

## **CashSavers**

### **Frequently Asked Questions**

#### **Benefits and Features**

**Q1 What is this CashSavers plan?**

**CashSavers** is a 15-year non-participating, limited pay regular premium plan.

**Q2 What are the benefits of this plan?**

The benefits are:

(A) Protection benefits:

- Insurance coverage against death and terminal illness
- 15-year coverage with protection premiums payable for only 10 years
- Full refund of protection premiums at the end of 15 years\*
- Guaranteed maturity payout of 2.55% of total protection premiums at the end of 15 years\*

\*Provided that no claims have been paid out.

(B) Savings benefits:

- Interest earnings on savings premiums
- Guaranteed principal (savings premiums)
- No lock-in period on savings premiums- can stop savings anytime
- No penalty for withdrawal of Accumulation Value

**Q3 What is the policy duration for this plan?**

This plan provides protection and savings benefits for 15 years.

**Q4 What is the entry age for this plan?**

The life assured must be between age 1 and 60, as at next birthday.

**Q5 Is there cash value in this policy?**

Yes, the protection portion of the policy will accumulate cash value starting from the 2<sup>nd</sup> policy year onwards.

The savings portion of the policy will accumulate an Accumulation Value, which is the sum of savings premiums, interest credited and interest accrued less any withdrawals.

**Q6 If the policy is surrendered in the first policy year, what will the policyholder get back?**

In the first policy year, the protection portion of the plan does not acquire any cash value. Hence the policyholder will not get any refund of protection premiums. The policyholder would receive the Accumulation Value of the savings portion of the policy.

**Q7 Given that there are two benefits under this plan, does that mean the policyholder has to pay two premiums?**

There is only one premium payable for this plan. This premium comprises of two portions, one which will be used for the protection benefits, known as "protection premiums" and the other portion which will be used for the savings benefits, known as "savings premiums".

**Q8 How long does the policyholder need to pay premiums for?**

The policyholder needs to pay premiums for 10 years only. Although the policyholder pays one premium, he may choose to vary or stop the contributions to the savings portion of his premiums by informing Aviva in writing.

**Q9 What happens after the policyholder has paid 10 years of premiums?**

The policyholder does not need to pay premiums anymore. He will continue to enjoy insurance coverage and interest earnings for the remaining 5 years till the policy matures at the end of 15 years.

**Q10 What happens when the policy matures at the end of policy year 15?**

The policyholder will get a full refund of 100% of his protection premiums plus a guaranteed maturity payout, less any monies due to Aviva. This maturity payout is 2.55% of the total protection premiums paid.

In addition, he will get the Accumulation Value which includes the savings premiums paid and interest earned.

Note that if riders were attached, there will be no refund of rider premiums at the end of 15 years.

**Q11 What if the policyholder surrenders the policy before the end of 15 years?**

The policyholder will receive a cash surrender value, expressed as a percentage of the total protection premiums paid, less any monies due to Aviva, should the policy be surrendered after the first policy year.

<u>During Policy Year</u>	<u>% of Protection Premiums</u>
1	0%
2	20%
3	40%
4 to 10	60%
11	70%
12	75%
13	80%
14	85%
15	90%
At Maturity	100%

The policyholder will receive the Accumulation Value of his policy regardless of when the policy is surrendered.

**Protection Benefits**

- Q12 How much insurance coverage can the policyholder be insured for this plan?**  
The policyholder has the choice of buying \$50,000 or \$100,000 of insurance coverage (sum assured). He can also buy a maximum of \$250,000 insurance coverage in blocks of either \$50,000 or \$100,000.
- Q13 What is the insurance coverage in this plan?**  
It provides protection against death and terminal illness. The benefit is payable in a lump sum.
- Q14 What are the exclusions under this plan?**  
Suicide in the first year and Terminal Illness in the presence of Human Immunodeficiency Virus (HIV) infection is excluded.
- Q15 What is the benefit amount payable in the event of death or terminal illness?**  
It is the sum assured under the protection benefit and 100% of the Accumulation Value under the savings benefit, less any monies due to Aviva.
- Q16 What are the ways the policyholder can increase his insurance coverage at application?**  
He can increase his insurance coverage by:  
(i) Buying another CashSavers plan; or  
(ii) Adding a Level Assurance rider which provides additional coverage at affordable premiums
- Q17 Is the policyholder allowed to alter the policy by reducing the insurance coverage?**  
No, he is not allowed to. He can only reduce the protection coverage by converting the policy to a reduced paid-up (RPU) policy.

