

# GUIDE TO CHARGES

DELEGATION  
BOND



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WEALTH SOLUTIONS



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# BEFORE YOU BEGIN

This guide explains the current charges that will apply to your Delegation bond and any additional charges that could apply depending on the options you choose. It also details what the charges cover and how these can be paid.

We also outline the payment options available for the advice you may receive and how this could affect your bond.

- › Words in the singular shall include the plural and vice versa
- › Where charges are shown in Sterling and the bond is held in US Dollar or Euro, we will convert these charges using the exchange rate on the date of the transaction

- › Administration and dealing charges will be increased on 1 January each year in line with the UK Retail Prices Index (RPI) without any notification to you or, where applicable, your trustees. Any increases may be rounded to the higher pound. Payment charges are based on the bank charges we incur in making the payment and are subject to increase without notice where the charges incurred by us increase. Any other variations in administration will be made by giving you three months' notice.

For more details about increases to charges contact us on **+44 (0) 1624 643 345**.



As charges will reduce the value of your bond and its growth potential, it is important that you read the information in this guide and ask your financial adviser if you have any questions.

Charges shown in this document are applicable as at 1 January 2022. Please ask your financial adviser for details of current charges.

# STANDARD CHARGES

## PRODUCT MANAGEMENT CHARGE

The Product Management Charge includes the bond set-up and ongoing management charges.

### ONGOING PRODUCT MANAGEMENT CHARGE

This is an ongoing charge applied quarterly in advance and is shown in the table below:

TOTAL PREMIUM VALUE (GBP)	ONGOING PRODUCT MANAGEMENT CHARGE PER YEAR (NO INITIAL)
£500,000 - £999,999	0.20%
£1,000,000+	0.13%

The ongoing Product Management Charge is applicable for the lifetime of your bond, and is taken quarterly in advance. The first charge is calculated on the size of the premium paid into the bond and subsequent charges are based on the premium paid into the bond or the current fund value, whichever is higher.



The bond's charges, including any underlying fund charges, may be higher than we have assumed in your Personal Illustration which will impact on investment growth.

## ADMINISTRATION CHARGE

An Administration Charge will not apply where only one EMC is appointed. However, an Administration Charge will apply for each additional EMC appointed and, where this is charged, it is taken quarterly in arrears.

Where each additional External Manager and/or Custodian (EMC) company has been appointed to manage an External Managed Account, an Administration Charge of £225.00 per policy quarter will be applied for each EMC appointed. In some circumstances this Administration Charge level may be reduced to £134.00 per policy quarter if the EMC is able to provide electronic valuation data feeds. These charges are correct as at 1 January 2022.

## EXTERNAL MANAGER AND/OR CUSTODIAN CHARGE (EMC)

You can request the appointment of one or more EMCs to manage an External Managed Account to which the performance of the bond is linked. Your nominated EMC will apply their own charges for managing the investment. Such charges could include custody, transaction or bank fees which will be taken directly from the External Managed Account. Please speak to your EMC or financial adviser for specific details of these charges.

A payment charge of £12 (or the equivalent in the currency being traded\*) will be made every time money is transferred by CHAPS to an External Managed Account. This charge is made to cover the costs of third party charges incurred by Utmost.

\*Based on the exchange rate available at the time of the trade.

