

For advisers' use only (not to be relied on by anyone else)

*Your guide to*

# *Offshore investing*

*with Standard Life International*



# Hello.

This brochure is designed to highlight the key scenarios where investing in an offshore bond can help your clients to achieve their financial goals. It will also explain some of the key features of the International Bond from Standard Life International and show how they can benefit both your clients and your business. For specific details of the product features of the International Bond, please see the International Bond Adviser Guide (IB12).

In addition to the potential tax advantages that come with offshore investing, an offshore bond has the flexibility to adapt to changes in your clients' personal circumstances, allowing you to develop profitable relationships over the longer term.

As part of the Standard Life group, Standard Life International has the brand strength and financial experience to reassure your clients that their money is in safe and experienced hands.

Also, our highly commended service and support network, combined with our flexible, transparent charging and commission structure, can make International Bonds an efficient, profitable investment option for both you and your clients.

# Why sell offshore bonds?

Offshore bonds are a flexible investment vehicle that you can use to help your clients achieve their financial goals in a tax efficient investment.

They can allow you to meet the changing needs of your clients as they move through different life stages. And, as they are likely to require ongoing advice, you'll have the opportunity to develop and maintain relationships with those clients over the longer term.

## The key benefits for your clients are:

### Any growth is virtually free of tax

Any growth is virtually free of tax\*. Your clients will pay income tax on any gain when the bond is cashed in, or when more than the 5% tax-deferred annual allowance is withdrawn. As well as giving the investment more opportunity for potential growth, this can help with tax planning and gives the potential for additional tax savings if your clients' personal circumstances change in the future.

\* Small amounts of irrecoverable withholding tax may be payable on certain investment funds. Also, in some circumstances, if your clients invest in a net fund, Standard Life International will reclaim tax within the fund where possible.

### Choice of a wide range of investments

Offshore bonds are compatible with a wide range of investment choices. For example, clients who invest in an International Bond can choose from a portfolio of Insured Funds from some of the UK's leading asset management companies, a platform of Mutual Funds, a panel of Discretionary Fund Managers, and a selection of Deposit Accounts and Structured Deposits.

What's more, your clients can also choose to invest in a fund that's not on our platform ('whole of market' funds), subject to the fund being compatible with our International Bond and an additional charge.

### Flexibility to move between investments

Should your clients' circumstances change, they can move their money between investments at any time without incurring tax penalties. (Please note that switches involving certain types of investments can incur charges – please see the International Bond Adviser Guide (IB12) for more information.)

### Access to their funds if required

Your clients can access the funds held within an offshore bond. Your clients can take tax-deferred withdrawals each year of up to 5% of the total payments made into their bond, up to a maximum of 100% of the total amount paid into the bond. If they do not use their allowance in a particular policy year, they can carry it forward to a future year.

### Flexible charging structure

Our flexible and transparent charging structure means your clients are charged according to the investments they choose, giving them a fair deal and value for money.

### Using a trust to help with estate planning

Your client can set up an offshore bond under trust. Trusts are very useful in estate planning, as they give your client some flexibility over who would receive the trust assets and when, so they can take into account the likely changes in their family circumstances. A trust can also speed up distributions after your client's death, avoiding the need for probate/confirmation.

## Key benefits for you:

### Flexible commission structure

We offer initial, funded initial and fund based renewal commission options and you can choose a combination of commission types for each payment, giving you the flexibility to structure your own remuneration (within limits). Commission is directly linked to the bond's charging structure and is offered in bundled packages for simplicity. You can also choose a bespoke structure to better suit your own or your clients' needs.

For more information on the commission terms available, please see the International Bond Commission Guide (IB20).

### Simple to manage

International Bonds from Standard Life International are backed by an extensive service and support network that makes them easy to manage and maintain over the longer term, giving you more valuable time to spend with your clients.

### Holistic advice opportunities

The flexibility that comes with International Bonds makes them suitable investment vehicles for a wide range of circumstances. The ongoing advice required by your clients gives you the chance to develop profitable relationships over the longer term.

