

## Frequently Asked Questions

### **Q: What is a participating policy and what are bonuses?**

**A:** If you have a participating policy with NTUC Income (Income), the premium that you pay is pooled to form the Life Participating Fund (“Par Fund”). The Par Fund is invested in a mix of assets and pays benefits to policyholders and its managing expenses.

As a policyholder of a participating policy, you share in the profits and losses of the Par Fund through bonuses which are non-guaranteed. Most participating policies declare two types of bonuses. The first is annual bonus and the other, special or terminal bonus. An annual bonus is added to a participating policy each year. Once declared and added to a participating policy, an annual bonus is guaranteed. A special or terminal bonus is an additional amount added to a participating policy when money is paid out upon death, surrender or maturity.

### **Q: What factors affect the bonuses paid on my policy?**

**A:** The bonuses declared on a participating policy are determined by the Par Fund’s investment performance and its future investment outlook, its claims and surrender experiences, as well as the cost to manage the Par Fund. Bonus allocations are smoothed over a period to avoid large short-term fluctuations in the bonuses declared.

### **Q: What is my bonus like this year?**

**A:** Annually, we send customised bonus statements to our policyholders to inform them about their bonuses. For specific details on the bonuses declared on your policies, please refer to your bonus statement, which you will receive via post or email by end April.

### **Q: What is a participating annuity?**

**A:** What you purchase an annuity from Income, we will pay you a regular income for as long as you live. The payment will start immediately or when you reach a certain age (in the case of a deferred annuity). There are two types of annuities. One is participating annuity and the other is non-participating annuity.

Under a non-participating annuity, you will receive a fixed income for life. The amount, which is made known to you at the time of purchase, remains unchanged. Depending on your age and gender, the amount received would differ between individuals.

A participating annuity shares in the profits and losses of the Par Fund through bonuses which are non-guaranteed. Bonuses are added to the annuity income or payment. A participating annuity may start with a lower payment, usually lower than the amount received under a non-participating annuity. However, this payment will increase as bonuses are declared and added.

**Q: When will Income inform me about the bonuses declared on my policy?**

**A:** Like previous years, Income will be sending a bonus statement to all policyholders who are holding an in-force participating life policy or annuity policy by post or email. Policyholders who opted for e-statement will receive an email notification. The bonus statement, which will be sent to you by end April, contains detailed information on the bonuses declared on your policies. You may also view the bonus statement online at [me@income.com.sg](mailto:me@income.com.sg).

**Q: Would the COVID-19 outbreak affect the investment outlook for Income?**

**A:** The global economy is expected to show improvement as the pandemic recedes, however the shape of economic growth will be dependent on a number of factors, including infection rates, effective vaccine adoption, and the policies adopted by central banks and governments. The availability and effective distribution of safe and effective vaccines should bolster economic activity. However, the pace of recovery is uncertain, with COVID-19 cases still surging in many regions. Accommodative monetary policies across major central banks would continue to suppress government bond yields at historically low levels. With the earning yields of stocks being relatively more attractive, risky assets are preferred, especially on the back of an expected recovery in corporate activity and earnings. However, as equity markets are trading at rich valuations, it is vulnerable to short-term corrections and volatility. Income will continue to stay diversified in this market environment and focus on delivering long-term investment returns.

**Q: Who can I contact if I have queries?**

**A:** You may contact your insurance adviser, Income hotline at 6788 1122 or email us at [csquery@income.com.sg](mailto:csquery@income.com.sg). We will be happy to address your queries or concerns. If your policy has been in-force for at least a year, you may also request for an updated illustration.