



International  
Premier Portfolio  
from Utmost  
PanEurope dac  
Technical guide

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General information

These details relate to the International Premier Portfolio product. They should be read together with the Key Features (UIC PR 0033) and charging structures leaflet. There are two versions (UIC PR 0033 is for use with top-up investments made prior to 31/12/2012 and UIC PR 0038 is for top-up investments made from 31/12/2012 onwards), which can be found on our website, [www.utmostwealth.com](http://www.utmostwealth.com). The charging structures documents contain the main terms for initial and any extra investments.

## Product basis

- International Premier Portfolio is a single premium investment bond that can be linked to an almost unlimited range of holdings including collective investment schemes, such as unit trusts, Société d'investissement à capital variable (SICAVs) and open-ended investment companies (OEICs) as well as cash deposits.
- You have the option to choose the holdings for your bond. You can also choose to appoint an Investment Adviser or to nominate a Discretionary Manager to manage holdings on your behalf. It is also possible to have only part of your International Premier Portfolio managed by a Discretionary Manager, or for you to nominate more than one Discretionary Manager to manage separate parts of your portfolio.
- The bond is a whole of life insurance plan. Whole of life means that when the last insured person dies, the death benefit becomes payable.
- It is designed to be a medium to long-term investment and should not be viewed as a short-term commitment.
- The bond may be written in trust at the start and for some types of trust, at a later date. For further information on this option, please see our range of trust literature which is available from your financial adviser.
- The value of an investment can go down as well as up and is not guaranteed. You may get back less than you originally invested.

## Eligibility

- The bond is available to individuals over age 18, trustees and to corporations.
- The bond may be written on a single or a joint life last survivor basis.
- There is no minimum age restriction on the lives insured but at least one life insured must be aged 89 or under at the start of the bond. Your bond may be written on a maximum of 10 lives insured.
- Extra investments can be made if the life insured (youngest life if multiple lives) is 89 or under at the time they apply.

## Currency

### Bond currency

- The bond currency can be Sterling (£), Euro (€) or US Dollar (\$). Once you choose your bond currency, it can't be changed.
- Extra investments will be denominated in the same currency as the bond currency.
- The value of the investment will be affected by changes in exchange rates.

### Investment currency

- The currency of your investment will normally be the same as the bond currency but initial investments or extra investments, may be paid, at our discretion, in any freely convertible currency. Your money will be converted into the bond currency prior to investment into the bond. Your product terms are based on the investment amount after conversion into your bond currency.
- Where your investment is not in the same currency as the bond currency, a conversion will take place at exchange rates determined by us. You will have to pay the expenses involved in converting the currency, which are those charged by our bank.

### Holdings currency

- Investment funds may be in any currency. The cash account and any cash deposits may only be held in the bond currency.

## Investment amounts

- The minimum amount for extra investments is currently £5,000 (€7,500 or \$7,500).
- Your bond is divided into 250 policies. The minimum initial investment for each policy is £200 (€300 or \$300).
- If the bond is non-discretionary managed the minimum amount that can be invested into each fund or cash deposit is normally £1,000 (€1,500 or \$1,500) unless the fund manager's or deposit taker's minimum investment limit is higher. If the bond is discretionary managed, the Discretionary Manager may have different minimum amounts.
- The bond includes a cash account. There is no minimum investment for the cash account. However, we suggest that you place enough money into the cash account to fund any charges from your bond. We explain more about the cash account later in this booklet.

## Extra investments

- You can make extra investments to the bond at any time.
- Extra investments into the bond will be in the bond currency.
- If you make an extra investment in a currency other than the bond currency, we'll convert the investment to the bond currency at an exchange rate determined by us. You will have to pay the expenses involved in converting the currency.
- Extra investments will be subject to the same charging structure, maintenance charge as your initial investment. Within the chosen charging structure, extra investments may have a different allocation rate, establishment charge rate and early cash in charge scale.

## When the bond starts

- The bond will start once we have accepted your application in Dublin and your initial investment has cleared in our bank account and becomes available for investment.
- If your bond is non-discretionary managed and if the funds you choose are not among the thousands that we've already reviewed, we'll review them for you. If they meet the rules of the bond and we can arrange access, we'll invest in those funds. If there is any uncertainty about the identity of the fund you've chosen, we will hold the money in the cash account until we can confirm the correct fund with you or your Adviser.
- If it takes longer than expected to review a fund, we'll give you the option to choose other funds.
- If your bond is discretionary managed the Discretionary Manager will ensure that the funds chosen are acceptable under the rules of the bond.
- You can change your mind by returning the cancellation form, together with your original bond documents, within 30 days from when you receive your cancellation notice, to our head office in Dublin.
- If you cancel your bond, we will give you back the money you paid, less any fall in the value of your investment on the day we cancel your investment(s)

This means that from the bond start date to the date we cancel your investment(s), any risks associated with your investment remain with you and this will be reflected in the amount repaid.

