ABOUT THE OLD MUTUAL INTERNATIONAL **PORTFOLIO BOND RANGE**

Guide for financial advisers only

Not for use in the UK

Powered by Wealth Interactive

OLDMUTUAL INTERNATIONAL

We'll help you get there

INVESTMENTS | PENSIONS

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INTRODUCTION

OLD MUTUAL INTERNATIONAL ISLE OF MAN LIMITED (OLD MUTUAL INTERNATIONAL) AND OLD MUTUAL INTERNATIONAL IRELAND LIMITED (OLD MUTUAL INTERNATIONAL IRELAND) – REFERRED TO AS OLD MUTUAL INTERNATIONAL IN THIS BROCHURE – ARE PREMIER PROVIDERS OF OFFSHORE SAVINGS PRODUCTS AND MARKET-LEADING SOLUTIONS FOR INVESTORS ALL OVER THE WORLD.

We are part of the Old Mutual Group, a FTSE® 100 company founded in 1845. It is one of the largest financial services companies in the world overseeing £300.5 billion* in customer investments for 16 million customers worldwide.

Old Mutual International is a leading provider of financial products and solutions designed for affluent and high net worth investors across the world. Our award winning propositions, designed around customer needs, are underpinned by a wide choice of investments and online tools, to help you monitor and manage the entire investment process for the benefit of your clients.

This guide describes our range of seven offshore portfolio bonds and demonstrates which of your clients would benefit from the individual bonds and their specific features.

Portfolio bonds can provide a wide range of benefits and are suitable for clients in many different circumstances. Old Mutual International has built an enviable reputation for technical excellence in international investment solutions and is on-hand to assist with complex scenarios. For this brochure we have kept tax and technical information to a basic level but you can find full, up-to-date details on our website at **www.informerdigital.com.**

We can provide client-facing brochures for each of these bonds. Simply contact your local Old Mutual International office to request the number of brochures you need.

* Source: Old Mutual as at 30 June 2014

CHOOSING THE RIGHT BOND FOR **EACH INDIVIDUAL CLIENT**

Whether your clients are British expatriates, foreign nationals, trustees or businesses, you'll find an appropriate bond for them by addressing these questions:

- Collective Bond or Executive Bond?
- whole of life or redemption?
- which jurisdiction?

This brochure provides the answers.

COLLECTIVE BOND OR EXECUTIVE BOND?

CUSTOMER TYPE	FOR:	CONSIDER:
Individuals	Individuals who may expect to move to the UK. International investors who don't need access to stocks and shares.	Collective Bond
	Non-UK tax resident investors who have no immediate plans to move to the UK. International investors wanting the widest investment choice.	Executive Bond
	Investors who are currently habitually resident in Spain, or expect to be in the future.	Spanish Collective Investment Bond
Trustees	Trusts where the settlor is deceased or has no immediate plans to move to the UK. For trusts that require the widest investment choice.	Collective Bond
	Trusts where the settlor is deceased or has no immediate plans to move to the UK. For trusts that require the widest investment choice.	Executive Bond
Corporate	Companies that would prefer not to invest in stocks and shares.	Collective Bond
	Companies that want the widest investment choice.	Executive Bond
Pension trustees	QROPS and QNUPS trustees where the member may return to the UK.	Collective Bond
	SIPP and SSAS trustees. QROPS and QNUPS trustees whose member will not return to the UK.	Executive Bond

Please note: this table gives only a general approach. Actual individual cases may need different treatment and in some circumstances may not be acceptable to us. Please speak to your Old Mutual International consultant for more information

WHOLE OF LIFE OR REDEMPTION?

	WHOLE OF LIFE	REDEMPTION
Description	Whole of life policies are available on a single, joint or multiple lives assured last death basis. Old Mutual International will pay a death benefit of 101% of the surrender value of the bond once we are notified of the death of the last life assured. The bond will then end.	Redemption bonds generally attract similar tax treatment to life assurance policies. They have no life assurance cover; they have a maturity value as opposed to a death benefit. So, instead of ending on the death of the life assured, a redemption bond will continue for 99 years unless it is totally surrendered before the maturity date. If a policy is still in force after 99 years we will pay the greater of a guaranteed maturity value of twice the premium paid, less any withdrawals, or the surrender value on the maturity date. This will be paid to the policyholder. The fact that it can continue after the death of the original policyholder(s) makes it a particularly attractive option for trustee investors and as part of estate planning.
	The choice will often depend upon a client's individual circumstances and where they reside. This is because in some jurisdictions it may be beneficial from a tax perspective for a client to hold a life assurance policy, whereas in other countries a redemption policy may be preferable as it is sometimes classified as an investment product.	
Old Mutual International products	Our whole of life portfolio bonds • The Collective Investment Bond (CIB) • The European Collective Investment Bond (ECIB) • The Executive Investment Bond (EIB) • The European Executive Investment Bond (EEIB) • Spanish Collective Investment Bond (SCIB)	Our redemption portfolio bonds • The Collective Redemption Bond (CRB) • The Executive Redemption Bond (ERB) Please note that Old Mutual International Ireland do not offer a redemption option for their portfolio bonds.

