

# Evergreen Wealth Income Plus

With just 3 or 5 years of premiums, get a monthly income for you or your family today, then pass it on with a legacy to future generations tomorrow

Life & Savings Insurance



**PRUDENTIAL**  
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Listening. Understanding. Delivering.



## Evergreen Wealth Income Plus

It's not too late to build up a fund to give you extra income. With just 3 or 5 years of premiums you get a monthly income to use as you like, perhaps to cover your household costs, then share your wealth flexibly with your family as it grows too. The plan gives you the opportunity for a steady return backed by a guaranteed cash value and a non-guaranteed terminal dividend. You can then pass your wealth and monthly income down the generations to leave a lasting mark with our range of seamless legacy planning tools.



## Plan highlights

### Enjoy steady income with wealth growth opportunities



Grow your wealth with just 3 or 5 years term



Both guaranteed and non-guaranteed monthly income for better financial liquidity

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### Ensure a lasting legacy with seamless allocation and settlement options



Pass on your wealth and the monthly income to your loved ones



Protect your legacy seamlessly to last through the generations



Distribute your wealth flexibly as your family grows



Different death benefit settlement options to safeguard your family



## Enjoy steady income with wealth growth opportunities



### Grow your wealth with just 3 or 5 years term

**Evergreen Wealth Income Plus** offers **regular** and **steady returns** as well as **life cover** until the first life assured reaches 151 (age next birthday [ANB]) (the “benefit term”).

To start your plan, simply pay 3 or 5 years of premiums – whichever fits your financial situation best.



As time goes on, you can see your **guaranteed cash value growing through the policy years**. We pay this upon the termination of your policy.

We may also pay a non-guaranteed one-off Terminal Dividend upon the termination of your policy after the end of the 10<sup>th</sup> policy year.

To give you more financial flexibility, if you need your money for any reason, you can access the Total Cash Value of your plan or borrow up to 80% of its guaranteed cash value while keeping it in force.

You can find more about our “Cash value withdrawal” and “Policy loan” in the “More about the plan” section below.



### Good to know

#### Understanding your Shareholder-backed Participating Plan

This is a Shareholder-backed Participating Plan. The current long-term target asset allocation of your plan is 60% in fixed-income securities and 40% in equity-type securities. Click [here](#) or scan the QR code for more information on our Shareholder-backed Participating Plans, including our investment and bonus philosophies and the operation of the Shareholder-backed Participating Fund.



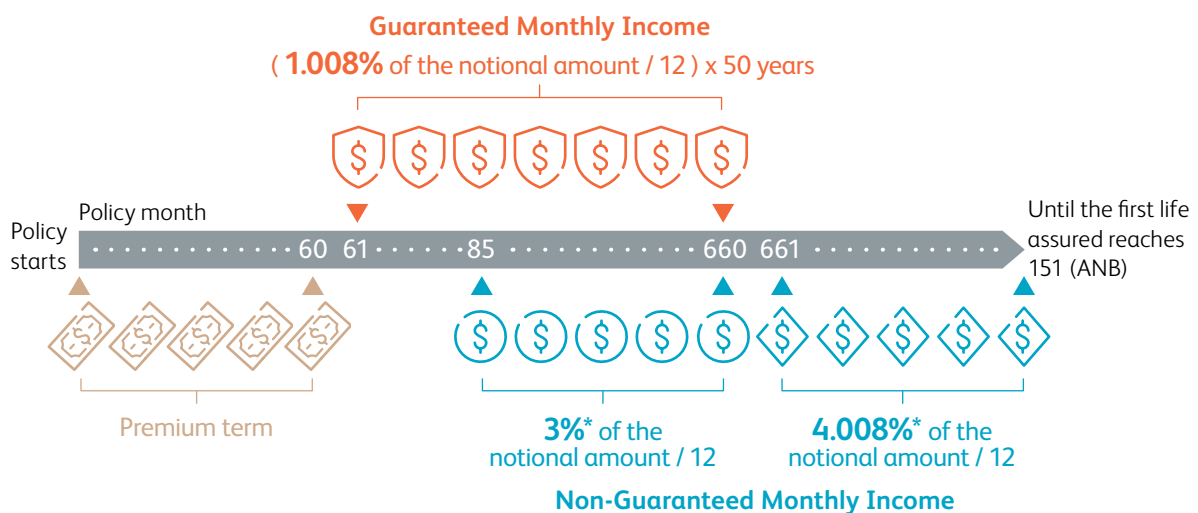


## Both guaranteed and non-guaranteed monthly income for better financial liquidity

As well as wealth accumulation, the plan offers a **Monthly Income** that consists of **guaranteed** and **non-guaranteed monthly income streams**. Use this Monthly Income **as you wish** – to support your wellness plans or cover your household costs.

From the end of the following policy month after the end of the premium term, we start paying you a **Guaranteed Monthly Income** for **50 years**; an instalment equal to **1.008%** of your plan's notional amount, divided by 12, giving you more financial liquidity.

We also give you a **Non-Guaranteed Monthly Income** starting from the end of the following policy month 2 years after the end of the premium term **until the end of the benefit term**. You can see the projected Monthly Income of a 5-year premium term plan in the following illustration:



\* These are projected Non-Guaranteed Monthly Income. You can find more about this in the “Good to know – Understanding your Non-Guaranteed Monthly Income” section below.

You can simply take your **Monthly Income** to use as you wish, or leave it in the plan's accumulation account to earn non-guaranteed interest.



