

# ESTATE PLANNING BOND

KEY  
FEATURES

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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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The Financial Conduct Authority is a financial services regulator. It requires us, Utmost International Isle of Man Limited, to give you this important information to help you to decide whether the Estate Planning Bond is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

# BEFORE YOU BEGIN

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You should read this document together with your **Personal Illustration** and any applicable disclosure documents. We have highlighted in bold the documents that contain additional information about the risks and features associated with this bond. Ask your financial adviser if you need copies of these documents. You need to be comfortable that you understand the benefits and risks of this bond before deciding whether to invest.

The purpose of this document is to help you to make an informed decision. However, you are required to seek professional financial advice before you decide to purchase this bond.



Wherever you see this icon it highlights that further information on the subject can be found within the **Product Guide**. The **Product Guide** will also show this icon in the relevant section to make it easier to find.

# IMPORTANT INFORMATION

## WHAT IS AN ESTATE PLANNING BOND?

It is an international single premium bond, combined with a trust, managed by your appointed trustees. It is always written on a capital redemption basis which means that it can continue for 99 years and does not have to end when you pass away.

The money you invest is used to purchase units in funds that are linked to stock markets and deposits. This combines your investment with other investors who have similar objectives.

## WHO SHOULD CONSIDER THE ESTATE PLANNING BOND?

The Estate Planning Bond is designed for people who wish to reduce their UK Inheritance Tax (IHT) liability and can give up access to their invested money (or 'capital') forever, but still need to receive regular payments (referred to as 'income') from their capital during their lifetime.

'Income' payments are regular withdrawals of capital from the bond.

**It is not possible to close (or 'surrender') the bond during your lifetime, nor can the 'income' payments be amended or suspended in any way. Because of this, an Estate Planning Bond may not be appropriate for you if you have no other form of savings or income. Additionally, if you are not in need of an 'income' from the bond and wish to let it accumulate, this can reduce the effectiveness of your IHT planning. Please speak to your financial adviser to ensure that the Estate Planning Bond suits your needs.**

The bond can be taken out by single investors or by joint investors who are married or in a civil partnership. It is designed for investors who are aged 50 or over, have estate planning requirements and a need for an 'income' from their investment. The maximum age for applicants at the start of the bond (before and after underwriting) is 94 years.



The Estate Planning Bond is a complex product, and it is strongly recommended that you seek professional advice to make sure it is suitable for you.

We accept no responsibility for the consequences of your investment in the bond, including the product suitability and personal tax position.

## IT AIMS

- › to reduce your potential UK Inheritance Tax liability
- › to increase the value of your investment by allowing you to select from a wide range of funds
- › to provide you with an 'income' during your lifetime, or until the value of the bond reduces to zero
- › to allow you to benefit from tax deferral on that 'income' during your lifetime (where applicable) or until the capital is reduced to zero
- › to allow you to pass on your remaining wealth to your beneficiaries, under the terms of an appropriate trust.

## YOUR INVESTMENT

You must invest a single lump sum of at least £50,000. No further investment into the bond can be made during your lifetime. With the exception of 'income' payments that you agree at the start of the bond, you must be willing to give up access to your capital.

After your death (or the death of you and your spouse or civil partner in the case of a joint application) additional investments ('additional single premiums') may be added to the bond, **subject to the approval of the Trustee(s)**. Each additional single premium will have its own charges, at the rates applicable at the time they are made, and each will have its own cancellation rights.



If you ask us to pay an initial charge for advice to your financial adviser from the payment you send to us before it is invested, the amount you send must total at least the minimum investment amount of £50,000, plus any agreed initial charge for advice.

See the 'What Charges for Advice Will I Pay?' section on page 6 for more information about the different types of charges we can arrange.



Read the 'Estate Planning Bond Essentials' section of the **Product Guide** for further information.

# RISKS

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When considering applying for an Estate Planning Bond, you should to keep in mind the following risks:

## RISKS RELATING TO LINKING YOUR INVESTMENT TO FUNDS

- › The funds available through the bond are linked to stock markets and other investments. Their value will fall and rise in line with these markets and is therefore not guaranteed. This means that your trustees may get back less than you invested
- › If the bond invests in a fund that is set up in a different currency from the bond, a currency conversion will apply. All costs and exchange risks associated with currency conversion will be charged to the bond. Currency exchange rate fluctuations may affect the value of the bond
- › If the growth of your chosen fund does not cover the charges, then this will lower the value of your investment
- › Some of the funds in which you can invest may carry additional risks because of the types of assets they invest in, here are a few examples:
  - The value of funds that invest overseas may fall and rise due to changes in exchange rates
  - Funds that invest in emerging markets may show greater movements in performance due to the nature of the assets held by the fund
  - There may be a delay in accessing your money if you invest in property funds.
- › There are other risks which could affect the performance of the funds that you invest in. For more details, we recommend that you request from your financial adviser or fund manager, the Key Investor Information Document (KIID) for any fund that you choose and refer to the **Fund Specific Risks** document.

