

ESTATE PLANNING BOND

PRODUCT
GUIDE

A WEALTH *of* DIFFERENCE

utmost[™]
WEALTH SOLUTIONS

Utmost Wealth Solutions is the brand name used by a number of Utmost companies.

The Estate Planning Bond is issued by Utmost International Isle of Man Limited.

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BEFORE YOU BEGIN



IMPORTANT NOTE

This product guide assumes that your Financial Adviser has discussed the Estate Planning Bond with you and answered any questions you may have.

This document should be read together with the **Estate Planning Bond Key Features Document** and any applicable disclosure documents.

TRUST REGISTRATION

It is important to note that most UK express trusts, including the Estate Planning Bond Discretionary and Absolute Trusts, will need to be registered through the UK trust registration service and may need to be registered in an EU Member State. It is your responsibility (or the responsibility of your trustees) to ensure that this trust is registered accordingly.

This information is based on our understanding of current legislation and HM Revenue and Customs (HMRC) practice. It does not constitute legal or taxation advice. Speak to your Financial Adviser for further information on trust registration requirements.

POLICY SCHEDULE

The Policy Schedule and Policy Conditions set out details specific to your investment and is a proof of ownership of the bond. It will be included in the documents pack sent out to you after you invest.

TO HELP YOUR UNDERSTANDING

Throughout the guide we refer to 'you', 'we' and 'us'.

'You' refers to you personally as both the applicant of the bond and the creator (Settlor/Donor) of the trust.

'You' also includes your spouse or civil partner if you are applying as joint applicants. References to 'your death' or 'your lifetime' includes both you and your surviving spouse or civil partner if you take out a joint bond.

'We', 'us' or 'Utmost' mean Utmost International Isle of Man Limited.

The Estate Planning Bond is referred to as the 'bond' throughout this guide. The bond means the product that is issued and the series of identical policy segments it contains.

Throughout this guide words in the singular shall include the plural and vice versa.



You should pay particular attention to the sections marked with this icon.

WHY INVEST IN OUR ESTATE PLANNING BOND?

The Estate Planning Bond is an investment solution that may be suitable for your current needs and those of your family and friends in the future.

The Estate Planning Bond is designed for people who wish to reduce their inheritance tax (IHT) liability, but still need to receive an 'income' from their capital. It gives you the ability to enjoy tax-deferred withdrawals from the capital you've built up and worked hard for over the years, as well as providing for your loved ones after you've gone.

UK IHT¹ is levied at 40% on the amount by which your estate exceeds £325,000, which is not otherwise being left to your spouse, civil partner or to charity. Although there are provisions to provide inheritance tax relief for a person's home, these provisions do come with several restrictions. The freezing of the standard nil rate band until at least 2027/28 means that many estates could still be liable for IHT.

So, if you are looking for an investment bond which could reduce your potential IHT bill whilst enabling you to take fixed regular withdrawals from your investment, then the Estate Planning Bond may be the investment for you.

HOW DOES THE ESTATE PLANNING BOND DO THIS?

- › By placing your bond into a trust, which cannot be surrendered or the 'income' payments amended in any way during your lifetime, allowing you to retain the right to fixed regular 'income' payments that are made from withdrawals of capital from the bond. These continue until your death or the bond value falls to zero.
- › If you survive for seven years after making your gift into trust, the entire investment will be removed from your estate for IHT purposes. Further details regarding taxation are given in the 'What are the UK Tax Implications?' section of this document.
- › If your death occurs within seven years of making the gift into trust, the estimated value of the 'income' payments should reduce the value of your gift for IHT purposes. If you apply on a joint basis the initial gift you each make is deemed to be half the value of the premium paid. The estimated value of the 'income' is then valued in accordance with each life and the value of the gift is reduced accordingly. This is in line with accepted HMRC practice.
- › Any investment growth in the trust will immediately be outside of your estate for IHT purposes.

- › You can select your beneficiaries by name or by category depending on the type of trust chosen, as well as how you would like the trust fund to be distributed after your death, without the need to include this in your will.
- › After your death your trustees may wish to keep the bond for the future benefit of your beneficiaries to suit their longer term needs or tax position, or if the trust allows, for their own children or grandchildren.
- › Alternatively, your trustees may choose when to distribute the remaining trust fund to your beneficiaries. As the bond is in trust there is no requirement to wait for probate if funds are required urgently.

Your investment is used to purchase units in your chosen funds, which means your investments will be pooled with investors with similar objectives. This has the benefit of spreading the investment and administration costs. Permitted funds are available with a variety of risk profiles.

Unit prices in the bond can fall as well as rise. Taking into account market fluctuations and charges, your beneficiaries could get back less than you invest.



'Income' payments are regular withdrawals of capital. This product is not generally suitable for people who have no other form of savings or income. It cannot be surrendered during your lifetime so you would not be able to get your capital back if you required it in the future.

This guide and the features and benefits it describes, are based on our interpretation of current law and taxation practice in the UK and Isle of Man as at 1 September 2023, which could change in the future and are subject to individual circumstances. Therefore the tax benefits of this product may also change.

It is important to read this guide together with the **Estate Planning Bond Key Features Document** and any other applicable disclosure documents, ensuring that you take financial and tax advice from your authorised Financial Adviser. We accept no responsibility for the consequences of your investment in the bond, including the suitability of your chosen product and personal taxation.

¹ A reduced rate of 36% applies if a person gives away at least 10% of their net estate to charity (i.e. after deductions such as the available nil rate band and other reliefs and exemptions). The 40% IHT rate will apply for any other estate. The nil rate band will be frozen at £325,000 until at least 2027/28. In addition, the residence nil rate band has been phased in since 2017 and now stands at £175,000. It will remain at this level until tax year 2027/28. This provides an additional nil rate band on death to be used against certain qualifying residential property. If you think this could apply to you, then you should speak to your Financial Adviser for more information.

COULD THE ESTATE PLANNING BOND WORK FOR YOU?

One of the dilemmas associated with IHT planning is deciding how to gift capital to your beneficiaries in order to mitigate your estate's IHT bill, but still keep enough 'income' to maintain your current lifestyle.

The Estate Planning Bond may be the right choice for you if:

- › You are UK resident and domiciled and have a potential UK IHT liability.
- › You have £50,000 or more to invest.
- › You are looking for an investment that could be used to reduce your estate's liability to IHT, whilst retaining the right to regular withdrawals of capital, also referred to as 'income', in this guide, throughout your lifetime (or until the value of the bond falls to zero).
- › You are prepared to accept risk to your capital. The level of risk will depend on the funds chosen.
- › You would like access to a wide range of permitted investment funds.

Once the bond has been set up, it cannot be surrendered or assigned during your lifetime.

You cannot stop, reduce or increase your regular withdrawals from the bond during your lifetime.

You must be sure that you can gift the full amount of the investment without requiring access to your capital in the future, other than the agreed 'income' payments specified at outset.

HOW IT WORKS

As soon as the bond is set up, your investment is split into two notional parts for IHT purposes.

- › **The Grantee's² Fund** (also referred to as the 'discount') represents the estimated value of the 'income' you will be paid. When paid to you, the value of any 'income' will still be within your estate for the purposes of IHT if not spent or gifted.
- › **The Residuary Fund** is the balance of your investment, after deducting the value of the 'discount', and is the initial value of your gift into trust for IHT purposes.

HOW IS THE 'DISCOUNT' CALCULATED?

Underwriting is an essential process in applying for an Estate Planning Bond. It is required to enable us to calculate more accurately the amount of your investment that is not treated as gifted for IHT purposes.

Before underwriting takes place you must decide the level of 'income' you want to receive throughout your lifetime (or until the value of the bond falls to zero).



This section is mentioned in the
Key Features Document.

² 'Grantee' is a term used to describe the recipient of any kind of property. In this instance the property will be the overseas single premium capital redemption bond held in trust.

You will then need to provide medical information within the application form and allow us to contact your doctor to request a General Practitioner's Report (GPR) which will be sent to our underwriters by your doctor. The underwriters will then assess this information and provide us with an assessment of your state of health and life expectancy at the time the bond is taken out. If, in their opinion, additional years should be added to your actual age to reflect your current state of health, they will provide Utmost's actuaries with a 'rated age'.