### Good to know

#### What is notional amount?

Your policy will have a “notional amount” (which, at the time the policy is issued, the amount equal to the total amount of all the premiums you need to pay if you pay your premiums annually. You can find your actual notional amount in the proposal). We use the notional amount to calculate the policy's premium, Monthly Income, guaranteed cash value, non-guaranteed Terminal Dividend and other policy values and benefits of the plan. It does not represent the amount of Death Benefit we pay. Any change to this notional amount will lead to a corresponding change in the policy's premium, Monthly Income, guaranteed cash value, non-guaranteed Terminal Dividend and other policy values and benefits of the plan.

#### Understanding your Non-Guaranteed Monthly Income

The amount of the Non-Guaranteed Monthly Income is not fixed and may vary during the payout period. We normally determine the amount of the Non-Guaranteed Monthly Income annually. The Non-Guaranteed Monthly Income may rise and fall. Under persistently unfavourable market conditions, the actual amount of the Non-Guaranteed Monthly Income may be significantly less than the projected amount.

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## Ensure a lasting legacy with seamless allocation and settlement options

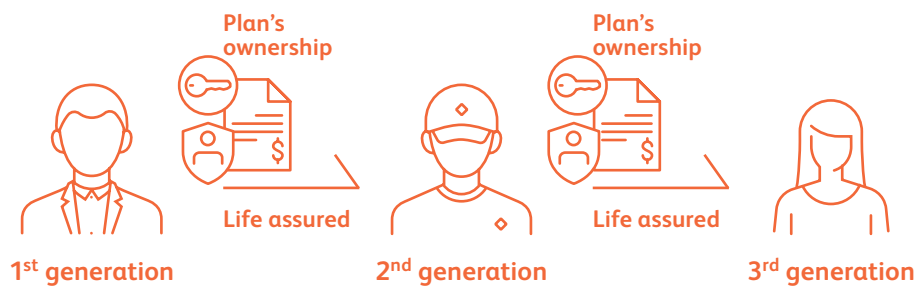
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### Pass on your wealth and the monthly income to your loved ones

To protect and provide for the people you love, you can keep your wealth flowing down the generations with our **Evergreen Wealth Income Plus**. Once you **change** the person covered under the plan, we **cover the new life assured until the end of the benefit term**. You can do this after the end of the 1<sup>st</sup> policy year and during the lifetime of the current life assured **as many times as you wish**.

For example, you could make your son and then, later, your granddaughter the life assured under your policy. Together with transferring the plan's ownership, you can pass the policy down through the generations. Let your family use the wealth and the Monthly Income to secure their financial future. After you have transferred the plan's ownership to the next generation, they can use the Monthly Income so their everyday expenses are supported.



As a business owner, you can also change the plan's life assured to cover a new employee as part of their employment benefits when the employee who was the original life assured leaves the firm, letting the policy value grow.



### Protect your legacy seamlessly to last through the generations

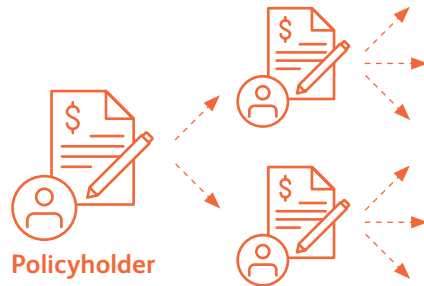
Life can be full of uncertainty, which is why it is so important to plan for contingencies. During the lifetime of the current life assured, you can choose a loved one as the **contingent life assured** under your policy to **ensure your legacy lasts**. Under this plan, you can **appoint, change** or **remove** the contingent life assured **as many times as you wish** as long as there is only 1 contingent life assured at a time.

When the current life assured passes away, the contingent life assured may become the new life assured, letting you pass on your legacy seamlessly.



### Distribute your wealth flexibly as your family grows

As your family tree grows, you may want to include more loved ones in your legacy and distribute your wealth in the way you choose. Starting from the 5<sup>th</sup> policy anniversary, you can **separate** your policy into **several policies** by exercising the **Wealth-Split Option**. This means you can pass those policies together with the Monthly Income to your loved ones as meaningful gifts that can last for the generations to come.



Pass your Monthly Income and wealth to the generations



### Different death benefit settlement options to safeguard your family

We will pay a **Death Benefit** to the beneficiary you choose if the life assured unfortunately passes away and there is no contingent life assured taking up the role of the life assured, while the plan is in force. We will pay at least **100% of your total premiums paid** as a Death Benefit, less any outstanding loans and interest.

You can choose how you would like us to pay the Death Benefit while the life assured is still alive; as a **lump sum**, in **monthly instalments** or a **mix of both**. These options allow you to protect your family flexibly.



### Easy application – no medical checks

You **do not need** to provide any **medical information** to take out an **Evergreen Wealth Income Plus**, up to a certain total notional amount that we set out in our administrative rules.