## GENERAL

- › Inflation will reduce the value of what can be bought in the future with the proceeds of the bond
- › The bond's charges may increase in the future, beyond those shown in your Personal Illustration
- › If the trustees agree to pay any one-off adviser charges from the bond, any tax liability created may fall on you as the Settlor or the beneficiaries depending on the type of trust created and the circumstances of the trust at the time
- › The tax treatment of the Estate Planning Bond cannot be guaranteed as tax law and practice may change in the future or differ from our interpretation. Therefore the value of the tax benefits provided by this bond may change, which could result in a higher amount of UK Inheritance Tax being paid by you or your estate than you expected. The tax treatment of the bond (including the treatment of 'income' payments) also depends on your individual circumstances and may change
- › The Estate Planning Bond requires you to take an 'income' in the form of regular withdrawals of capital. Withdrawals, including any charges for advice, may reduce the value of your investment below its original value, especially at times when investment growth is low or when the level of withdrawals is higher than growth of your chosen investment after charges. In addition the potential for growth may be lower than that noted in your Personal Illustration
- › The policyholders are only covered by a compensation scheme if we become unable to meet our financial obligations. In other circumstances, such as when a fund manager or a deposit taker (bank or building society) fails, our policyholders will not normally be covered by a compensation scheme. See the 'Compensation' section in this document for further information.

# QUESTIONS AND ANSWERS

## 1. CAN I CHANGE MY MIND?

You currently have 30 days to cancel the bond. The 30 days begin on the day you receive **Your Right to Change Your Mind Form**. If, for any reason, you decide that you do not want to take out this bond, return the form, along with the original policy documentation, within 30 days to the address stated on page 12. The amount we give back to you is calculated as noted below.

If the value of the investment falls before we receive your cancellation request, an amount equal to the fall in value will be deducted from any refund you receive. However, if the value of the investment has increased you will only get back the amount you originally invested, minus any charges for advice already paid. If necessary, you will need to reclaim any refundable payments in relation to these charges directly from the relevant party (i.e. your financial adviser).

If the bond is linked to assets which cannot be cashed in easily, such as fixed-term deposits or funds with infrequent dealing days, it may be some considerable time before the asset can be sold or redeemed and your money returned to you. If there are any penalties applied by the deposit taker or fund manager for early cancellation, these will be passed on to you.

If you do not use your right to cancel within the 30 days cancellation period your bond will continue in line with the Policy Conditions.

## 2. WHAT CHARGES DO YOU APPLY?

The current charges we take for running the bond are shown in your **Personal Illustration**. More detailed information on charges can be found in our separate **Guide to Charges** document, available from our website [www.utmostinternational.com](http://www.utmostinternational.com) or from your financial adviser on request. It is important that you read both items together with this Key Features Document and any applicable disclosure documents.

Summaries of the charges applicable are below:

- › **Standard Product Charges** – We apply these charges (Administration and Flex-Charge) to the bond to cover the set up and administration of the bond
- › **Conditional Charges** – Whether or not your trustees pay these charges depends on the options chosen when managing the investment
- › **Investment Charges and Costs** – These charges are for the investment and fund choices you or your trustees make. They depend on the funds and investment services chosen, and include any charges made by the underlying fund manager for running the fund.

We may change our charges if our costs change unexpectedly, for example if tax rules change. We'll tell your trustees if this happens.

However, administration and dealing charges will be increased on 1 January each year in line with the UK Retail Prices Index without any notification to the policyholder. Payment charges are based on the bank charge we incur in making the payment and can be increased without notice where the charges incurred by us increase.

Charges reduce the value of the bond and its growth potential.

