

# Passing on your policy with flexibility

(Applicable to Generations Life Insurance Plan III)

## Designate Contingent Policy Owner to ensure your policy endures for generations.

After policy issuance, you can designate a Contingent Policy Owner<sup>1</sup> to ensure a designated family member becomes the new policy owner should the current policy owner pass away unexpectedly.

## Why is it important?

### Without designation of Contingent Policy Owner

In the event of the policy owner's death, the policy becomes part of his/her estate. This situation can lead to several challenges:

- X The new policy owner assigned through probate may not align with the original policy owner's preferences
- X The probate process may significantly delay access to the policy value

### With designation of Contingent Policy Owner

Upon the policy owner's death, this arrangement can:

- ✓ Ensure the policy is taken up by a designated adult family member according to policy owner's wish
- ✓ Ensure policy continuation, allows ongoing wealth accumulation to provide financial support to the family, whether it is for mortgage payments or any other financial obligations

## How does it work?

### While the Policy Owner is alive and the policy is in force

1. If you are not the insured of the policy, you can designate up to three Contingent Policy Owners in the order of priority.
2. The Contingent Policy Owner(s) must be an adult family member<sup>2</sup> of the Policy Owner.

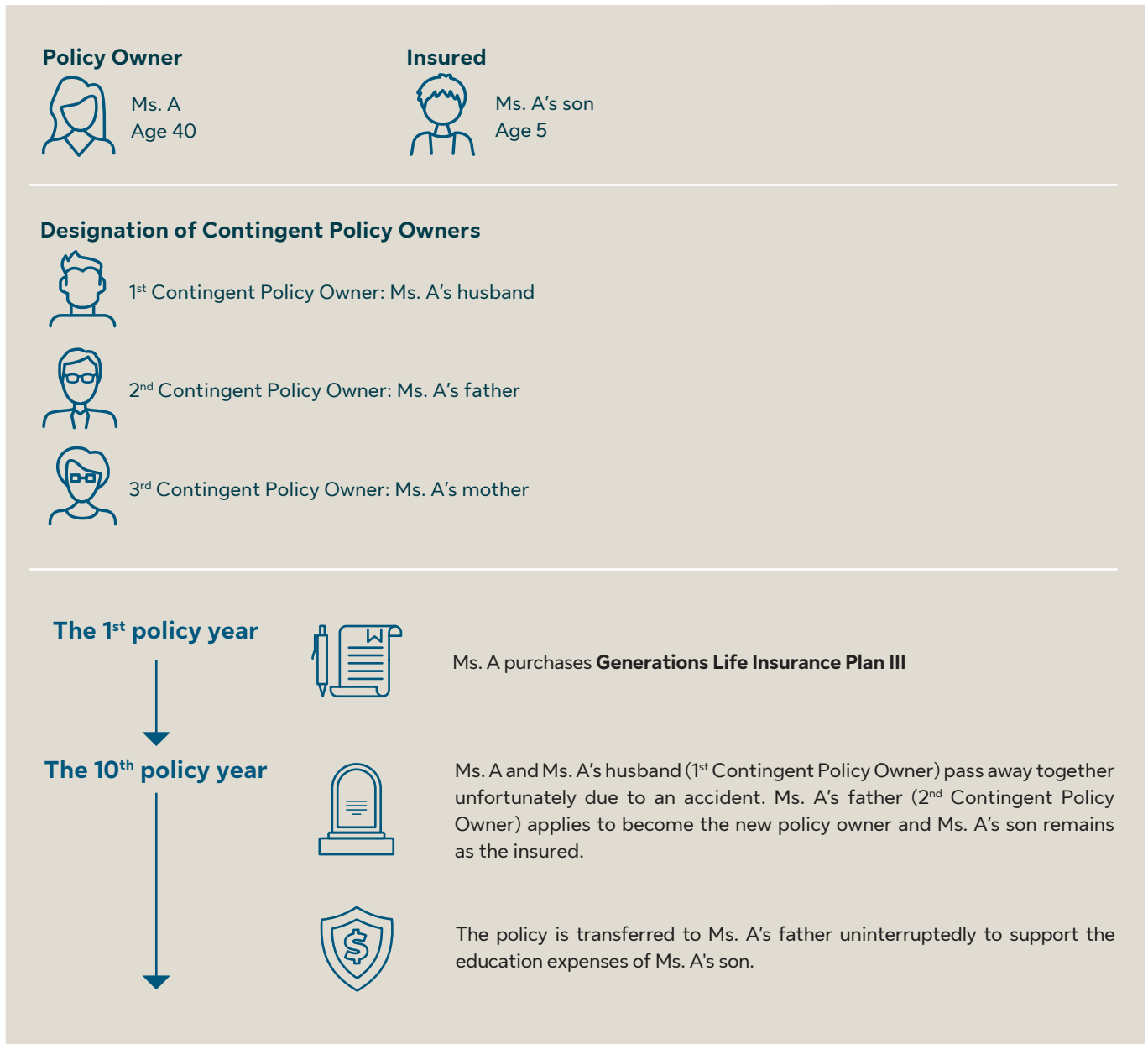


### Upon the death of the Policy Owner

- Each of the proposed Contingent Policy Owner(s) has the right to apply<sup>3</sup> for the full ownership of the policy according to the order of priority instructed by you.
- Only one proposed Contingent Policy Owner shall finally become the new policy owner.

# Example 1

Ms. A is a teacher, she plans to accumulate funds for her 5-year-old son's future education expenses as well as to provide an added layer of security for her family.



**If Ms. A wants her son (Insured) to take up the policy at a certain age, what interim solution could she have?**

We offer a forward-thinking approach as an interim solution. By designating Interim Policy Owner(s), the policy could be transferred smoothly to the insured when the time is right. For details, please refer to the next section "From interim to contingent: Enhancing your policy's flexibility and protection".

