

# Lay the groundwork for your child's future

HSBC Takaful Education Plan



**HSBC**  
Amanah

## Fast Facts.



**84%** of Malaysian parents regretted not planning earlier for their children's education.



Malaysian parents planned as early as **7 years** in advance for their children's university education fund.



Malaysian parents perceived that **UK offers the best education** followed by Australia and Malaysia.



**37%** of Malaysian parents considered sending their children abroad as early as secondary school while **88%** considered sending their children abroad for university.



**91%** of Malaysian parents wished for their children to complete postgraduate studies, higher than the global average of 64%.



**85%** of Malaysian parents withdrew from their savings to pay for their children's education.

## As parents, the greatest feeling is watching your child succeed.

Parents certainly have lofty ideals for their children's academic pursuits with many aspiring to send them overseas for studies. As living costs and university fees climb, they will simply have to work harder and save more to fulfill their children's education plan.

Besides being a sensible savings plan, the Takaful Education Plan is specially created to help you build and further enhance your child's education fund when he or she turns 18 ready for tertiary education, ensuring your aspiration for your child becomes a reality.

Takaful Education Plan also helps protect your child's well-being while ensuring their future has a financial buffer should any unfortunate event befall you.

Saving for your children's education is a big commitment. It is never too late to start saving now.

# What can Takaful Education Plan do for you?

## Takaful cover with Payor Rider and Payor Term Rider

Takaful Education Plan covers Death or Total and Permanent Disability (TPD). It is also exclusively packaged with a Payor Rider and Payor Term Rider which protects your child against financial hardship in the event of any unforeseen circumstances such as death or Total and Permanent Disability of the Participant.

## University fund for your child's bright future

Financial resources will be available for your child's education in the form of regular payouts<sup>1</sup> or lump sum at maturity depending on your child's entry age.

Covered person's entry age	Payout options
1 month to 12 years old	<ul style="list-style-type: none"><li>Monthly or Annual regular payouts when covered person reaches ages 18 or 19 years old until maturity; or</li><li>Lump sum at maturity</li></ul>
13 to 15 years old	Lump sum at maturity

## Receive maturity value

At the end of the plan, you may receive the maturity value which is the Account Value<sup>2</sup>. This may come in handy as potential added savings for yourself or for your child's use. However, there will be no amount paid from the Family Risk Fund.

<sup>1</sup> All payouts are subject to the actual performance of the investment-linked fund(s) selected and is not guaranteed. This is not a capital-guaranteed product and the investment risk is solely borne by the Participant. The regular payout option is only available if a covered person's (child's) entry age is from 1 month to 12 years.

<sup>2</sup> The total value of units will be based on the actual performance of the Fund(s), which may fluctuate from time to time. This is not a capital guaranteed product and any investment risks are borne solely by you.



### Worry-free Investment Monitoring with Automatic Fund Rebalancing<sup>3</sup>

If you have more than 1 investment-linked fund in your portfolio, this feature removes the need of constant monitoring of your funds. Automatic fund rebalancing will ensure that your investment portfolio is automatically rebalanced on a semi-annual basis, thus aligning your investment portfolio with your latest preferences according to our record.

*For example, your latest investment ratio preference is to have 50% investment in FWD Takaful LifeSelect Fixed Income Fund and 50% in FWD Takaful LifeSelect Equity Fund. Subsequently, by the next rebalancing date, the FWD Takaful LifeSelect Equity Fund has appreciated in value, thus causing your investment portfolio to comprise of 45% in FWD Takaful LifeSelect Fixed Income Fund and 55% in FWD Takaful LifeSelect Equity Fund. The automatic fund rebalancing feature will help to re-align your portfolio to 50%:50%.*

### Potential surplus distribution

The potential surplus (from the Family Risk Fund (FRF)) will be distributed to eligible participants proportionally by way of allocation as additional units to your investment-linked fund. Any such surplus from the FRF will be distributed to the Takaful Operator and Participants at the following ratio:

	Takaful Operator	Participant
Surplus in FRF	50%	50%

<sup>3</sup> This feature is only available to customers who have more than 1 investment-linked fund in their portfolio.

