

For Adviser Use Only

## **RL360 – Regular Savings Plan (RSP) – Life Assurance**

### **Draft paragraphs for a Suitability Report**

**We understand that before making a personal recommendation to your client, you will have carefully considered their personal and financial circumstances, financial needs, priorities and attitude to risk.**

These sample paragraphs are designed to help you prepare your suitability report for your client. However, please note that it is your sole responsibility to ensure that the content of the suitability report meets any regulatory requirements and any recommendations made are appropriate for the client's individual circumstances.

Whilst every effort has been made to ensure the accuracy of the following information, RL360 accepts no responsibility for any actions taken or not taken as a result of acting upon it.

Full details of the Regular Savings Plan (RSP) are available through the Product Guide, Key Information Document (KID) and the Fund Guide, which are available on the RL360 website:

<https://www.rl360adviser.com/downloads/products/regular-savings-plan.htm>

### **What is the Regular Savings Plan – Life Assurance?**

RSP is a regular payment, whole of life contract issued on a life assurance basis, by RL360 Insurance Company Limited (RL360). It is subject to the laws of the Isle of Man and is designed to allow regular payments to be linked to a wide range of investment funds and offers the potential for growth, over the medium to long term.

## Aims, commitments and risks of the RL360 Regular Savings Plan -

### Life Assurance

#### Aims

- The main purpose of this plan is to allow you to invest on a regular basis, whilst offering the potential for growth on the money you pay over the medium to long term (**10 years+**).
- This plan is designed to offer access to a wide variety of investment funds, with the ability for you to appoint an investment adviser to provide you with expertise and knowledge around the fund selection process.

#### Commitments

- You **must make regular payments** for the selected payment term, **subject to a minimum of 5 years**, however, this should ideally match your investment horizon.
- You should consider RSP as a medium to long-term investment (**10 years+**)

#### Risks

- The value of funds linked to your plan may go **down** as well as up, and you may get back **less** than you paid in.
- Where the provider of a fund linked to your plan becomes insolvent or is unable to meet its liabilities for any reason, your plan **will** suffer the loss.
- If you **cancel** your plan after the cooling off period but during **the establishment period**, you will **not** receive any proceeds.

After this period your plan will be subject to an **exit charge** until the end of the payment term. The charge reduces over the payment term and could mean you get back less than you paid in, **particularly in the early years**.

- Where you are investing in funds denominated in a currency different to that of your plan, the investment returns will be subject to **currency fluctuation risk**.
- Changes to the law may affect the tax treatment of your plan or the funds linked to it and **reduce the amount** you get back in the future.

## **Regular Savings Plan features**

RSP offers the technology to make the administration of your plan really straightforward. RL360 backs this up with quality personal, technical and administrative support.

Benefits to you include:

**Convenience** – Online is easy. From the comfort of your own home, or on the go via desktop, laptop, tablet or phone, you can view your plan details with a quick click, pinch or swipe.

**Unlimited access** – Access is available 24 hours a day, 7 days a week, apart from those occasions when RL360 is improving its systems and adding new features.

**Secure service** – Security of your data is of the utmost importance to RL360 and you'll only ever be able to access your plan via a secure and encrypted link.

**Comprehensive valuations** – Quickly see how all of the funds held within your plan are performing, line by line, with no need to phone up and wait for it to be delivered in the post.

**Online switching** – That's right, if you don't like how one of your funds is performing, RL360 can set you up with online switching access. This means you can instruct changes without the hassle of paper forms and faxes.

Therefore, you can switch between funds whenever you want. There is currently **no charge** levied for switching funds, however, **RL360 reserves the right to levy a charge for new switches at a later date.**

## **Taking out the plan**

- The **minimum** age you can take out a plan is **18**. The **maximum** age for **owners and lives assured is 65**.
- Payments start from **USD 280 per month** (or currency equivalent). There's no maximum however, whatever amount you choose, it should be affordable throughout the payment term.
- You also have the option to pay a lump sum in to your plan at any time. The **minimum level** for lump sum payments is **USD 7,000** (or currency equivalent).
- The **maximum payment term** is limited to the **oldest plan owner or life assured reaching their 71st birthday**.

RSP – Life Assurance can be set up in one of two ways:

- **Single life –**

There is only 1 life assured and when the life assured dies the plan comes to an end.

- **Multiple life last death –**

There can be up to 6 lives assured on the plan, and it comes to an end when the last life assured dies.