# CONDITIONAL BOND CHARGES

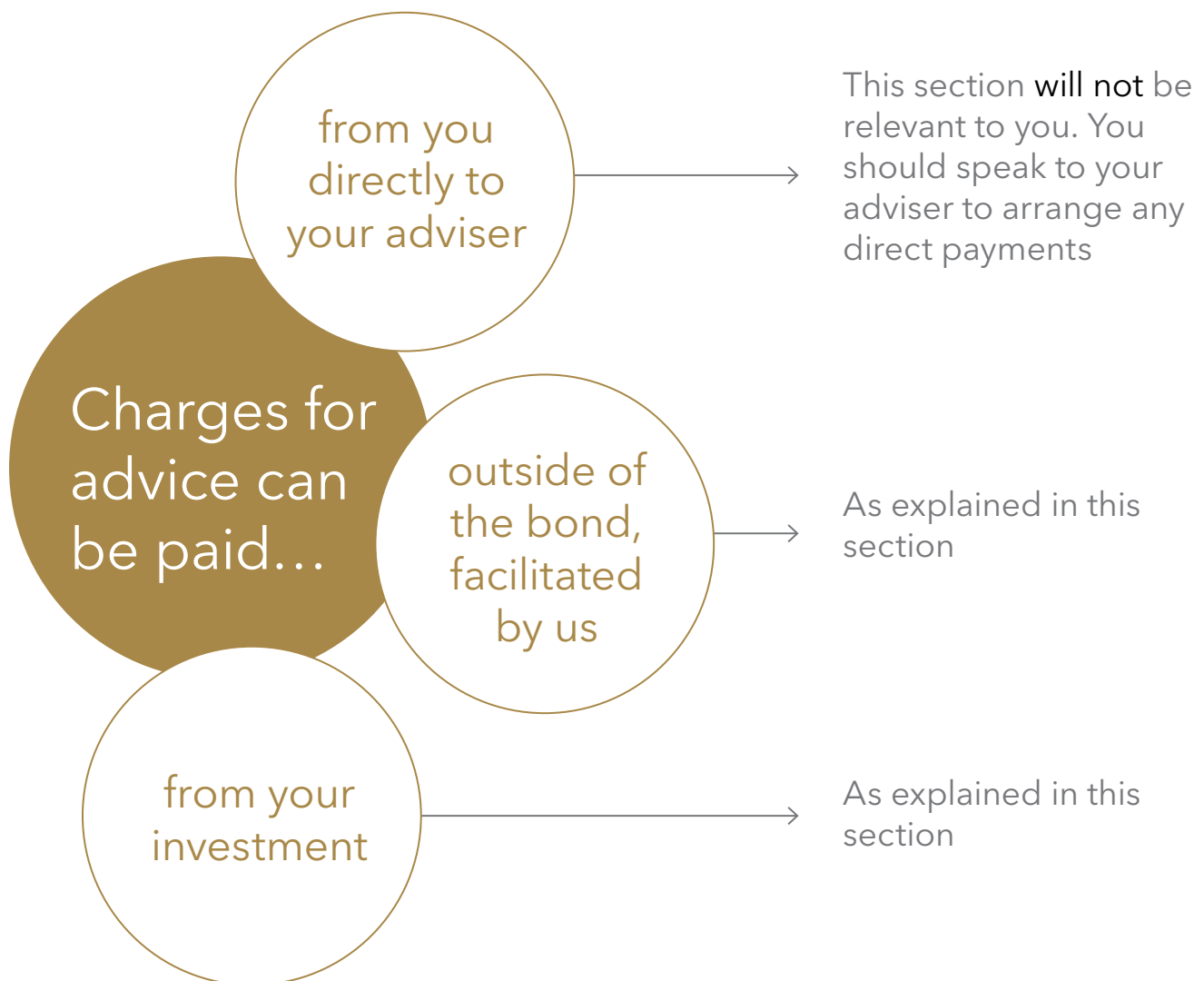
Whether or not you pay these charges depends on the options you have chosen.

