

INVEST TALK



UNITED OVERSEAS BANK

A quarterly newsletter by The Investment Services Division MITA(P)092/07/99

The more you put into UOB-SRS, the lighter your tax burden.

Introduced in April this year, the Supplementary Retirement Scheme (SRS) is Singapore's very first tax-driven retirement investment plan. Contributions to the SRS are accumulated tax-free and help to provide for an additional nest egg over and above our CPF savings to see us through our retirement years.



Contents

Cover Story

Feature Story

Market Bulls & Bears

Product Highlights



Interesting Facts

- The Supplementary Retirement Scheme (SRS) is a voluntary but potentially powerful retirement savings scheme
- It is Singapore's first tax-advantaged retirement investment scheme that complements your CPF savings
- Savings into the scheme are tax deductible
- Any taxpayer with investments in SRS will get a tax savings.

To ensure this, the scheme has imposed a 5% penalty fee on early withdrawals prior to retirement, which will also be subjected to income tax. The Supplementary Retirement Scheme's objective is after all, to encourage individuals – like you to save, invest and set aside monies for retirement purposes.

How would the scheme benefit you then? Other than the potential investment gains from your SRS contribution, the tax savings that you enjoy can also be re-invested to reap additional returns. This can be seen from our illustration provided. To find out more, you are invited to the:

“Living The Golden Years” Seminar

Date: 21 July 2001, Saturday

Venue: Westin Stamford & Plaza,

Canning Room

Time: 2pm – 5.30pm

Admission: Free

Please register early as seats are limited.



>>>>>continued on next page

Editor's Note



PAUL VALERY, one of the greatest French writers of the 20th Century, once remarked that “the trouble with our times is that the future is not what it used to be.” In an environment such as the current investment arena, where change appears to be the only constant element, one sometimes cannot help but agree...

At UOB Investment Services Division, we know that we must constantly strive to change for the better and to stay ahead of the curve. As a start, we have revamped our Invest Talk to give it a more refreshing and reader-friendly feel. It has also expanded in depth – to include a section on market outlook and bancassurance, through a collaborative effort of our Product and Marketing teams.

We have also done up an interesting feature story for this issue, entitled “There's more to Insurance than Life”. While none of us know what the next change is going to be or what awaits us around the corner, we can give ourselves the peace of mind by insuring our future. Our MOST protection plans are there to help you weather through life's uncertainties and to help you get more from what you have.

MOST people look forward to their golden years... do you?

Yours truly,
Kenneth Koh Chi Kian
Vice President
Head, Investment Services Division
Personal Financial Services Sector



UOB Life Fund of Funds

- Enjoy the convenience of investment and insurance, all in one go.
- Choose from one or more of our 12 funds, which are invested in unit trusts managed by UOB Asset Management.
- A choice of 3 free switches between funds per policy year*
- Flexibility of changing the sum insured anytime
- Sum assured for life coverage from 125% to 300% of total investment value.
- All you need is a minimum of S\$5,000, using cash or CPF.



The Insurance
WITH YOU
in mind.



Underwritten by:

Platinum Master

- Exceptional coverage, with an escalating cash value
- Covers death & terminal illnesses up to age 100
- Covers total & permanent disability up to age 65
- Increased protection with addition of Living Term Rider
- Fast cash accumulation from 20th year onwards
- Guaranteed sum plus escalating compound bonuses
- Waiver of premium (on child or on own life)
- Option to automatic transfer of policy ownership when child attains 23 years of age
- Entry age of 1 month to 55 years, acceptance subject to underwriting
- Guaranteed insurability for purchase of new plan*

Platinum Shield

- High coverage with very affordable premiums
- Whole life protection with decreasing term rider up to 70
- Covers death & terminal illnesses up to age 100
- Covers total & permanent disability up to age 65
- Fast cash accumulation from 20th year onwards
- Platinum Cheers cash bonus
- Entry age of 1 month to 55 years, acceptance subject to underwriting
- Guaranteed insurability for purchase of new plan*



Underwritten by:

Visit any UOB
Group Branch or
Invest Shop
today. Or call
1800-22 22 121
for more
information.

