

Making Sense of Your Finances – Benefit Illustration

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. MoneySENSE shows you what is contained in a Benefit Illustration for a 15-year regular premium participating endowment 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.

BENEFIT ILLUSTRATION

Specially prepared for:

Client

End of Policy Year/ Age	Basic Premiums Paid (\$)	Total Distribution Cost (\$)	DEATH BENEFIT			SURRENDER VALUE			Effect of Deductions (\$)
			Guaranteed (\$)	Non-Guaranteed (\$)	Total (\$)	Guaranteed (\$)	Non-Guaranteed (\$)	Total (\$)	
1/31	3,814	2,208	50,000	0	50,000	0	0	0	4,014
2/32	7,628	3,189	50,000	0	50,000	0	0	0	8,239
3/33	11,442	3,582	50,000	723	50,723	6,494	272	6,766	5,920
4/34	15,256	3,778	50,000	1,545	51,545	9,378	578	9,956	7,410
5/35	19,070	3,975	50,000	2,469	52,469	12,379	925	13,304	8,988
6/36	22,884	4,171	50,000	3,498	53,498	15,500	1,322	16,822	10,655
7/37	26,698	4,171	50,000	4,856	54,856	18,746	1,798	20,544	12,300
8/38	30,512	4,171	50,000	6,418	56,418	22,122	2,374	24,496	14,181
9/39	34,326	4,171	50,000	8,190	58,190	25,635	3,092	28,727	15,996
10/40	38,140	4,171	50,000	10,178	60,178	29,292	4,015	33,307	17,777
11/41	41,954	4,171	50,000	12,387	62,387	33,099	5,258	38,357	19,424
12/42	45,768	4,171	50,000	14,824	64,824	37,065	7,019	44,084	20,744
13/43	49,582	4,171	50,000	17,494	67,494	41,198	9,706	50,904	21,342
14/44	53,396	4,171	50,000	20,405	70,405	45,507	14,267	59,774	20,278
15/45	57,210	4,171	50,000	28,524	78,524	50,000	28,524	78,524	9,745

Maturity Benefit :
 Guaranteed : **\$50,000**
 Non-Guaranteed : **\$28,524**
 Total : **\$78,524**

Projected Investment Rate of Return

The above illustration assumes that the Projected Investment Rate of Return that the company will be able to earn is 5.25% p.a.

Effect of a Change in Projected Investment Rate of Return

If the actual earned rate is different, the illustrated values will be different. As an example:

If the Projected Investment Rate of Return was 6.75% p.a., the total projected maturity value would be \$89,403.

If the Projected Investment Rate of Return was 3.75% p.a., the total projected maturity value would be \$69,526.

Please refer to the next page for detailed explanation.

If the insurance fund earns an investment return of 5.25% p.a., the policyholder would receive a projected amount of \$78,524 at the end of the policy term.

If the insurance fund earns an investment return of 6.75% p.a., the policyholder would receive a projected amount of \$89,403 at the end of the policy term.

If the insurance fund earns an investment return of 3.75% p.a., the policyholder would receive a projected amount of \$69,526 at the end of the policy term.

Some participating policies offer substantial projected terminal bonuses, payable upon death or surrender, in the later policy years. The amount of terminal bonuses payable upon death or surrender may differ. Like annual bonuses, the actual amount of terminal bonus payable depends on the performance of the insurance fund.

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.

This is the amount which the insurer guarantees to pay should the insured person die. Under this policy, the insurer will pay a guaranteed sum of \$50,000 should the insured person die.

This is the projected additional amount to be paid by the insurer should the insured person die. The projected amount (bonus) is not guaranteed and is calculated assuming the insurance fund earns an investment return of 5.25% p.a.

This is the total cumulative premiums paid to the insurer at the end of each policy year. Premiums for all participating policies issued by the company are pooled into an insurance fund. The insurance company invests this fund, and aims to earn returns which can then be distributed to the policyholders and shareholders.

This is the total cumulative cost that the insurer has to pay to the distribution channel for the sale of this policy and includes cash payments in the form of commission, costs of benefits and services.

This is the amount which the insurer guarantees to pay should the policyholder cancel the policy prematurely. As there are high costs involved in early surrender of a policy, the policyholder would normally suffer a loss on cancellation of the policy in the first few years.

This is the projected additional amount to be paid should the policyholder cancel the policy prematurely. The projected amount is not guaranteed and is calculated assuming the insurance fund earns an investment return of 5.25% p.a. The projected amount is dependent on the bonuses declared.

The deductions relate to all charges taken out from the policy. These include distribution costs, expenses, insurance costs, surrender penalty, expected transfers to shareholders and expected tax payments.