# In Singapore, as in the U.S., Savings Grow Slowly

By Editor Test *Tue, Aug 24, 2010*

*In Singapore, HSBC Insurance has unveiled a new annuity contract called SecureIncome to help Singaporeans save for retirement. The product appears to beat putting money under the mattress, but not by much.*

In Singapore, HSBC Insurance has unveiled a new annuity contract called SecureIncome to help Singaporeans save for retirement. The product appears to beat putting money under the mattress, but not by much.

Customers contribute at least $200 a month to the contract and receive a guaranteed yield of 1% to 1.5% over the life of the policy, the *Business News* reported. The current yield on 10-year Singapore government securities is 1.89%.

When the contract matures, policyholders can withdraw a lump sum, receive a monthly income over 10 years, or leave the money with HSBC and earn a non-guaranteed rate, currently 2.5%. Alternately, they can leave their money with HSBC for another 10 years and receive non-guaranteed monthly dividends.

The contract allows unemployed policyholders to defer payment of premiums for up to a year and to receive a death benefit in advance if they are confirmed to have a fatal illness.

HSBC Insurance CEO Walter de Oude compared SecureIncome with fixed deposits, the most popular retirement savings vehicle for Singaporeans.

“The average bank interest rate for 12-month fixed deposits has remained below one percent for the last seven years,” he said, citing data from the Monetary Authority of Singapore.

© 2010 RIJ Publishing LLC. All rights reserved.

A fixed deposit of $100,000 over one year would earn 0.3% a year at Citibank and 0.35% at Standard Chartered.

Plain-vanilla deposits remain the investment of choice for Singaporeans. Eleven percent of Singaporeans expect to place their funds in an interest-bearing savings account within the next year. In contrast, only 5% percent expect to buy an annuity.