

# Introducing: Leveraged Annuity

**ZERO TAX!!**

**6-8% yield!!**

**Capital Guaranteed!!**

**Lifetime of passive income  
(\$500/mth)!**

**(Optional) Legacy  
bonus for kids!**

**Requirements: Full time job with at least \$100k  
annual income; min \$67k savings**

**IMPORTANT: for private sharing only, not for public distribution**

# How to grow \$67k in a safe way?

	Bank deposits/ FDs	Stocks/ crypto	Properties	Leveraged annuities
Liquidity	high	high	low	low
Returns	low	uncertain	beats inflation	beats inflation
Risk	low	high	mid	mid
Taxes	NA	NA	Plenty!!!	Not at all

# **Imagine:**

**You buy a small condo worth \$240k (btw no such cheap condo in Singapore), and your downpayment is only \$67k (\$173k is from a bank loan).**

**This loan has very low interest, and is very unique because you only need to pay the interest of \$216 per month. The bank only needs to collect your principal of \$173k upon your demise. (Property loans require you to pay back interest AND principal every month.)**

**Because of the above decision, you collect monthly passive “rental income” from year 4 (much earlier than CPF Life and most annuities!) and for THE REST OF YOUR LIFE. If you put in \$67k of your own money, your passive income is around \$500/mth. (To receive more income, simply put in more than \$67k.)**

**During your retirement years (age 65-85), you can surrender this plan anytime and receive a lump sum payment of more than \$67k, OR (if you have kids) you can keep receiving the monthly passive income until your demise (then the \$67k goes to your kids).**

**This entire plan incurs ZERO TAX, unlike your properties (which incurs buyer’s stamp duty, property tax, and even income tax!!!). It is the next best retirement plan after CPF Life!**

# MOST IMPORTANT PAGE: How to calculate 6 to 8% yield using leveraged annuity (in retirement years of age 65 to 85)

## Prulifetime Income Plus (\$240k)

Based on 1.5% loan interest and 4.25% parfund returns, below are the possible yields on a \$67k lump sum investment

\$67k cash input plus \$173k loan from CIMB gives a \$240k single premium product issued by Prudential

Based on 1.5% annual interest, the total annual interest payable per year is \$2,595

Based on 4.25% annual parfund returns, the total income per year (starting 36th month) is \$8,520

**Thus the annual nett positive cashflow is \$5,925 (or \$493.75 per month)**

Year	Total income from annual nett cashflow	Surrender value	Nett profit (minus \$173k +\$67k + 7785)	Simple average profit per year	Simple average annual yield
10	\$41,475	\$206,400	\$90	9.00	0.01%
15	\$71,100	\$211,200	\$34,515	2,301.00	3.08%
20	\$100,725	\$220,800	\$73,740	3,687.00	4.93%
25	\$130,350	\$228,000	\$110,565	4,422.60	5.91%
30	\$159,975	\$242,400	\$154,590	5,153.00	6.89%
35	\$189,600	\$249,600	\$191,415	5,469.00	7.31%
40	\$219,225	\$268,800	\$240,240	6,006.00	8.03%

**What if the floating interest rate rises from 1.5% to 2.5%? Will your yield drop significantly?**

**Thankfully your yield is still a healthy 4.34% to 5.4%!! (Much better than condo rental yield and traditional annuities)**

**Anyway, in the history of Singapore and CIMB, the loan interest has never stayed high. Our govt will definitely reduce it through policies, as proven many times.**

**Prulifetime Income Plus (\$240k) - assuming 2.5% loan interest (which is unlikely!)**

Based on 2.5% loan interest that is persistent for 40 years (unlikely) and 4.25% parfund returns (conservative), below are the possible yields:

\$67k cash input plus \$173k loan from CIMB gives a \$240k single premium product issued by Prudential

Based on 2.5% annual interest, the total annual interest payable per year is \$4,325

Based on 4.25% annual parfund returns, the total income per year (starting 36th month) is \$8,520

**Thus the annual nett positive cashflow is \$4,195 (or \$350 per month)**

Year	Total income from annual nett cashflow	Surrender value	Nett profit (minus \$173k +\$67k + 12975)	Simple average profit per year	Simple average annual yield
10	\$29,365	\$207,360	-\$16,250	-1,625.00	-2.03%
15	\$50,340	\$212,640	\$10,005	667.00	0.83%
20	\$71,315	\$222,240	\$40,580	2,029.00	2.54%
25	\$92,290	\$229,440	\$68,755	2,750.20	3.44%
30	\$113,265	\$243,840	\$104,130	3,471.00	4.34%
35	\$134,240	\$251,040	\$132,305	3,780.14	4.73%
40	\$155,215	\$270,240	\$172,480	4,312.00	5.39%

