

ESTATE PLANNING BOND

KEY
FEATURES

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WEALTH SOLUTIONS



Utmost Wealth Solutions is the brand name used by a number of Utmost companies.

The Estate Planning Bond is issued by Utmost Limited.

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The Financial Conduct Authority is a financial services regulator. It requires us, Utmost Limited, to give you this important information to help you to decide whether our Estate Planning Bond is right for you.

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

BEFORE YOU BEGIN

Please read this document together with the enclosed illustration. We have highlighted in bold the documents that contain additional information about the risks and features associated with this bond. Please ask your financial adviser if you need copies of these documents. You need to be comfortable that you understand the benefits and risks of this bond before deciding whether to invest.

The purpose of this document is to help you to make an informed decision. However, you are required to seek professional financial advice before you decide to purchase this bond.



Wherever you see this icon it highlights that further information on the subject can be found within the **Product Guide**. The **Product Guide** will also show this icon in the relevant section for your ease of reference.

IMPORTANT INFORMATION

WHAT IS AN ESTATE PLANNING BOND?

It is an international single premium capital redemption bond, combined with a trust, managed by your appointed trustees.

Your investment purchases units in funds linked to the stock markets and deposits and combines your investment with that of investors who have similar objectives.

WHO SHOULD CONSIDER THE ESTATE PLANNING BOND?

The Estate Planning Bond is designed for people who wish to reduce their UK Inheritance Tax (IHT) liability and can give up access to their capital forever, but still need an 'income' from their capital during their lifetime.

'Income' payments are regular withdrawals of capital from the bond.

As it cannot be surrendered during your lifetime, nor can the 'income' payments be amended in any way, it may not be appropriate for you if you have no other form of savings or income.

This bond is designed for single or joint investors who are 18 or over, married or in a civil partnership and have estate planning requirements and a need for an 'income' from their investment. The maximum age for applicants at the start of the bond (before and after underwriting) is 94 years.



The Estate Planning Bond is complex, and it is strongly recommended that you seek professional advice on a face-to-face basis. This document should be read together with the advice from your financial adviser.

ITS AIMS

- › To reduce your potential UK IHT liability.
- › To increase the value of your investment by allowing you to select from a wide range of funds.
- › To provide you with an 'income' during your lifetime, or until the value of the bond reduces to zero.
- › To allow you to benefit from tax deferral on that 'income' during your lifetime where applicable.
- › To allow you to pass on your wealth to your beneficiaries under the terms of an appropriate trust.

YOUR INVESTMENT

You must invest a single lump sum of at least £50,000. No further investment into the bond can be made during your lifetime. With the exception of preset 'income' payments, you must be willing to give up access to your capital.

After your death (or the death of you and your spouse or civil partner in the case of a joint application), additional single premiums can be made. Additional premiums attract their own charges at the rates applicable at the time they are made, and each will have its own cancellation rights.



If you ask us to pay an initial charge for advice from the payment you send to us before the premium is invested, the amount you send must total at least the minimum investment amount as stated above, plus any agreed charges for advice.

Please see the 'What charges for advice can be facilitated?' section on page 6 for more information about the different types of charges we can facilitate.



Please read the 'Estate Planning Bond Essentials' section of the **Product Guide** for further information.

RISKS

When considering applying for an Estate Planning Bond, it is important to bear in mind the following risks:

- › The funds available through the bond are linked to stock markets and other investments. Their value will fall and rise in line with these markets and is not guaranteed. This means that your trustees may get back less than you invested.
- › If the bond invests in a fund denominated in a different currency from the bond, a currency conversion will apply. All costs and exchange risks associated with currency conversion will be charged to the bond. You should bear in mind that currency fluctuations may affect the value of the bond.
- › Inflation will reduce the value of what can be bought in the future with the proceeds of the bond.
- › The bond's charges may increase in the future, beyond those shown in your Personal Illustration.
- › The tax treatment of the Estate Planning Bond cannot be guaranteed as tax law and practice may change in the future or differ from our interpretation. Therefore the value of the tax benefits provided by this bond may change, which could result in a higher amount of UK IHT being paid by your estate than you expected. The tax treatment of the bond also depends on your individual circumstances.
- › The Estate Planning Bond requires that you take an 'income' in the form of regular withdrawals of capital. Withdrawals, including any charges for advice, may reduce the value of your investment below its original value, especially at times when investment growth is low or when the level of withdrawals is higher than growth of your chosen investment after charges. In addition the potential for growth may be lower than that indicated in your Personal Illustration.
- › If the trustees agree to pay any ad hoc adviser charges from the bond, any tax liability created may fall on the Settlor or the beneficiaries depending on the type of trust created and the circumstances of the trust at the time.
- › The policyholders are only covered by a compensation scheme if we become insolvent. In other circumstances, such as when a fund manager or a deposit taker (bank or building society) fails, our policyholders will not normally be covered by a compensation scheme. Please see the 'Compensation' section in this document for further information.
- › Some of the funds in which you can invest may carry additional risks because of the types of assets they invest in here are a few examples:
 - The value of funds that invest overseas may fall and rise due to changes in exchange rates.
 - Funds that invest in emerging markets may show greater performance volatility due to the nature of the assets held by the fund.
 - There may be a delay in accessing your money if you invest in property funds.
- › There are other risks which could affect the performance of the funds that you invest in. For more details please discuss with your financial adviser and refer to the **Fund Specific Risks** document.
- › There are risks associated with Drip-feeding and Portfolio Rebalancing. Please see **A guide to your investment options with Utmost** brochure for more details.