# From interim to contingent: Enhancing your policy's flexibility and protection

## Designate Interim Policy Owner to hold the policy temporarily

If you intend the insured to be the contingent policy owner, for additional certainty, you may designate the Interim Policy Owner(s)<sup>4</sup> to hold the policy with restricted rights on behalf of the insured until he / she attains a Designated Age or a Designated Date is reached<sup>5</sup>. This arrangement allows you to designate a trusted adult to oversee the policy temporarily, ensuring your wealth growth potential and financial plans remain intact until the insured is ready to take full control.

## A. How does the interim solution work?

### Designate Interim Policy Owner(s) for the insured

#### While the Policy Owner is alive and the policy is in force



Contingent Policy Owner (Insured)



Up to three Interim Policy Owners

1. Designate the insured as a Contingent Policy Owner (Insured)
2. Designate up to three adult family members<sup>6</sup> as the Interim Policy Owners in the order of priority to hold the policy on behalf of him/her  
**(Interim Policy Owner(s) must be designated if the Contingent Policy Owner (Insured) is a minor)**
3. Set up a Designated Age or a Designated Date for the Contingent Policy Owner (Insured) to take up the policy
4. Grant the Restricted Administration Right(s)<sup>7</sup> to the Interim Policy Owner, for example, set a limit (between 0% - 50%) on how much of the policy value the Interim Policy Owner can withdraw<sup>8</sup> each policy year



### Upon the death of the Policy Owner

#### If the Policy Owner passes away **BEFORE** the Designated Age of Contingent Policy Owner (Insured) or a Designated Date:

- The Interim Policy Owner shall apply<sup>9</sup> to take up the policy as a trustee. The order of priority of taking up the policy as a trustee is instructed by you.
- Upon our approval of the Interim Policy Owner to take up the policy temporarily, the Interim Policy Owner shall hold the policy in the capacity as trustee for the benefit of the Contingent Policy Owner (Insured).
- When the Contingent Policy Owner (Insured) attains the Designated Age or Designated Date has been reached, he/she shall be eligible to acquire the full ownership of the policy.

