance product with a savings element, supplemented with benefit for specified critical illnesses, and is provided and underwritten by Manulife. This product leaflet provides only general information on this product. It does not form part of the policy and does not contain full terms of the policy. You should read the policy provisions for the exact terms and conditions that apply to this product. You can ask us for a copy.

Features highlights



Save on tax while you save for retirement



A stable income stream for retirement



Terminal bonus to support your financial journey



Be prepared with Critical Illness Advance Benefit



No medical examination





Save on tax while you save for retirement

Start building your retirement reserves now by paying a premium for just 5 years or 10 years, during which the premiums you pay for the basic plan might be eligible for tax deduction, up to HK\$60,000 per year in Hong Kong (see note 1). The younger you start, the longer the accumulation period for your retirement reserves in the policy to grow.

Get an estimate of your tax savings with our Tax Savings Calculator!



A stable income stream for retirement

Once you've reached the Annuity Start Age (see note 2) of your choice at age 55, 60, 65 or 70, you as an annuitant will start getting your **monthly annuity income** until age 85 (see note 3). Alternatively, you can choose to leave it with us to earn interest (see notes 4 and 5) while enjoying the flexibility to withdraw it anytime you want later.

Your monthly annuity income is comprised of:

- **Guaranteed annuity income** — which is stable throughout the annuity income period.
- **Non-guaranteed annuity income** — Starting from the end of the accumulation period and at the end of each policy year thereafter until the commencement of the final policy year, we'll pay you non-guaranteed dividends (see note 4). Any dividends built up in the policy will be used to determine and pay the non-guaranteed annuity income once the annuity income period begins (see note 5), and the dividend accumulation will be reduced accordingly.



Terminal bonus to support your financial journey

In addition to your annuity income, we may pay you a terminal bonus (see note 6):

- when you end your policy early and cash it in;
- when the life insured is diagnosed with a critical illness, namely cancer, stroke or a heart attack (see note 7);
- when the life insured passes away; or
- when your policy is terminated as i) you fail to pay the premium within 31 days after the due date and your policy does not meet the requirements of an automatic premium loan; or ii) the amount you owe is equal to or more than the sum of guaranteed cash value and dividend that has built up.

The amount of the terminal bonus is mainly affected by the performance of underlying investments, including but not limited to bonds, equities and other non-fixed income assets, so the amount will move up and down over time.



Be prepared with Critical Illness Advance Benefit

During the annuity income period, if the life insured is diagnosed with a critical illness, namely cancer, stroke or a heart attack (see note 7), we'll offer advances of future guaranteed annuity income as immediate cash to ease financial worries.



No medical examination

Applying couldn't be easier. There's no need for a medical examination or health questions.

Other features



Flexible financial planning

You may take a premium holiday (see note 8) for up to two years at any time after the second policy anniversary, during which all premium payments and guaranteed cash value will be frozen.



Life protection and extra benefit guards against accidental death

If the life insured passes away, we'll pay out a death benefit to help relieve the financial hardship faced by the loved ones. We'll offer an additional accidental death benefit equal to 100% of the total premium paid if the life insured passes away as a result, and within 180 days, of an accident in the first 5 policy years, subject to a maximum amount of US\$125,000 less the total amount of the same or similar benefits paid under our other policies. (see note 9)



Plan at a glance

ManuLeisure Deferred Annuity

Product objective & nature	A long-term participating life-insurance product with a savings element, supplemented with benefit for specified critical illnesses						
Product type	Basic plan						
Premium payment period	5 years				10 years		
Annuity Start Age (see note 2)	55	60	65	70	60	65	70
Issue age	18-50	18-55	18-60	18-65	18-50	18-55	18-60
Basic plan annual premium	Min US\$5,200				Min US\$2,600		
Premium structure	Level and premium rate is guaranteed						
Annuity income period	From Annuity Start Age until age 85 (see notes 2, 3 & 10)						
Policy currency	United States Dollar (US\$)						
Benefit period	Until the end of the annuity income period, i.e. until age 85 (see notes 3 & 10)						
Premium payment mode	Annually / Semi-annually / Quarterly / Monthly						
Notional amount	Equivalent to the monthly guaranteed annuity income x 12 months x annuity income period						

Remark:

Age means age nearest birthday of the life insured. The life insured, policyowner and annuitant of the policy must be the same person.

Critical Illness Advance Benefit (see note 7)

During accumulation period

We will pay the higher of:

- the total basic plan premium paid; or
- the guaranteed cash value and terminal bonus (if any)

-
any outstanding debt (see note 11)

The policy will end upon payment of this benefit.