## **Savings Benefits**

**Q18 What are the savings benefits of this plan?**

- Interest earnings on savings premiums
- Guaranteed principal (savings premiums)
- No lock-in period on savings premiums- can stop savings anytime
- No penalty for withdrawal of Accumulation Value

**Q19 What does Accumulation Value refer to?**

It is the sum of savings premiums paid, interest credited and interest accrued less withdrawals (if any).

### **❖ Interest Rates**

**Q20 What is the interest rate that the policyholder will enjoy in this plan?**

The interest rate varies depending on the level of protection coverage selected. At launch of this plan, the policyholder can enjoy an interest rate of 2.5% if he had chosen the \$100,000 sum assured or 2.0% if he had chosen the \$50 0000 sum assured. This interest rate is subject to change. Please refer to Q24.

**Q21 Who determines the interest rate?**

Aviva determines the interest rate.

**Q22 How frequently will the interest rate be reviewed?**

The interest rate will be reviewed monthly.

**Q23 How can policyholder check out the interest rate for his policy?**

The interest rate will be declared by Aviva monthly in advance and will be communicated in the following manner:

- Through our website at <http://www.aviva-singapore.com.sg>
- Through other means as Aviva may determine from time to time.

**Q24 Is this interest rate guaranteed?**

The interest rate is guaranteed during this promotional period until 31 May 2008; thereafter it is subject to change. Once the interest rate is declared, it is guaranteed for that calendar month.

**Q25 How likely is the interest rate to change?**

It depends on the interest rate environment in subsequent years.

**Q26 If interest rates were to change unfavorably, what are the available options to the policyholder?**

The policyholder has the option of:

- (i) withdrawing the Accumulation Value\*;
- (ii) stopping his savings premiums and allowing the Accumulation Value of his policy to continue to earn interest at the prevailing interest rate; or
- (iii) reducing his savings premiums if he wants to place his money elsewhere

\*Upon full withdrawal, the savings portion will close and cannot be reinstated.

**Q27 How is the interest rate computed?**

Based on the interest rate Aviva sets for each calendar month, we will accrue daily interest on simple interest basis. At the end of each calendar month, the interest will be credited and compounded. The savings premiums and the interest earnings amount to the Accumulation Value of the policy.

**Daily interest calculation**

Daily interest = Monthly savings premiums X [Crediting rate per annum/ No. of days in the year]

Accumulation value = Monthly savings premiums + Daily interest

**Monthly interest calculation**

First month interest = First month savings premiums X [Crediting rate per annum/ No. of days in the year X No. of days in the month]

Accumulation value<sup>1</sup> = First month savings premiums + First month interest

Second month interest = [Second month savings premiums + Accumulation Value<sup>1</sup>] X [Crediting rate per annum/ No. of days in the year X No. of days in the month]

Accumulation value<sup>2</sup> = Accumulation Value<sup>1</sup> + Second month savings premiums + Second month interest

Note: The policyholders will receive annual statements stating the Accumulation Value in the policy at the end of each policy anniversary.

**❖ Withdrawals**

**Q28 Can the policyholder make partial withdrawal of the Accumulation Value in the policy?**

Yes, he can.

**Q29 Is there any withdrawal charge?**

No, there isn't.

**Q30 Is there any limit to the number of withdrawals the policyholder can make in a year?**

No, there isn't.

**Q31 What is the minimum withdrawal amount the policyholder can make?**

The policyholder must make a minimum withdrawal of \$500 each time.

**Q32 What is the minimum Accumulation Value the policyholder needs to maintain in the policy?**

The policyholder needs to maintain a minimum Accumulation Value of \$1,000 in the policy. If the Accumulation Value falls below \$1,000 upon withdrawal, the policyholder needs to do a full withdrawal of his Accumulation Value. He will not be allowed to restart his savings premiums again.