QUESTIONS AND ANSWERS

1. CAN I CHANGE MY MIND?

You currently have 30 days to cancel the bond. The 30 days begin on the day you receive the 'Your Right To Change Your Mind' form. If for any reason you decide that you do not want to take out this bond, return the form within 30 days to our address detailed on page 12 and we will give you your money back minus any amount relating to any charges for advice already paid. If necessary, you will need to reclaim any refundable payments in relation to these charges directly from the relevant party.

Please note that if the value of the investment falls before we receive your cancellation form, an amount equal to the fall in value will be deducted from any refund you receive. However, if the value of the investment has increased you will only get back the amount of your initial investment, minus any charges for advice already paid.

If the bond is linked to assets which cannot be cashed in easily, such as fixed-term deposits or funds with infrequent dealing days, it may be some considerable time before the asset can be sold or redeemed and your money returned to you. If there are any penalties imposed by the deposit taker or fund manager for early cancellation these will be passed on to you.

If you do not exercise your right to cancel within the 30 days cancellation period your bond will continue in accordance with the policy terms and conditions.

2. WHAT CHARGES DO YOU APPLY?

The current charges we take for running the bond are shown in your Personal Illustration. More detailed information on charges can be found in our separate **Charges Guide** available from our website www.utmostwealth.com or from your financial adviser on request. It is important that you read both items together with this Key Features Document.

Summaries of the charges applicable are below:

- › **Standard Product Charges** - We apply these charges (Administration and Flex-Charge) to the bond to cover the set up and administration of the bond.
- › **Conditional Charges** - Whether or not your trustees pay these charges depends on the options chosen when managing the investment.
- › **Investment Charges and Costs** - These charges are for the investment and fund choices you or your trustees make. They depend on the funds and investment services chosen, and include any charges made by the underlying fund manager for running the fund.

We may change our charges if our costs change unexpectedly, for example if tax rules change. We'll tell your trustees if this happens.

However, dealing, payment and additional valuation charges will be increased on 1 January each year in line with the UK Retail Prices Index without any notification.

Please note that charges reduce the value of the bond and its growth potential.

3. WHAT CHARGES FOR ADVICE CAN BE FACILITATED?

We can facilitate charges for advice provided by an appointed financial adviser, Investment Adviser or External Manager and/or Custodian (EMC) in the following ways:

- › **Outside of the bond** - for advice provided by the financial adviser, an initial adviser charge can be facilitated by us outside of the bond before your premium is invested. If you would like us to facilitate an initial charge outside of the bond, you will need to complete the relevant section within the application form.
- › **Inside of the bond** - Ongoing or ad hoc charges can be facilitated as a payment from the value of bond after the premium is invested. Any charges for advice which are agreed to be paid from the value of the bond must be requested by the trustees and they will need to complete the relevant sections in the **Adviser Charges pack**.

Further details on charges for advice can be found in our **Charges Guide**.



If you, or where appropriate the trustees, choose to pay any charges for advice from the value of the bond, then, depending on the type of advice provided, the charge may form part of your 5% annual tax deferred entitlement. Please speak to your financial adviser about potential tax implications connected with paying for advice from the value of the bond, before investing or setting up any agreements to pay such charges.

4. HOW DO I INVEST?

You will need to complete an application form and a Deed to create a trust.

You can make an investment by telegraphic transfer, BACS, CHAPS, banker's draft or cheque. Your bank may charge you for some of these services.

Am I eligible to invest?