WHICH JURISDICTION?

We offer a choice of two jurisdictions, the Isle of Man and Ireland. This means you can select the most appropriate solution for your clients' individual circumstances.

TERRITORIAL GUIDELINES

At Old Mutual International we are always mindful of the risks arising from the acceptance of business from territories where there is a lack of financial transparency and economic instability or where local legislation, regulation and licensing requirements need to be considered.

For this reason, there are a number of jurisdictions from which we will not accept business.

If you are in doubt whether we will accept a specific client and their investment, please contact your local Old Mutual International office with the client's nationality, country of residence, country of funding, country of signing and details of your local adviser regulations (if applicable), and they will be able to advise you.

PORTFOLIO BONDS
AT A GLANCE

	PORTFOLIO BONDS – COLLECTIVE BONDS				HIGHLY PERSONALISED OPEN ARCHITECTURE PORTFOLIO BONDS – EXECUTIVE BONDS		
Name	Collective Investment Bond (CIB)	Collective Redemption Bond (CRB)	European Collective Investment Bond (ECIB)	Spanish Collective Investment Bond (SCIB)	Executive Investment Bond (EIB)	Executive Redemption Bond (ERB)	European Executive Investment Bond (EEIB)
Applicant	Available to investors aged between 18 and 89 (inclusive)						
Jurisdiction of insurer	Isle of Man	Isle of Man	Ireland	Ireland	Isle of Man	Isle of Man	Ireland
Currency	Choice of any major currency						
Term	Whole life	99 years	Whole life	Whole life	Whole life	99 years	Whole life
Death benefit	101% of surrender value	n/a	101% of surrender value	101% of surrender value	101% of surrender value	n/a	101% of surrender value
Lives assured	Available on a single, joint or multiple lives assured last death basis	n/a	Available on a single, joint or multiple lives assured last death basis	Available on a single, joint or multiple lives assured last death basis	Available on a single, joint or multiple lives assured last death basis	n/a	Available on a single, joint or multiple lives assured last death basis
Maturity value	n/a	Greater of twice the premium paid, less any withdrawals, after 99 years or surrender value	n/a	n/a	n/a	Greater of twice the premium paid, less any withdrawals, after 99 years or surrender value	n/a
Minimum investment	£25,000, US$37,500, €37,500 or currency equivalent				£50,000, US$75,000, €75,000 or currency equivalent		
Minimum additional investment	£2,500, US$3,750, €3,750 or currency equivalent				£5,000, US$7,500, €7,500 or currency equivalent		
Investment choice	Extensive choice of internal and external collective investment funds and unit trusts, plus bank deposits (To ensure tax compliance, investments available through the Spanish Collective Investment Bond are restricted further; for example, bank deposits are not allowed)				Stocks and shares or fixed interest securities quoted on a recognised stock exchange, plus an extensive choice of internal and external collective investment funds, unit trusts, Eurobonds and currency deposits		
In specie transfers	Your client can transfer in and consolidate acceptable fund holdings				Your client can transfer in and consolidate acceptable assets		
Access to capital	Total or part surrender through full surrender, full surrender of individual policies or partial surrenders. Optional regular withdrawals. Exit charges may apply in the early years						
Administrative support	Award-winning administrative support – consolidated investment paperwork and record keeping						
Third party support	Option to use a discretionary fund manager and/or authorised custodians to administer and advise on your clients' investment portfolios						
Charges	Choice of charging structures to suit your clients' circumstances						
Trusts	Comprehensive range of trust facilities for estate planning and asset protection, depending on territory						

MINIMUM **CURRENCY AMOUNTS**

CHOICE OF CURRENCIES

Your client can choose any one of the 13 major currencies shown below to value their portfolio in (also called the 'bond currency'). However, they are not limited to investments based in that currency. They can also choose to make payments or take one-off withdrawals in other currencies if they wish. Please be aware that there may be costs involved in the conversion of currency and these costs will be passed on to the client.

