

THE NEXUS SOLUTION - CASE STUDIES

CASE STUDY 1

A non-UK resident UK domiciled individual was seeking to return to the UK for a 10 year work contract at the end of which she intended to emigrate again. She had three discretionary managers in place with over \$150m - covering equities, bonds, direct cash, private equity, hedge funds and structured note investments. Apart from a small amount of direct property we were able to apply the Nexus Solution to 98.8% of the overall portfolio.

The benefit to the client is the following:

- Full income tax deferral while she is resident in the UK.
- Access to 5%pa of the original invested capital during her time in the UK.
- No CGT on the underlying gains whilst maintained in the Nexus Solution.
- The existing managers manage the portfolio for the Insurance Company.
- After leaving the UK, under existing rules, she only needs to be non-resident for one year to remove any liability to UK tax.

CASE STUDY 2

A UK resident and UK domiciled individual sold his construction business for approximately £8m. As a relatively conservative investor he was looking to invest the proceeds in highly rated cash based securities and deposits. His objectives were to maximise tax efficiency and eventually gift, with ease, parts of these funds to his children.

As a result of investing through the Nexus Solution he:

- Benefited from the all the usual features (as per Case Study 1)
- Had the ability to access 5% pa withdrawal to supplement his income
- Can ultimately make use of the bond segmentation for gifting purposes.

CASE STUDY 3

A UK resident domiciled individual in a very senior position at a multinational investment management company was retiring. He had accumulated

approximately \$20m of shares/options in his employer's company and, following retirement, the shares/options were sold/exercised. The proceeds were invested in our Nexus Solution and placed with two discretionary investment managers with two distinct mandates that allowed investment in a vast range of sophisticated financial assets.

By using the Nexus Solution he has been able to:

- Have the proceeds invested in a wide and varied range of assets/investments without falling foul of the PPB Regime.
- Structurally Praxis Fiduciaries Limited advised that ownership should be via a "Topco" to provide tax advantages on eventual encashment. (A capital gain, rather than an income gain, if and when a chargeable event occurs e.g. encashment.)

CASE STUDY 4

We have an offshore trust client, with assets worth approximately £20m. The settlor, as a UK resident domiciled individual is liable to a tax charge on any gains made within the trust and the beneficiary/life tenant, who has the same tax status, is liable to a tax charge on any income made within the trust.

The specific benefits of the trust holding the assets via the Nexus Solution are:

- As a "non-income" producing asset, any income and/or gains roll up gross within the insurance bond structure.
- Avoids giving rise to any tax charge for the underlying Settlor and Beneficiary through tax deferral.
- The investment mandate implemented by the Insurance Company permits holdings similar to the existing mix of esoteric assets.

CASE STUDY 5

We have a non-UK resident UK domiciled client indirectly owning a portfolio of art worth approx £10m via a BVI company. The individual wished to gift this to his son who is non-UK domiciled UK resident. The son wished to trade the art around the world and was not looking to extract any income or gains from the structure whilst UK resident. We were able to structure

the assets in such a way as to make it a permissible asset within the Nexus Solution.

The benefits of doing this were:

- All underlying gains can be accumulated within the bond and no underlying CGT would be payable on the underlying trades.
- The assets did not fall foul of the PPB Regime.
- Careful ownership structuring is anticipated to provide an eventual exit tax charge of nil.
- The Solution can be held via a trust of excluded property.

CASE STUDY 6

We were approached by a UK resident domiciled client with a portfolio of equity based investments held and managed through a discretionary investment manager. The portfolio was originally invested three years ago, following the sale of the client's business. The recent turmoil has seen the portfolio drop considerably below the original investment value.

The benefits of the Nexus Solution were:

- Crystallise the current losses – carry forward indefinitely.
- Establish new portfolio within Nexus Solution without falling foul of the PPB Rules 99.
- No underlying CGT/full income tax deferral
- Provide the small required "income" via partial 5% withdrawals with no immediate income tax charge.
- Insurance Company is able to use the same Investment Manager.

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.**

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