**Q33 Can the policyholder make a full withdrawal of the Accumulation Value in his policy?**

Yes, he can. After a full withdrawal, the Accumulation Value falls to zero and he will not allowed to restart his savings premiums.

**Q34 What is the procedure for policyholder to make a withdrawal?**

You make a withdrawal by signing on a Surrender Discharge Voucher (SDV). Please contact our Customer Service Executive at 6827 9933 for the SDV. Your proceeds will be credited to your bank or a cheque will be mailed to your mailing address.

## **Premiums**

**Q35 What is the premium payment frequency?**

Premiums are payable monthly.

**Q36 Why are other premium payment frequencies not available?**

We believe monthly payment frequency works best because it offers the flexibility to reduce, increase or to stop these premiums anytime. Policyholders can adjust the savings premiums depending on his affordability, future commitment and the interest rate declared.

He does not have to lock in large saving premiums (in the case of annual, semi-annual and quarterly premium frequency), thereby losing the flexibility to vary the saving premiums.

**Q37 What are the premium payment methods available?**

For initial premium payment, the policyholder can use the following methods to pay his premiums:

➤ Visa / Master Card / Cash / Cheque

The initial payment is 2-months premium.

For subsequent premium payment, the policyholder can use GIRO from any bank account.

**Q38 When will the alteration to the savings premiums be effective?**

It will be effective at the following premium due date or the next nearest premium due date if premiums have already been lodged.

**Q39 Are premiums level and guaranteed?**

The protection premiums are level and guaranteed. The savings premiums are expressed as a multiple of the protection premiums and can be changed at the policyholder's request.

**Q40 How much savings premiums can the policyholder pay in this plan?**

To apply for this plan, the minimum savings premium the policyholder needs to pay is \$50 or 0.5 times the protection premiums, whichever is lower. The maximum savings premium he can pay is 3 times the protection premiums. This is regardless of the protection sum assured, \$50,000 or \$100,000 chosen.

**Q41 Can the policyholder change his amount of savings premium contribution subsequently?**

Yes, he can change the savings premiums, subject to the maximum limits, after the policy is in-force.

**Q42 What are the ways the policyholder can change his savings premiums contribution?**

- (a) He can reduce his savings premiums to any amount, in multiples of \$1, or to zero.
- (b) He can increase his savings premiums, in multiples of \$1, to a maximum of 3 times the protection premiums.
- (c) He can choose to stop his savings premiums anytime, and to restart by paying the subsequent months of savings premiums.

**Q43 Can the policyholder pay back those months of savings premiums he had stopped?**

No, he is not allowed to back pay those savings premiums that have been stopped.

**Q44 What happens if the policyholder stops paying his premiums?**

The policyholder has a grace period of 30 days to pay premiums that are due. The policy will continue to stay in force during the grace period.

**Non-forfeiture Privilege**

**Q45 What happens if premiums remain unpaid after the grace period?**

If premiums remain unpaid after the grace period, within the first policy year, the policy will lapse.

From the 2<sup>nd</sup> policy year onwards, If premiums remain unpaid after the grace period, the Accumulation Value will be used to pay the protection, savings and rider (if any) premiums. Although savings premiums are deducted from the Accumulation Value, they will be re-deposited into the policy.

**Q46 What happens when the Accumulation Value is insufficient to pay one full month of policy premiums\*?**

When the Accumulation Value is insufficient to pay for one full month of protection, savings and riders' premiums, a loan, known as the non-forfeiture loan, will be advanced from the cash value of the policy. The loan will be equivalent to the protection and riders' (if any) premiums.

\*Policy premiums refer to protection, riders' (if any) and savings premiums.

**Q47 Will any interest be charged in using the Accumulation Value to fund the premiums?**

No.

**Q48 When will loan interest be applicable?**

Loan interest will be applicable when the non-forfeiture loan is advanced to pay protection and riders' (if any) premiums. The prevailing loan interest is 6.5%.

**Q49 What happens if there is insufficient cash value in the policy and the premiums remain outstanding?**

If the remaining cash value is insufficient to advance one month's protection and riders' (if any) premiums, the policy will be kept in force for the period proportionate to the remaining cash value before the policy lapses.

