

# PRUlink portfolio investment plan



**PRUDENTIAL**  
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Investment-linked Insurance  
Product Brochure

Listening. Understanding. Delivering.



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This Product Brochure is issued and should be read in conjunction with the Summary Information for Investment Choices and the Product Key Facts Statement. Together, this Product Brochure, the Summary Information for Investment Choices and the Product Key Facts Statement constitute the Offering Document of **PRU**link portfolio investment plan.



## What is PRUlink portfolio investment plan?

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**PRUlink** portfolio investment plan (the “Plan” or your “Plan”) is a whole life regular premium investment-linked insurance plan for long-term investment which provides you with life coverage at a minimum premium of USD 125 per month. You can select a wide spectrum of investment choices and then manage it via our online platform ([www.prudential.com.hk](http://www.prudential.com.hk)).

**PRUlink** portfolio investment plan is offered by **Prudential Hong Kong Limited (“Prudential”)**.

**Your investment under the Plan is subject to the credit risks of Prudential.** The Plan is classified under Class C linked long-term business, as defined in the Insurance Ordinance. It is not a fund authorised by the Securities and Futures Commission (“SFC”) pursuant to the Code on Unit Trusts and Mutual Funds (“UT Code”). Please refer to the “Glossary” section on page 26 of this brochure for the definition of specific terms.

# How does the Plan work?



The Plan is denominated in US Dollars, and you can choose 10 years, 15 years, 20 years or 25 years as your Target Contribution Period in order to meet your needs.

Target Contribution Period	Age range for policy issuance (age next birthday)
10 years	1–59
15 years	1–57
20 years	1–55
25 years	1–50

The premiums you pay will be managed through 2 separate notional accounts – the **Initial Account** and the **Accumulation Account**. The Initial Account is primarily to establish the policy, whilst the Accumulation Account is for investment purposes.

The **Initial Contribution Period** starts from the Commencing Date and it spans an **initial 30 months** for all Target Contribution Periods.

The “Basic Premiums” (excluding any premium(s) paid for the optional supplementary benefits) paid in respect of the Initial Contribution Period will be allocated to the Initial Account in the form of notional units of your investment choice(s) at the unit issue price according to your latest premium allocation instructions. The Initial Account will serve to pay the relevant charges associated with your policy establishment during the Target Contribution Period.

After the Initial Contribution Period, during which the initial 30 months’ premiums are fully paid, the **Policy Accumulation Period** will commence and run until the end of the Target Contribution Period. The Basic Premiums paid in respect of this Policy Accumulation Period will be allocated entirely to the Accumulation Account in the form of notional units of your investment choice(s) at the unit issue price according to your latest premium allocation instructions.

Throughout the policy term, we will pay you bonuses at specific times in the form of an extra allocation of notional units of your investment choices. Such bonuses include:

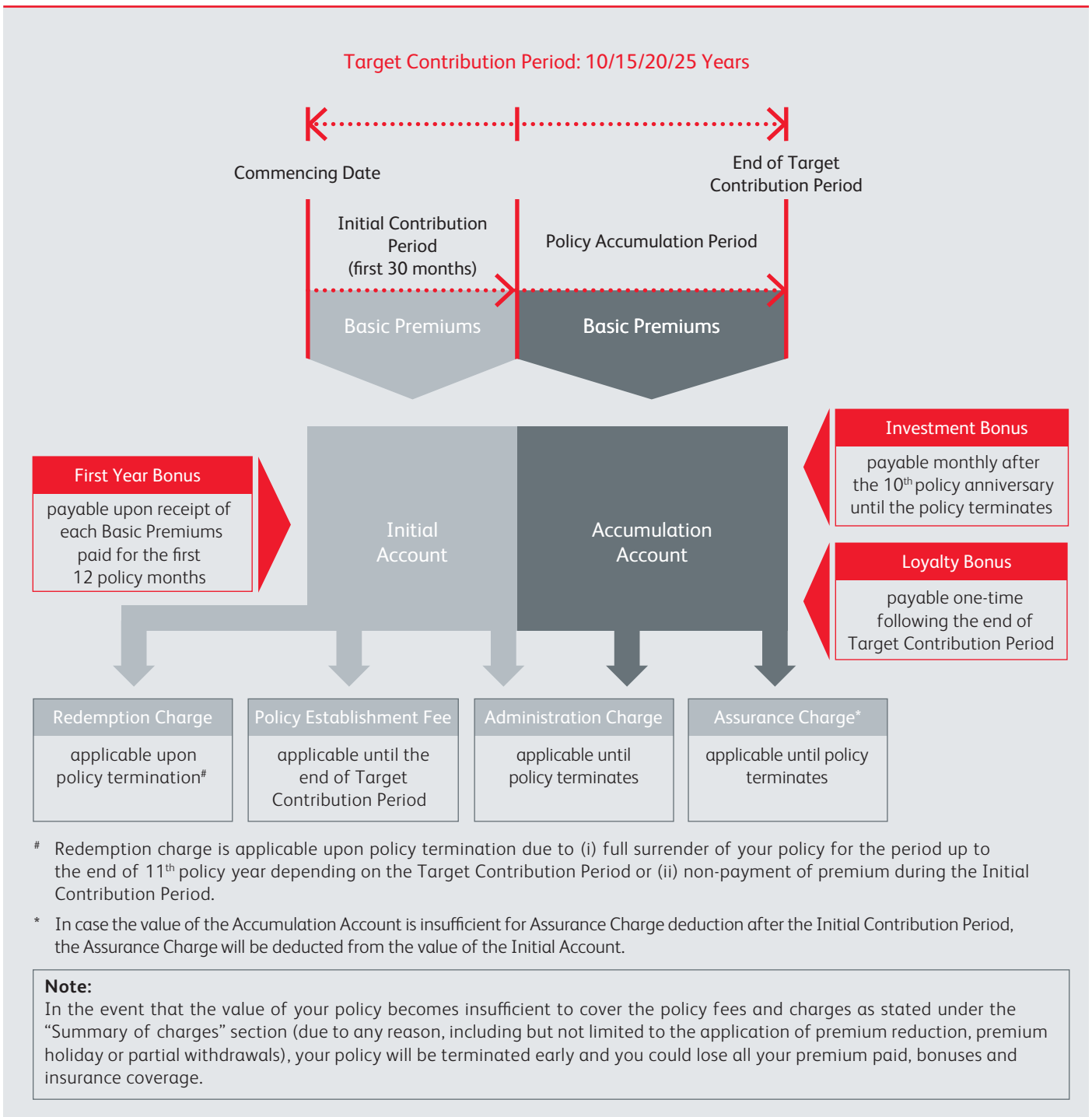
- a First Year Bonus which will be credited to the Initial Account during the first 12 policy months. **The original amount of First Year Bonus credited will be clawed back if the policy is terminated within the 1<sup>st</sup> policy year (other than as a result of non-suicidal death of the Life Assured or payment of Terminal Illness Benefit) or if the Life Assured commits suicide within 1 year from the effective date of any reinstatement;**
- an Investment Bonus which will be credited to the Accumulation Account on a monthly basis after the 10<sup>th</sup> policy anniversary; and
- a Loyalty Bonus which will be credited to the Accumulation Account one-time within 60 calendar days following the end of the Target Contribution Period subject to the fulfilment of certain requirements.

For details of the First Year Bonus, the Investment Bonus, the Loyalty Bonus, and the requirements or conditions for the entitlement of these bonuses, please refer to the “3-tier bonuses” section.

Fees and charges will be deducted from your relevant Policy Accounts by the cancellation of the relevant notional units of investment choices allocated to those accounts. **In the event that the value of your policy becomes insufficient to cover the policy fees and charges as stated under the “Summary of charges” section (due to any reason including, but not limited to, the application of premium reduction, premium holiday or partial withdrawals), your policy will be terminated early and you could lose all your premium paid, bonuses and insurance coverage.** For an overview of the policy fees and charges, please refer to the diagram on the next page.