## **What currencies can be selected for RSP?**

RSP is available in the following currencies:

- Pound sterling (GBP)
- Euro (EUR)
- United States dollar (USD)
- Swiss franc (CHF)
- Australian dollar (AUD)
- Japanese yen (JPY)
- Hong Kong dollar (HKD)
- Australian dollar (AUD)

The currency of your plan **cannot** be changed after issue. Your plan will be valued in this currency and fees will be deducted in this currency.

## **Plan segments**

For flexibility and tax-efficient management, your plan can be set up **either as 1 individual plan, or as a series of 100 individual plan segments.**

The ability to assign the plan to others may be beneficial as it sometimes can help to lower any potential tax liability.

For example, it could allow you to retain full control over the plan throughout the investment period and then perhaps utilise your spouse's, or adult child's (who is aged 18+), personal income tax allowance and marginal tax rates at the point of surrender, which may be lower than your own.

Please bear in mind that there may be **gift tax** consequences, depending on your country of residence.

## **Establishment period**

From the start of your plan, an establishment period will apply.

During this period, each regular payment will be invested in the funds you have chosen and identified as establishment units.

The **establishment period** ranges from **18 to 24 months** based on your chosen payment term.

Your **Key Information Document** will confirm the establishment period that applies to your plan.

**Once the establishment period is complete**, payments will be invested and identified as standard units.

At the end of your payment term, all remaining establishment units will be converted into standard units on a one for one basis.

**Lump sum payments do not have an establishment period.** They will be invested in the funds you have chosen and identified as standard units.

## **Cooling off period**

If you change your mind and do not want to continue your plan after it starts, there is a cooling off period within which you can cancel.

- **You will have 30 days from when you receive your Welcome Pack to do this.**

If you decide to cancel, you will get your initial payment back **except where it has fallen in value**, in which case the amount you receive back will be less.

Typically, RL360 will return your money within 2 weeks, however this may take longer where the sale of funds is delayed for any reason.

You can also cancel any time before your plan is issued simply by telling RL360.

## **Cancelling the plan after the cooling off period**

You can cancel your plan at any time, but during the payment term it will be subject to an exit charge and **you may get back less** than your payments made.

If you **cancel** your plan during the **establishment period**, your plan will have **no surrender value** – in effect suffering a **100%** surrender charge.

A plan or plan segment cancelled after the establishment period, but during the payment term, will be subject to an **exit charge equal to a percentage of the establishment unit value**.

The charge depends on the period of time remaining between the date of cancellation and the end of the payment term.

## **What happens at the end of the plan payment term?**

On completion of the plan payment term as shown in the Plan Schedule, RL360 **will** convert all remaining **establishment units** into **standard units on a one for one basis**.

## **What happens upon death?**

### **Where the life assured has died;**

- When the life assured dies or the last life assured on a multiple life last death basis dies, **your plan will end**.
- RL360 will require written notification of death along with satisfactory documentation (legal entitlement - "probate") to be sent to their head office address, **before proceeds can be paid**.

The **life assurance benefit** payable will be **101% of the plan value**, payable on the death of the last life assured.

### **Where a plan owner dies, but lives assured remain;**

- Where the plan is held in the names of joint plan owners, sole ownership will pass to the surviving plan owner.
- Where the plan is held by you only, ownership of the plan passes to the personal representatives of your estate.
- RL360 will require written notification of death along with satisfactory documentation (legal entitlement - "Isle of Man Probate") to be sent to their head office address, before a new plan owner can be appointed.

## **Regular Savings Plan investments**

Your payment(s) can be invested into as many funds as required (subject to the minimum investment levels and **registering for online fund switching**) from a range of UK authorised and international collective investment schemes.

**Without** online access you will be limited to investing each payment into a maximum of **10** investment funds

RL360 does not **currently** apply any charges for switching funds or for the redirection of future payments within your plan.

A full list of available funds can be found in **the Fund Guide**.

## **Allocation of your payments**

**100%** of each regular payment will be allocated and invested in the funds you have chosen. However, depending on the amount you pay, RL360 may increase this rate up to **102%**.

The allocation rate is determined by the overall payment level, therefore if you increase your payments, the allocation rate may also increase. Likewise, any reduction in the amount you pay could result in a reduction in the allocation rate.

**Lump sum payments** are invested at an allocation rate of **93%**. A table of allocation rates for different payment amounts and currencies can be found in **the Product Guide**.