During annuity income period

We will advance 50% of the higher of:

- the notional amount less any guaranteed annuity income due and payable (be it paid or not); or
- the guaranteed cash value and terminal bonus (if any)

subject to a maximum payment of US\$125,000 less the total amount of the same or similar benefits paid under our other policies.

-
any outstanding debt (see note 11)

Death benefit

During accumulation period

We will pay the higher of:

- the total basic plan premium paid; or
- the guaranteed cash value and terminal bonus (if any)

-
any outstanding debt (see note 11)

We will also pay an additional accidental death benefit equal to 100% of the total premium paid if the life insured passes away as a result, and within 180 days, of an accident in the first 5 policy years, subject to a maximum amount of US\$125,000 less the total amount of the same or similar benefits paid under our other policies (see note 9).

During annuity income period

We will pay the higher of:

- the total basic plan premium paid, less any guaranteed annuity income due and payable (be it paid or not); or
- the guaranteed cash value and terminal bonus (if any)

+
any guaranteed annuity income and dividend that have been left with us for interest accumulation (see note 4)

-
any outstanding debt (see note 11)

Surrender value

During accumulation period

Guaranteed cash value

+
any terminal bonus

-
any outstanding debt (see note 11)

During annuity income period

Guaranteed cash value

+
any terminal bonus

+
any guaranteed annuity income and dividend that have been left with us for interest accumulation (see note 4)

-
any outstanding debt (see note 11)

Internal rate of return (IRR) at policy maturity for a 45-year-old male non-smoker taking up ManuLeisure (see notes 12 and 13)

Payment mode		Annual				Non-annual			
Premium payment period	Annuity Start Age	Guaranteed IRR		Total projected IRR		Guaranteed IRR		Total projected IRR	
		Min	Max	Min	Max	Min	Max	Min	Max
5	55	1.50%	1.50%	3.84%	3.84%	1.17%	1.34%	3.53%	3.69%
5	60	1.56%	1.56%	3.89%	3.89%	1.27%	1.41%	3.63%	3.76%
5	65	1.60%	1.60%	3.94%	3.94%	1.34%	1.47%	3.71%	3.83%
5	70	1.65%	1.65%	3.99%	3.99%	1.41%	1.53%	3.79%	3.89%
10	60	1.63%	1.63%	4.19%	4.19%	1.30%	1.46%	3.90%	4.05%
10	65	1.69%	1.69%	4.23%	4.23%	1.41%	1.55%	3.98%	4.11%
10	70	1.74%	1.74%	4.29%	4.29%	1.49%	1.61%	4.07%	4.18%

Surrender value to total basic plan premium paid ratio at the end of the first policy year (see note 14)

Payment mode		Annual		Non-annual	
Premium payment period	Annuity Start Age	Surrender value to total basic plan premium paid ratio [^]		Surrender value to total basic plan premium paid ratio [^]	
		Min	Max	Min	Max
5	55	40.6%	41.0%	37.6%	39.4%
5	60	40.6%	41.0%	37.6%	39.4%
5	65	40.6%	41.0%	37.6%	39.4%
5	70	40.6%	41.0%	37.6%	39.4%
10	60	32.7%	33.0%	30.2%	31.8%
10	65	32.7%	33.0%	30.2%	31.8%
10	70	32.7%	33.0%	30.2%	31.8%

[^] Assuming the surrender value to total basic plan premium paid ratio is 30.2%, if you surrender the policy at the end of the first policy year, you will receive the surrender value of US\$3,020 for each US\$10,000 basic plan premium paid. The percentages shown in the table above are neither guaranteed nor indicative of future performance.