These risks may include delays or a loss in the value of your bond. The value of your bond is linked to the performance of holdings owned

by us. If the value of any of these holdings falls, for example as a result of the insolvency of an institution, market movements or difficult market conditions, the value of the bond will also fall. These risks also include any losses that are reasonably incurred by us in cancelling your bond.

While we can value your investment on the next available dealing date after we receive a faxed copy of a fully completed cancellation form, we can't repay your money until we have received the cancellation form and your original bond documents.

## Valuations

- We'll send you a valuation statement every quarter. The bond is valued on the last Friday in March, June and September and on the 31st day of December.
- You can request further valuations but we may charge an additional valuation charge.
- The valuation is made in the bond currency.
- Any extra investments you make will be shown with your initial investments on your valuation statements. The cash account balance and any overdraft will also appear on your valuation statement.
- The movements or transactions shown in your valuation statement will refer back to the previous quarterly statement, even if you have requested and received an additional statement in the interim.
- If your bond is discretionary managed, the Discretionary Manager may provide statements of the holdings they manage.

## Taking cash from the bond

You can take money from the bond either by regular withdrawals or by cashing in all or part of the bond.

### Regular withdrawals

- You may, at any time, choose to receive a regular withdrawal from the bond to give you payments every:
  - month
  - two months
  - three months
  - four months
  - six months
  - year.
- This can be arranged at the start of the bond or at a future date.
- Regular withdrawals will be paid in your bond currency.
- Regular withdrawals will be paid from the cash account. Please allow 10 working days for the payment to reach your bank account.
- The minimum amount for each regular withdrawal is £200/€300/\$300.
- If you choose to make regular withdrawals at the start of your bond, the maximum you can withdraw is 10% each year of your initial investment. If you choose to make regular withdrawals after the start of the bond, the maximum you can withdraw is 10% per year of the last valuation of the bond.
- We reserve the right to stop regular withdrawals if the bond value falls to 20% or less of the total amount you invested.
- All withdrawals will be made on the 20th of the month.

- If you want to start taking regular withdrawals after the start of the bond, please complete the Cash Request or Regular Withdrawal form which you can find on our website [www.utmostwealth.com](http://www.utmostwealth.com)

- For UK residents, if the amount of the regular withdrawals are more than the 5% tax deferred allowance there may be tax implications.

### Cashing in part of the bond

- You may, at any time, ask us to cash in part of your bond to give you a cash sum.
- You may do this by cashing in a number of the identical policies that make up the bond. If you choose to do this you may, depending upon the charging structure you have chosen for the bond, incur an early cash in charge. At least 20% of the total of the initial investment and any extra investments must remain in the bond.
- Alternatively you may choose to cash in part of each of the identical policies that make up the bond. There is no charge for withdrawals across policies. You must leave at least 20% of your initial investment (plus any extra investment you've made since) if you are taking a withdrawal during the early exit period. Remember that if you make a large withdrawal across policies there may be a tax implication.
- For UK residents, if you make a withdrawal across individual policies greater than the 5% tax deferred allowance, you should be aware that there may be income tax implications.
- If your request to cash in means that your bond will be worth less than these limits, we'll ask you to either cash in all of the bond or cash in whole policies.

- If you ask us to cash in part of the bond, you or your investment adviser will need to tell us which holdings you want us to sell to avoid the cash account becoming overdrawn. If you choose a holding that is not priced daily we'll instruct the sale of the holdings for the next pricing date of the fund.

If your bond is discretionary managed, the Discretionary Manager will choose which holdings to sell to restore your cash account balance.

- Payments will be made in your bond currency.

#### **Cashing in all of the bond**

- You may, at any time, ask to cash in all of the bond.
- Depending on the charging structure you have chosen for the bond, there may be a charge when you cash in the bond.
- There may be a delay if it is not possible to sell the holdings immediately.
- Payments will be made in your bond currency.
- There may be income tax implications.

#### **Deferment of transactions**

- When you ask us to sell holdings, for example to change holdings, or to cash in part or all of your bond, we'll do this as soon as we can. This is usually the next working day. We'll use the next available price for this.

We will not normally delay in selling holdings. However, we have the right to delay in selling holdings and in making payment to you. This could happen when we're unable to sell the holdings and may be due to difficult market conditions, or where the provider of the holdings suspends or delays trading in the fund. We may delay payment to you until we are able to sell the holding and the proceeds of the sale are received into the cash account.