**1M VS 3M SIBOR OVER 20 YEARS (2001-2020)**



COF	1M SGD
29 June 18	0.85
28 June 19	1.29
30 June 20	1.08

**Annuities are based on “parfunds” which have strict mandates. Currently nearly 60% are in bonds, 30% in equities - and returns are 5.61% per year avg for last 10 years!**

***How are the assets invested and managed?***

Prudential Singapore's participating fund consists of both single and regular premium policies segregated into a few sub-funds. Each sub fund's investments are managed separately to match its liability characteristics. This product is written in the Regular Premium Life Sub-fund ("RPLF"). In the document below, the term "fund" will be referring to RPLF unless stated otherwise.

Investment Objective

The investment objective is to maximise the long-term returns of the fund through investments consistent with policyowners' reasonable expectations, while meeting internal and regulatory solvency requirements. To achieve this, we set a Strategic Asset Allocation ("SAA") for the fund.

Investment Mix

Asset Type	Strategic Asset Allocation	Asset Allocation as at 31 Dec 2020
Bonds	50.0%	57.6%
Equities	29.5%	31.1%
Property	7.5%	6.8%
Other Assets <sup>1</sup>	13.0%	4.6%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Other assets include alternative assets, cash and policy loans

The Asset Allocation percentages shown in the table have been rounded to the nearest 0.1%, and hence may not sum to exactly 100%.

SAA is the fund's long-term neutral asset allocation to meet the investment objective of the fund as set out above. Fund managers are allowed to deviate from the SAA, but within a mandated limit to take views on the current market conditions.

Investment Rate of Return

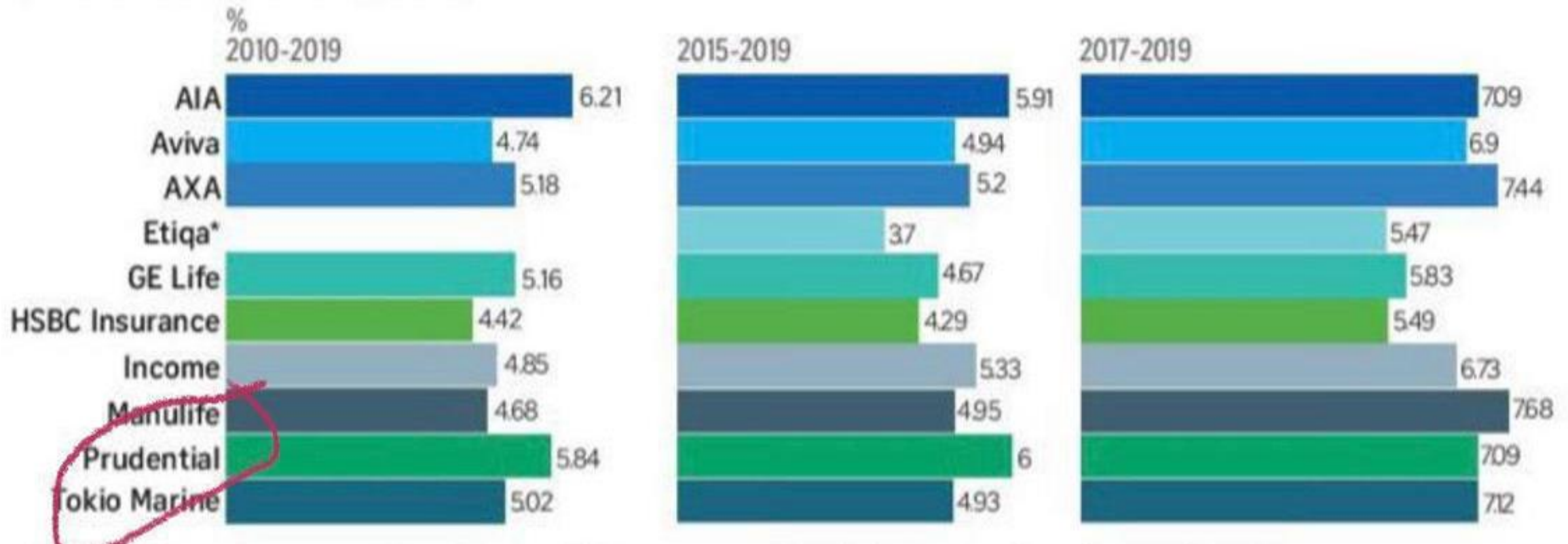
For the RPLF, the past investment rates of return (after deducting investment expenses only) are shown in the table below.