#### Good to know

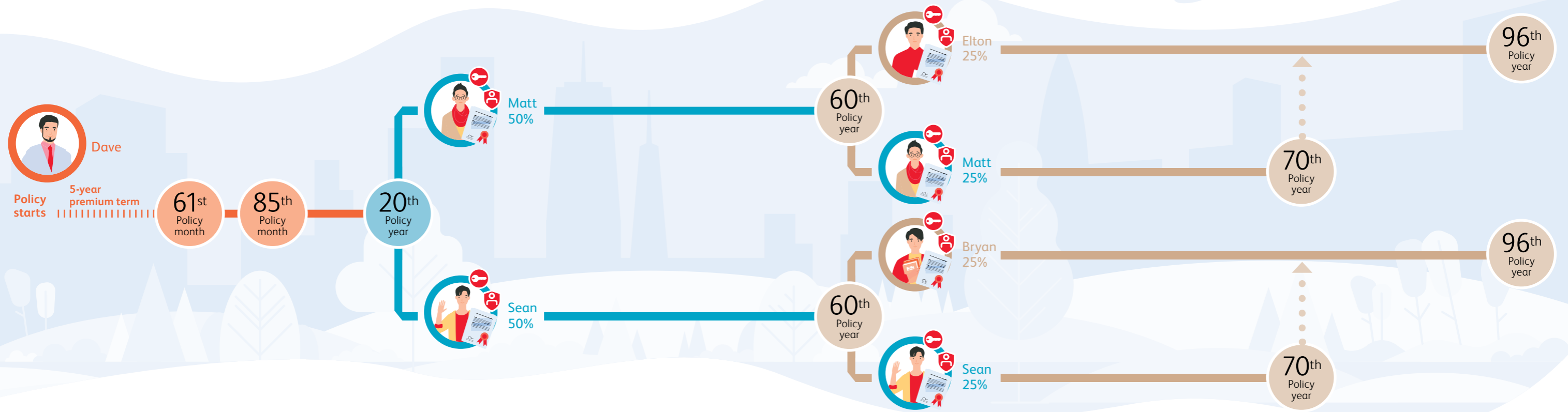
Some benefits or options will be affected once you exercise the Wealth-Split Option, change the life assured or policyholder. You can find more details in the “More about the plan” section below.

# How does the plan work?

## For legacy planning

Dave is a 55-year-old entrepreneur who wants to have a regular income stream to enhance his financial liquidity. At the same time, he wants to give his sons, Matt and Sean, a more secure financial future and pass his wealth down through the generations.

He enrolls in **Evergreen Wealth Income Plus** with a 5-year premium term and pays an annual premium of USD 200,000 to meet his financial goals. To help his legacy planning, he can **change the life assured as many times as he wants** until the end of the benefit term after the end of the 1<sup>st</sup> policy year. He will also use the plan's **Wealth-Split Option** to split the plan between his children and grandchildren, passing on the accumulated wealth and the Monthly Income.



### 1<sup>st</sup> generation



#### Policy starts

Dave takes out the plan for himself. **[No need for medical information]**

#### Starting from the 61<sup>st</sup> policy month

At the end of each policy month, Dave can enjoy a **Guaranteed Monthly Income** of **USD 840** until the end of the 55<sup>th</sup> policy year.

#### End of the 85<sup>th</sup> policy month

Dave can get a **Non-Guaranteed Monthly Income** of **USD 2,500**.

We will pay the **Non-Guaranteed Monthly Income** starting from the end of the 85<sup>th</sup> policy month until the end of the benefit term.



#### Wealth-Split Option



#### Change of life assured



#### Transfer the policy ownership



### 2<sup>nd</sup> generation

#### End of the 20<sup>th</sup> policy year

To pass his wealth on, Dave separates his policy evenly into 2 and **makes Matt and Sean the life assured**. He then **transfers the policy ownership** to them respectively. After the policy ownership transfer, they will **each get 50%** of the **Guaranteed Monthly Income until the end of the 55<sup>th</sup> policy year** and **50%** of the **Non-Guaranteed Monthly Income until the end of the benefit term**.

As the new policyholders, they can choose to i) take their monthly income out; ii) leave their monthly income in the accumulation account to let their savings grow; iii) separate their policy; or iv) withdraw part of their policy values when the need arises.

The **projected (non-guaranteed) Total Cash Value** of Dave and his family's policies are **USD 1,325,300<sup>1</sup>** and they would receive a total of **USD 541,200<sup>2</sup> Monthly Income**; around **1.9 times** of Dave's total premiums paid.



#### Wealth-Split Option



#### Change of life assured



#### Transfer the policy ownership



#### Transfer the policy ownership



### 3<sup>rd</sup> generation

#### End of the 60<sup>th</sup> policy year

To hand on the family legacy, both Matt and Sean separate their own policy evenly into 2 and **make their respective sons – Elton and Bryan – the life assured** of 1 policy each, and **transfer the policy ownership** to them. After the policy ownership transfer, they will **each get 25%** of the **Non-Guaranteed Monthly Income until the end of the benefit term**.

The **projected (non-guaranteed) Total Cash Value** of Dave and his family's policies are **USD 5,314,500<sup>3</sup>** and they would receive a total of **USD 2,144,400<sup>4</sup> Monthly Income**; around **7.5 times** the total premiums paid.

#### End of the 70<sup>th</sup> policy year

Both Matt and Sean **transfer the policy ownership** of their 2 policies to **Elton and Bryan**.

The **projected (non-guaranteed) Total Cash Value** of Dave and his family's policies are **USD 9,234,900<sup>5</sup>** and they would receive a total of **USD 2,545,200<sup>6</sup> Monthly Income**; around **11.8 times** the total premiums paid.