* Terms & conditions apply. Not applicable to plans that have dread disease coverage or term insurance. **Disclaimer:** Buying an insurance policy is a long-term commitment. An early termination of policy usually involves high costs and the surrender value payable may be less than the total premiums paid.





The example below helps to illustrate the benefits of contributing to the SRS:

Assumptions • Statutory Retirement age is 62 years old • Current Age: 35 years old
• Years to Retirement: 27 years • Income: \$70,000 per annum over 27 years • Maximum SRS contribution cap: \$10,500 (contributed through retirement, 62) • Withdrawals upon retirement are spread over 10 years (the maximum allowable withdrawal)

Comparison of tax chargeable income if a single SRS of \$10,500 contribution is made in a year:

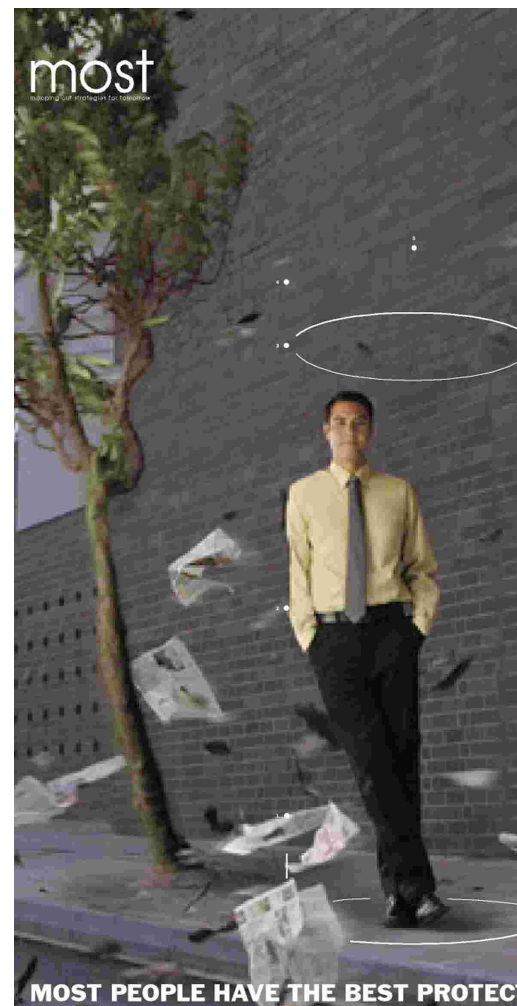
	Without SRS	With SRS
Assessable Income	\$70,000	\$70,000
Less: Personal Reliefs:		
Personal and Earned Reliefs	\$4,000	\$4,000
CPF Contributions	\$16,000	\$16,000
SRS Contributions	\$0	\$10,500
Other Reliefs	\$200	\$200
Total Tax Relief	\$20,200	\$30,700
Tax Chargeable Income	\$49,800	\$39,300
Income Taxes		
Gross Income Tax Payable	\$3,751	\$2,491
Less: Rebate @ 5%	\$188	\$125
GST Rebate	\$500	\$500
Income Tax Payable	\$3,063	\$1,866
YEARLY TAX SAVING (\$3,063 - \$1,866)		\$1,197
Illustration Of Returns		
Total Accumulated SRS Investments @ 5.00% p.a. over 27 years	=	\$602,727
Accumulated Tax Savings re-invested @ 5.00% p.a.	=	\$68,711

As illustrated above, you will enjoy a tax saving of \$1,197 per annum when you participate in SRS. And when you re-invest the tax savings, you will enjoy an additional income of \$68,711 potentially.

When you retire at age 62, you may choose to withdraw the SRS balance of \$602,727 over a maximum allowable period of 10 years. The deferred tax payable would vary depending on your withdrawal period.

A tax-paying individual that contributes to the Supplementary Retirement Scheme will benefit from the scheme, given the tax savings generated from contributions made. Before making a contribution, however, you should review the amount of available savings and take into account your income and financial commitments.

To open a UOB-SRS account, visit any UOB Group Branch or Invest Shop today. Or call 1800-22 22 121 for more information.



Useful Tips:

What is a fair rate to save?

Our recommendation: A minimum of 10% of your monthly income.

How much coverage do you need?

Our recommendation: The sum assured should be about 7 to 10x your annual income.

