



**SAVINGS**

# SPRING INCOME PLAN (SIP)

Shape your brilliant future



AIA International Limited  
(Incorporated in Bermuda with limited liability)



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**HEALTHIER, LONGER,  
BETTER LIVES**

# Spring Income Plan is designed to help you lead the life that you desire

Not only does it guarantee a stable income, it lets you flexibly withdraw funds and change the length of your income period to suit your financial needs.

Enjoy the next stage of your life in comfort or pursue a bright future with Spring Income Plan.



## Stable returns for a brighter future

**Spring Income Plan** is a **participating insurance plan** that provides you with guaranteed cash value, guaranteed annual income, as well as non-guaranteed annual cash amounts called Annual Dividends. You may choose to receive the guaranteed annual income and Annual Dividends in cash. Otherwise, these sums shall accumulate in your policy, potentially earning interest, and you may withdraw them at the maturity of your policy in a lump sum.

Also, once the policy has been in force for 5 years, we will provide you with a one-off non-guaranteed cash amount, called a Terminal Dividend if:

- i. you surrender the policy; or
- ii. the insured, who is the person protected under the policy, passes away before the policy matures and the death benefit is payable in lump sum.



## Short premium payment terms for a prompt income

With **Spring Income Plan**, you can select from three premium payment terms according to your personal financial needs. You can choose a one-time premium payment, or you can spread payments over a 3-year or 5-year period and receive the guaranteed annual income from the end of the policy year after the policy is paid up, until the end of the income period. Premium amounts are guaranteed to be fixed throughout the premium payment term, making it easy for you to budget.

Premium Payment Term	Insured's Age at Policy Issue	Income Period	Benefit Term
One-time premium payment	15 days to age 80	18 years	18 years
3 years		15 years	17 years
5 years			19 years

Different premium payment modes are available for this plan, including as a single premium (only applicable for one time premium payment policies), annually and monthly.

For your convenience, we offer this policy in US dollars and HK dollars.

## \$ Guaranteed annual income

**Spring Income Plan** offers guaranteed annual income throughout the income period. The guaranteed cash value will eventually decrease when your guaranteed annual income begins. What sets this plan apart is the flexibility it offers when it comes to changing the length of this income period.

On a one-time basis, you can extend or shorten your income period (for a 3-year or 5-year premium payment policy) within 6 months before the income period begins. This gives you the freedom to adapt your plan as your circumstances require. All subsequent guaranteed and non-guaranteed policy values will be adjusted according to your choice of income period.

You can also choose to receive your guaranteed annual income under the level mode or the increasing mode when applying for this plan:

Income Payment Mode	Description
Level mode	A fixed guaranteed annual income is paid yearly giving you greater stability during retirement.
Increasing mode	Guaranteed annual income paid out increases annually, alleviating the effects of inflation over the long term.

You may use this to cover medical expenses or to help you realise your long-held retirement dreams.



## Protection for your loved ones

We will pay the death benefit to the person whom you select in your policy as beneficiary when one of the following events occurs:

- If the insured passes away within the first 3 policy years (for one-time premium payment policy) / the premium payment term (for 3-year or 5-year premium payment policy)

Premium Payment Term	Death Benefit
One-time premium payment	<ul style="list-style-type: none"> <li>i. total premiums paid for the basic plan, minus any guaranteed annual income paid;</li> <li>ii. any accumulated guaranteed annual income with interest; plus</li> <li>iii. any accumulated Annual Dividends with interest.</li> </ul>
3 years / 5 years	<ul style="list-style-type: none"> <li>i. total annual premiums paid for the basic plan with no extra premium loading; plus</li> <li>ii. any accumulated Annual Dividends with interest.</li> </ul>

- If the insured passes away after the 3rd policy year (for one-time premium payment policy) / after the start of the income period (for 3-year or 5-year premium payment policy), but before the policy matures

Premium Payment Term	Death Benefit
One-time premium payment / 3 years / 5 years	<ul style="list-style-type: none"> <li>i. future unpaid guaranteed annual income;</li> <li>ii. any accumulated guaranteed annual income with interest;</li> <li>iii. any accumulated Annual Dividends with interest; plus</li> <li>iv. any Terminal Dividend.</li> </ul>

Alternatively, during the insured's lifetime, you can choose in advance to let the beneficiary continue receiving the unpaid guaranteed annual income and any Annual Dividends from the insured's death until the end of the income period. If there is any accumulated guaranteed annual income and any accumulated Annual Dividends accrued before the insured passes away, such amount with any interest will be paid in a lump sum to the beneficiary.