COLLECTIVE BONDS

	MINIMUM AMOUNT NEEDED FOR					
Currency	Initial investment	Extra investment	Minimum asset investment amount*	One-off payment	Minimum regular withdrawal payment	Minimum bond value for regular withdrawal payments
UK sterling	25,000	2,500	2,500	500	500	10,000
Euro US dollar	37,500	3,750	3,750	750	750	15,000
Australian dollar Canadian dollar Singapore dollar Swiss franc	50,000	5,000	5,000	1,000	1,000	20,000
Hong Kong dollar	300,000	30,000	30,000	6,000	6,000	120,000
Danish krone	250,000	25,000	25,000	5,000	5,000	100,000
Japanese yen	5,000,000	500,000	500,000	100,000	100,000	2,000,000
Norwegian krone	250,000	25,000	25,000	5,000	5,000	100,000
New Zealand dollar	62,500	6,250	6,250	1,250	1,250	25,000
Swedish krone	300,000	30,000	30,000	6,000	6,000	120,000

EXECUTIVE BONDS

UK sterling	50,000	5,000	5,000	500	500	10,000
Euro US dollar	75,000	7,500	7,500	750	750	15,000
Australian dollar Canadian dollar Singapore dollar Swiss franc	100,000	10,000	10,000	1,000	1,000	20,000
Hong Kong dollar	600,000	60,000	60,000	6,000	6,000	120,000
Danish krone	500,000	50,000	50,000	5,000	5,000	100,000
Japanese yen	10,000,000	1,000,000	1,000,000	100,000	100,000	2,000,000
Norwegian krone	500,000	50,000	50,000	5,000	5,000	100,000
New Zealand dollar	125,000	12,500	12,500	1,250	1,250	25,000
Swedish krone	600,000	60,000	60,000	6,000	6,000	120,000

*Also the minimum switch or deal amount. These minimum amounts may change in the future.

MAKING LIFE EASIER FOR **YOU AND YOUR CLIENTS**

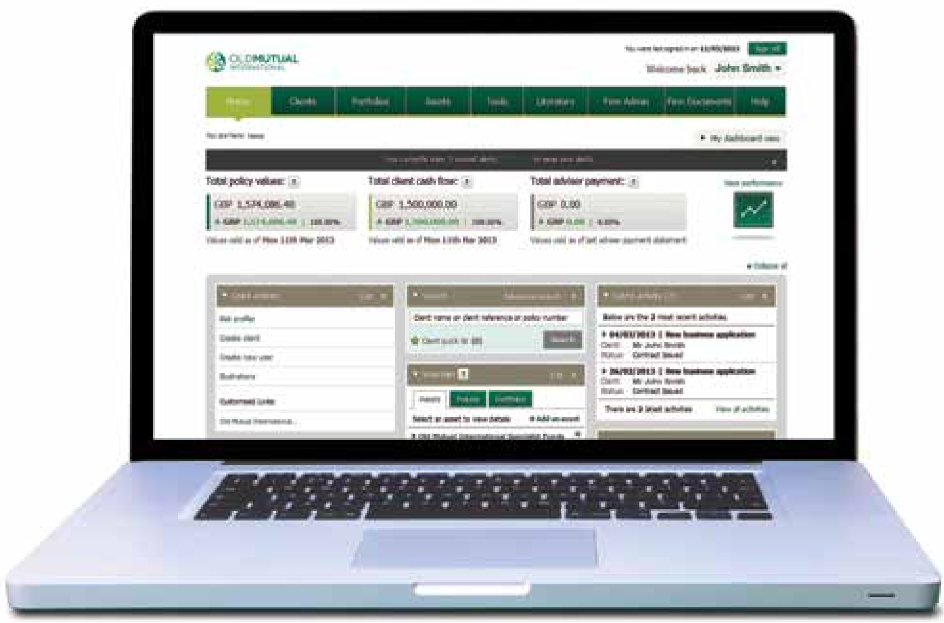
POWERED BY WEALTH INTERACTIVE

Wealth Interactive, our new, innovative end-to-end wealth management service, is transforming the way we work with financial advisers and our customers worldwide.

Wealth Interactive represents a fundamental re-engineering of our offshore service offering. Its interactive extranet makes it much easier and more convenient for you to do offshore business with us. It offers a full suite of online services for client administration, investment and business management, together with a client extranet that will enable your offshore clients to feel more empowered because they are able to keep track of their wealth.