How do the various types of INSURANCE differ?

1 Whole Life Plan

- Emphasis is on savings and protection
- Payment option on a regular or limited basis
- Offers the **highest** death protection
- Core foundation amongst insurance plans
- Offers bonus and cash accumulation
- Premiums payable are affected by the age of the insured

2 Endowment Plan

- Emphasis is on **savings**
- Payment option on a regular or lump sum basis
- Offers attractive returns

- Protection coverage is usually 125% of the single premium paid
- Applicable for CPFIS – OA, SA and SRS investment (Single Premium only)

3 Annuities

- Provide **regular and lifelong income** or for a predetermined period
- These plans are most suitable for retirement
- Payment option on a regular or lump sum basis
- Offer protection coverage
- Applicable for CPFIS – OA, SA and SRS investment (Single Premium only)

4 Term Plan

- **Purely protection** for a specified period of time (usually up to 65 years of age, renewed automatically on a yearly basis)
- No cash value build up
- Offers high insurance coverage at affordable premiums
- Plans vary from Accident to Hospital and Surgical coverage

5 Investment-Linked Plans (ILPs)

- Emphasis is on **investments**
- Offer potential of better returns
- Payment option on a regular or lump sum basis
- Minimum insurance coverage at 125% of single premium
- Premiums can be invested into professionally managed Fixed Income, Equity or Balanced Funds
- Offer great flexibility in altering premium-payments, death benefits, withdrawal of cash value or premium top-ups
- Applicable for CPFIS – OA, SA and SRS investment (Single Premium only)





Securing Your Future – There's more to INSURANCE than LIFE

“A record of \$3,395 million of new business single premium sales was registered for the first quarter of 2001... We expect the growth to continue in the next few years... as the public becomes more aware of the need to plan for future requirements and their children's education as well as for their own retirement.”

Mr Tan Beng Lee, President of Life Insurance Association (LIA)
(Source: LIA Media Release, Thursday 10 May 2001)

Saving for Rainy Days

What does Insurance mean to you? Traditionally, insurance's main role is to protect one's family against the risk of financial loss caused by unforeseen circumstances – especially with the demise of a breadwinner. Insurance can then help to provide for living expenses for the family members.

Your Savings can only Grow

Other than protection from life's uncertainties, insurance can also play a vital role in financial planning by acting as a powerful savings tool. You can then match your savings objectives – be it saving for your children's education or a comfortable retirement with an optimal insurance plan, while enjoying protection benefits at the same time.

Well, many of us work hard for our money. Now, let insurance work hard for you and your family. Discover how you can enjoy comprehensive insurance products that

provide coverage, savings and capital gains with our MOST Protection Plans.

MOST People Have The Best Protection

Under our MOST Protection Plans, there are many insurance and investment opportunities for you. Choose from a wide selection of products to enjoy the best protection and coverage.

For instance, to increase coverage and value over time, you can include Whole Life policies in your plan. Or consider an Endowment Plan, which allows you to build on your savings through regular or single premium contributions. Or you might choose from our wide array of Investment Linked Plans to maximize your investment dollar.

Start with an amount you are comfortable with. Premiums can be paid with Cash, CPF or both.

Market MOVERS and SHAKERS

The second quarter saw the **US markets** rebounding from their earlier lows in the previous quarter. The rebound was supported by the perception that the US economy should be able to avoid a recession given the resilient consumer spending spurred on by the successive rate cuts, the latest being a 0.5% cut in May. A surprised fall in unemployment rate in May also brought hope that the economy may stage a recovery soon.

The **Japanese markets** staged a brief rally in May as the promise of greater economic restructuring efforts from the new Cabinet headed by Premier Junichiro Koizumi sparked fresh interests from investors. However, the markets have since retreated given the spate of weak economic data.

Although the **European markets** remained robust, Europe is facing a fall in manufacturing activities due partly to falling demand from the United States, with Germany and Ireland being the worst hit. Mounting concern about the slowing European economies may have been the reasons for the unexpected 0.25% interest rate cut in May by the European Central Bank (ECB).