In either of the cases above, we will deduct all outstanding debt under your policy before we make the payment to the beneficiary.

If the insured passes away due to a covered accident within the first 3 policy years (for one-time premium payment policy) / the premium payment term (for 3-year or 5-year premium payment policy), the **Spring Income Plan** also pays a benefit equal to the total annual premiums paid for the basic plan with no extra premium loading in addition to the above benefits, subject to the aggregate per life limit set by us.





## Benefit received when policy matures

Provided that the insured is alive at the end of the benefit term, the policy will mature and we will pay you a maturity benefit. This benefit will include:

- i. any accumulated guaranteed annual income with interest; and
- ii. any accumulated Annual Dividends with interest.

We will deduct all outstanding debt under your policy before we make payment to you.



## Extra cover for more protection

(For a 3-year or 5-year premium payment policy)

To support you against unfortunate circumstances, you may select an add-on plan under which we will waive the future premiums for the **Spring Income Plan** if the insured becomes totally and permanently disabled before the age of 60.

You may also select the **Payor Benefit Rider** under which we will waive the future premiums for the basic plan until the insured reaches the age of 25 should you pass away or suffer total and permanent disability before the age of 60.

Under either circumstance, we will continue distributing guaranteed annual income so that your wealth can continue to accumulate, allowing your love to live on.

All add-on plans are subject to additional premiums, underwriting and exclusions. All benefits under add-on plans will be terminated when your **Spring Income Plan** terminates.



## Easy to join

No medical examination is required for new applications as long as the total annual premiums or one-time premium payment does not exceed the aggregate limit set for each insured, subject to our prevailing rules and regulations.



## Examples

(The following examples are hypothetical and for illustrative purposes only. Actual dividends are not guaranteed and are declared at AIA's sole discretion.)

Policy owner and insured: Mr Chan (Age 55, Accounting Manager)

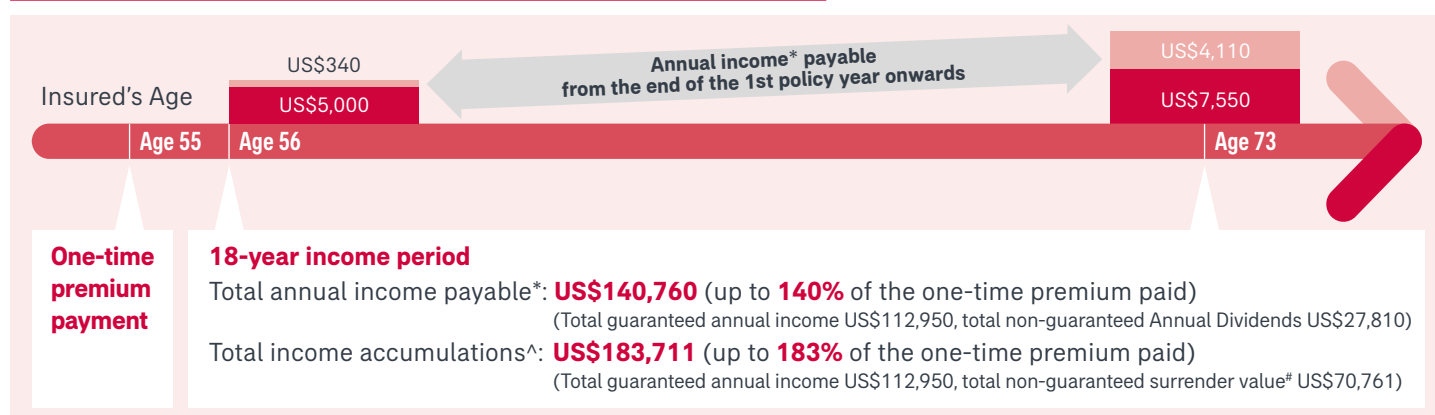
Mr Chan: "I plan to retire soon. The **Spring Income Plan** gives me a stable income on top of my pension, enabling me to live life according to my plans."