To determine the total value of your Policy Accounts, simply sum up the value of each investment choice from both your Initial Account and Accumulation Account, and then deduct from this value any outstanding charges payable from your policy. The value of each investment choice is calculated by

multiplying the number of notional units of the investment choice in your portfolio by the relevant unit redemption price. Please be reminded that the value of your Policy Accounts is subject to investment risks and market fluctuations.



# Life coverage for your loved ones



## Death Benefit

In the unfortunate event of the Life Assured's death whilst the policy is in force, the Plan offers a death benefit which is payable at the **higher of (1) or (2) below**:

- (1) 105% of the total value of the Policy Accounts<sup>1</sup>; or
- (2) 105% of the amount equivalent to the total Basic Premiums paid minus the sum of all partial withdrawals made from the Accumulation Account after the Initial Contribution Period.

<sup>1</sup> The total value of the Policy Accounts will be calculated as at the date we receive the death claim of the Life Assured. Any applicable charges which have already been incurred but are outstanding at the time of policy termination upon death of the Life Assured will be first deducted from the relevant Policy Accounts before we determine the total value of the Policy Accounts as set out in the above item (1). Please refer to the "Summary of charges" section for further details.

**Please be reminded that, although your Plan is a life insurance policy, because your death benefit is linked to the performance of the reference funds of the investment choices you select from time to time, your death benefit is subject to investment risks and market fluctuations. Therefore, in some cases, the death benefit payable may not be sufficient for your individual needs.**

Subject to the credit risk of Prudential, you will receive at least 105% of the total amount of the Basic Premiums you have paid for the Plan (less the sum of all partial withdrawals) even if the investments you have made have suffered losses.

Redemption Charge will not apply to the death benefit payable.

**In addition, Assurance Charge for the death benefit will be deducted monthly on the Charge Deduction Day from the value of the Accumulation Account.**

On each Charge Deduction Day after the Initial Contribution Period, if the value of the Accumulation Account is not sufficient for the Assurance Charge deduction, the Assurance Charge will be deducted from the value of the Initial Account.

**Please refer to the "Summary of charges" section for further details. The Assurance Charge will reduce the amount that may be applied towards investment in the investment choices you selected. The Assurance Charge may increase significantly during the term of your Plan**

due to factors such as age and investment losses, etc. This may result in significant or even total loss of your premiums paid.

## Examples for the calculation of the death benefit

(All figures are hypothetical and for illustrative purpose only. They have been rounded to the nearest cent.)

### Illustrative example 1:

<b>Value of the Initial Account</b>	USD 62,000
<b>Value of the Accumulation Account</b>	USD 12,000
<b>Outstanding fees and charges incurred</b>	USD 0
<b>Total value of the Policy Accounts</b>	USD 62,000 + USD 12,000 = USD 74,000
<b>Monthly Basic Premiums</b>	USD 2,000
<b>No. of months of Basic Premiums paid</b>	36 months
<b>Total Basic Premiums paid</b>	USD 2,000 x 36 months = USD 72,000
<b>Sum of all partial withdrawals made from the Accumulation Account</b>	USD 0
<b>Death benefit of the PRUlink portfolio investment plan</b>	<p>(1) 105% x total value of the Policy Accounts = 105% x USD 74,000 = USD 77,700</p> <p>(2) 105% x (total Basic Premiums paid – sum of all partial withdrawals made from the Accumulation Account) = 105% x (USD 72,000 – USD 0) = USD 75,600</p> <p>Death benefit of the PRUlink portfolio investment plan = The higher of (1) or (2) = USD 77,700</p>

### Illustrative example 2:

<b>Value of the Initial Account</b>	USD 55,000
<b>Value of the Accumulation Account</b>	USD 10,000
<b>Outstanding fees and charges incurred</b>	USD 263
<b>Total value of the Policy Accounts</b>	USD 55,000 + USD 10,000 – USD 263 = USD 64,737
<b>Monthly Basic Premiums</b>	USD 2,000
<b>No. of months of Basic Premiums paid</b>	36 months
<b>Total Basic Premiums paid</b>	USD 2,000 x 36 months = USD 72,000
<b>Sum of all partial withdrawals made from the Accumulation Account</b>	USD 1,000
<b>Death benefit of the PRUlink portfolio investment plan</b>	<p>(1) 105% x total value of the Policy Accounts = 105% x USD 64,737 = USD 67,973.85</p> <p>(2) 105% x (total Basic Premiums paid – sum of all partial withdrawals made from the Accumulation Account) = 105% x (USD 72,000 – USD 1,000) = USD 74,550</p> <p>Death benefit of the <b>PRU</b>link portfolio investment plan = The higher of (1) or (2) = USD 74,550</p>

In case the Life Assured commits suicide within 1 year from the date of issuance of the policy or the effective date of any reinstatement, our liability will be limited to the total value of the Policy Accounts plus a refund of all charges we have deducted for this policy. The original amount of any First Year Bonus previously credited to your policy will be first clawed back from the total value of the Policy Accounts. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units.

The death benefit payment will normally be payable within 1 month after we have received all proper documents for us to assess the claims. The whole payment of the death benefit may be deferred or suspended (i) when the dealings and/or the valuation of any investment choice under your policy account have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and/or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. The death benefit payment will be made as soon as practicable after cessation of such events/ circumstances. No interest will be provided in respect of the period between the notification of the death claim and the date of claim payment. For details of the deferment and/or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

## Terminal Illness Benefit

Terminal Illness Benefit is an embedded benefit of the Plan without extra premium. In the unfortunate event that the Life Assured is diagnosed as having a Terminal Illness whilst the policy is in force, an amount equivalent to the death benefit of **PRU**link portfolio investment plan (excluding that of any supplementary benefits), will be paid in advance upon our receipt of satisfactory claim proof (obtained at your own expense) to help you through this difficult time. Following the payment of the Terminal Illness Benefit, the policy will thereafter terminate.

For the purpose of calculating this benefit amount payable, the total value of the Policy Accounts will be calculated as at the date we approve the claim for the Terminal Illness Benefit. Any applicable charges which have already been incurred but are outstanding at the time of termination will be first deducted from the relevant Policy Accounts before we determine the total value of the Policy Accounts. Please refer to the "Summary of charges" section for details.

Redemption Charge will not apply to the Terminal Illness Benefit payable.

However, we will not pay any Terminal Illness Benefit if:

- (1) the Terminal Illness is a direct or indirect result of Acquired Immune Deficiency Syndrome (AIDS), AIDS-related complex or infection by Human Immunodeficiency Virus (HIV); or
- (2) the Life Assured is diagnosed with the Terminal Illness, or the Life Assured has shown signs or symptoms of a Terminal Illness:
  - before the effective date of **PRU**link portfolio investment plan, or in case of reinstatement, before the effective date of such reinstatement, whichever is later; or
  - within 90 days from the effective date of **PRU**link portfolio investment plan, or in case of reinstatement, from the effective date of such reinstatement, whichever is later (except that this exclusion does not apply to the Terminal Illness Caused By An Accident).

You must provide us with all the required information within 180 days of the date of diagnosis of Terminal Illness in relation to the claim. The Terminal Illness Benefit payment will normally be payable within 1 month after we have received all proper documents for us to assess the claim. The whole payment of the Terminal Illness Benefit may be deferred or suspended (i) when the dealings and/or the valuation of any investment choice under your policy account have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and/or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. The Terminal Illness Benefit payment will be made as soon as practicable after cessation of such events/circumstances. No interest will be provided in respect of the period between the date we receive all proper documents and the date of claim payment. For details of the deferment and/or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

## Optional Supplementary Benefits

You can add optional supplementary benefits, including accident and/or medical insurance plans for additional coverage subject to underwriting requirements and additional premiums to pay for the assurance charges of the optional supplementary benefits. Simply ask your consultant for a list of options available and the details of each option.



