



## Bonus Declaration 2025 Internal FAQ

### A. Questions related to 2025 bonus decision.

**1. How are the Participating Funds / Participating Plans affected in the 2025 Bonus Declaration?**

Participating Fund	Bonus Action
Par 1 - Participating plans launched before January 2005	Maintain bonus rates
Par 2 - Ex-John Hancock Pte Ltd Participating policies	Maintain bonus rates
Par 3 - Participating plans launched since January 2005 till June 2013	Maintain bonus rates
Par 5 - Participating plans launched since July 2013 till June 2021 (Including products distributed by DBS)	Maintain bonus rates
Par 6 - Single Premium short-term endowment product (Open to New Business)	Maintain bonus rates
Par 8 - Participating policies issued on and after 1 July 2021 (Open to New Business)	Maintain bonus rates
Par 9 – Participating Fund denominated in USD with 50% equity. Launched in Jul 2024 (Open to New Business)	Maintain bonus rates
Par USD - Participating policies denominated in USD and issued since July 2017 (Open to New business)	Maintain bonus rates

**2. What is the Reversionary Bonus rate declared on my policy in my next policy anniversary date?**

We are maintaining reversionary bonus rates for all participating plans.

The reversionary bonus rate to be declared for your upcoming policy anniversary date, that falls between 1 Jul 2025 and 30 Jun 2026, will stay the same as the one declared on your last anniversary date. It will be reflected in the Anniversary Statement sent to participating policyholders in the upcoming policy anniversary in 2025/2026 and is a guaranteed increase in your policy values.

**3. How are the other life insurers' Participating Fund performance compared to Manulife? And are they also revising their bonus this year?**

Each Participating fund is unique on its own due to their compositions of different products in the Participating funds such as differences in product design / benefits and bonus structure, short or long-term products, investment strategies including asset allocations, governance framework or philosophy, etc.

**4. Is my money still safe with Manulife?**

Manulife is committed to managing your investments diligently. Our strategy focuses on quality investments, designed to capitalize on growth opportunities over time while withstanding short-term fluctuations, giving you the highest level of security on your policies while also providing you with fair returns.

We have a strong track record of growing our Participating Fund assets to S\$24.9b as at December 2024. Manulife Singapore is rated AA- by S&P.

### B. Questions related to overall Participating Fund performance.

**5. What are the key reasons for the favorable investment return for year 2024?**

The recovery in equity markets in second half of 2024 contributed significantly to the overall investment return for year 2024.

**6. What is the outlook for 2025 and how would it impact our bonuses next year?**

We anticipate continued volatility in 2025 with US tariff policy changes and the ongoing geopolitical tensions. Amidst these challenges, we will continue to be discerning in our investment decisions focusing on fundamentals whilst also being cognizant of downside risks.

Please refer to Question 12 for detailed information on our bonus declaration process. We review the bonus rates for the Participating policyholders annually. Investment performance will be considered alongside other experiences for the fund and will be deliberated when a bonus decision is being made in **2026**.

**7. As the historical investment performance of the Participating Fund has been volatile, how does this affect the policyholders' bonus rates?**

The participating fund is managed through a smoothing mechanism. The profits built up during good investment years will not be fully distributed to policyholder. Part of the profits are reserved under the Participating funds to support future bonus declarations in times of market downturn or if the funds subsequently do not perform as per expectation. This will eliminate the volatility in terms of investment performance.

Arising from this, we may not raise bonus rates at the first sign of the economy improving as a buffer for future downturns. Likewise, we may not cut bonuses as severely, if at all, when the economy falters.

For Manulife, our priority is always to safeguard our policyholders' long-term interests by giving them sustainable and fair returns. In this regard, we consider both long-term historical returns and long-term outlook of the fund. We may not respond immediately to short-term outperformance or underperformance but strive to provide a stable return to the policyholders over the policy term.

**8. Will bonus be reduced / increased in the future?**

Future bonuses will depend on the prevailing Participating Fund experience and consideration of the economic market outlook and expected future performance of the Participating Fund.

Any changes to bonus rates will be made only after we have carefully reviewed the experience of our Participating Fund. We review the bonus rates for the Participating policyholders annually and our Appointed Actuary's recommendation is deliberated and approved by the Board of Directors. Our priority is always to safeguard our policyholders' long-term interests by giving them the highest level of security on their policies while providing them with fair returns.

**9. The Participating Fund Statement shows that percentage investment in equity market has slightly increased to 31% in 2024, how is this going to affect the bonus declaration in the future?**

We monitor the asset allocation of the Participating Fund regularly and ensure they do not deviate from the investment benchmark of 30%\* significantly. While the percentage allocation into equity market remained the same, it is still within a reasonable range. Our aim is to maximize the return for our policyholders over the long term, while maintaining the financial strength of our Participating Fund to meet our commitments to our policyholders.

*\*30% is the current strategic asset allocation (SAA) for all Participating products except for:*

- ManuWealth Plus / ManuFortune / ManuHarvest / Manulife Abundance / Manulife Boost Series / Manulife Goal Series / SavvyEndowment Series (0% allocation to equity) and
- Signature Legacy Growth (50% allocations to equity)

**10. Why is the investment performance different between ManuWealth Plus / ManuFortune / ManuHarvest / Manulife Abundance / Manulife Boost Series / Manulife Goal Series / SavvyEndowment Series, Signature Legacy Growth, Participating Fund denominated in USD and all other Participating policies?**

The difference in investment performance is due to the difference in investment strategy between these product categories. Policyholders may refer to Section 2 of the Participating Fund Report 2024 for target asset mix of each product category which is available on our public website.

