

EXECUTIVE INVESTMENT ACCOUNT

REASONS WHY DOCUMENT

This document has been compiled to provide you with some information and reasons for your client which you may wish to incorporate within your recommendation letters. These sample paragraphs are for your information and consideration only. You will, of course, need to relate the sections you select to your client's own circumstances as they may not all be relevant. This wording has been produced to help you, as a financial adviser, draft your own material. We accept no responsibility for ensuring that it meets with your own regulatory requirements and you should arrange for approval in accordance with your regulator's rules within your own firm.

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The information provided in this document is not intended to offer advice.

It is based on Utmost International's interpretation of the relevant law and HM Revenue & Customs practice as at January 2021. While we believe this interpretation to be correct, we cannot guarantee it. Tax law may change in the future. The value of any tax relief will depend on the investor's individual circumstances. The value of investments can fall as well as rise and investors may not get back what they put in.

All references to **Utmost International**, we, us and our in this document mean Utmost International Isle of Man Limited, who are the providers of the Executive Investment Account.

Throughout the document we refer to you and your. Unless otherwise stated, this refers to the end customer not the financial adviser representative.

Overleaf you will find a contents page showing the topics that are included in this document. It also includes hyperlinks to each heading for ease of navigation.

WHAT IS THE EXECUTIVE INVESTMENT ACCOUNT?

The Executive Investment Account is a whole of life, investment-linked, life assurance policy issued by Utmost International Isle of Man Limited. It is a wealth management solution for Singapore Accredited Investors as defined by the Singapore Securities and Futures Act (Cap.289).

The Executive Investment Account is a single premium, offshore bond wrapper which allows you to maximise market opportunities by holding and consolidating a wide range of investments in one place. Its value is linked to a selection of assets you have chosen. It can also be issued

as a cluster of policies specifically for tax planning purposes.

The flexibility of the Executive Investment Account allows you to build a customised, personalised portfolio to suit your financial goals and risk appetite as appropriate, whether that's for wealth accumulation or preservation, succession planning or tax planning.

Please see **the Executive Investment Account offering documents (comprising the product brochure and product summary)** for further details.

POSSIBLE REASONS TO INVEST IN THE EXECUTIVE INVESTMENT ACCOUNT

Wide asset choices

By investing in an Executive Investment Account, you will have full access to a wide range of collective investments around the world, in most major asset classes and currencies.

These include:

- › collective investment schemes, unit trusts and investment trusts
- › assets quoted on a recognised stock exchange, including shares and fixed interest securities
- › various multi-currency deposits.

This not only provides a greater opportunity to create a portfolio tailored to your individual risk profile and objective, but can also help reduce investment risk.

A choice of currencies

When you set up the Executive Investment Account, you can choose to use any one of a number of major currencies as your policy currency. All your investments will then be reported and summarised in your chosen policy currency. However, you also have the option to make payment or take withdrawals in any of the major currencies. For example, you could choose US dollars as the policy currency, but make the payments in Euros and invest in assets based in Sterling.

Please note that the currency exchange rate may fluctuate and affect the assets' value.

Advanced online service for free

The Executive Investment Account is powered by Wealth Interactive, Utmost International's award winning online wealth management service. This provides you with an at a glance view of your Executive Investment Account, and a straightforward, clear and transparent way to access your information.

Simple dealing

It is simple and easy to move money between assets whenever you want. All deals can be placed online via Utmost International's end-to-end wealth management service, Wealth Interactive, 24/7. Alternatively, you can complete a consolidated dealing instruction form.

Economies of scale

You will benefit from Utmost International's global buying power. Because Utmost International makes multiple deals on behalf of all their clients across the world, the company may be able to negotiate higher interest rates on deposits for clients, as well as making savings on initial asset charges. You may even be able to access assets which would not normally be available to individual investors.

Asset transfer facility

You can transfer your existing assets, subject to Utmost International's approval, into the Executive Investment Account in order to consolidate and hold them all within one wrapper for easy administration. The paperwork is simple and kept to a minimum. Upon completion of the transfer, the title to the existing assets will be transferred to and become the assets of Utmost International and you will cease to have the legal ownership or beneficial interest in the transferred assets.

Access to money

The Executive Investment Account is designed to provide flexibility when you require easy access to your investment. Subject to retaining the minimal residual value, you can request regular withdrawals and ask for payments to be made either on a monthly, quarterly, half-yearly or yearly basis. Alternatively, you can make one-off withdrawals or cash in your policies to fulfil any unexpected needs. All these requests can be made online 24/7 via Wealth Interactive or in writing to Utmost International.