This new engine powering our portfolio bonds offers faster response times, raised productivity and enables us to be much more pro-active. It supports you by helping you to show your clients that you are providing an efficient service that's excellent value for money. The quality and depth of the information on Wealth Interactive will impress your clients, allowing you to build a long and productive relationship.

For more information on Wealth Interactive and the services it provides, please see the 'Introducing Wealth Interactive' brochure, available from your regional Old Mutual International office.



SOME OF THE SERVICES AVAILABLE THROUGH WEALTH INTERACTIVE INCLUDE:

Client admin and management	Investment management	Business management
• New business and top ups for individual investors • Transaction history • Valuations • Customer documentation library • Pre-sale and existing business illustrations • Alerts	• Asset research • Dealing • Risk profiling and asset allocation tools • Portfolio building • Portfolio and fund x-ray reporting	• Customisable dashboard • Self management of firm's users • Remuneration statements • Firm documentation

For more information on Wealth Interactive and the services it provides, please see the 'Introducing Wealth Interactive' brochure, available from your regional Old Mutual International office.

A CHOICE OF **INVESTMENT OPPORTUNITIES**

Our bonds offer your clients a choice of either a complete open architecture portfolio or a selection of UK tax-compliant investments. This allows your clients to spread their capital across a wide range of assets and gives them excellent potential for growth.

Our Collective Bonds (CIB, ECIB and CRB) can invest in external collective investment funds, unit trusts or bank deposits agreed by Old Mutual International. They also offer access to our own range of carefully chosen managed, sector and specialist funds, managed by some of the world's most prestigious fund management groups.

All the investments available through the Collective Bond are within the 'personal portfolio bond' (PPB) legislation and are compliant with UK income tax legislation.

The investments available through the Spanish Collective Investment Bond (SCIB) are restricted further to ensure compliance with Spanish personal income tax law; for example, bank deposits are not allowed. More details can be found in the product brochure.

In addition to the above, our Executive Bonds (EIB, EEIB and ERB) allow an open architecture portfolio, including stocks and shares or fixed interest securities quoted on a recognised stock exchange, plus Eurobonds and currency deposits.

We try to offer the widest possible range of assets for your clients to choose from. However, there are some asset classes which cannot be held within our portfolio bonds, including derivatives, commodities, real estate, property, precious metal or coins, and works of art. These restrictions are for regulatory reasons rather than risk or potential performance.

TRANSFERRING AND CONSOLIDATING EXISTING ASSETS

To help reduce dealing costs and save your own and your clients' time, investors can transfer existing fund holdings or assets into their portfolio bond, subject to our acceptance.

This can normally be by in-specie transfer, so assets will be transferred into Old Mutual International's name rather than being bought and sold, saving on stockbroking fees. This transaction could lead to a capital gains tax liability, if applicable to the client in the country where they reside, if there are gains on the assets transferred.

In-specie transfers are subject to our approval. For our Collective Bonds (CIB, ECIB, SCIB and CRB), the minimum initial investment rises from £25,000 to £50,000, or currency equivalent if a client wishes to include in-specie transfers.

CASE STUDY: CARLOS

Carlos was becoming increasingly concerned with the financial instability of his local Government and the measures they might take to steady it. By investing offshore in a financially and politically secure jurisdiction, he feels more reassured and by denominating his portfolio in US dollars, a currency different to his local currency, he has removed the risk of his local currency being devalued.

His financial adviser recommended Carlos set up either an Executive Investment Bond (EIB) or a European Executive Investment Bond (EEIB) as these gave him the above benefits whilst still allowing a wide investment choice.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

A CHOICE OF **INVESTMENT OPPORTUNITIES** (CONTINUED)

INVESTMENT RISKS

As already detailed, portfolio bonds offer a very wide choice of investments, which brings many benefits but also a number of risks. We offer a range of literature for customers to help explain some of these risks, but a number are quite technical in nature and are not always relevant to all investors. Some of the more common risks are detailed below, but please note that this is not an exhaustive list.

All underlying investments held in our portfolio bonds are owned by either Old Mutual International or Old Mutual International Ireland, and as a result all rights relating to these funds and assets belong to us. Unless specifically providing some form of guarantee, we will accept no responsibility for the performance of an underlying investment. The value of the bond will be directly linked to the investment performance of the chosen bank deposits and investments, generally managed by third parties such as banks and fund managers. As a result all investment risk rests solely with the client.