Choice of Insurance products offered by UOB

Whole Life Plan	CPF Category*	Endowment	CPF Category*	Annuities	CPF Category*	Investment-Link Plans	CPF Category*	Term	CPF Category*
1 UOB Life Maxi Guard	NA	1 UOB Life Maxi US\$*	NA	1 UOB Life Guaranteed Retirement Annuity 2001/2002*	MSS/ MSPS/ SRS	1 UOB Life Fund of Funds	OA/SA/SRS (for selected funds)	1 UOB Life Mortgage Protector Term	NA
2 UOB Life Long Term Care	NA	2 UOB Life Maxi Savings	NA	2 UOB Life Deferred Annuity*	OA/SA /SRS	2 John Hancock Singature Investment Account*	OA/SA/SRS (for selected funds)	2 UOB Life Revival Assurance	NA
3 UOB Life LifeTime Protector	NA	3 UOB Life Maxi-Dollar Plan	OA/SA/SRS	3 UOB Life Flexi-Annuity*	NA	3 John Hancock Maximum Investment Plan	NA	3 UOB Life Life Special I	NA
4 UOB Life LifeTime Protector Plus	NA	4 UOB Life Maxi-Reward Plans	OA/SA			4 John Hancock Variable Investment Plan	NA	4 UOB Life Life Special II	NA
5 AXA Life Platinum Master	NA	5 UOB Life Guaranteed Cash Plan	OA/SA/SRS					5 UOB Life Family	NA
6 AXA Life Platinum Shield	NA	6 UOB Life Guaranteed Rewards Plan*	OA/SA/SRS					6 AIA Hospital Benefit Plan	NA
								7 AIA Life Cancer Care	NA

Information as at 30 June 2001

CPFIS Ordinary Account (OA) and Special Account (SA) can be used for selected Insurance products only.

* Denotes Single Premium Insurance

Disclaimer: Buying a life assurance policy is a long-term commitment. An early termination of policy usually involves high costs and the surrender value payable may be less than the total premium paid.



Market OUTLOOK

US consumer spending remains robust with consumer borrowings and retail sales rising despite the declining manufacturing activity and productivity. Consumer spending in US should be sustained by tax rebate checks that will be sent to the Americans in the 3rd quarter as part of the Bush administration's tax cut bill. In addition, as it takes about 6 to 9 months for the Fed's rate cuts to affect economic activity, the full benefits of the rate cuts should be felt by businesses and the economy in the coming months.

In the short term, the Japanese markets appear uncertain as the economy is in danger of entering into its 4th recession since 1990 after reporting a 0.2% fall in GDP growth in the 1st quarter this year. The economy is also beset by declining consumer spending, decreasing productivity and mounting bad loans in the banking industry.

Overall, wild swings in the equity markets over the near term are expected to remain as uncertainty surrounding the major economies continues to be a major concern. However, the climate of low interest rate should continue to support the slowing economies and equity markets.

In the longer term, equity markets would benefit from the current phase of corporate restructuring and industry consolidation worldwide, as these initiatives are instrumental in returning companies to profitability. Therefore, investors with longer investment horizon should capitalise on the declining valuations of the equity markets.

Stock Market Indices	Value as at 26.06.2001	From previous quarter		Year to date			
		Chng	% Chng	Net Chng	%Chng	High	Low
Dow Jones IA	10,604.50	1,099.72	11.6	-182.30	-1.69	11,337.92	9,389.48
Nasdaq C I	2,034.84	106.16	5.5	-435.68	-17.64	2,859.15	1,638.80
FTSE-100	5,665.70	263.40	4.9	-556.80	-8.95	6,334.50	5,314.80
DJ Euro Stoxx 50	4,194.96	192.40	4.8	-577.43	-12.10	4,787.45	3,891.49
Aust All Ord	3,364.70	270.40	8.7	210.00	6.66	3,370.70	3,094.30
Nikkei 225	13,044.61	-169.93	-1.3	-741.08	-5.38	14,529.41	11,819.70
STI	1,716.88	1.57	0.1	-209.95	-10.90	1,991.29	1,566.73
KLSE CI	587.89	-81.38	-12.2	-91.75	-13.50	736.34	553.34
Hang Seng I	13,174.02	590.66	4.7	-1,921.51	-12.73	16,163.99	12,063.71
Taiwan WI	4,904.34	-896.21	-15.5	165.25	3.49	6,104.24	4,894.79
Korea CI	599.08	61.11	11.4	94.46	18.72	632.05	491.21