The underwriters' assessment then enables Utmost's actuaries to estimate the value of your right to your chosen 'income' for your lifetime (the 'discount').

The value of your right to this 'income' is then deducted from the value of the Residuary Fund (your gift), providing an immediate discount should your gift become chargeable to IHT.

Once the bond has been set up, we will issue you with a Certificate of Valuation showing the value of your discounted gift. Your personal representatives may use this if they need to provide valuation evidence to HMRC if your gift becomes chargeable to IHT.

Whilst we have followed current HMRC guidelines for discounted gift schemes, HMRC reserves the right to examine and challenge any discount quoted.

WHY DOES THE BOND HAVE TO BE UNDERWRITTEN AT THE START?

HMRC guidance makes it clear that insurers should conduct underwriting of the applicant's health at the start of any discounted gift trust, such as the Estate Planning Bond.

WHAT IF I AM DECLINED TERMS FOR A DISCOUNT?

If you are declined terms for a 'discount' we will confirm this to your Financial Adviser in writing. In certain circumstances we may be able to offer you an option to proceed with your application on a 'nil-discount' basis, but if we are unable to proceed we will explain why and return your investment.

Please speak to your Financial Adviser for more information on our underwriting process.

ESTATE PLANNING BOND ESSENTIALS

WHAT IS THE ESTATE PLANNING BOND?

The Estate Planning Bond is a combination of an international, single premium capital redemption bond and a trust. It is used to mitigate IHT whilst providing you with an 'income'.

WHAT IS A CAPITAL REDEMPTION BOND?

A capital redemption bond is an insurance policy with a similar tax treatment in the UK to life assurance policies. Using a capital redemption bond means that you do not need to nominate people to be 'lives assured'. It only has a policyholder or multiple policyholders, so does not have to end on the death of anyone. This provides your trustees and beneficiaries with more investment and tax planning flexibility.



This section is mentioned in the
Key Features Document.

To assist with flexibility, the bond is normally made up of a series of identical segments known as 'policies'. For each segment still in force after 99 years, we will pay the higher of a Guaranteed Maturity Value or the unit value due under the segment.

The Guaranteed Maturity Value can be summarised as:

- a) twice the initial investment into the segment, plus
- b) up to twice any additional investments into the policy³ (subject to a sliding scale over time), with
- c) the total of (a) and (b) being reduced by any withdrawals, the reduction being the percentage of the overall fund represented by the withdrawal. Any adviser charges agreed to be paid to your Financial Adviser, to be taken from the bond, will be treated as a withdrawal and will be deducted when calculating the Guaranteed Maturity Value.

The calculation can be complex. Further details can be found in the **Policy Conditions** or further clarification can be obtained from us on request.

WHAT HAPPENS TO THE BOND WHEN I DIE?

If you invest jointly with your spouse or civil partner, the bond will continue with 'income' being paid on the same basis and frequency, until the second death or the value of the bond falls to zero.

Because the Estate Planning Bond is structured as a capital redemption bond, it will not end on your death. This means that if appropriate for your beneficiaries' needs at that time, the bond can remain in force and continue to provide a flexible and potentially tax efficient investment for them until a distribution is required.



Further details regarding what happens to the bond when you pass away is set out in the 'What Happens to the Bond When I Die?' section of this document.

³ Additional investments cannot be made during the lifetime of the applicants.

ESTATE PLANNING BOND ESSENTIALS CONTINUED

YOU	
TYPE OF INVESTOR	The bond is designed for investors with UK estate planning needs, who can afford to give up access to their capital completely but require a regular 'income' from it. Please speak to your Financial Adviser for more information.
AGE LIMIT	To apply for this bond you must be at least 50 years old and your age (or 'rated age' after underwriting) cannot exceed 94 years of age. Speak to your Financial Adviser for more information about suitability, underwriting and your 'rated age' (where applicable).
APPLYING AS AN ATTORNEY	If you are an attorney, acting under either a Lasting or Enduring Power of Attorney, you must first get an order from the Court of Protection and be granted specific permission to invest in the Estate Planning Bond. This is because, unless specifically authorised by the attorney document or the court, an attorney does not have the authority to gift a large sum to a trust on behalf of the applicant(s). This is a complex matter and you should discuss it with your Financial Adviser before proceeding.
COUNTRY OF RESIDENCE	<p>The Estate Planning Bond has been designed to mitigate the impact of IHT in the UK and is unlikely to be effective in mitigating similar taxes imposed by other countries.</p> <p>Please note that we will not be able to accept applications when the trustees are based in certain jurisdictions. Please contact your Financial Adviser if you have any questions.</p> <p>If you, your trustees and/or beneficiaries are resident outside the UK or are otherwise subject to tax in other jurisdictions, it will be your/their responsibility to declare to the appropriate tax authority any taxable benefits in accordance with the local tax rules and to pay any tax that is due in that country. Further details are available from your Financial Adviser.</p>

THE INVESTMENT	POUND STERLING
MINIMUM INVESTMENT	50,000
MINIMUM AMOUNT OF REGULAR 'INCOME' WITHDRAWAL REGARDLESS OF FREQUENCY	200
MINIMUM AMOUNT THAT MUST BE KEPT IN THE BOND AFTER CHARGES ON PARTIAL SURRENDER AFTER DEATH	10,000



If you ask us to pay an initial adviser charge from your payment to us before the premium is invested, the amount you send to us must total at least the minimum investment amount as stated above, plus the agreed initial adviser charge.

For more information about charges for advice and the options for payment available with the Estate Planning Bond please refer to the 'Estate Planning Bond and Charges for Advice' section, or alternatively see our [Guide to Charges](#).

THE BOND	
BOND CURRENCY	The Estate Planning Bond is only available in Pound Sterling.
CHOICE OF PREMIUM CURRENCY	Premiums can be paid in any freely tradeable currency which will then be converted to Pound Sterling at the rate applicable on the day the monies are received. Please note that currency fluctuations may affect the value of the investment.
PREMIUM PAYMENT METHOD	We will accept payments of your premium by BACS, CHAPS, Telegraphic Transfer, faster payment, banker's draft or a cheque. If you pay your premium by CHAPS, Telegraphic Transfer or banker's draft, your bank may charge you for these services.
FLEXIBLE CHARGING STRUCTURE	<p>The Estate Planning Bond offers our flexible charging structure Flex-Charge which allows you to adapt the Product Management Charge to your preferred balance between the level of initial and ongoing product management charges, including a combination of the two. These charges cover the establishment and ongoing management of the bond.</p> <p>For detailed information about our Flex-Charge structure and other applicable product charges, see our Guide to Charges available from our website www.utmostinternational.com or from your Financial Adviser on request.</p>
INVESTMENT CHOICE	The performance of the bond is linked to the performance of the underlying assets selected by you or your Financial Adviser. You may link your bond to a range of permitted assets with a variety of risk profiles.
POLICY SEGMENTATION	To increase flexibility and future tax planning, your bond is made up of a series of identical segments. You can request the number of segments (up to 9,999) subject to a minimum investment of £500 per segment. Each segment is a separate legal contract (referred to as a 'policy') having its own applicable charges and right to full surrender in accordance with the terms.
INVESTMENT ADVISER	<p>Once the bond is set up, your trustees become the policyholders and they may nominate a suitably qualified Investment Adviser to give us instructions regarding fund selection.</p> <p>The charge any appointed Investment Adviser applies will be treated as an Investment Adviser Charge (IAC). Please remember that the instruction for the payment of IACs from the bond must come from the trustees. Any amount deducted from the bond as a withdrawal to pay for IACs will not form part of the 5% annual tax-deferred entitlement.</p> <p>See the Guide to Charges for further information.</p> <p>The appointment of any Investment Adviser is subject to our agreement. The trustees can request to remove or appoint a new Investment Adviser at any time by completing a new Nomination of Investment Adviser Form. Forms are available on our website www.utmostinternational.com</p>