### Potentially suitable for a wide range of clients

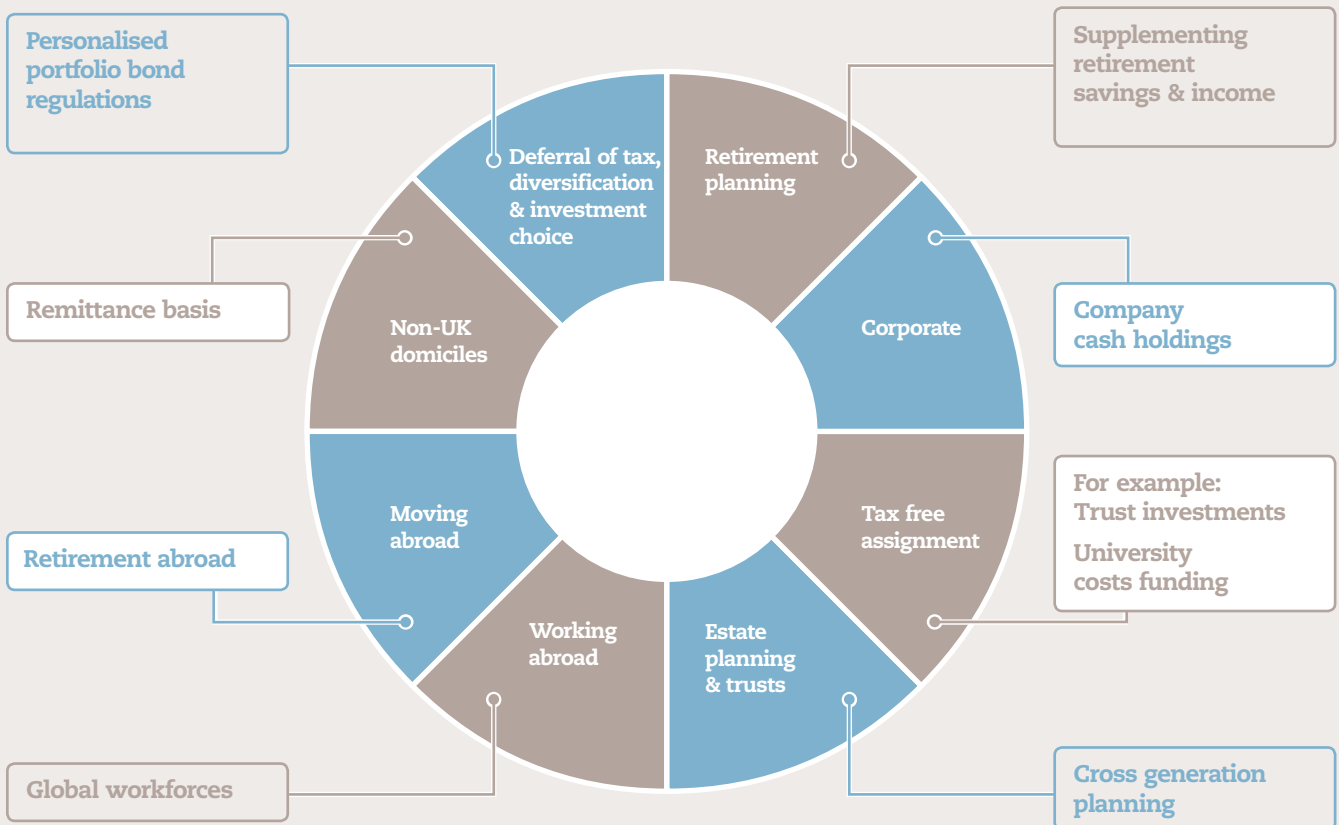
A range of clients can buy an International Bond, as it is available to single and joint applicants, corporate clients, those wishing to start a new trust or trustees of existing trusts.

### Range of estate planning solutions

Estate planning involves looking at who inherits your client's estate, when and how, with tax being mitigated in the process. There are a number of very effective solutions involving lifetime gifts which can also reduce your client's inheritance tax (IHT) liability. We can help to develop your awareness and understanding of the wide variety of estate planning issues that can arise for clients considering investing offshore. For further information on estate planning please visit [www.adviserzone.com/estateplanning](http://www.adviserzone.com/estateplanning)

# When can offshore bonds benefit your clients?

This section covers some of the key sales opportunities for offshore bonds, over and above the tax efficiency and investment choice they offer.



## Retirement planning

The flexibility and tax efficiency that comes with offshore bonds can make them an ideal tool for enhancing retirement planning.

For example, if you have a client who would like to retire early, investing in an offshore bond can be a tax efficient way for them to take an income before they are able to access their pension benefits.

Clients in danger of exceeding the lifetime allowance for pension can also invest in an offshore bond to avoid the tax penalties associated with breaching the limit, while still benefiting from any growth being virtually free of tax.

Also, using offshore bonds as part of pension planning can be a way to increase tax efficiency whilst still retaining access to funds. For example, making a pension payment from the proceeds of an investment bond can enable a basic rate taxpayer who would become a higher rate taxpayer because of any gain on cashing in the bond to remain a basic rate taxpayer using the 'top slicing' method.

In certain circumstances, your clients may be able to vary or even stop taking their pension income after retirement in order to become a basic rate tax payer. As basic rate tax payers they can use the top slicing technique to pay less tax when taking withdrawals from their bond.

## Corporate customers

Small companies can also potentially benefit from investing in an offshore bond. Generally if the company operates on the historic cost basis of accounting, any investment gains from their bond do not have to be declared annually for corporation tax purposes.

A small company is defined as having two out of these three characteristics: a turnover less than £6.5 million, a balance sheet less than £3.26 million and an average of 50 or less employees.

## Tax-free assignment

If your clients want to give someone special a head start in life, offshore bonds can be a great way for them to achieve this as tax efficiently as possible. For example, by default an International Bond is split into 100 different policies (or “segments”), each of which can be assigned separately. This allows your clients to transfer ownership of the bond, meaning that when the bond is cashed in, the amount of tax owing will usually be dependant upon the tax status of the person who owns the bond when any chargeable gain arises. For example if the recipient is a client’s adult child or grandchild, they will pay tax at their rate and not your client’s, meaning more of the money can go where it was originally intended.

