

The International Wealth Management Bond



The Role of Life Assurance Contracts in International Wealth Planning

For many years sophisticated practitioners have used a wide range of financial vehicles and fiduciary arrangements to structure their clients' affairs in a tax efficient manner. In particular, trusts have been used extensively for many different purposes, and are particularly effective for Common Law jurisdictions.

As an alternative, or complimentary to a traditional trust structure, a life assurance contract can offer many advantages. The parties to a life contract are similar to the Settlor, Trustee and Beneficiary of a trust. The overriding difference however, is that the life company is the legal, beneficial and equitable owner of the policy assets.

Insurance policies are contract based and are universally accepted as providing a high degree of certainty for the investor. This is particularly appropriate for Civil Law jurisdictions where the concept of a trust is not recognised.

In certain situations, a life contract may be owned by a trust for asset protection purposes. Here the trust would be the Policyholder of the life contract. Furthermore, many jurisdictions permit the deferral of ongoing income and capital gains taxes on the assets held within a life contract.

Life contracts offer excellent opportunities for the tax efficient transfer of wealth between generations. The death benefit payable in connection with a life contract is often receivable by the beneficiaries free of taxation.

The International Wealth Management Bond

The International Wealth Management Bond has been produced by Isle of Man Assurance Limited (IOMA) as a single premium whole of life policy meeting the requirements of Isle of Man Law. The contract has a Policyholder and single or multiple Lives Assured. Each policy has a segregated underlying investment portfolio which may be invested in a multitude of ways.

What is the Minimum Investment?

The minimum investment is US\$500,000 (or currency equivalent). Additional investments may be made at any time.

What are the Investment Options?

A wide range of investment options are available within the Bond. IOMA has a range of investment funds that may be utilised. Alternatively, an independent professional investment manager may be appointed to manage a portfolio of investments held in the name of the Bond. Virtually any asset class can be held within the Bond, including equities, bonds, mutual funds, hedge funds, and in certain circumstances, private company shares.

An existing investment portfolio may also be transferred into the Bond.

How often do I receive Policy Valuations?

IOMA provides quarterly valuations at the end of March, June, September and December. Interim valuations are also available upon request.

What Investor Protection is There?

The International Wealth Management Bond is underwritten and issued by IOMA, an insurance company licensed and regulated in the Isle of Man.

As an established offshore investment centre with a stable and independent legal, political and regulatory framework, the Isle of Man provides an ideal location for investment.

Holders of policies issued by the Company are covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, should the Company become unable to meet its liabilities. The legislation protects investors by providing a statutory guarantee equal to 90% of the amount of the liability of the insurance company under any life policy. This compensation undertaking is without limit.

IOMA is authorised under the Isle of Man Insurance Act 1986 and is a member of the Association of International Life Offices. IOMA is regulated in the United Kingdom by the Financial Services Authority.

What is the Tax Position?

IOMA is an Isle of Man tax-exempt company authorised under the Insurance Companies Act 1986. It is not liable for corporation tax, capital gains tax or income tax in respect of the assets allocated to an IOMA Bond. It is not required to deduct tax at source on behalf of investors or their relevant taxation authorities. The only exception may be withholding taxes on certain investment dividend income and interest.

A policyholder's tax position will depend on a number of factors and advice should be sought from a professional financial adviser as to the suitability of the International Wealth Management Bond.



Who can Invest in the Bond?

The Bond may be owned by any legal person. For example, an individual, a trust or a corporate entity.

How much Life Cover is There?

This is variable depending on the individual requirements of the Policyholder. It can be from as little as US\$500.00 in addition to the market value of the underlying investment portfolio, to as much as three times the value of the investment portfolio. Insurance cover requested in addition to the nominal US\$500.00 may require the life, or lives assured to undergo a medical examination.

What are the Costs?

There is an initial set up fee of US\$5,000.00. There is an annual management charge of 1.0% per annum. There may be additional asset management charges depending on the nature of the underlying investment portfolio. There are early surrender penalties in the first three years. If a substantial additional death benefit is required, there will be a cost associated with this, dependent on the age and medical circumstances of the Life Assured.

How do I Proceed?

Application forms for the International Wealth Management Bond are available from IOMA at the address shown on the back page.

Important Compliance Notice

Taxation Considerations

Isle of Man Assurance Limited is not liable to any Income Tax, Capital Gains Tax or Corporation Tax in the Isle of Man in respect of the assets allocated to your policy. The only exception may be withholding taxes, which a number of countries levy on dividends payable to foreign investors.

The United Kingdom Finance Act 1998 requires that, in certain restricted circumstances, Isle of Man Assurance Limited must disclose information concerning United Kingdom resident policyholders to the United Kingdom Inland Revenue. This disclosure may be required when an event occurs which results in a gain being realised. Disclosure will be dependent upon the amount of any gains and whether or not we are aware or believe that, the policyholder was resident in the United Kingdom at the time the event occurred.

For detailed taxation advice and in the event of a change or intended change in your country of residence/domicile or circumstance, you must consult an appropriately qualified financial or taxation advisor.

This information is based on Isle of Man Assurance Limited's understanding of current law and taxation practice which may of course change in the future.

Investment Performance

The actual proceeds of your policy will depend upon the performance of the underlying investments. Past investment performance is not necessarily a guide to future performance. The value of investments can fall as well as rise.

Queries and Complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact the Compliance Department at Isle of Man Assurance Limited. In the event that we are unable to resolve a complaint it can be referred to the Financial Services Ombudsman Service for the Isle of Man. Copies of our internal complaints handling procedures are available on request.

Investor Protection

Holders of policies issued by Isle of Man Assurance Limited will not be protected by the United Kingdom Financial Services Compensation Scheme. However, the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 apply to all policies issued after 5th April 1988.



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Authorised by the Isle of Man Government Insurance & Pensions Authority.
Regulated by the Financial Services Authority.

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