With all assets being owned by Old Mutual International or Old Mutual International Ireland, any compensation arrangements will relate only to Old Mutual International or Old Mutual International Ireland's aggregated holdings across all affected policies rather than to individual investors. In the event that the provider of an asset (including bank deposits) fails, compensation will depend on where that provider is registered. Therefore, if protection of the investment is the client's primary objective, they will need to ensure the appropriate diversification of their investments to reduce risk.

Investing through Old Mutual International, as a corporate investor, opens up access to professional and non-retail investment schemes. These may have high minimum dealing amounts and restricted access as well as possibly entailing a greater level of risk. Clients should be given the opportunity to read the relevant documentation to ensure they understand this.

Many investments include adviser payments that exist to partly fund promotion, distribution and advice expenses. As investments are held in our name, any disclosure documentation from the investment will generally be sent to us and not to the end client. You should therefore ensure that any local regulatory disclosure requirements are still met, by providing your client with the necessary information.

Some assets may restrict access and/or have irregular dealing and/or pricing cycles. This may make it difficult to realise these investments, cause delays and/or result in your client losing some or all of their investment.

A wide choice of currencies is available, so assets may go up and down simply as a result of currency movements.

MAKING THE MOST OF **TAX OPPORTUNITIES**

Our range of bonds allows you to choose the one with the most tax advantages for each individual client. Whether you're advising British expatriates, foreign nationals, trustees or corporate clients, you'll find a bond which can be used for tax planning.

These pages are a summary of some of the tax advantages of our portfolio bonds. For more details and technical information visit our Knowledge Direct website at **www.informerdigital.com** or simply ask your local Old Mutual International office.

CASE STUDY: TOM

While living and working abroad, Tom was annoyed to learn that UK pension legislation had changed and was now restricting his total fund value. It would also limit his contribution levels when he returned to the UK. Having built up a large fund he now had little additional flexibility within these new rules.

His financial adviser recommended either a Collective Investment Bond (CIB) or a European Collective Investment Bond (ECIB) because Tom is not currently resident in the UK, but does expect to return in the near future. On returning to the UK, Tom may continue to use either of the bonds for pension planning despite the loss of tax relief on his contributions. He may find he prefers the unlimited contribution and fund limits, investment flexibility and greater withdrawal freedom, especially the ability to take 5% of the initial premium tax deferred for up to 20 years.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

MAKING THE MOST OF **TAX OPPORTUNITIES** (CONTINUED)

GROSS ROLL UP/LIFE FUND TAXATION

- Under current Isle of Man and Irish legislation, Old Mutual International and Old Mutual International Ireland enjoy tax exemption in respect of the bondholder's funds. Investments within the bond can therefore grow virtually free of Income Tax and Capital Gains Tax (CGT), although there may be some withholding tax payable within the life fund.
- Your client can buy and sell assets within the bond without creating any immediate tax liability.
- Your client can minimise and postpone local tax payments by timing their withdrawals appropriately.

MOVING TO THE UK

If your client returns to the UK and becomes a UK tax resident, our Collective Bonds, and Executive Bonds if endorsed to restrict their investment range, offer the following advantages:

TAX EFFICIENT WITHDRAWALS

PARTIAL SURRENDERS

- Each year, up to a maximum of 20 years, your client can withdraw up to 5% of their initial premium (plus any additional premiums from the year when they are added), without any immediate UK tax charge.
- Any unused withdrawals can be rolled forward – so, for example, 4% could be taken each year for 25 years.

FULL SURRENDERS OF INDIVIDUAL POLICIES

- Due to the way portfolio bonds are designed, it is possible to take a withdrawal by either a partial surrender or a full surrender of individual policies. It may be more tax efficient to take a full surrender of individual policies in certain circumstances.

SOME WAYS TO REDUCE YOUR CLIENT'S TAX LIABILITY

TOP SLICING

- When your client surrenders their bond, due to the chargeable gain, your client may become either a higher rate or additional rate tax payer. This relief allows your client to assess their gain across the number of complete years the bond has been in force. This can reduce or remove their liability to a higher or additional rate of tax.

GIFT ASSIGNMENT

- There is no UK income or capital gains tax charge on the assignor.
- All future UK income tax (if any) will be charged at the new owner's tax rate.
- This means that the overall UK tax can be reduced if the bond is assigned as a gift to an adult non-taxpayer, such as a spouse, partner or older child of the assignor. However, this now means that the bond is legally owned by the new owner and they have full control.

TIME APPORTIONMENT RELIEF

- If your client spends part of the time living outside the UK, any UK tax may be reduced according to the time they've spent abroad.
- If they add to their bond with top-ups, once the client is resident in the UK again, these additional investments are deemed to have been made at the start of the contract. This increases any time apportionment relief.