	2018	2019	2020	Average of last 3 years	Average of last 5 years	Average of last 10 years
<b>Investment Returns</b>	-2.12%	12.26%	5.65%	5.10%	6.82%	5.61%

Please note that past performance may not be indicative of future performance.

# Healthy parfund returns for last 10 years

Geometric average net investment returns on par funds of major life insurers  
(Three, five and 10 years)



**When you buy a \$240k leveraged annuity, you receive a monthly payout of \$710. Nett off monthly interest of \$210-\$216, your monthly passive income becomes roughly \$494-\$500 (from year 4 till end of life!)**

**PREMIUMS**

Total Premium(s) Payable<sup>1</sup>

**\$240,000**

**LIFETIME INCOME - CASH BENEFIT**

**Illustrated Investment Return**

	<b>3.00% p.a.</b>	<b>4.25% p.a.</b>
1. Monthly Cash Benefit from 36th policy month onwards	<b>\$487</b>	<b>\$710</b>
- Guaranteed monthly Cash Benefit	\$230	\$230
- Non-guaranteed monthly Cash Benefit	\$257	\$480

The benefits under the **PAYOUT OPTION** and **ACCUMULATE OPTION** below consist of guaranteed and non-guaranteed values. Non-guaranteed values include non-guaranteed monthly Cash Benefit and performance bonus.

**PAYOUT OPTION:**

**Illustrated Investment Return**

**LIFETIME INCOME - CASH BENEFIT**

**3.00% p.a.**      **4.25% p.a.**

Total Cash Benefit received by the Age Next Birthday 110 <sup>2</sup>	\$392,196	\$571,872
Total Cash Benefit received by the Age Next Birthday 110 <sup>2</sup> divided by Total Premium(s) Payable <sup>1</sup>	163%	238%
<b><u>TOTAL BENEFIT UPON DEATH AT AGE NEXT BIRTHDAY 110<sup>2</sup></u></b>		
Total Cash Benefit received by the Age Next Birthday 110 <sup>2</sup> plus Death Benefit at the end of Age Next Birthday 110	\$772,764	\$1,030,008
Total Cash Benefit received by the Age Next Birthday 110 <sup>2</sup> plus Death Benefit at the end of Age Next Birthday 110 divided by Total Premium(s) Payable <sup>1</sup>	322%	429%

**ACCUMULATE OPTION:**

**LIFETIME INCOME - CASH BENEFIT**

Total Cash Benefit received by the Age Next Birthday 110<sup>2</sup>

**Illustrated Investment Return**

**3.00% p.a.**

**4.25% p.a.**

\$612,606

\$1,465,567

Total Cash Benefit received by the Age Next Birthday 110<sup>2</sup>  
divided by Total Premium(s) Payable<sup>1</sup>

255%

611%

**TOTAL BENEFIT UPON DEATH AT AGE NEXT BIRTHDAY 110<sup>2</sup>**

Total Cash Benefit received by the Age Next Birthday 110<sup>2</sup> plus  
Death Benefit at the end of Age Next Birthday 110

\$993,174

\$1,923,703

Total Cash Benefit received by the Age Next Birthday 110<sup>2</sup> plus  
Death Benefit at the end of Age Next Birthday 110 divided by Total Premium(s)  
Payable<sup>1</sup>

414%

802%

**If you choose to reinvest your monthly payout, your \$240k can compound significantly to \$1.4 million to \$1.9 million. Even after deducting loan principal of \$173k, your family still gets a CRAZY amount of money from your small one-time investment of \$67k!!!**

