

# Employee Pension Plan

Product Brochure

When we retire and stop working we all look forward to enjoying a level of financial security that would allow us to maintain our current lifestyle and care for our loved ones. With the ninth highest life expectancy in the world by 2050, Malta has one of the highest ageing populations. On average Maltese reaching retirement will be expected to live to 85 years by 2050 (source: UN statistics).

As a consequence, relying solely on the more traditional forms of funding for retirement may not be enough to sustain an adequate standard of living. That is why having a separate pension plan to supplement the State pension by putting some money aside regularly is a good idea.

### Start saving for your retirement today

The Employee Pension Plan (the "Plan") is a long term unit linked contract of insurance which is recognised by the Commissioner for Inland Revenue as a Qualifying Pension Scheme under the Voluntary Occupational Scheme Rules (S.L. 123.175), which means Contributions may be eligible for tax credits if You meet the relevant tax eligibility criteria. Tax credits are also available to Your Employer. The Plan is a voluntary occupational pension scheme set up by Your Employer to help You save for Your retirement and may accept regular and lump sum Contributions from You and Your Employer during Your term of employment with the Employer.

The long term nature of the Plan allows You to save money on a regular basis and to invest additional lump sums at specific time windows in the future. Contributions to the Plan will be made by Your Employer or by both You and Your Employer.

The Plan aims to build up a sum of money, which will be used to provide a regular income during Your retirement ('Programmed Withdrawals'), in order to supplement the State Pension. Prior to starting the Programmed Withdrawals and subject to applicable regulations, You may also choose to withdraw a cash lump sum of up to 30% of the value of Your Plan at the date of withdrawal. The said lump sum, if applicable is exempt from tax in Malta. The option to withdraw this lump sum is subject to certain conditions under the Pension Rules of the MFSA and should You qualify to make such withdrawal, You may withdraw the lump sum in one or more instalments over a period which does not exceed a year from the first instalment. You may opt for such a lump sum at an age which is not earlier than age 61 and not later than age 70, but only where Your Plan has been in place for at least 10 years. Please refer to the 'Important Note' further below.

The Plan offers a range of local and international investment options through the HSBC Life Assurance (Malta) Ltd unit-linked funds (hereinafter referred to as 'HLM Funds' or 'unit linked funds'), providing a convenient way to indirectly invest in global and local financial markets. You also have the flexibility to switch between the HLM Funds, thereby allowing You to react to market developments.

**Important Note:** The option to withdraw up to 30% of the Plan is subject to certain conditions under the prevailing Pension Rules of the MFSA which require a sufficient retirement income for life to remain in the Plan and therefore this option may not

necessarily be available to You. Legislation is subject to change and may also affect/change the amount of lump sum you can access from your Plan in the future. Should you require more information on applicable conditions please contact, your Premier Relationship Manager or a Financial Planning Advisor at HSBC Bank or any other independent financial advisor of your choice.

### Key Features

#### Age at inception

Between 18 and 59 years.

#### Minimum Duration

10 years.

#### Minimum Contribution

€60 monthly (this includes both Your Employer's and Your contribution, if applicable).

€300 minimum for any single premium add-ons.

#### Premium Payment Frequency

Monthly.

#### Life Cover

The plan automatically comes with a Guaranteed Life Assurance of €2,500 payable in the event of Your death by the age of 60. This limited life cover is given free of charge.

In the event of Your death, We will pay Your designated Beneficiaries:

- i. The higher of the Guaranteed Life Assurance (€2500) or the Bid Value of Your Plan as at the date of notification of death if death occurs before the age of 60; or
- ii. The Bid Value of Your Plan as at the date of notification of death, if death occurs after the age of 60.

#### Tax Credit

If you are at least 18 years old and domiciled and/or resident in Malta for tax purposes your contributions may be eligible for a tax credit of 25% up to a maximum of €750\* or such other amount as may be prescribed from time to time by legislation. This tax credit cap of €750 applies on the aggregate amount of qualifying contributions made in one calendar year. The tax credit is only available with respect to the income tax chargeable for the year during which the contribution was made. Unused credits cannot be carried forward to future years.

Your employer may also benefit from tax incentives on contributions they make on your behalf.