After any delay the value of the holdings will be worked out using the price that applies when we are able to sell the holdings.

We'll tell you if and why a delay is necessary.

#### **Charges**

- There are five charging structures available for International Premier Portfolio. Different charges apply to each structure. For detailed information on all these charges, please see the charging structures leaflet (UIC PR 0031 or UIC PR 0038), which is available from your financial adviser.

#### **Fund selection**

##### **Allowable assets**

- There are restrictions placed upon the asset categories and specific assets allowed in the bond.
- A wide range of assets are allowed in the bond and are acceptable to us. These include:
  - Units in a UK authorised unit trust
  - Shares in an approved investment trust
  - Shares in an open-ended investment company (OEIC)
  - Any open-ended, collective investment scheme, based outside of the UK such as an OEIC or a SICAV
  - Cash and cash deposits held in the currency of the bond and cash in other currencies held for the purposes of dealing transactions (but not for the purpose of realising a gain).
- The types of assets that are not allowed include:
  - Any form of asset (e.g. equities, bonds, fixed assets etc) that is directly held (as opposed to being held inside a collective investment scheme)

- Any form of closed ended collective investment scheme other than a UK-approved investment trust
- Cash that is directly held in a currency other than the bond currency, which is not held, for the purpose of dealing in collective investment schemes in that currency
- An authorised unit trust that loses its authorisation or an approved investment trust that loses its approval
- Internal linked funds of an insurance company.
- Assets are reviewed according to guidelines designed for the benefit of investors. To ensure the tax efficiency of the bond, only collective investment schemes and cash deposits can be included in International Premier Portfolio. This is because of the UK Personal Portfolio Bonds (Tax) Regulations.
- There is no restriction on the number of funds that can be invested in through the bond.

#### **Non-discretionary managed**

- We'll maintain a full list of all the allowable funds that we have already reviewed and made available. The list will include any discounts to initial charges and rebates on annual management charges.
- We have agreed special terms with many leading fund managers. This means that we can offer better terms than can normally be expected when investing directly in these funds. Many funds can be accessed with no initial charge, including most of the top fund groups in the UK.
- We have used our institutional buying power to effectively reduce the annual management charge of many investment managers' funds to a rate that is lower than normally charged to you. If there are non-discretionary managed holdings with any of these investment managers, we will credit a rebate to the cash account each calendar quarter on the valuation dates (the last Friday of March, June and

September and the 31 December) thus reducing the effect of the annual management charge.

- The availability of the rebate credit is at the discretion of these investment managers so rebate terms may be changed or the rebate credit may be withdrawn by the investment managers, which will in turn affect the annual management charge.

#### **Discretionary managed**

- If your bond is discretionary managed, the Discretionary Manager will ensure that the chosen funds are acceptable under the rules of the bond. You may want to choose a Discretionary Manager that we have already appointed from the list available on our website [www.utmostwealth.com](http://www.utmostwealth.com)

## **Cash account**

- Within each bond, there is a cash account to hold any uninvested cash.
- Charges and any withdrawals that you request will be taken from the cash account. We suggest that you keep a proportion of your investment in the cash account to cover charges and withdrawals.
- If we sell an asset, the proceeds from the sale will be held in the cash account. If we purchase an asset, the settlement will be taken from the cash account.
- We'll pay interest that accumulates daily on positive cash balances in the cash account. This interest will be applied to the cash account on the date of your bond's quarterly valuation.
- The cash account will be held in the bond currency.
- There is no limit on how much of your initial investment or extra investment must be placed in the cash account, although we suggest that a sufficient balance is set up. This will help avoid interest charges, as well as any dealing and custodian charges on any sales of holdings required to clear overdraft balances.

## Balances in the cash account

- We'll pay you interest on positive cash balances. The rate credited will depend on the currency of the cash balance and will vary when base rates change.

Current interest rates are:

Sterling 2% below UK Base Rate

US Dollar 2% below Federal Reserve Rate

Euro 2% below ECB Rate

The minimum rate of interest payable will be 0.01%

- If, at any time, your cash account has insufficient funds to meet any charges or any withdrawals that you have requested, it will become overdrawn.
- We'll charge interest on any overdrawn amount. The rate charged will depend on the currency of the overdraft and will vary when base rates change.  
Current interest rates are:  
Sterling 3% above UK Base Rate  
US Dollar 3% above Federal Reserve Rate  
Euro 3% above ECB Rate
- We may change our method for determining interest rates. If we need to do this, we'll let you know.
- We'll set the overdraft to clear automatically when it exceeds 2% of the last monthly valuation. For bonds which are non-discretionary managed the default action will be to sell part or all of the holdings in a fund nominated by you on the application form. If you didn't specify a fund or the selected fund has been sold, we'll clear the overdraft by selling all or part of the largest holding within the bond first or a holding of our choice. For bonds which are discretionary managed, the Discretionary Manager will choose which holdings to sell to restore the cash account balance.