<p>PAYMENT CHARGE</p>	<p>When you pay your premium to us by Telegraphic Transfer (international payment), your bank may charge you for these services. If you or your trustees request that we make a withdrawal or surrender payment, a charge of £15 for CHAPS payments or £15/US\$24/€24 for Telegraphic Transfer payments will apply. Payments made to a UK bank in Sterling through the BACS system are currently free of charge.</p>
<p>EARLY WITHDRAWALS FROM CASH DEPOSITS/ FUNDS</p>	<p>If your nominated External Manager invests your premium into cash deposits or funds, there may be a charge imposed by the deposit taker or fund manager for early withdrawals, for example if your EMC breaks a fixed deposit early or does not provide the required notice period. This includes cancellation of the bond during the initial 30 day cancellation period, closing a deposit early or redeeming a fund where there are redemption penalties.</p> <p>If your nominated External Manager opts to link the bond to assets which cannot be easily cashed in, such as fixed term deposits or funds with infrequent dealing days, it may be some considerable time before the asset can be sold or redeemed.</p>
<p>DEALING ACCOUNT DEBIT INTEREST</p>	<p>If the bond's Dealing Account does not hold enough cash in it to cover charges and withdrawals, including any charges for advice that we are facilitating, it may have a negative balance and debit interest will apply.</p> <p>Please contact us for details of the current rate. Speak to your financial adviser for more details about the Dealing Account.</p>
<p>VALUATION CHARGE</p>	<p>You will receive an annual valuation on, or around, your policy anniversary. If further printed statements are required, there is currently a £20.00 charge per statement.</p> <p>You, your financial adviser or your trustees can obtain free valuations online, at any time, when registered at <a href="http://www.utmostinternational.com">www.utmostinternational.com</a></p>
<p>ADDITIONAL SINGLE PREMIUMS</p>	<p>Each additional single premium will have its own series of charges. The Product Management Charge on the additional single premium will be based on the total premiums paid and may therefore be less than the Product Management Charge applied to the initial premium. Please see the table in the '<b>Standard Charges</b>' section, earlier in this guide, for the relevant premium bands.</p> <p>The first quarterly Product Management Charge will be taken immediately and further Product Management Charges will be taken starting from the next available charging date of the original premium.</p> <p>The minimum additional single premium for Delegation is currently £20,000 (US \$40,000 or €30,000). Please note that these minimum premium amounts may change in the future.</p>
<p>INVESTMENT CONVERSION FACILITY</p>	<p>If your bond has been in force for a minimum of 12 months, and you wish to have the ability to select the assets linked to your bond, you can request to change the investment basis via the investment conversion facility. If a Conversion Request is accepted, a one off charge of £500 per bond (cluster of policies) will apply. Contact us on <b>+44 (0)1624 643 345</b> for the charge amount where the bond is held in a currency other than Sterling.</p> <p>If you request to activate the investment conversion facility and we agree to this request, you will then be allowed to select investments. As a result additional charges which are not outlined in this guide may apply, for example dealing charges may be applicable. You will be advised of these charges before the investment conversion facility is activated.</p>

<p><b>DEALING CHARGE</b></p>	<p>Where the investment conversion facility has been executed, a dealing charge of £36.55 (or the equivalent in the currency of the fund being traded*) will apply for the purchase and the sale of each asset and/or each cash deposit.</p> <p>The provider of any fund or cash deposit may also apply their own charges for purchases and sales. Assets traded through a stockbroker will also incur charges.</p> <p>In addition, a payment charge of £17 (or the equivalent in the currency of the asset being traded*) will be made for every external asset purchase, to cover the bank costs incurred when money is transferred.</p> <p>*Based on the exchange rate available at the time of the trade.</p>
<p><b>FUND MANAGERS FOR EXTERNAL FUNDS &amp; STOCKBROKER CHARGES</b></p>	<p>Where the investment conversion facility has been executed, there may be charges made by the fund manager for running the fund, including any ongoing management fees and the costs of buying and selling assets, and these are passed onto the bond.</p> <p>Some funds may also have performance fees or other conditional charges. The provider of an external asset or cash deposit may also apply initial charges or exit charges for purchases and sales, and these will be reflected in the transaction applied to the bond. Contact your financial adviser for further information. Assets traded through a stockbroker will also incur further charges such as brokerage fees, stamp duty, tax and custodian fees. These charges will also be passed on to the bond, with brokerage fees, tax and stamp duty reflected in the transaction value, and custodian and delivery fees deducted on a monthly basis and reflected separately in the Dealing Account.</p> <p>For further details, contact our Customer Support team on <b>+44 (0) 1624 643 345</b>.</p>

# PAYING FOR ADVICE

Charges for advice and/or related services are agreed between you and your adviser. Agreeing the method of payment with your adviser is very important and should take into account your individual needs.



# CHARGES FOR ADVICE

Adviser Charges (AC) is the term that applies to charges taken by a financial adviser for the advice on any matter relating to the bond.

We can facilitate the payment of advice-related charges in two ways:

OUTSIDE OF THE BOND*	The initial adviser charge is deducted from the payment you send to us and paid to your financial adviser with the remaining balance invested as the premium into the bond. Following the deduction for the initial adviser charge, the premium must meet the minimum investment requirements as stated in the relevant product literature.
FROM INSIDE THE BOND	Initial**, ongoing or ad hoc advice charge payments which are paid to the financial adviser from the value of the bond, after your premium has been invested.

\*We will only make the payment of the initial charge for advice to your financial adviser once the application and any supporting documentation has been fully accepted by us. No interest will be paid on any charges for advice being facilitated by us outside of the bond.

\*\* We can only facilitate one initial charge for advice provided by a financial adviser if the bond allows it. Please note that for certain trusts, including the Gift Trusts where the Settlor/Donor is not a beneficiary, we are unable to facilitate any initial charges for advice provided by a financial adviser from inside the bond.