The maximum age for applicants at the start of the bond (before and after underwriting) is 94 years. Your 'rated age' is your age after we have assessed your life expectancy through underwriting. If your rated age after underwriting is over 94, we will be unable to proceed with your application.

Why is underwriting required?

Underwriting allows us to calculate more accurately the amount that falls outside your estate for IHT purposes.



Further information can be found in the 'Could the Estate Planning Bond work for you?' section in the **Product Guide**.

What do I need to do if I want to appoint Utmost Trustee Solutions as Trustee?

If you wish to appoint Utmost Trustee Solutions as trustee, you will need to complete the **Estate Planning Bond application form for applicants who wish to appoint Utmost Trustee Solutions as trustee**. This contains the appointments and agreements needed to appoint them and to set up the trust. You should also read **Utmost Trustee Solutions – A guide to our services** available from us or your financial adviser on request.

The company details for Utmost Trustee Solutions Limited can be found in the footer at the end of this document.

5. HOW DOES MY BOND WORK?

Why is there a Trust?

To reduce your potential UK IHT liability, it is important to separate this investment from your estate. You do this by placing the investment into a trust. You gift the money to the trust and will no longer have access to your capital.

What is the role of the trustees?

Your appointed trustees manage the trust for the benefit of the beneficiaries and may invest the trust fund as if they were the owners. They therefore have control over your investment.



For details on choosing trustees, please see the 'Trust arrangements' section of the **Product Guide**.

What types of Trusts are available?

There are two types of trust to choose from: an Absolute Trust or a Discretionary Trust.

- › If you select the Absolute Trust, you name your beneficiaries at the start and they cannot be changed.
- › If you select the Discretionary Trust, your trustees will have the power to decide who is to benefit from the classes of potential beneficiaries described in the trust document.

How are the Trusts taxed?

It will depend on whether you have chosen an Absolute Trust or a Discretionary Trust and where your trustees or beneficiaries are resident.



You can find more information on this in the 'What are the UK tax implications?' section in the **Product Guide**.

Where will my money be invested?

You can choose funds from:

- › Tailored Selection funds which mirror certain underlying funds from a range of investment houses.
- › Utmost Fund Collection.
- › External funds available from a wide range of investment management groups.
- › Cash deposits available from a range of banks and building societies.

If you have asked us to link the value of the bond to investments in external funds, or cash deposits, we will set up a Dealing Account. Where a Dealing Account exists, Tailored Selection funds are not available.

We set up a Dealing Account so that money can be held ready for investment or withdrawal. It can become overdrawn, possibly due to product charges or charges for advice being taken, and in such instances interest charges will be applied on this debit balance.

Once a Dealing Account has been set up, it will remain in force and a higher quarterly administration charge will apply.

There is a minimum investment of £2,500 per fund for our Tailored Selection and Utmost Fund Collection ranges. For external funds and cash deposits, the minimum will be determined by each investment manager.

QUESTIONS AND ANSWERS

The Estate Planning Bond requires that you take an 'income' in the form of withdrawals of capital. Certain funds may have an extended notice period before any withdrawals can be taken, or may contain clauses in the fund prospectus that could delay redemptions in certain circumstances. Such funds may not be appropriate for this product.



Further information can be found in the 'What are my investment options?' section of the **Product Guide**.

You can find prices for funds within our Tailored Selection or Utmost Fund Collection ranges on our website at www.utmostwealth.com or you can phone us on **+44 (0)1624 643 345**.

Full details regarding external funds can be obtained from the relevant fund manager.

Can the trustees change the investments linked to the bond?

Yes, we will accept instructions from your trustees or an appointed Investment Adviser.

Fund switches for funds within the Tailored Selection or Utmost Fund Collection ranges are currently free of charge. However, some of the underlying funds that we 'mirror' carry a charge on investing in the fund.

There is a charge for each sale and purchase of external funds, or cash deposits. Please see your Personal Illustration for details of the current charge.

You can find further information on the switch process in our separate **A guide to your investment options with Utmost** brochure.

What are Drip-feeding and Portfolio Rebalancing?

Where you are invested in funds within the Tailored Selection or Utmost Fund Collection ranges, and there is no Dealing Account, you can add either Drip-feeding or Portfolio Rebalancing to your bond without further charge.

- › **Drip-feeding** – The money invested into your chosen fund is transferred to another selected fund at pre-selected intervals. This aims to reduce the effect of potential market fluctuations when switching funds.
- › **Portfolio Rebalancing** – You will give each fund a target percentage amount of your investment. The funds are then maintained at this level through either monthly, quarterly, half-yearly, or annual adjustments to maintain your preferred level of risk.