ESTATE PLANNING BOND ESSENTIALS

CONTINUED

THE BOND	
EXTERNAL MANAGER AND/OR CUSTODIAN (EMC)	<p>You or your trustees can nominate an External Manager and/or Custodian (EMC) to be appointed to manage the investments linked to the value of the bond. Using an EMC who has a detailed understanding of your attitude to investment risk, can also provide you with the reassurance that the investments are being selected and managed by experts dedicated to the business of investment management.</p> <p>In addition to our standard bond charges, the EMC will also make their own charges, including a charge for any advice and advice related services they provide. Where investment advice is provided by the EMC, this charge will be treated as an EMC Investment Adviser Charge (EMC IAC).</p> <p>Please see the External Manager and/or Custodian (EMC) section in our Guide to Charges for full details.</p> <p>The appointment of any EMC is subject to our agreement. The trustees can request to remove or nominate a new EMC at any time by completing a new Nomination of External Manager and Custodian Form or where appropriate, an Open Architecture Dealing Instruction Form, for switching out of the External Managed investment option.</p> <p>Forms are available on our website www.utmostinternational.com</p>
ASSIGNMENT	<p>The bond cannot be assigned during your lifetime, but the trustees have the option to assign the bond after your death.</p>
SURRENDER RIGHTS	<p>The bond or any individual segment cannot be surrendered during your lifetime and only the agreed level of 'income' together with any charges for advice that are agreed between the trustees and adviser can be taken from the bond (by way of partial surrender across all segments). After death, the trustees can surrender the bond at any time.</p>
REGULAR WITHDRAWALS	<p>The regular withdrawals cannot be stopped or amended during your lifetime. The Grantee's Fund or 'discount' is calculated using the level of withdrawals you specify from outset and therefore this cannot be changed.</p>

TRUST ARRANGEMENTS

The Estate Planning Bond enables your trustees to manage the bond and its linked investments for you and the beneficiaries.

The Estate Planning Bond is a discounted gift trust and offers you the choice of two trust options, a Discretionary Trust or an Absolute Trust.

The diagram below shows how the rights for both you as the Settlor/Donor and the beneficiaries are divided within the trust. A Settlor is the creator of a Discretionary Trust, whereas a Donor is the creator of an Absolute Trust.

RIGHTS UNDER THE TRUST

SETTLOR/DONOR

You have the retained right to regular withdrawals during your lifetime or until the value of the bond falls to zero.

BENEFICIARIES

The balance remaining in the trust fund after your death will be held for your beneficiaries in accordance with the type of trust chosen.

HOW DOES A DISCOUNTED GIFT TRUST WORK?

The Estate Planning Bond is an international investment bond combined with a discounted gift trust, and the diagram below has been designed to show you how a discounted gift trust works.



TYPES OF TRUST



THERE ARE TWO TYPES OF
TRUST THAT CAN BE USED WITH
THE ESTATE PLANNING BOND -
AN ABSOLUTE TRUST OR A
DISCRETIONARY TRUST

TYPES OF TRUST CONTINUED

In some circumstances you may wish to use both trusts and we can facilitate this using one application form.

ABSOLUTE TRUST

With the Absolute Trust, you name who is to benefit from the trust after your death and in what proportion. This cannot be changed afterwards by you or your trustees.

You may choose an Absolute Trust if you are certain exactly who you want to benefit. Please be aware that if a beneficiary of an Absolute Trust dies, their rights under the trust pass to their personal representatives and cannot be assigned by you, as the Donor, or by the trustees to any other person.

DISCRETIONARY TRUST

With a Discretionary Trust, the trustees have the flexibility and power to decide who (from any of the potential beneficiaries outlined in the trust deed) will eventually benefit from the trust fund. This can allow them to meet changing family circumstances over time.

If you would like the trustees to consider the interests of particular beneficiaries you can give them a Letter of Wishes but this is not legally binding on them.

ABSOLUTE AND DISCRETIONARY

If you apply for both an Absolute and Discretionary Trust, using one application form, the minimum investment is £100,000 (£50,000 per trust). In these circumstances, we will issue two separate bonds and both bonds will each have their own set of charges. It is important to discuss this option with your Financial Adviser, as the order in which they are set up can impact future IHT liabilities.



The tax implications of each type of trust are different and your Financial Adviser will help you choose which trust is most suitable for your circumstances.

CHOOSING YOUR TRUSTEES

Choosing a trustee is a very important decision as the trustees you appoint will legally own the bond and must manage it in the interests of the beneficiaries.

If you decide to use a Discretionary Trust the trustees will have the power to choose who will benefit from the trust fund after your death. The trustees, or their delegates, will have control over investment decisions such as which funds the bond is linked to.

They will also have to fulfil a number of duties set out by law which are designed to protect the interests of the beneficiaries.

Your appointed trustees must be over 18 years old and mentally capable.

Where individuals are acting as the trustees there should be at least two appointed. You can choose to be a trustee yourself and/or appoint family members, including adult beneficiaries or other individuals, to act with you.

However, if you choose not to appoint additional or independent trustees, it is important to consider what will happen when you die or if you lose capacity.

Alternatively, if it is not appropriate in your circumstances, or you prefer not to involve your family or friends as trustees, you can also consider appointing professional individuals or a trust company. Such professional trustees will often charge for their services and you should keep this in mind.

Utmost Trustee Solutions Limited offer professional trustee services; some of which are offered free of charge for Estate Planning Bonds during your lifetime. For more information about Utmost Trustee Solutions Limited please speak to your Financial Adviser or read **Utmost Trustee Solutions Limited - A Guide to our Services**, which is available on request from your Financial Adviser.

The company details for Utmost Trustee Solutions Limited can be found in the footer at the end of this document.



For more information about trusts and trust arrangements please see our **Guide to Trusts**.



Once the bond is established, the trustees become the policyholders and all decisions regarding the bond, including any charges for advice or services that are to be facilitated from the bond, must be authorised by all of the trustees or their delegates.

WHAT ARE MY INVESTMENT OPTIONS?

A large, light gray graphic consisting of two thick, curved lines that form a wide, open parenthesis shape, framing the central text.

THE ESTATE PLANNING BOND
OFFERS ACCESS TO A WIDE
RANGE OF INVESTMENTS



This section is mentioned in the
Key Features Document.

INVESTMENT OPTIONS

You can link the Estate Planning Bond to a variety of external funds and cash deposits from some of the world's leading investment management groups and banking institutions. Our buying power makes it possible for us to negotiate preferential terms with fund managers. As a result, the terms available to you through the Estate Planning Bond may be more competitive than you would get from investing directly. You can also, if you wish, nominate an External Manager and/or Custodian (EMC) to select and manage linked investments.



If the bond is still in force 50 years from the start date, we reserve the right to review the market and move the funds to our Utmost Deferred Distribution Fund, or the closest available fund at that time.

DEALING ACCOUNT

The main purpose of the Dealing Account is to enable the purchase and sale of investments linked to the bond.

It is also used to pay your regular withdrawals and charges, including product charges and, where applicable, charges for advice which have been agreed by the trustees or their delegates to be taken from the bond. In some circumstances the Dealing Account can go overdrawn and interest on a debit balance can occur.



It is important to maintain a sufficient cash balance to cover the costs of any product charges, charges for advice, withdrawals and purchase requests. If a sufficient cash balance is not maintained and the Dealing Account goes in to a negative balance then debit interest will apply. Debit interest on a Sterling account is currently charged at 5% above the highest interest rate we would apply on credit balances. We retain discretion as to where any money linked to the Dealing Account is invested. If this is held with a third party deposit taker, the value of the bond may be adversely affected in the event of the deposit taker's default. Our liability in these circumstances will be limited to such amounts, if any, which we may be able to recover from the defaulting third party.

CAN THE TRUSTEES CHANGE THE INVESTMENTS LINKED TO THE BOND?

Yes, once the bond is set up your trustees or the appointed Investment Adviser can provide us with new investment instructions at any time either by fax, post or through our Online Dealing Service. Please see the [Guide to Charges](#) for information on dealing charges and other transaction costs.