#### End of the 96<sup>th</sup> policy year

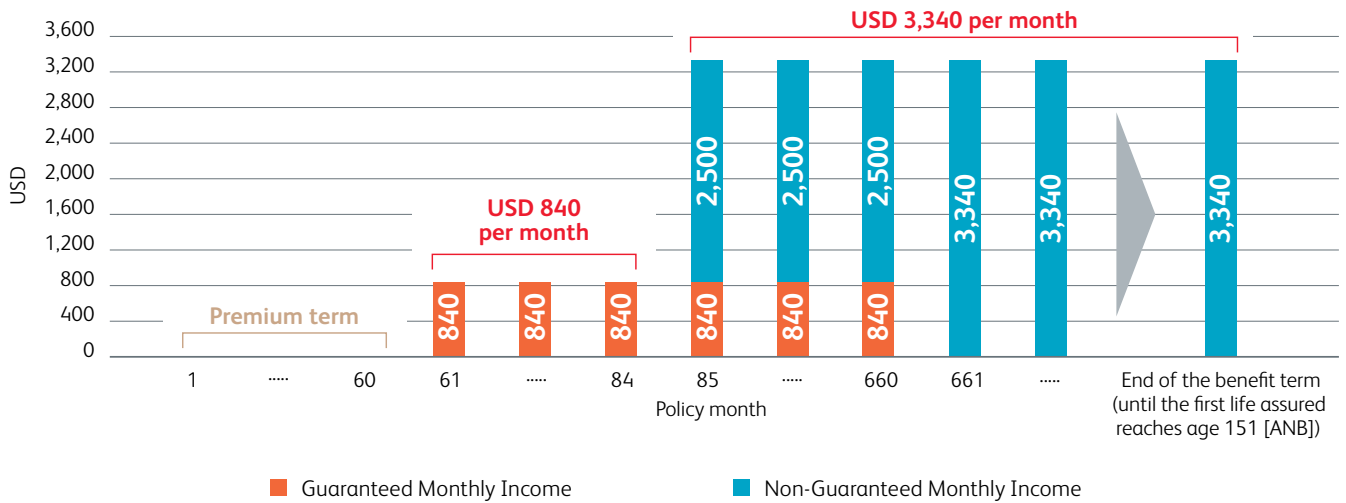
The policy reaches the end of its benefit term and we pay Elton and Bryan a total of **USD 45,325,900<sup>7</sup>**

**Maturity Benefit.** Dave and his family would receive a total of **USD 3,587,280<sup>8</sup> Monthly Income**; around **48.9 times** the total premiums paid.

The **projected (non-guaranteed) total Internal Rate of Return (IRR) at maturity** is **5.21% p.a.<sup>9,10</sup>**, of which the guaranteed IRR is 0.43% p.a.<sup>9,10</sup>



## Monthly Income for Dave and his family's policy



- 1 Consists of USD 830,000 guaranteed cash value and USD 495,300 non-guaranteed Terminal Dividend.
- 2 Consists of USD 151,200 Guaranteed Monthly Income and USD 390,000 Non-Guaranteed Monthly Income.
- 3 Consists of USD 830,000 guaranteed cash value and USD 4,484,500 non-guaranteed Terminal Dividend.
- 4 Consists of USD 504,000 Guaranteed Monthly Income and USD 1,640,400 Non-Guaranteed Monthly Income.
- 5 Consists of USD 830,000 guaranteed cash value and USD 8,404,900 non-guaranteed Terminal Dividend.
- 6 Consists of USD 504,000 Guaranteed Monthly Income and USD 2,041,200 Non-Guaranteed Monthly Income.
- 7 Consists of USD 830,000 Guaranteed cash value and USD 44,495,900 non-guaranteed Terminal Dividend.
- 8 Consists of USD 504,000 Guaranteed Monthly Income and USD 3,083,280 Non-Guaranteed Monthly Income.
- 9 We calculate the total IRR by taking into account the total premiums paid, the Guaranteed Monthly Income and the Non-Guaranteed Monthly Income received during the benefit term plus the guaranteed cash value and the non-guaranteed Terminal Dividend when the policy matures; while we calculate the guaranteed IRR (excluding non-guaranteed benefits) by taking into account the total premiums paid, the Guaranteed Monthly Income received during the benefit term plus the guaranteed cash value received when the policy matures. The calculations of the guaranteed IRR and the total IRR do not include the effect of levy(ies) on your premiums.
- 10 The IRR varies across different premium terms, payment modes and the ways you choose to receive the Monthly Income. You should decide the best combination according to your financial situation and needs.

- **The amount of the Non-Guaranteed Monthly Income is not fixed and may vary during the payout period. You can find more about our "Monthly Income" in the "More about the plan" section below.**
- Ages mean ANB.
- The figures are only for illustration and we have calculated them with reference to the notional amount – an amount we use to calculate the policy's premium, Monthly Income, guaranteed cash value, non-guaranteed Terminal Dividend and other policy values and benefits of the plan.
- The example is not an indicator of future performance and the actual return may be higher or lower subject to investment performance.
- The projected (non-guaranteed) Total Cash Values above are composed of guaranteed cash value and non-guaranteed Terminal Dividend.
- The non-guaranteed benefits are estimated based on our dividend scale considering the current assumed investment return. This is not an indicator of the future non-guaranteed benefits.
- The above calculation assumes there is no cash value withdrawal and no policy loan, and policyholders choose to receive a Monthly Income while the policy is in effect. The figures in the above case may differ slightly from the actual amounts due to rounding differences.

# More about the plan

## Plan type

Basic plan

(When this plan is a basic plan, it means you can choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time.)

## Benefit term

Up to the policy anniversary of the first life assured's aged 151 (ANB)

## Premium term/Issue age/Currency

Premium term	Issue age (ANB)	Currency
3-year	1 – 75	USD
5-year		

- The life assured must be at least 15 days old when the proposal document is signed.