**Btw this assumes 4.25% returns for parfund, but the actual in last 10 years is already above that – at 5.61%!**

**If you pass on within a few years after paying the \$67k, your family is GUARANTEED to receive MORE than \$67k.**

**If you pass on much later, your death benefit becomes significantly more.**

**DEATH BENEFIT**

Illustrated at 3.00% Investment Return    Illustrated at 4.25% Investment Return

End of Policy Year/Age	Total Premiums Paid To-date (\$)	Guaranteed (\$)	Non-Guaranteed (\$)	Total (\$)	Non-Guaranteed (\$)	Total (\$)
1/41	240,000	242,400	0	242,400	0	242,400
2/42	240,000	242,400	0	242,400	0	242,400
3/43	240,000	242,400	0	242,400	0	242,400
4/44	240,000	242,400	0	242,400	0	242,400
5/45	240,000	242,400	0	242,400	0	242,400
6/46	240,000	242,400	0	242,400	0	242,400
7/47	240,000	242,400	0	242,400	0	242,400
8/48	240,000	242,400	0	242,400	0	242,400
9/49	240,000	242,400	0	242,400	0	242,400
10/50	240,000	242,400	0	242,400	0	242,400
15/55	240,000	242,400	0	242,400	0	242,400
20/60	240,000	242,400	0	242,400	0	242,400
25/65	240,000	242,400	0	242,400	0	242,400
30/70	240,000	242,400	0	242,400	2,424	244,824
35/75	240,000	242,400	0	242,400	9,696	252,096
40/80	240,000	242,400	7,272	249,672	29,088	271,488
45/85	240,000	242,400	19,392	261,792	46,056	288,456
50/90	240,000	242,400	29,088	271,488	63,024	305,424
55/95	240,000	242,400	46,056	288,456	84,840	327,240
60/100	240,000	242,400	70,296	312,696	118,776	361,176
65/105	240,000	242,400	104,232	346,632	167,256	409,656
70/110	240,000	242,400	138,168	380,568	215,736	458,136

**If you surrender the plan in year 15, you will definitely earn a good profit that beats inflation. After 14 years, you would have gotten back your entire capital with interest. In other words, from year 15 onwards, it's all FREE MONEY!!**

**SURRENDER VALUE**

Illustrated at 3.00% Investment Return      Illustrated at 4.25% Investment Return

End of Policy Year/Age	Total Premiums Paid To-date (\$)	Guaranteed (\$)	Non-Guaranteed (\$)	Total (\$)	Non-Guaranteed (\$)	Total (\$)
1/41	240,000	192,000	2,400	194,400	4,800	196,800
2/42	240,000	192,000	2,400	194,400	4,800	196,800
3/43	240,000	192,000	2,400	194,400	4,800	196,800
4/44	240,000	192,000	4,800	196,800	7,200	199,200
5/45	240,000	192,000	4,800	196,800	7,200	199,200
6/46	240,000	192,000	4,800	196,800	7,200	199,200
7/47	240,000	192,000	4,800	196,800	7,200	199,200
8/48	240,000	192,000	9,600	201,600	14,400	206,400
9/49	240,000	192,000	9,600	201,600	14,400	206,400
10/50	240,000	192,000	9,600	201,600	14,400	206,400
15/55	240,000	192,000	14,400	206,400	19,200	211,200
20/60	240,000	192,000	21,600	213,600	28,800	220,800
25/65	240,000	192,000	26,400	218,400	36,000	228,000
30/70	240,000	192,000	36,000	228,000	50,400	242,400
35/75	240,000	192,000	40,800	232,800	57,600	249,600
40/80	240,000	192,000	55,200	247,200	76,800	268,800
45/85	240,000	192,000	67,200	259,200	93,600	285,600
50/90	240,000	192,000	76,800	268,800	110,400	302,400
55/95	240,000	192,000	93,600	285,600	132,000	324,000
60/100	240,000	192,000	117,600	309,600	165,600	357,600
65/105	240,000	192,000	151,200	343,200	213,600	405,600
70/110	240,000	192,000	184,800	376,800	261,600	453,600

The guaranteed and non-guaranteed Cash Benefit are not included in the Surrender Value table above.

**CIMB is our partnering bank to provide the loan. It uses a benchmark called “COF” (cost of funds) which is based on internal borrowing cost, liquidity premium and credit premium. The current COF is 0.5%, which means your loan interest is a super low 1.33% (0.55% + 0.78%, assuming you are a non-preferred customer of CIMB).**

## CIMB Premium Financing

- CIMB Premium Financing is a loan facility whereby CIMB Bank Berhad, Singapore Branch (“CIMB”) funds part of the insurance premium of a Universal Life or Single Premium Whole Life Insurance Policy on the customer’s behalf.
- This means that the customer will only need to fund a portion of the insurance premiums, allowing him/her to create a retirement or legacy plan without liquidating your current assets or altering your cash flow. In consideration of the loan facility, the customer agrees to assign the policy to CIMB.

<b>Benchmark Rate</b>	CIMB’s internal Cost of Funds (“COF”)  <small>Components of this include: internal borrowing cost, liquidity premium, credit premium. This cost may or may not be correlated with other published benchmarks such as SORA, SOFR, etc.</small>
<b>Choice of Currency</b>	SGD/USD (no cross currency loan)
<b>Pricing</b>	<b>SGD/USD COF + 0.78% p.a. (Non-Preferred Customer)</b> <b>SGD/USD COF + 0.63% p.a. (Preferred Customer)</b>
<b>Financing Tenors</b>	1 or 3 months (renewable at the end of tenor)
<b>Financing Ratio</b>	Up to 90% of 1 <sup>st</sup> day cash surrender value of the insurance policy



**Feel free to ask me  
questions!**

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