# A range of investment choices to suit your needs



## Investment Choices

PRUlink portfolio investment plan offers a range of investment choices from different sectors and markets across various asset types for your own selection to suit your risk appetite, financial needs and objectives at different stages of your life. These investment choices include exposure to equities, bonds and money markets. The investment choices available are published and updated from time to time in our Summary Information for Investment Choices. Copy of Summary Information for Investment Choices is made available through your consultant or at our corporate website [www.prudential.com.hk](http://www.prudential.com.hk).

Notional units of investment choices will be allocated to the relevant Policy Accounts on the relevant valuation date of the investment choice as soon as practicable following the date of receipt of each Basic Premiums in cleared funds. You can select your own allocation portfolio, with up to a maximum of 10 investment choices to be invested in concurrently, for each Basic Premiums payment. This is subject to a minimum allocation of 10% of your premium in each investment choice.

You can also change your investment choice allocation instructions for your future Basic Premiums. Prudential, however, reserves the right to change the maximum number of investment choices, the minimum allocation requirement, as well as the right to terminate or temporarily close any investment choice in future with no less than 1 month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirement(s).

**Please note that you are investing in an investment-linked insurance policy and NOT investing in the reference funds. The premiums you pay towards this Plan will be invested by Prudential. Any corresponding investments made by Prudential in the reference funds of the investment choices you select will become and remain the assets of Prudential. For this reason you do not have any rights or ownership over these reference funds. Your recourse under this Plan is against Prudential only. Furthermore, units allocated to the policy are purely notional and solely for the determination of the value of your policy.**

**Investment choices can have very different features and risk profiles. Some of them may even be of high risk. Your return on investment is calculated by Prudential with reference to the performance of the reference funds of the investment choices you select. Performance of such investment choices may not be identical to the performance of the corresponding reference funds due to the differences in currency and/or rounding mechanism for valuation.**

**In addition, your investment returns under the policy are subject to the charges of the policy. Hence, any returns you get may be lower than the returns of the reference funds of the investment choices.** For details of each investment choice including the fees and risk factors involved, please refer to the Summary Information for Investment Choices and the offering documents of the reference funds, which are available from Prudential upon request.

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## **Unlimited Switching of Investment Choices**

You can flexibly switch between investment choices, or redirect your subsequent premium allocation at any time whilst the policy is in force. The switching of investment choices can only be made within each separate account of your policy, meaning that you cannot switch notional units from the Initial Account to the Accumulation Account and vice versa.

The number of switches between different investment choices of the same account is unlimited. Currently, switching is subject to a minimum amount of USD 100 per transaction and a minimum allocation of 10% of the switched amount in each investment choice. Currently, there is no switching charge. However, bid-offer spread may be levied by the reference fund of the investment choice. For details of bid-offer spread, please refer to the offering documents of the reference funds which are available from Prudential upon request.

Prudential reserves the right to adjust the minimum switching amount and the minimum allocation percentage with no less than 1 month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirement(s) to policyholders with regards to such changes.

## **Online Portfolio Management**

Through our online platform ([www.prudential.com.hk](http://www.prudential.com.hk)), you can obtain daily performance information about your investment choices, review and manage your portfolio. Portfolio management options include the ability to switch your investment choices, and to change your subsequent premium allocations.

## 3-tier bonuses



### First Year Bonus

PRUlink portfolio investment plan offers you a First Year Bonus giving you extra notional units of investment choice(s). This bonus is a percentage of your Basic Premiums paid for the first 12 months of your policy, determined by reference to the amount of your monthly Basic Premiums and the length of your Target Contribution Period as follows:

Monthly Basic Premiums ("MP"), (USD)	Target Contribution Period			
	10 years	15 years	20 years	25 years
MP < 200	2.0%	4.0%	8.0%	12.0%
200 ≤ MP < 400	4.0%	8.0%	16.0%	24.0%
400 ≤ MP < 800	5.0%	10.0%	20.0%	30.0%
800 ≤ MP < 1,600	5.0%	10.0%	20.0%	30.0%
1,600 ≤ MP < 3,200	5.5%	11.0%	21.0%	31.0%
3,200 ≤ MP < 6,000	6.0%	11.5%	22.0%	32.0%
6,000 ≤ MP < 10,000	6.5%	12.0%	22.5%	32.0%
MP ≥ 10,000	6.5%	12.0%	22.5%	32.0%

The percentages listed above do not represent the rates of return or the performance of your investment. If your Basic Premiums are payable on a non-monthly basis, they will be pro-rated on a monthly basis for the purpose of determining the applicable percentage for calculating the First Year Bonus.

The First Year Bonus is payable in the form of additional notional units of your investment choice(s) at the unit issue price in the same proportion as the latest premium allocation instructions. The additional notional units will be credited to your Initial Account upon the receipt of each Basic Premiums paid in respect of the first 12 policy months on the same valuation date of the investment choice to which your Basic Premiums are allocated. Please note that any premium(s) paid for the optional supplementary benefits or any premium(s) paid in advance that is not attributable to the premium payable in the 1<sup>st</sup> policy year will not be taken into account in calculating the First Year Bonus.

The First Year Bonus is not applicable if you cancel your policy during cooling-off period. Please refer to the "Cooling-off Period" sub-section under the "General information" section for details.

### Example for the calculation of the First Year Bonus

(All figures are hypothetical and for illustrative purpose only. They have been rounded to the nearest dollar.)

Target Contribution Period	15 years
Monthly Basic Premiums	USD 2,000
First Year Bonus percentage	11.0%
First Year Bonus payable monthly in the first 12 policy months	USD 2,000 x 11.0% = USD 220
The total amount of the First Year Bonus for the first 12 policy months	USD 220 x 12 = USD 2,640

If the Basic Premiums are payable on a non-monthly basis, for example, the Basic Premiums are paid on a yearly basis, the First Year Bonus will be credited to your policy 1 time only upon receipt of the Basic Premiums in respect of the first 12 policy months.

The First Year Bonus will then form a part of the value of the Initial Account and will also be subject to the relevant charges applicable to the Initial Account. For details of the charges, please refer to the "Summary of charges" section. You are reminded to keep your policy in force until the bonus has been credited to your Initial Account in order to enjoy this bonus.

**In the event that your policy is terminated within the 1<sup>st</sup> policy year (other than as a result of non-suicidal death of the Life Assured or payment of Terminal Illness Benefit) or if the Life Assured commits suicide within 1 year from the effective date of any reinstatement, the original amount of First Year Bonus previously credited to your policy will be first clawed back from the value of the Initial Account before we determine the benefit proceeds payable. Regarding such claw back, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units.** For details of the termination clause, please refer to the "Termination" sub-section under the "Financial arrangement to meet your needs at different life stages" section.

## Investment Bonus

An Investment Bonus will be credited to the Accumulation Account on a monthly basis after the 10<sup>th</sup> policy anniversary (that is from the 121<sup>st</sup> month onwards) at the end of each month while the policy is in force.

The Investment Bonus will be payable monthly in the form of additional notional units of your investment choice(s) at the unit issue price in the same proportion as the latest premium allocation instructions. The bonus will then form a part of the value of the Accumulation Account and will also be subject to the relevant charges applicable to the Accumulation Account. You will continue to receive the Investment Bonus so long as your policy remains in force at the time of allocation. Once the Investment Bonus is credited to your Accumulation Account, we will not claw back the bonus paid when you exercise your rights under the policy.

The amount of each Investment Bonus is equivalent to the value of the Accumulation Account as at the Charge Deduction Day of the relevant month multiplied by the applicable percentage as specified below.

Policy year	Target Contribution Period			
	10 years	15 years	20 years	25 years
11–15	0.14%	0.085%	0.085%	0.085%
16–20	0.14%	0.14%	0.085%	0.085%
21–25	0.14%	0.14%	0.14%	0.085%
26 and thereafter	0.14%	0.14%	0.14%	0.14%

The bonus rates listed above do not represent the rates of return or the performance of your investment.