You can ask us to facilitate any payments for advice from the bond by completing the relevant sections of our **Adviser Charges Pack** or relevant section of the application form, which you (or trustee where appropriate) will need to sign.

We do not need to know about any charges for advice which you agree to pay directly to your adviser.




Adviser charges (AC) that are to be paid from the bond to the financial adviser **will** form part of the 5% annual tax-deferred entitlement and may have potential tax consequences.

The tax information in this guide is based on our interpretation of current law and taxation practice in Ireland and the UK as at 1 January 2022. Please note that tax rules can change and are subject to individual circumstances.



The table below outlines the different types of charges for advice that we can facilitate from inside the bond:

<p><b>INITIAL CHARGE FOR ADVICE</b></p>	<p>An initial charge for advice is a fee you agree to pay to your financial adviser when you invest in the bond for the advice they provided. It can be applied on receipt of any initial or additional single premium. We can apply this charge as a specific monetary amount or as a percentage of the premium.</p> <p>The charge is taken from the bond immediately at the time the premium is invested into the bond by making a proportionate reduction in the amount to be invested in each fund.</p> <p>Please be aware that only one initial charge for advice can be paid from each premium invested.</p>
<p><b>ONGOING CHARGE FOR ADVICE</b></p>	<p>Ongoing charges for advice are a regular fee you agree to pay to your financial adviser for the ongoing advice you receive in connection with the bond. Ongoing charges for advice can be applied on a monthly, quarterly, half-yearly or yearly basis. We can apply this charge as a specific monetary amount or as a percentage of the bond's current value.</p> <p>Ongoing charges for advice are applied to the Dealing Account.</p> <div data-bbox="472 1120 1481 1473" style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <p> As an EMC is appointed, due to the nature of External Managed Accounts, we are only advised of the value of the assets in the account at periodic intervals. As such, where you request us to base your charges for advice on the total value of your bond, we can only do this by using the last available value for the account held in our records. This may be some months out of date, during which time significant market movements may occur. We regret that we cannot facilitate subsequent adjustments in the charges for advice already taken and, if you feel an adjustment is required, you will need to raise matters directly with the adviser the charging agreement is applicable to. In addition, please note that any chargeable event calculations will be based upon the actual payments we have made from the bond.</p> </div>
<p><b>AD HOC CHARGE FOR ADVICE</b></p>	<p>Ad hoc charges for advice are a one-off fee you agree to pay to your adviser for advice that they provide in connection with the bond. They are applied as single charges on an ad hoc basis. We can apply this charge as a specific monetary amount only.</p> <p>Any ad hoc charges for advice are applied to the Dealing Account.</p>

## PAYING A FINANCIAL ADVISER

When a financial adviser provides you with any personal recommendations (product-based advice), the charge they take for this advice will be treated as an adviser charge. If you choose to pay an adviser charge to a financial adviser as a withdrawal from the bond, it will form part of the 5% annual tax-deferred entitlement.

### HOW DO I PAY A FINANCIAL ADVISER?

If you choose to pay an adviser charge as a deduction from the bond, the following options are available:

- › initial adviser charge\*
- › ongoing adviser charge
- › ad hoc adviser charge.

\*Initial adviser charges can be facilitated by us outside of the bond or as a withdrawal from the value of the bond once the bond is set up. Initial charges from inside the bond may not be available for some trust cases, please see the 'Trusts and paying for advice' section, later in this guide, for more information.

### PAYING ADVISER CHARGES FROM A BOND HELD IN TRUST

Please remember that any instruction to facilitate adviser charges from the value of the bond held in trust, will need to be signed by all trustees.

# TRUSTS AND PAYING FOR ADVICE

## Where we facilitate charges for advice in respect of a trust arrangement, we will need:

- › authority from the Settlor for any initial charge relating to advice given before the trust is created
- › authority from the trustees to pay for any charge for advice received once the trust has commenced.

There may be additional UK Income Tax and Inheritance Tax implications for you and your trustees to consider in relation to any payments made to cover charges for advice. You should discuss these with your financial adviser and you can also find further details in our **Guide to Trusts**.