TAX PLANNING REASONS FOR RECOMMENDING AN EXECUTIVE INVESTMENT ACCOUNT (THE FOLLOWING INFORMATION IS ONLY FOR INDIVIDUAL INVESTORS WHO ARE MOVING TO THE UK OR RETURNING UK EXPATRIATES)

Benefits of a life assurance policy

The Executive Investment Account is a whole of life policy which can have one or more lives assured. It will come to an end when the last person whose life is covered by the policy dies. If the owner of the policy is the only life assured, a chargeable event would occur upon their death. If the policy is owned by multiple policyholders, the chargeable event on death can be deferred to when the last person who is a life assured dies. An Executive Investment Account allows the policyholders to defer paying tax by timing any withdrawals carefully because it is considered a 'non-income producing asset' for UK tax purposes.

Gross roll-up

The Executive Investment Account is provided by Utmost International based on the Isle of Man. The beneficial tax environment of the Isle of Man means that any growth in the assets that you have chosen to link to will roll-up free of any income tax or capital gains tax. As a result, you will have the potential to benefit from enhanced capital growth over the medium to long term (meaning five to 10 years or longer) through gross roll-up. An exception to this is that withholding tax on dividends may have been applied at source which Utmost International cannot recover on your behalf.

Once inside the plan, any gains, dividends, rent or interest are taxed at 0% within the fund.

Tax reporting for UK residents

The Executive Investment Account is classed as a 'non-income' producing investment, which means that information regarding the policy does not need to be included in your UK tax return until a chargeable event occurs.

Assets held within the Executive Investment Account can be changed without you being subject to a capital gains tax or income tax liability and you will not have any tax reporting requirements unless you take withdrawals exceeding the tax deferred withdrawal allowance or surrender the policy, both of which will trigger a chargeable event.

Any chargeable event gain made will be reported by Utmost International to you and to HM Revenue & Customs

where the gain exceeds 50% of the basic rate income tax threshold. You are responsible for submitting tax returns in relation to any chargeable event gains.

Please note: More details on chargeable events can be found in a later section.

Policy segmentation

The Executive Investment Account consists of a cluster of policies to maximise UK tax efficiency when you want to access your money. If you wish, you can assign individual policies to a lower rate tax payer before encashment.

The default number of policies is 12, although you can choose more or less depending on your requirements.

Capital gains tax

An offshore policy is not subject to capital gains tax, unless it has previously been assigned for money or money's worth.

Additional info: Until 17 March 1988, people could sell shares and buy them back in a very short space of time. This allowed them to utilise their capital gains tax personal exemption each year and effectively reset the base cost of these units at a higher value so that future gains would be based on the new price and therefore restrict any future gains made to this level.

From 17 March 1998, this opportunity was removed and a new rule brought in to apply other potential capital gains tax charges if the client sold and repurchased the same units within a 30 day window.

Timing

Offshore policies offer flexibility for income tax planning. You can choose when the proceeds are taken and therefore when to incur a tax assessment, for example by waiting until you are in the basic rate tax bracket.

5% tax deferred withdrawal allowance

Each policy year, for 20 years, you can withdraw up to 5% of the amount you have invested, without incurring an immediate UK income tax liability. If you do not use your 5% tax deferred withdrawal allowance in any policy year, you can carry it forward to the following policy year.

Chargeable events

There are certain 'chargeable events' that may trigger a 'taxable gain'. A chargeable event happens when:

- › you take withdrawals from the policy by partially cashing in more than the 5% tax deferred withdrawal allowance (5% of the premiums paid for each policy year)
- › you fully cash in one or more policies in the bond
- › you fully cash in all the policies in the bond
- › the last life assured dies
- › you assign one or more policies in the bond for consideration for 'money or money's worth'.

When a chargeable event happens, you will normally be subject to income tax on the gain at your marginal rate of tax. However, there may be several ways of reducing this liability.

- › Time-apportionment relief
- › Top-slicing relief
- › Cashing in the policies in the bond before becoming a UK resident

Taxation on chargeable event gains

Chargeable gains from your Executive Investment Account are taxed under the chargeable events legislation of the UK. Any gain is assessed for income tax at your marginal rate after any available allowances. The current income tax rates in the UK are 20%, 40% and 45%.

$$\text{Total chargeable gain} \times \frac{\text{Number of days you have been non-UK resident}}{\text{Number of days you have owned the policies}} = \text{reduction in chargeable gain}$$

Assignment

It is possible to assign one or more policies to another individual, to trustees or a company. Provided this is not for consideration of 'money or money's worth', a chargeable event will not occur, so there is no tax liability. The new

Top-slicing relief

When you surrender your policies, you may become a higher or additional rate tax payer due to the chargeable gain. Top-slicing relief allows you to spread the chargeable gain across the number of complete policy years since you became a UK resident, which can reduce or remove the liability to higher or additional rate tax.

