

A Quick Guide to Prudential Entrust Multi-Currency Plan's Currency Change Option

Prudential Entrust Multi-Currency Plan offers a **Currency Change Option**, allowing you to take out the plan in your choice of **6 currencies** and **switch flexibly to best suit your evolving needs**.

What's more, we **guarantee** you can **stay with the same plan without any changes** to the plan features or effective date of your policy **after you switch the currency**, meaning you can **continue growing your wealth** and **moving towards your initial financial objectives uninterrupted**.

Illustrative example:

Chris takes out a **Prudential Entrust Multi-Currency Plan** with a 5-year premium term in USD, a notional amount of USD 300,000.

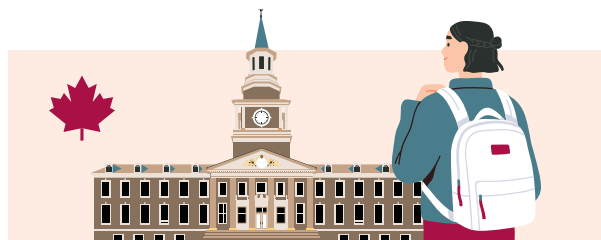
18 years later, he uses the **Currency Change Option** to **change the policy currency to CAD** to fund his daughter, Karen pursuing her tertiary study in Canada.

Policy details

Policyholder & life assured	Chris
Premium term	5 years
Annual premium	USD 60,000
Total premiums paid	USD 300,000



How the Currency Change Option works?




Policy starts

18

Policy year

We determine the value of Chris's policy in the first 18th policy year in the same way as in the reference USD policy.

18 years later, he uses the  **Currency Change Option** to change the policy currency to CAD to fund Karen's tertiary study in Canada.


After Chris exercised the  **Currency Change Option**, his policy value will be determined in the same way as the reference CAD policy.

Table 1



Policy value of other Prudential Entrust Multi-Currency Plan's reference policies:

End of policy year	5-year premium term, notional amount USD 300,000					5-year premium term, notional amount CAD 300,000 ^{1d}				
	USD policy					CAD policy				
	Total premium paid	Guaranteed cash value (A)	Non-guaranteed cash value of the Reversionary Bonus (B)	Non-guaranteed cash value of the Terminal Bonus (C)	Total Cash Value (A)+(B)+(C)	Total premium paid	Guaranteed cash value (A)	Non-guaranteed cash value of the Reversionary Bonus (B)	Non-guaranteed cash value of the Terminal Bonus (C)	Total Cash Value (A)+(B)+(C)
16	300,000	251,175	69,527	268,392	589,094	300,000	198,000	69,527	259,868	527,395
17	300,000	261,609	75,070	291,331	628,010	300,000	205,200	75,070	291,324	571,594
18	300,000	302,778	80,696	314,904	698,378	300,000	212,700 ^{2c}	80,696 ^{2e}	321,728 ^{2g}	615,124 ^{2a}
19	300,000	305,253	86,406	365,529	757,188	300,000	220,500	86,406	356,072	662,978
20	300,000	306,984	92,202	414,451	813,637	300,000	229,890	92,202	385,801	707,893

Table 2



Chris's policy value if he uses the Currency Change Option:

End of policy year	Policy currency	Notional amount	Total premiums paid	Guaranteed cash value (A)	Non-guaranteed cash value of the Reversionary Bonus (B)	Non-guaranteed cash value of the Terminal Bonus (C)	Total Cash Value (A)+(B)+(C)
16	USD	300,000	300,000	251,175	69,527	268,392	589,094
17	USD	300,000	300,000	261,609	75,070	291,331	628,010
18	USD	300,000	300,000	302,778	80,696	314,904	698,378
18	CAD	408,724	360,000	289,786	109,941	438,327	838,054
19	CAD	408,724	360,000	300,412	117,721	485,118	903,251
20	CAD	408,724	360,000	313,205	125,618	525,621	964,444

The prevailing exchange rate as at the 18th policy anniversary:
 1 USD = 1.2 CAD ^{1b}



Illustration of using Currency Change Option

- a) We determine the value of Chris's policy in the first 18th policy year in the same way as in the reference USD policy (Table 1).
- b) Chris requests to exercise his **Currency Change Option** to change from USD to CAD, within 30 days before the 18th policy anniversary (Table 2).
- c) How the **Currency Change Option** works:

1 The policy's **Total Cash Value** remains unchanged (subject to rounding). We simply convert the **Total Cash Value** to CAD using the prevailing exchange rate as at the 18th policy anniversary.