## Premium structure

Designated premium rate for each premium term. The same premium rate applies across all ages, genders, smoking classes and regions of residence.

## Monthly Income

- The Monthly Income consists of a Guaranteed Monthly Income and a Non-Guaranteed Monthly Income.
- We will pay a Guaranteed Monthly Income for 50 years, as set out in the following table:

Premium term	Payout period	Guaranteed Monthly Income
3-year	From the end of the 37 <sup>th</sup> policy month until the end of the 636 <sup>th</sup> policy month	Each instalment equal to 1.008% of the notional amount / 12
5-year	From the end of the 61 <sup>st</sup> policy month until the end of the 660 <sup>th</sup> policy month	

- The amount of the Guaranteed Monthly Income is fixed throughout the payout period.

- We also give you a Non-Guaranteed Monthly Income until the end of the benefit term, as set out in the following table:

Premium term	Payout period	Non-Guaranteed Monthly Income
3-year	From the end of the 61 <sup>st</sup> policy month until the end of the 636 <sup>th</sup> policy month	Each instalment equal to 3%* of the notional amount / 12
	From the end of the 637 <sup>th</sup> policy month until the end of the benefit term	Each instalment equal to 4.008%* of the notional amount / 12
5-year	From the end of the 85 <sup>th</sup> policy month until the end of the 660 <sup>th</sup> policy month	Each instalment equal to 3%* of the notional amount / 12
	From the end of the 661 <sup>st</sup> policy month until the end of the benefit term	Each instalment equal to 4.008%* of the notional amount / 12

\* These are projected Non-Guaranteed Monthly Income.

- We normally determine the amount of the Non-Guaranteed Monthly Income annually. The amount of this benefit is not fixed and may vary during the payout period.**
- We have the right to determine and declare the Non-Guaranteed Monthly Income more frequently than annually at our sole discretion.**
- The Non-Guaranteed Monthly Income may rise and fall. Under persistently unfavourable market conditions, the actual amount of the Non-Guaranteed Monthly Income may be significantly less than the projected amount.**

## Payout options for Monthly Income

You can choose from the following options for your Monthly Income:

- Cash Payment**  
You can choose one of the following ways for us to pay your Monthly Income:
  - direct credit to your bank account in Hong Kong via autopay; or
  - via a local cheque in USD.
 If the Monthly Income is paid in HKD, we will determine the exchange rate and it may vary from time to time.
- Accumulation**  
You can choose to leave the Monthly Income in the accumulation account to earn non-guaranteed interest. The current non-guaranteed accumulation interest rate is projected to be 3.5% p.a.

## Accumulation account

- When you choose to accumulate your Monthly Income in the accumulation account, we will pay you non-guaranteed interest.
- We will determine the non-guaranteed interest rate from time to time.
- The actual interest rate depends on several factors. These may include:
  - investment performance;
  - liquidity requirements;
  - policyholders' withdrawal from the account; and
  - the yields available in the market.
- If interest rates stay low for a persistently long period so that the effective interest rate earned on the accumulation account is less than the rate illustrated in the proposal, the actual accumulation account balance will be lower than we have illustrated.

## Terminal Dividend

- This is a one-off, non-guaranteed dividend.
- We normally declare the dividend annually and may change the dividend from time to time.
- We have the right to determine and declare the dividend more frequently than annually at our sole discretion.
- After each declaration of Terminal Dividend, the value may be adjusted and could be reduced comparing to previous declarations. As a result, the Total Cash Value and the Death Benefit may be lower than in previous years as well.
- The declared dividend may rise and fall and does not accumulate within the policy or form a permanent addition to the policy's value.
- After the end of the 10<sup>th</sup> policy year, we will declare the dividend for your plan and we may pay it upon the termination of your policy.

## Death benefit and its settlement option

- If the life assured passes away and there is no contingent life assured taking up the role of the life assured, while the policy is still in force, we will pay the beneficiary a Death Benefit equal to:
  - the **higher** of:
    - > 100% of your total premiums paid; and
    - > the **sum** of 101% of the guaranteed cash value and any Terminal Dividend;
  - **plus** any amount in the accumulation account;
  - **less** any outstanding loans and interest.

- Death Benefit Settlement Option:
  - You can decide, while the life assured is still alive, whether we pay your beneficiary the Death Benefit in a lump sum or as a series of monthly instalments or a mix of the 2. If the Death Benefit amount you opt to settle by monthly instalments is less than a certain amount we determine, we will only pay the Death Benefit in a lump sum.
  - You can choose to settle the monthly instalment in a certain number of year options we provide.
  - If you choose the monthly instalment option, your beneficiary will receive the Death Benefit of a fixed amount monthly and earn interest on the remaining Death Benefit amount. We will pay the accumulated interest in the last instalment. We will determine the interest rate from time to time. This means the rate is not guaranteed and it depends on several factors including investment performance and the yields available in the market.
  - The beneficiary cannot make any changes to the way we pay the benefits at any time.
  - The remaining balance of the Death Benefit, which we pay by monthly instalments, will not participate in the Shareholder-backed Participating Fund or benefit from its profits.
  - We will cancel any Death Benefit Settlement Option and will pay the Death Benefit in a lump sum when you:
    - > change the policy ownership; or
    - > assign the policy ownership; or
    - > change the life assured; or
    - > appoint the contingent life assured; or
    - > have not nominated a beneficiary; or
    - > exercise the Wealth-Split Option.