## 3. WHAT CHARGES FOR ADVICE WILL I PAY?

We can apply charges to the bond for the advice provided to you by an appointed financial adviser, Investment Adviser or External Manager and/or Custodian (EMC) in the following ways:

- › **Outside of the bond** – for advice provided by the financial adviser, an initial adviser charge can be taken outside of the bond before your premium is invested. If you would like us to arrange for an initial charge to be paid outside of the bond, you will need to complete the relevant section within the application form
- › **Inside of the bond** – Ongoing or one-off charges can be applied as a payment from the value of bond after the premium is invested. Any charges for advice which are agreed to be paid from the value of the bond must be requested by the trustees and they will need to complete the relevant sections in the **Adviser Charges Pack**.

Further details on charges for advice can be found in our **Guide to Charges**.



If you, or where appropriate the trustees, choose to pay any charges for advice from the value of the bond, then, depending on the type of advice given, the charge may form part of your 5% annual tax-deferred entitlement. Speak to your financial adviser about potential tax implications connected with paying for advice from the value of the bond, before investing or setting up any agreements to pay such charges.



#### 4. HOW DO I INVEST?

You will need to complete an application form and a trust deed.

You can send your investment to us by telegraphic transfer, BACS, CHAPS, faster payments, banker's draft or cheque. Your bank may charge you for some of these services.

##### Am I eligible to invest?

The maximum age for applicants at the start of the bond (before and after underwriting) is 94 years.

Underwriting is the process we use to assess your life expectancy so that we can more accurately calculate the amount of your investment that falls outside of your estate for Inheritance Tax purposes. Your 'rated age' is your age after we have assessed your life expectancy through underwriting. If your 'rated age' is over 94, we will be unable to proceed with your application.



Further information can be found in the 'Could the Estate Planning Bond Work For You?' section in the **Product Guide**.

#### 5. HOW DOES MY BOND WORK?

##### Why is there a Trust?

To reduce your potential UK Inheritance Tax liability, it is important to separate this investment from your estate. You do this by placing the investment into a trust. You gift the money to the trust and will no longer have access to your capital.

##### What is the role of the trustees?

The role of trustees is to own and manage the trust in the interests of its beneficiaries and to ensure it is distributed appropriately to them when the time comes to do so.



For details on choosing trustees, see the 'Trust Arrangements' section of the **Product Guide**.

##### What types of Trusts are available?

There are two types of trust to choose from: an Absolute Trust or a Discretionary Trust.

- › If you select the Absolute Trust, you name your beneficiaries at outset and they cannot be changed
- › If you select the Discretionary Trust, your trustees will have the power to decide who is to benefit from the classes of potential beneficiaries described in the trust document.

##### How are the Trusts taxed?

It will depend on whether you have chosen an Absolute Trust or a Discretionary Trust and where your trustees or beneficiaries are resident or otherwise subject to tax.



You can find more information on this in the 'What Are The UK Tax Implications?' section in the **Product Guide**.

##### What do I need to do if I want to appoint Utmost Trustee Solutions Limited as Trustee?

If you wish to appoint Utmost Trustee Solutions Limited as trustee, you will need to complete the **Estate Planning Bond Application Form for Applicants Who Wish to Appoint Utmost Trustee Solutions Limited**. This contains the appointments and agreements needed to appoint them and to set up the trust. You should also read **Utmost Trustee Solutions Limited – A Guide to Our Services** which is available from us or your financial adviser on request.

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

##### Where will my money be invested?

You can choose from:

- › funds available from a wide range of investment management groups
- › cash deposits available from a range of banks and building societies.

We set up a Dealing Account so that money can be held ready for investment or withdrawal. It can become overdrawn, possibly due to product charges or charges for advice being taken, and in such instances interest charges will be applied on this debit balance.

The minimum investment amount per fund or cash deposit will be determined by the investment manager.

# QUESTIONS AND ANSWERS

Continued...

The Estate Planning Bond requires that you take an 'income' in the form of withdrawals of capital. Certain funds may have a longer notice period before any withdrawals can be taken, or may contain clauses in the fund prospectus that could delay withdrawing money in certain circumstances. These types of funds may not be appropriate for this product.



Further information can be found in the 'What Are My Investment Options?' section of the **Product Guide**.

Full details regarding funds can be requested from the relevant fund manager.

The funds that can be selected (to be linked to the value of your bond) must also be ones that are acceptable under UK tax legislation.

## Can the trustees change the investments linked to the bond?

Yes, we will accept instructions from your trustees or an appointed Investment Adviser.

There is a charge for the sale and purchase of each fund or cash deposit. See your Personal Illustration for details of the current charge.