The Accumulation Value (if any) will be refunded.

**Q50 Will the policy lapse if the policyholder stops paying savings premiums?**

No, the policyholder is allowed to stop paying savings premiums anytime. As long as he continues to pay his protection premiums throughout the 10 years, the policy will not lapse.

**Q51 Can the policyholder reinstate the policy after it has lapsed due to non-payment of premiums?**

Yes, the policyholder can reinstate the policy within 12 months from the date of termination (lapse) of the policy. He can repay all the protection and rider (if any) premiums in arrears up to the date of reinstatement and repay the full amount of any loan together with the loan interest charged.

If he does not repay all unpaid premiums, the loan interest will continue to accumulate (on the outstanding loan value) and compound at the policy anniversary and be deducted from the maturity value when the policy matures.

**Q52 After the policy has lapsed, can the policyholder restart the savings premiums without reinstating the protection and rider (if any) premiums?**

No, the policyholder needs to pay all the outstanding protection and rider (if any) premiums before he can pay subsequent months of savings premiums. We do not allow the policyholder to back pay savings premiums for the period when savings premiums had stopped.

**Q53 What are the options available if the policyholder can no longer afford the premiums in the policy?**

There are a few options and it is recommended the policyholder consult an adviser to review his financial situation before making any decision. He may opt to:

- (a) Reduce the savings premiums to a smaller contribution;
- (b) Stop the savings premiums;
- (c) Let the policy self-run by using the Accumulation Value to pay the protection, savings and rider (if any) premiums. Although savings premiums are deducted from the Accumulation Value, they will be re-deposited into the policy.  
→ *The adviser needs to establish how long the Accumulation Value can last. He needs to inform the policyholder that in the event the Accumulation Value is insufficient to pay for protection, savings and rider premiums, the policy cash value will be used to advance the non-forfeiture loan to pay the protection and riders' (if any) premiums. A loan interest will be charged.*
- (d) Withdraw the Accumulation Value either partially or totally to pay for the protection premiums [this is policyholder's initiative, not auto]; upon full withdrawal of the Accumulation Value, the savings portion cannot be reinstated.]
- (e) Consider deleting/dropping any attached riders; or  
→ *In this case, the policyholder will no longer enjoy the rider benefits, unless he adds them again, which will be based on his attained age at the point of application. His application to add riders will also be subject to underwriting.*
- (f) Convert the policy to reduced paid up (RPU). This option is only available from the second policy year.  
→ *Refer to the section on RPU below.*

### **Reduced Paid-Up (RPU)**

**Q54 When can the policyholder convert his policy to a reduced paid-up policy?**

The policy may be converted to a reduced paid-up policy after it acquires cash value from the second policy year onwards. The policyholder must communicate his request to Aviva in writing.

**Q55 What will the sum assured of the reduced paid-up policy be?**

The sum assured will be reduced to an amount equivalent to what the cash value can provide for the remaining duration of the policy till the end of 15 years.

**Q56 Will the riders previously attached to the policy continue to stay in-force after the policy has been converted to reduced paid-up (RPU)?**

All the riders that were attached to the policy will terminate upon conversion to RPU. Rider premiums will no longer be payable.

**Q57 Are premiums payable when the policy has been converted to reduced paid-up (RPU)?**

Premiums will no longer be payable. These premiums include protection and savings premiums.

**Q58 After the policy is converted to RPU, can the policyholder revert back to a normal premium paying policy?**

No, he will not be able to. He will continue to enjoy the reduced sum assured for the remaining years till the end of 15 years.

**Q59 What will the Accumulation Value be after the policy is converted to reduced paid-up?**

As savings premiums will no longer be payable, the Accumulation Value as at conversion to RPU will continue to earn interest at the prevailing interest rates till the end of 15 years.

**Q60 What will the maturity benefit be after the policy is converted to RPU?**

Please note that the RPU basis (RPU maturity calculation) may change, and is only guaranteed from the point a policy is made paid-up.

Under the current RPU basis:

At the end of 15 years, the policyholder will receive a refund of an amount equal to 102.55% of the surrender value at the point the policy was converted to RPU. In addition, the Accumulation Value of the savings portion will be refunded.