### Freedom to invest according to your goals

- Ability to perform top up<sup>4</sup> when you have extra money or withdraw<sup>5</sup> from your Account Value when you need that extra money.
- Flexibility to switch your selected investment fund(s) at any time, to take advantage of changes in the financial market and your risk appetite;
- Offers you the option to invest in diverse investment linked funds, investing in both local and foreign market. These funds are:

Type of Fund	
FWD Takaful LifeSelect Fixed Income Fund	FWD Takaful Asia Pacific Islamic Equity Fund
FWD Takaful LifeSelect Equity Fund	FWD Takaful Dynamic Fund
FWD Takaful World Islamic Equity Fund	FWD Takaful Islamic Sukuk Fund

Please refer to the Investment-Linked Plan Insertion for the description of the underlying investments and the associated risks of each fund.

### Tax Information

The benefits paid out under this plan are tax-free and the contributions made may be eligible for tax relief under the Income Tax Act 1967. Please check with your tax adviser on your eligibility and note that eligibility for tax relief is subject to final decision by the Inland Revenue Board.

<sup>4</sup> Referring to top-up facility – the minimum amount for any ad-hoc top-up is RM500.

<sup>5</sup> Referring to partial withdrawal facility – the minimum withdrawal amount is RM500 and subject to the minimum of RM1,000 remaining Account Value.

# Protection Benefits

## Takaful Coverage

In the event of Death or TPD, the following will be payable in one lump sum:

Coverage	
Death or TPD of Child <sup>6</sup>	Death or TPD of Parents <sup>7</sup>
Sum Covered <sup>8</sup> plus Account Value	RM50,000 (Payor Term Rider) & future contribution (Payor Rider)

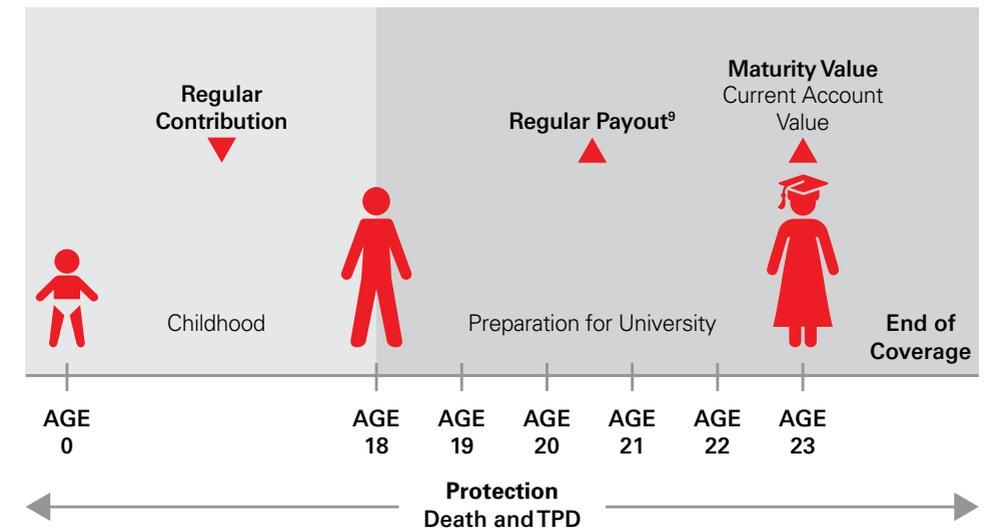
<sup>6</sup> Juvenile lien is applicable for children aged below 4-years-old, where the amount of benefit payable will be lower than the Sum Covered. Please refer to the Product Disclosure Sheet and Certificate for detail.

<sup>7</sup> TPD coverage for parents is available until Certificate anniversary following the parent's 65th birthday.

<sup>8</sup> The Sum Covered is equivalent to minimum of 60 times of the annual regular contribution.