## **Starter bonus**

Provided that your plan meets the qualifying criteria described below, RL360 will enhance its value by adding a starter bonus.

- Your payment term **must be at least 10 years**; and
- The amount you pay in each month **must be at least USD 420** (or currency equivalent).

The size of the bonus will be determined by the length of your payment term and the amount you pay. It will be added to your plan on the start date as additional establishment units at the same allocation rate as your regular payments.

In addition, if you increase your payments and the increase meets the qualifying criteria detailed above, RL360 will add a further starter bonus to your plan.

Starter bonus levels for each currency can be found in The Product Guide.

The starter bonus (if applicable), **has no value if you cancel your plan within 5 years from the date it was added to your plan**.

## **Loyalty bonus**

If you choose a payment term of **10 years or more**, your plan will qualify for a loyalty bonus payable at the end of the term.

- The bonus will be equal to **0.25% of the plan value** at the end of the payment term, multiplied by the number of years you have made payments in full.

Any year during which payments are missed **will not count** towards the calculation of the bonus.

The final value of any lump sum payments **are not included** when calculating the loyalty bonus.

The loyalty bonus that applies to your plan will be shown in your Key Information Document.

## **Charges**

### **Establishment charge**

This charge **will be deducted each month during your payment term** to help cover the set up costs incurred by RL360 which may include commission paid to your financial adviser.

The charge is **equal to 0.5% of the value of all establishment units** held in your plan at the time the charge is taken. At the end of the payment term the charge will stop.

### **Administration charge**

During the lifetime of your plan, a monthly administration charge equal to 0.125% of its value will be deducted. It's taken proportionally from both the establishment and standard units held in the plan at the time the charge is taken.

### **Servicing charge**

A servicing charge will be deducted from your plan **during its lifetime**. The charge starts at USD 7.00 per month (or currency equivalent) and **will increase every year in line with the Isle of Man Retail Price Index**.

If you stop paying into your plan at any time during the payment term, **the charge will increase**. RL360 has provided a table in the Product Guide, which details the servicing charge for each currency.

### **Underlying Fund charges**

Underlying funds will be subject to management charges levied by the external fund manager. Further details can be obtained from the **Fund Guide**.



## **Fees**

### **Investment adviser fee**

This is an **optional fee**. If you choose to appoint an investment adviser, they may agree an ongoing fee with you for their services. You may pay the fee directly to your Investment adviser or alternatively, RL360 can facilitate the payment from your plan.

### **Financial adviser fee**

This is also an **optional fee**. The amount of fee should be agreed between you and your financial adviser. The amount RL360 deducts from your plan, if any, will be paid directly to your adviser.

We will provide you with an Illustration and Key Information Document detailing the features specific to your plan including the establishment period, payment allocation rate, any bonuses, the plan charges and any investment and/or financial adviser fees that may apply.

**Other fees may also be applicable to your plan, although these are not necessarily charged by RL360.**

You may incur fees for the payments made to your plan or for withdrawals taken by telegraphic transfer. Your bank will be able to explain these to you.

RL360 does not pass on any fees charged by credit card providers unless it is American Express.

Where payments are made by American Express, RL360 will collect **an additional 1% of the value** to help cover their fee.

## **Changing payment amounts**

### **Increases**

You can increase regular payments **at any time provided that there is at least 5 years remaining of your payment term.**

Increases will be applied at the next payment due date and **will be subject to an establishment period and early exit charges along with a starter bonus and loyalty bonus if applicable.**

### **Decreases**

Decreases can usually be made after the completion of the establishment period. You cannot decrease your payments below the minimum payment level allowed.

### **Payment holiday**

The amount you choose to pay should always be affordable throughout the payment term, but if your circumstances change and you need to take a break, **you can stop payments for up to 2 years.**

To place your plan on a payment holiday, **the establishment period must be complete and your plan value must be greater than the minimum allowed.**

You do not have to repay any payments that are missed during a payment holiday, although you can do if want to. **Don't forget that any missed payments will reduce the loyalty bonus at the end of the payment term.**

It is worth noting that you should regard this option as a temporary measure as plan charges will continue to be taken including the servicing charge which will increase.

## **Taking money from your plan**

Ideally, to get the best out of your plan, you should only look to access its value once the payment term is complete.

However, if you find yourself requiring access during the payment term you can.

Your plan is not designed to be like an instant access bank account and there are rules and restrictions that apply. They are as follows:

- Your plan must have completed the establishment period;
- The value of your plan after any withdrawal must be greater than the minimum plan value allowed; and
- Withdrawals can only be funded from the value of standard units held in your plan.