Case

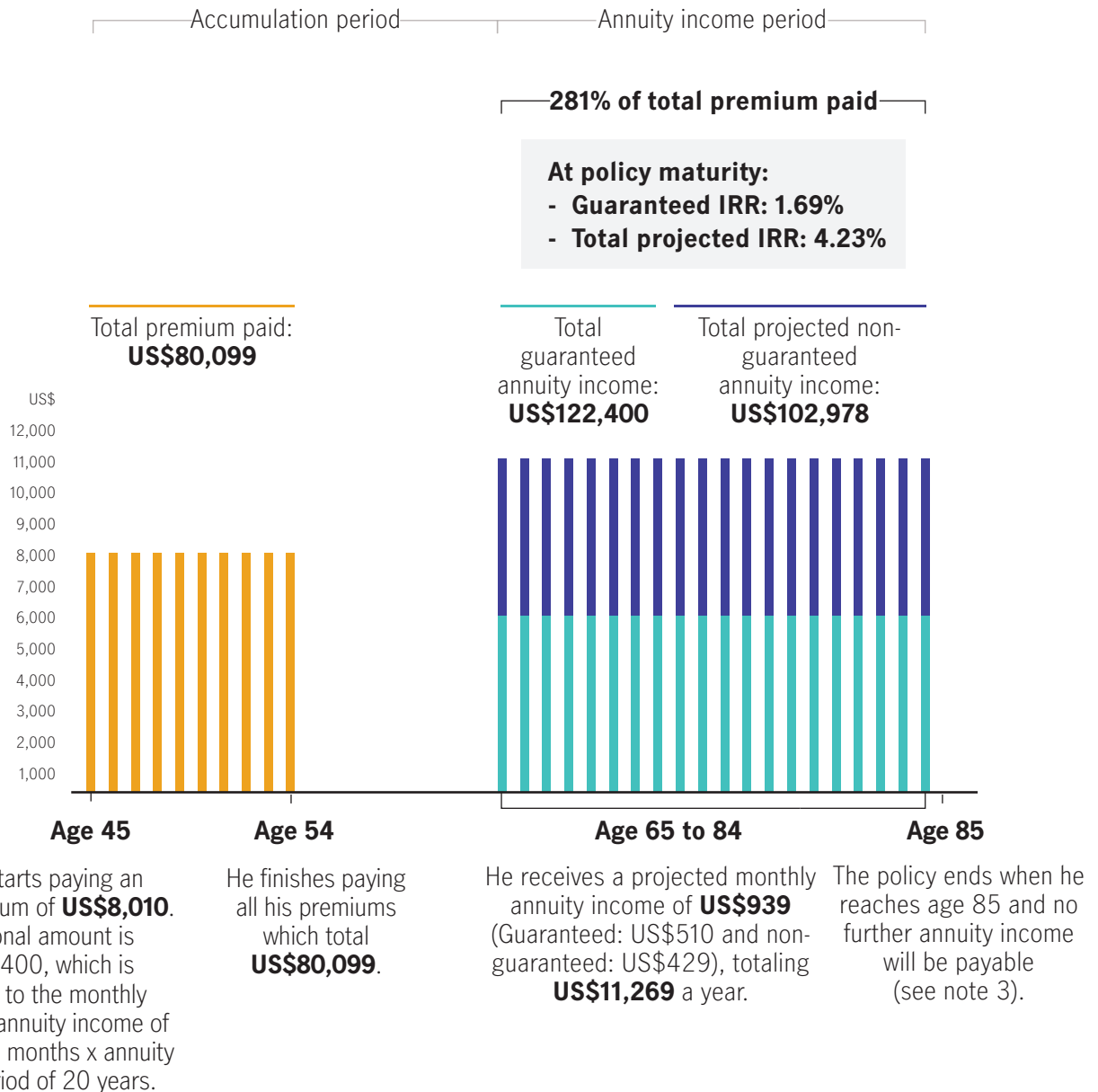
ManuLeisure:

- 10-year premium payment period
- Annuity Start Age at age 65

Mathew is 45 years old. To plan for his retirement at age 65, he takes up **ManuLeisure** with a notional amount of US\$122,400. By paying US\$8,010 a year for 10 years, he will receive a monthly annuity income of US\$939 from age 65 up to age 85 (see notes 13 and 15).

Premium payment and annuity income cash flow

(assuming no Critical Illness Advance Benefit has been paid and no change in the notional amount):



What if Mathew is unfortunately diagnosed with cancer at age 70 (i.e. at the end of policy year 25)?

He will receive the **Critical Illness Advance Benefit** of US\$45,900 which is calculated as follows:

50% of the higher of:		
A	B	
The notional amount less any guaranteed annuity income due and payable (be it paid or not)	OR	The guaranteed cash value and terminal bonus (if any)
US\$122,400 – US\$30,600 = US\$91,800		US\$69,520 + US\$9,787 = US\$79,307
We will advance 50% of A US\$91,800 = US\$45,900 (The Critical Illness Advance Benefit will end after this is paid.)		

After Mathew receives the Critical Illness Advance Benefit, the notional amount will be reduced by the ratio of:

Critical Illness Advance Benefit / the higher of A or B
= US\$45,900 / US\$91,800 = 50%

Therefore, the subsequent projected monthly annuity income will be reduced to US\$470 (Guaranteed: US\$255 and non-guaranteed: US\$215). The death benefit, guaranteed cash value and terminal bonus (if any) will be reduced by 50%.

How much tax can he save?

Assuming the applicable tax rate is 17%, he can enjoy tax savings of HK\$10,200 per year, which is equal to 16% of his annual premium! (see notes 1, 15 and 16)

Premiums eligible for tax deduction

US\$8,010 x 7.8661 exchange rate
= HK\$63,007
(capped at HK\$60,000)

He can save



HK\$10,200 per year

(HK\$60,000 x 17% tax rate)

Get an estimate of your tax savings with our Tax Savings Calculator!





