Investment-Linked Policy Fees: Track Every Unit Sold

Description

An ILP combines insurance and investment, so premium paid is not the same as money invested. MoneySense says charges can include insurance coverage, fund management, administration, surrender, bid-offer spread and switching fees; mortality and other charges are commonly funded by selling units.

This guide is for a consumer comparing or reviewing an investment-linked insurance policy. Its purpose is to trace how premium allocation and recurring charges affect units, cover and surrender value. The answer comes first because the costliest mistake is usually taking the next irreversible step before the controlling condition is known.

Choose the branch that matches your situation

Situation	Practical next step
Only part of early premiums is allocated	Calculate units purchased rather than using premium paid
Coverage charges rise with age	Stress-test whether units can sustain insurance
The policy is within a surrender-charge period	Obtain the current surrender value before cancelling
The objective is pure protection or pure investing	Compare separate products against the combined ILP

The table is a triage tool, not a substitute for the underlying authority. It separates the readerâ??s situation from the action, so a general rule is not applied to the wrong person, property, business, journey or account.

Find the allocation rate

A 20% rate means S$200 of S$1,000 buys units. The controlling position was checked against MoneySense ILP fee guide.

Do this: Copy the year-by-year schedule from the contract. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Trace unit deductions

Charges paid by selling units reduce future compounding.

Do this: Reconcile monthly statements to the charge table. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Separate fund and policy cost

Fund management and policy administration are distinct layers.

Do this: List both percentage and fixed charges. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Check the bid-offer spread

MoneySense says the spread is usually around 5%.

Do this: Model entry and exit price effects. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Stress mortality charges

Insurance cost can rise with age and cover. The related operating detail was also checked against MoneySense ILP overview.

Do this: Project unit sales under weak returns. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Read surrender terms

Back-end charges can make early exit expensive.

Do this: Request current and projected surrender values. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Review suitability

A combined product should solve a combined need.

Do this: Compare protection, liquidity, risk and cost with alternatives. This turns the rule into a dated record that another person can review, instead of leaving the outcome to memory or an informal message.

Two original tools for this decision

a premium-to-units reconciliation for allocation rate, spread and unit price

This LBRD analysis applies each branch above to the readerâ??s actual role, timing and evidence. Write the facts in separate columns, mark unknowns, and do not convert an estimate into a confirmed eligibility result.

a weak-return stress test showing how rising insurance charges can consume units

Keep the source, date checked, decision owner, deadline and supporting document in the same record. The value of this tool is not the template itself; it is the visible connection between the official condition and the action taken.

Stress-test the plan

Illustration: with a 20% first-year allocation rate, S$1,000 of premium buys only S$200 of units before any bid-offer effect. The other S$800 is not an investment loss calculation by itself; the contract explains allocation and benefits.

The example is an analysis, not a promise that an authority, operator, provider or professional will reach the same result. Change one material fact at a time and re-run the decision. If the route depends on a date, amount, pass type, legal form, age, location or approved drawing, verify that field at the point of action.

Before acting

1. Calculate units purchased rather than using premium paid.
2. Stress-test whether units can sustain insurance.
3. Obtain the current surrender value before cancelling.
4. Compare separate products against the combined ILP.
5. Request current and projected surrender values.
6. Compare protection, liquidity, risk and cost with alternatives.

Save the two official pages with the date checked. If an online form, price, timetable, clinic network or approval condition changes, the current official service must take priority over this explainer.

Recheck the evidence before the final step

Read the official material in the order the decision occurs. First confirm who or what is covered. Next confirm the effective date, threshold, location or document requirement. Then record any exception and the evidence for using it. Finally, verify the live submission, booking, payment or approval channel. This sequence prevents a valid rule from being attached to the wrong case.

A second reviewer should be able to reproduce the conclusion from the saved facts. If they cannot, the file is not ready: identify the missing field, return to the primary source and label any remaining uncertainty plainly.

Do not combine separate controls into one yes-or-no answer. Eligibility, cost, timing, approval, suitability and service availability can each have a different source and owner. A favourable answer on one field does not cure a failed condition on another. Keep the branches separate until every consequential field is confirmed.

Also distinguish the date a rule was announced, the date it takes effect and the date the reader must act. Where a future change is involved, write both the present process and the transition point. That makes it clear which instruction applies today and what must be checked again later.

Limits and escalation

Terms vary by policy and charges may change. Use the Product Summary, Product Highlights Sheet, policy contract and licensed advice.

Where the facts are disputed or the consequence is material, pause and ask the controlling authority or an appropriately qualified professional. Keep the answer with the documents used to make the decision.

Related LBRD guides

For the next adjacent task, read Cash Management Funds Are Not Bank Deposits: Check the Risk. You may also need EVerybody Laugh Fest 2026: Sold-Out Status and Attendee Guide.

Date Created
14/08/2026
Author
rachelng