## Example for the calculation of the Investment Bonus

(All figures are hypothetical and for illustrative purpose only. They have been rounded to the nearest dollar.)

<b>Target Contribution Period</b>	15 years
<b>Value of the Accumulation Account as at the Charge Deduction Day of the 121<sup>st</sup> policy month</b>	USD 200,000
<b>Investment Bonus amount for the 121<sup>st</sup> policy month</b>	0.085% x USD 200,000 = USD 170
<b>Value of the Accumulation Account as at the Charge Deduction Day of the 181<sup>st</sup> policy month</b>	USD 380,000
<b>Investment Bonus amount for the 181<sup>st</sup> policy month</b>	0.14% x USD 380,000 = USD 532

You are reminded that any reduction in Basic Premium payment(s), taking any premium holiday(s) or making any partial withdrawal(s) after the Initial Contribution Period may significantly reduce the value of your Accumulation Account due to all fees and charges are still deductible from the account, and the amount of Investment Bonus awarded to your policy will be less.



## Loyalty Bonus

As our valued customer, you will be entitled to a one-off Loyalty Bonus credited to the Accumulation Account within 60 calendar days following the end of the Target Contribution Period **provided that you have fulfilled all of the following conditions:**

- (1) no more than a total of 12 months premium holiday has been exercised during the Policy Accumulation Period;
- (2) no reduction of Basic Premiums has been exercised during the Policy Accumulation Period; and
- (3) in case of partial withdrawal(s) from the Accumulation Account during the Policy Accumulation Period, the sum of all partial withdrawals do not exceed 10% of the total Basic Premiums you have committed to pay during the Target Contribution Period at policy issuance.

The amount of Loyalty Bonus is equivalent to the Average Monthly Accumulation Account Value multiplied by a Loyalty Bonus factor. The Loyalty Bonus factors are as follows:

Target Contribution Period	Loyalty Bonus factor
10 years	4%
15 years	6%
20 years	8%
25 years	10%

The bonus rates listed above do not represent the rates of return or the performance of your investment.

## Example for the calculation of the Loyalty Bonus

(All figures are hypothetical and for illustrative purpose only. They have been rounded to the nearest dollar.)

Target Contribution Period	15 years
Loyalty Bonus factor	6%
The Average Monthly Accumulation Account Value during the Policy Accumulation Period	USD 190,000
One-off Loyalty Bonus credited to the Accumulation Account following the end of the Target Contribution Period	USD 190,000 × 6% = USD 11,400

The Loyalty Bonus will be payable in the form of additional notional units of your investment choice(s) at the unit issue price in the same proportion as the latest premium allocation instructions. The bonus will then form a part of the value of the Accumulation Account and will also be subject to the relevant charges applicable to the Accumulation Account. The Loyalty Bonus will be credited to your policy within 60 calendar days following the end of your Target Contribution Period. Therefore, to enjoy this bonus, you must keep your policy in force, even after the end of your Target Contribution Period, until your Loyalty Bonus has been allocated. Otherwise, you will lose your Loyalty Bonus even if you have paid your premiums in full for the entire Target Contribution Period. Once the Loyalty Bonus is credited to your Accumulation Account we will not claw back the bonus paid when you exercise your rights under the policy.

**You are reminded that any reduction in Basic Premium payment(s), taking any premium holiday(s) or making any partial withdrawal(s) after the Initial Contribution Period may significantly reduce the value of your Accumulation Account due to all fees and charges are still deductible from the account, and the amount of Loyalty Bonus (if any) awarded to your policy will be less. Furthermore, these actions may also affect your entitlement to the Loyalty Bonus.**

# Summary of charges



## Current Charges for the Plan

### Policy Establishment Fee

- 0.35% per month (i.e. 4.2% per annum) of the value of the Initial Account in our record on the Charge Deduction Day.
- To be deducted monthly on the Charge Deduction Day from the Initial Account during the Target Contribution Period by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Initial Account on the Charge Deduction Day.

### Administration Charge

- 0.125% per month (i.e. 1.5% per annum) of the value of the Initial Account and the Accumulation Account respectively in our record on the Charge Deduction Day.
- To be deducted monthly on the Charge Deduction Day from the Initial Account and the Accumulation Account respectively by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to each account on the Charge Deduction Day. The charges in respect of the Initial Account will be deducted while the policy is in force and the charges in respect of the Accumulation Account will be deducted after the Initial Contribution Period while the policy is in force.

### Assurance Charge (Cost of Insurance)

- The Assurance Charge is an amount payable for the death benefit and the Terminal Illness Benefit provided by your PRUlink portfolio investment plan and the coverage provided by any optional supplementary benefits attached.

- Monthly Assurance Charge for the PRUlink portfolio investment plan = Annual Assurance Charge rate per USD 1,000 net amount at risk  $\div$  12 x Net amount at risk  $\div$  1,000  
Where,
  - Net amount at risk = Death benefit of the PRUlink portfolio investment plan – the total value of Policy Accounts in our record on the Charge Deduction Day.
  - The Assurance Charge rate for PRUlink portfolio investment plan is determined by reference to the sex and age next birthday as of the beginning of the policy year of the Life Assured.
- The table below sets out some indicative annual Assurance Charge rates per USD 1,000 net amount at risk for the PRUlink portfolio investment plan. These are for illustration purposes only and may vary according to the age next birthday of the Life Assured during the payment term of the Assurance Charge. Please refer to the illustration document for the details of your personalised Assurance Charge rates applicable to the policy.

Age next birthday of the Life Assured at the beginning of the policy year	Current annual Assurance Charge rate per USD 1,000 net amount at risk	
	Male	Female
30	0.66	0.70
40	1.41	0.97
50	3.49	2.24
60	9.83	5.96
70+	26.02	13.72
80+	66.40	38.75
90+	163.77	108.61
100+	367.01	280.25

- \* Please note that the Assurance Charge may become significant as the age of the Life Assured increases. This may result in significant or even total loss of your premiums paid. The applicable Assurance Charge rates will be made available to you upon your request.

- The Assurance Charge for the optional supplementary benefit(s) is determined by reference to, where applicable, the sex, issue age, age next birthday as of the beginning of the policy year, smoking habit, class of risk of the Life Assured and the benefit(s) payable under the relevant optional supplementary benefit(s). The amount of the Assurance Charge for the relevant optional supplementary benefit(s) is equivalent to the premium payable for that relevant optional supplementary benefit(s).
- During the Initial Contribution Period:
  - Currently, the Assurance Charge for your **PRU**link portfolio investment plan is waived.
  - For any optional supplementary benefit(s), the waiver does not apply and the Assurance Charge will be charged from your optional supplementary benefit(s) premium as soon as the optional supplementary benefit takes effect.
- After the Initial Contribution Period:
  - The Assurance Charge for your **PRU**link portfolio investment plan will be deducted monthly on the Charge Deduction Day from the value of the Accumulation Account by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Accumulation Account on the Charge Deduction Day, until the policy is terminated.
  - For any optional supplementary benefit(s), the Assurance Charge will still be deducted from your optional supplementary benefit(s) premium throughout the premium term of the relevant optional supplementary benefit(s) or until your policy is terminated, whichever is earlier. **In the event of a premium holiday, the Assurance Charge for any supplementary benefit(s) will be deducted monthly on the Charge Deduction Day from the value of the Accumulation Account by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Accumulation Account on the Charge Deduction Day.**
- If the value of the Accumulation Account is not sufficient for the Assurance Charge deduction, whether it is for the **PRU**link portfolio investment plan or for the optional supplementary benefit(s), the Assurance Charge will be deducted from the value of the Initial Account by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated to the Initial Account on the Charge Deduction Day.
- Please note that if the value of the Policy Accounts becomes insufficient to cover the applicable Assurance Charge, your Plan will be terminated early and you could lose all your premiums paid and benefits.

