

Effective from 1 August 2018 Treatment of Annuity Scheme under Old Age Living Allowance (OALA)

Pre-surrender value

Not counted as asset

Payout


Counted as monthly income

Surrender value

Counted as asset



Note: The above treatment is also applicable to applicants aged 65 to 69 of Guangdong Scheme and Fujian Scheme.



Whether to subscribe for any annuity scheme is a matter of personal decision of elderly persons.

An example for illustration

**A singleton
male elder
aged 65**

**Asset:
\$600,000**

**Income:
pension \$2,500**

An example for illustration

Not subscribe for any annuity scheme

Subscribed for an annuity scheme with pre-surrender value of \$300,000

Subscribed for an annuity scheme with pre-surrender value of \$500,000

Asset: \$600,000	Exceeding asset limits for OALA Normal OALA : \$334,000 Higher OALA : \$146,000
Income: pension \$2,500	Meeting monthly income limit for Normal / Higher OALA (\$7,820)

Not eligible for OALA

Remaining asset: \$300,000 (pre-surrender value of \$300,000 is not counted as asset)	Meeting asset limit for Normal OALA
Income: monthly payout at about \$1,740* + pension \$2,500 = \$4,240	Meeting monthly income limit for Normal OALA (\$7,820)

Eligible for Normal OALA

Remaining asset: \$100,000 (pre-surrender value of \$500,000 is not counted as asset)	Meeting asset limit for Higher OALA
Income: monthly payout at about \$2,900* + pension \$2,500 = \$5,400	Meeting monthly income limit for Higher OALA (\$7,820)

Eligible for Higher OALA

* Note: The return rate is made reference to the amounts estimated under the HKMC Annuity Plan of the Hong Kong Mortgage Corporation Annuity Limited.