



## PRURetirement Deferred Annuity Plan

### This is your last chance to better prepare for your retirement



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

We know you've been focused on your career and family, with little time to plan for your retirement. But now that your children are independent and starting families of their own, you can finally look forward to holding your grandchildren and enjoying retirement – as long as your savings are sufficient. If not, you still have time to achieve a financially secure retirement, but there's **no time to delay**.

#### Did you know?



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



**44%<sup>II</sup>** of respondents (aged 50-60)  
don't have enough for retirement



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



**92%<sup>II</sup>** of respondents (aged 50-60)  
underestimate their lifespan by **10.6 years<sup>II</sup>**



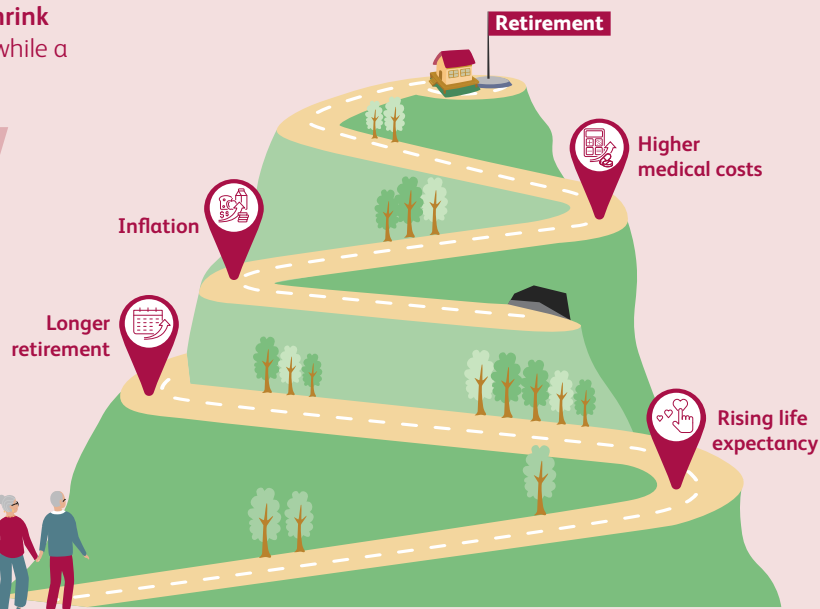
**Inflation** is a key risk for retirement;  
average inflation in Hong Kong: **2-3%<sup>III</sup>**

#### 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, while a longer lifespan means higher medical costs.



Calculate your passive income?  
Click [here](#) or scan the QR code!



Source:

I. Prudential Financial Wellbeing Tracker (September 2023)

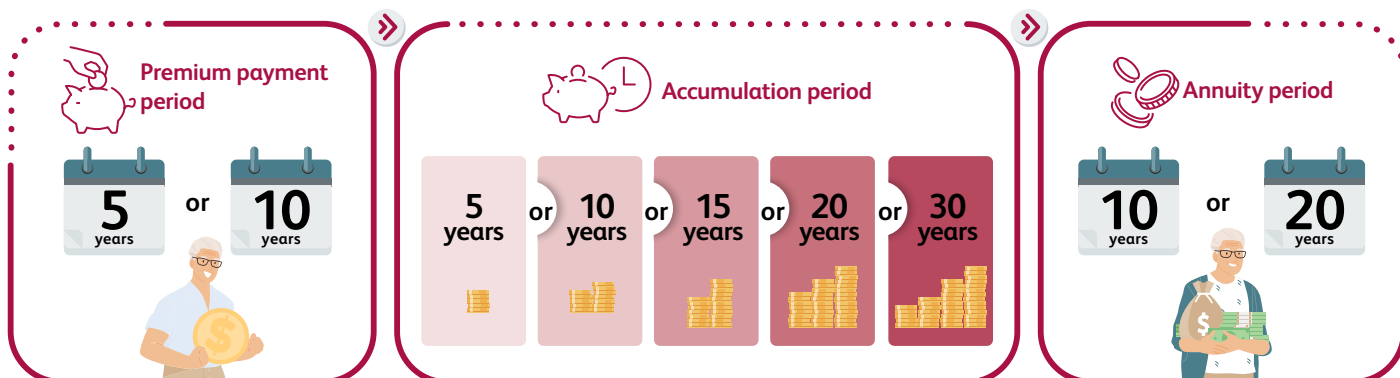
II. Prudential Longevity Resilience Survey  
<https://www.prudential.com.hk/en/all-news/prudential-longevity-resilience-survey/index.html>

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.