## Redemption Charge (% of the latest value of the Initial Account)

- The Redemption Charge is applicable upon policy termination due to (i) full surrender of your policy for the period up to the end of 11<sup>th</sup> policy year depending on the Target Contribution Period you selected or (ii) non-payment of premium during the Initial Contribution Period.
- The Redemption Charge as calculated below will be deducted from the redemption proceeds of all notional units of investment choices in the Initial Account:

Redemption Charge	=	The value of the Initial Account <sup>2</sup>	x	Applicable rate as shown in the schedule below
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<sup>2</sup> In case of policy termination takes place within the 1<sup>st</sup> policy year (other than as a result of non-suicidal death of the Life Assured or payment of Terminal Illness Benefit) or if the Life Assured commits suicide within 1 year from the effective date of any reinstatement, the original amount of First Year Bonus previously credited to your policy will be first clawed back from the value of the Initial Account before we determine the applicable Redemption Charge. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units.

- The applicable rate for Redemption Charge will be applied as follows:
  - Before the completion of Initial Contribution Period, the Redemption Charge rate will be determined by reference to the policy year in which the last premium has been paid in full or the policy is terminated, whichever is earlier.
  - After the completion of Initial Contribution Period, the Redemption Charge rate will be determined by reference to the policy year in which the policy is terminated.

During policy year	Target Contribution Period			
	10 years	15 years	20 years	25 years
1	35%	40%	45%	50%
2	25%	30%	40%	45%
3	20%	25%	30%	40%
4	15%	20%	30%	40%
5	10%	20%	30%	40%
6	5%	15%	30%	40%
7	0%	10%	25%	35%
8	0%	5%	20%	30%
9	0%	0%	15%	20%
10	0%	0%	5%	15%
11	0%	0%	0%	5%
12 and thereafter	0%	0%	0%	0%

- The Redemption Charge may be up to 50% of the value of the Initial Account and you will lose your premium paid, bonuses and insurance coverage if you terminate your policy early.
- Please refer to Example 1 and 2 in the "Appendix" for illustrative examples of the calculation of Redemption Charge.

## Switching Charge

Currently nil



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## Current Charges for Reference Funds

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You should note that the reference funds of the investment choices you selected may have separate charges on management fee, performance fee, bid-offer spread, switching fee and/or other recurring fees. The management fee levied by the investment managers of the reference funds ranges from 0.25% to 2.05% per annum of the net asset value of the reference fund. You do not pay these fees directly: the fees will be deducted and such reduction will be reflected in the unit price of the reference fund. For details, please refer to the Summary Information for Investment Choices and the offering documents of the reference funds, which are available from Prudential upon request.

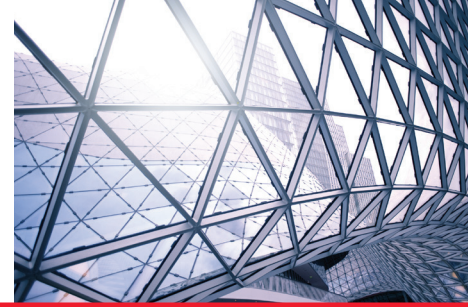
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You can refer to the “Deduction of Charges” sub-section under the “General Information” section for details as to how the above charges are to be deducted.

Charges are subject to change from time to time by Prudential. Prudential reserves the right to vary the policy charges or to impose new charges with no less than 1 month’s prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

**In the event that the value of your policy becomes insufficient to cover the policy fees and charges as stated above (due to any reason, including but not limited to the application of premium reduction, premium holiday or partial withdrawals), your policy will be terminated early and you could lose all your premiums paid, bonuses and insurance coverage.**

# Financial arrangement to meet your needs at different life stages



## Premium Payment

You can choose either 10 years, 15 years, 20 years or 25 years as your Target Contribution Period in order to meet your financial needs. The frequency of your premium contribution can be monthly, quarterly, half-yearly or yearly.

You are not allowed to change the Target Contribution Period after your policy takes effect. However, if you need to change the frequency of your premium contribution, you can submit an application to us using our designated form which is available upon request.

You should only invest in this Plan if you intend and are able to pay the premium with a minimum amount of USD 125 per month throughout the Target Contribution Period you have selected. The minimum premium requirement is applicable to all Target Contribution Period. The maximum premium amount is subject to Prudential's approval. In case you surrender your policy, you will be subject to a Redemption Charge as illustrated in the "Summary of charges" section.

## Premium Change

We understand that there may be times when you may need to adjust your premium payments to meet your changing financial situation. If you wish to increase your premium above the amount originally committed to at policy issuance, you have to apply for an additional policy.

On the other hand, you can apply to reduce your Basic Premiums at any time after the Initial Contribution Period without additional charges, subject to a minimum Basic Premiums requirement. Currently, the minimum Basic Premiums requirement is USD 125 per month for all Target Contribution Period. After any premium reduction, you cannot increase your premium back to the original level or to any higher amount.

To make a premium change, simply submit an application to us using our designated form which is available upon request.

## Partial Withdrawal

Partial withdrawals can be made only from the Accumulation Account at any time after the Initial Contribution Period without any charge, except for the bid-offer spread which may be levied by the reference fund of the investment choice. We do not allow partial withdrawals from the Initial Account.

Partial withdrawals are subject to a minimum amount and a minimum account balance requirement as determined by us

from time to time in accordance with our latest administrative rules. Currently, the minimum withdrawal amount is USD 100 per partial withdrawal and the minimum balance of USD 1,800 must remain in the Accumulation Account immediately after the partial withdrawal. Otherwise we reserve the right to decline the withdrawal request.

Prudential reserves the right to adjust the minimum withdrawal amount and the minimum account balance with no less than 1 month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirement(s) to policyholders with regards to such changes.

To make a partial withdrawal, simply submit an application to us using our designated form which is available upon request.

Notional units of the investment choice(s) to be withdrawn will be redeemed at the unit redemption price on the valuation date in respect of your selected investment choice(s) immediately following our approval of your partial withdrawal request.

Prudential will pay out the partial withdrawal amount within 1 month normally after we have received the duly signed and completed appropriate application form. The whole payment of the partial withdrawal may be deferred or suspended (i) when the dealings and/or the valuation of any investment choice as specified in the partial withdrawal request form have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and/or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. The partial withdrawal payment will be made as soon as practicable after cessation of such events/circumstances. No interest will be provided in respect of the period between the date of notification of the partial withdrawal application and the date of the payment of partial withdrawal amount. For details of the deferment and/or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

## Premium Holiday

In times of financial difficulties or sudden need, you can apply for a premium holiday after the Initial Contribution Period to temporarily suspend your premium payments, without additional charges, as long as there is a positive balance in the total value of Policy Accounts.

During a premium holiday, all applicable policy charges of the Plan and the Assurance Charge of the optional supplementary benefit(s), if any, as set out under the “Summary of charges” section will continue to be deducted from your relevant Policy Accounts. Meanwhile, your policy and related benefits will remain in force provided that the value of the Initial Account and the Accumulation Account of your policy is sufficient to pay all of the relevant charges applicable to respective accounts; otherwise your policy will be terminated.

Premium holiday is only a short term solution to cope with your financial difficulties, and you are encouraged to resume regular premium payments as soon as your difficulties are resolved.

To apply for a premium holiday, simply submit an application to us using our designated form which is available upon request.

On the other hand, if you fail to pay any of your premiums within a grace period of 1 calendar month from its due date during the Policy Accumulation Period and your Policy Accounts maintains a positive balance, premium holiday will start automatically.

You may stop the premium holiday by giving us written notice and continue this policy by paying to us the premiums starting from the end of the premium holiday.