NO UK CAPITAL GAINS TAX

- Portfolio bonds are generally not subject to UK CGT.
- So clients moving to the UK do not need to worry about the five year rule, which might have meant that their assets would be caught by UK CGT.

HIGHLY PERSONALISED BOND TAXATION – EIB, EEIB & ERB

DEEMED GAINS

- 15% deemed gain is calculated at the end of each policy year, but is not taxable while the policyholder is a non UK tax resident.
- If your client is moving back to the UK then they are strongly recommended to consider restricting the assets that their highly personalised bond can invest in, by way of an endorsement, in order to avoid this penal tax charge. Please contact your Old Mutual International office as soon as possible as the timing can be crucial.

ADDITIONAL BENEFITS OF USING A TRUST

As well as the benefits already covered, placing a bond in trust can:

- reduce or eliminate UK IHT liabilities
- simplify probate
- assist with generation planning, especially in situations where there are complicated family structures
- provide asset protection benefits.

It also offers other advantages. For example:

- choosing a redemption bond (e.g. the CRB or ERB) may be sensible as the bond does not end on death; alternatively, multiple lives assured could be selected if your client wanted to use a whole of life bond
- trustees can take withdrawals in order to make payments to beneficiaries
- provided any withdrawals are within the 5% tax-deferred allowance, there is no immediate tax liability for up to 20 years.

With greater taxation and increasing responsibility being placed on trustees, a portfolio bond has the benefit of giving trustees access to an almost unrestricted investment universe, plus the convenience of regular reporting. Because they can manage the timing of any tax liability and assign benefits to beneficiaries, trustees can minimise the trust's tax liability.

CASE STUDY: JESSICA

Jessica is looking to wind down as she reaches retirement and has recently sold a portion of her firm. She is worried about UK Inheritance Tax, as even though she moved abroad several years ago, she still has a number of ties with the UK. As she may return to the UK, she has chosen to invest the proceeds in a loan trust. The trustees have invested the money in a Collective Redemption Bond. This has the benefit of capping Jessica's IHT liability on this investment, with any growth being outside her estate and not subject to IHT.

Jessica was worried to learn that a close friend had lost his personal savings when his company failed. She was therefore pleased to learn that a possible added benefit of a trust is that this may offer some protection if her business gets into financial difficulty. This could apply to any investment growth but the remaining loan amount will still be Jessica's and therefore subject to creditors.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

MAKING THE MOST OF **TAX OPPORTUNITIES** (CONTINUED)

BENEFITS FOR TRUSTEES AND CORPORATE CLIENTS

Trustees, including pension trustees of Self Invested Personal Pensions (SIPPs) Qualifying Recognised Overseas Pensions Schemes (QROPS) and Qualifying Non-UK Pensions Schemes (QNUPS), can use a highly personalised bond to provide an administratively efficient and convenient solution.

Where the underlying member of the QROPS or QNUPS currently lives in the UK, or may in the future, then a bond such as the Collective Bond, which meets the 'personal portfolio bond' (PPB) legislation and is compliant with UK income tax legislation, may be preferable.

- There are numerous other tax benefits, including many similar to those already mentioned for individual clients, although UK settlors will be subject to tax, as will UK trustees.
- A portfolio bond can ensure that their money works harder for them than it might do in a bank account where interest may be subject to tax.
- Old Mutual International may be able to offer them access to investments or deposits with more competitive terms.
- They can save time, cost and effort by amalgamating their investments.
- They can use a discretionary fund manager to guide them and manage an appropriate risk-adjusted portfolio.

CASE STUDY: PETE AND JULIA

Pete, 53, and his wife Julia, 51, have lived in Dubai since 2004 and don't want to return to the UK. Peter originally had a pension fund of just under £400,000 in a UK pension scheme and has now transferred it to a Malta-based QROPS.

The Maltese QROPS Trustees invest the proceeds into a European Collective Investment Bond as this provides them with a convenient and efficient way to hold a wide range of investments.

In 2018, when they find their ideal retirement villa in Malaysia, Peter can draw up to 30% of his fund as a tax-free lump sum to pay for their new home. In fact, he can take regular income from his pension fund in the currency of his choice.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

CASE STUDY: STEVE

Steve (50) is an expatriate living in Spain. He inherits £100,000 in unit trusts and transfers these into a Spanish Collective Investment Bond (SCIB), choosing to divide this into 100 segments. Because he is planning to stay in Spain for at least another five years, no Capital Gains Tax (CGT) is payable.