Notes

1. As of April 1, 2019, the maximum tax-deductible limit is HK\$60,000 per year per taxpayer, which is the aggregate limit for qualifying deferred annuity premiums and MPF Tax Deductible Voluntary Contributions combined. Please note that you must meet all the eligibility requirements set out under the Inland Revenue Ordinance and any guidance issued by the Inland Revenue Department of the Hong Kong Special Administrative Region (HKSAR) before you can claim these tax deductions. If, in your present circumstances, you are not subject to salaries tax and personal assessment, e.g. if you are retired, these tax benefits will not be applicable to you. For more details, please also see Point 2 under the 'Important Information' section.
2. Annuity Start Age refers to the life insured's age as at the commencement date of the annuity income period at the issuance of the policy.
3. The policy will mature on the end date of the annuity income period and no annuity income will be payable on such date and thereafter.
4. Dividends and the accumulation interest rates of dividends and guaranteed annuity income (in other words, interest rates for building up dividends and guaranteed annuity income left with us) are not guaranteed and we may change them from time to time. The dividend is available starting from the end of the accumulation period and the end of each subsequent policy year until the commencement of the final policy year.
5. Any non-guaranteed annuity income not being withdrawn when it is payable will be left with us on deposit as part of dividend accumulation. You may choose to withdraw any accumulated dividends during the annuity income period but it will reduce the amount of future non-guaranteed annuity income.
6. The terminal bonus is not guaranteed. We will review and adjust the terminal bonus at least once a month, but we may do so more often. Please see 'The main risks affecting the dividends, the terminal bonus and the accumulation interest rates of dividends and guaranteed annuity income' paragraph under the 'Important Information' section below.
7. Please see the policy provision for the definition of critical illness, and the terms and conditions for the Critical Illness Advance Benefit. If the critical illness occurs during the annuity income period and we have paid this benefit, we will reduce the notional amount proportionally. The subsequent death benefit, guaranteed cash value, guaranteed annuity income, terminal bonus and dividends will be reduced accordingly as if the policy were issued with the reduced notional amount.
8. For details of premium holiday, please see the policy provisions and Point 15 under the 'Important Information' section.
9. Please see the policy provision for the circumstances under which we will / will not pay the Accidental Death Benefit.
10. If premium holiday was exercised, the commencement date and end date of the annuity income period would be postponed accordingly.
11. Outstanding debt refers to indebtedness to us against the policy, and it includes but is not limited to any premium in default, the outstanding policy loan amount and interest accrued to date.
12. The guaranteed and total projected Internal Rates of Return ('IRRs') at policy maturity may vary depending on the issue age, smoking status, premium payment period, premium payment mode and Annuity Start Age selected. The IRRs are calculated assuming all premiums are paid in full when due while all guaranteed and non-guaranteed annuity income are paid out when payable and there is no change in the notional amount and no policy loan is taken out throughout the policy term.
13. The amount of the non-guaranteed annuity income in this case is only an estimate based on the current dividend scale and the accumulation interest rates of dividends. The dividends and the accumulation interest rates of dividends are not guaranteed. The actual dividend amounts we will pay may be lower or higher than those illustrated in the case. This case is only a reference and is strictly for illustrative purposes. All figures are rounded to the nearest whole number and percentage. For projections based on your own circumstances, please contact the licensed staff of the Bank.
14. The surrender value to total basic plan premium paid ratio at the end of the first policy year is calculated assuming all premiums are paid in full when due and there is no change in the notional amount and no policy loan is taken out throughout the first policy year. It may vary depending on the issue age, smoking status, premium payment period, premium payment mode and Annuity Start Age selected.
15. Figures in the case are based on the assumptions that:
 - (i) Mathew is 45 years of age, a non-smoker, in good health and currently living in Hong Kong.
 - (ii) Mathew does not hold any other policy in Manulife which offers Critical Illness Advance Benefit or any similar benefits.
 - (iii) All premiums are paid annually in full when due. The monthly guaranteed and non-guaranteed annuity incomes are paid out as soon as they are payable under the policy.
 - (iv) No policy loan is taken out throughout the policy term.
 - (v) Mathew is single and his net chargeable income before tax deduction of the eligible premiums paid is HK\$330,000.
 - (vi) Mathew does not make any MPF Tax Deductible Voluntary Contributions.
16. The tax rate and exchange rate used in the case are based on the 'Tax Rates of Salaries Tax & Personal Assessment for the year of assessment 2018/19' and the 'Average Selling Rate in Hong Kong Dollar' as of Apr 2019 respectively, as published by the Inland Revenue Department of HKSAR. Such tax rate and exchange rate are assumed to be applicable throughout the premium payment period. The marginal tax rates for the year of assessment 2018/19 are 2%, 6%, 10%, 14% and 17%. The actual amount of tax savings may be different from the amount illustrated in the case depending on individual circumstances. For more details, please consult with a professional tax advisor.

