

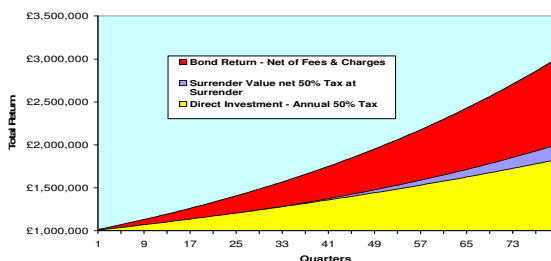
THE NEXUS SOLUTION

OVERVIEW

The Personal Portfolio Bond (Tax) Regulations 1999 created an adverse tax regime for “highly personalised” life insurance bonds. Investors are now broadly limited to a choice of collective investments and internal life assurance funds.

Praxis Wealth Solutions Limited (PWS) offers a solution for holding a broader range of permissible assets using EU life assurance bonds issued out of either Luxembourg or Ireland. The PWS Nexus Solution described below is backed by an Opinion from leading tax counsel and provides for a deferral of liability to UK tax on the income and capital growth arising within the bond. PWS has branded this solution as “The Nexus Solution” and it is available to investors seeking to hold assets worth at least £1 million in the structure.

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



- Net return on an investment portfolio of £1m
- **Assuming** a gross return of 6%pa (net 0.5%pa bond charge) compounded quarterly
- Tax deducted at source of 50%
- Illustration surrender value in 50% tax environment is 9% higher than direct investment after 20 years
- **Returns are illustrative and not guaranteed**

HOW DOES THIS WORK?

- PWS will confirm the client’s investment objectives and risk profile and provide this information to the Life Company.
- The client’s investment objectives and risk profile will be set out in a mandate agreed with the Life Company who establish the bond with those objectives in mind.

- An internal fund will be established by the Life Company in respect of this application.
- The broader ranges of financial assets are then held directly by this internal fund.
- The Life Company will appoint a discretionary investment manager to manage each internal life fund.
- The discretionary manager of the internal life fund will select and manage the assets with reference to the mandate agreed by the policyholder.
- The Life Company values the bond with reference to the value of the underlying assets held within the internal fund.

INVESTMENT FLEXIBILITY

Assets of the type available from major private banks and asset management institutions, including alternative investments which are only available to high net worth investors, are generally permitted to be held through the Nexus Solution.

TAX IMPLICATIONS FOR UK RESIDENT INVESTORS

- The bond itself benefits from gross roll-up in respect of income and gains generated from assets held within it (save for non-reclaimable withholding taxes).
- Cumulative tax deferred withdrawals of 5%pa of the original investment are available. Withdrawals greater than this will be subject to income tax as a chargeable gain.
- The timing of the portfolio encashment is entirely up to the policyholder and this timing decision can be delayed until such time that income is lower and top-slicing is applicable, or indeed the policyholder is resident in a lower-taxed jurisdiction.

CHARGES

The Nexus Solution is a bespoke arrangement and so charges will be quoted on a case-by-case basis at the outset.

IMPORTANT NOTES

- **Counsel's Opinion is available on request.**
- **The value of your investment may fall as well as rise and past performance is not necessarily a guide to future investment returns.**
- **Detailed tax advice should be obtained in each case.**

CONTACT

For further details please contact

David Piesing

Director - Head of Wealth Structuring

david.piesing@praxisgroup.com

Tim Duke

Associate Director, Business Development

tim.duke@praxisgroup.com

Praxis Wealth Solutions Limited

PO Box 296

Sarnia House, Le Truchot

St Peter Port

Guernsey

GY1 4NA

Telephone: +44 (0) 1481 723004

Fax: +44 (0) 1481 723436

Website: www.praxisws.com

Company Registration Number: 37430

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