Whilst you make the initial investment selections for the bond at outset, once the bond is established these will be made by your trustees or the appointed Investment Adviser.

If you are not intending to act as a trustee, your trustees may agree to delegate their investment powers to you to enable you to manage and provide investment instruction on their behalf. The form of delegation is a matter for your trustees and their legal advisers.

Funds should be selected carefully to ensure that investment performance meets the level of 'income' withdrawals chosen and any adviser charges which are agreed by the trustees to be taken from the bond.

If the value of the bond falls to zero during your lifetime, your 'income' payments and any ongoing adviser charges will stop. If adviser charge payments from the bond are stopped, any outstanding adviser charges will need to be settled directly with the adviser.

You should remember that the value of the funds can fall as well as rise. Taking into account market fluctuations and charges, your trustees may get back less than you invested.

See our [Guide to Charges](#) for more information.



GETTING MONEY FROM THE BOND

REGULAR WITHDRAWALS

You must take a regular 'income' in the form of withdrawals of capital from the bond. When setting up the bond, you will need to specify the amount of 'income' you wish to receive. Up to a maximum of 5% a year of your original investment can be taken from the bond each year for 20 years free from any immediate income tax liability. If the withdrawals in any year are over 5% of the premium paid, the excess will give rise to a chargeable gain and you may become liable to income tax depending on your personal circumstances.

CHOOSING AN INCREASING 'INCOME'

The Estate Planning Bond provides an option to increase the 'income' you receive during your lifetime. Your 'income' level can be increased in line with either a fixed percentage, or in line with the UK Retail Prices Index (RPI) if you select this option at outset.

Please be aware that 'income' can only be increased as shown in the table on the following page.

CHOOSING YOUR 'INCOME' LEVEL

It is important to discuss your 'income' requirements with your Financial Adviser as the level and frequency chosen at outset cannot be altered.

IMPORTANT THINGS TO CONSIDER

Charges for advice paid to your Financial Adviser from the bond are taken as withdrawals and will count towards your annual 5% tax-deferred entitlement. The level of 'income' specified from outset, combined with any charges paid to your Financial Adviser, will directly affect the level of immediate discount you receive on your IHT bill.

If the total level of withdrawals, including any charges paid to your Financial Adviser, exceeds your annual 5% tax-deferred entitlement there could potentially be tax consequences resulting in a chargeable gain on which you may become liable to income tax.

For more information on the tax consequences of paying for advice or taking withdrawals from the bond, speak to your Financial Adviser.



You may take your 'income' monthly, quarterly, half-yearly or annually, but the amount, frequency and any rate of increase chosen at the outset cannot be altered.

If you would like to appoint Utmost Trustee Solutions Limited please see our **Utmost Trustee Solutions Limited – Guide to our Services**, for details of the maximum 'income' payments that can be made to you, and the charges paid to your Financial Adviser.



This section is mentioned in the **Key Features Document**.

GETTING MONEY FROM THE BOND CONTINUED

RATE OF WITHDRAWAL AS A % OF PREMIUM	RATE OF INCREASE
UP TO AND INCLUDING 5% PER ANNUM	not exceeding 7.5% per annum
5.1% UP TO AND INCLUDING 7.5% PER ANNUM	not exceeding 5% per annum
7.6% UP TO AND INCLUDING 10% PER ANNUM	no increase permitted

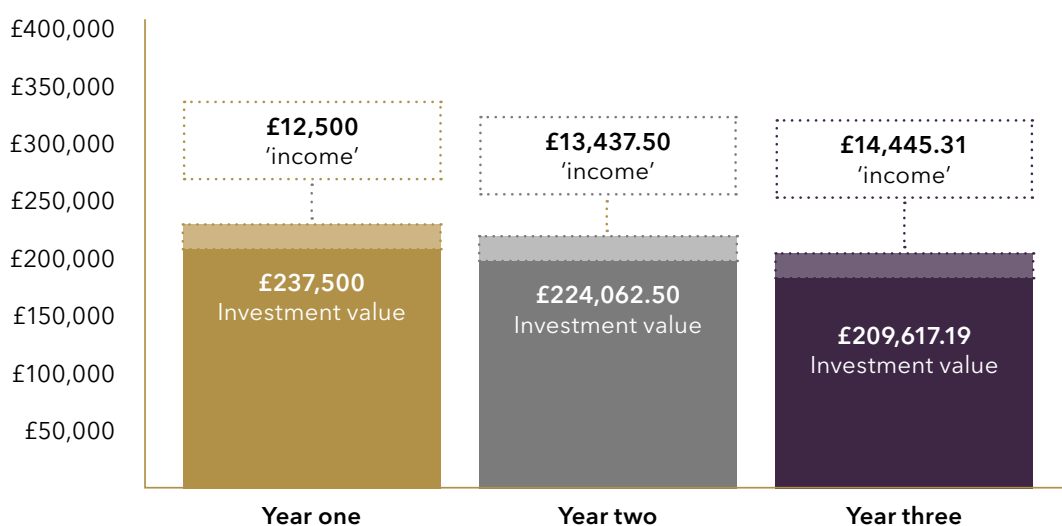
The diagram below shows the increase in 'income' and potential income tax liability, if you invested £250,000 and choose to receive a 5% income per annum increasing by 7.5% a year. This example assumes that no adviser charges are taken from the bond.



WHAT HAPPENS IF MY 'INCOME' EXCEEDS INVESTMENT GROWTH WHEN USING AN INCREASING 'INCOME' OPTION?

If your regular withdrawals each year amount to more than the net investment growth within the bond, including product charges and any charges for advice agreed to be paid from the bond, the capital value of the bond will reduce. If the value of the bond is reduced to zero, your 'income' will stop.

Using a premium of £250,000 as per the example on the previous page, the diagram below shows the effect of an increasing 'income', where there is no investment growth or loss due to fund performance. This does not take into account the effect of product charges or charges for advice (taken from the bond) which would reduce the investment value further.



HOW WILL MY INCOME BE PAID TO ME?

Payments will normally be made by BACS transfer to your bank account in the UK, Isle of Man or Channel Islands. BACS payments are currently free of charge, however in some instances payments can take three to five working days to reach your account.

A CHAPS transfer can be requested to ensure payment is made quickly, but a charge will be made for this service. All foreign currencies or payment to foreign banks will be done by Telegraphic Transfer (international payment), for which a charge is also made. For full details of the payment charges applied see our [Guide to Charges](#).



There may be instances where we are bound by laws and regulations preventing us from making payments to certain destinations. Please speak to your Financial Adviser for more information.

If you do not spend the 'income' you receive, it will remain inside your estate and may be liable to IHT on your death. If you cannot use the payments for day-to-day living expenses, you may wish to consider gifting them. Your Financial Adviser will be able to advise you on tax efficient gifting.

WHAT HAPPENS TO THE BOND WHEN I DIE?

The Estate Planning Bond is written as a capital redemption bond and therefore does not end on your death or the death of any other party, providing your trustees and beneficiaries with many options.



These options give you peace of mind that any proceeds can be passed down to your beneficiaries in a potentially tax efficient manner.

It is important that you speak to your Financial Adviser if you have any questions, as the following information is not designed to be a comprehensive guide. Your trustees should also seek advice to ensure they understand the options available and the implications for them and the beneficiaries before they decide how to deal with the bond after your death.

CONTINUING 'INCOME'

On death, much will depend on which trust you have chosen at the outset. Your regular payments will stop until we receive instructions from your trustees on how they wish to proceed. If your trust is an absolute trust and the beneficiary is over 18 and of sound mind, this will involve discussions with the beneficiary(ies), as at this point they have the right to call in the trust fund.

Under a Discretionary Trust, the trustees may decide to continue to take withdrawals under the 5% annual tax-deferred entitlement and will only be taxed on chargeable gains, which will be subject to income tax, once they have used up this entitlement. The entitlement is against the bond itself, so any 'income' payments already made to you, or any adviser charges the trustees agree to pay from the bond to your Financial Adviser, will be included in the overall entitlement. Your trustees can continue to use this entitlement, until the time they wish to surrender individual segments or the entire bond.

