

For advisers' use only (not to be relied on by anyone else)

Offshore bonds

Why sell offshore?



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Offshore bonds can be desirable savings vehicles for your clients, giving them the ability to reduce the amount of tax they might otherwise expect to pay on their estate.

With an offshore bond, tax is only paid when there is a chargeable gain; for example, when the bond is cashed in, or when more than the 5% tax deferred allowance is withdrawn.

And, as your clients will need advice on the ideal timing and circumstances of the withdrawal to reduce their tax bill, the bond gives you the opportunity to stay in touch with them.

An assessment of your client's needs should be confirmed before making a recommendation for an investment product, and the appropriate Key Features Document and projection should be provided once the recommendation has been made. Please ask your Standard Life Account Manager for further details.

Offshore Bond

Holistic retirement planning

Investing in an offshore bond gives your client:

- virtually **tax-free growth** on their investment;
- **access** to their money (charges may apply in certain circumstances);
- the ability to **avoid the tax charges** that arise on pension funds above the lifetime limit;
- access to funds **before age 55 (50 up to and including 5 April 2010)**; and
- the opportunity to 'manage income' to **minimise tax**.
 - **pre-retirement** – making a pension payment from an offshore bond can enable higher-rate taxpayers to pay lower-rate tax on their bond gain via top slicing tax relief;
 - **post-retirement** – a client can stop taking their pension income after retirement to become a basic-rate taxpayer. This means they can benefit from top slicing to **pay less tax** when taking withdrawals from their bond.

Assign offshore bonds to non-taxpayers for greater tax efficiency

- An assignment transfers full legal ownership, so that the new bond owner, if a non-taxpayer, can use their personal allowance when they cash-in the bond to reduce the tax they pay.
- The assigned bond becomes a 'Potentially Exempt Transfer' for Inheritance Tax (IHT) purposes and is removed from the donor's estate after seven years.

Help clients moving abroad pay less tax

If your client is planning to move abroad, you should compare the tax circumstances of the UK with the country they're considering moving to. You may want to recommend that they take withdrawals from, or cash-in entirely, their bond in the most tax efficient country.

Help clients working abroad pay less tax

Take account of the UK's Time Apportionment Relief when your client cashes in their bond after working abroad.

Place an offshore bond in a Standard Life International Trust to reduce exposure to IHT

By becoming a Trustee, your client can retain control of the assets during his lifetime and ultimately decide who benefits from the plan.

Why Standard Life International?

The International Bond offers:

Tax Efficiency	Unlike onshore investing, where investments are subject to tax on all income and gains, an offshore investment grows virtually free of tax.
Clarity	A clear charging structure.
Control	The ability to vary the allocation rate via rebated Funded Initial Commission.
Flexibility	By default, the bond is divided into 100 identical individual policies or 'segments'. Your client can choose a different number of segments if desired, subject to a minimum of £200 per segment.
Investment Choice	Access to an extensive range of Insured Funds, Mutual Funds, Whole of Market Funds, a panel of Discretionary Fund Managers and a selection of Deposit Accounts.
Service	Commitment to high quality service – a dedicated team of offshore specialists in Dublin deal with all your enquiries.

No guarantees are given regarding the effectiveness of any arrangement entered into on the basis of these comments, and Standard Life is not responsible for any advice given on the basis of this document.

Please note that the value of an investment may fall as well as rise and an investor may not get back the amount originally invested.

Tax and legislation is likely to change. All the information in this document relating to taxation is based on our understanding of law and tax practice in Ireland and the UK at the date of publication. The future tax position of the bond or your client's own tax position may alter.

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