## ABSOLUTE AND DISCRETIONARY TRUSTS, WHERE SETTLOR CANNOT BE A BENEFICIARY (NEW TRUST USING UTMOST DRAFTS)

In order to prevent a Gift With Reservation of Benefit, we will not facilitate an initial charge for advice, given to you as the Settlor, from inside the bond. However, we can facilitate it outside of the bond prior to the bond and trust being established (see the next page for more information). The trustees can choose to pay ongoing and ad hoc charges for advice from the bond once the trust is established. However, any payments agreed by the trustee for advice given to the Settlor, or vice versa, could cause tax issues. You should speak with your adviser concerning Gifts With Reservation of Benefit or refer to our **Guide to Trusts**.

## DELEGATION - DISCOUNTED GIFT TRUST

It is possible to place Delegation into a Discounted Gift Trust. Adviser charges can continue to be taken from the bond once settled into the Discounted Gift Trust. However, as advice is provided to the trustees, the trustees must agree to these charges. Any charges could have tax implications and you should speak to your financial adviser for more information.

## UK PENSION ARRANGEMENTS

If your bond represents the asset of a registered UK Pension scheme (for example a Self-Invested Personal Pension (SIPP) or Small Self-Administered Scheme (SSAS) arrangement) then you should ensure, together with your adviser, that any adviser charges meet the requirements set down by HM Revenue & Customs for authorised scheme payments.

The table below outlines the options available to pay charges for advice under our trusts:

	ADVICE PROVIDED TO THE SETTLOR OR DONOR BY A FINANCIAL ADVISER		ADVICE PROVIDED TO THE TRUSTEES
	Initial charge for advice outside of the bond (1)	Initial charge for advice from inside the bond (2)	Ongoing or ad hoc charge for advice from inside the bond
PROBATE TRUST	Yes	Yes	Yes
EXCLUDED PROPERTY TRUST	Yes	Yes	Yes
DISCRETIONARY TRUST (SETTLOR CAN BE A POTENTIAL BENEFICIARY)	Yes	Yes	Yes
LOAN TRUST	Yes	Yes (3)	Yes
ABSOLUTE TRUST (DONOR CANNOT BE A BENEFICIARY)	Yes	No	Yes
DISCRETIONARY TRUST (SETTLOR CANNOT BE A POTENTIAL BENEFICIARY)	Yes	No	Yes
DISCOUNTED GIFT TRUST - ABSOLUTE TRUST	Yes (4)	(4)	(4)
DISCOUNTED GIFT TRUST - DISCRETIONARY TRUST	(4)	(4)	(4)

- 1 The term 'outside of the bond' includes:
  - (a) payments made between you and your adviser (direct payments) and
  - (b) where we deduct the charges for advice from the payment you make to us before investing the balance as the premium into the bond.
- 2 The term 'from inside the bond' includes any payment that is made from the bond after the premium has been invested.
- 3 Any payment of charges for advice from the bond for advice received by the Settlor would count as a part repayment of the loan, as the Settlor is not a beneficiary of the trust fund. This will reduce the remaining balance of the loan that can be used to provide an 'income' to the Settlor. Please speak to your financial adviser for further information.
- 4 The options to pay initial, ongoing and ad hoc charges for advice are still available before the bond is placed into the Discounted Gift Trust. However, any advice, provided by the financial adviser, related to the setup of the Discounted Gift Trust would need to be taken before the trust is created. This may impact the amount of 'income' you could take under the Discounted Gift Trust in that year without creating an Income Tax charge. Once the trust is established, any existing ongoing adviser charges will need to be agreed by the trustees. The trustees will need to establish a new charging agreement using the **Adviser Charges Pack**.

Where you have agreed with your adviser to pay a charge relating to advice, from your bond, you will also need to be aware of the following information.

#### HOW DO I ARRANGE FOR CHARGES FOR ADVICE TO BE PAID FROM MY BOND?

You, or your trustees, can request that we facilitate the payment of adviser charges to your financial adviser, by completing and signing the adviser charging section of the relevant application form. For certain trusts initial advice may not be able to be paid from inside the bond (see the table earlier in this section for more information).

Once the bond is in force, you can request we facilitate the payment of any type of charges for advice as a deduction from inside the bond, by completing the relevant section of the **Adviser Charges Pack**.

Charges for advice will not be paid from your bond until we have received the relevant agreement completed and signed by you, or where applicable the trustees.

Please remember that we cannot facilitate the payment of charges for advice in advance of the relevant services being provided to you.

#### CAN I STOP PAYING CHARGES FOR ADVICE FROM MY BOND?

Yes. If you no longer wish to pay charges for advice from your bond you should speak to your adviser. You, or your adviser, can cancel any arrangement to pay for advice at any time. If you cancel an arrangement we will stop any further advice charges in relation to that existing arrangement.