One-time premium payment: **US\$100,000**

Income period: **18-year increasing income payment mode**



Non-guaranteed Annual Dividends    Guaranteed annual income    Total annual income

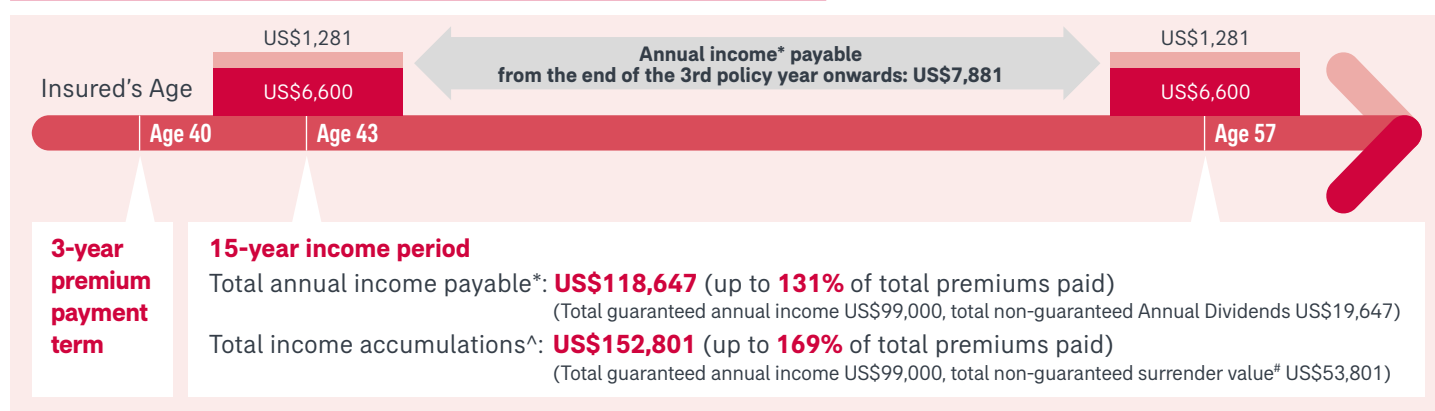


Policy owner and insured: Ms Lee (Age 40, Sales Executive)

Ms Lee: "My son is 12 years old, and is planning to study in the UK in 3 years' time. The stable returns of the **Spring Income Plan** enable me to pay for his tuition."

Premium payment term: **3 years**, annual premium payment: **US\$30,000**, total premiums payment: **US\$90,000**

Income period: **15-year level income payment mode**



\* Annual income consists of guaranteed annual income and non-guaranteed Annual Dividends. Total annual income payable includes all annual income paid (excluding interest) during the policy term, including non-guaranteed Annual Dividends paid (excluding interest) during the premium payment term (before the start of income period). The above examples assume that no cash withdrawal or policy loans are taken throughout the term of the policy and that all premiums are paid in full when due.

# Total non-guaranteed surrender value consists of accumulated non-guaranteed Annual Dividends with interest and interest earned from guaranteed annual income.

<sup>^</sup> Assumes that full amount of guaranteed annual income and non-guaranteed Annual Dividends in policy term are left with us to accumulate interest. The value is based on the current dividend scales and accumulation interest rate of 3.5% p.a. on Annual Dividends and guaranteed annual income. The current dividend scales and interest rates are neither indicative of future performance nor guaranteed. Past performance or current performance of our business should not be interpreted as a guide for future performance. The actual Annual Dividends and accumulation interest rates payable throughout the duration of the policy may vary at AIA's sole discretion, which may be less or more favourable than those illustrated. The above examples assume that no cash withdrawal or policy loans are taken throughout the term of the policy and that all premiums are paid in full when due.

## Important Information

*This brochure does not contain the full terms and conditions of the policy. It is not, and does not form part of, a contract of insurance and is designed to provide an overview of the key features of this product. The precise terms and conditions of this plan are specified in the policy contract. Please refer to the policy contract for the definitions of capitalised terms, and the exact and complete terms and conditions of cover. In case you want to read policy contract sample before making an application, you can obtain a copy from AIA.* This brochure should be read along with the illustrative document (if any) and other relevant marketing materials, which include additional information and important considerations about this product. We would like to remind you to review the relevant product materials provided to you and seek independent professional advice if necessary.