**If your plan doesn't meet these rules, then you will not be able to access any of its value until such times as it does.** Once your payment term is complete you can have unrestricted access to your money.

The minimum amount you can take is **USD 350** (or currency equivalent).

Minimum withdrawals and plan values for each currency can be found in the Product guide.

## **What might you get back?**

What you will get back depends on the amount of payments you make throughout the payment term, the performance of your chosen funds over the lifetime of the plan, RL360's charges and any withdrawals you take.

## **Taxation**

RL360 is subject to Isle of Man tax laws. Therefore any growth or income earned within your plan is **not taxable** in the Isle of Man.

However, withholding tax may be deducted at source on income arising from investments held in some countries, **which cannot be reclaimed by RL360.**

You may have a personal liability to tax depending on the tax laws in your country of residence and your own personal circumstances. Tax implications should be discussed with your specialist tax adviser, **RL360 is not licenced to provide financial or taxation advice.**

## Why RL360?

- RL360's ambition is to support a happy and financially stable future for their customers.
- Based on the Isle of Man, RL360 has regional offices in the Far East, Middle East, Latin America and Africa. They are part of International Financial Group Limited, which serves over 70,000 customers in 170 different countries.
- With the business part-owned by the senior management team, they enjoy committed leadership and a long-term vision to be the best provider of offshore savings, protection and investment for their customers – a vision already coming to fruition as they have seen their market share treble over the last five years. RL360 now administer assets of over **USD 11 billion** for their clients (as at 31 December 2017).
- UK based independent actuaries, AKG, awarded RL360 a B+ rating in 2017, the joint highest rating of any international life business. Their financial strength assessment of RL360 was '**A financially strong stand-alone operation with very strong operational characteristics**'.
- RL360 also won '**Best Life International Life Group (Non-UK)**' at the 2017 & 2018 International Fund & Product Awards.

## Why the Isle of Man?

- Customers can take great reassurance from RL360's Isle of Man location. The island is a well-established global financial centre with an outstanding reputation for investor protection.
- As a self-governing dependent territory of the British Crown, the Isle of Man has a stable and supportive government, robust economy and simple tax regime, with no capital gains, withholding or wealth tax. Situated equally between England, Ireland, Scotland and Wales, the island enjoys an **Aa2** sovereign rating from **Moody's**.
- In November 2017, the OECD gave the Isle of Man the highest compliance rating for its international exchange of tax information, a level only achieved by 21 jurisdictions globally.
- The Isle of Man also won the prestigious **International Finance Centre award** at the 2017 & 2018 International Adviser Product and Service Awards

## **Plan owner protection**

### **What happens if RL360 becomes insolvent?**

The Isle of Man Insurance Act 2008, Section 32, Schedule 3 Paragraph 7(a) states 'the assets in the company's long term business fund shall be available only for meeting the liabilities of the company attributable to its long term business'.

Therefore, if RL360 became insolvent, the monies held within the long term business fund (i.e. its liabilities to plan owners) **cannot** be accessed by its creditors.

RL360 plan owners will also be protected by the **Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991**. This means that in the unlikely event that RL360 is unable to meet its obligations, plan owners will be protected by this scheme, irrespective of where they are resident.

The scheme meets up to **90%** of RL360's liabilities to its plan owners.

For further information on the Scheme, the Isle of Man Financial Service Authority's 'Questions and Answers' document can be downloaded from:

<http://www.iomfsa.im/regulatedentities/insurance/InsuranceProtection.xml>

### **What happens if a fund linked to your plan becomes insolvent?**

The individual funds the plan is linked to are **not** covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, as this legislation only applies to an authorised Isle of Man life assurance company which has itself become insolvent.

The compensation offered for a fund linked to your plan depends upon what jurisdiction the fund is constituted in and whether it is authorised by a regulatory body. Therefore, where there is concern about the level of compensation offered, RL360 would recommend contacting the individual organisation whose investments are being considered.

Some compensation schemes have a maximum amount they will pay out to each owner of the fund in question (and some don't include corporate investors as being eligible for their scheme). Although several plan owners may have their plan linked to the fund, as the units within the fund belong to RL360 as a corporate investor, the compensation scheme would only treat RL360 as one investor.

**Therefore, any compensation received by RL360 would have to be split between all relevant plan owners of RL360. This would be the case with any life assurance or other company in this situation.**