## Can I nominate an Investment Adviser or an External Manager and/or Custodian to be appointed?

Yes. With our agreement you may ask us to take instructions from your nominated Investment Adviser on the initial fund choice and subsequent fund switches. All charges applied by an Investment Adviser will be treated as a charge for advice.

However, they will not count towards your 5% annual tax-deferred entitlement.

If we are asked to appoint an External Manager and/or Custodian, the standard quarterly administration we apply for these cases will be applicable to each External Manager and/or Custodian appointed. In cases where the External Manager and/or Custodian is able to provide electronic valuations, in a format acceptable to us, the administration charge may be reduced. The applicable administration charge will be shown in your Personal Illustration. In addition to the charges we apply, the appointed External Manager and/or Custodian will also charge for their service.



If you, or where appropriate the trustees, choose to pay any charges for advice from the value of the bond, then depending on the type of advice provided, the charge may form part of your 5% annual tax-deferred entitlement. Speak to your financial adviser about potential tax implications connected with paying for advice from the value of the bond before investing or setting up any agreements to pay such charges.

## How will I know what the bond is worth?

The trustees can register for our website at [www.utmostinternational.com](http://www.utmostinternational.com) to see the value of the bond at any time. If the trustees would prefer, they can contact our Customer Support team on **+44 (0) 1624 643 345** for a valuation.

An annual paper statement will be sent to the trustees by post on the bond's anniversary. Additional paper statements are available on request however, there will be a charge for this.

## 6. CAN I STOP 'INCOME' PAYMENTS?

You must take a regular 'income' and you must decide how much 'income' you wish to take, either fixed or increasing each year, when you complete the application form. 'Income' payments are actually withdrawals of capital. You cannot change this during your lifetime or take additional withdrawals. If the value of the bond reduces to zero your 'income' payments will stop.

It is important to note that if you do not spend the 'income' you receive, it will remain inside your estate and may be liable to UK Inheritance Tax on death.



Any adviser charges paid to a financial adviser (on any matters not relating to investment advice or related services), which the trustees have agreed to be paid through the bond, will be treated as a withdrawal from the bond and will make up part of the bond's 5% annual tax-deferred entitlement.



## 7. CAN I SURRENDER THE BOND?

No, you cannot surrender the bond. Surrendering the bond means closing it and withdrawing all of your money. It can only be surrendered or partially surrendered by your trustees, after your death (or after both of you have passed away, where you have set up the bond jointly with your spouse/civil partner).

Outstanding charges may apply on partial or full surrenders and the amount received will depend on the value of the bond at that time which can be less than originally invested. There is a charge for the sale of each fund and any withdrawals from cash deposits. There may be a charge for breaking a fixed deposit early or for not providing any required notice period.



Read the 'Getting Money From The Bond' section of the **Product Guide** for more information.

## 8. WHAT ABOUT TAX?

### Will I have to pay tax on the 'income'?

If you are a UK tax resident, you are currently entitled to withdraw 5% of the original investment amount each policy year for 20 years and defer any Income Tax payable.

If you do not take your full 5% entitlement in any policy year, the unused amount is carried forward for use in future years.

If you withdraw more than 5% of the original investment in any policy year then the excess will cause a chargeable gain and may become liable to Income Tax.

This liability may fall on you as the the Settlor/Donor or beneficiaries depending on the type of trust chosen and the circumstances of the trust at that time.

### Is there any tax on the funds?

We do not pay Capital Gains Tax or Income Tax in the Isle of Man on investments held on behalf of our investors, so any investment, income or gains in these funds are allowed to grow free of these taxes. The only tax to which funds may be liable is that which is taken at source together with stamp and transfer taxes, and cannot be reclaimed.

### Do I need to know anything else about tax?

Yes, how the proceeds taken from the bond are taxed is a complex issue.

The responsibility for any tax liability can depend on a number of factors. These include where you, your trustees and beneficiaries are resident or otherwise subject to tax and which type of trust you have selected.

For UK resident policyholders we will tell HM Revenue & Customs about any proceeds if this creates a Chargeable Gain. We are not able to provide you with advice on tax matters so it is strongly recommended that you speak to your financial adviser about taxation.

The information contained in this document is based on our interpretation of current law and taxation practice in the Isle of Man and the UK, as at 1 February 2022. Tax treatment is subject to change and depends on individual circumstances.



Read the 'What Are The UK Tax Implications?' section of the **Product Guide** for further information.