These automated options do not need to be chosen at outset. They can be started or stopped at any time. Please note that Portfolio Rebalancing and Drip-feeding cannot be used together.



For further information on Drip-feeding and Portfolio Rebalancing, please read the 'What are my investment options?' section of the **Product Guide**.

Can I nominate an Investment Adviser or an External Manager and/or Custodian (EMC) to be appointed?

Yes. With our agreement you may ask us to take instructions from your nominated Investment Adviser on the initial fund choice and subsequent fund switches. All charges applied by an Investment Adviser will be treated as a charge for advice.

However, they will not count towards your 5% annual tax deferred entitlement.

If we are asked to appoint an EMC, the standard quarterly administration we apply for EMC cases will be applicable to each EMC appointed. In cases where the EMC is able to provide electronic valuations, in a format acceptable to us, the administration charge may be reduced. The applicable administration charge will be shown in your Personal Illustration. In addition to the charges we apply, the appointed EMC will also charge for their service.

Please see **A guide to your investment options with Utmost** and our separate **Charges Guide** for more information.



If you, or where appropriate the trustees, choose to pay any charges for advice from the value of the bond, then depending on the type of advice provided, the charge may form part of your 5% annual tax deferred entitlement. Please speak to your financial adviser about potential tax implications connected with paying for advice from the value of the bond before investing or setting up any agreements to pay such charges.

How will I know what the bond is worth?

We will send the trustees an annual valuation statement on each policy anniversary. They can also register on our website at www.utmostwealth.com to obtain valuations online at any time. If additional paper valuations are requested there will be a charge. For details of the current rate please contact us on **+44 (0)1624 643 345**.

6. CAN I STOP 'INCOME' PAYMENTS?

You must take a regular 'income' and you must decide how much 'income' you wish to take, either fixed or increasing, when you complete the application form. 'Income' payments are actually withdrawals of capital. You cannot change this during your lifetime or take additional withdrawals. If the value of the bond reduces to zero your 'income' payments will stop.

It is important to note that if you do not spend the 'income' you receive, it will remain inside your estate and may be liable to UK IHT on death.



Any adviser charges paid to a financial adviser (on any matters not relating to investment advice or related services), which the trustees have agreed to be paid through the bond, will be treated as a withdrawal from the bond and will form part of the bond's 5% annual tax deferred entitlement.

7. CAN I SURRENDER THE BOND?

You cannot surrender the bond. It can only be surrendered or partially surrendered by your trustees, after your death (or after both of you have died on a joint application).

Outstanding charges may apply on partial or full surrenders and the amount received will depend on the value of the bond at that time which can be less than invested. There is a charge for the sale of any external funds and withdrawals from cash deposits. There may be a charge for breaking a fixed deposit early or for not providing any required notice period.



Please read the 'Getting money from the bond' section of the **Product Guide** for more information.

8. WHAT ABOUT TAX?

Will I have to pay tax on the 'income'?

If you are a UK tax resident, you are currently entitled to withdraw 5% of the original investment amount each policy year for 20 years and defer any Income Tax payable.

If you do not take your full 5% entitlement in any policy year, the unused amount is carried forward for use in future years.

If you withdraw more than 5% of the original investment in any policy year then the excess will give rise to a chargeable gain and may become liable to Income Tax.

This liability may fall on the Settlor/ Donor or beneficiaries depending on the type of trust chosen and the circumstances of the trust at that time.

Is there any tax on the funds?

We do not pay Capital Gains Tax or Income Tax in the Isle of Man on investments held on behalf of our investors, so any investment gains in these funds are allowed to grow free of these taxes. The only tax to which funds may be liable is that which is deducted at source, e.g. from dividend income and certain interest. This is known as Withholding Tax and cannot be reclaimed.

Do I need to know anything else about tax ?

Yes, how the proceeds taken from the bond are taxed is a complex issue.

The responsibility for any tax liability can depend on a number of factors. These include where you, your trustees and beneficiaries are resident and which type of trust you have selected.

For UK resident policyholders we will tell HM Revenue & Customs about any proceeds if this creates a Chargeable Gain. We recommend that you speak to your financial adviser.

The information contained in this document is based on our interpretation of current law and taxation practice in the Isle of Man and the UK, as at 1 July 2016. Tax treatment is subject to change and depends on individual circumstances.



Please read the 'What are the UK tax implications?' section of the **Product Guide** for further information.

