



## Don't let inflation shrink your retirement savings Continue to enjoy tax savings with PRURetirement Deferred Annuity Plan



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

Congratulations! You have been smart and planned well for your retirement. You made a wise choice by enrolling in a Qualifying Deferred Annuity Policy ("QDAP"), and now you have paid all your premiums. But with **inflation** causing your savings to **lose purchasing power** over time, what is sufficient today may not be sufficient by the time you retire. How will you ensure you have enough for your retirement?

Based on your retirement needs, make another smart choice and **enrol in another QDAP – PRURetirement Deferred Annuity Plan**. Your kids are becoming financially independent, so you deserve to spend a comfortable retirement doing the things you love. By exercising **disciplined saving**, you can **boost** and **extend your retirement income** while **continuing to enjoy tax savings**, for a retirement you can look forward to.

### Did you know?



Average target for retirement:  
**HKD 3.43 million<sup>I</sup>**



Life expectancy: **89 years<sup>II</sup>** for men;  
**94 years<sup>II</sup>** for women



**Inflation** is a key risk for retirement;  
average inflation in Hong Kong: **2-3%<sup>III</sup>**

### Can your retirement savings sustain these pressures?

Your **retirement** may be **longer than you expect** due to **rising life expectancy**. A longer retirement means **your savings will shrink more** due to **inflation** and **run out sooner** than you expect.



Calculate your passive income?  
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Rising life expectancy

Longer retirement

Inflation

Higher medical costs

**Retirement**

Source:

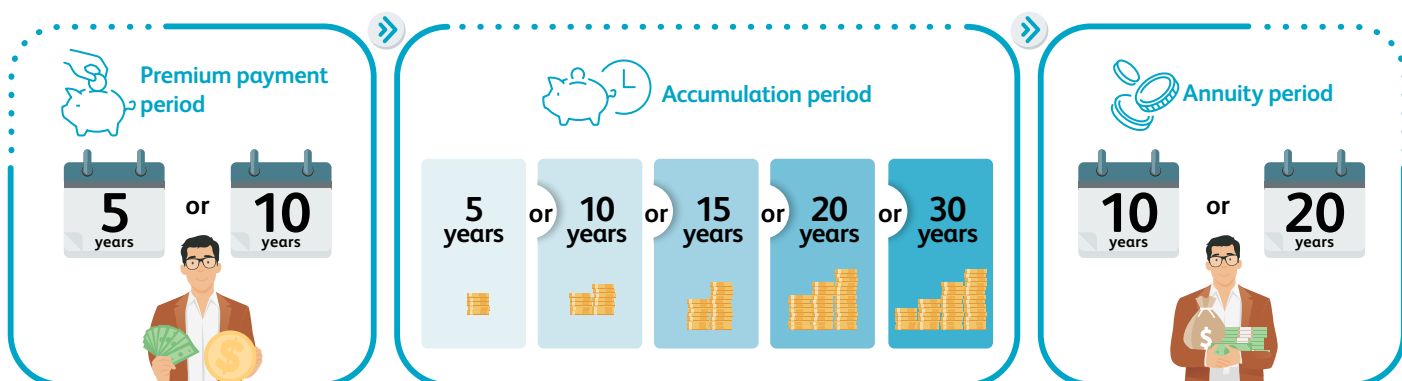
- I. Prudential Financial Wellbeing Tracker (September 2023)
- II. Prudential Longevity Resilience Survey (<https://www.prudential.com.hk/en/all-news/prudential-longevity-resilience-survey/index.html>)
- III. IFEC - Five retirement planning mistakes to avoid (<https://www.ifec.org.hk/web/en/blog/2023/03/retirement-planning-mistakes.page>)

We gathered the above statistics from internal and external sources for reference purposes only. We do not confirm or guarantee the accuracy or reliability of the external sources and accept no liability, legal or otherwise, for any loss or damage incurred as a result of any inaccuracies or omissions from the external sources.

**You can find more details about the product features and risk disclosures in the product brochure.**

## How it works

PRURetirement Deferred Annuity Plan is a **Qualifying Deferred Annuity Policy (“QDAP”)** certified by the Insurance Authority. It offers a **range of options** so you can tailor your plan to **best suit** your retirement needs. While you are saving for your retirement, you can also enjoy a **tax deduction** on your qualifying premiums.