Your clients can also choose to put an offshore bond investment in trust. As a trustee they can retain control over how much and when money is invested in or withdrawn from the bond. They can also choose to assign portions of the bond to beneficiaries instead of the full amount.

## Estate planning and trusts

If your clients’ estate is worth more than the Inheritance Tax (IHT) threshold (also known as the nil rate band) for the tax year, it’s possible that their estate will have to pay IHT. An offshore bond under an effective trust is one way in which your clients can potentially reduce the impact of this and ensure that as much of their money is passed on to their loved ones as possible.

The amount they invest isn’t generally included within their estate for IHT purposes – as long as they live for at least 7 years after putting it in trust. Your clients can also act as trustees on the bond and retain control over the money for as long as they live.

## Working abroad

If your clients invest in an offshore bond while resident in the UK, Channel Islands or Isle of Man, and then live outside the UK for any period between the start of the bond term and the time when they choose to cash it in, they could also be eligible for ‘Time Apportionment Relief’. This is where the amount of tax they pay is reduced to take into consideration the length of time spent outside the UK.

## Moving abroad

Where your clients are planning on moving abroad, an offshore bond gives them the flexibility to choose whether they take their proceeds before they go or in the country they are moving to, depending on which country offers them the lowest rate of tax. What’s more, with an offshore bond your clients only pay tax once, as opposed to an onshore bond where tax is still payable on any fund growth even if your clients live abroad.

## Non-domiciles

“Non-doms” – people who are not UK domiciled but have been resident in the UK for many years – currently have to pay £30,000 a year if they wish to continue to only pay UK tax on income and any gains on the remittance basis. By investing in an offshore bond, in certain circumstances it may be possible for a non-dom to make use of the 5% annual withdrawal allowance (without immediate liability for tax) to help to pay this charge. However, this can be a complex area of financial planning – especially if there are unremitted gains in the investment bond. Further information is available from [www.adviserzone.com](http://www.adviserzone.com)

## Finding out more

Standard Life International offers a range of sales aids and technical briefing cards that explain these scenarios in more detail. You can obtain copies from:

[www.adviserzone.com/offshore](http://www.adviserzone.com/offshore)  
or by speaking directly to your Account Manager.

# Why Standard Life International?

## Solid foundations

Standard Life International is an Irish company wholly owned by Standard Life Assurance Limited. We are authorised and regulated by the Irish Financial Regulator and by the Financial Services Authority for the conduct of UK business. In addition, we are also regulated by the Jersey Financial Commission for the conduct of Jersey business.

The Standard Life group of companies has been looking after its customers for over 180 years, and currently over 6.5m people worldwide rely on us for their financial needs.

## Benefits of Irish location

Our Dublin location brings us many advantages not necessarily offered by other offshore locations. The Irish branch of Standard Life Assurance Limited which sells policies to Irish investors has been established in Ireland since 1834. As such, we benefit from the branch's experienced workforce, high standards of service and understanding of Irish regulation and requirements. Ireland is also a member of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD). This means that by establishing Standard Life International in Ireland, we can take advantage of the agreements that exist between EU countries. Other jurisdictions like the Isle of Man and the Channel Islands cannot do this.

## Award winning support network

The Standard Life group has a reputation for delivering a high standard of service across its many subsidiaries and Standard Life International is no exception. Our comprehensive service and support network is designed to save you valuable time and help you meet your clients' needs efficiently and effectively.

In addition to the services of an Account Manager, we offer direct access to a dedicated team of experts to ensure that your dealings with us are as easy, helpful and straightforward as possible.

## Important notes

All information in this document relating to taxation is based on our understanding of law and practice in Ireland and the UK at June 2010. The future tax position of the bond or your client's own tax position may alter. The tax information given only applies if your client is resident in the UK for tax purposes.

No guarantees are given regarding the effectiveness of any arrangement entered into on the basis of this document.

Please note that the value of an investment may fall as well as rise and an investor may not get back the amount originally invested.

Some types of investment available through the International Bond are not covered by the Financial Services Compensation Scheme (FSCS) – for more information, please see the Key Features Document (IB17).

Standard Life International will not be held liable for any loss suffered by your client in respect of a deposit account backed by a government guarantee.

## Online tools and support

We also offer comprehensive online support via our dedicated Intermediary website:

[www.adviserzone.com/offshore](http://www.adviserzone.com/offshore)

You can use adviserzone to generate quotes, get access to bond tracking and valuation information and view your clients' full bond information. In addition, there is a range of tools and support documents to help you deal with new business enquiries and any technical questions that might arise.

**Pensions**  
**Savings**  
**Investments**  
**Insurance**

## Speak soon.

If you'd like more information on offshore investing, or if there's anything more about Standard Life International we can help you with, just call us on this number, or visit our website. Call charges may vary and your call may be recorded or monitored to improve our service.

**0845 300 4273**

**[www.slinternational.ie](http://www.slinternational.ie)**

**[www.adviserzone.com/offshore](http://www.adviserzone.com/offshore)**

Certain classes of product mentioned on this page are provided by certain other companies within the Standard Life group.

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