HSBC has just introduced the SecureIncome savings plans with "guaranteed" returns. Are these just another run-of-the-mill annuity or insurance savings plans?

The SecureIncome plans are akin to a monthly premium saving and insurance scheme, as opposed to Aviva's SecurePlus Plan , which is a single-premium plan.{loadposition advert1}

Basic features:

- There are two versions, the "SecureIncome 10" and the "SecureIncome 55", which have accumulation terms of 10 years and up to age 55, respectively
- The premium term (during which one would need to make monthly payments) is 6 years for "SecureIncome 10" and up to age 50 for "SecureIncome 55"
- In SecureIncome 10 and 55, there is a further accumulation term (during which you would make and receive no payments) of 4 and 5 years respectively.
- During the income term which lasts 10 years, you can opt to receive monthly incomes or to receive a lump sum at the end of the term
- On the event of death or terminal illness during the accumulation term. the insure will be entitled to a payout which (according to HSBC) will be "more than the premiums paid"

Returns:

The scheme yields 1 to 1.5% annually, depending on whether one chooses "SecureIncome 10" or "SecureIncome 55".

Risk:

The scheme is guaranteed by HSBC Insurance.

How it compares:

The SecureIncome plans have a long tenure (20 years for the "SecureIncome 10") compared to Aviva's SecurePlus Plan and yet have a similar or lower yield than the latter.

Conclusion:

The SecureIncome plans have very unattractive yields and there is probably no good reason to buy into such plans. And yes, each of these products is just another run-of-the-mill insurance savings plans, albeit a most uncompelling one.