Important Information

This plan is a participating plan. A participating plan provides you with non-guaranteed benefits, namely, dividends and terminal bonus (collectively referred to as 'dividends/bonus' thereafter, unless otherwise indicated).

Your policy will have a 'notional amount', which is an amount we use to work out the premium and other policy values and benefits of the plan. This notional amount does not represent the amount of death benefit we will pay. Any change in this notional amount will lead to a corresponding change in the premiums and other policy values and benefits of the plan.

Dividend/Bonus philosophy

Our participating plan aims to offer a competitive long-term return to policyowners and at the same time make a reasonable profit for shareholders. We also aim to make sure we share profits between policyowners and shareholders in a fair way. In principle, all experience gains and losses, measured against the best estimate assumptions, are passed on to the policyowners. These gains and losses include claims, investment return and persistency (the likelihood of policies staying in force), and so on. However, expense gains and losses measured against the best estimate assumptions, are not passed on to the policyowners. Shareholders will be responsible for any gains or losses when actual expenses are different from what was originally expected. Expenses refer to both expenses directly related to the policy (such as commission, the expenses for underwriting (reviewing and approving insurance applications), issuing the policy and collecting premiums) as well as indirect expenses allocated to the product group (such as general overhead costs).

To protect dividends/bonus from significant rises and falls, we use a smoothing process when we set the actual dividends/bonus. When the performance is better than expected, we do not immediately use the full amount we have made to increase dividends/bonus. And, when the performance is worse than expected, we do not pass back the full amount of losses immediately to reduce dividends/bonus. Instead, the gains or losses are passed back to the policies over a number of years to make sure we provide a more stable dividend/bonus year to year.

An exception to the above smoothing mechanism is the volatility in the market value of certain underlying investments, including but not limited to bonds, equities and other non-fixed income assets. Such experience gain/loss will be passed back to policyowners via adjustment in terminal bonus in a timely manner instead of smoothing out over time.

We share the gains and losses from the participating accounts among different classes and generations of policyowners, depending on the contribution from each class. When we manage dividends/bonus, we aim to pass back these gains and losses within a reasonable time, while making sure we treat policyowners fairly. When considering the fairness between different groups of policyowners, we will consider, for example, the following.

- Products (including supplementary benefits) that you bought
- Premium payment periods or policy terms or the currency of the plan
- When the policy was issued

The dividends are not guaranteed. We review and decide on the dividends at least annually. Unlike declared dividends, declared terminal bonus does not form a permanent addition to the policy. It may be reduced or increased at subsequent declarations. Its actual amount will only be determined when it becomes payable. The amount of the terminal bonus is mainly affected by the performance of the underlying investments, so the amount is relatively volatile and will move up and down over time. Review and adjustment of projected terminal bonus is performed at least monthly and may be performed more frequently than monthly at any time upon Manulife's decision.

Written declaration by our Chairman of the Board, an Independent Non-Executive Director and the Appointed Actuary is in place to confirm the mechanism manages fairness between different parties. You may browse the following website to learn more about your participating policy.

www.manulife.com.hk/link/par-en

Investment policy, objective and strategy

Our investment policy aims to achieve targeted long-term investment results based on the set amount of risk we are willing to take ('risk tolerances'). It also aims to control and spread out risk, maintain enough assets that we can convert into cash easily ('liquidity') and manage assets based on our liabilities.

The long-term asset mix is expected to be within the ranges as listed below. There may be situations that the actual mix will move outside of these ranges if investment performance deviates from expected.

Asset class	Expected asset mix
Bonds and other fixed income assets	50% to 75%
Non-fixed income assets	25% to 50%

The bonds and other fixed income assets include mainly government and corporate bonds, and are mainly invested in Hong Kong, the United States and Asia. Non-fixed income assets may include, for example, public and private equities and real estate and so on, and are mainly invested in Hong Kong, the United States, Europe and Asia. Derivatives may be used mainly for hedging purposes.

For bonds and other fixed-income assets, if the currency of the asset is not in the same currency as the policies, we use currency hedges. These are a way of counteracting the effect of any fluctuations in the currency. However, we give more flexibility to non-fixed-income assets where those assets can be invested in other currencies not matching the policy currency. This is to benefit from diversifying our investment (in other words, spreading the risk).

Actual investments would depend on market opportunities at the time of buying them. As a result, they may differ from the target asset mix.

The investment strategy may change depending on the market conditions and economic outlook. If there are any significant changes in the investment strategy, we would tell you about the changes, with reasons and the effect on the policies.

