

SWD's response to media enquiries

In response to media enquiries on the treatment of the premium payment placed with an annuity scheme, and the payout under the scheme in the financial test of the Old Age Living Allowance (OALA), a spokesman for the Social Welfare Department (SWD) gave the following reply today (July 6):

The one-off lump-sum premium payment placed with an annuity scheme will not be counted as an asset under the OALA (including Normal OALA and Higher OALA), while the payout provided under the annuity scheme will be counted as monthly income.

If an applicant is married, he/she should declare the income and assets of the couple even if his/her spouse has not yet reached the age of 65. The SWD will assess whether the applicant meets the relevant income and asset requirements with reference to the prescribed limits for married couples. Whether both parties of the couple or just one party participate(s) in an annuity scheme, the above arrangements will apply. For details of the monthly income and asset limits of the OALA, please visit the SWD's website www.swd.gov.hk/oala.

When an applicant surrenders or partially surrenders an annuity scheme, the surrender value (if any) will be treated as an asset. Under such circumstances, he/she should immediately report the changes to the SWD. If the total asset value of the elderly person exceeds the prescribed limits, he/she will not be eligible for the OALA.

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

It is a matter of personal decision whether elderly persons participate in any annuity scheme. Elderly persons should make an honest declaration of their income and assets. Otherwise, all payments granted on the basis of incorrect declarations will be taken as overpayment and would be duly recovered by the SWD.