- Dealing charges and custody charges may apply when selling assets to clear an overdraft.
- When an overdraft is cleared, the value of assets sold will be enough to restore a cash balance equal to 1% of the last monthly valuation.

## Dealing

### Non-discretionary managed

- We'll act on buy/sell instructions on the next available pricing day of the fund.
- The minimum amount of any holding that you can ask us to sell is the lesser of £1,000 (€1,500 or \$1,500) or the residual value of the holding.
- If an entire holding is not sold you may need to leave a minimum amount remaining invested in the holding. Currently this minimum is £1,000 (€1,500 or \$1,500), or as per the minimum set by the investment manager or deposit taker if higher.
- There may be times when we are unable to sell the holdings you choose, for example because the fund is only bought and sold every three months or if a fund manager delays transactions in difficult market conditions.
- The minimum amount that can be invested into a single holding is £1,000 (€1,500 or \$1,500) or, if greater, the minimum investment limit set by the investment manager or deposit taker.
- Dealing may be delayed where the buy/sell instruction doesn't clearly identify the fund.
- Where funds are already reviewed, dealing instructions received in writing by noon on a business day will be placed before close of business the following working day. For funds that are not priced daily, deals will be placed for the next available pricing day of the fund.

## Discretionary Manager

- You can request the appointment of an authorised Discretionary Manager at any time to look after the holdings for your bond. If we agree to the appointment we will enter into formal legal agreements with the Discretionary Manager. If you wish to request the appointment of a Discretionary Manager, you must complete the Discretionary Manager and Custodian appointment form (UIC PR 0034) which is available on our website [www.utmmostwealth.com](http://www.utmmostwealth.com) or from your Financial Adviser.
- If we agree to appoint a Discretionary Manager to manage the investment they will:
  - provide investment expertise
  - manage some or all of the holdings for your International Premier Portfolio
  - ensure that any holdings chosen comply with the guidelines and regulations of the bond.
  - buy/sell investments
  - provide us with statements of the discretionary managed holdings they manage.
- If we have appointed a Discretionary Manager to manage the holdings a charge will be levied for this service. The charge will depend on the fee levied by the Discretionary Manager. This charge will be allowed for in the value of your discretionary portfolio.
- You can request us to terminate the relationship with the Discretionary Manager at any time. Utmost PanEurope dac reserve the right to terminate the Discretionary Manager appointment at any time.

## Investment Adviser

You can appoint an authorised Investment Adviser at any time to look after the portfolio of funds by completing an Investment Adviser appointment form. Your Investment Adviser must be authorised, for example, by the UK FSA, Guernsey FSC, Jersey FSC or Isle of Man FSC.

- Your Investment Adviser will have the power to change holdings on your behalf at any time.
- An investment adviser fee may apply, as agreed between you and the investment adviser. For UK residents, HM Revenue & Customs treat this fee as a withdrawal from your policy and, as such, it will be part of your annual 5% tax deferred withdrawal allowance for tax purposes.

## Benefits payable on death

- When all the people insured have died, we'll need written notice of death. When we agree the claim is valid, we'll pay the death benefit to whoever is legally entitled to claim it.
- We'll pay a death benefit of 100.1% of the cash-in value of the bond.

## Taxation

### Legal ownership

- We'll pay all benefits payable under the bond on surrender or death to the legal owners of the policy.
- If you are the sole or last surviving bondholder, on your death legal ownership will pass to your legal personal representatives. However, if you hold the bond jointly with one or more persons and on your death there is a surviving bondholder, legal ownership will pass to that person.
- If you've arranged the bond under trust, legal ownership will remain with the surviving trustees. If there is no surviving trustee, the legal personal representatives of the last trustee to die will need to appoint new trustees to assume legal ownership of the bond and administer the trust.

### Taxation of the bondholder

- To ensure the tax efficiency of your bond our fund reviewing process is designed to ensure that your bond is not classed as a Personal Portfolio Bond by HM Revenue & Customs.
- It is your responsibility to obtain advice from your financial adviser or applicable tax authority on the taxation implications of owning the bond.
- Depending on your country of residency a tax liability may arise (such as income tax or premium tax, for example) as a result of investing in one of our bonds.
- We may make a deduction from your bond to pay this tax where we are legally obliged to do so.