Cashing in the policies when not UK resident

There will be no liability to UK income tax if you cash in policies when you are not a UK resident for income tax purposes. However, you may be liable to UK income tax if you are considered a 'temporary non-UK resident'.

Time-apportionment relief

If you are UK resident at the time of the chargeable event, but were non-UK resident for part of the period you've owned your Executive Investment Account, the chargeable gain will be reduced.

The chargeable gain will be reduced in line with the number of days you were non-UK resident during your period of policy ownership.

The chargeable gain is reduced as follows:

legal owner of the policy or policies will be the person to whom you assign the policies. Although there is no liability for income tax, you should consider any inheritance tax implications.

RISK WARNINGS

Risk warnings are an essential part of any financial promotion. The risk warnings below should be seen as example text that can be adapted to meet particular circumstances.

Currency conversions

If you choose a policy currency* other than that in which you make your investment, i.e. the premium you pay to Utmost International, then Utmost International will credit the premium to a transaction account in the currency in which you have paid your premium. In this event, we will not convert your premium; instead a notional currency conversion to your policy currency will be required which is purely for your valuation purpose.

You could be exposed to exchange rate fluctuations at a later date when your premium is actually converted to

another currency, for example, when you buy assets in a currency other than your chosen policy currency.

Any conversion made will be based on the closing market mid-rate** provided to Utmost International by a third-party currency rate provider on the working day before Utmost International applies your premium amount to your Executive Investment Account. The converted premium amount will be the amount which is shown in your policy schedules.

** This is the currency that your valuations will be summarised in. It is also the currency in which the deduction of most Executive Investment Account charges will be made.*

*** All currencies have a market rate. Any provider dealing with currencies will independently set different 'buy' and 'sell' rates, these include overheads and profit margins. The market mid-rate is derived from the mid-point between the 'buy' and 'sell' rates used in the global markets.*

Funds with stocks in specialist sectors

Investments held by some specialist funds, including emerging markets, technology and smaller companies funds, tend to be volatile and the fund prices could move sharply up or down at times. This can make it difficult to sell or switch from these funds at times.

Funds with investments in emerging markets

Investments held in emerging markets are usually considered to carry a greater degree of risk relating to dealing, settlement, custody practices and volatility than investment in established markets.

Funds with holdings in a different currency

The fund holds investments in a different currency to the fund, so fund prices will rise and fall purely because of exchange rate fluctuations.

Money market funds

The fund invests in money market assets, including deposits with banks and other financial institutions. The yield on the fund will fluctuate as interest rates change. There is a possibility of default, reducing capital values.

Property funds

The value of property is generally a matter of a valuer's opinion rather than fact. In addition, property investments may not be readily saleable, which could lead to constraints on your ability to sell or switch from the fund.

Past performance

Past performance is not a guide to the future.

REASONS TO INVEST WITH UTMOST INTERNATIONAL

Strength and stability

Utmost International is part of Utmost Group plc, a leading provider of insurance and savings solutions both in the UK and internationally, managing over £64bn of primarily unit-linked policyholder assets for around 560,000 customers as at 31 December 2021.

Utmost International offers a comprehensive range of insurance-based wealth solutions to investors around the globe. When investing with Utmost International, you are choosing a large, reputable company that is passionate about innovation, choice and enabling their clients to take control of their finances. Above all, it is dedicated to helping clients achieve their wealth management goals whatever they may be.

For Financial Adviser Representative information: Utmost International Trustee Solutions Limited

Utmost International Trustee Solutions Limited is a sister company of Utmost International, the international group of companies which provides offshore and crossborder investment solutions for Utmost. Utmost International Trustee Solutions Limited is based in the Isle of Man and has been offering its services exclusively through financial advisers since 1999.

Regulatory stability

The Isle of Man is an established international finance centre with a stable and independent legal, political and regulatory framework.

All life assurance companies based on the Isle of Man are licensed by the Isle of Man Financial Services Authority, which controls this type of business and imposes detailed reporting requirements.

Policyholder protection

Policyholder protection schemes are regarded as a safety net for policyholders of a life assurance company and allow policyholders to claim for compensation in the unlikely

event that the life assurance company becomes insolvent. The rules governing schemes and specific rights for each policyholder vary from one jurisdiction to another and in some jurisdictions there is no scheme at all.

On the Isle of Man there is a statutory protection scheme which covers Utmost International policyholders. This compensation scheme is a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 which protects all policyholders whose policies came into effect on or after 4 April 1988.

