

# Estate Transfer Bond

## Key Features

Isle of Man Assurance Limited (“IOMA”) trading as IOMA Life is required to give you this important information to help you decide whether our Estate Transfer Bond (the “Bond”) is right for you. You should read this document carefully so that you understand what you are buying, and keep it safe for future reference.

### The aims of the bond

- To provide capital growth over the medium to long-term.
- To provide the option to take the proceeds of sequential maturing policies from the Bond and the option to extend the maturity dates of those policies.
- To provide a sum assured payable on the death of the life assured.
- To reduce potential inheritance tax liabilities.

### Your commitments

- You agree to invest a lump sum of at least £100,000, unless otherwise agreed.
- The policyholder may not surrender the Bond in its entirety or in part.
- You should view the investment as being for the medium to long term.
- The policyholder must choose the investments which will be allocated to the Bond from the range permitted by IOMA Life from time to time.

### Risks

- On the death of the life assured (or of the last to die if there are joint lives assured) the Bond provides a death benefit. The Bond provides no guarantee of the amount which could be less than the original investment as the value of investments can fall as well as rise.
- The Bond is non-surrenderable which means that the proceeds may only be taken as the policies mature or on a death claim. The proceeds on maturity will depend

on fluctuations in the value of the underlying investments and charges incurred.

- if you use your right to cancel as set out in this document you will get back the amount you invested less any fall in the value of the underlying assets of the Bond following execution of your instruction to cancel. This will not include any initial Adviser Charge that has been paid on your behalf which you will need to speak to your adviser about.
- The proceeds of maturing policies from the Bond may be less than the original investment. This is because of the effect of initial and periodic charges and fluctuations in asset values.
- Past performance is not necessarily a guide to the future.
- The value of the Bond is dependent on the choice of investments, which are entirely under the control of the policyholder or any investment manager appointed in respect of the Bond.
- Where an asset allocated to the Bond is denominated in a currency other than Sterling, changes in the rate of exchange may cause the value of the investment to go up or down.
- The charges may be increased in the future.
- Any potential discount for inheritance tax purposes must be agreed with HMRC Capital Taxes Office and must be medically underwritten.

- The inheritance tax consequences of taking out the Bond and gifting benefits are not guaranteed and may be affected by the period of time which you survive after taking out the Bond. Extending the maturity dates of policies will also be a new Potentially Exempt Transfer.
- The taxation position of the Bond in the UK, the Isle of Man and any other jurisdiction relevant to you is not guaranteed and is subject to changes in legislation. You are strongly recommended to consult a professional Adviser to satisfy yourself as to your tax position both currently and on an ongoing regular basis.
- Similarly, your own tax position may change from that which currently applies.

### Your personal illustration

The enclosed illustration shows how the Bond may work. This is an illustration only and is not intended as a forecast, projection or warranty of investment performance by IOMA Life. The actual performance will depend entirely on the investment performance of the underlying investments which are allocated to the Bond.

### Questions and answers

#### 1. What is the Estate Transfer bond?

The Bond is an offshore insurance bond consisting of a series of non-surrenderable unit-linked single premium endowment life assurance policies. The Bond will be divided into 400 identical individual policies of the

same amount; the initial investment in each of the policies must be a minimum of £250. The Bond is denominated in Sterling.

The premium will be invested in the permitted investments selected by the policyholder, the appointed adviser or by the appointed Investment Manager. The value of the investments will dictate the value of the Bond.

## 2. Who can invest in the Estate Transfer Bond?

This Bond may be owned on a sole or joint basis. If owned jointly IOMA Life will treat the policyholders as joint tenants for all purposes. The Bond is aimed primarily at UK Domiciles. Individuals must be over the age of 18 but not over the age of 85.

## 3. How much can I invest?

The minimum initial investment is £100,000, unless otherwise agreed, and there is no maximum.

Additional contributions are not permitted.

## 4. How do I apply for a bond?

Before applying for a Bond you should consult your financial Adviser and read this document and the Key Information Document. You must then:

- Complete the application form for the Bond.
- Complete any appropriate trust documentation.
- Provide the proof of identity and residential address documents as detailed in the application form and evidence of the source of wealth for your investment.
- If you have indicated in the application form that you want IOMA Life to underwrite your application, you should complete the supplementary medical questionnaire available from IOMA

Life, and provide a cheque for £150 (or £300 for joint applicants) to cover the cost of underwriting your application.