Here's an example:

Protection premiums	= \$150 per month
Policy converted to RPU	= At Policy Year 5
Cash value after 5 years (60 months premiums paid)	= \$5,400
At the end of 15 years,	
Maturity payout	= \$5,400 x 0.0255 = \$137.70
Maturity Benefit (Protection Premiums) after RPU=	\$5,537.70

**Q61 Following Qn 59, what will the surrender benefit be if the policyholder decides to surrender the policy after conversion to RPU?**

Please note that the surrender basis (surrender value calculation) for RPU policies may change, and is only guaranteed from the point a policy is made paid-up.

Under the current basis:

The surrender benefit will be a percentage of protection premiums according to the surrender scale.

<u>During Policy Year</u>	<u>% of Protection Premiums</u>
1	0%
2	20%
3	40%
4 to 10	60%
11	70%
12	75%
13	80%
14	85%
15	90%
At Maturity	100%

Using the same example above and assuming policy is surrendered at 7th policy year, the applicable %= 60% (surrender percentage as at year of RPU). The surrender benefit will be 60% of \$5,400 = \$3,240

In addition, the Accumulation Value will be refunded.

**Q62 Can the policyholder make withdrawal of the Accumulation Value in the policy after it is converted to RPU?**

Yes, he can continue to make withdrawal of the Accumulation Value subject to a minimum withdrawal of \$500 and a minimum balance of \$1,000.

### **Supplementary Benefits**

**Q63 Are supplementary benefits/ riders allowed for this plan?**

Yes.

**Q64 What are the riders allowed for this plan?**

- Accidental Death and Dismemberment Benefit
- Critical Illness Premium Waiver
- Enhanced Payer Benefit
- Level Assurance

**Q65 Can the policyholder add a rider after policy inception?**

Yes, he can do so for the Accidental Death and Dismemberment Benefit rider. He can add this rider at any time and it will take effect at the next premium due date. The adviser needs to ensure the remaining premium payment term on the CashSavers policy is not shorter than the minimum premium term for the rider.

Critical Illness Premium Waiver, Enhanced Payer Benefit and Level Assurance can only be added at the point of application of the policy. This is because the minimum policy term for these riders is 10 years, such that if he were to add the rider at a date after inception, the policy payment term will be less than the 10-year premium payment term of the rider.

Other riders that were not available to CashSavers cannot be added after policy inception.

**Q66 What is the benefit of attaching a waiver of premium benefit rider, such as Critical Illness Premium Waiver or Enhanced Payer Benefit to the plan?**

It waives off protection, rider (if any) and savings premiums if the covered event occurs. This means that no premiums will be payable for as long as the covered event continues to last.

For Critical Illness Premium Waiver, the covered event is critical illness of the life assured.

For Enhanced Payer Benefit, the covered events are death, terminal illness, total and permanent disability and critical illness of the policyholder.

**Q67 After the premiums of the policy are waived, what is the maturity benefit?**

Where premiums are waived and assuming the premiums are waived up to the 10<sup>th</sup> policy year; at the end of 15 years, the maturity benefit will be the sum of the following:

- 100% refund of protection premiums (10 years protection premiums that are paid and waived),
- Maturity payout of 2.55% of the total protection premiums (10 years protection premiums that are paid and waived), and
- Accumulation Value (based on 10 years of savings premiums paid and waived)

- Q68 During the period when premiums are waived, can the policyholder continue to pay savings premiums?**  
No, there is no need for the policyholders to pay the savings premiums as it is covered under the waiver of premium benefit.
- Q69 Is the policyholder allowed to increase or reduce savings premiums?**  
No, the policyholder is not allowed to alter savings premiums once premiums have been waived. The reasons are as follows:
- (i) It is disadvantageous for the policyholder to reduce savings premiums during the period when premiums are waived as the Accumulation Value will be based on the reduced premiums, resulting in a smaller maturity benefit at the end of 15 years; and
  - (ii) There is moral hazard in allowing the policyholder to increase savings premiums during the period when premiums are waived.