USD 698,378 ^{1a}	
x 1.2 ^{1b}	
= CAD 838,054 ^{1c}	

2 We determine the notional amount, guaranteed cash value, non-guaranteed cash value of the Reversionary Bonus and non-guaranteed cash value of the Terminal Bonus in CAD using the Total Cash Value of the reference CAD Policy.

Notional amount	Guaranteed cash value	Non-guaranteed cash value of the Reversionary Bonus	Non-guaranteed cash value of the Terminal Bonus
CAD 838,054 ^{1c}	CAD 838,054 ^{1c}	CAD 838,054 ^{1c}	CAD 838,054 ^{1c}
÷ 615,124 ^{2a}	÷ 615,124 ^{2a}	÷ 615,124 ^{2a}	÷ 615,124 ^{2a}
x 300,000 ^{1d}	x 212,700 ^{2c}	x 80,696 ^{2e}	x 321,728 ^{2g}
= CAD 408,724 ^{2b}	= CAD 289,786 ^{2d}	= CAD 109,941 ^{2f}	= CAD 438,327 ^{2h}

3 We convert the total premiums paid by Chris to CAD using the prevailing exchange rate as at the 18th policy anniversary.

Total premiums paid	
USD 300,000 ^{3a}	
x 1.2 ^{1b}	
= CAD 360,000 ^{3b}	

- d) After Chris exercised the **Currency Change Option**, his policy value will be determined in the same way as the reference CAD policy.



Important Information

When you use the Currency Change Option, the plan's **Total Cash Value** remains unchanged (subject to rounding), but the **mix** of the **guaranteed cash value**, the **non-guaranteed cash value of the Reversionary Bonus** and **Terminal Bonus** will be **affected**, and the **face values of the Reversionary Bonus** and **Terminal Bonus** may be **higher or lower**. The **mix** will also be **affected** if you have **withdrawn any cash value** of the **Reversionary Bonus**, exercised the **Terminal Bonus Lock-in Option** or **Terminal Bonus Unlock Option**.

In the above example, when Chris changes his policy currency **from USD to CAD**, the guaranteed cash value of his plan **reduces** from USD 302,778, which is about 43% of the Total Cash Value, to CAD 289,786 (equivalent to USD 241,488 – at the prevailing exchange rate), which is approximately 35% of the Total Cash Value.

In contrast, if another policyholder of **Prudential Entrust Multi-Currency Plan** would like to change the currency **from CAD to USD**, the proportion of the guaranteed cash value will **increase** from 35% to 43% of the Total Cash Value.

Remarks

- The figures are for illustrative purpose only. The examples are not an indicator of future performance and actual returns may be higher or lower subject to investment performance. You should refer to the latest insurance proposal for your individual scenario.
- We have calculated them with reference to the notional amount – an amount we use to calculate the plan's premiums, guaranteed cash value, non-guaranteed cash value of the Reversionary Bonus, non-guaranteed cash value of the Terminal Bonus and other policy values.
- The non-guaranteed bonuses are estimated based on our current bonus scale in light of the current assumed investment return and are calculated based on cash value. This is not an indicator of the future non-guaranteed benefit. The above calculations assume all premiums have been paid, no policy loan is made, and all the other options not stated in the above cases are not exercised while the policy is in effect. All figures are rounded to the nearest whole number of dollars and will vary depending upon selected payment terms.
- After exercising the Currency Change Option, the notional amount under the new policy currency will be adjusted and your policy will still be exposed to currency risk. You should ensure that your choice of policy currency matches your needs and always refer to the latest future value illustration of your policy for details.
- We invest in various types of assets to back your policy returns, including equity-type securities and fixed-income securities. For this plan, we will allocate a considerable portion of our investments to equity-type securities. Returns from equity-type securities are generally more volatile than fixed-income securities. You should note the investment mix of this plan stated in the product brochure.
- For further details of the product, please refer to the product brochure, policy document and insurance proposal of **Prudential Entrust Multi-Currency Plan**.