## Maturity Benefit

When your plan reaches the end of its benefit term, we will pay a Maturity Benefit equal to:

- the guaranteed cash value;
- **plus** any Terminal Dividend;
- **plus** any amount in the accumulation account;
- **less** any outstanding loans and interest.

## Surrender value

When you surrender your policy, we will pay a surrender value equal to:

- the guaranteed cash value;
- **plus** any Terminal Dividend;
- **plus** any amount in the accumulation account;
- **less** any outstanding loans and interest.

## Change of life assured

- You can change the life assured under the following conditions: (1) after the end of the 1<sup>st</sup> policy year and during the lifetime of the current life assured while the policy is in force; or (2) after the death of the current life assured when there is a contingent life assured in place.
- You can change the life assured as many times as you wish.
- The approval of change of life assured is subject to our underwriting requirements.
- When you apply to change the life assured, the new life assured must fulfil the issue age requirements of this plan at the time of application.
- Changing the life assured will not affect the policy value under the plan, including your total premiums paid, the notional amount, the Monthly Income, the guaranteed cash value, any Terminal Dividend and any amount in the accumulation account.
- Change of life assured also applies to business insurance (as part of the employment benefits) subject to our underwriting requirements and administrative rules.
- According to the existing administrative rules, the new life assured can only be a) the current policyholder, b) the policyholder's spouse, c) the policyholder's child, grandchild or great-grandchild and d) the policyholder's employee.
- You cannot change the life assured if the life assured is below age 18 when we issued the policy or at the time you made them the life assured, unless you have assigned the legal ownership of your policy to them when they reach age 18 or above.
- Once you change the life assured, we will cancel any Death Benefit Settlement Option and nomination of the beneficiary and contingent life assured you have appointed earlier.
- We may change the underwriting requirements and administrative rules for changing the life assured from time to time.

## Contingent life assured

- You can appoint, change or remove the contingent life assured as many times as you wish during the lifetime of the current life assured while the policy is in force.
- This is not applicable to business insurance.
- At any time during the benefit term, there can be only 1 contingent life assured under the policy.
- According to the existing administrative rules, the new contingent life assured can only be a) the current policyholder, b) the policyholder's spouse and c) the policyholder's child, grandchild or great-grandchild.

- You cannot appoint a contingent life assured if the life assured is below age 18 when we issued the policy or at the time you made them the life assured, unless you have assigned the legal ownership of your policy to them when they reach age 18 or above.
- We will cancel the contingent life assured you have appointed earlier when you:
  - nominate a beneficiary; or
  - exercise the Wealth-Split Option.
- You can either nominate a beneficiary or appoint a contingent life assured under the same policy, and can change your decision anytime.
- If the current life assured unfortunately dies, to change the life assured under this policy from the deceased life assured to the contingent life assured, you must request this change by submitting the application form to us within 1 year from the death of the deceased life assured. Subject to the conditions applicable to the change of life assured and given the contingent life assured is alive at the time of application, the contingent life assured will become the new life assured of the policy.
- After the contingent life assured becomes the life assured of the policy,
  - we will not pay the Death Benefit for the death of the deceased life assured; and
  - the coverage of the contingent life assured starts on the deceased life assured's date of death, and the coverage of the deceased life assured ends on the same date.
- We may change the administrative rules for appointing, changing and removing the contingent life assured from time to time.

## Wealth-Split Option

- You can request to separate your policy into several policies once per policy year and within 30 days before the end of each policy year starting from the 5<sup>th</sup> policy anniversary, without affecting the calculation of your policy years.
- We will split the notional amount and policy values (including guaranteed cash value, Terminal Dividend and the amount in the accumulation account) on pro-rata basis according to policyholder's instructions.
- We will pay the Monthly Income under the split policy(ies) to the relevant policyholder(s) according to the pro-rated notional amount until the end of the benefit term.
- You cannot reverse or withdraw an application once we approve your application.
- You will need to repay any money you owe us under the plan before we approve your application.

- The notional amount of your policies after you have exercised this option must not be less than the minimum amount we set.
- When we approve your application, we will cancel any Death Benefit Settlement Option and nomination of the beneficiary and contingent life assured you have appointed earlier.
- There is **no cooling-off period** for the separated policies.
- We may change the administrative rules for this option from time to time.

### Cash value withdrawal

- You can choose to withdraw the Total Cash Value from the policy by reducing the notional amount.
- If the notional amount reduces, the subsequent Monthly Income, guaranteed cash value, any Terminal Dividend and your total premiums paid used for calculating the benefits will also be reduced. Therefore, any cash value withdrawal will reduce the Death Benefit, Maturity Benefit and surrender value payable.

### Policy loan

- To offer you extra financial flexibility in times of need, you can borrow up to 80% of your policy's guaranteed cash value, while keeping the policy in force, as a policy loan.
- We will charge interest on policy loans from the dates you take them out until they are fully repaid.
- We calculate interest at a rate we determine, which we may change from time to time, and it is compounded annually (in other words, generating "interest on interest").
- If you have taken out a loan on your policy, we will deduct any outstanding loans and interest from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out a policy loan.
- If at any time the total outstanding amount (including interest) you owe us under the policy exceeds 90% of the sum of the guaranteed cash value of the policy and any amount in the accumulation account, we will terminate the policy immediately and pay you the surrender value less any outstanding loans and interest, you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.
- There is more information on the policy loan and the interest rate we charge at <https://pruhk.co/cs-policy-payment-en>.