## How it works

**PRU**Retirement 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. Qualifying premiums are also **tax deductible**, giving you tax relief now as you save for your retirement.



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

### The joy that lasts forever

Live life after retirement, just like you imagined

Your retirement savings target must account for **rising life expectancy, inflation and higher medical costs**. If your reserves are not enough to reach that target, there's no time to delay – **act now**.

Marc, a successful architect and devoted father, is looking forward to a relaxing retirement with his wife now that his kids are financially independent and ready to start their own families. However, at age 61, he realises that his savings have fallen behind and that he must act quickly to **ease his retirement savings gap**, so he enrolls in **PRU**Retirement Deferred Annuity Plan.

As soon as he has settled all 5 years of premiums, he will receive **projected monthly annuity** of **USD 453<sup>2</sup>** **between the ages of 66 and 85** to supplement his ideal retirement.



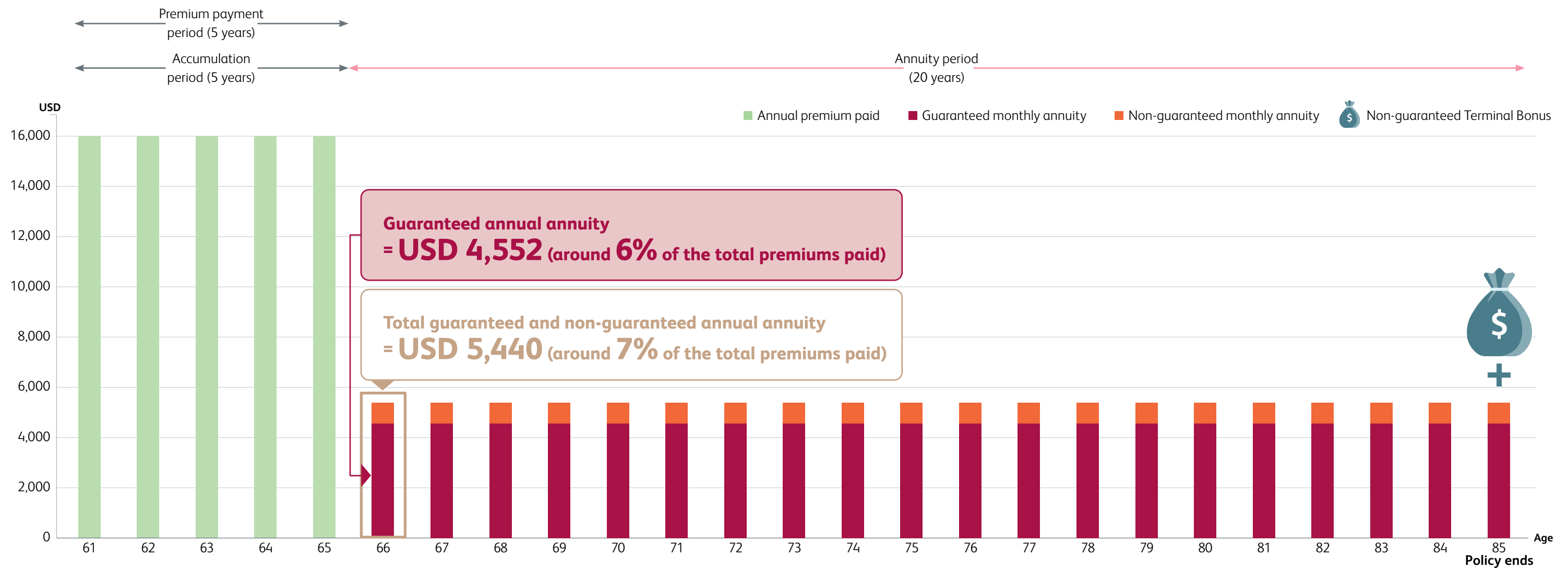
Now that his kids are financially independent, Marc seizes this last opportunity to better prepare for his retirement, so he and his wife, Bonnie can enjoy their golden years travelling to places they've never been. He receives a projected total payout of **USD 119,729<sup>3</sup>** under the plan – around **1.5 times his total premiums paid**.

