

UTMOST WEALTH SOLUTIONS CONTINUITY SERVICE

ADVISER GUIDE



A WEALTH *of* DIFFERENCE

utmost™
WEALTH SOLUTIONS

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INTRODUCTION

Your clients lead sophisticated, mobile lives and over time their personal circumstances and preferences will naturally evolve. A change in circumstances for a globally mobile client can pose a challenge, but the impact on their financial plans should not.

Life assurance is a straight forward financial structure which is widely recognised around the world. Utmost's wealth solutions offered in Asia and the Middle East provide an ideal financial planning vehicle whilst your client is resident there, and can continue to provide tax and estate planning benefits should they leave Asia or the Middle East to settle in another jurisdiction.

However, if the client plans to relocate to a European Union ("EU") country, the Utmost policy that has served them well whilst living in Asia or the Middle East may not be the best long term solution. This is due to subtle differences in the tax and regulatory requirements in the EU that favour insurance policies issued by EU-based insurers.

Fortunately, investing with Utmost Wealth Solutions means that your client is investing with a leading provider of wealth planning solutions that has a regulated footprint in the EU. Through Utmost PanEurope ("UPE"), based in Ireland, Utmost Wealth Solutions is a leading provider of EU compliant solutions that have been designed to meet the tax and regulatory requirements in chosen target markets.

For many years, Utmost PanEurope's portability solution has been a key feature of our proposition, helping clients to restructure their Utmost policy when they move to another EU jurisdiction, in order to ensure that the product continues to provide a tax compliant wealth planning solution. Now we can harness this expertise to introduce a new feature to our Asian and Middle East propositions: the Utmost Continuity Service.

WHAT IS THE UTMOST CONTINUITY SERVICE?

The Utmost Continuity Service is a service available to High Net Worth individuals who already hold, or intend to acquire, an Utmost policy issued by Utmost International Isle of Man Limited (“UIIOM”) in one of our regulated markets. Where the policyholder has decided to relocate to an EU country where Utmost Wealth Solutions has a market footprint, we can arrange for the UIIOM policy to be substituted for a compliant solution.

We can offer tax compliant solutions for individuals relocating to the following EU jurisdictions:

- › France
- › Spain
- › Portugal
- › Italy
- › Sweden
- › Finland

WHAT ARE THE BENEFITS OF THE UTMOST CONTINUITY SERVICE?

Our Continuity Service ensures that the client continues to benefit from Utmost’s wealth planning solutions, but in the knowledge that their contract is designed specifically to provide tax and estate planning advantages in the new country of residence.

The key benefits include:

- › Continued gross roll up/tax efficient accumulation
- › Investment strategies and investment management relationships left largely undisturbed
- › Tax efficient drawdown, with gains on withdrawals benefitting from lower tax rates than the marginal rates of income tax
- › Ability to undertake estate planning in accordance with local requirements
- › Potential to reduce local inheritance tax exposure

- › Servicing from our Head Office in Ireland
- › Further portability options if the client relocates to another EU jurisdiction
- › Benefit from reduction in withholding taxes under the Irish double tax treaty network.

The key benefit to you, as the adviser, is that you are recommending a policy with Utmost safe in the knowledge that, should your client relocate to the EU in future, they have the option to remain with Utmost Wealth Solutions and have access to products that are compliant with the tax and legal requirements of their new country of residence.



WHO CAN BENEFIT FROM THE SERVICE?

Utmost's Continuity Service is exclusively available to existing UIIOM policyholders with a policy value of at least US\$1m, who expect to relocate to the EU within 12 months. The clients must reside in, or be advised in, a jurisdiction where Utmost has a regulated presence or permission to transact business in.

The clients must request the service at their own initiative and understand that they will be surrendering their existing contract with UIIOM and effecting a new contract with Utmost PanEurope.

Whilst they will benefit from continuity of their relationship with Utmost Wealth Solutions, there may be several differences in how their new contract is structured compared to their UIIOM contract. These differences are necessary to comply with the requirements of their new country of residence, and will be explained to the customer.