### Automatic premium loan

- If you fail to pay the "total modal premium" within 1 calendar month from the date it is due or within the extended grace period (if applicable), this policy will automatically:
  - continue to be in-force if the "net cash value" of this policy is sufficient to pay the premium due and unpaid; and the amount of such premium or premium and levy will be automatically deemed to be paid by the premium loan you owe us ("automatic premium loan") to keep enjoying the coverage under your policy; or
  - terminate if the "net cash value" of this policy is insufficient to pay the premium due and unpaid. In this case, we may only pay you the surrender value less any outstanding loans and interest, and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.
- We will charge you interest on the automatic premium loan(s) starting from the date when the relevant automatic premium loan(s) is incurred and it is compounded annually (in other words, generating "interest on interest"). We will determine the interest rate charged on the automatic premium loan(s) and may change it from time to time.
- If you have taken out an automatic premium loan on your policy, we will deduct any outstanding loans and interest from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out an automatic premium loan.
- "Net cash value" is the guaranteed cash value of this policy less any outstanding loans and interest that you owe us.
- There is more information on the automatic premium loan and the interest rate we charge at <https://pruhk.co/cs-policy-payment-en>.

### Termination of this plan

We will terminate this plan when the first of these happens:

- we pay the Death Benefit; or
- the plan reaches the end of its benefit term; or
- you surrender the policy; or
- you fail to pay the premium within the grace period of 1 calendar month from its due date and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- once the total outstanding loans and interest are more than 90% of the sum of the guaranteed cash value of this policy and any amount in the accumulation account.
- We will also terminate the original plan when you exercise the Wealth-Split Option as your policy value of the original plan will be transferred to your separated policies.

## Bonus philosophy

Policyholders of the Shareholder-backed Participating Plans shall enjoy a fair share of the relevant experience of the Shareholder-backed Participating Fund (the “Fund”) through the addition of non-guaranteed bonus. We aim to protect all policyholders’ respective rights and reasonable expectations by providing payments that are fair across different groups of policyholders. While the value of the plan is mostly affected by the overall performance of the Fund, smoothing may be applied to produce more stable returns over the long-term.

### Factors affecting the Terminal Dividend and the Non-Guaranteed Monthly Income

- The non-guaranteed bonus of the plan includes a Terminal Dividend. The Terminal Dividend and the Non-Guaranteed Monthly Income we pay are not guaranteed and we may review and adjust them at our discretion. Factors that may affect them include (but are not limited to):
  - i. Investment performance factors – Your plan’s performance will be affected by the return on the underlying investment portfolio of the plan and accumulation account. This could be driven by:
    - interest earnings from fixed-income securities and dividends from equity-type securities (if any);
    - capital gains and losses from investment assets;
    - counterparty default risk of fixed-income securities (such as bonds);
    - investment outlook; and
    - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.
  - ii. Claims factors – Our historical claims experience on death and/or other covered benefits, and projected future costs of providing Death Benefit and/or other covered benefits.
  - iii. Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.
  - iv. Persistency factors – Policy persistency (a measure of how long policyholders keep their policies) and any partial surrenders of a group of policies may impact the dividend or the Non-Guaranteed Monthly Income we pay to the continuing policies.

The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at <https://pruhk.co/bonushistory-SHPAR-en> explains the bonus history and the Non-Guaranteed Monthly Income history.

# Investment philosophy

## Investment strategy

We aim to protect the rights and manage the reasonable expectations of all Shareholder-backed Participating policyholders. Our investment objective is to maximise policyholders' returns with an acceptable level of risk. We do this through a broad mix of investments.

The Shareholder-backed Participating Fund invests in various types of assets, such as equity-type securities and fixed-income securities to diversify investment risks. The equity-type securities aim to provide policyholders with the potential for a higher long-term return.

We adopt an actively managed investment strategy, which we adjust in response to changing market conditions. Under normal circumstances, our experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee and a larger proportion of higher-risk assets to insurance plans with lower guarantees. In doing so, we aim to match the level of risk to the risk profiles of our products. We may utilise derivatives to manage risks or improve returns. We may also make use of securities-lending to enhance returns.

The following paragraphs explain the current investment mix according to our investment strategy. Should there be any material changes in the investment strategy, we will inform you of the changes and explain the reasons behind and their implications.

## The investment mix of your plan

The current long-term target asset allocation is as follows:

Asset type	Allocation (%) USD-denominated policies
Fixed-income securities	60%
Equity-type securities	40%

Our guaranteed liabilities to the policyholders are mainly supported by fixed-income securities.

We primarily invest in fixed-income securities rated at least investment-grade. A small portion of high-yield and emerging-market bonds may be included to improve yield and diversification.

For equity-type securities, most of the investments are in stocks listed on major international exchanges.

Our currency strategy is to broadly match the fixed-income securities to the underlying policy denomination, while we allow more flexibility for equity-type securities for diversification. Subject to market availability and opportunity, we may invest fixed-income securities in a currency other than the underlying policy denomination and currency hedging will be used to reduce the currency risk.

We invest globally to achieve diversification benefits and we currently have a higher relative allocation in the US and Asia which will be reviewed regularly.

We invest the amount in the accumulation account mainly in fixed-income securities.