9. WHAT HAPPENS TO THE BOND WHEN I DIE?

As it is a capital redemption bond and has a fixed term of 99 years, it doesn't end on death. Following your death (and that of your spouse or civil partner for joint applications), 'income' payments will stop. Your trustees can choose to leave the bond invested, assign the bond to the beneficiaries or surrender the bond to distribute the proceeds to your beneficiaries, in line with the trust document. If the bond is to remain invested following your death, any charges applicable to the bond will continue.



For further information on charges please see the 'What are the charges for the Estate Planning Bond?' section in the **Product Guide**.

FURTHER INFORMATION

AUTHORISED AND REGULATED

We are authorised by the Isle of Man Financial Services Authority. We are not subject to the same regulatory system as the United Kingdom. In particular, we have different solvency, complaint and consumer protection rules.

Solvency is a measure of financial strength. Our solvency is regularly reviewed by the Isle of Man Financial Services Authority, who set minimum solvency margins to protect policyholders. However, this margin is lower than required in the UK.

COMPENSATION

We are covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991. If we cannot meet our obligations, the policyholder will be entitled to claim up to 90% of our liabilities to them as compensation from the Scheme.

If you are a UK investor, and we cannot meet our obligations, the policyholder may be able to claim cover for 90% of the value of the bond from the UK Financial Services Compensation Scheme. However, as we are not subject to the same regulatory system, this position could change in the future. We understand that any claim to the UK Scheme will take into consideration any payment from the Isle of Man Scheme. Please speak to your financial adviser for further eligibility.

Please note that, as the assets to which the value of the bond is linked are held in our name, the policyholder does not have any automatic rights to compensation should the underlying fund manager or deposit taker fail. In these circumstances our liability to the policyholder will be limited to such amounts, if any, that we can recover from any third party.

LAW AND LANGUAGE

The Estate Planning Bond consists of a series of policies and a Trust.

- › The policies are governed by Manx law. The Isle of Man Courts shall have exclusive jurisdiction to decide any dispute that arises in connection with any such policy. Any waiver of such exclusive jurisdiction shall be at our discretion and exercised reasonably.
- › The Trust is governed by the Law of England and Wales.

Your contract documents will be in English and any communications we send to you will be in English.

FINANCIAL ADVISERS

Your financial adviser will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications. If you have any questions regarding the Estate Planning Bond, please contact your financial adviser.

KEY FEATURES DOCUMENT & PERSONAL ILLUSTRATION INFORMATION

If the Personal Illustration you have been given contains an expiry date, should you wish to make an application after this date, please ask your financial adviser for a new Personal Illustration and Key Features Document.

If the intention is to request us to deduct charges for advice on your or the trustees' behalf, either from your payment to us or from the value of the bond, please ensure the details of the charge match those shown on the Personal Illustration provided to you by your financial adviser.

This Key Features Document was produced in July 2016. If you are not sure if you have the most up-to-date version, please ask your financial adviser.

VISUAL IMPAIRMENT

Large text, Braille and audio versions of this guide are available on request.

TERMS AND CONDITIONS

These Key Features give a summary of the Estate Planning Bond. They don't include all the definitions, exclusions, and terms and conditions. These are shown in the Policy Schedule and Policy Conditions.

If you would like a copy please ask your financial adviser or us.



Please read the 'Some important Information' section in the **Product Guide** for more information.

COMPLAINTS

We will do everything in our power to prevent a complaint and in many cases can resolve the issue direct with our client.

If, for any reason, you are dissatisfied with our service, please address your complaint to our Customer Experience Manager. Our details are in the 'Contact us' section.

Complaints we cannot resolve can be referred to the Financial Services Ombudsman Scheme for the Isle of Man. You are not eligible to make a complaint against us to the UK Financial Ombudsman Service.

The Scheme is specifically aimed at individuals, which means that complaints from companies (including Corporate Trustees) are excluded.

Making a complaint will not affect your right to take legal proceedings during mediation. However, if you elect to have your case referred to the Ombudsman then, other than on a point of law, their decision is binding on you and Utmost.

The Ombudsman's contact details are:


Post: The Financial Services Ombudsman
The Slieau Whallian
Foxdale Road
St John's
Isle of Man
IM4 3AS
British Isles


Tel: +44 (0)1624 686 500


Web: www.gov.im/oft/ombudsman


CONTACT US

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WEALTH SOLUTIONS

A WEALTH *of* DIFFERENCE

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IOM PR 0062/11.10.2016

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