This brochure is for distribution in Hong Kong only.

### Dividend Philosophy

This is a participating insurance plan in which we share a portion of the profits earned on it and related participating insurance plans with the policy owners. It is designed to be held long term. The premiums of a participating insurance plan will be invested in a variety of assets according to our investment strategy. The cost of policy benefits (including guaranteed and non-guaranteed benefits as specified in your plan that may be payable on death or surrender, as well as charges we make to support policy guarantees (if applicable)) and expenses will be deducted as appropriate from premiums of the participating insurance plan or from the invested assets. We aim to ensure a fair sharing of profits between policy owners and shareholders, and among different groups of policy owners.

Divisible surplus refers to profits available for distribution back to policy owners as determined by us. The divisible surplus that will be shared with policy owners will be based on the profits earned from your plan and similar plans or similar groups of policies (as determined by us from time to time by considering factors such as benefit features, policy currencies and period of policy issuance). Divisible surplus may be shared with the policy owners in the form of annual dividends and terminal dividends as specified in your policy.

We review and determine the dividend amounts payable to policy owners at least once per year. Divisible surplus depends on the investment performance of the assets which we invest in and the amounts of benefits and expenses we need to pay for the plan. It is therefore inherently uncertain. Nevertheless, we aim to deliver relatively stable dividend payments over time through a smoothing process by spreading out the gains and losses over a period of time. The actual dividends declared may be different from those illustrated or projected in any insurance plan information provided (e.g. benefit illustrations) depending on whether the divisible surplus, past experience and/or outlook are different from what we expected. If dividends are different from our last communication, this will be reflected in the policy anniversary statement.

A committee has been set up to provide independent advice on the determination of the dividend amounts to the Board of the Company. The committee is comprised of members from different control functions or departments within the organisation both at the AIA Group level as well as Hong Kong local level, such as office of the Chief Executive of the Company, legal, compliance, finance, investment and risk management. Each member of the committee will endeavour to exercise due care, diligence and skill in the performance of his or her duties as a member. The committee will utilise the knowledge, experience, and perspectives of each individual member to assist the Board in the discharge of its duty to

make independent decisions and to manage the risk of conflict of interests, in order to ensure fair treatment between policy owners and shareholders, and among different groups of policy owners. The actual dividends, which are recommended by the Appointed Actuary, will be decided upon the deliberation of the committee and finally approved by the Board of Directors of the Company, including one or more Independent Non-Executive Directors, and with written declaration by the Chairman of the Board, an Independent Non-Executive Director and the Appointed Actuary on the management of fair treatment between policy owners and shareholders.

To determine the dividends of a participating policy, we consider both past experience and the future outlook of all factors including, but not limited to, the following:

**Investment returns:** include interest earnings, dividends and any changes in the market value of the backing assets, i.e. the assets in which we invest your premiums (after deducting the cost of policy benefits and expenses). Depending on the asset allocation adopted for the insurance plan, investment returns could be affected by fluctuations in interest income (both interest earnings and the outlook for interest rates) and various market risks, including interest rate risk, credit spread and default risk, fluctuations in listed and private equity prices, real estate prices as well as foreign exchange rates if the currency of the backing assets is different from the policy currency, etc.

**Claims:** include claims for death benefits and any other insured benefits under the insurance plan.

**Surrenders:** include policy surrenders, partial surrenders and policy lapses; and their corresponding impact on the backing assets.

**Expenses:** include both expenses directly related to the policy (e.g. commission, underwriting, issue and premium collection expenses) and indirect expenses allocated to the insurance plan (e.g. general administrative costs).

Some participating insurance plans allow the policy owners to place their annual dividends, guaranteed and non-guaranteed cash payments, guaranteed and non-guaranteed incomes, guaranteed and non-guaranteed annuity payments with us, earning interest at a non-guaranteed interest rate. To determine such non-guaranteed interest rate, we consider the returns on the pool of assets in which these amounts are invested with reference to the past experience and future outlook. This pool of assets is segregated from other investments of the Company and may include bonds and other fixed income instruments. You have the right to request for historical accumulation interest rates before committing the purchase.