FULL SURRENDER OR PART-SURRENDER FOLLOWING YOUR DEATH

The bond can continue for up to 99 years, providing sufficient value is left in the bond. The trustees may decide to fully surrender the bond, individual segments, or part-surrender (withdrawal across all segments) in order to pay proceeds to the beneficiaries.

Who pays the tax, what tax is payable and whether or not the trustees have any discretion as to who receives the proceeds, depends on how the proceeds are taken and the type of trust chosen.

WHAT HAPPENS TO THE BOND WHEN I DIE?

CONTINUED

TRUSTEES SURRENDER AFTER YOUR DEATH (DISCRETIONARY TRUST)

If your bond is brought to an end (surrendered) in the same tax year as your death any tax liability will still fall to you and therefore need to be paid by your estate.

Thereafter, any liability will fall on the trustees if any are UK resident at the trustee rate of 45% (2023/24).

DISCRETIONARY TRUST		
WHEN SURRENDERED	WHO IS LIABLE TO PAY THE TAX?	INCOME TAX RATE ⁴
During the UK tax year in which you, as the Settlor/Donor, dies	The personal representatives of the deceased Settlor/Donor	The Settlor/Donor highest marginal rate of income tax
By your UK resident trustees in any later UK tax year	The trustees	The trustee rate of tax, currently 45% ⁵
By Utmost Trustee Solutions Limited in any later UK tax year (where appointed)	Any UK resident beneficiary in receipt of benefits from the bond	The beneficiary's highest marginal rate of income tax
By your UK resident beneficiaries after assignment by the trustees	Any UK resident beneficiary based on their share of the trust fund	The beneficiary's highest marginal rate of income tax

⁴ Where there is a joint settlement the gain is considered against each person's settlement. In other words, this can result in tax being paid at different rates depending on when the surrender takes place. The rules here are complex and you should discuss any tax implications with your Financial Adviser.

⁵ The first £1,000 of tax would be subject only to basic rate tax due to the starting rate band for trusts. Note this only applies where UK resident trustees are liable to tax. Note the standard rate band for discretionary trusts will be removed from April 2024.

TRUSTEES SURRENDER AFTER YOUR DEATH (ABSOLUTE TRUST)

The table below shows who will be liable to pay income tax on final surrender of the bond following your death:

ABSOLUTE TRUST		
WHEN SURRENDERED	WHO IS LIABLE TO PAY THE TAX?	RATE TAXED AT
During the UK tax year in which you, as the Settlor/Donor, dies	The UK resident beneficiary based on their share of the trust fund	The beneficiary's highest marginal rate of income tax
By the trustees in any later UK tax year	The UK resident beneficiary based on their share of the trust fund	The beneficiary's highest marginal rate of income tax
By your UK resident beneficiaries after assignment by the trustees	The UK resident beneficiary based on their share of the trust fund	The beneficiary's highest marginal rate of income tax

DISCRETIONARY TRUST

If any of the trustees are UK resident, they will normally be liable to income tax at 45% (2023/24) on any chargeable gain if they surrender in any tax year after the tax year in which you die. However, once assigned to an individual beneficiary, the segments are then owned by them. When the beneficiaries surrender their segments, they are then taxed at their marginal rate of income tax rather than the trustee rate. This can also allow the trustees to defer distributions until a time the beneficiary is in a lower tax bracket.

ABSOLUTE TRUST

Any tax liability will fall on the nominated beneficiaries after your death. However, the trustees may still wish to assign segments to the beneficiaries at this point, effectively winding up the trust and enabling the beneficiaries to take responsibility for their share of the investment.

BENEFICIARIES SURRENDER THE BOND AFTER ASSIGNMENT

For more information about how your beneficiaries may be taxed on final surrender if the bond is assigned please see our **Tax Information Client Guide**.



The information in this guide is based on our interpretation of current law and taxation practice in the UK and the Isle of Man as at 1 September 2023 and is subject to individual circumstances. Therefore the tax treatment of the bond may change in future.

Taxation is a complex matter and it is important that you discuss any concerns with your Financial Adviser.

WHAT ARE THE UK TAX IMPLICATIONS?

The Estate Planning Bond is designed to assist in the mitigation of UK IHT.

The following notes are based on our interpretation of current law and taxation practice in the UK and the Isle of Man, as at 1 September 2023, which could change in the future and is subject to individual circumstances. These notes also assume that you are a UK resident for tax purposes and UK domiciled. Typically, UK domicile means that your country of origin is considered to be the UK. Normally, this will be based upon the domicile of your father. If you are UK domiciled, your worldwide estate will be subject to UK IHT on death.

Domicile is a complex matter and cannot be covered fully in this guide, your Financial Adviser will be able to explain more.

The tax treatment of the bond for IHT purposes will depend on whether you have chosen the Absolute Trust or the Discretionary Trust.



This section is mentioned in the **Key Features Document**.

WHAT ARE THE IHT TAX IMPLICATIONS?

As soon as the bond is set up your investment is split into two notional parts for IHT purposes. The Grantee's Fund represents the estimated present value of the 'income', which you will be paid. This value is immediately removed from your estate so if you were to pass away within seven years of the start of the bond, the value of your gift into trust for IHT purposes would be reduced by this amount. This is known as the Residuary Fund and is your gift into trust for IHT purposes. Note the value of any 'income' actually paid to you will still be within your estate for IHT purposes if not spent or gifted.

CHARGEABLE EVENTS AND GAINS DURING YOUR LIFETIME

During your lifetime, chargeable gains may arise when your regular withdrawals (or your withdrawals combined with charges for advice paid to your Financial Adviser) exceed the annual 5% tax-deferred entitlement. Such gains arising during your lifetime will be assessed for income tax on you, the Settlor/Donor.

Please see 'What Happens To The Bond When I Die?' section for details about who will be liable to pay tax on excess withdrawals following your death.

CERTIFICATE OF VALUATION

We issue a Certificate of Valuation which accompanies the policy documentation and provides the value of the Residuary Fund, or in the case of joint applications each applicant's Residuary Fund. This value depends on your state of health, age or 'rated age' and the investment yields applicable when the bond is taken out. HMRC reserves the right to examine any individual value and this may lead to a difference in the IHT assessment.

ABSOLUTE TRUST

Under the Absolute Trust, the Residuary Fund is a Potentially Exempt Transfer (PET). Provided you survive for at least seven years after the start of the bond, this PET is totally free of IHT. If you were to pass away within seven years, the PET will be included in the value of your estate for IHT purposes. Depending on when your death occurs and what other gifts you have made, taper relief may be available to reduce the amount of IHT payable if the total of your chargeable transfers exceeds the available nil rate band allowance on your death. Please speak to your Financial Adviser to understand how any IHT exemptions or reliefs may apply in your particular circumstances.

The value of the PET is determined at the start and is not impacted by future withdrawals or investment growth, meaning all future investment growth is outside your estate for IHT purposes. It also means that a combination of withdrawals of 'income' and poor investment performance could lead to a situation where the value of the bond is lower than the PET. If this happened, and death occurred within the first seven years, the value of your gift into trust for IHT purposes would be higher than the actual value of the bond.

If the bond is written on a joint basis and one of you dies within the first seven years, IHT will become payable on that individual's share of the joint gift if not covered by any available nil rate band. As the bond cannot be surrendered until the second death, it is important to ensure that there are some other assets available to pay any IHT which may become payable at such a time.

In addition, please note that even on second death (or on your death if you are a single applicant) your personal representatives cannot insist that the trustees meet any IHT payable on your estate from the proceeds of the bond.

Beneficiaries of the Absolute Trust cannot be changed, and may be subject to the laws of intestacy which means that if they die having not made a will, their share of the trust fund could go back into your estate. This will affect your IHT planning and you should therefore discuss this with your Financial Adviser before appointing any absolute beneficiaries. This will be particularly important if you are considering appointing minor beneficiaries who are unable to make a will.

DISCRETIONARY TRUST

Under the Discretionary Trust, the Residuary Fund is a Chargeable Lifetime Transfer (CLT). Provided you survive for at least seven years from the start of the bond, this CLT will no longer be accountable in your personal estate for IHT.

