

Making Sense of Your Finances – Benefit Illustration for Regular Premium Investment-Linked Policy

To help you make an informed decision on what insurance product to buy, you will receive three documents – Your Guide to Life Insurance, a Product Summary and a Benefit Illustration – from your insurance adviser. Insurance companies must disclose all benefits, costs and charges associated with the product you are buying. These details are shown in the Benefit Illustration of your product. Two fortnights ago, MoneySENSE showed you a Benefit Illustration for a participating endowment policy. This week, MoneySENSE will show you what is contained in a Benefit Illustration for a regular premium Investment-Linked Policy. For more educational topics on life insurance, visit the MoneySENSE website at www.moneysense.gov.sg or the Life Insurance Association, Singapore website at www.lia.org.sg.

This Benefit Illustration is for a regular premium investment-linked policy (ILP). An ILP is a life insurance policy which provides a combination of protection and investment.

This is the amount that you pay every year to the insurer for the ILP.

This is the total amount you have paid to the insurer for the ILP. For some ILPs, only part of the amounts paid is used to buy units in fund(s) in the early years while the remaining amounts is used to defray the insurer's expenses. You should refer to the Product Summary to find out what percentage of the amount that you pay is used to buy units.

This is the total payments in the form of commission, costs of benefits and services paid to the distribution channel for the sale of this policy.

BENEFIT ILLUSTRATION Specially prepared for : Client

End of Policy Year/ Age	Annualised Premium (\$)	Total Premium Outlay (\$)	Total Distribution Cost (\$)	NON-GUARANTEED CASH VALUES (\$)		Effect of Deductions (\$)
				5%	9%	
1/31	2,400	2,400	2,315	300	300	2,316
2/32	2,400	4,800	3,345	1,300	1,400	4,067
3/33	2,400	7,200	3,757	2,500	2,600	5,976
4/34	2,400	9,600	3,963	4,800	5,200	6,763
5/35	2,400	12,000	4,168	7,300	7,900	7,756
6/36	2,400	14,400	4,374	9,800	10,900	8,781
7/37	2,400	16,800	4,374	12,400	14,100	9,968
8/38	2,400	19,200	4,374	15,200	17,500	11,350
9/39	2,400	21,600	4,374	18,000	21,200	12,863
10/40	2,400	24,000	4,374	21,000	25,300	14,445
11/41	2,400	26,400	4,374	24,200	29,700	16,238
12/42	2,400	28,800	4,374	27,400	34,500	18,188
13/43	2,400	31,200	4,374	30,800	39,600	20,446
14/44	2,400	33,600	4,374	34,300	45,000	23,066
15/45	2,400	36,000	4,374	37,900	50,900	25,908
16/46	2,400	38,400	4,374	41,700	57,300	29,037
17/47	2,400	40,800	4,374	45,600	64,100	32,623
18/48	2,400	43,200	4,374	49,600	71,400	36,644
19/49	2,400	45,600	4,374	53,700	79,300	41,084
20/50	2,400	48,000	4,374	58,000	87,700	46,135
25/55	2,400	60,000	4,374	81,500	140,500	81,078
30/60	2,400	72,000	4,374	108,900	215,900	140,681
35/65	2,400	84,000	4,374	140,600	323,800	240,499
40/70	2,400	96,000	4,374	176,300	477,600	406,300

If the investment return of your chosen fund(s) is 5% p.a., you would receive \$58,000 (after all relevant charges are deducted) at the end of the 20th policy year.

If the investment return of your chosen fund(s) is 9% p.a., you would receive \$87,700 (after all relevant charges are deducted) at the end of the 20th policy year.

These are the projected amounts to be paid should you terminate the policy. The projected amounts are not guaranteed and are calculated assuming the fund(s) you chose to invest in earns an investment return of 5% p.a. and 9% p.a. respectively.

The actual amount payable would depend on the value of the units in the fund(s) you invested in. Unit prices of many funds are published daily in the major local newspapers. You should note that past performance of a fund may not necessarily be indicative of future performance. You should select an ILP and fund(s) with risk characteristics that commensurate with your risk profile, investment time horizon and objectives.

The deductions relate to all charges taken out from the policy. These include distribution costs, expenses, insurance costs, surrender penalty, and expected transfers to shareholders. The figures in this column show the difference between the (i) amount that you have paid compounded at a rate of 9% p.a. and (ii) the illustrated amount that you will receive assuming the investment return of your chosen fund(s) is 9%. For example, this difference amounts to \$46,135 at the end of the 20th policy year. You should take note of the information on all charges contained in the Product Summary and Policy Contract.

BENEFIT ILLUSTRATION (continued)

Specially prepared for : Client

End of Policy Year/ Age	Total Premium Outlay (\$)	GUARANTEED SUM ASSURED	TOTAL DEATH BENEFIT (\$)	
		Life (\$)	(Including non-guaranteed cash values)	
			5%	9%
1/31	2,400	50,000	50,300	50,300
2/32	4,800	50,000	51,300	51,400
3/33	7,200	50,000	52,500	52,600
4/34	9,600	50,000	54,800	55,200
5/35	12,000	50,000	57,300	57,900
6/36	14,400	50,000	59,800	60,900
7/37	16,800	50,000	62,400	64,100
8/38	19,200	50,000	65,200	67,500
9/39	21,600	50,000	68,000	71,200
10/40	24,000	50,000	71,000	75,300
11/41	26,400	50,000	74,200	79,700
12/42	28,800	50,000	77,400	84,500
13/43	31,200	50,000	80,800	89,600
14/44	33,600	50,000	84,300	95,000
15/45	36,000	50,000	87,900	100,900
16/46	38,400	50,000	91,700	107,300
17/47	40,800	50,000	95,600	114,100
18/48	43,200	50,000	99,600	121,400
19/49	45,600	50,000	103,700	129,300
20/50	48,000	50,000	108,000	137,700
25/55	60,000	50,000	131,500	190,500
30/60	72,000	50,000	158,900	265,900
35/65	84,000	50,000	190,600	373,800
40/70	96,000	50,000	226,300	527,600

This is the guaranteed amount payable upon death of the insured.

This is the projected total amount, including the guaranteed amount in the "Guaranteed Sum Assured" column, to be paid should the insured die. The additional amount above the guaranteed benefit is calculated assuming the fund(s) invested in earns an investment return of 5% p.a. or 9% p.a. respectively. The actual additional amount payable would depend on the value of the units in the fund(s) invested in.

This information is provided by the Monetary Authority of Singapore and the Life Insurance Association, Singapore as part of the MoneySENSE national financial education programme.