For dividend philosophy and dividend history, please visit our website at <https://www.aia.com.hk/en/dividend-philosophy-history.html>





## Investment Philosophy, Objective and Strategy

Our investment philosophy aims to deliver sustainable long-term returns in line with the insurance plan's investment objectives and the Company's business and financial objectives.

Our aforementioned objectives are to achieve the targeted long-term investment results while minimising volatility in investment returns to support the liabilities over time. They also aim to control and diversify risk exposures, maintain adequate liquidity and manage the assets with respect to the liabilities.

Our current long-term target strategy is to allocate assets attributed to this insurance plan as follows:

Asset Class	Target Asset Mix (%)
Bonds and other fixed income instruments	65% - 85%
Growth assets	15% - 35%

The bonds and other fixed income instruments predominantly include government and corporate bonds and are mainly invested in the United States and Asia-Pacific. Growth assets may include listed equity, equity mutual funds, physical real estate, real estate funds, private equity funds and private credit funds, and are mainly invested in the United States, Asia-Pacific and Europe. Growth assets generally have a higher long-term expected return than bonds and fixed income assets but may be more volatile in the short term. The range of target asset mix may be different for different participating insurance plans. Our investment strategy is to actively manage the investment portfolio i.e. adjust the asset mix dynamically over a range that can be wider than the target range in response to the external market conditions and the financial condition of the participating business. For example, there may be a smaller proportion of growth assets when interest rates are low and a larger proportion of growth assets when interest rates are high. When interest rates are low, the proportion of growth assets may be even smaller than the long-term target strategy, so as to allow us to minimise volatility in investment returns and to protect our ability to pay the guaranteed benefits under the insurance plans, whereas the proportion of the growth assets may be even larger than the long-term target strategy when interest rates are high to allow for the possibility that we may share more investment opportunities in growth assets with the policy owners.

Subject to our investment objectives, we may use a material amount of derivatives (such as through pre-investing partly or fully expected future premiums) to manage our investment risk exposure and for matching between assets and liabilities, for example, the effects of changes in interest rates may be moderated while allowing for more flexibility in asset allocation.

Our general currency strategy is to minimise currency mismatches for bonds and other fixed income instruments. For these investments, our current practice is to endeavour to currency-match asset purchases with the currency of the underlying policy (e.g. US Dollar assets will be used to back US Dollar insurance plans and HK Dollar assets will be used to back HK Dollar insurance plans). However, subject to market availability and opportunity, bonds or other fixed income instruments may be invested in a currency other than the currency of the underlying policy and currency swaps may be used to minimise the currency risks. Currently assets are mainly invested in US Dollar. Growth assets may be invested in a currency other than the currency of the underlying policy and the selection of the currency is made according to our investment philosophy, investment objectives and mandate.

We will pool similar participating insurance plans for investment to determine the return and we will then allocate the return to specific participating insurance plans with reference to their target asset mix. Actual investments (e.g. geographical mix, currency mix) would depend on market opportunities at the time of purchase, hence may be different from the target asset mix.

The investment strategy is subject to change depending on the market conditions and economic outlook. Should there be any material changes in the investment strategy, we will inform policy owners of the changes, with underlying reasons and expected impact to the dividends.