Dividend and bonus history

You may browse the following website to understand our dividend and bonus history. This is only for reference purposes. Dividend/bonus history or past performance is not a guide for future performance of the participating products.

www.manulife.com.hk/link/div-en

Other product disclosures

1. Nature of the product

The product is a long-term participating life-insurance plan with a savings element. Part of the premium pays for the insurance and related costs. The savings element is reflected in the surrender value and may not be guaranteed. The product is aimed at customers who can pay the premiums for the whole of the premium payment period. As a result, you are advised to save enough money to cover the premiums in the future. You should be prepared to hold this product for the long term to achieve the savings target.

2. Qualifying Deferred Annuity Policy ('QDAP') status

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. Please refer to the website of the Inland Revenue Department of HKSAR or contact the Inland Revenue Department of HKSAR directly for any tax related enquiries.

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. Further information on tax concessions applicable to QDAP may be found at www.ia.org.hk/en.

3. Certification by Insurance Authority

The Insurance Authority certification is not a recommendation or endorsement of the policy, nor does it guarantee the commercial merit of the policy or its performance. It does not mean that the policy is suitable for all policyowners, nor is it an endorsement of its suitability for any particular policyowner or class of policyowners. The policy has been certified by the Insurance Authority but this certification does not imply official recommendation. The Insurance Authority does not take any responsibility for the content of the product leaflet of the policy, 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 content of the product leaflet of the policy.

4. Cooling-off period

If you are not happy with your policy, you have a right to cancel it within the cooling-off period and get a refund of any premiums and any levy paid. To do this, you must give us, within the cooling-off period, your written notice signed by you at Individual Financial Products, Manulife (International) Limited, 22/F, Tower A, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. In other words, your written notice to cancel your policy must reach us directly at the relevant address within a period of 21 calendar days immediately following the day we deliver to you or your nominated representative the policy or a notice telling you about the availability of the policy and the expiry date of the cooling-off period, whichever is the earlier. After the expiration of the cooling-off period, if you cancel the policy before the end of the term, the projected total cash value that you will receive may be less than the total premium you have paid.

5. Premium term and result of not paying the premium

You should pay the premium (or premiums) on time for the whole of the premium payment period. If you do not pay a premium of the basic plan and/or supplementary benefits (if any) on time, you have 31 days from the due date to pay it, during which the policy will continue in force. If we do not receive the premium after the 31-day period ends and as long as there is enough guaranteed cash value and dividend that has built up in the policy, the 'automatic premium loan' (see point 13 below) will apply and the policy will continue in force. If there is not enough guaranteed cash value and dividend that has built up in the policy, the policy will end without further notice and the life insured will not be covered. In this case, we may only pay you the terminal bonus, if any, and you may suffer a significant loss of principal.

6. The main risks affecting the dividends, the terminal bonus and the accumulation interest rates of dividends and guaranteed annuity income (see note 4)

The amount of non-guaranteed annuity income is determined based on the dividends and the relevant interests accumulated in the policy and is payable through the reduction of accumulated dividends. The dividends (and hence the non-guaranteed annuity income) and the terminal bonus are not guaranteed. Factors that may significantly affect the dividends (and hence the non-guaranteed annuity income) and the terminal bonus include, but are not limited to, the following:

Claims – our experience on insurance claims such as paying death benefit.

Investment return – includes both interest income, dividend income, the outlook for interest rates and any changes in the market value of the assets backing the product. Investment returns could be affected by a number of market risks, including but not limited to credit spread and default risk, and the rise and fall in share and property prices.

Please be aware that the amount of the terminal bonus is mainly affected by the performance of the underlying investments, so the amount is relatively volatile and will move up and down over time. If there is a significant fall in the market value of the underlying investments, your terminal bonus will also be reduced significantly from your previous terminal bonus available; and even if there is a mild rise in the market value of the underlying investments during a policy year, your actual terminal bonus can still be lower than what was shown for that policy year, since the growth in the market value was lower than what we assumed when we gave you the illustration for your terminal bonus.

Persistency – includes other policyowners voluntarily ending their insurance policies (premiums not being paid, cashing in all or part of the policy), and the corresponding effects on investments.

Any non-guaranteed annuity income left with us on deposit will be regarded as part of the accumulated dividends. You can leave your guaranteed annuity income and non-guaranteed dividends (including any non-guaranteed annuity income left with us on deposit) with us to earn interest. The rate of interest that we can pay is based on the investment performance, market conditions and the expected length of time you leave your non-guaranteed dividends or guaranteed annuity income with us. This rate is also not guaranteed and may change from time to time due to changes in the investment environment.

7. Credit risk

Any premiums you paid would become part of our assets and so you will be exposed to our credit risk. Our financial strength may affect our ability to meet the ongoing obligations under the insurance policy.