# How does Takaful Education Plan suit your child's needs for one of the most important stages in their life's journey?

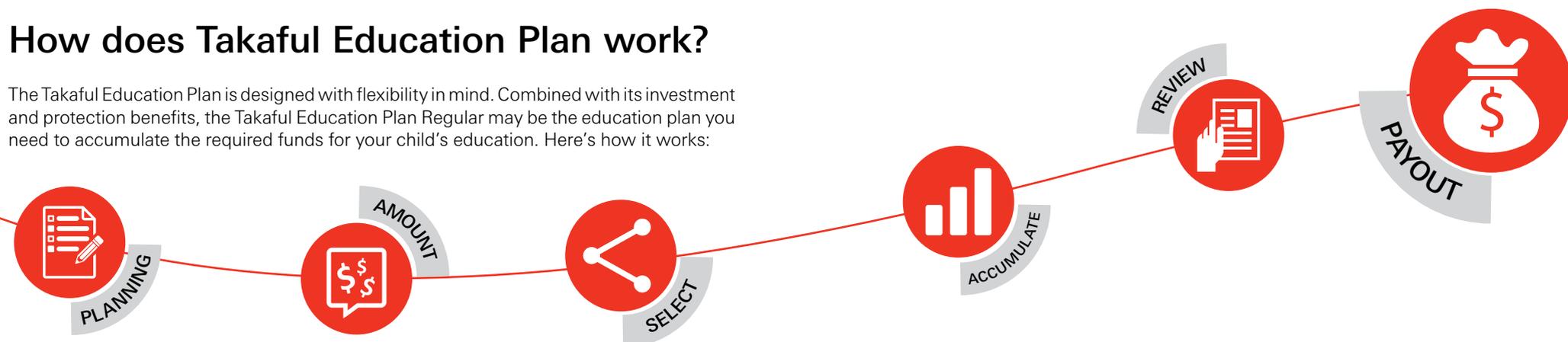
The Takaful Education Plan meets your child's needs from childhood until they graduate.



<sup>9</sup> Regular Payout will depend on your choice of plan and eligibility. The regular payout is available if your child's entry age is 0 – 12 years old. If your child's entry age is 13 – 15 years old, he/she will only be entitled to a lump sum payment upon maturity.

# How does Takaful Education Plan work?

The Takaful Education Plan is designed with flexibility in mind. Combined with its investment and protection benefits, the Takaful Education Plan Regular may be the education plan you need to accumulate the required funds for your child's education. Here's how it works:



## STEP 1: PLANNING

**Decide on the amount required for your child's education and how much you need to save.**

It is important to plan ahead for your child's education. You should take into account different payout options depending on your child's entry age when planning for his/her education plan. For more details on payout options, please refer to payout options table on page 2.

## STEP 2: CONTRIBUTION AMOUNT

**Decide on your regular contribution amount.**

Your regular contribution amount may depend largely on the entry age of your child and the amount required for your child's education.

## STEP 3: FUND SELECT

**Select the fund(s) of your choice based on your risk appetite:**

If you are a conservative investor, you may consider allocating a major portion of your contribution into FWD Takaful LifeSelect Fixed Income Fund and the balance in the FWD Takaful LifeSelect Equity Fund, FWD Takaful Dynamic Fund or FWD Takaful Asia Pacific Islamic Equity Fund. Towards the end of the accumulation period, you may also decide to allocate a sizeable or all of your contributions into the FWD Takaful LifeSelect Fixed Income Fund to reduce exposure to risk.

If you are a moderate risk investor, you may choose to allocate equal amounts into FWD Takaful LifeSelect Fixed Income Fund and FWD Takaful LifeSelect Equity Fund, FWD Takaful Dynamic Fund or FWD Takaful Asia Pacific Islamic Equity Fund.

At any time, you have the flexibility to adjust the proportion of your investments between these six funds, based on your risk appetite and investment preferences.

## STEP 4: ACCUMULATE

Allow the funds to accumulate until your child requires the education fund, while continuing to pay the contribution regularly as planned until the end of the contribution term.

## STEP 5: ANNUAL REVIEW

Conduct an annual review to see if your plan still fits your child's education goals. An annual statement will be provided which may help you in your review. You may wish to perform a top-up on your contribution or switch between the six available funds if necessary.

Other key features of this plan:

- You may choose to perform a top-up<sup>4</sup> at any time to accelerate the accumulation of your child's education fund.
- You may also opt to maintain your investment preference with Auto Fund Balancing facility.
- You may partially withdraw your investment at any time.
- In addition, Takaful Education Plan provides financial coverage for you and your child in the event of Death or TPD.

## STEP 6: PAYOUT

At the end of the accumulation period, you may opt for your child's education fund to be paid out on a monthly or annual basis<sup>9</sup> or you may choose to withdraw a lump sum amount at anytime. You may decide the mode of payment at the beginning or if you change your mind, you may advise us before the payout commences.

This option gives you the flexibility to tailor your withdrawals to match your child's education needs.

Please consult our Relationship Managers who will be glad to show you a suitable education plan for your child.

<sup>9</sup> Regular Payout will depend on your choice of plan and eligibility. The regular payout is available if your child's entry age is 0 – 12 years old. If your child's entry age is 13 – 15 years old, he/she will only be entitled to a lump sum payment upon maturity.

## How is the contribution allocated?

### Allocated Contribution

This amount will be used to purchase the units of your preferred Investment Link Fund(s).

