

# Offshore Portfolio Bond



*expert financial navigation*



# Corporate values

The IOMA Group aspires to a number of core corporate values.

These are:

- Client Focus
- Open Communications
- Corporate Integrity
- Continued Improvement
- Innovation
- Teamwork
- Commitment



# Contents

Introduction	4
Introduction to the Offshore Portfolio Bond	5
Fund options	6
What are the tax benefits?	7
Investor protection	8
The charges	9
How to apply	10
Further information	11-12
About the Isle of Man	13
Contact us	14
Who is Isle of Man Assurance?	15-16

# Introduction

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.



# Introduction to the Offshore Portfolio Bond

The Offshore Portfolio Bond has been produced by Isle of Man Assurance Limited (IOMA), trading as IOMA Life, 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.

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.

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.

## Fund options

The Bond allows you to invest in cash or pooled fund investment options (e.g. unit Trusts, OEICs and mutual funds). You have a number of choices for how you select your investments:

- **Appointed Adviser:** in conjunction with your adviser you decide your risk profile. Collectively you and your adviser select funds to match that risk profile. Your adviser will then place the trades on your behalf for those funds you have decided to invest in via IOMA Life or its nominated custodian.
- **Discretionary Manager:** you appoint a discretionary manager (subject to agreement by IOMA Life) to select the funds they think appropriate for the investment strategy that you agree with that discretionary manager. The discretionary manager will also provide the custody for your investments held in the Bond via IOMA Life.

There is virtually no limit to the different fund options that IOMA Life permits – for complete details please contact your financial adviser or IOMA Life.

## What are the tax benefits?

As IOMA is an Isle of Man company, it is not liable for corporation tax, capital gains tax nor income tax in respect of the assets allocated to your Bond. It is not required to deduct tax at source on behalf of investors or their taxation authorities so your wealth rolls up tax-free. The only exception may be withholding tax, which is tax withheld by some countries on dividend income and interest.

Your liability to income tax will depend on your own personal circumstances. However, based on current legislation, a UK resident can take withdrawals of up to 5% per annum of your original investment and defer any income tax charge. Any amount you do not take one year can be rolled forward. Any withdrawals over this limit could give rise to a UK income tax liability.

IOMA Life are required to issue a chargeable event certificate to HM Revenue & Customs to report certain events where benefits are received from the Bond by a UK-resident individual, company or trust. For further information please speak to your Financial Adviser.



## Investor protection

The Offshore Portfolio Bond is underwritten and issued by IOMA based in the Isle of Man. As an established offshore investment centre with a stable and independent legal, political and regulatory framework and with confidentiality maintained, the Isle of Man provides an ideal location for investment.

The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protect investors by providing a statutory guarantee of up to 90% of the amount of any liability of the insurance company under any life policy. This compensation, without limit, would be received in the unlikely event that the insurer became unable to meet its liabilities. IOMA Life policyholders would be eligible for this compensation.

However, the compensation is not payable in the event of the failure of providers of underlying investments within your Offshore Portfolio Bond. Alternative compensation arrangements may apply in such circumstances and you should seek further details from your adviser.

IOMA is authorised by the Isle of Man Government Insurance and Pensions Authority (IPA) and is authorised and regulated by the Financial Services Authority (FSA).

IOMA is also a member of the Association of International Life Offices.





# The charges

## Initial charge

An Initial Charge as outlined in the table below will be levied on all premiums paid into your Bond.

Premium	%
£50,000 - £74,999	2%
£75,000 - £99,999	1.5%
£100,000 - £249,999	1%
£250,000+	0.5%

## Annual management charge

An annual management charge of 0.5% will be levied on the value of your Bond. This charge will be deducted proportionately, quarterly in arrears.

IOMA Life may also pay your adviser commission which will be in addition to the initial and annual charges above. Your adviser can give you details of any commission to be paid to them.

## Custodian and dealing charges

All dealing and custody charges levied by any third party which IOMA Life appoints to deal with the investments allocated to your Bond will be payable out of such investments. Details of up to date charges are available from IOMA Life on request.

## Fund management charge

There will be charges within the fund options you select for investment within your Bond levied by the managers of those funds. Initial fund commissions and trail fund commission available to IOMA Life will be discounted or paid to your Bond account. Further details can be obtained from IOMA Life or your adviser.



## How to apply

Investments can be made by individuals, jointly, trustees or corporates. Individuals must be over the age of 18 and under 85. Individuals over the age of 85 may apply to IOMA, but acceptance of the application may be on nonstandard terms.

The minimum investment is £50,000, unless otherwise agreed, and there is no maximum. You may invest by Cheque, banker's draft or electronic transfer.

## Further information

The information contained in this document is based on IOMA Life's understanding of law and taxation practice in the Isle of Man and the UK as at July 2010. Whilst this interpretation is believed to be correct, the taxation position of the Bond in the UK, the Isle of Man and any other jurisdiction relevant to you is not guaranteed and is subject to changes in legislation. You are strongly recommended to consult a professional adviser to satisfy yourself as to your tax position.

This brochure should be read in conjunction with the Key Features Document of the Offshore Portfolio Bond and the appropriate application form.