Source: Bloomberg

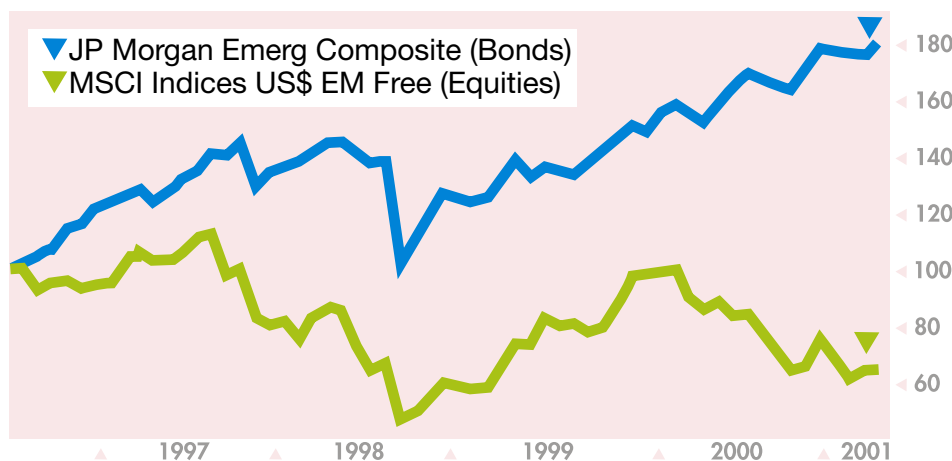
Product Highlights

UNITED GEMS PORTFOLIOS

UOB Asset Management offers the first Singapore registered bond fund investing in Global Emerging Market Debt for asset diversification. The United Global Emerging Markets Portfolios (GEMs), offer two Sub-Funds – The GEMs Investments (S\$) and the GEMs Investments (US\$), denominated in Singapore Dollars and US Dollars respectively.

Invest before 27 July 2001 and enjoy special discounts and Early Bird specials. What's more, you enjoy free insurance coverage by investing into this fund*. The protection, in the event of death or total and permanent disability, is 25% of your investment's market value, or \$125,000 whichever is lower.

Global Emerging Market Bonds vs Global Emerging Market Equities



Source: Bloomberg, US\$, Total Return, May 2001 (88.98% for the JP Morgan EMBI Global Constrained Index over five years to the end of December 2000 against - 23.10% for the MSCI Emerging Markets Free Index).

You are also invited to the GEMs Client Seminar on 7 August 2001, Tuesday at 6.30pm held at the Westin Stamford, The Sophia Ballroom. As seats are limited, please call us to confirm your participation at the seminar.

UOB ASSET MANAGEMENT
Singapore's leading fund manager

Visit any UOB Group Branch or Invest Shop today. Or call 1800-22 22 121 for more information.

* Terms and conditions apply. **Disclaimer:** Past Performance is not necessarily indicative of future performance. Any forecast is not necessarily indicative of future or likely performance of the unit trust. Investments in unit trusts generally are not deposits or other obligations of, or guaranteed or insured by United Overseas Bank Limited or UOB Asset Management Ltd or any subsidiaries or associated companies of UOB Group or any of their affiliates. The value of the units and the income from them may fall as well as rise. All applications for units of the funds must be made on application forms accompanying the prospectus. Investors must read the prospectus for details.





在大华银行 – 退休辅助计划 户头存款越多, 税务负担就越轻

于本年4月推出的退休辅助计划是新加坡首个以减税鼓励的退休投资计划, 在退休辅助计划的存款, 可以累计免税, 并可在我们的公积金储蓄之上提供额外的储备金, 帮助我们退休后更好地生活。

为了确保这一目标, 退休辅助计划对退休前提早提取存款实行5%的罚款, 并需缴付所得税。毕竟退休辅助计划的目标是鼓励个人储蓄、投资以及为退休生活准备更多现金。

那么您从这一计划能够获得怎样的好处? 除了从您的退休辅助计划存款中获取投资收益的潜力外, 您享有的税务节省也可做再投资以取得更多的收获。



您知道吗...

