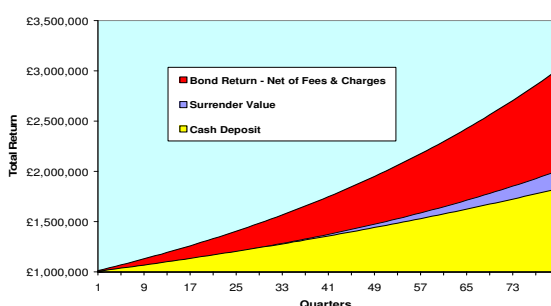


## OFFSHORE INVESTMENT BONDS

### OVERVIEW

Holding a portfolio of preferred investments within an Offshore Investment Bond brings valuable tax advantages. Because it is a life assurance bond all capital gains and income earned are tax free within the portfolio's funds (with the exception of some irrecoverable withholding tax on dividend income). This also means that a client may buy or sell their chosen underlying assets without reference to capital gains tax. The bond can be set up on a multiple lives assured basis to allow continuity in the event of the policyholder's demise.

The graph below illustrates the advantages of a tax free investment environment over a 20 year period, as well as the impact of 50% per annum tax.



- Net return on an investment portfolio of £1m
- **Assuming** a gross return of 6% per annum
- Tax deducted at source at a rate of 50%
- **Returns are illustrative and not guaranteed**

### INVESTMENT FLEXIBILITY

The list of acceptable investments is extensive and is designed to provide the flexibility to achieve a client's specific investment objectives. The categories of investments offered include:

- UK quoted investment trusts
- UK & EU collective investment schemes (e.g. Unit Trusts)
- Other collective investment schemes from approved OECD countries

### TAX ADVANTAGES ON WITHDRAWALS

- The status of the bond and tax regulations allow up to 5% of the original premium to be withdrawn each year, with no immediate liability to tax.
- These can be carried forward indefinitely until 100% of the original investment has been withdrawn.
- Withdrawals greater than this will be liable to income tax as a chargeable gain.

### TAX ADVANTAGES ON ENCASHMENT

- On partial or full encashment any profit will be taxed as income.
- The timing of the portfolio encashment is entirely up to the policyholder(s) and this decision can be delayed until such time that income is lower and top-slicing is applicable or indeed they are living in a lower-taxed jurisdiction.
- **Detailed tax advice should be obtained in each case.**

### HOW DOES THIS WORK?

- The premium is used to create a single segregated account, which can be segmented to create further flexibility, which is kept separate from the assets of other clients.
- The client/adviser decides upon the investment strategy and the investment manager manages the assets according to this strategy.
- This strategy can be altered at any point.

### IMPORTANT NOTES

**The value of your investment may fall as well as rise and past performance is not necessarily a guide to future investment returns.**

### CONTACT

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