

EFFICIENTLY AND EFFECTIVELY PASSING ON YOUR WEALTH

You can make a Will but will it do all you intend it to?

- › Will it protect your wealth and ensure it goes to those you choose?
- › Will it remain private and discreet?
- › Will it be executed quickly and tax-efficiently?
- › Will it be recognised wherever you own assets?

*A portfolio bond with nomination involves transferring ownership of the assets to Utmost International, while staying in control of how the plan benefits are distributed to the chosen beneficiaries. A portfolio bond is also referred to as an investment linked assurance scheme in Hong Kong.

How can you be sure your wishes are fulfilled in a controlled and tax-efficient manner?

JUST MAKING A WILL	PORTFOLIO BOND WITH NOMINATION*
<ul style="list-style-type: none"> › Delays likely as probate must be obtained in all relevant jurisdictions where assets are held. This may likely take months or even years. › Assets remain frozen until probate is granted. › A Will is a public document after probate has been granted; lack of confidentiality can lead to disputes and challenges, especially in complex family structures. › Suitable for specific bequests of personal possessions such as artwork and jewellery. 	<ul style="list-style-type: none"> › Eliminates the need for probate, helping to reduce the hassle where multi-jurisdictional assets are involved. › Proceeds can be quickly transferred to nominated beneficiaries. › Highly confidential – helps to avoid challenges and family disputes. › Internationally recognised legal structure. › Suitable for the transfer and consolidation of stocks, mutual funds, exchange-traded funds, open-ended investment companies, private banking portfolios and acceptable residential property.
A Will on its own may not be the most effective way to transfer substantial wealth.	For high net worth estates, Nomination is a robust, comprehensive and simple alternative.

CASE STUDY 1 - JAMES AND CLAIRE

International e-commerce enterprise sales director James, 48, and his engineer wife Claire, 42, now a full-time mother, have two sons aged 11 and 9.

James's career has entailed multiple family relocations, including the UK, Middle East and Asia. Both children will go to boarding school or overseas college after their present international school.

James and Claire hold different types of assets across the world, via bank accounts, securities firms and online trading platforms. The total value is around USD 5 million.

They have not yet made any arrangements for transferring their assets in the event that either of them dies.

POTENTIAL PROBLEMS

- › **Wealth preservation.** James and Claire own their different assets, such as UK and US stocks, directly, and because they have no proper tax-planning in place, taxes could erode the value of their wealth.
- › **Efficient wealth transfer.** As James is the only income earner in the family, his death without any estate arrangement would have a significant financial impact. Assets held directly are subject to probate. Even if James had made a Will, clearing probate could be a lengthy and expensive process, especially across multiple jurisdictions. Without a Will, these problems are multiplied.

HOW A PORTFOLIO BOND WITH A NOMINATION CAN HELP

- › **Preserving wealth by optimising tax treatment.** Rather than holding assets directly, consolidating them into a portfolio bond can optimise their tax-treatment and help ensure efficient preservation of wealth as the assets grow in value.
- › **Transferring wealth without the delay of probate.** If James, as the single plan holder, nominates his wife to be the beneficiary, she would receive the plan proceeds (full value of James's assets) quicker on his death. This avoids the estates being frozen until probate is obtained for each asset in each jurisdiction. Claire can then maintain her living standards and the children's education.

CASE STUDY 2 - NILESH

Nilesh, 62, has a successful restaurant business with premises in Hong Kong, Singapore, and Dubai.

The business is owned by Nilesh together with his daughter Nidhi and son Mitesh, both in their early 30s, who play crucial roles in running it. Nilesh is divorced from their mother.

Nilesh also has a son, Yash aged 10, with his current wife Jaya, who is a housewife.

Apart from his business, he also owns various stocks and currencies with a total value of around USD 15 million.

He has already made Wills in different jurisdictions, but with his older children already supported by the business, he wants to be sure Jaya and Yash are secure if he dies.