**We actively manage and adjust actual exposure in response to changing market conditions and opportunities. Given asset values may vary due to changes in the economic environment and investment performance, the actual allocation may vary from the target allocation above. On a regular basis, we review the investment mix to be in line with our investment objectives and risk appetite. For more information on the investment mix, please refer to <https://pruhk.co/investmentmix-en>.**

## Key risks

### **How may our credit risk affect your policy?**

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

### **How may currency exchange rate risk affect your return?**

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your payout benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to currency exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies.

### **What are the risks of surrendering your plan or withdrawing money from your plan?**

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

### **How may inflation affect the value of your plan?**

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future (i.e., the benefit payouts might not be able to cover your future needs), even if the plan offers increasing benefit intended to offset inflation.

### **What happens if you do not pay your premiums?**

You should only apply for this product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums or premiums and levy(ies) by an automatic premium loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.



## Important information

### Suicide clause

If the life assured commits suicide, whether sane or insane, within 1 year from the effective date of the policy or from the date of any reinstatement, whichever is later, we will limit the death benefit to a refund of the premiums paid without interest. We will deduct any amounts we have already paid and any amounts you owe us under the policy.

After the life assured is changed, if the new life assured commits suicide, whether sane or insane, within 1 year from the effective date of the change of life assured or 1 year from the date of any reinstatement of the policy after the change of life assured, whichever is later, we will limit the death benefit to a refund of (i) your total premiums paid without interest plus the amount in the accumulation account and less any amounts you owe us under the policy, or (ii) the surrender value as at the effective date of the change of life assured, whichever is higher. We will deduct any amounts we have already paid since the effective date of the change of life assured or the date of any reinstatement of the policy after the change of life assured, whichever is later.

### Cancellation right

A customer who has bought the life insurance plans has a right to cancel the policy within the cooling-off period and obtain a refund of any premium(s) and levy(ies) paid less any withdrawals. Provided that no claim has been made, the customer may cancel the policy by giving written notice to us within 21 calendar days immediately following either the day of delivery of (1) the policy or (2) the notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer or his/her nominated representative, whichever is earlier. Such notice must be signed by the customer and received directly by Prudential Hong Kong Limited at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong within the cooling-off period.

The premium and levy will be refunded in the currency of premium and levy payment at the time of application for this policy. If the currency of premium and levy payment is not the same as the plan currency, the refundable premium and levy amount in plan currency under this policy will be converted to the currency of premium and levy payment at the prevailing currency exchange rate as determined by us in our absolute discretion from time to time upon payment. After the cooling-off period expires, if a customer cancels the policy before the end of benefit term, the actual cash value (if applicable) may be substantially less than the total amount of premiums paid.

### Automatic Exchange of Financial Account Information

Over 100 countries and jurisdictions around the world have committed to adopt new rules for automatic exchange of financial account information ("AEOI"). Under the new rules, financial institutions are required to identify account holders who are foreign tax residents and report certain information regarding their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will then provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

Hong Kong has adopted the new rules into its legislation (please see the Inland Revenue (Amendment) (No. 3) Ordinance 2016 ("the Amendment Ordinance") which came into effect on 30 June 2016). Therefore, the above requirements will be applicable to financial institutions in Hong Kong including Prudential. Under these rules, certain policyholders of Prudential are considered as "account holders". Financial institutions in Hong Kong including Prudential are required to implement due diligence procedures to identify account holders (i.e., policyholders in case where the financial institution is an insurance company) and in the case where the account holder is an entity, its "controlling persons", who are foreign tax residents, and report this information to the Inland Revenue Department ("IRD") if required. The IRD may transfer this information to the country of tax residence of such account holders.

In order to comply with the law, Prudential may require you, the account holder, to:

- (1) complete and provide us with a self-certification form with information regarding your tax residence status, your tax identification number in your country or countries of tax residence, your date of birth, and in the case where the policyholder is an entity (for example, a trust or a company), the classification of the entity that holds the policy and information regarding "controlling persons" of such entities;

- (2) provide us all required information and documentation for complying with Prudential's due diligence procedures; and
- (3) advise us of any change in circumstances which affect your tax residence status and provide us with a suitably updated self-certification form within 30 days of such change in circumstances.

According to the due diligence procedures set out in the Amendment Ordinance, self-certifications are required from account holders for all new accounts. As for pre-existing accounts, if a reporting financial institution has doubts about the tax residence of an account holder, it may require a self-certification from the account holder to verify its tax residence.

Prudential cannot provide you with any tax or legal advice. If you have doubts about your tax residence you should seek professional advice. You should seek independent professional advice on the impact that AEOI may have on you or your policy.

An account holder who knowingly or recklessly provides a statement that is misleading, false or incorrect in a material particular in making a self-certification to a reporting financial institution is liable on conviction to a fine at level 3 (HKD 10,000).

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: [www.ird.gov.hk/eng/tax/dta\\_aeoi.htm](http://www.ird.gov.hk/eng/tax/dta_aeoi.htm).

## Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at 2281 1333 for more details.

## Notes

**Evergreen Wealth Income Plus is underwritten by Prudential Hong Kong Limited (“Prudential”). You can always choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time, unless such plan is only available as a supplementary benefit which needs to be attached to a basic plan. This brochure does not contain the full terms and conditions of this plan and is for reference only. It does not represent a contract between Prudential and anyone else. You should read carefully the risk disclosures and key exclusions (if any) contained in this brochure. For further details and the full terms and conditions of this plan, please ask Prudential for a sample of the policy document.**

Prudential has the right to accept or decline any application based on the information provided by the policyholder and/or life assured in the application.

Please cross your cheque and make it payable to “Prudential Hong Kong Limited”.

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