The guaranteed Internal Rate of Return ("IRR")<sup>4</sup> at the end of the annuity period is 1.01% p.a., and the total IRR<sup>4</sup> at the end of the annuity period is 3.05% p.a..

**Tip** As Hong Kong taxpayers, Marc and Bonnie can each benefit from tax deductions on his qualifying premiums of up to HKD 60,000<sup>5</sup> for the plan per taxpayer each year during Marc'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.**

### Marc's policy details

Premium payment period	5 years
Accumulation period	5 years
Annuity period	20 years
Premium payment mode	Annual
Annual premium paid	USD 16,000
Total premiums paid	USD 80,000
Guaranteed monthly annuity	USD 379
Non-guaranteed monthly annuity	USD 74
<b>Total guaranteed and non-guaranteed monthly annuity</b>	<b>USD 453</b>
<b>Total annuity payout</b> (received over the 20-year annuity period)	<b>USD 108,799<sup>6</sup></b>
Non-guaranteed Terminal Bonus (received at the end of the annuity period)	USD 10,930



Total guaranteed  
monthly annuity  
received in these  
20 years

**USD 91,039**

Total non-guaranteed  
monthly annuity  
received in these  
20 years

**USD 17,760**

Non-guaranteed  
Terminal Bonus  
received at the end of the  
annuity period

**USD 10,930**

(For his nursing care)

**USD 119,729<sup>3</sup>**;  
around **1.5 times**  
the total premiums paid

Guaranteed IRR<sup>4</sup>  
at the end of the annuity period  
**1.01%** p.a.

Total IRR<sup>4</sup>  
at the end of the annuity period  
**3.05%** p.a.



#### What if Marc is unfortunately diagnosed with mental incapacity at age 75?

At age 65, Marc **appoints** his son, Jason, to **file and receive a claim** under the **Smart Care Cover**<sup>7</sup>. At age 75, having received a total of **USD 48,960<sup>8</sup>** in guaranteed and non-guaranteed **monthly annuities** over a period of 9 years, he is diagnosed with severe dementia, resulting in mental incapacity. Through the **Smart Care Cover**, **Jason can get the projected (non-guaranteed) amount of USD 50,083<sup>9</sup>**, which is equal to the surrender value, and Marc can rest assured knowing his family will receive money to support their needs. We will terminate his policy after we have approved this Smart Care Cover claim.



**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”]”. Marc is a non-smoker. We have assumed that Marc withdraws the monthly annuity from the policy 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 **PRU**Retirement Deferred Annuity Plan. Unless otherwise specified, we have rounded the figures to the nearest whole number for easy reference.
2. Consists of USD 379 guaranteed monthly annuity and USD 74 non-guaranteed monthly annuity.
3. Consists of USD 91,039 total guaranteed monthly annuity, USD 17,760 total non-guaranteed monthly annuity, and USD 10,930 non-guaranteed Terminal Bonus.
4. 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) prepaid premiums (if any) are not included; (iii) premium payment mode remains unchanged throughout the policy term; (iv) no Death Benefit/Smart Care Cover has been paid, no partial surrender has been made and no policy loans are taken; (v) all guaranteed monthly annuity and non-guaranteed monthly annuity are withdrawn immediately after they are paid; and (vi) 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.
5. 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.
6. Includes the total guaranteed payout of USD 91,039 and total non-guaranteed payout of USD 17,760 received over the 20-year annuity period.
7. The appointment of a designated person under Smart Care Cover is an advanced policy instruction, and not an enduring power of attorney or a guardianship/committee order. If you have an enduring power of attorney over the policy or a guardian/committee appointed, you must not appoint a designated person. Please refer to the product brochure of **PRU**Retirement Deferred Annuity Plan for further details.
8. Consists of USD 40,968 total guaranteed monthly annuity and USD 7,992 total non-guaranteed monthly annuity.
9. Consists of USD 39,040 guaranteed cash value and USD 11,043 non-guaranteed Terminal Bonus.



Click [here](#) or scan the QR code for more information on  
**PRU**Retirement 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

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