



# **The Offshore Portfolio Bond**

**Issued by  
Isle of Man Assurance Limited**

# **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 complementary 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 Offshore Portfolio Bond**

The Offshore Portfolio 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 GBP100,000 (or currency equivalent) unless otherwise agreed. 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. Assets that may be allocated to the Portfolio include authorised UK unit trusts, approved UK investment trusts, open-ended investment companies and interests in non-UK collective investment schemes.

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 Offshore Portfolio 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.

IOMA is authorised by the Isle of Man Government Insurance and Pensions Authority and regulated by the Financial Services Authority for the conduct of UK business.

It is not authorised to effect or carry out contracts of insurance in the United Kingdom which means that its management and solvency are not supervised by Her Majesty's Government and you will not be protected by the Financial Services Compensation Scheme if IOMA should be unable to meet its liabilities to you.

However, the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 apply to all policies issued after 5th April 1988. IOMA is not subject to the same regulatory system as that applicable in the UK. For life assurance companies, the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991 ensure that in the event of a life assurance company being unable to meet its liabilities to its policyholders, up to 90% of the liability to the protected policyholder will be met. Unlike many other policyholder protections schemes, the Isle of Man's scheme operates globally, providing protection to policyholders no matter where they reside.

## **What is the Tax Position?**

IOMA 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 Offshore Portfolio Bond.

## **Who can invest in the Bond?**

The Bond may be owned by any legal person. This means that any individuals over the age of 18, trusts or corporate entities may apply.

## **What is the death benefit?**

The Offshore Portfolio Bond may be taken out on a single life basis or on the joint lives of a number of individuals. In the event of the death of the Life Assured or, in the case of joint Lives Assured, the first or last of the Lives Assured to die (as specified in the Application Form) the Bond will terminate with payment of the sum assured. The amount paid is equal to 100% of the realised value of the underlying assets plus £100, less any outstanding charges.

## **What are the Costs?**

There is an initial set up fee of 1%. 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, as well as charges for your financial adviser. There are early surrender penalties in the first three years.

## **How do I Proceed?**

Application forms for the Offshore Portfolio Bond are available from IOMA at the address shown on the back page.

## Important Compliance Notice

### **Taxation Consideration**

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. The 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 of the event occurred.

For detailed taxation advice 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 5<sup>th</sup> April 1988.

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