In order to ascertain Your exact tax status, You should seek independent professional tax advice regarding Maltese and foreign tax legislation applicable to investments in unit-linked policies that are Qualifying Schemes in terms of the Voluntary Occupational Pension Scheme Rules (S.L. 123.175), and to income and gains derived from them and from their disposal.

\* tax credit applicable from year of assessment 2022



### Taking retirement benefits

Income can be taken at retirement in the form of Programmed Withdrawals subject to rules applicable at the time. Under the current legislation you may start to take the benefits between the ages of 61 and not later than age 70. The Plan cannot be surrendered or cancelled other than within the initial 30 days from receipt of your Plan.

Prior to starting the Programmed Withdrawals, subject to applicable regulations and certain conditions under the prevailing Pension Rules of the MFSA being met (which require a sufficient retirement income for life to remain in the Plan), you may also be eligible, to withdraw a cash lump sum of up to 30% of the value of Your Plan at the date of withdrawal. The remaining balance of the funds in the Plan is to be used to provide you with a regular income which is subject to income tax. You may only take out the lump sum and programmed withdrawals after the Plan has been in place for at least 10 years and within the age bracket indicated above. The said lump sum, if applicable is exempt from tax in Malta. Please also refer to the "Important Note" on page 2.

### Premium Holiday Option

Premiums may be suspended at any time during the life of the plan for 1 year periods. Policyholders may resume contribution payments, as long as the plan still has a value. The premium holiday facility may be renewed annually after completing a financial planning review with one of the HSBC Bank Wealth Advisors and is subject to the Company's discretion. Any premium holidays will decrease the policyholder's end benefits.

### Additional Contributions

You may make additional lump sum contributions to Your Plan. Single contribution add-ons are subject to a minimum of €300.00 (no maximum). This contribution may be allocated to your original HLM Fund(s) or into new HLM Funds.

### What are the HLM Unit-Linked Funds?

The Plan allows you to participate in a range of HLM Funds denominated in euro, investing in a range of local and international funds having exposure to local and foreign bond and equity investments.

The value of the Plan is linked to the value of the HLM Funds which You have chosen to invest in. The HLM Funds, offered by HSBC Life are linked to underlying assets held in a range of investment fund vehicles in different currencies. These underlying funds are managed by local and international fund managers with a proven track record of professional investment management.

The range of underlying funds available have been carefully selected to provide You with a wide choice of investment opportunities and caters for people of various ages, risk preferences and for different market conditions. You will be able to structure your portfolio of investments, by selecting from the range of HLM Funds available, in order to balance growth and risk according to your personal preferences and financial needs.

Your investment decision should be based on the full details of the Key Features Document (KFD), the Key Information Documents (KIDs) of the HLM Funds and the HLM Fund Fact Sheets. Please note that the names and details of the

underlying funds within the HLM Funds will be available on the HLM Fund Fact Sheets. These HLM Fund Fact Sheets and the HLM Fund KIDs are updated on a regular basis and you should regularly refer to the most recent versions to remain updated on any important changes and monitor the performance of your Plan.

The HLM Fund Fact Sheets and the HLM Funds KIDs are available from any HSBC branch or from HSBC Bank Malta p.l.c. website [www.hsbc.com.mt](http://www.hsbc.com.mt) by clicking on the "Investing" tab and select "Insurance forms" under 'Important Information'. Further information will be supplied upon your request.

### What will affect my return?

The final value of Your Plan will depend on a number of factors such as:

- The amount that Your Employer and You invest and how long and Your employer continue to make contributions.
- The proportion of contributions that are allocated to Your Plan and the charges described in the Key Features Document.
- Volatility in the value of bonds, equities and currencies in which the underlying funds linked to Your plan invest.
- If You decide to take a premium holiday.
- Inflation, which reduces the value of what the same income could buy in the future compared to today
- If You transfer the Plan to another Qualifying Pension Scheme during the first five years, since transfer charges shall apply. Where the Plan is being transferred or converted to another Qualifying Scheme offered by HSBC Life no transfer/conversion charges shall apply.