The CLT is determined at the start and is not changed by future withdrawals or investment growth. It means that a combination of large withdrawals and poor investment performance could lead to a situation where the value of the bond was lower than the CLT.

The Discretionary Trust is subject to the following tax charges. This is only a summary and you should discuss these with your Financial Adviser.

WHAT ARE THE UK TAX IMPLICATIONS? CONTINUED

ENTRY CHARGE

An immediate entry tax charge at the lifetime rate of 20% is payable on the amount of the CLT if, when added to any other CLTs you have made in the previous seven years, it exceeds the nil rate band (NRB) (£325,000 for tax year 2023/24). If your bond is written on a joint life basis, the CLT will be split between the two of you and the NRB available to each of you will be used to offset each person's IHT liability. Please note capital cannot be withdrawn from the bond to pay the entry tax charge. As such, rather than the lifetime rate of 20%, you will be personally liable for the IHT at an effective grossed up rate of 25%.

REPORTING REQUIREMENTS

Providing the value of the Residuary Fund, when added to previous CLTs in the preceding seven years, does not exceed the NRB at the time of the transfer, there will be no need to report this transfer to HMRC.

PERIODIC CHARGE

A periodic charge of up to 6% is payable every 10 years from the date the trust was set up, but only if at that time the value of the trust fund (less the then present value of the 'income' expected to be paid to you) is over the NRB applicable at the anniversary date. Please note that as capital cannot be withdrawn from the bond during your lifetime to pay the periodic tax charge, you will be liable for any applicable IHT.

EXIT CHARGE

On your death your trustees will be able to surrender the bond. Under IHT rules an exit charge may be payable when capital is withdrawn from the trust if either an entry charge arose, or if a periodic tax charge was paid at the previous 10 yearly anniversary date. The exit charge would apply at a rate currently up to 6%, adjusted to take account of the length of time since entry or the last yearly anniversary date. It will also be payable if your trustees assign segments to your beneficiaries.

WHAT ARE THE CHARGES FOR THE ESTATE PLANNING BOND?

The Estate Planning Bond offers a flexible charging structure with various charging options that may apply to the bond.

Your Financial Adviser will be able to explain how the charging structure works and which combination would best suit your needs. The standard product charges and fund charges (where known) will be shown in your Personal Illustration that your Financial Adviser gives you.



This section is mentioned in the **Key Features Document**.

WHAT ARE THE CHARGES FOR THE ESTATE PLANNING BOND?

CONTINUED

The information below is a summary of the charges applicable to the bond. You must read this section together with our **Guide to Charges** which describes our Flex-Charge and other applicable charges in detail. Our **Guide to Charges** is available from our website www.utmostinternational.com or from your Financial Adviser on request. In addition to our Flex-Charge there may also be:

CONDITIONAL BOND CHARGES

Conditional charges are those which apply only when particular investment arrangements and/or investment adviser charges are required. These include:

- › Payment charges.
- › Dealing Account debit interest.
- › External Manager and/or Custodian (EMC) charges.
- › Additional single premium charges (after the death of Settlor/Donor only).
- › Valuation charges.
- › Charges for advice (if taken from inside the bond).

FUND CHARGES AND INVESTMENT COSTS

Charges for the underlying funds and investment costs, including dealing fees, will depend on the investments chosen. Your Financial Adviser can give details of the charges applicable to the investments you have selected. Any initial and annual fund management charges and dealing charges will also be shown in your Personal Illustration.



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 the policyholder. 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 adviser charges, to be paid from the bond (which your trustees have agreed with the Financial Adviser), will be treated as a withdrawal from the bond and will form part of the 5% annual tax-deferred entitlement. This could have potential tax consequences for you, the trustees, or the beneficiaries. It is important to consider this when choosing the level of 'income' you require as this cannot be changed once the bond is in force.

ESTATE PLANNING BOND AND CHARGES FOR ADVICE

Charges for advice are agreed between you (or where appropriate the trustees) and the adviser for the advice you or the trustees receive.

There are a number of ways charges for advice can be paid and it is important that you, or where appropriate the trustees, discuss the best way to pay charges for advice with your Financial Adviser to ensure the method chosen meets your individual needs.

ESTATE PLANNING BOND AND CHARGES FOR ADVICE CONTINUED

Charges for advice can be paid in the following ways:

DIRECT	<p>You, or the trustees, can pay any charges for advice directly to the relevant party (outside of the bond) at any time for advice received. You do not need to inform us of any direct payment you make.</p> <p>When making direct adviser charge payments to a Financial Adviser, it is important to consider who received the advice and who will pay the adviser charge as there are potential tax consequences if you as the Settlor/Donor pay for advice provided to the trustees and vice versa. Please speak to your Financial Adviser for more information about the potential tax consequences.</p>	
CHARGES FOR ADVICE FACILITATED BY UTMOST INTERNATIONAL ISLE OF MAN LIMITED	OUTSIDE OF THE BOND	<p>You can ask us to facilitate an initial adviser charge payment to your Financial Adviser, before your premium is invested. To request that we facilitate this payment you will need to complete the appropriate adviser charge instruction in the application form.</p> <p>If you request that we pay an initial adviser charge to your Financial Adviser the charge will be deducted from the payment you send to us and paid to your Financial Adviser, with the remaining balance being invested as the premium into the bond. The premium after the deduction of the charge for advice must meet the minimum investment amount of £50,000.</p> <p>We will only make the payment of the initial charge 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.</p>
	INSIDE THE BOND	<p>Charges for advice from inside the bond can be facilitated on either an ongoing or ad hoc basis, from the value of the bond, after the full premium has been invested. Charges for advice from inside the bond can only be agreed and requested by the trustees or their delegates. This is because once the bond commences the trustees are the legal owners of the bond and are responsible for the management of the trust fund from which these charges for advice will be paid.</p> <p>In addition, any adviser charges which the trustees agree to pay the Financial Adviser from the value of the bond will form part of the 5% annual tax-deferred entitlement.</p>

The trustees can request the payment of charges for advice from inside the bond, by completing the appropriate section of the application form, or by completing our **Adviser Charges Pack** available from our website www.utmmostinternational.com or from your Financial Adviser on request.

CAN THE TRUSTEES REQUEST A REFUND OF CHARGES FOR ADVICE?

Yes. Where the trustees and the adviser have agreed that a charge for advice has been taken from the bond by mistake, the adviser will be responsible for refunding this charge to the trustees.

CAN THE REFUND BE PAID BACK INTO THE BOND?

No. If a refund takes place then, due to the structure of the bond, this payment cannot be returned to the trust fund nor can the money be paid to the Settlor/Donor (or the beneficiaries during the Settlor/Donor's lifetime). In this circumstance the trustees must hold the refunded payment within a trustee bank account, until the proceeds of the trust fund are distributed to the beneficiaries on the death of the Settlor/Donor.

THINGS TO CONSIDER BEFORE REQUESTING THE PAYMENT OF ADVISER CHARGES

As legal owners of the bond it is the trustees' responsibility to manage the trust fund in the interest of the beneficiaries. Therefore it is important that they understand the impact that paying adviser charges from the bond may have. All charges deducted from the bond will affect the value of the bond. In some cases there may be additional tax implications to consider.

You are currently able to withdraw up to 5% of the initial premium per year and defer any tax payable for 20 years. The level of 'income' you specify will count towards the 5% annual tax-deferred entitlement.

It is important to note that any adviser charges agreed by the trustees or their delegates, to be paid to the Financial Adviser from the value of the bond, will also form part of the 5% annual tax-deferred entitlement. If the 5% annual tax-deferred entitlement is exceeded, due to the level of 'income' or a combination of 'income' and adviser charges, this would trigger a chargeable event and could have potential income tax consequences.

The following example is designed to explain how adviser charges, if taken from the bond, together with the 'income' can affect the 5% annual tax-deferred entitlement. If an investment adviser charge or External Manager and/or Custodian investment adviser charge is taken then these advice charges will have no impact on the 5% tax-deferred entitlement but they will impact the value of the trust fund.