Eligible policyholders in policies issued by Isle of Man authorised life assurance companies are protected no matter where in the world they reside.

In the unlikely event that a life assurance company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.

The compensation scheme offers policyholders up to 90% of the policy benefit. For the purposes of the scheme, this is calculated as the policy value less any contractual charges associated with the policy. No monetary limit applies to the calculation of the policy benefit.

Please note that this protection only applies if Utmost International is unable to meet its liabilities.

Utmost International only writes unit-linked business and therefore there is always a close link between the value of the company's assets and the liabilities to its policyholders. For full details regarding Isle of Man investor protection, please visit www.iomfsa.im.

The value of your Executive Investment Account is linked to the value of bank deposits and investments generally managed by third parties such as banks and fund managers. In the event that the provider of an asset, including bank deposits, fails, compensation will depend on the scheme in place where that provider is registered. You should be aware that any compensation arrangements are likely to relate only to Utmost International's aggregate holdings across all affected policies rather than to individual investors. As a result, you may not benefit from any scheme.

Full details are available from Utmost International on request. As you are investing into funds/assets through an Executive Investment Account, you are unlikely to be eligible for any compensation schemes which may apply to individuals investing directly. If this is a concern, please discuss this with me so you are aware of the possible risks.

Tax benefits

Utmost International is based in the Isle of Man, a tax-efficient environment and is not currently liable to income tax, capital gains tax or corporation tax on assets linked to policies they issue, so your investment will be able to grow virtually tax-free.

Some of the dividends earned by the funds linked to your bond may be liable for 'withholding tax' in their country of origin and therefore only the net value of the dividend will apply to the value of your bond. However, once the dividends form part of the assets linked to your bond they can accumulate tax-free.

This tax-efficient environment means you can make the best use of your own personal tax allowances. Changing the funds linked to your bond will also be tax-free in the Isle of Man.

Local presence and support

The Utmost International Singapore Branch office was established in 2008, meaning they have been serving the needs of local customers for over a decade. The customer support team has international exposure and an in-depth understanding of local needs, enabling Utmost International to serve the needs of policyholders in their own language with respect for their culture and in the same time zone.

Easy access with Wealth Interactive

The Executive Investment Account is powered by Wealth Interactive, Utmost International's innovative online end-to-end wealth management service.

› **Facts and figures at your fingertips**

Wealth Interactive provides you with an at-a-glance view of your Executive Investment Account, and a straightforward, clear and transparent way to access your information. You can sign in to your own secure online service account and review your policy, including your portfolio of assets, whenever you have access to the internet. You'll be able to check the latest available facts and figures about your investments and keep up to date with any changes made by me as your financial adviser representative.

Wealth Interactive is supported by Utmost International's large, highly experienced customer service team and their investment administration department. So, if you need any help with the system, just call Utmost International.

Wealth Interactive will let you see everything you need to know about your bond, including:

- its current value
- how your assets have performed since you started
- a library of correspondence you've received from Utmost International
- a history of the transactions you or your financial adviser representative have placed
- access to factsheets for the funds you hold.

› **Extra reassurance**

Wealth Interactive can help you feel more involved with your investment because you can see how it's performing and react quickly to any changes. When you discuss your policy with me, you'll already have all the latest facts at hand.

› **Reducing paperwork and waiting times**

Wealth Interactive can make your life easier because you can update your personal details quickly and easily online, as well as approving key transactions electronically, reducing the amount of paperwork you need to sign and file.

You can also view correspondence between you and Utmost International about your policy in your Wealth Interactive account. I, as your financial adviser representative, can even request your online approval of transactions such as buying and selling assets - this will speed up the approval process and ensure that transactions happen faster.

You can then sign in to review the transaction and submit or request changes if you wish.

› **Support for your financial adviser representative**

Utmost International also shares important information with me, as your financial adviser representative, to help me provide you with the best possible service. Wealth Interactive gives me access to data, tools and insight I need to manage your portfolio and maximise your wealth. It also provides support and services to help me plan your portfolio of assets and keep it on course to achieve your long-term goals.

Altogether, Wealth Interactive should make investing a much more interesting and engaging process for you.

A WEALTH *of* DIFFERENCE

www.utmostinternational.com

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

Utmost Wealth Solutions is the registered business name of Utmost International Isle of Man Limited Singapore Branch.

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Registered in Singapore Number T08FC7158E. Authorised by the Monetary Authority of Singapore to conduct life assurance business in Singapore.

Member of the Life Insurance Association of Singapore. Member of the Singapore Finance Dispute Resolution Scheme.

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

Registered Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.

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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.

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