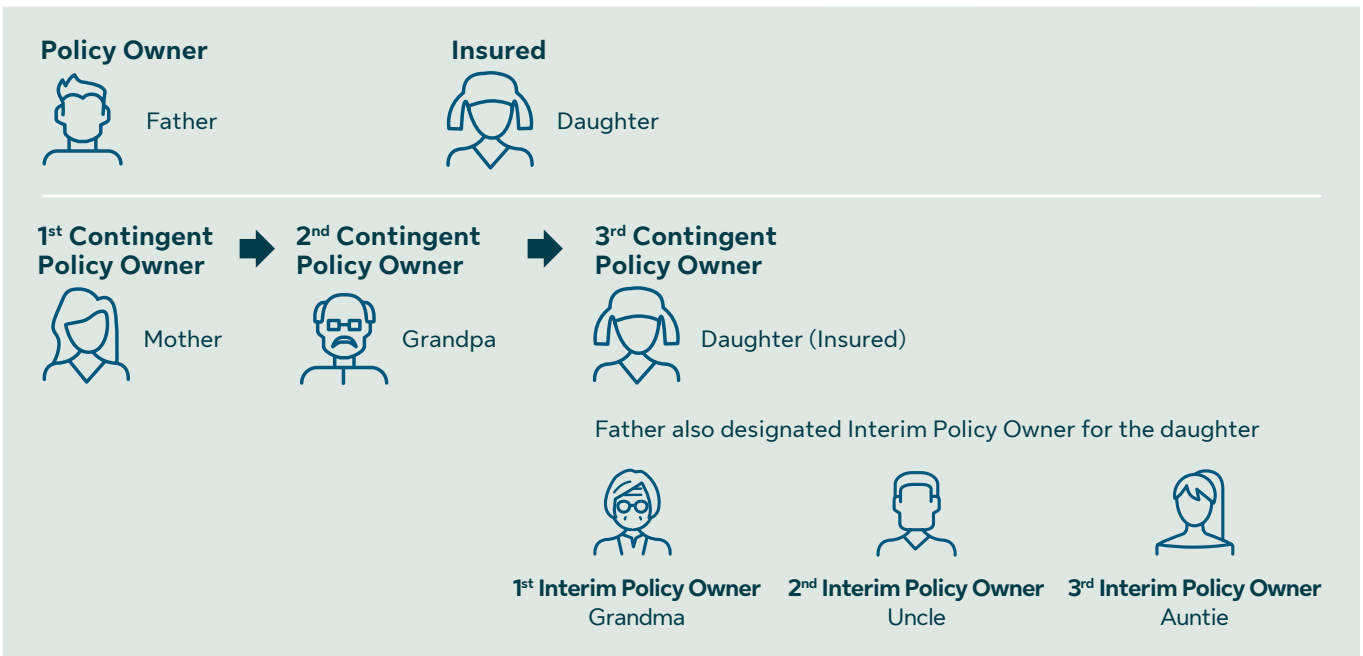
#### If the Policy Owner passes away **ON OR AFTER** the Designated Age of Contingent Policy Owner (Insured) or a Designated Date:

- Any Interim Policy Owner shall have no right to take up the policy as a trustee.
- The Contingent Policy Owner (Insured) shall be eligible to acquire the full ownership of the policy.

## B. Additional Flexibility

To utilize the designation of contingent policy owner(s) and Interim Policy Owner(s) to enhance the flexibility of your policy, you may designate two adult family members as Contingent Policy Owners in the order of priority, and a Contingent Policy Owner (Insured) and up to three Interim Policy Owners in the order of priority, while the Contingent Policy Owner (Insured) must be the last of the order of priority<sup>10</sup>.