#### (i) Regular Contribution

The Illustration below is based on Annual Contribution of RM4,000 for Certificate with 10 year contribution term.

Year	1		2 to 3		4		5 to 10	
	%	RM	%	RM	%	RM	%	RM
Annually Allocated Contribution	60	2,400	82	3,280	90	3,600	95	3,800

#### (ii) Top-up Contribution

The illustration below is based on top-up contribution of RM50,000

Allocated percentage	Allocated amount
94.5%	RM47,250

### Unallocated Contribution

This amount is used to meet the Takaful Operator's expenses and direct distribution cost, including the commissions to distributors.

## Other helpful information about Takaful Education Plan Regular Contribution

Eligibility (age last birthday)	Minimum	Maximum
Covered Person	1 month	15 years
Participants/Payor	18 years – 65 years	-

### Fees and charges

The following charges are applicable to this plan.

Description	Fees and charges
<b>Wakalah Fee (Agency Fee)</b>	A portion of the <i>Wakalah</i> Fee will be used to pay the commission to the intermediaries. The percentage of contribution as <i>Wakalah</i> Fee are: <ul style="list-style-type: none"> <li>Regular Basic Contribution – from 0% to 50%, depending on the contribution tenure and year.</li> <li>Initial, ad-hoc or regular top-up – 5.5%.</li> </ul>
<b>Monthly Tabarru' (Donation)</b>	<ul style="list-style-type: none"> <li><i>Tabarru'</i> rates are not level and are based on covered person's (children) and participant's (parent/guardian's) attained age.</li> </ul>
<b>Monthly Service Fee</b>	RM6 per month. This amount is subject to applicable tax chargeable on the fee.
<b>Fund Management Fee (chargeable as a percentage of fund value)</b>	<ul style="list-style-type: none"> <li>FWD Takaful LifeSelect Equity Fund – 1.5% p.a.</li> <li>FWD Takaful LifeSelect Fixed Income Fund – 1.0% p.a.</li> <li>FWD Takaful Asia Pacific Islamic Equity Fund – 1.5% p.a.</li> <li>FWD Takaful Dynamic Fund – 1.5% p.a.</li> <li>FWD Takaful World Islamic Equity Fund – 1.5% p.a.</li> <li>FWD Takaful Islamic Sukuk Fund – 1.0% p.a.</li> </ul>
<b>Surrender Fee</b>	<ul style="list-style-type: none"> <li>A surrender fee will be deducted from surrender value during the first thirty (30) Certificate Months.</li> <li>The surrender fee is subject to applicable tax and reduces on monthly basis based on the following formula: Minimum of: 1. Account Value; or 2. 3% of the Annual Regular Basic Contribution X [30 – number of completed month from Commencement Date] / 30].</li> </ul>
<b>Stamp Duty</b>	A one-time stamp duty of RM10 will be borne by the Participant, to be paid with the initial contribution.

Please refer to the Product Illustration provided and do consult our Relationship Managers on the specific fees and charges.

The Takaful Operator may revise the fees and charges provided that at least 3 months' notice in writing is given to the Participants.

### Regular Contribution

To maximise the investment allocation for regular contribution, any sum in excess of RM4,800 annual contribution will be treated as a top-up.

### Contribution Term

Contribution term is fixed based on your child's entry age:

Child's Entry Age	Contribution Term	Scenario
1 month to 12 years old	18 years minus child entry age	Your child's entry age is 5 years old. The contribution period is 18 years minus 5 years old which equals to 13 years.
13 years old to 15 years old	21 years minus child entry age	Your child's entry age is 14 years old. The contribution period is 21 years minus 14 years old which equals to 7 years.

This plan provides two payout options. You can choose to receive the regular payouts or accumulate until maturity, depending on your child's entry age. For details on payout options, please refer to Page 2.

### Certificate maturity

At the age of 23 of the covered person (child).

### Partial Withdrawal

You may partially withdraw your Account Value at any time subject to a minimum total balance of RM1,000 remaining in the Account Value and with a minimum partial withdrawal of RM500 per transaction.

### Investment-linked fund

The contribution you made (less *Wakalah* Fee) will be invested into the investment-linked fund(s) of your choice. Each investment choice has its own inherent risks and is subject to market value fluctuations. The value of the investment-linked funds will be based on actual performance and the investment return is not guaranteed. The investment risk of these investment-linked fund(s) will be borne solely by you. In the worst case scenario, the value of your Investment Fund(s) under the plan may be worth substantially less than the original total contribution amount you have invested into the plan. Please refer to the Fund Fact Sheet for the description of the underlying investments and the associated risks of each fund.