Please remember that should you take a lower 'income', this will affect any discount quoted. Please speak to your Financial Adviser for further details.

For illustration purposes only we have chosen a premium value of £500,000 for the following example. Please note any investment return amounts stated are for illustrative purposes only.

The following information is based on our interpretation of current law and taxation practice in the UK and the Isle of Man, as at 1 September 2023, which could change in the future and is subject to individual circumstances.

THINGS TO CONSIDER BEFORE REQUESTING THE PAYMENT OF ADVISER CHARGES CONTINUED

EXAMPLE

The table below is designed to demonstrate how the 5% annual tax-deferred entitlement could be affected if a 4% 'income' is taken annually with a 1% of bond value ongoing adviser charge assuming an annual growth rate of 6%. Please be aware that this example is for illustration purposes only and does not take into account bond or investment charges. It assumes the advice is not investment advice facilitated as an investment adviser charge or an External Manager and/or Custodian investment adviser charge.

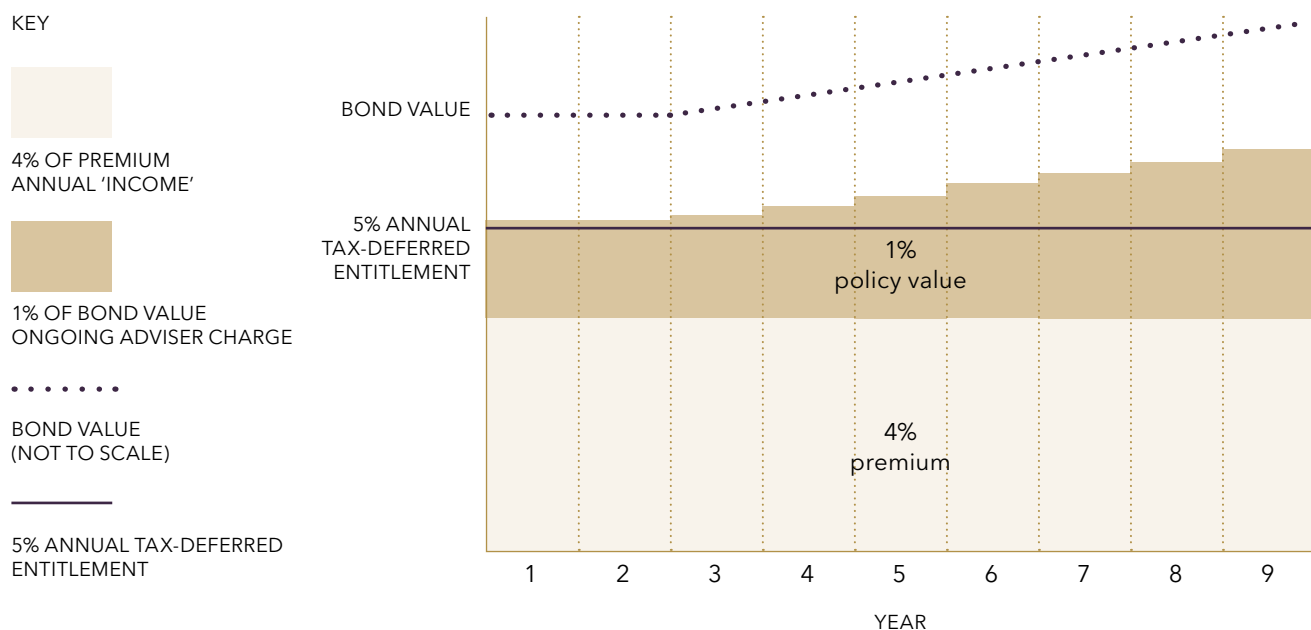
YEAR	5% PREMIUM VALUE (FULL ANNUAL TAX- DEFERRED ENTITLEMENT)	1% OF PREMIUM (REMAINING TAX- DEFERRED ENTITLEMENT AFTER 4% 'INCOME')	BOND VALUE	1% BOND VALUE (ONGOING ADVISED CHARGE) ⁶	CHARGEABLE AMOUNT = 1% BOND VALUE - 1% PREMIUM VALUE	
1	£25,000	£5,000	£509,000	£5,090	£5,090 - £5,000 =	£90
2	£25,000	£5,000	£513,000	£5,130	£5,130 - £5,000 =	£130
3	£25,000	£5,000	£518,000	£5,180	£5,180 - £5,000 =	£180
4	£25,000	£5,000	£523,000	£5,230	£5,230 - £5,000 =	£230
5	£25,000	£5,000	£529,000	£5,290	£5,290 - £5,000 =	£290
LATER YEARS						
10	£25,000	£5,000	£559,000	£5,590	£5,590 - £5,000 =	£590
15	£25,000	£5,000	£598,000	£5,980	£5,980 - £5,000 =	£980
20	£25,000	£5,000	£648,000	£6,480	£6,480 - £5,000 =	£1,480

In year 5 of this example, the value of the bond is £529,000, this is an increase of £29,000 compared with the original premium value invested. The chosen ongoing adviser charge of 1% will be based on this current total bond value.

In Year 5 of this example, the adviser charge would be £5,290. This means that this adviser charge payment is higher than the value of the remaining 5% (£5,000) tax-deferred entitlement for this year, by £290. As a result, this excess withdrawal will give rise to a chargeable event and income tax may be payable.

⁶ Adviser charge taken annual in arrears - based on bond value at end of year.

The graph below shows how this may look over time:



- › Any amount withdrawn above the 5% annual tax-deferred entitlement as shown on the above graph will be a chargeable gain and may give rise to an income tax liability depending on your personal circumstances
- › The bond value in the graph above is not to scale and is for illustration purposes only to show how the 1% adviser charge may increase over time in line with the bond value.
- › The level of 'income' is chosen at outset and cannot be altered during your lifetime.
- › Adviser charges could reduce the value of the trust fund significantly over time putting at risk its ability to provide you with an 'income' throughout your lifetime, as well as how much the beneficiaries may receive on distribution.
- › If this charge was an investment adviser charge or EMC investment adviser charge it would not be included as bond withdrawals. Such charges are seen as a charge on the bond and they do not affect the 5% annual tax-deferred entitlement. It is important to remember that these charges still have a negative effect on the overall value of the bond. Please refer to our **Guide to Charges** for more details.

THINGS TO CONSIDER BEFORE REQUESTING THE PAYMENT OF ADVISER CHARGES CONTINUED

The following table details the different tax implications of paying either initial or ongoing adviser charges in relation to an Estate Planning Bond.

ADVISER CHARGE TYPE	ADVISER CHARGE AGREED BY	PAYMENT METHOD	TAX IMPLICATIONS YES/NO
INITIAL ADVISER CHARGE (ADVICE GIVEN TO YOU AS SETTLOR/DONOR) ⁷	You as Settlor/Donor	Paid directly from you to the adviser, not from the bond.	No tax implications.
	You as Settlor/Donor	The initial adviser charge is taken from the payment you send to us and paid to your Financial Adviser, with the remaining balance invested as the premium into the bond. Please note that the net amount invested into the bond must meet the minimum premium requirement of £50,000.	No tax implications. We are simply facilitating the payment of the initial charge before the trust is settled with your remaining balance invested in the bond.
ONGOING ADVISER CHARGE (ADVICE GIVEN TO TRUSTEES)	You as Settlor/Donor	Directly from you to your Financial Adviser. Not facilitated by us.	Yes. If you are paying personally for advice that your trustees receive this would be a transfer of value. If the amount you pay for that advice exceeds any annual IHT exemption available to you, the payment could be treated as an additional PET or CLT into trust.
	Trustees	Facilitated by us to the Financial Adviser from inside the bond.	Yes. Any adviser charges taken from the bond would be a withdrawal from the bond and, when added to the 'income' paid to you in any given year, could create a chargeable event gain.
CHARGES FOR INVESTMENT ADVICE	Trustees	Facilitated by us from inside the bond by the trustees completing the Adviser Charges Pack and the Nomination of Investment Adviser Form .	No. Any charge for investment advice set up this way is not considered a withdrawal and therefore does not form part of the 5% tax-deferred entitlement.