### For example:



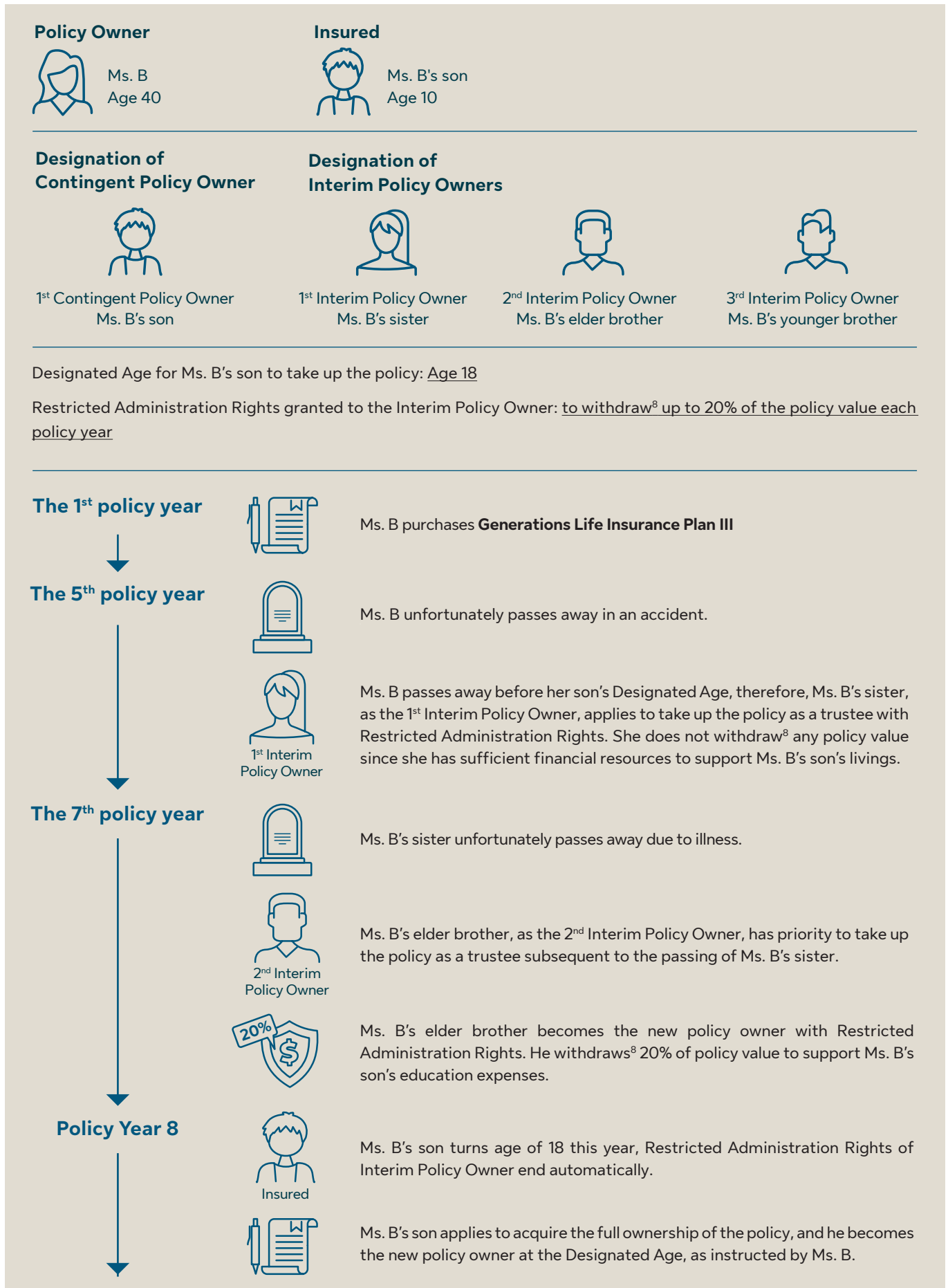
### Why this matters:

- ✓ Ensure smooth policy transfer
- ✓ Effective legacy planning
- ✓ Restricted authority to avoid misuse
- ✓ Ownership granted in priority order

\* For details, please refer to the full terms and conditions on the prescribed form and the sample policy document.

## Example 2

Ms. B is a rising star at a tech conglomerate and wants to maximize financial security for her family during her prime. She is also a single mother, she wishes to accumulate wealth for her son's future expenses.