The Policy Terms and Conditions and Policy Schedules contain the full terms of the contract, a copy of which can be obtained from IOMA Life upon request.

IOMA is authorised by the IPA and its policyholders receive the protection of the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991. These regulations apply to all policies issued after 5th April 1988. Holders of policies will not however be protected by the UK Financial Services Compensation Scheme should the company be unable to meet its liabilities.

Past investment performance is not necessarily a guide to future performance.

IOMA Life does not give investment advice, legal advice or tax advice and can accept no responsibility for the tax implications for any Bond owner in any jurisdiction.

IOMA is not subject to the same regulatory system as that applicable in the UK and the rules and regulations made by the FSA under the Financial Services and Markets Act 2000 for the protection of investors may not apply to persons outside the UK.



The UK Finance Act 1998 (“the Act”) contains provisions pursuant to personal portfolio bonds.

Whilst every effort has been made to ensure that the Bond does not constitute a personal portfolio bond, IOMA Life is not providing any advice as to the tax implications of investing in the Bond.

The UK Finance Act 1998 further requires that, in certain circumstances, IOMA Life must disclose information concerning UK resident policyholders to the UK 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 gain and whether or not we are aware or believe that the policyholder was resident in the UK at the time the event occurred.

Your tax position will depend on a number of factors including your personal circumstances and you must obtain advice from your own financial adviser, both at outset, and throughout the life of your Bond. In particular you should ensure that you are able to satisfy any local tax, exchange control or insurance legislation or regulations applicable.

# About the Isle of Man

The Isle of Man has established itself as the pre-eminent international financial centre as a result of its stable and independent legal, political and regulatory framework. Its benefits are as follows:

- It has an AAA credit rating by S&P and Moody's.
- It is completely independent on matters of direct taxation.
- It is not a member of the European Union, but enjoys a special relationship through protocol 3 of the United Kingdom's Treaty of Accession of 1972.
- It affords policyholders of Isle of Man life assurance companies the security provided by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991.
- It enacts its own legislation, generally based on English Law, applied by its own judiciary.
- Its Parliament, Tynwald, is the oldest continuous democratic government in the world.



## Contact us

For further information on the Offshore Portfolio Bond please contact your financial adviser, or IOMA Life:

IOMA Life  
IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP  
British Isles

Telephone: +44 (0) 1624 681200

Facsimile: +44 (0) 1624 681390

Email: [info@iomagroup.co.im](mailto:info@iomagroup.co.im)

Website: [www.iomagroup.co.im](http://www.iomagroup.co.im)



## Who is Isle of Man Assurance?

- Isle of Man Assurance (IOMA), trading as IOMA Life, is the oldest independent insurance company in the Isle of Man.
- A company with over 25 years of success in international financial services.
- A company ultimately owned by three individuals: IOMACHairman, IOMA Deputy Chairman and IOMA Managing Director.

## Solvency facts

- IOMA seeks to write only unit-linked business within its long term business and does not look to accept any major or undue risk onto its balance sheet.
- This means that the assets held within IOMA's long-term business fund at least directly match its liabilities to policyholders.
- The Isle of Man Government Insurance and Pensions Authority (IPA) require all life companies to hold an additional minimum of 0.25% of the value of unit-linked business in reserves.
- The IPA monitor this solvency quarterly.
- IOMA is required to have an independent actuarial report undertaken annually on the assets it owns.

## Financial strength facts

AKG Actuaries and Consultants Limited provide financial strength reports on the offshore long term insurance industry. The firm rates:

- IOMA's Unit Linked Financial Strength as Good.
- IOMA's quality of service, something the company prides itself on, Very Good.

Copies of the report can be obtained on request from IOMA Life.

## Investor protection facts

- Due to the unit-linked nature of its business, there is little danger of IOMA falling insolvent.
- However, if this scenario did occur the Isle of Man Government Life Assurance (Compensation of Policyholders) Regulations 1991 provide a final level of protection.
- All IOMA policyholders, individual, corporate or Trustee, are protected under this legislation.
- A policyholder is entitled to compensation of up to 90% of policy value in the event of the insurer being unable to meet its liabilities.
- This protection is in place irrespective of the size of the life insurance company in the Isle of Man.

## Who regulates IOMA?

- Isle of Man Government Insurance and Pensions Authority (IPA). IOMA is an authorised insurer on the Isle of Man and is regulated by the IPA who regularly audits the management and financial strength of all authorised insurers.
- Financial Services Authority (FSA). The FSA in the UK authorises and regulates IOMA in respect of UK business.

Isle of Man Assurance Limited trading as IOMA Life and IOMA Insurance. Authorised by the Isle of Man Government Insurance and Pensions Authority. Authorised and regulated by the Financial Services Authority. Isle of Man Assurance Limited is not subject to the same regulatory system as that applicable in the United Kingdom. Holders of policies issued by Isle of Man Assurance will not be protected by the United Kingdom Financial Services Compensation Scheme if the company should become unable to meet its liabilities to them. However, holders of policies will be protected under the Isle of Man Life Assurance (Compensation of Policyholders) Regulations.