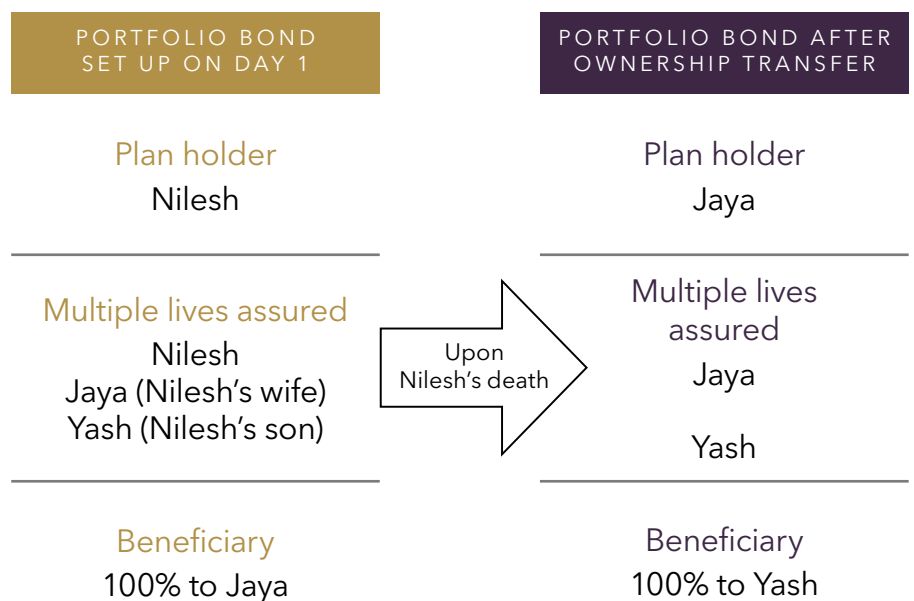
POTENTIAL PROBLEMS

- › **Lack of confidentiality.** A Will is a public document following probate, so Nilesh's intentions for his estate after his death will be transparent to all concerned. This lack of confidentiality could trigger ill-feeling and unnecessary family disputes. If his Will is challenged, the estate proceeds might not be distributed as originally planned.
- › **Delay in wealth transfer.** Even with a Will in place, the need for probate - especially with assets held across the world - means the transfer of assets will be delayed. This could leave Nilesh's wife Jaya and their son Yash unable to maintain their current standard of living.
- › **Succession planning.** Assets held in some countries may be subject to taxes where situated, such as UK inheritance tax. And in jurisdictions where different legal systems impose inheritance rules, such as forced heirship, the estate's assets might not be passed on as Nilesh wishes.

HOW A PORTFOLIO BOND WITH A NOMINATION CAN HELP

- › **Control & confidentiality.** If Nilesh sets up a portfolio bond with multiple lives assured and nominates Jaya as the beneficiary, this nomination arrangement can be kept confidential. Upon the death of Nilesh, Jaya could request to become the plan holder and retain the control as and when to take out the proceeds for herself and her son. See diagram below.
- › **Succession planning.** This arrangement helps to ensure Nilesh's wealth can be quickly and discreetly transferred as he intended without being affected by any family disharmony. Nomination also eliminates lengthy probate delays. A portfolio bond can also be wrapped in a trust to achieve further certainty and control in estate distribution.
- › **Tax-efficiency.** A portfolio bond is a policy which is a globally recognised legal structure, and commonly used or to avoid unintended tax consequences arising on death.

TRANSFER OF OWNERSHIP ON THE DEATH OF A PLAN HOLDER



All case studies detailed are fictional and used purely to illustrate possible real life scenarios.

This sales aid is based on Utmost International's understanding of the law, regulation and taxation practice of the UK and Isle of Man as at September 2020, which may change in the future. No liability can be accepted for any personal tax consequences as a result of future legislative, regulatory or tax changes. You should seek professional advice regarding your own tax circumstances.

The value of investments can fall as well as rise and you may not get back what you put in.

Full details of the products available can be found in the product literature and Policy Terms which are available from Utmost International.

If you would like further information or have any questions, please speak to your financial adviser.

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.

Utmost International Isle of Man Limited Singapore Branch, 6 Battery Road #16-02, Singapore 049909.

Tel: +65 6216 7990 Fax: +65 6216 7999.

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 Hong Kong Office: Unit 2402C, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

Tel: +852 3552 5888 Fax: +852 3552 5889. Authorised by the Insurance Authority of Hong Kong to carry on long-term business.

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.

Tel: +44 (0)1624 655 555 Fax: +44 (0)1624 611 715. Licensed by the Isle of Man Financial Services Authority.

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

ULQ PR 18838 | 01/24