**PRUlink portfolio investment plan is a plan for long-term investment. You are reminded that any reduction in Basic Premium payment(s), taking any premium holiday(s) or making any partial withdrawal(s) after the Initial Contribution Period may significantly reduce the value of your Accumulation Account due to all fees and charges are still deductible from the account, and the amount of Investment Bonus and Loyalty Bonus (if any) awarded to your policy will be less. Furthermore, these actions will possibly affect your entitlement to the Loyalty Bonus as set out under the “3-tier bonuses” section. It is also important to note that your policy will be automatically terminated in case the value of your relevant Policy Accounts becomes insufficient for the deduction of relevant charges.**

## Surrender

You can surrender your policy by submitting an application to us using our designated form, which is available upon request. Once your application is accepted, all notional units of your investment choice(s) in your Policy Accounts will be redeemed at the unit redemption price on the valuation date in respect of the investment choice(s) following the completion of any necessary procedures of the investment choice(s) and our approval of your surrender request.

**In case you surrender your policy, a Redemption Charge will be imposed as a percentage (up to 50%) of the value of your Initial Account for the period up to the end of 11<sup>th</sup> policy year depending on the Target Contribution Period you selected and deducted from the surrender proceeds of all notional units of investment choice(s) in the Policy Accounts. It may result in a substantial reduction in the account value.**

In addition to the Redemption Charge, any applicable charges which have already been incurred but are outstanding in the Policy Accounts at the time of surrender will be deducted from the surrender proceeds payable. Please refer to the “Summary of charges” section for details of these applicable charges.

Prudential will normally pay out the surrender proceeds within 1 month after we have received the duly signed and completed appropriate application form. The whole payment of the surrender proceeds may be deferred or suspended (i) when the dealings and/or the valuation of any investment choice under your policy account have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and/or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. Your policy will cease once we approve your application of surrender. The surrender proceeds payment will be made as soon as practicable after cessation of such events/ circumstances. No interest will be provided in respect of the period between the date of notification of the surrender application and the date of surrender proceeds payment. For details of the deferment and/or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

If you surrender your policy within the 1<sup>st</sup> policy year, the original amount of First Year Bonus previously credited to your policy will be first clawed back from the value of the

Initial Account before we determine the surrender proceeds payable. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these notional units.

### **Termination**

The policy will automatically terminate upon the occurrence of the earliest of the following:

- (1) upon the death of the Life Assured; or
- (2) upon the payment of the Terminal Illness Benefit; or
- (3) upon full surrender of your policy; or
- (4) non-payment of the premium within the grace period of 1 calendar month from its due date during the Initial Contribution Period; or
- (5) when the total value of your Policy Accounts becomes zero or negative.

Upon policy termination, all notional units of your investment choice(s) will be redeemed at the unit redemption price. For policy termination due to the above condition (1) or (2), all notional units of investment choice(s) will be redeemed at the latest available redemption price in respect of the investment choice(s) as at the date we receive the death claim of the Life Assured and the date we approve the Terminal Illness claim respectively. For policy termination due to the above condition (3) or (4), all notional units of investment choice(s) will be redeemed on the valuation date in respect of the investment choice(s) following the completion of the any necessary procedures of the investment choice(s) and the respective termination arrangements to your policy. Any applicable charges (including the Assurance Charge of all optional supplementary benefit(s), where applicable) which have already been incurred but are outstanding at the time of termination will be first deducted from the relevant Policy Accounts before we determine the total value of the relevant Policy Accounts. For policy termination due to the above condition (5), any shortfall in deductions and charges will not be collected upon termination. Please refer to the "Summary of charges" section for details. All optional supplementary benefit(s) attached to the Plan will also be terminated once the policy is terminated.

In case the policy is terminated within the 1<sup>st</sup> policy year (other than as a result of non-suicidal death of the Life Assured or the payment of Terminal Illness Benefit), or if Life Assured commits suicide within 1 year from the effective date of any reinstatement, the original amount of First Year Bonus previously credited to your policy will be first clawed back from the value of the Initial Account before we determine any

amount payable under the policy. Regarding the claw back of the First Year Bonus, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the First Year Bonus and the corresponding fees and charges that have been levied on these units.

In case the policy is terminated due to (i) full surrender of your policy or (ii) non-payment of premium during the Initial Contribution Period, Redemption Charge will be applied against the value of the Initial Account. Please refer to the "Summary of charges" section for details.

Once your policy is terminated, you cannot reinstate the policy unless the conditions stated in the below "Reinstatement" section is fulfilled.

### **Reinstatement**

In the case that your policy terminates due to (i) non-payment of premiums during the Initial Contribution Period, or (ii) total value of your Policy Accounts becoming zero or negative while the policy is in premium holiday at the time of policy termination, you may request to reinstate your policy within 24 months from the relevant termination date. The grace period applicable under the above-mentioned condition (i) will be included in the calculation of the 24 months.

To reinstate the policy, you will need to submit to us a written application with satisfactory evidence of the health of the Life Assured at your own expense and repay us the amount that was paid to you upon policy termination together with all outstanding premiums under your policy during the period from the policy termination date to the date we have reinstated your policy. Prudential has the sole discretion on whether to accept your reinstatement based on our latest internal underwriting guidelines.

The amounts repaid by you for reinstatement and the amount of our reversal of any deductions or charges applicable at the time of termination, as well as any bonuses eligible for the period from the date of termination to the date of reinstatement of the policy, will be allocated to the relevant Policy Accounts where applicable, in the form of Units at the unit issue price in accordance with your premium allocation instructions at the time of reinstatement. Please note that all outstanding accrued policy charges from policy termination date to the date of policy reinstatement (including any shortfall in deductions or charges at policy termination) will be deducted from the relevant Policy Accounts upon reinstatement. Other than the above mentioned, no additional charges for reinstatement will be applied. We shall notify you if we accept your application.





## General information

### Important Documents

Our consultant will provide and explain to you the following documents before your enrolment in **PRU**link portfolio investment plan. It is important for you to understand the Plan before making any application. The documents are:

- the Offering Document which consists of this Product Brochure, the Summary Information for Investment Choices and the Product Key Facts Statement; and
- an illustration document which is based on your specific case showing the projected total surrender values and the projected total death benefits of the Plan; and
- the policy provisions for **PRU**link portfolio investment plan which consists of a general provision, a benefit provision and an investment choices provision. Specimens of the above documents are available free of charge upon request.

### Application

To apply for **PRU**link portfolio investment plan, you should complete the appropriate application form and return it to us together with the required premium. The approval of your application is subject to our latest internal underwriting guidelines.

You should not purchase investment-linked insurance policy unless you understand it and it has been explained to you how it is suitable for you. The final decision is yours.

### Cooling-off Period

Cooling-off period is a period during which life insurance policyholders have a right to cancel their policies and obtain a refund of any premium(s) and levy(ies) paid, less any market value adjustment\* within the earlier of 21 calendar days immediately following the day of delivery of the policy or the notice to you or to your nominated representative, provided that no claim has been made. Such notice should inform you of the availability of the policy and expiry date of the cooling-off period.

You have to tell Prudential by giving written notice within the cooling-off period. Such notice must be signed by you 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.

You may get back the amount you paid, or less if the value of the investment choices chosen has gone down. The amount you may get back shall not include any First Year Bonus previously credited to your policy.

- \* The market value adjustment is a downward adjustment to cover any investment loss incurred under the following transactions as compared to the purchase(s) of units at unit issue price of the Investment Choice(s):
  - Transactions made in cancellation of units at unit redemption price (upon withdrawal or switching of Investment Choice(s)) or unit issue price (upon deduction of charges) of the Investment Choice(s) before acceptance of the cooling off request, and
  - Transactions made in cancellation of units at unit redemption price of the Investment Choice(s) after acceptance of the cooling off request.

### Third Party Right

**PRU**link portfolio investment plan is excluded from the application of The Contracts (Rights of Third Parties) Ordinance, which means that a person who is not a party to the policy of the Plan (including but not limited to the Life Assured or the Beneficiary) has no right to enforce any of the terms of the policy of the Plan.

