



## UTMOST INTERMEDIATE EXPLORATION OF INVESTMENT BONDS - EPISODE 2

### Case study 1

- Ivor purchased an investment bond for £50,000 on 01/06/2016.
- The bond was written as 100 segments.
- On 31/05/2019, at the end of the third year the bond is valued at £48,000.
- Ivor decides to withdraw £24,000 from his bond.
- How does this change the chargeable gain position either by part surrender across all segments or full segment surrender?

### Case study 2

- Sophie is a higher rate tax paying investor
- She invested £100,000 on 1 August 2017
- Policy year runs from 1 August to 31 July
- Sophie has an unforeseen expense and requires funds
- Initial withdrawal from the bond is by part surrender
- Part surrender of £40,000
- The part surrender is followed by a full surrender
- Final surrender value £70,000

#### Q. What is the Tax Position if there is a Part surrender followed by a full surrender?

1. In the same policy and tax year
2. In the same tax year but in different policy years
3. In different tax and policy years

Please note that this information is based on our understanding of current legislation and HM Revenue and Customs practice as at 1 August 2019. It does not constitute legal or taxation advice. The companies in the Utmost group can take no responsibility for any loss which may occur as a result of reliance on this information.

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