### **Application and Submission**

- Q70 Who is eligible to buy this plan?**  
Anyone who satisfies the entry age and is a Singaporean, Singapore permanent resident, or employment pass holders P1, P2 and Q Status.
- Q71 Would work permit holders be considered?**  
Only Malaysians with work permits will be accepted, subject to occupation underwriting. Other work permit holders will be considered on a case-by-case basis.
- Q72 What is the fact find section required?**  
The adviser can either fill up the protection needs or the lifestyle needs of the Financial Needs Analysis Form B. He needs to document the basis of recommendation clearly.
- Q73 What are the documents to be provided to the customer at the point of sale?**
- a) Application form
  - b) Benefit Illustration from SQS
  - c) Product Summary from SQS
  - d) Fact Find Form
  - e) Your Guide to Life Insurance
  - f) Your Guide to Health Insurance

### **Underwriting**

- Q74 Would all applications be accepted in this plan?**  
No, all applications will be subject to a simplified underwriting process.
- Q75 What are the possible underwriting outcomes?**  
The application can either be accepted as standard, substandard or may be declined. Our underwriter can also request for more information from the customer to assist in underwriting the application before making a decision.
- Q76 Would there be premium loading imposed on an application that is not a standard life?**  
No, there will not be loading imposed on the basic policy. Instead a flat lien will be imposed. This lien reduces the original sum assured at application to a smaller sum assured. However, premium loading will be applicable for riders attached to the basic policy.

- Q77 Where a lien has been imposed, what is the death benefit payable?**  
The benefit payable would be the higher of:  
(i) The reduced sum assured; or  
(ii) Total protection premium paid up to the premium due date immediately following the date of death or date of diagnosis of terminal illness.
- Q78 Is the lien applicable for riders on lives that are substandard?**  
No, riders will not be subject to lien. Instead, loading (and/or) exclusions will be imposed. For heavily substandard applications, the riders may be declined.

## **General**

- Q79 Under what situations will the policy terminate?**  
(a) Death or terminal illness of the life assured and a claim is paid;  
(b) The policyholder surrenders the policy and Aviva accepts the application;  
(c) The policy lapses due to insufficient cash value to advance a loan for outstanding premiums;  
or  
(d) The policy matures at the end of 15 years.
- Q80 Can the policyholder cancel the policy after it has been incepted?**  
Yes, he can. From the day he receives the policy, he has a 14-day period to review and decide if he wants to continue or cancel it. This 14-day period is the free-look period.
- Q81 If the policyholder decides to free-look or cancel the policy within the 14-day period, what should he do?**  
He has to write to Aviva and return the original policy document to cancel the policy. We will refund him the premiums paid and interest on his savings premiums, after deducting any expenses incurred in issuing the policy.
- Q82 When will the refund of premiums and interest on savings premiums be made to the policyholder?**  
The refund will be made after Aviva has received the original policy for cancellation.
- Q83 Is backdating of the policy allowed?**  
No, backdating is not allowed.
- Q84 Can the policy be assigned?**  
Yes, assignment is allowed. Under any assignment, the policyholder assigns his rights and interests under the policy and the assignee will take over the rights and interest of the policyholder.
- Q85 Can the policyholder nominate his spouse and/or children as beneficiaries of his policy?**  
Yes, he can if the policy is issued on the policyholder's own life. The policyholder can complete a Section 73 Lifetime Benefit Trust Form.  
The trust can only be created at policy inception and not after the policy has been issued.
- Q86 Can the policyholder nominate his parents or siblings as beneficiaries of his policy?**  
Yes, he can if he has not created other types of trust under the policy or assigned his policy. He can complete the Non-Statutory Trust Form to nominate beneficiary(ies) other than his spouse or children.  
This trust can be created at policy inception or after the policy has been issued.

**Q87 Are third-party policies allowed?**

Yes, third-party policies are allowed for:

- Juvenile life assureds aged between 1-16 next birthday satisfying insurable interests requirements; and
- Parties with insurable interest

**Q88 What happens to the policy when the policyholder passes away for third-party policies?**

The policy will go to the policyholder's estate and the estate will become the owner of the policy. As long as premiums continue to be paid, the life assured will continue to be covered under the policy.

**Q89 Can the policyholder convert the policy to an extended term policy?**

No.