HOW DOES THE CONTINUITY SERVICE WORK?

When the client is planning to relocate, they can, via their adviser, make a “Continuity Request”. We will analyse their existing contract, and produce a technical note outlining the key features of the target country solution, including summarising any differences between their current contract and the new one. The analysis will include the following:

- › Whether existing investments are compatible with the new contract’s permitted investment links
- › Whether the existing investment advisory arrangements can remain in place, and any amendments required to facilitate continuity
- › How the policy should be written, taking into account the client’s marital status, and estate planning requirements
- › Any amendments required to arrangements for ongoing insurance intermediation/advice
- › Differences in minimum death benefits required to ensure the product is compliant
- › An outline of charges on the new policy
- › A summary of the tax and estate planning benefits of the new policy

- › An outline of any local tax or regulatory reporting requirements

Should the client wish to avail of the service, we will issue a “Continuity Pack” consisting of:

- › A request to substitute their UIIOM policy with an Utmost PanEurope policy
- › A surrender request form for UIIOM, with a request to transfer funds to Utmost PanEurope
- › A client non-solicitation declaration and declaration that they intend to reside in the target country within 12 months of substituting their policy
- › An application to set up a new policy with Utmost PanEurope.

Once completed, the pack should be sent directly to UIIOM and we will begin the substitution process. Where possible, we will arrange for existing investments to be transferred to the new policy. Where this is not possible, we will liquidate the investments and make a cash payment as premium for the new policy.

Once all outstanding requirements are received, Utmost PanEurope will issue the new policy.

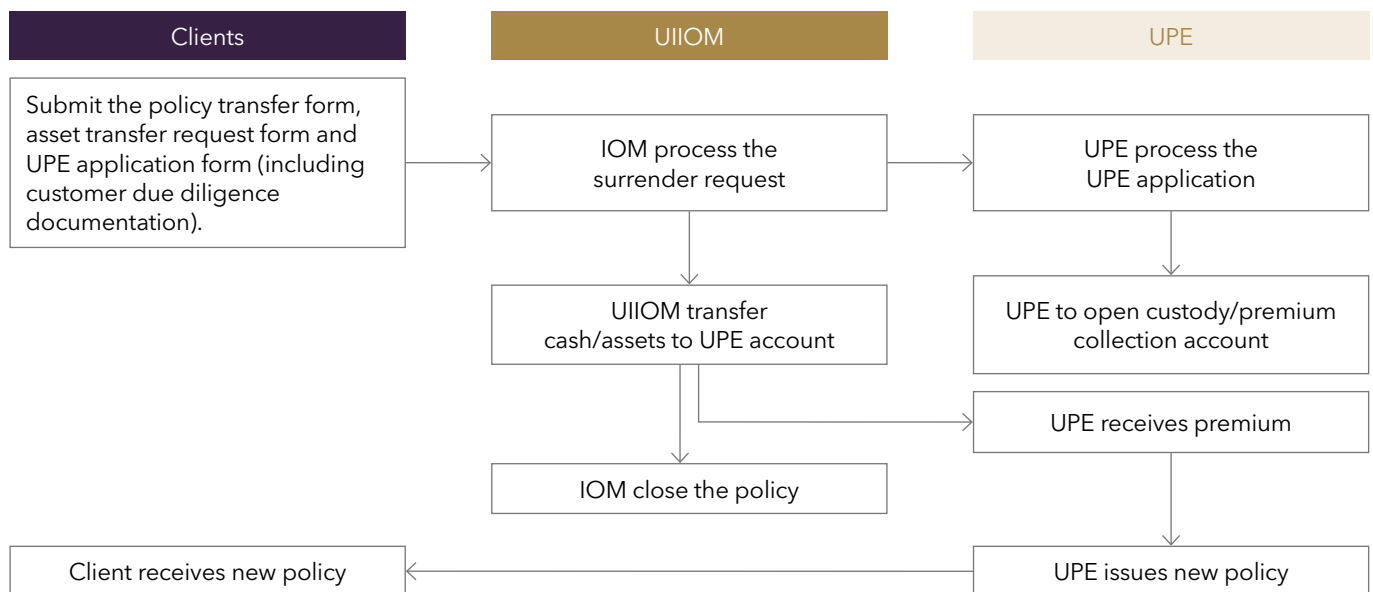
HOW ARE EXISTING INSURANCE INTERMEDIARY AND INVESTMENT ADVISORY RELATIONSHIPS AFFECTED?