Your financial adviser will assist you with this process. The application form and supporting documentation should be sent to the address on the forms.

If IOMA Life approves your application you will be sent a cancellation notice. If you do not cancel, you will receive your Policy documents from IOMA Life.

## 5. Can regular withdrawals of capital be taken from the bond?

No. Regular withdrawals of capital may not be taken. However, the proceeds of any maturing policies may be paid on the maturity dates which you will have selected at policy inception. The maturity date of any of the policies may be extended by the policyholder.

## 6. How can part or all of the bond be surrendered?

The whole or any part of the Bond may not be surrendered at any time.

## 7. How is my money invested?

Each premium, after charges, is invested into your Bond. You may invest in any one or more, of IOMA Life's internal unit linked life funds made available for investment by Policyholders of IOMA Life.

Alternatively, external investments can be held via a Custodian or you can nominate an Investment Manager to select the investments to be allocated to your Bond.

You are required to keep a minimum balance of 2% in cash at all times to cover Bond charges; IOMA Life will retain this in an internal cash fund in the same denomination as the Bond.

## 8. Does the bond include life cover?

Individuals may apply for a single or joint life Bond. In the event of the death of the life assured the Bond will terminate with the payment of the death benefit. In the case of joint lives assured, the death benefit will become payable on the death of the last life assured. The death benefit will be equal to 100% of the realised value of the underlying assets plus £100. The Bond does not provide any significant element of life cover beyond the value of the investment at the date of notification of the death of the last life assured.

## 9. How do I gift the bond?

Once you have set up the Bond, part may be assigned to the trustees of a bare trust. This enables you to ensure that proceeds payable under the Bond will pass to the Beneficiaries under the Trust in the event of your death.

However, because of the structure of the Bond, the value of your gift may be discounted for inheritance tax purposes. The discounted value takes into account a number of factors, including your age and state of health when you apply for the Bond. The value of your gift will be a potentially exempt transfer for inheritance tax purposes.

The proceeds of each maturing Policy, even if the maturity date has been extended, are payable to you during your lifetime. This is because under the terms of the Trust you retain the right to the maturity values of the Policies for your own benefit and give away only the death benefit.

## 10. What happens when the life assured dies?

In the event of your death or that of the surviving joint life assured, each policy will terminate and the death benefit will be paid.

## 11. What are the charges and what are they for?

### Adviser Charge

You can instruct IOMA Life to facilitate Adviser Charge payments directly to your Adviser on your behalf. Any initial Adviser Charge will be deducted from your initial payment reducing the amount to be applied as the premium. An on-going Adviser Charge may be paid from the policies which mature on the selected maturity dates available to you. IOMA Life will require instructions from you to make payments of the value of any maturing policies directly to your nominated Adviser.

### Bond Initial Charge

An Initial Charge will be levied on all premiums paid into the Bond. Details are below:

| Premium                | %     |
|------------------------|-------|
| £100,000 -<br>£249,999 | 1.25% |
| £250,000 +             | 0.5%  |

### Bond Annual Management Charge

An Annual Management Charge of 0.75% will be levied on the value of the Bond. This charge will be deducted proportionately, quarterly in arrears.

### Bond Policy Administration Charge

In addition, there is a policy administration charge of currently £8.10 per month. This charge is accrued monthly and deducted quarterly in arrears and is subject to review.

### Custodian and Dealing Charges

All dealing and custody charges levied by any third party which IOMA Life appoints to deal with the investments allocated to the Bond will be payable out of such investments. Details of up to date charges are available from IOMA Life on request.

## Fund Management Charge

There will be charges within the fund options you select for investment within the Bond levied by the managers of those funds. Further details can be obtained from IOMA Life or from your appointed adviser.

## 12. How can I follow the progress of the bond?

Once a year, you will be sent a full valuation statement of the Bond setting out the transactions that have occurred and the current value of the assets allocated to the Bond. Quarterly valuations will be available online. More frequent valuations may be obtained at any time. These may be subject to an additional charge not exceeding £100.

## 13. Where can I obtain further information?

Your Independent Financial Adviser will be happy to answer any further questions you may have including those about compensation arrangements which may apply.