### Family Risk Fund

The monthly *Tabarru'* will be deducted from your Account Value and credited to the Family Risk Fund from which protection benefits are paid. As a reward for managing and administering the Family Risk Fund, the Takaful Operator is entitled to an incentive equal to 50% of the surplus to be distributed. The balance 50% of the surplus will be distributed among eligible participants and your entitlement will be allocated yearly as additional units in the Fund.

### Contribution required

You may opt to make monthly, quarterly, semi-annual or annual contributions. In the event that you stop paying the regular contribution and provided the Account Value is sufficient, we will use the Account Value amount to pay for the monthly *Tabarru'* and monthly service fee until the Account Value is exhausted, upon which the Takaful coverage shall cease.

### Surrender

In the event of surrender, the Account Value less Surrender Fee will be paid. However, you will lose the benefits under this Certificate and the amount payable to you may be less than the total contribution you have made. There will be no amount paid from the Family Risk Fund in such an event.

### Exclusions

- Sum Covered is not payable if death is due to suicide, whether whilst sane or insane; within 12 months from the date this Certificate is issued or reinstated whichever is later. In such an event, only the Account Value based on the Bid Price at the Valuation Date immediately after the date of death will be paid.
- TPD Benefit is not payable in respect of any condition/injury/event which is directly or indirectly caused by attempted suicide, self-inflicted injury or illness, military service, criminal acts, private aviation activities, alcohol or substance abuse and hazardous activities such as but not limited to racing, mountaineering, and the like.
- Additional terms and conditions apply to the Payor Rider and the Payor Term Rider.
- The list of exclusions is not exhaustive and reference should be made to the comprehensive list contained in the Certificate.

To find out more about Takaful Education Plan please call your Relationship Manager or give us a call today.

Call 1300 80 2626

Click [hsbcamanah.com.my](http://hsbcamanah.com.my)

Visit your nearest HSBC Amanah branch

## Important Notes

You should satisfy yourself that the investment-linked fund(s) that you intend to participate will best serve your needs and that the contribution prescribed for this plan is an amount you can afford.

The Takaful Education Plan is an investment-linked Takaful plan that also provides protection benefits on Death and TPD. If you need other options, HSBC Amanah has other savings and protection plans that could be more suited to your needs.

You may review the suitability of the plan and may cancel your participation within 15 days from the date of delivery of the Certificate ("cooling-off period"). On cancellation within the cooling-off period FWD Takaful Berhad (Company No. 731530-M) ("Takaful Operator") will refund your Account Value (based on the Bid Price<sup>10</sup> at the valuation date immediately after we receive your request, together with the *Wakalah* fee, monthly service fee and *Tabarru'* (less medical exam fee incurred where applicable). If you surrender the Certificate in the early years of the plan, the amount payable may be much less than the total contribution you have made.

This plan is managed by FWD Takaful Berhad (formerly known as HSBC Amanah Takaful (Malaysia) Berhad) (Company No. 731530-M) with its principal place of business at Level 29 Menara Shell, 211 Jalan Tun Sambanthan Brickfields, 50470 Kuala Lumpur. FWD Takaful Berhad (formerly known as HSBC Amanah Takaful (Malaysia) Berhad) is licensed under the Islamic Financial Services Act 2013 and is regulated by Bank Negara Malaysia. HSBC Amanah Malaysia Berhad (Company No. 807705-X) is the intermediary in the distribution of this plan in Malaysia and may be remunerated/paid a commission by FWD Takaful Berhad (formerly known as HSBC Amanah Takaful (Malaysia) Berhad). Products and services referred to in this brochure are offered in Malaysia only.

<sup>10</sup> Bid Price is determined by dividing the value of the fund by the number of units held in the fund.

**Use of information and materials**

The information contained in this brochure is not intended to provide professional advice. You should obtain appropriate professional advice when necessary.

This brochure together with Investment-Linked Plans insertion (if any) is for general information only and is not to be construed as a Takaful contract and no consideration has been given to the particular circumstances or needs of any person. You should read the Product Disclosure Sheet and Product Illustration for more information and the Takaful Certificate for the complete terms and conditions of this plan.

Should you require additional information about Family Takaful, please refer to the insuranceinfo booklet on 'Family Takaful' or visit [www.insuranceinfo.com.my](http://www.insuranceinfo.com.my).

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