We'll tell you when we make such a deduction. Where there is no legal obligation on us to make a deduction, any tax liability that may arise will be your responsibility.

- If you die, tax may be payable depending on the individual circumstances at the time.
- This is only a general tax summary. The tax situation may change in the future, and, as indicated you should seek your own professional tax advices.
- For all bondholders, a liability to tax may typically arise when money is withdrawn from the bond and a gain arises as follows:

#### 1. When cashing in part of individual policies

You can withdraw up to 5% of the original investment amount in each individual policy every policy year as 'income' with no immediate tax charge. This 5% amount can be taken every year for 20 years, or accumulated over a number of years. The 5% allowance is cumulative, if it is not used in one year, it can be transferred to the next and so on. If this allowance is exceeded in any one year, the excess will be treated as a gain and may give rise to a liability to income tax.

#### 2. On death of the last life assured, or cashing in all of the bond or individual policies

When the bond or individual policy comes to an end, there may be a liability to income tax on any gain made. The chargeable gain is the amount by which the final cash-in value proceeds exceed the total investments paid, taking into account any previous part encashments and gains.

#### **Taxation of UK tax resident and UK domiciled individual bondholders**

- Any gain will normally be chargeable to income tax at the rate(s) that apply in the tax year during which the gain arises and will be taxed at the bondholder's marginal rate of tax.
- If the bondholder becomes a higher rate taxpayer as a result of adding the gain to his other income, the liability may be reduced by claiming top slicing relief from HM Revenue & Customs.
- Any gain can be reduced for the time the bondholder may have been resident outside the United Kingdom. It should be noted that any gain amount might affect eligibility for age allowance and other income related allowances, such as child tax credit. Benefits from the bond will normally be exempt from capital gains tax.
- On death of the last life assured, the cash in value of any bond not held subject to a suitable trust would form part of the bondholder's taxable estate for inheritance tax purposes.

#### **Taxation of trustee bondholders**

- The circumstances under which trustees may be liable to tax will depend on a number of factors.
- If a gain arises whilst the creator of the trust (the settlor) is still alive and resident in the UK for income tax purposes, then the settlor will be liable to income tax on the gain amount at his marginal rate of tax.

- If the settlor is not UK resident or the gain arises in a tax year after the one in which the settlor has died, the UK resident trustees will be liable to pay tax on the gain.
- If the trustees are not UK resident and the settlor is also not UK resident or has died in the previous tax year, a liability to tax may fall on any UK ordinarily resident beneficiaries to the extent that they receive benefits from the trust.
- If a gain arises at any time under a bond, which is subject to a bare trust for an adult UK resident beneficiary, the gain will be assessed on the beneficiary under current HM Revenue & Customs practice. The amount of tax payable will depend upon the circumstances of the person liable to pay the tax and, unlike the situation for non-trust policies, the gain can't be reduced to reflect periods of residency outside the UK.
- The proceeds of the bond will normally be exempt from capital gains tax.
- The death of the settlor may give rise to a liability to inheritance tax.
- It is important to seek professional advice before making any investment to ensure all the various options and their implications are fully understood.

#### **Taxation of UK resident charity bondholders**

- Life insurance policies such as International Premier Portfolio are not defined as 'qualifying investments' for registered charities. This means that in the majority of circumstances, the bond will not be an appropriate investment for a charity.
- It is important to seek professional advice before making any investment to ensure all the various options and their implications are fully understood.

## Writing the bond in trust

- If you would like to make provision for the bond proceeds to be payable, for example, to your spouse, partner or children, we have a range of trusts which may suit your requirements.
- The bond may be written under trust. For further information on the various trust options available to you, please see our trust literature which is available from your financial adviser.
- If you want to take out a trust, we recommend that you seek professional advice regarding your personal circumstances.

## General information

- The monetary and percentage limits mentioned in this document may change from time to time.
- All references to individual taxation are based on Utmost PanEurope dac's understanding of UK law and HM Revenue & Customs practice as at November 2011. The future basis and rates of tax may vary.
- Although every effort has been made to ensure its accuracy, no responsibility can be taken for Utmost PanEurope dac's interpretation. Investments should not be made on this basis alone. We recommend that you seek professional advice.
- For any further information, please contact your adviser or call us for product information on 0845 300 4423 or e-mail us at [premier.portfolio@utmostwealth.ie](mailto:premier.portfolio@utmostwealth.ie)
- Full terms and conditions are available on request.

## A WEALTH *of* DIFFERENCE

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