Aviva and POSB are advertising a product called the SecurePlus Plan. What is it and how does it compare with other products on the market?

The SecurePlus Plan is essentially a single-premium saving and insurance scheme. A single-premium product is one that requires a one-off payment, as opposed to monthly staggered payments.{loadposition advert1}

Basic features:

- An initial lump-sum investment of at least S$10,000 is required
- The principal (single-premium) with 7.62% interest is paid at the end of 5 years
- On the event of death. a payout of 101% of the single-premium will be disbursed. For accidental death, the payout is at 106%.

Returns:

On a compunded basis, the product yields 1.48% compounded annually

Risk:

Although distributed by POSB, the plan is underwritten by Aviva, so the risk of the default is with Aviva

How it compares:

The SecurePlus Plan differs from many insurance savings products in that it has a relatively short tenure and a correspondingly lower yield. For example, a local competing insurer has an alternative single-premium savings insurance plan with a 10-year savings term, followed by a 20-year payout period. Overall yield is up to 4.1% returns per annum.

Secondly, only death is covered under the plan, unlike the typical savings insurance plan which also covers permanent & total disability

Target market:

- Risk-averse savers who would otherwise put their savings into fixed deposits (and would regularly rollover their deposits)
- Retirees who are looking for short-term coverage against death and who do not already have life or term insurance

As only death and accidental death are covered under the SecurePlus Plan, most other groups of savers would be better served by other investment and insurance products