Click [here](#) or scan the QR code for more information on **Prudential Entrust Multi-Currency Plan**.



Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at Hong Kong (852) 2281 1333 or Macau (853) 8293 0833 for more details.

Key risks

- **How may our credit risk affect your policy?**

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

- **How may Currency Change Option affect your policy?**

The mix of your guaranteed cash value and non-guaranteed bonuses will be affected when you exercise the Currency Change Option – in particular, your guaranteed cash value and Reversionary Bonus may be lower. After changing your policy currency, the future guaranteed cash value, the non-guaranteed bonuses and any future premiums may be higher or lower than the corresponding values before exercising this option. The approval of this Currency Change Option is subject to the availability of the currency at the time of exercising this option as well as prevailing laws and regulations.

- **How may currency risk affect your return?**

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your payout benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to currency exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies. Please also note that the RMB is not freely convertible at present, and its conversion through banks in Hong Kong is subject to applicable banking and regulatory requirements.

Investing in a foreign currency introduces additional risk. If your policy currency is not your local currency, your policy value may appreciate or depreciate when viewed against your local currency. We may illustrate a different future policy value for policies denominated in different currencies, with the expected foreign exchange movements reflected. When you view the policy values in your local currency over the long term, those illustrated differences may not be realised and may change depending on the actual foreign exchange movement. In the short term, foreign exchange movements can be large and difficult to predict.

- **How may long-term target asset allocations affect the value of your plan?**

You should note that the current long-term target asset allocation of this plan, as disclosed in “The investment mix of your plan” section stated in the product brochure, will affect the non-guaranteed bonuses of your plan. The amount of the non-guaranteed bonuses, especially Terminal Bonus, is subject to the performance of our investments including equity-type securities and fixed-income securities, and may move up or down over time. Returns from equity-type securities are generally more volatile than fixed-income securities, and foreign exchange movements can be large. For this plan, we will allocate a considerable portion of our investments to equity-type securities and therefore the movement of the amount of the non-guaranteed Terminal Bonus can be large.

- **What are the risks of surrendering your plan or withdrawing money from your plan?**

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

- **How may inflation affect the value of your plan?**

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future (i.e., the benefit payouts might not be able to cover your future needs), even if the plan offers increasing benefit intended to offset inflation.

- **How may overseas taxation affect your return?**

The impact of taxation (and any tax reliefs) depends on individual circumstances. You are recommended to seek taxation advice.

- **What happens if you do not pay your premiums?**

You should only apply for this product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums or premiums and levy(ies) by an automatic premium loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.

- **Factors affecting the bonuses**

The plan consists of 2 types of non-guaranteed bonuses: a Reversionary Bonus and a Terminal Bonus. The bonuses we pay are not guaranteed and we may review and adjust them at our discretion. Factors that may affect them include (but not limited to):

- (i) Investment performance factors – Your plan's performance will be affected by the return on the underlying investment portfolio of the plan and the Terminal Bonus Lock-in Account. This could be driven by:
 - capital gains and losses from investment assets;
 - interest earnings from fixed-income securities and dividend from equity-type securities (if any);
 - counterparty default risk of fixed-income securities (such as bonds);
 - investment outlook; and
 - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.

For this plan, we will allocate a considerable portion of our investment to equity-type securities. Returns from equity-type securities are generally more volatile than fixed-income securities and foreign exchange movements can be large. Therefore, the movement of the amount of the non-guaranteed Terminal Bonus can be large and may move up or down over time.

- (ii) Claims factors – Our historical claims experience on death and/or other covered benefits, and projected future costs of providing death benefit and/or other covered benefits.
- (iii) Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.
- (iv) Persistency factors – Policy persistency (a measure of how long policyholders keep their policies) and any partial surrenders of a group of policies may impact the bonuses we pay to the continuing policies.

The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at <https://pruhk.co/bonushistory-SHPAR-en> explains the bonus history.

Notes

The above information is for reference only and not to be used as a basis of decision making. Your decision should be based on your actual situation or needs.

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