**Remarks:**

1. This is an administrative arrangement. Sun Life Hong Kong Limited ("Sun Life HK") reserves the sole discretion to approve the designation of Contingent Policy Owner(s) and is subject to the then current administrative rules of Sun Life HK.
2. The Contingent Policy Owner must be related to you as spouse, parent, child, sibling, grandparent, grandchild, or any other relationship within the members of the family of the Policy Owner as approved by us.
3. You must inform the Contingent Policy Owner(s) in advance that upon your death, the Contingent Policy Owner should request to change the ownership of the Policy from you to the Contingent Policy Owner as the new policy owner by completing and submitting to us our prescribed application form and any documents required by us within 365 days from the date of policy owner's death, applications are subject to our approval.
4. This is an administrative arrangement. Sun Life HK reserves the sole discretion to approve the designation of Contingent Policy Owner (Insured) and Interim Policy Owner(s) and is subject to the then current administrative rules of Sun Life HK. The designation of Contingent Policy Owner (Insured) and Interim Policy Owner is only available when you are not the insured.
5. Designated Age means the age of the Contingent Policy Owner (Insured) to take up the policy, as instructed by the policy owner. Designated Date means the date instructed by the policy owner that the Contingent Policy Owner (Insured) is eligible to take up the policy. The actual attained age at which the Contingent Policy Owner (Insured) takes up the policy must be 18 or above.
6. The Interim Policy Owner must be related to the insured as parent, spouse, child, sibling, grandparent, grandchild, niece, nephew, aunt, uncle, cousin or any other relationship within the members of the family of the insured as approved by us.
7. Upon the designation, you can grant the Restricted Administration Right(s) to the Interim Policy Owner that: (a) in each policy year, the right to withdrawal of an aggregate amount up to the maximum withdrawal percentage (as designated by you) multiplied by the policy value of the basic plan of this Policy in that particular policy year on the assumption that, for that particular policy year, the Sum Assured of the Basic Plan of this Policy cannot be less than the minimum amount as required by the then current administrative rules before the Designated Age of the Contingent Policy Owner can take up the policy or the Designated Date of the Contingent Policy Owner can take up the policy at which the Contingent Policy Owner (Insured) can take up the policy ownership; (b) the right to request for general policy administration services, but excluding: (c) the right to exercise any policy administration rights that will result in the change in any person concerned in the policy; (d) the right to set up or change administrative arrangement(s) applicable to the Policy; and (e) the rights that will result in change of the policy values (except those Restricted Administration Right(s) granted by the Policy Owner), and, in relation to the rights excluded in each of (c) to (e) above, the Policy Owner shall not confer any authority to the Interim Policy Owner to exercise any of them. For the avoidance of doubt, the Interim Policy Owner shall have no right to receive any benefit under the Policy.
8. Any withdrawal will be deducted from the Guaranteed Cash Value and the non-guaranteed cash value of Terminal Bonus (Terminal Bonus is non-guaranteed and is determined in accordance with the rules set out by Sun Life HK from time to time. The Terminal Bonus may vary based on the performance of a number of experience factors, with the investment return normally being the main determinant. Other factors include, but not limited to, claims experience, policy expenses, taxes, and policy owner persistency experience.), which in turn will reduce the Sum Assured of the policy and be deemed as partial surrender and will also reduce the long-term value of the policy. The maximum and minimum amount of cash withdrawal is subject to the then current administrative rules.
9. You must inform the Interim Policy Owner(s) in advance that upon your death and which is before the Designated Age or the Designated Date, each of the Interim Policy Owner(s) shall request to apply the policy ownership by completing and submitting to us our prescribed application form and any documents required by us within 365 days from the date of policy owner's death.
10. Upon the Policy Owner's death, the persons you designated can apply for the ownership of the policy, subject to the following priority:
  - a) 1<sup>st</sup> Contingent Policy Owner has first right to acquire the full ownership. Once 1<sup>st</sup> Contingent Policy Owner has successfully acquired the full ownership of the policy, the designation of the 2<sup>nd</sup> Contingent Policy Owner, Contingent Policy Owner (Insured) and Interim Policy Owner(s) shall become immediately void and have no further force and effect;
  - b) 2<sup>nd</sup> Contingent Policy Owner has next right if 1<sup>st</sup> Contingent Policy Owner is unable or unwilling to acquire the full ownership. Once 2<sup>nd</sup> Contingent Policy Owner has successfully acquired the full ownership of the policy, the designation of the Contingent Policy Owner (Insured) and Interim Policy Owner(s) shall become immediately void and have no further force and effect;
  - c) If all Contingent Policy Owners is unable or unwilling to acquire the full ownership before the Contingent Policy Owner (Insured) attains the Designated Age or Designate Date, Interim Policy Owners can apply for ownership with Restricted Administration Rights, subject to the following priority:
    - (i) the 1<sup>st</sup> Interim Policy Owner has the first right to acquire the ownership of the policy with Restricted Administration Right(s) which is subject to our approval;
    - (ii) the 2<sup>nd</sup> Interim Policy Owner has the immediate next right to acquire the ownership of the policy with Restricted Administration Right(s) which is subject to our approval if 1<sup>st</sup> Interim Policy Owner is unable or unwilling to acquire the ownership of the policy with Restricted Administration Right(s);
    - (iii) the 3<sup>rd</sup> Interim Policy Owner has the last right to acquire the Ownership of the Policy with Restricted Administration Right(s) which is subject to our approval if 1<sup>st</sup> and 2<sup>nd</sup> Interim Policy Owners is unable or unwilling to acquire the ownership of the policy with Restricted Administration Right(s);
    - (iv) if the 3<sup>rd</sup> Interim Policy Owner is unable or unwilling to acquire the ownership of the policy with Restricted Administration Right(s), the legal guardian of the Contingent Policy Owner (Insured) shall have the right and be eligible to apply for full ownership of the policy; and
  - d) When the Contingent Policy Owner (Insured) attains the Designated Age or Designate Date, the Contingent Policy Owner (Insured) has the last right to acquire the full Ownership of the Policy within 365 days from the date of him/her attaining the Designated Age or immediately after the Designated Date (whichever is applicable). Once the Contingent Policy Owner (Insured) has successfully acquired the full ownership of the policy, all rights of Interim Policy Owner(s) shall become immediately void and have no further force and effect.