## 9. WHAT HAPPENS TO THE BOND WHEN I DIE?

As it is a capital redemption bond and has a fixed term of 99 years, it doesn't end on death. Following your death (and that of your spouse or civil partner for joint applications), 'income' payments will stop. Your trustees can choose to leave the bond invested, assign the bond to the beneficiaries or surrender the bond to distribute the proceeds to your beneficiaries, in line with the trust document. If the bond is to remain invested following your death, any charges applicable to the bond will continue.



For further information on charges please see the 'What Are The Charges For The Estate Planning Bond?' section in the **Product Guide**.

# FURTHER INFORMATION

## AUTHORISED AND REGULATED

We are authorised by the Isle of Man Financial Services Authority. We are not subject to the same regulatory system as the United Kingdom. In particular, we have different solvency, complaint and consumer protection rules.

Solvency is a measure of financial strength. Our solvency is regularly reviewed by the Isle of Man Financial Services Authority, who set minimum solvency margins to protect policyholders.

## COMPENSATION

We are covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991. If we cannot meet our obligations, the policyholder will be entitled to claim up to 90% of our liabilities to them as compensation from the Scheme.

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 another participating life insurer, we may be required to pay a levy of up to 2% of our policyholder funds to the Scheme. Where such a levy is made, the value of the bond is likely to be reduced by an equivalent percentage.

As the assets linked to the value of the bond are held in our name, the policyholder does not have any automatic rights to compensation should the underlying fund manager or deposit taker fail. In these circumstances our liability to the policyholder will be limited to such amounts, if any, that we can recover from any third party.

## LAW AND LANGUAGE

The Estate Planning Bond is made up of a series of identical policies and a Trust.

- › The policies are governed by Manx law. The Isle of Man Courts shall have exclusive jurisdiction to decide any dispute that arises in connection with any such policy. Any waiver of such exclusive jurisdiction shall be at our discretion and exercised reasonably
- › The Trust is governed by the Law of England and Wales.

Your contract documents will be in English and any communications we send to you will be in English.

## FINANCIAL ADVISERS

Your financial adviser will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications. If you have any questions regarding the Estate Planning Bond, please contact your financial adviser.

## KEY FEATURES DOCUMENT & PERSONAL ILLUSTRATION INFORMATION

If the **Personal Illustration** you have been given contains an expiry date, and you wish to make an application after this date, ask your financial adviser for a new **Personal Illustration, Key Features Document** and any applicable disclosure documents.

If the intention is to request us to pay charges for advice on your or the trustees' behalf, either from your payment to us or from the value of the bond, please make sure the details of the charge match those shown on the **Personal Illustration** provided to you by your financial adviser.

This **Key Features Document** was produced in 1 February 2022. If you are not sure if you have the most up-to-date version, ask your financial adviser.

## TERMS AND CONDITIONS

These Key Features give a summary of the Estate Planning Bond. They don't include all the definitions, exclusions, and terms and conditions. These are shown in the Policy Schedule and Policy Conditions.

If you would like a copy ask your financial adviser or us.



Read the 'Some Important Information' section in the **Product Guide** for more information.

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## COMPLAINTS

We will do everything in our power to prevent a complaint and in many cases, we can resolve the issue direct with you or your trustees.

If, for any reason, you are dissatisfied with our service, please address your complaint to our Customer Experience Manager. Our details are in the 'Contact Us' section.

Complaints we cannot resolve can be referred to the Financial Services Ombudsman Scheme for the Isle of Man. You are not eligible to make a complaint against us to the UK Financial Ombudsman Service.

The Scheme is specifically aimed at individuals, which means that complaints from companies (including Corporate Trustees) are excluded.

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

### **The Ombudsman's contact details are:**


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

**Tel:** +44 (0)1624 686 500


**Web:** [www.gov.im/ombudsman](http://www.gov.im/ombudsman)


# CONTACT US

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

 +44 (0)1624 643 345

 [customersupport@utmostwealth.com](mailto:customersupport@utmostwealth.com)

 Utmost International Isle of Man Limited  
King Edward Bay House  
King Edward Road  
Onchan  
Isle of Man  
IM99 1NU  
British Isles

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

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

Utmost International Isle of Man Limited is registered in the Isle of Man under number 024916C.  
Registered Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.  
Tel: +44 (0)1624 655 555 Fax: +44 (0)1624 611 715. Licensed by the Isle of Man Financial Services Authority.

Utmost Trustee Solutions Limited is registered in the Isle of Man under number 106739C.  
Registered Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles.  
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The rules made under the Financial Services and Markets Act 2000 (as amended) for the protection of retail clients in the UK do not apply.

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