## **C. Questions related to generic understanding of Participating products and their bonus(es)**

### **11. What is the difference between Reversionary Bonus, Cash Bonus and Terminal Bonus?**

Reversionary bonus is an annual bonus that adds to the cash value and claim benefit.

Cash bonus, that could be in the form of non-guaranteed regular coupons or non-guaranteed regular income for some participating plans, is declared annually. Policyholders can opt to withdraw regular coupon / regular income or accumulate it with the Company.

Reversionary and cash bonuses are product-specific and are guaranteed once declared.

Terminal bonus may refer to maturity, surrender, or claim terminal bonus which is an additional bonus:

- Paid to policies upon maturity.
- Paid when a policy is surrendered after being in force for the required minimum period.
- Paid when there is a claim for death, total and permanent disability, critical illness, or terminal illness.

Terminal bonus is product-specific and is not guaranteed.

### **12. What is Manulife's Bonus Declaration process?**

Our Appointed Actuary evaluates the experience of the Participating Fund and recommends bonus rates to the Board of Directors. When making such recommendations, our Appointed Actuary is required to take into account several factors, including:

- a) equity among different policies and their policyholders,
- b) the impact on prospective financial conditions of the Fund; and
- c) other requirements under Singapore's Insurance Act 1966.

90% of our Participating Fund surpluses are allocated to participating policyholders before the remaining 10%\* can be distributed to corporate shareholders. It is in our interest to declare fair bonuses to participating policyholders. If policyholders receive lower bonuses, our shareholders will also receive less.

*\*10% is the maximum allowable sharing ratio under the gated participating rule. For some of the products, corporate shareholders are sharing lower profits.*

This bonus declaration has been approved by our Board of Directors. Monetary Authority of Singapore (MAS) has also been notified of the change of bonus rate. It is a prudent measure to align the policyholder values with the Participating Fund performance, ensuring that future benefits provided to our policyholders are sustainable by maintaining our financial strength. Our priority is always to provide fair returns to our policyholders while safeguarding our policyholders' long-term interests by giving them the highest level of security on their policies.

### **13. How is my interest as a participating insurance policyholder protected?**

At least 90% of our Participating Fund surpluses are allocated to participating policyholders before the remaining 10%\* can be distributed to corporate shareholders. It is in our interest to declare fair bonuses to participating policyholders. If policyholders receive lower bonuses, our shareholders will also receive less.

*\*10% is the maximum allowable sharing ratio under the gated participating rule. For some of the products, corporate shareholders are sharing lower profits.*

### **14. Will policyholders lose out if Manulife decides not to declare higher bonuses? What is the treatment on the excess returns?**

Policyholders will not lose out if Manulife decides not to declare higher bonuses. Excess investment returns will continue to be accumulated within the fund to smooth the bonus allocations over time to avoid short-term fluctuations that can occur in year-to-year investment. At least 90% of our Participating Fund surpluses are allocated to Participating policyholders before the remaining (10% at most) can be distributed to corporate shareholders, so the policyholders' interest is always safe guarded.

## D. Questions related to the confidence in Manulife

### 15. What are the steps that Manulife is taking to prevent or minimize future bonus rates revision?

We regularly explore various investment opportunities to enhance the future investment returns for the Participating Fund. We have diversified our equity investment into non-Singapore equity markets and continued to increase our investment in non-SGD fixed income assets. Our aim is to optimize the return for our policyholders, while maintaining the financial strength of our Participating Fund to meet our commitments to our policyholders.

### 16. Will Manulife take any action if their fund managers are not achieving the desired rate of return?

We diligently monitor the performance of our Participating Fund and actively seek the optimum asset strategy to maximize risk-adjusted returns. Our priority is always to safeguard our policyholders' long-term interests and we will take all necessary actions to do so, which includes ensuring that we appoint the right fund managers with the required expertise.

## E. Questions related to policyholder communications

### 17. What are the materials that have been sent to policyholders to inform them about the bonus declaration to their policies?

Policyholders will receive a single Communication Pack to inform them about the impact to their policies. The Communication Pack contains the following materials:

- Cover letter from the CEO

In which, policyholders will also find the link to "Participating Fund 2024 Update" that Manulife publishes on its website.

### 18. When will policyholders receive communications about the bonus declaration?

Policyholders are informed progressively, from 1<sup>st</sup> July to 30 July 2025.

### 19. When will policyholders receive their Policy Anniversary Statement?

Policyholders will receive their policy anniversary statement on their next policy anniversary.

### 20. How can policyholder know the illustrated values of his/her policies?

For plans launched after Jul 2024, the policy Illustration (with the initial illustrated values) attached to your policy contract remains the same as there is no bonus revision for those.

For plans launched between Jan 2005 and Jul 2024:

- For the five participating plans that are affected in 2024 bonus revision, the policyholders may refer to the Bonus Revision Letter sent to them in Jun-Jul 2024 on the policy's illustrated maturity values.
- For policies not affected by 2024 bonus revision:
  - For policies that were affected previously by 2021 bonus revision, the policyholders may refer Bonus Revision Letter sent to them in Jul 2021, or the revised illustration upon policy changes if applicable, whichever later.
  - For policies that were not affected previously by 2021 bonus revision, the policyholders may refer to the initial benefit/policy illustration for illustrated surrender or maturity values, or the revised illustration upon policy changes if applicable, whichever later.

For policies incepted before Jan 2005:

- For policies affected by 2024 bonus revision, the policyholders may refer to the Bonus Revision Letter sent to them in November 2024 for illustrated surrender or maturity values, or the revised illustration upon policy changes if applicable, whichever later.
- For policies not affected by 2024 bonus revision, the policyholders may refer to the initial benefit/policy illustration for illustrated surrender or maturity values, or the revised illustration upon policy changes if applicable, whichever later.