- 退休辅助计划 (SRS) 是一项自愿的然而有深厚潜力的退休储蓄计划
- 它是新加坡首个享有税务优惠的退休投资计划, 作为您的公积金储蓄的补充
- 存入退休辅助计划的储蓄享有免除税务优惠
- 在退休辅助计划投资的任何纳税人将可获得税务节省。

下面的例子说明在退休辅助计划存款的好处:

假定 • 法定退休年龄是62岁 • 目前年龄: 35岁 • 距离退休期限: 27年 • 收入: 每年: \$70,000 共27年
• 退休辅助计划存款顶限: \$10,500 (每年存入直至62岁退休) • 退休后分10年提取 (允许的最长提取期限)

某年存入退休辅助计划 \$10,500, 应缴税收入的比较:

	没有退休辅助计划	有退休辅助计划
估税收入	\$70,000	\$70,000
扣除:		
个人免税		
个人及收益免税	\$4,000	\$4,000
公积金存款	\$16,000	\$16,000
退休辅助计划存款	\$0	\$10,500
其他免税	\$200	\$200
免税总额	\$20,200	\$30,700
应缴所得税收入	\$49,800	\$39,300
所得税: 应付所得税毛额	\$3,751	\$2,491
扣除:		
回扣, 按5%	\$188	\$125
消费税回扣	\$500	\$500
应付所得税	\$3,063	\$1,866
年度所得税节省 (\$3,063 – \$1,866)		\$1,197
回报说明		
累计退休辅助计划投资, 按每年5.00%, 共27年	=	\$602,727
累计税务节省再投资, 按每年5.00%	=	\$68,711

如以上说明, 参加退休辅助计划, 您将获得税务节省, 每年\$1,197。如果您将税务节省再投资, 您将享有一笔额外收入, 潜能达\$68,711。

到您62岁退休时, 您可选择分最长10年期限提取您的退休辅助计划结存的\$602,727。应付递延税将依您的提款期限而变动。

一个在退休辅助计划存款的纳税人将会从中受益, 包括这项存款所带来的税务节省。然而, 在做出生存前, 您应该检讨可储蓄的款额并将您的收入及财务支出考虑进去。

邀请您参加我们的 “黄金岁月生活” 讲座

日期: 2001年7月21日

时间: 下午2时至5时30分

地点: 威信史丹福与广场酒店
Canning Room, Westin
Stamford and Plaza

入场: 免费

座位有限, 请速报名。



编辑寄语



20世纪法国最伟大的作家之一保罗·瓦莱瑞(Paul Valéry)曾感叹道;“我们时代的问题就在于未来并非如同它过去显示的那样。”身处当前这样的环境, 特别是投资舞台中, 变化似乎是唯一的不变因素, 令人有时不得不同意...

在大华银行投资服务部, 我们清楚必须不断完善, 求新求变, 才能跟上时代步伐。我们从改进《话说投资》开始, 赋予它更清新和亲切的面貌。同时, 我们也增加它的深度, 包括通过我们的产品与行销部门协同努力, 引入“市场前景”和“银行保险”栏目。

我们也在本期特别刊登题为“寿险之外的保险”的特写。尽管我们没有人能预测下一个变化是什么, 或者前景如何, 我们还是可以透过对未来投保, 从而获得一份安心。我们的“谋士”保障计划, 帮助您为度过生活中可能的任何不确定因素做好准备, 并且帮助您从已有的获取更多。

许多人企盼他们的黄金岁月...
您呢?

敬祝安康!
高志坚
副总裁
投资服务部主管
个人财务服务总部

Published by
**UOB Investment Services Division,
Personal Finance Services**
United Overseas Bank Limited,
Head Office
80 Raffles Place, #09-00, UOB Plaza 1,
Singapore 048624
Tel: 539 2789 Fax: 539 2840

Editorial Team
Advisor – **Sim Puay Suang**,
Chief Editor – **Kenneth Koh Chi Kian**,
Editor – **Constance Wong Mei Fong**

Printed by
Medialink Printing Services Pte Ltd

Designed by
Litt Lindden Design Associates

要开立一个大华银行退休辅助计划户头,
欢迎您驾临大华银行集团任何分行或投
资站。了解详情, 请拨电 1800-22 22 121。