**The following key terms and conditions are applicable to the section of "Passing on your policy with flexibility":**

1. Applications for the change of policy owner to the Contingent Policy Owner is subject to our approval.
2. The irrevocable beneficiaries and assignees (if any) must agree in writing to the requested designation of Contingent Policy Owner(s).
3. Contingent Policy Owners have no rights under the Policy unless they become the new policy owner.
4. If none of the Contingent Policy Owner(s) shall become the new policy owner of the Policy within 365 days from the date of your death, then the ownership of this Policy shall vest in the estate of the Policy Owner.
5. Policy Owner must inform Contingent Policy Owners of their potential rights and obligations upon designation.
6. The existing Contingent Policy Owner(s) designations or any other designation(s) regarding the change of ownership will be automatically revoked if:
  - the Policy Owner designates any new contingent policy owner(s); or
  - there is any change of Policy Owner of this Policy; or
  - the Policy Owner assigns the Policy and notify us by way of a notice of assignment while there is an existing Contingent Policy Owner designation(s) on our records; or
  - the Policy Owner creates an enduring power of attorney or will; or
  - the Policy Owner is adjudged bankrupt; or
  - the Policy Owner becomes legally incapacitated; or
  - the Policy Owner has a guardian appointed under the Mental Health Ordinance.
7. All designations of Contingent Policy Owner(s) are revoked if all the Contingent Policy Owner(s) lack legal capacity, are unwilling/ unable to become the new owner, or are uncontactable.
8. We reserve the right to revoke the designation of Contingent Policy Owner(s) in case of legal conflicts or potential liabilities.
9. The designation of Contingent Policy Owner(s) is not available for key man insurance policies or other policies taken out for business purpose.
10. Please refer to the prescribed form for more details on the terms and conditions applicable to the designation of Contingent Policy Owner(s).