## The plan in action<sup>1</sup>

### The love that comes full circle

Live life after retirement, just like you imagined

Looking forward to a care-free retirement once your children fly the nest? Here's a smart way to **protect your savings from inflation**. **Top up with a second QDAP** and **continue enjoying tax deductions of up to HKD 10,200** (if applicable) annually on qualified premiums. It's a win-win solution.

Gary is a business consultant who works hard to provide for his family. He and his wife, Ida are photography enthusiasts, but they rarely have time to spare for their hobby. He dreams of retiring to pursue his hobby once his son becomes financially independent, so he takes out his **1<sup>st</sup> PRURetirement Deferred Annuity Plan<sup>3</sup>** at age 41 to prepare for retirement while also enjoying tax savings.

After paying all the premiums for his 1<sup>st</sup> policy<sup>3</sup>, Gary chooses to enrol in PRURetirement Deferred Annuity Plan a **2<sup>nd</sup> time<sup>3</sup>** at age 46 to **increase his retirement funds, ease the pressure of inflation, and extend his annuity payment period** for a worry-free retirement, while **continuing to enjoy tax deductions**. He can also enjoy a **30% premium refund<sup>2</sup> on his first year annualised premium** as he enrolled during a promotion period.



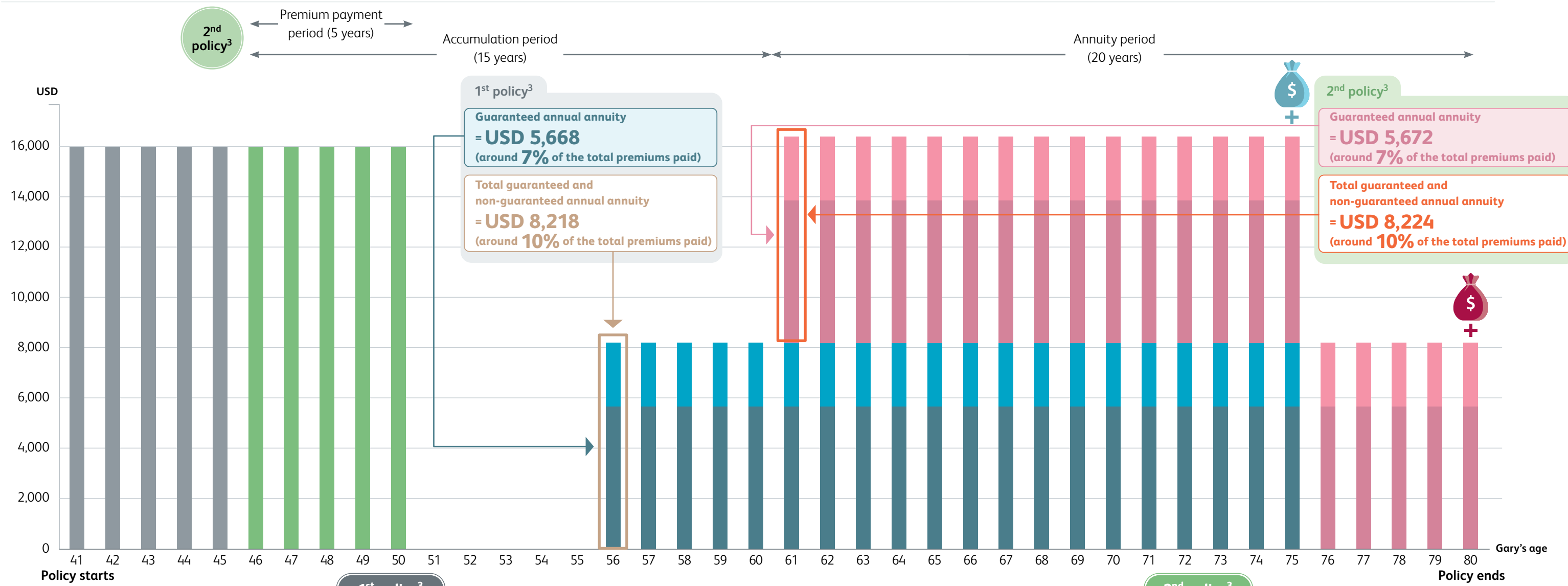
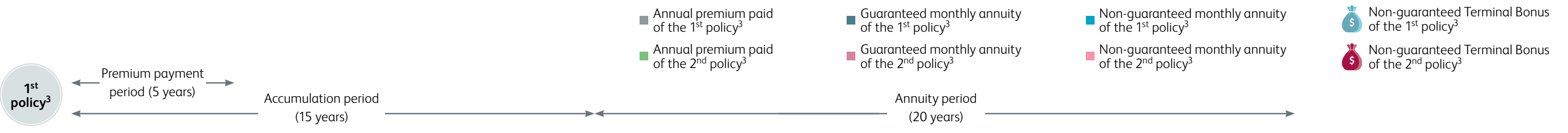
With his **2<sup>nd</sup> PRURetirement Deferred Annuity Plan<sup>3</sup>**, far-sighted Gary will receive a total payout of **USD 365,893<sup>4</sup>** under his 2 policies<sup>3</sup> – around **2.3 times the total premiums paid**. He plans to retire at age 60 and use the money to support their dream of pursuing photography in Japan once their son becomes financially independent.