Whilst the policyholder remains resident outside the EU, you, as the existing insurance intermediary can continue to provide services in relation to the new policy. You will be required to enter into an intermediary agreement with Utmost PanEurope.

You must confirm in the substitution pack that you are acting in compliance with your regulatory obligations in assisting with the policy substitution. When the policyholder takes up residence in the target country, it may be necessary to change the intermediary arrangements. Some countries require that an EU authorised intermediary is appointed to provide these services once the policyholder is resident there. We will advise you of these rules at the time of the substitution, as well as alternative options (for example, being treated as an “introducer”) if there is a requirement to appoint an EU intermediary.

Investment advisory services, including discretionary management services and external custody arrangements may be able to continue in force even after the client has relocated. We will advise you of these during the substitution process.

OUTLINE OF THE TRANSFER PROCESS.



THE UTMOST CONTINUITY SERVICE IN ACTION

The following case studies illustrate how the Utmost Continuity Service works in practice.

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CASE STUDY 1

THE CLIENT



Mr. Wong is resident in Hong Kong and plans to retire in 5 years' time. He is unsure if he will retire to Australia or Portugal, and he owns property in both jurisdictions. Mr. Wong sets up an Utmost Hong Kong Executive Investment Plan via his Hong Kong adviser with an initial premium of US\$1m. He chooses a self-selection arrangement, selecting a combination of external funds and listed equities, and adds US\$250,000 p.a. to the policy in additional premiums. Mr. Wong knows that if he retires to Australia, the EIP will be able to benefit from the tax benefits applicable to life policies in Australia. He also knows, that should he choose Portugal as his retirement home, he can avail of the Utmost Continuity Service to substitute his EIP for a Portuguese compliant product.



THE CONTINUITY SERVICE

After 5 years, Mr Wong's EIP is worth US\$2.5m, and he decides that he will retire to Portugal. He makes a Continuity Request to Utmost. Mr Wong is presented with APEX Portugal as a possible solution on account of the policy being Portuguese compliant, available in English, and has a self-selection option. He is advised that he will be required to sell his individual equity holdings, as these are not permitted in a self-selection model under Portuguese tax law, but that he can retain his external fund holdings.

Mr. Wong completes the substitution pack and his EIP is replaced with an APEX Portugal policy. As the policy is effected before he becomes Portuguese resident, he can retain his Hong Kong adviser to service the policy.

ADDITIONAL BENEFITS

- › Surrendering the EIP whilst resident in Hong Kong means that the policy gains are tax free, and the capital is rebased to US\$2.5m for future Portuguese tax purposes
- › His policy is compliant with Portuguese law which means that he continues to benefit from gross roll up whilst resident in Portugal.
- › He remains invested in his original funds, with some minor amendments
- › If he makes no withdrawals for at least 8 years, the potential maximum tax rate on future gains is as low as 11.2%.

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CASE STUDY 2

THE CLIENT



Mr. Durand is resident in Dubai and plans to retire in 2 years' time in his native France. Many years ago he invested US\$5m into an Utmost Isle of Man Executive Redemption Bond, which is now worth \$10m. He sees this as his pension fund, from which he and his wife will draw an income when they relocate to France, with the intention that the fund will eventually be left to his three children.