**The following key terms and conditions are applicable to the section of "From interim to contingent: Enhancing your policy's flexibility and protection":**

1. For avoidance of doubt, the "Contingent Policy Owner" in this section has different definition in the section of "Passing on your policy with flexibility" and it is referring to the Contingent Policy Owner (Third Party) in the full terms and conditions.
2. Applications for the change of policy owner to the Contingent Policy Owner, or the Contingent Policy Owner (Insured), or the Interim Policy Owner is subject to our approval.
3. The irrevocable beneficiaries and assignees (if any) must agree in writing to the requested designation of Contingent Policy Owner(s), Contingent Policy Owner (Insured) and Interim Policy Owner(s).
4. The beneficiary must be changed to "Estate of the insured" upon an Interim Policy Owner taking up the policy as a trustee with Restricted Administration Right(s).
5. Contingent Policy Owner(s) and Contingent Policy Owner (Insured) have no rights under the Policy unless they acquire ownership. Interim Policy Owner(s) have no rights under the Policy until the interim policy owner take up the policy as a trustee.
6. As and when such proposed Contingent Policy Owner becomes the new owner of this Policy, the new owner of this Policy shall assume all the obligations and be entitled to exercise all the rights belonging to the Policy Owner under the Policy and the designations of contingent policy owner(s) and Interim Policy Owner(s) will be automatically revoked and have no further force and effect.
7. All designation(s) will be automatically revoked upon the occurrence of any of the following events (whichever is earliest):
  - the Policy Owner designates any new contingent policy owner; or
  - the Policy Owner designates any new interim policy owner; or
  - the Policy Owner assigns the Policy and notify us by way of a notice of assignment; or
  - the Policy Owner changes the Policy Owner of this Policy and replace with a new policy owner; or
  - the Contingent Policy Owner (Insured) has attained the Designated Age or the Designated Date (whichever is applicable) has reached.
8. No designation(s) of Contingent Policy Owner(s), Interim Policy Owner(s) and Contingent Policy Owner (Insured) shall be approved by us or any designation of Contingent Policy Owner, Interim Policy Owner(s) and Contingent Policy Owner (Insured) will be automatically revoked upon the occurrence of any of the following events (whichever is earliest):
  - the Policy Owner creates an enduring power of attorney or will
  - the Policy Owner is adjudged bankrupt
  - the Policy Owner becomes legally incapacitated
  - the Policy Owner has a guardian appointed under the Mental Health Ordinance
9. We may impose additional limitations or restrictions on eligibility for all designations.
10. The designation of Contingent Policy Owner(s), Contingent Policy Owner (Insured) and Interim Policy Owner(s) is not available for key man insurance policies or other policies subject to any trust or taken out for business purpose.
11. Please refer to the prescribed form for more details on the terms and conditions applicable to the designation of Contingent Policy Owner(s) and Interim Policy Owner(s).

**Important Notes:**

- You should choose relevant insurance products according to your own or actual needs. Please consider your own needs and affordability before buying additional insurance products.
- If, and only if, a Policy Owner is entitled to exercise the arrangement (i.e. all terms and conditions of the designation(s) of Contingent Policy Owner and Interim Policy Owner have been complied with), the terms and conditions of the designations shall form part of the Policy. To the extent a provision of the policy or a prior endorsement (if any) is inconsistent with the terms and conditions of the designations, the terms and conditions of the designations shall prevail.
- This leaflet provides general information only and does not constitute any offer to sell any policy. For details of product features and risk disclosures, please refer to the product brochure. For details of the definitions, full terms and conditions, and exclusions, please refer to the sample Policy Document, which will be provided upon request. If there is any conflict between the Policy Document and this leaflet, the Policy Document shall prevail.
- The contents of this leaflet should not be construed as legal advice. If you are in doubt about any matters in this document, you should obtain your own professional advice.

**For more information of the administrative arrangement, please contact your Advisor.**

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