### Do I have to pay any fees or charges?

The Plan has an easy to understand and transparent charging structure as detailed in the KFD, the HLM Fund Fact Sheets and the HLM Fund/s KIDs that shall be provided to You before concluding the Plan. Please ensure You take time to review these documents.

### What happens if I leave my employment or if my employer ceases to make contributions?

If You leave Your current employment and Your new employer offers an alternative Qualifying Pension Scheme, you may transfer your Plan to the Qualifying Pension Scheme established by Your new employer. In such case, You will be entitled to transfer the investment value of the units linked to Your Plan at that point in time.

Alternatively, You may retain your vested pension rights as dormant pension rights in the Plan in the form of the accumulated funds in Your Plan but You will not be able to make any further Contributions.

The HLM Funds linked to Your Plan will continue to be invested in the same manner and their value will vary reflecting the performance of the underlying funds and You will remain locked in until You are eligible to withdraw benefits. Switches and re-directions of funds will however also be possible.

You may also choose to convert Your Plan to a Personal Pension Scheme that is also recognised as a Qualifying Pension Scheme, which is provided by Us (or by any third party provider) and continue to save towards Your pension by making further contributions in the Personal Pension Scheme. Transfer/Conversion charges may apply if the transfer/conversion is done within the first 5 years of the Plan. More information can be found in the Key Features Document.

### Is this a long term commitment?

The Plan is designed as a savings plan for retirement purposes and an early surrender of the Plan is not allowed.

This product is therefore a long term commitment and You must bear in mind that You will not be able to access any benefits before You reach the age of 61\* and before 10 years have passed from the commencement date of Your Plan. Benefits must commence before You reach age 70.

\*Age is determined by legislation which may change from time to time.

### Key Information Document (KID/s) for the HLM Funds

We make available the KID/s for each HLM Fund. To view these KID/s please visit [www.hsbc.com.mt](http://www.hsbc.com.mt) then click on the "Investing" tab and select "Insurance forms" under 'Important Information' > Key Information Document

The HLM KID/s include a summary of important facts that you should read carefully before concluding the Plan.

### What is the tax situation?

We advise you to seek independent professional guidance regarding both Maltese and International Tax Laws which are applicable to investments in unit-linked plans and to income/gains derived therefrom and from their disposal. More information can be found in the Key Features Document.

### To find out more

For more details about the Plan you may contact HSBC Bank Malta p.l.c. which is our appointed Tied Insurance Intermediary and the Distributor for this Plan as follows:

- Phone Our Contact Centre on:-
  - (+356) 2148 9100 Premier Customers
  - (+356) 2148 9101 Advance Customers
  - (+356) 2380 2380 Other Customers
- Visit your local HSBC branch.

Any information contained in this brochure is generic and not based on Your personal objectives, financial situation and needs. This information is not to be construed as investment advice. It is important that You read the Key Features Document and other associated documentation as mentioned above.

This document has been prepared on our understanding of current Maltese legislation, tax laws and Inland Revenue practice at time of publication. The applicable laws and legislation may change in the future. Please consult your Tax Advisor for confirmation of tax benefits applicable to your circumstances. Should you become resident in a country other than Malta, you should obtain advice of the impact of this Plan in that country. For full details and information including general risks and related policy charges please refer to the "Employee Pension Plan" Policy Terms & Conditions, Key Features Document and the HLM Key Information Document.

HSBC Life Assurance (Malta) Ltd (Registered Office: 80, Mill Street, Qormi QRM 3101 Malta. Company No: C18814) is regulated and authorised by the MFSA (Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010 Malta) to carry on long term business of insurance under the Insurance Business Act 1998. HSBC Bank Malta is enrolled as a Tied Insurance Intermediary for HSBC Life Assurance (Malta) Ltd under the Insurance Distribution Act, (Cap 487 of the Laws of Malta). (Registered Office: 116, Archbishop Street, Valletta VLT 1444. Company No: C3177).

This information is not to be construed as investment advice.

HSBC Insurance is a trading name used worldwide by the insurance businesses of the HSBC Group, including HSBC Life Assurance (Malta) Ltd which has issued this document.

Approved and issued by HSBC Life Assurance (Malta) Ltd. 80, Mill Street, Qormi QRM 3101, Malta  
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