When Steve's son, Andrew, leaves for Dubai, the flexibility of the bond means Steve can gift five segments to him. When Andrew gets to Dubai, he cashes the segments in with no tax to pay locally. Steve also gifts three segments to his grandchildren when they start college, who receive a gain of £5,000 on each segment at encashment but with little or no tax due as they can use their personal allowances.

In order to mitigate Inheritance Tax (IHT) without giving capital away or losing control, Steve assigns the SCIB into a Discounted Gift Trust and commences withdrawals. When Steve dies the investment is free from IHT as more than seven years has passed since establishing the Trust.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

CASE STUDY: EDWARD

Edward regularly works away from the UK on generous long-term contracts. He is keen to use his wealth, which he has little opportunity to spend, to build up a fund which will effectively allow him to retire early. An offshore bond enables him to use his time spent outside the UK to reduce the tax on any gains.

His financial adviser recommends either a Collective Investment Bond (CIB) or a European Collective Investment Bond (ECIB) as Edward intends to return to the UK and would like to appoint a discretionary fund manager to run his investments.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

EXTRA PROFESSIONAL **SUPPORT AND EXPERTISE**

We appreciate that your time is precious and it can be a struggle to achieve everything you need to do. We know it can be hard to create the right balance between dedicating enough time to your clients and finding opportunities to research fund managers or keep abreast of all the different funds available in the investment universe.

With our portfolio bonds, you can share some of this responsibility by encouraging your clients to appoint a discretionary fund manager and/or authorised custodians.

APPOINTING A DISCRETIONARY FUND MANAGER

A discretionary fund manager will have the necessary time and in-depth knowledge to structure, design and monitor a client's investment portfolio. They can then deal directly with us or an authorised custodian on your client's behalf.

In some jurisdictions it may also be advantageous to delegate fund management to a discretionary fund manager, and in some jurisdictions it may be compulsory (e.g. Belgium).

CHOOSING AN AUTHORISED CUSTODIAN

Your clients may already have satisfactory custodial arrangements. If so, they may be able to keep their existing arrangements and hold their assets within their new portfolio bond – they will, however, have to be re-registered. If a client wishes to continue using their existing custodian, we will first review the firm and advise whether we are able to accept the custodian.

Alternatively, a client can request an authorised custodian when they set up their bond, again subject to our approval. Through this facility, your clients or their discretionary fund manager can issue dealing instructions directly to the authorised custodian, who will implement them and hold the assets on our behalf.

The discretionary fund manager and authorised custodian can be associated, or even be part of the same firm – or they may be completely independent of each other.

CASE STUDY: ATUL

Atul holds an actively managed portfolio with a well known wealth manager. His job sees him moving around the globe and he is concerned about the unforeseen tax consequences. By wrapping the investments within a portfolio bond he can continue his relationship with his wealth manager, who offers discretionary fund management and authorised custodian facilities, while benefiting from the tax efficiency of the offshore bond.

His advisers recommended an Executive Investment Bond (EIB) as Atul will return to the UK when his contract with his current employer ends. This offers him a wide investment choice now and allows him to restrict the investment choice when he returns to the UK.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

A CHOICE **OF TRUSTS**

Our portfolio bonds are particularly suitable for holding within a trust.

We provide a wide range of trusts for international investors. With your help, your clients can choose the most suitable trust from our selection:

- Discretionary trust (settlor included) – can be used as an excluded property trust
- Discretionary trust (settlor excluded) Absolute trust
- Discounted gift trust (bare version)
- Discounted gift trust (discretionary version)
- Loan trust (bare version)
- Loan trust (discretionary version)

We also have a similar range of trusts with our sister company, Old Mutual International Trust Company, which offers an independent trustee service where the underlying investment is an Old Mutual International Bond.

For more information about our range of trusts, visit **www.informerdigital.com** or ask your local Old Mutual International office for copies of:

- A guide to trusts by Old Mutual International Trust Company
- A guide to trusts for international investors.

CASE STUDY: JUDITH AND TOBY

Judith and Toby both have children from their first marriages and are concerned about the impact of inheritance tax. They decide to use an offshore bond combined with a loan trust to cap their potential inheritance tax liability, and appoint a Trust Company to act impartially and professionally.

Their financial adviser recommends a European Collective Investment Bond (ECIB) because, although they are UK domiciled, they are resident in Belgium.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

A CHOICE **OF TRUSTS** (CONTINUED)

THE OLD MUTUAL INTERNATIONAL EXCLUDED PROPERTY TRUST

This may be suitable for non-UK domiciles moving permanently to, or currently living in, the UK who wish to protect their assets from UK IHT but still retain full access to them.