If we receive an instruction to cancel any charges for advice, we will confirm the charging agreement has been cancelled to both you and the relevant adviser. You will need to make other arrangements with your adviser to pay any outstanding charges or charges for future services they provide.

Where the bond is held in trust the instructions to cancel a charge for advice will usually be confirmed between the trustees and the adviser. In addition, any instructions to facilitate new charges will also need to be agreed and signed for by the trustees.

Once your bond is in force we require a month's notice of any changes to the charges for advice that we facilitate. You can restart payments of charges for advice from your bond at any time. To restart payments you will be required to complete a new **Adviser Charges Pack**.

#### WHAT HAPPENS TO CHARGES FOR ADVICE IF I CANCEL MY BOND?

If you exercise your right to cancel the bond during the 30 day cancellation period, we will not return any amount relating to charges for advice already paid to your adviser. If necessary, you will need to reclaim any refundable payments in relation to these charges directly from your adviser.

#### WHAT HAPPENS TO ANY CHARGES FOR ADVICE IF I SURRENDER MY BOND?

If you fully surrender your bond and are paying any charges for advice from the bond, any outstanding or further charges due on or after the day of surrender will be stopped. Where applicable, you will be responsible for paying your adviser directly.

#### WHAT HAPPENS TO ANY CHARGES FOR ADVICE IF I SURRENDER INDIVIDUAL SEGMENTS WITHIN MY BOND?

If you, or where applicable the trustees, surrender one or more segments within your bond, any charges for advice will not change. Any applicable charges for advice will be redistributed to other segments in your bond.

#### CAN I REQUEST A REFUND OF ANY CHARGES FOR ADVICE ALREADY PAID?

Arrangements to refund any charges for advice taken from the bond should be discussed between you and your adviser.

If a refund is agreed, then in certain circumstances the refunded amount may be able to be re-invested into the bond. This would be treated as an additional premium and would be subject to minimum investment requirements and charges. Where a policy is in trust, paying in an additional premium may not be possible or have tax implications in respect of the settlement. You should discuss individual circumstances with your financial adviser before taking any action.

**Adviser Charges:** Please be aware that, even if a refund has been agreed between you and your financial adviser, the tax position of any adviser charge taken from the bond cannot be reversed. If an adviser charge creates a chargeable gain on your bond, because it exceeds the 5% annual tax-deferred entitlement when added to other withdrawals in the policy year, then it cannot be reversed once the adviser charge has been paid.

#### WHAT HAPPENS IF I CHANGE MY ADVISER?

If you want to change your adviser you will need to discuss with them how to settle any outstanding charges for advice that are due. Once you have informed us of the decision we will stop any existing charges for advice being deducted from your bond.

#### WHAT HAPPENS WHEN I DIE?

If the bond is brought to an end on or after your death, payment of charges for advice from your bond will be stopped. This means any outstanding payments that are due to the adviser may still need to be settled directly with your adviser.

#### WHAT HAPPENS IF MY BOND FALLS BELOW THE MINIMUM AMOUNT REQUIRED TO KEEP IT IN FORCE?

If the bond falls below the minimum amount required to keep the bond in force any charges for advice agreed to be paid from the bond will be stopped. If any amount requested to be taken from the bond to cover charges for advice would take the bond below this minimum, then the request will not be processed and we will write to tell you. In both these instances, you will need to pay any outstanding charges for advice directly to your adviser.


# CHARGING DATES


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Product Management Charge Administration Charge (if applicable)	Policy quarter
Interest (Credit/Debit, if applicable)	Calendar quarter end
Charges for advice	Given date either monthly, quarterly, half-yearly, yearly or ad hoc
Payment charges	Will be taken at the time of transaction when any money is paid to the appointed EMC, or for payments made to the client for any withdrawals or surrender requests
Dealing charges (if applicable)	Will be taken at the time of any deal, withdrawal or surrender, where applicable.


# CONTACT US

To find out more please contact us:

 0845 602 9281

 [info@utmostwealthsolutions.ie](mailto:info@utmostwealthsolutions.ie)

 Utmost PanEurope dac  
Ashford House  
Tara Street  
Dublin 2  
D02 VX67  
Ireland

 [www.utmostinternational.com](http://www.utmostinternational.com)

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WEALTH SOLUTIONS

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