8. Currency risk

This plan is in US dollars. You should consider the potential currency risks. The foreign-currency exchange rate may fall as well as rise. Any change in the exchange rate will have a direct effect on the amount of premium you need to pay and the value of your benefits in your local currency. The risk of changes in the exchange rate may cause a financial loss to you. This potential loss from the currency conversion may wipe out the value of your benefits under the policy or even be more than the value of benefits under your policy.

9. Inflation risk

The cost of living in the future is likely to be higher than it is today due to inflation. As a result, your current planned benefits may not be enough to meet your future needs.

10. Risk from cashing in (surrender) early

If you cash in the policy, the amount we will pay is the surrender value worked out at the time you cash in the policy, less any amount you owe us. Depending on when you cash in your policy (whether in full or part), this may be considerably less than the total premiums you have paid. You should refer to the proposal for the illustrations of the surrender value we project.

11. Liquidity and withdrawal risk

You can make withdrawals from guaranteed annuity income or non-guaranteed dividends (only during the annuity income period) which have built up, take a policy loan or even cash in the policy to get the surrender value. Any withdrawal of the accumulated dividends will reduce the amount of future non-guaranteed annuity income. You may partially surrender the policy by reducing the notional amount but it would reduce the subsequent guaranteed annuity income, surrender value, death benefit, the Critical Illness Advance Benefit we would pay under the product (if any) and other policy values and benefits. However, the notional amount (as defined in the policy provision) after the reduction cannot be smaller than the minimum notional amount, which we will set from time to time without giving you notice. Taking a policy loan will reduce your surrender value, death benefit and the Critical Illness Advance Benefit we will pay (if any).

12. Policy loan

You can take a policy loan of up to 90% (we will decide this figure and may change it from time to time without giving you notice) of the sum of guaranteed cash value and dividend that has built up, less any amount you owe us. The interest we charge on the policy loan is compounded every year (in other words, interest will generate further interest on it) at the rate we set and we may change the rate from time to time. If at any time the amount you owe us is equal to or more than the sum of guaranteed cash value and dividend that has built up, the policy will end. In this case, we may only pay you the terminal bonus, if any, and you may suffer a significant loss of principal. Any policy loan will reduce the policy's death benefit, surrender value and the Critical Illness Advance Benefit we will pay (if any). For details, please see the loan provisions in the policy provision.

13. Automatic premium loan

We will provide an automatic premium loan to keep the policy in force if you fail to pay the premium on time (see point 5 above), as long as there is enough loan value in the policy. If the loan value less any amount you owe is not enough to pay the premium you have missed, we can change how often you pay premiums. If the sum of guaranteed cash value and dividend that has built up less any amount you owe is less than a monthly premium, the policy will end. In this case, we may only pay you the terminal bonus, if any, and you may suffer a significant loss of principal. The interest we charge on the automatic premium loan is compounded every year (in other words, interest will generate further interest on it) at the rate we set and we may change the rate from time to time. The automatic premium loan will reduce the policy's death benefit, surrender value and the Critical Illness Advance Benefit we will pay (if any). For details, please see the loan provisions in the policy provision. When the automatic premium loan is effective, it may affect your eligibility for tax deduction, please consult with the Inland Revenue Department of HKSAR or a professional tax advisor if you have any doubts.

14. Condition for ending the policy

This policy will end if:

- i. the death benefit and the accidental death benefit (if applicable) are due and payable;
 - ii. you fail to pay the premium within 31 days after the due date and your policy does not meet the requirements of an automatic premium loan;
 - iii. you cash in the policy;
 - iv. the amount you owe is equal to or more than the sum of guaranteed cash value and dividend that has built up;
 - v. the annuity income period ends (maturity);
 - vi. the life insured is diagnosed with a critical illness (see note 7) during the accumulation period and we have paid the Critical Illness Advance Benefit; or
 - vii. we approve your written request to end this policy;
- whichever happens first.

15. Risk from taking a 'premium holiday'

We will charge you a handling fee if you choose to take a 'premium holiday', during which you may suspend your premium payment for up to two years in total. The first time you ask to do this, it is free. The handling fee is then HK\$200 each time you apply but we can change this from time to time without giving you notice. You will also have to repay the indebtedness and terminate all supplementary benefits attached to your policy. During the premium holiday, the guaranteed cash value of your policy will remain unchanged, and we will not accept any withdrawal, policy loan or any change to the policy you want to make. Please note that the terminal bonus value is not guaranteed and may subject to change even during the premium holiday. The premium holiday will end immediately if we pay the death benefit or Critical Illness Advance Benefit (if any) and we will deduct those premiums you did not pay during the premium holiday from the value of your policy. In other words, we will deduct them from the benefit that we will pay. You can ask to end the premium holiday by sending us a notice and resume your premium payments when we have approved it. We will then reset your policy year date, and the date the annuity income period begins and ends, as well as the maturity date and the schedule of your premium. As a result, your annuity income period will be delayed and it may affect your financial plan. Taking a premium holiday may affect your eligibility for tax deduction, please consult with the Inland Revenue Department of HKSAR or a professional tax advisor if you have any doubts.