In order to be defined as 'excluded property', the assets must meet defined criteria. Because Old Mutual International is based in the Isle of Man, Old Mutual International's portfolio bonds are non-UK assets, so your non-UK domiciled clients could turn their portfolio bonds into excluded property by using an offshore bond in combination with a discretionary (settlor included) trust.

If your client invests in an offshore bond before becoming UK domiciled, they must create a discretionary trust including themselves as a beneficiary. They may then request withdrawals from the bond at any time, although these withdrawals may be liable to tax.

CASE STUDY: JUANITA

Juanita, who is a non-UK domicile, is moving with her husband Tom, a UK domicile, to the UK to set up home. She is concerned about the high rates of UK tax which may affect her. She decides that by placing a portion of her overseas wealth in an offshore bond and setting up an excluded property trust she can avoid this money being subject to UK IHT.

Her financial adviser recommends a Collective Redemption Bond because this offers the most tax-efficient solution and will not come to an end in the event of her death, allowing greater time for efficient estate planning.

Please note: this case study is fictional and used purely to illustrate a possible real-life scenario.

GIVING YOUR CLIENTS **EASY ACCESS TO THEIR CAPITAL**

TOTAL OR PART SURRENDER

Our portfolio bonds are issued as a group of identical policies. Investors can access their capital by surrendering these policies – either partially across all policies or by surrendering one or more policies totally. This is subject to a combined minimum surrender of £500/ US$750/€750 (or currency equivalent). The withdrawal can be taken in any major currency (subject to any currency conversion charges if money is not already available in this currency).

One-off or regular withdrawals are free of charge as long as the client leaves in a surrender value of £10,000/ US$15,000/€15,000, or at least 25% of their total investment, whichever is higher.

Please note: we may decline a part surrender request (or limit the amount available) if the value of units left in the bond would fall below the minimum amounts listed above. This applies whether the fall is due to withdrawals or investment performance. We may change these minimum levels in the future.

Depending on your client's chosen charging structure, an early withdrawal/surrender charge may apply. Please note, withholding taxes may apply in certain jurisdictions on total or part surrenders.

REGULAR WITHDRAWALS

Policyholders can also arrange regular withdrawals from their bonds to provide them with a stream of regular payments, either yearly, half-yearly, quarterly, every other month or monthly, subject to a minimum withdrawal amount as detailed in the 'minimum currency amounts' section on page 7.

Regular withdrawals will be made by debiting the amount from the transaction account held with us on the regular withdrawal due date.

In order to ensure that the regular withdrawals, or any fees being funded by the regular withdrawal facility, are paid, the client should ensure that the policy is in a position to fund them. This can be done by either selecting a nominated asset (see below), or if a nominated asset is not selected, ensure that there is sufficient cash in the appropriate currency transaction account. If instructions are not in place or insufficient funds are available then we will not be able to make the withdrawal payment and no further payments will be paid. Once we receive details of the nominated asset or there is sufficient cash in the relevant transaction account, we will resume payment of the withdrawals at the original level; however, any missed withdrawals will not be paid.

NOMINATED ASSET(S)

To help manage these withdrawals, a client can nominate one or more asset(s) which we will sell to clear the sums we debit from this account. This is known as the Nominated Asset. Your client can nominate this asset when they set up their regular withdrawals, but they can change it at any time. This gives them control over how we fund their regular withdrawals. If they do not select a Nominated Asset, they should keep enough cash in their transaction account to cover their withdrawals.

If they have selected an authorised custodian to hold the assets linked to their bond, they cannot select a Nominated Asset. Therefore they need to ensure that there is enough cash in the authorised custodian's general transaction account to cover any regular withdrawals.

TAILORING A CHARGING STRUCTURE TO SUIT **YOU AND YOUR CLIENTS**

YOUR CLIENTS CAN CHOOSE FROM A WIDE RANGE OF COMPETITIVE, FLEXIBLE CHARGING STRUCTURES, WHICH THEY CAN ADAPT TO SUIT THEIR INDIVIDUAL NEEDS OR PREFERENCES. YOUR OLD MUTUAL INTERNATIONAL SALES CONSULTANT CAN ARRANGE SPECIFIC QUOTATIONS FOR YOU.

Full details of all the charges which may apply will be included in the client's Charges Schedule. An explanation of each charge can be found in the Terms and Conditions which form the basis of your client's contract with Old Mutual International.

www.oldmutualinternational.com

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