Mr. Durand's adviser is authorised in the Dubai International Financial Centre (DIFC), and also has a sister firm that is authorised in the EU. The funds in his ERB are held in an external custody account and managed on a discretionary basis by an asset manager based in Luxembourg.



THE CONTINUITY SERVICE

Mr Durand makes a Continuity Request to Utmost. He is presented with PWP France as a potential solution, as it can accommodate external custody and discretionary management arrangements, as well as allowing Mr Durand to contract in the French language. His adviser arranges the PWP France policy for him in the DIFC. The external custody and discretionary management arrangements can continue within the new Policy. When Mr. Durand relocates to France, the adviser can transfer ongoing insurance intermediation services to their sister company in the EU.

ADDITIONAL BENEFITS

- › Surrendering the ERB whilst resident in Dubai means that the policy gains are tax free, and the capital is rebased to US\$10m for future French tax purposes
- › His policy is compliant with French law which means that he continues to benefit from gross roll up whilst resident in France, and gains on withdrawals are subject to French "flat tax" at a rate of 30%
- › If he is married in a universal community of property regime, he can set the policy up on a joint life, second death basis with his wife, meaning that the tax efficient withdrawals can continue in force until the second death
- › They can nominate the children as beneficiaries, meaning that the death benefits will benefit from lower inheritance tax rates specifically applicable to life insurance policy proceeds

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CASE STUDY 3

THE CLIENT



Mr. Thomas is a British national resident in Singapore and plans to retire in 5 years' time. He is unsure if he will retire to the UK or Spain, and he owns property in both jurisdictions. Mr. Thomas sets up an Utmost Singapore Executive Investment Account via his Singapore adviser with an initial premium of US\$5m.

He chooses a discretionary arrangement, which his adviser, as a Capital Markets license holder, manages. Mr. Thomas invests in the knowledge that, should he retire to the UK, the EIA will continue to provide tax benefits. He also knows that, should he choose Spain as his retirement home, he can avail of the Utmost Continuity Service to substitute his EIA for a Spanish compliant product.

Mr. Thomas's adviser is authorised in Singapore as a financial adviser and Capital Markets license holder, but has no authorised presence in the EU. The funds in his EIA are held in an external custody account and managed on a discretionary basis by his adviser.

5 years later, Mr Thomas decides that he will retire to Spain, and his EIA is worth US\$8m.



THE CONTINUITY SERVICE

Mr Thomas makes a Continuity Request to Utmost. He is presented with PWP Spain as a potential solution, as it can accommodate external custody and discretionary management arrangements, as well as allowing Mr Thomas the choice to contract in English or Spanish. His adviser presents the PWP Spain policy to him. The external custody and discretionary management arrangements can continue within the new policy when Mr. Thomas relocates to Spain, as Utmost PanEurope can appoint the adviser as the discretionary manager. For ongoing insurance intermediation services, Utmost can introduce the adviser to a company that is authorised in the EU, who is appointed as the intermediary to satisfy any insurance regulatory requirements under Spanish rules.

ADDITIONAL BENEFITS

- › Surrendering the EIA whilst resident in Singapore means that the policy gains are tax free, and the capital is rebased to US\$8m for future Spanish tax purposes.
- › His policy is compliant with Spanish personal income tax law requirements, which means that he continues to benefit from gross roll up whilst resident in Spain, and gains on future surrenders or withdrawals are subject to Spanish tax at favourable rates ranging from 19% to 28%.
- › Special conditions can be included in the policy to cater for specific wealth or estate transmission needs, depending on the family's circumstances.
- › He can nominate the children as beneficiaries, enabling them to inherit the death benefit without the need to go through probate.

For more information please contact your Utmost Regional Sales Manager.

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www.utmostinternational.com

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Utmost International Isle of Man Limited is registered in the Isle of Man under number 024916C.

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Utmost Wealth Solutions is registered in the Isle of Man as a business name of Utmost International Isle of Man Limited.

Utmost PanEurope dac (registered number 311420) is regulated by the Central Bank of Ireland.

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