## Key Product Risks

1. You should pay premium(s) on time and according to the selected premium payment schedule. If you stop paying the premium before completion of the premium payment term, you may surrender the policy, otherwise, the premium will be covered by a loan taken out on the policy automatically. When the loan balance exceeds the sum of guaranteed cash value, accumulated guaranteed annual income with interest (if any) and accumulated Annual Dividends with interest (if any) of the basic plan, the policy will terminate and you will lose the cover. The surrender value of the policy will be used to repay the loan balance, and we will refund any remaining value. (only applicable for a 3-year or 5-year premium payment policy).
2. The plan may make certain portion of its investment in growth assets. Returns of growth assets are generally more volatile than bonds and other fixed income instruments, you should note the target asset mix of the product as disclosed in this product brochure, which will affect the dividend on the product. The savings component of the plan is subject to risks and possible loss. Should you surrender the policy early, you may receive an amount considerably less than the total amount of premiums paid.
3. You may request for the termination of your policy by notifying us in written notice. Also, we will terminate your policy and you / the insured will lose the cover when one of the following happens before the policy matures:
  - the insured passes away and
    - i. the death benefit is payable in a lump sum; or
    - ii. when all the due amounts of the death benefit have been paid if the death benefit is payable annually in the form of guaranteed annual income and any Annual Dividends;
  - you do not pay the premium within 31 days of the due date and the policy has no cash value (only applicable for a 3-year or 5-year premium payment policy);
  - any benefit is paid under an add-on plan that triggers termination of the policy (only applicable for a 3-year or 5-year premium payment policy); or
  - the outstanding debt exceeds the guaranteed cash value of the policy. Where the premium is covered by a loan taken out on the policy automatically, the outstanding debt exceeds the sum of guaranteed cash value, accumulated guaranteed annual income with interest (if any) and accumulated Annual Dividends with interest (if any) of your policy.
4. We underwrite the plan and you are subject to our credit risk. If we are unable to satisfy the financial obligations of the policy, you may lose your premium paid and benefits.

Effective from 1 January 2018, all policy owners are required to pay a levy on each premium payment made for both new and in-force Hong Kong policies to the Insurance Authority (IA). For levy details, please visit our website at [www.aia.com.hk/useful-information-ia-en](http://www.aia.com.hk/useful-information-ia-en) or IA's website at [www.ia.org.hk](http://www.ia.org.hk).

5. You are subject to exchange rate risks for plans denominated in currencies other than the local currency. Exchange rates fluctuate from time to time. You may suffer a loss of your benefit values and the subsequent premium payments (if any) may be higher than your initial premium payment as a result of exchange rate fluctuations. You should consider the exchange rate risks and decide whether to take such risks.
6. Your current planned benefit may not be sufficient to meet your future needs since the future cost of living may become higher than they are today due to inflation. Where the actual rate of inflation is higher than expected, you may receive less in real terms even if we meet all of our contractual obligations.

### Key Exclusions to Accidental Death Benefit

Accidental Death Benefit will not cover any conditions that result from any of the following:

- self-destruction while sane or insane, participation in a fight or affray, being under the influence of alcohol or a non-prescribed drug
- war, service in armed forces in time of war or restoration of public order, riot, industrial action, terrorist activity, violation or attempted violation of the law or resistance to arrest
- racing on wheels or horse, scuba diving
- ptomaines or bacterial infection (except pyogenic infection occurring through an accidental cut or wound)
- air travel, including entering, exiting, operating, servicing or being transported by any aerial device or conveyance (except as a passenger of a commercial passenger airline on a regular scheduled passenger trip over its established passenger route)

The above list is for reference only. Please refer to the policy contract of this plan for the complete list and details of exclusions.

### Claim Procedure

If you wish to make a claim, you must send us the appropriate forms and relevant proof. You can get the appropriate claim forms in [www.aia.com.hk](http://www.aia.com.hk), from your financial planner, by calling the AIA Customer Hotline (852) 2232 8888 in Hong Kong, or by visiting any AIA Customer Service Centre. For details related to making a claim, please refer to the policy contract. If you wish to know more about claim related matter, you may visit "File A Claim" section under our company website [www.aia.com.hk](http://www.aia.com.hk).

### Suicide

If the insured commits suicide within one year from the date on which the policy takes effect, our liability will be limited to the refund of premiums paid (without interest) less any outstanding debt.

### Incontestability

Except for fraud or non-payment of premiums, we will not contest the validity of this policy after it has been in force during the lifetime of the insured for a continuous period of two years from the date on which the policy takes effect. This provision does not apply to any add-on plan providing accident, hospitalisation or disability benefits.

### Cancellation Right

You have the right to cancel and obtain a refund of any premiums and any levy paid by giving written notice to us. Such notice must be signed by you and submitted to the Customer Service Centre of AIA International Limited at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong within 21 calendar days immediately following either the day of delivery of the policy or the Cooling-off Notice to you or your nominated representative, whichever is the earlier.

Please contact your financial planner or call AIA Customer Hotline for details

Hong Kong  (852) 2232 8888  
 [aia.com.hk](http://aia.com.hk)



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