## 14. What are my cancellation rights?

If cancellation rights apply to you after your proposal has been accepted you will receive a Notice of Your Right to Cancel. You will then have 30 days in which to change your mind, as required by law.

If you exercise your right to cancel within 30 days of the receipt of the cancellation notice, you will get back the amount you invested less any fall in the value of the underlying assets of the Bond following execution of your instruction to cancel. If you instructed us to pay an initial Adviser Charge, this will not be refunded by IOMA Life. You should speak to your Adviser about any repayment of an initial Adviser Charge.

## 15. How do I pay my premium?

Payment must be made in Sterling by cheque, banker's draft or bank transfer to:

### Account:

Royal Bank of Scotland International

**SWIFT:** RBOSIMDX

**Acc No:** 58146347  
(Ref Policy Number)

**Sort code:** 16-58-80

**Acc Name:** Isle of Man Assurance Limited -Life

### IBAN Number if Requested:

GB65RBOS16588058146347

Cheques should be made payable to Isle of Man Assurance Limited. If the cheque is not drawn on your personal account you may be asked to verify the source of the funds.

## Tax

IOMA Life is not liable to any income tax, capital gains tax or corporation tax in respect of the assets allocated to the Bond. The only exception may be withholding tax, which is tax withheld by some countries on dividend income and interest.

The UK Finance Act 1998 (the “Act”) contains provisions pursuant to personal portfolio bonds. While every effort has been made to ensure that the Bond does not constitute a personal portfolio bond, IOMA Life is not providing any advice as to the tax implications of investing in the Bond.

Your tax position will depend upon a number of factors including your personal circumstances and you must obtain advice from your own financial adviser, both at the outset and throughout the life of the Bond. In particular you should ensure that you are able to satisfy any local tax, exchange control or insurance legislation or regulations applicable.

The UK Finance Act 1998 requires that, in certain circumstances, IOMA Life must disclose information concerning UK resident policyholders to HM Revenue & Customs. This disclosure may be required when an event occurs which results in a gain being realised. Disclosure will be dependent upon the amount of any gain and whether or not we are aware, or believe, that the policyholder was resident in the UK at the time the event occurred. A chargeable event may occur in the following circumstances:

- Death of the life assured.
- Maturity of the policy.

For further details, please consult your adviser.

In addition reporting (via the Isle of Man Treasury) will be made under the Common Reporting Standard.

## Data protection

The personal details provided by you will be held on our system and may be used in the future to provide you with information on this and other products.

## Regulation

IOMA Life is authorised by the Isle of Man Financial Services Authority.

IOMA Life is not subject to the same regulatory system as that applicable in the United Kingdom. Holders of policies issued by IOMA Life will not be protected by the United Kingdom Financial Services Compensation Scheme if the company should become unable to meet its liabilities to them.

However, the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protects investors by providing a statutory guarantee up to 90% of the amount of any liability of the insurance company under any life Policy. This compensation would be received in the unlikely event that the insurer became unable to meet its liabilities.

Please note that the Isle of Man compensation is not payable in the event that IOMA Life is solvent but providers of underlying investments with your Estate Transfer Bond have failed. Alternative compensation arrangements may apply in such circumstances and you should seek further details from your adviser.

## Law

The Bond will be construed in accordance with Isle of Man law. All communications relating to the Bond will be in the English language.

## Isle of Man Assurance limited

IOMA is registered as a company in the Isle of Man and is the oldest independent insurance company on the Isle of Man, with over 40 years of success in the international market place.

## Queries and complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact IOMA Life. If your complaint is not dealt with to your satisfaction you can complain to the Financial Services Ombudsman Scheme for the Isle of Man. Copies of our internal complaints procedure is available on request. Holders of policies issued by IOMA Life will not have the right to complain to the UK Financial Ombudsman Service. You may have a right in relation to your adviser based on his regulated status.

## Important notes

IOMA Life will categorise all policyholders as retail clients. Past Performance is not necessarily a guide to the future. The value of investments can go down as well as up. References to legislation and taxation in this leaflet are based on IOMA Life’s understanding of current law, which may change without notice.

This is a brief guide to the features of the Estate Transfer Bond and should be read in conjunction with the Client Guide and the Key Information Document. Full details are contained in the Terms & Conditions which is a legally binding contract between the policyholder and IOMA Life.