### Deduction of Charges

Relevant notional units of your investment choices will be deducted respectively from the Initial Account and the Accumulation Account to pay for applicable fees and charges as specified in the "Summary of charges" section on a monthly basis. The notional units of your investment choices will be cancelled at the unit issue price, and such cancellation will be in proportion to the account value of each of the investment choice on the Charge Deduction Day within each account. We reserve the right to change the above process for deduction of charges by giving you prior written notice of 1 month or such shorter period of notice in compliance with the relevant regulatory requirements.

## Borrowing Power

PRUlink portfolio investment plan has no borrowing powers. For details of the borrowing powers of the reference funds, please refer to the offering documents of respective reference fund.

## Report for Investment Performance

You will receive periodic statements that summarise the value of the Policy Accounts, the surrender value and the transactions during a specific period and holdings of each investment choice under your policy. Through our online platform ([www.prudential.com.hk](http://www.prudential.com.hk)), you can also obtain daily performance information of investment choices and review your investments. You are always welcome to call our Customer Service Hotline at 2281 1333 to make enquiries about your investments.

## Responsibility

Prudential Hong Kong Limited accepts full responsibility for the accuracy of the information contained in the Offering Document as of the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

## Foreign Account Tax Compliance Act

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), a foreign financial institution ("FFI") is required to report to the U.S. Internal Revenue Service ("IRS") certain information on U.S. persons that hold accounts with that FFI outside the U.S. and to obtain their consent to the FFI passing that information to the IRS. An FFI which does not sign or agree to comply with the requirements of an agreement with the IRS ("FFI Agreement") in respect of FATCA and/or who is not otherwise exempt from doing so (referred to as a "nonparticipating FFI") will face a 30% withholding tax ("FATCA Withholding Tax") on all "withholdable payments" (as defined under FATCA) derived from U.S. sources (initially including dividends, interest and certain derivative payments).

The U.S. and Hong Kong has signed an inter-governmental agreement ("IGA") to facilitate compliance by FFIs in Hong Kong with FATCA and which creates a framework for Hong Kong FFIs to rely on streamlined due diligence procedures to (i) identify U.S. indicia, (ii) seek consent for disclosure from its U.S. policyowners and (iii) report relevant tax information of those policyowners to the IRS.

FATCA applies to Prudential and your policy. Prudential is a participating FFI. Prudential is committed to complying with FATCA. To do so, Prudential requires you to:

- (i) provide to Prudential certain information including, as applicable, your U.S. identification details (e.g. name, address, the US federal taxpayer identifying numbers, etc.); and
- (ii) consent to Prudential reporting this information and your account information (such as account balances, interest and dividend income and withdrawals) to the IRS.

If you fail to comply with these obligations (being a "Non-Compliant Accountholder"), Prudential is required to report "aggregate information" of account balances, payment amounts and number of non-consenting US accounts to IRS.

Prudential could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your policy. Currently the only circumstances in which Prudential may be required to do so are:

- (i) if the Inland Revenue Department of Hong Kong fails to exchange information with the IRS under IGA (and the relevant tax information exchange agreement between Hong Kong and the U.S.), in which case Prudential may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS; and
- (ii) if you are (or any other account holder is) a nonparticipating FFI, in which case Prudential may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS.

You should seek independent professional advice on the impact FATCA may have on you or your policy.

## Financial Institutions (Resolution) Ordinance Disclosure

The Financial Institutions (Resolution) Ordinance (Cap. 628) (the “FIRO”) was enacted by the Legislative Council of Hong Kong in June 2016. In July 2017, the FIRO (except for Part 8, section 192 and Division 10 of Part 15 thereof) came into operation. The FIRO provides, amongst other things, a regime for the resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. “Critical financial functions” is defined under the FIRO to mean activities or operations carried on, or services provided, by a financial institution:

- (a) on which an entity (other than a group company of the financial institution) relies; and
- (b) that, if discontinued, would be likely to
  - (i) lead to the disruption of services that are essential to the economy of Hong Kong;
  - (ii) undermine the general confidence of participants in the financial market in Hong Kong; or
  - (iii) give rise to contagion within the financial system of Hong Kong, for any reason including the size, interconnectedness, complexity or cross-border activities of, or the market share held by, the financial institution or the group of companies of which the financial institution is a member.

The FIRO seeks to provide the relevant resolution authorities (the Hong Kong Monetary Authority, the Insurance Authority and the Securities and Futures Commission) with a range of administrative powers to bring about timely and orderly resolution in order to stabilize and secure continuity for a failing banking sector entity, insurance sector entity and securities and futures sector entity in Hong Kong. In addition, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution.

As an insurance sector entity, Prudential is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of Prudential could potentially affect the Plan. The relevant resolution authority may exercise powers including but not limited to cancel, write off, modify, convert or replace all or part of the monies payable under the Plan, and to amend or alter the contractual provisions of the Plan, all of which may adversely affect payments or any other entitlements under the Plan, and as a result, you or your beneficiary may not receive all or any amount due under the Plan. In the worst case scenario, you and your beneficiary could lose all investment under the Plan.

The implementation of FIRO remains untested and certain detail relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, Prudential is unable to assess the full impact of FIRO on the Plan.

You should seek independent professional advice on the impact of FIRO on you or your policy.

## 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:  
[https://www.ird.gov.hk/eng/tax/dta\\_aeoi.htm](https://www.ird.gov.hk/eng/tax/dta_aeoi.htm).

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## **Taxation**

Please seek independent professional advice on tax matters with respect to your own situation.

## **Governing Law**

The policy terms of **PRU**link portfolio investment plan are governed by and will be construed in accordance with the laws of the Hong Kong Special Administrative Region (“Hong Kong”). Any matters of dispute will be subject to the determination by and the rulings of the courts of Hong Kong.

## **Authorisation**

**PRU**link portfolio investment plan has been authorised by the Securities and Futures Commission (“SFC”). However, such authorisation does not imply an official recommendation. The SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC does not take any responsibility for the contents of the Offering Document, 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 contents of the Offering Document.

## **Enquiries and Complaints**

Should you have any enquiries and complaints regarding **PRU**link portfolio investment plan, please contact us by calling our Customer Service Hotline at 2281 1333 or by email at [service@prudential.com.hk](mailto:service@prudential.com.hk).