⁷ It is not possible to pay an initial adviser charge from inside the bond after the premium has been invested because it would create a Gift with Reservation of Benefit and undermine the IHT benefits of the bond. You should speak with your Financial Adviser if you are unsure of how the payment of advice will affect the taxation of your trust.

APPLYING FOR THE ESTATE PLANNING BOND

Before applying for the Estate Planning Bond please make sure you have spoken to your Financial Adviser, and that they have answered any questions you may have.

Please ensure that they have also given you a: **Estate Planning Bond Key Features Document**, **Personal Illustration**, any applicable disclosure documents and **Guide to Charges**.

To help your understanding we also suggest you read this guide alongside our supporting guides:

› **Tax Information Client Guide.**

› A Guide to Trusts.

› **Utmost Trustee Solutions Limited - A Guide to our Services.**

1

YOUR CHOICES

Agree on your investment amount, initial fund choices and the amount and frequency of the 'income' you require, the charging level you require from our Flex-Charge structure and how you or the trustees pay charges for advice.

2

YOUR TRUST DECISION

Decide which trust option best suits your circumstances and tax position and whom you will appoint as trustees.

3

COMPLETING THE APPLICATION FORM

Complete the standard application form with your Financial Adviser and a separate trust deed. If you would like to appoint Utmost Trustee Solutions Limited as trustee you only need to complete section N of the application form.

Please ensure the Adviser Charges section within the application form is completed if you or your trustees would like us to facilitate the payment of initial or ongoing adviser charges.

In the application form you will be required to complete a health related questionnaire. The application form will also require you to sign a declaration giving consent for Utmost International Isle of Man Limited to contact your doctor to request a General Practitioner's Report (GPR), which is needed to underwrite the bond.

Please ensure that you and your trustees complete a **Tax Information Exchange Pack for Entities**, which is available from your Financial Adviser or from us on request.



If you do not give consent for us to request a GPR from your doctor, we will be unable to proceed with the application.

APPLYING FOR THE ESTATE PLANNING BOND CONTINUED

4

PROCESSING THE APPLICATION

Once your Financial Adviser has returned the completed application form to us it will then be processed by our team, who will also:

- › contact your doctor to request a detailed GPR. This information will be sent by your doctor directly to the underwriters and will not be seen by unauthorised persons
- › extract the health related questionnaire from the application form and forward this to our underwriters.



If the information in the application form and requested GPR does not enable our underwriters to estimate your life expectancy, we may contact your Financial Adviser informing them that you will be required to provide more information.

If either the application form or the doctor's report are unable to provide us with sufficient information, for example regarding a specific medical condition, we will then require an assessment of your current state of health and in accordance with our normal underwriting practice, a medical examination will be called for.

For more information please speak to your Financial Adviser.

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STARTING THE BOND

Utmost International Isle of Man Limited will notify you if your application has been either successful or declined.

Once the underwriting process has been completed, all necessary documentation has been received and your premium has cleared in our account, the bond will be issued. Due to current low interest rates Utmost International Isle of Man Limited does not pay credit interest on premiums received prior to bond issue. No interest will be paid on any adviser charges being facilitated by us outside of the bond.



Acceptance terms for the bond are valid for three months from receipt of the underwriting terms. If the investment is not made during that time we will need confirmation from you that your state of health has not changed. To do this you will need to complete a **Declaration of Health Form** (available from your Financial Adviser who can obtain this from us or our website www.utmostinternational.com) before the bond can proceed. This form will be assessed by our underwriters and, if necessary, further information sought from your doctor and may delay the bond being issued.

SOME IMPORTANT INFORMATION

CANCELLATION

You currently have 30 days to cancel the bond. The 30 days begin on the day you receive the '**Your Right to Change Your Mind**' form. If, for any reason, you decide that you do not want to take out the bond, just return the form to us with your original policy documents, within 30 days to the address on the form and the amount we will give you back is calculated as described below.

The calculations will be based on the price on the next available dealing date from when the form is received.

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

Any repayment due to you on cancellation, will be paid as soon as possible after the assets linked to your bond have been cashed in.

If you choose to link your policy to assets which can not be cashed in easily, such as fixed-term deposits or funds with infrequent dealing days, then whilst you may exercise your right to cancel, it may be some considerable time before the asset can be sold or redeemed and your money returned to you.



The amount you will get back may be less than the initial investment. If the value of the investment falls before we receive **Your Right to Change Your Mind Form**, an amount equal to the fall in value will be deducted from any refund you receive. This deduction will be in addition to any adviser charges we have paid on your behalf. In calculating the fall in value we will include any third party costs we have incurred, such as any penalties applied by a deposit taker for breaking a cash deposit early.

If the value of the investment has increased you will only get back the amount of your initial investment, minus any adviser charges paid. If you do not exercise your right to cancel within the 30 days cancellation period your bond will continue in accordance with the policy terms and conditions.

COMPLAINTS

If, for any reason, you are not satisfied with our service then please address your complaint to our Head of Customer Experience.

Post: Head of Customer Experience
Utmost International Isle of Man Limited
King Edward Bay House
King Edward Road
Onchan
Isle of Man
IM99 1NU
British Isles

OMBUDSMAN

We will do everything in our power to resolve a complaint and in many cases can rectify the issue directly with the policyholder. However, on occasion, the policyholder may wish to deal with an outside mediator to obtain a resolution. The Isle of Man has a free Financial Services Ombudsman Scheme for customers with a complaint against an Isle of Man financial services firm that the firm has not been able to resolve.

The Ombudsman Scheme is specifically aimed at individuals so complaints from companies (including corporate trustees) are excluded. For further information on the Ombudsman Scheme please visit www.gov.im/ombudsman

Making a complaint will not affect your right to take legal proceedings during mediation. However, if you select to have your case referred to the Ombudsman then, other than on a point of law, their decision is binding on you and Utmost International Isle of Man Limited.

The contact details are:

Post: The Financial Services
Ombudsman Scheme for the Isle of Man
Thie Slieau Whallian
Foxdale Road
St John's
Isle of Man
IM4 3AS
British Isles

Tel: +44 (0)1624 686 500



If you appoint Utmost Trustee Solutions Limited as your trustee, there will be no right of referral to the Ombudsman Scheme.

SOME IMPORTANT INFORMATION CONTINUED

COMPENSATION

We are covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 (the Isle of Man Scheme). If we were unable to meet our obligations, the policyholder will be entitled to claim up to 90% of our liabilities to them as compensation from the Isle of Man Scheme at that time.

The Isle of Man Scheme may reduce any claim if the policyholder is protected under any other compensation scheme. In common with all Isle of Man life insurers, if there is a call on the Scheme, by any Isle of Man based life insurance company participating to the Scheme, we may be required to pay a levy of up to 2% of our policyholder funds to the Isle of Man Scheme. Where such a levy is made, the value of your investment is likely to be reduced by an equivalent percentage.



The underlying assets are held in our name. Therefore the policyholder will not be eligible to take advantage of any investor compensation scheme arrangements which may cover the underlying fund manager or deposit taker. If the underlying fund manager or deposit taker is unable to meet its obligations to us, the policyholder may lose some or all of the investment.

NEXT STEPS

A Financial Adviser will be able to tell you more about:


- › Utmost International Isle of Man Limited
- › The tax implications specific to your circumstances
- › Charges that may apply to the bond.

Please contact your Financial Adviser:


- › If you have a question
- › If you would like more information
- › If you would like a revised Personal Illustration.


CONTACT US

To find out more about the Estate Planning Bond please contact us.

 +44 (0)1624 643 345

 customersupport@utmostwealth.com

 Utmost International Isle of Man Limited
King Edward Bay House
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 www.utmostinternational.com

Please note that emails are not secure as they can be intercepted, so think carefully before sharing personal or confidential information in this way.

Telephone calls may be recorded.

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

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Registered Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.
Tel: +44 (0)1624 643 345 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

Utmost Trustee Solutions Limited (No. 106739C) is licensed and regulated by the Isle of Man Financial Services Authority.
Its registered office is King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.

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