The guaranteed Internal Rate of Return<sup>5</sup> (“IRR”) at the end of both of his 1<sup>st</sup> and 2<sup>nd</sup> policy's<sup>3</sup> annuity period is 1.54% p.a., and the total IRR<sup>5</sup> at the end of his 1<sup>st</sup> and 2<sup>nd</sup> policy's<sup>3</sup> annuity period is 3.56% p.a. and 3.64% p.a. respectively.

**Tip** As Hong Kong taxpayers, Gary and Ida can each benefit from tax deductions on his qualifying premiums of up to HKD 60,000<sup>6</sup> for the plan per taxpayer each year during Gary's premium payment period (if applicable). Assuming their tax rates are 17%, they can **each save up to HKD 10,200 per year, i.e., up to HKD 20,400 in total per year** (if applicable). **The actual amount depends on individual circumstances.**

## Details of Gary's policies

	1 <sup>st</sup> policy <sup>3</sup> (Issue age: 41)	2 <sup>nd</sup> policy <sup>3</sup> (Issue age: 46)
Premium payment period	5 years	5 years
Accumulation period	15 years	15 years
Annuity period	20 years	20 years
Premium payment mode	Annual	Annual
Annual premium paid	USD 16,000	USD 16,000
Total premiums paid	USD 80,000	USD 80,000
Guaranteed monthly annuity	USD 472	USD 473
Non-guaranteed monthly annuity	USD 212	USD 213
<b>Total guaranteed and non-guaranteed monthly annuity</b>	<b>USD 685</b>	<b>USD 685</b>
<b>Total annuity payout</b> (received over the 20-year annuity period)	<b>USD 164,357<sup>7</sup></b>	<b>USD 164,482<sup>7</sup></b>
Non-guaranteed Terminal Bonus (received at the end of the annuity period)	USD 16,506	USD 20,548



**1st policy<sup>3</sup>**

Total guaranteed monthly annuity received in these 20 years	+	Total non-guaranteed monthly annuity received in these 20 years	+	Non-guaranteed Terminal Bonus received at the end of the annuity period
<b>USD 113,359</b>		<b>USD 50,998</b>		<b>USD 16,506</b> (for his nursing care)

**Total payout = USD 180,863**, around **2.3 times** the total premiums paid

Guaranteed IRR <sup>5</sup> at the end of the annuity period = <b>1.54%</b> p.a.	Total IRR <sup>5</sup> at the end of the annuity period = <b>3.56%</b> p.a.
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**2nd policy<sup>3</sup>**

Total guaranteed monthly annuity received in these 20 years	+	Total non-guaranteed monthly annuity received in these 20 years	+	Non-guaranteed Terminal Bonus received at the end of the annuity period
<b>USD 113,441</b>		<b>USD 51,041</b>		<b>USD 20,548</b> (for Ida's nursing care)