16. Suicide

If the life insured commits suicide, whether sane or insane, within one year from the date of issue of the policy, our liability will be limited to a refund of the premium paid less any amount paid by us under the policy. For detailed terms and conditions including reinstatement, please refer to the policy provisions.

17. Claims procedure

For claims procedure, please refer to the 'Notice and Proof of Claim' section in the policy provisions (applicable for Critical Illness Advance Benefit) and visit www.manulife.com.hk for details.

18. Elimination Period

'Elimination Period' means the 90-day period after the later of:

- i. The issue date or the policy year date of the policy, whichever is later; or
- ii. The effective date of reinstatement.

No Critical Illness Advance Benefit will be payable if any physical condition, that results in a claim otherwise payable by us in respect of a critical illness, is

- i. diagnosed; or
- ii. treated; or
- iii. for which a doctor was consulted; or
- iv. for which the existence or onset of signs or symptoms of any illness or disease were present, within or prior to the Elimination Period.

19. Surgically necessary

If the critical illness (see note 7) requires a surgical procedure to be performed, the procedure must be the usual treatment for the condition and be surgically necessary.

'Surgically necessary' means a surgical service which is:

- i. consistent with the diagnosis made and customary medical treatment for the diagnosed condition;
- ii. conventionally performed on an in-patient basis only;
- iii. in accordance with standards of good medical practice; and
- iv. not for the convenience of the life insured or the doctor.

20. Exclusions and limitations

We will not pay the Critical Illness Advance Benefit for any critical illness caused by any of the following:

- i. Any physical conditions for which we will not pay benefit under the section 'elimination period' in the policy provision;
- ii. Congenital conditions;
- iii. Suicide, attempted suicide or deliberately self-inflicted injury, whether the life insured is sane or insane;
- iv. Acquired immune deficiency syndrome (AIDS), AIDS-related complex (ARC), or infection by human immunodeficiency virus (HIV) whether caused directly or indirectly; or
- v. Taking drugs (unless taken as prescribed by a registered medical practitioner), poison or alcohol, whether caused directly or indirectly.

We will not pay the Accidental Death Benefit if the life insured's death results directly or indirectly from any of the following:

- i. Any deliberately, self-inflicted injury or suicide, whether sane or insane;
- ii. Any drug, poison, alcohol, gas or fumes, voluntarily or otherwise taken, administered, absorbed or inhaled, other than as a result of an accident arising from an unavoidable danger of the life insured's job;
- iii. War or any act related to war, or serving in the armed forces of any country at war or serving in a civilian force auxiliary;
- iv. Travel or flight in any aircraft, except as a passenger on an aircraft operated by a regular airline;
- v. Taking part in driving or riding in any kind of race or underwater activities which take place at sea-depth greater than 130 feet, taking part in a sport in a professional capacity or where the life insured would earn income from, or other dangerous activities such as mountaineering, pot holing, parachuting or bungee-jumping;
- vi. Carrying out or attempting to carry out a criminal offence, or resisting or avoiding arrest;
- vii. Childbirth, pregnancy, miscarriage or abortion, whether or not this event may have been accelerated or caused by an accident; or
- viii. Riot and civil commotion while the life insured was carrying out certain types of work.
(Please see the policy provision for the list of work.)

What we have said above is an outline of the circumstances under which we will not pay the policy benefits. You should see the policy provision for the exact terms and conditions and pay particular attention to those terms where we will not pay the policy benefits and restriction on policy assignment.

In this product leaflet, 'you' and 'your' refer to the policyowner and the policyowner shall also be the life insured as well as the annuitant. 'Manulife', 'we', 'us' and 'our' refer to Manulife (International) Limited (incorporated in Bermuda with limited liability).

You should not buy this product unless you fully understand the product features and risks. For more information, please contact the licensed staff of the Bank or call our customer service hotline on (852) 2510 3383. If you have any doubts, please get professional advice from independent advisors.

From January 1, 2018, the Insurance Authority starts collecting levy on insurance premiums from policyowners. For details of the levy and its collection arrangement, please visit our website at www.manulife.com.hk/link/levy-en.

To view our Privacy Policy, you can go to our website at www.manulife.com.hk. You may also ask us not to use your personal information for direct marketing purposes by writing to us. You can find our address on our website. We will not charge you a fee for this.

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