# Glossary

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- **Accident** – means an unforeseen and involuntary event which shall, independent of any other cause, be the sole cause of bodily injury.
- **Accumulation Account** – a notional account under the policy that holds all the notional units of the investment choices allocated as regards of all Basic Premiums paid in respect of the Policy Accumulation Period. It is set up for determining the amount of your benefits under the policy.
- **Average Monthly Accumulation Account Value** – is equal to the sum of the values of the Accumulation Account as at the Charge Deduction Day of each month during the Policy Accumulation Period divided by the number of months of the Policy Accumulation Period. The value of the Accumulation Account is calculated by multiplying the number of notional units of the investment choices in the Accumulation Account by the unit redemption price of those relevant investment choices as at the Charge Deduction Day.
- **Basic Premiums** – the premiums under PRUlink portfolio investment plan excluding any premiums for the optional supplementary benefits.
- **Charge Deduction Day** – means 3<sup>rd</sup> day of each calendar month or, if (i) that day falls on a public holiday or Sunday; (ii) there is any inevitable interruption of normal business on that day; or (iii) there is any circumstances, situations or events beyond our reasonable control that make it impracticable to carry out a charge deduction on that day, then it will fall on the next practicable business day.
- **Commencing Date** – means the date as stated in the document “Certificate of Life Assurance” that will be provided to you after the issuance of the policy, from which policy anniversary, policy year, policy month and premium due date are determined. It is also the start date of the Initial Contribution Period.
- **Initial Account** – a notional account under the policy that holds all the notional units of the investment choices allocated as regards of all Basic Premiums paid in respect of the Initial Contribution Period. It is set up for determining the amount of your benefits under the policy.
- **Initial Contribution Period** – the first 30 consecutive months as from the Commencing Date for which your Basic Premiums have been paid in full, and shall not, in any event, be shorter than the duration of 30 consecutive months running from the Commencing Date.
- **Life Assured** – the person who shall be named as the “Life Assured” in the document “Certificate of Life Assurance”, which will be provided to you after the issuance of the Plan.
- **Offering Document** – the Product Key Facts Statement, the Product Brochure and the Summary Information for Investment Choices.
- **Policy Accounts** – means the Initial Account and the Accumulation Account.
- **Policy Accumulation Period** – the period immediately following the end of the Initial Contribution Period and lasting until the end of the Target Contribution Period.
- **Registered Doctor** – means a person qualified by degree in Western medicine and legally authorised in the geographical area of his/her practice to render medical or surgical services but excludes any such person who is the Life Assured, policyowner, or the Beneficiary(ies) of your policy, or the business partner(s), insurance agent or employer/employee of the policyowner or the Life Assured, or a member of either the Life Assured’s or policyowner’s immediate family unless such person is first approved by us in writing.
- **Specialist** – means a medical practitioner who is duly qualified in a particular Western medicine specialty and legally registered in the Hong Kong Special Administrative Region or in the country where the claim arises and treatment takes place. Medical practitioner who is the Life Assured himself/herself, or the policyowners, or the Beneficiary(ies) of your policy, or the business partner(s), insurance agent or employer/employee of the policyowner or the Life Assured, or a member of either the Life Assured’s or policyowner’s immediate family shall be excluded unless such person is first approved by us in writing.

- **Target Contribution Period** – the period you have selected for premium contribution (including 10 years, 15 years, 20 years and 25 years).
- **Terminal Illness** – means in the opinion of the medical Specialist involved; and subject to the acceptance of our appointed Registered Doctor, the advent of death is highly likely within 12 months.
- **Terminal Illness Caused By An Accident** – means the Life Assured is diagnosed as having the Terminal Illness as a result of and within 90 days from an Accident which occurs while the policy is in force.

**Investment involves risks. As a consequence of the general nature of varied investments, the investment yield may go down as well as up.**

### **Note**

**PRUlink portfolio investment plan 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.**

All cheques for premium payments should be crossed and made payable to “Prudential Hong Kong Limited”.

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# Appendix

## Illustrative examples

(All figures shown in the following examples are hypothetical and for illustrative purpose only. They have been rounded to the nearest cent.)

### About the Calculation of Charges of the Plan

Assume that 15 years Target Contribution Period is selected for the PRUlink portfolio investment plan policy with monthly Basic Premiums of USD 2,000 and no optional supplementary benefit attached and that the Life Assured is a male aged 38 (age next birthday) at the time of policy commencement.

On the Charge Deduction Day of the 36<sup>th</sup> policy month (i.e. during the Policy Accumulation Period):

Before the deduction of applicable charges for the 36 <sup>th</sup> policy month	
Value of the Initial Account	USD 62,000
Value of the Accumulation Account	USD 12,000
Total value of the Policy Accounts	USD 62,000 + USD 12,000 = USD 74,000
Total Basic Premiums paid	USD 2,000 x 36 months = USD 72,000
Sum of all partial withdrawals made from the Accumulation Account	USD 0
Death benefit of the PRUlink portfolio investment plan	USD 77,700
Please refer to the examples on page 6 and 7 for the calculation of the death benefit	
Charge deduction from the Initial Account for the 36 <sup>th</sup> policy month	
Policy Establishment Fee	Value of the Initial Account x 0.35% USD 62,000 x 0.35% = USD 217
Administration Charge	Value of the Initial Account x 0.125% USD 62,000 x 0.125% = USD 77.50
Charge deduction from the Accumulation Account for the 36 <sup>th</sup> policy month	
Administration Charge	Value of the Accumulation Account x 0.125% USD 12,000 x 0.125% = USD 15
Assurance Charge of the PRUlink portfolio investment plan	Annual Assurance Charge rate per USD 1,000 net amount at risk (based on the Life Assured's sex and age next birthday of 40 as of the beginning of the policy year) ÷ 12 x Net amount at risk ÷ 1,000  Net amount at risk = Death benefit of the PRUlink portfolio investment plan – total value of the Policy Accounts = USD 77,700 – USD 74,000 = USD 3,700  Assurance Charge: 1.41 ÷ 12 x USD 3,700 ÷ 1,000 = USD 0.43
After the deduction of applicable charges for the 36 <sup>th</sup> policy month	
Value of the Initial Account	USD 62,000 – USD 217 – USD 77.50 = USD 61,705.50
Value of the Accumulation Account	USD 12,000 – USD 15 – USD 0.43 = USD 11,984.57
Total value of the Policy Accounts	USD 61,705.50 + USD 11,984.57 = USD 73,690.07

## About the Calculation of Redemption Charge

Assuming your PRUlink portfolio investment plan policy commenced on 1 December 2015 and you have selected 15-year Target Contribution Period with the monthly Basic Premiums of USD 2,000, the First Year Bonus you will be awarded would be USD 220 per month. Please refer to the Example on page 11 for the calculation of the First Year Bonus.

### (1) How much will the policy value payable be if I surrender my policy within the 1<sup>st</sup> policy year?

On 15 May 2016, which is within the 1<sup>st</sup> policy year after policy commencement, you requested to surrender your policy. Assume that at that point of time, you have already paid 6 months premium and there were 100 notional units of investment choice A in your Initial Account, worth USD 13,500. Since your policy was to be surrendered within the 1<sup>st</sup> policy year, the original amount of First Year Bonus would be first clawed back from the value of your Initial Account and then a Redemption Charge would be imposed when determining the policy value payable to you:

<b>First Year Bonus credited during the first 6 policy months</b>	USD 220 x 6 = USD 1,320
<b>Current value of the Initial Account as of 15 May 2016</b>	USD 13,500
<b>Outstanding fees and charges incurred</b>	USD 0
<b>Redemption Charge rate applicable for 1<sup>st</sup> policy year</b>	40%

Calculation	
<b>Current value of the Initial Account after the claw back of the First Year Bonus</b>	USD 13,500 – USD 1,320 = USD 12,180
<b>Redemption Charge amount</b>	Current value of the Initial Account after the claw back of the First Year Bonus x Redemption Charge rate  USD 12,180 x 40% = USD 4,872

Policy value payable	
<b>Current value of the Initial Account after the claw back of the First Year Bonus – Redemption Charge</b>	USD 12,180 – USD 4,872 = <b>USD 7,308</b>

### (2) How much will the policy value payable be if I surrender my policy after the 1<sup>st</sup> policy year but before the end of the Target Contribution Period?

Assuming you have not surrendered your policy as stated in the above example but on 1 June 2021, which is during the 6<sup>th</sup> year after policy commencement, you requested to surrender your policy. Assume that at that point of time, the values of the Initial Account and Accumulation Account were USD 58,000 and USD 84,000 respectively. The Redemption Charge would be applied to policy surrender. However, there will be no claw back of First Year Bonus.

<b>Current value of the Initial Account as of 1 June 2021</b>	USD 58,000
<b>Current value of the Accumulation Account as of 1 June 2021</b>	USD 84,000
<b>Total value of your Policy Accounts</b>	USD 58,000 + USD 84,000 = USD 142,000
<b>Outstanding fees and charges incurred</b>	USD 0
<b>Redemption Charge rate applicable for 6<sup>th</sup> policy year</b>	15%

Calculation	
<b>Redemption Charge amount</b>	Current value of the Initial Account x Redemption Charge rate  USD 58,000 x 15% = USD 8,700

Policy value payable	
<b>Total value of your Policy Accounts – Redemption Charge</b>	USD 142,000 – USD 8,700 = <b>USD 133,300</b>



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Printed in December 2022