**Total payout = USD 185,030**, around **2.3 times** the total premiums paid

Guaranteed IRR <sup>5</sup> at the end of the annuity period = <b>1.54%</b> p.a.	Total IRR <sup>5</sup> at the end of the annuity period = <b>3.64%</b> p.a.
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**Total payout received under both policies = USD 365,893<sup>4</sup>**

## Remarks:

1. This example and all the figures mentioned here are for illustration purposes only. Ages mentioned throughout this example refer to "age next birthday ["ANB"]". Gary is a non-smoker. We have assumed that he withdraws the monthly annuity from the policies once we start paying it and he takes out no policy loans. **The Terminal Bonus and the non-guaranteed monthly annuity we pay are not guaranteed; we may review and adjust them at our discretion.** The actual amount of Terminal Bonus and the non-guaranteed monthly annuity may be higher or lower than the values in the example. **Under persistently unfavourable market conditions, the actual amount of the non-guaranteed monthly annuity may be significantly less than the amount we have shown in this flyer.** For further details of the product, please refer to the product brochure, policy document and insurance proposal of PRURetirement Deferred Annuity Plan. Unless otherwise specified, we have rounded the figures to the nearest whole number for easy reference.
2. The premium refund amount would not be entitled to tax deduction. For more information on tax deductions, please refer to the Inland Revenue Department of HKSAR. For more information on the promotion offer, please contact your financial consultant.
3. 1<sup>st</sup> PRURetirement Deferred Annuity Plan / 1<sup>st</sup> policy refers to the plan launched in 2019, whereas 2<sup>nd</sup> PRURetirement Deferred Annuity Plan / 2<sup>nd</sup> policy refers to the plan launched in 2024.
4. Consists of USD 113,359 total guaranteed monthly annuity, USD 50,998 total non-guaranteed monthly annuity and USD 16,506 non-guaranteed Terminal Bonus received under the 1<sup>st</sup> policy<sup>3</sup>. Consists of USD 113,441 total guaranteed monthly annuity, USD 51,041 total non-guaranteed monthly annuity and USD 20,548 non-guaranteed Terminal Bonus received under the 2<sup>nd</sup> policy<sup>3</sup>.
5. The above IRRs are rounded to the nearest two decimal places and are for illustrative purposes only, and we assume that: (i) all premiums have been paid in full when due and insurance levy is not included; (ii) premium payment mode remains unchanged throughout the policy term; (iii) no Death Benefit / Smart Care Cover (if applicable) has been paid, no partial surrender has been made and no policy loans are taken; (iv) all guaranteed monthly annuity and non-guaranteed monthly annuity are withdrawn immediately after they are paid; and (v) total IRR includes non-guaranteed benefits consisting of non-guaranteed monthly annuity and non-guaranteed Terminal Bonus. The projected non-guaranteed benefits are based on our bonus scales determined in light of our current assumed investment return, claims and persistency, etc., and our bonus / dividend declaration philosophy, and are not guaranteed. The actual amount payable may change from time to time with the values being higher or lower than those illustrated. The IRR varies across different premium payment, accumulation and annuity periods, you should decide the best combination according to your financial situation and retirement needs.
6. This is the maximum annual tax deduction per taxpayer for their qualifying deferred annuity premiums and Mandatory Provident Fund tax-deductible voluntary contributions. For more information on tax deductions, please contact the Inland Revenue Department of HKSAR.
7. Consists of USD 113,359 total guaranteed monthly annuity and USD 50,998 total non-guaranteed monthly annuity received under the 1<sup>st</sup> policy<sup>3</sup>. Consists of USD 113,441 total guaranteed monthly annuity and USD 51,041 total non-guaranteed monthly annuity received under the 2<sup>nd</sup> policy<sup>3</sup>.



From now until 30 June 2024, you can enjoy up to a 30% premium refund offer\* if you successfully enrol in PRURetirement Deferred Annuity Plan.



Click [here](#) or scan the QR code for more information about this offer

\* Terms & conditions apply.



Click [here](#) or scan the QR code for more information on PRURetirement Deferred Annuity Plan

## Need more details? Get in touch

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

## Notes

The above information is for reference only and not to be used as a basis of decision making. Your decision should be based on your actual situation or needs.

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