

# EXTRA ALLOCATION - UP TO 105%

To pay for the set up of your client’s plan, each standard ORACLE is subject to an establishment charge during the first 5 years of up to 7.5% of the payment paid. However, depending on the size of the payment they may also qualify for extra allocation.



A minimum of 100% of each payment is allocated for investment but this can increase up to 105%.

The figures shown in Table 1 demonstrate how much extra allocation is applied based on payment size.

Any extra allocation should help reduce the impact of the establishment charge on fund values during the first 5 years.

Allocation rate bandings for all currency options are shown overleaf.

## POINTS TO CONSIDER

Extra allocation is invested on day one, and as such, the plan will benefit from any growth on the extra allocation from day one too. Table 2 demonstrates the potential growth that could be achieved on the extra allocation assuming 7% growth per year.

The standard establishment charge is taken as a percentage of the payment and not of the plan value. This way your client knows exactly how much will be deducted from their plan during the first 5 years.

Extra allocation will be subject to an exit charge if the plan is exited in full within the first 5 years from the date of issue. The charge will be equal to 100% of the extra allocation rate reducing at each plan anniversary by 20%.

“ The bigger the payment - the greater the allocation.

**TABLE 1**

Payment (USD)	Allocation rate %	Total payment invested	Extra allocation on Day 1 (USD)
210,000	105%	220,500	10,500
175,000	104%	182,000	7,000
112,000	103%	115,360	3,360
70,000	102%	71,400	1,400
49,000	101%	49,490	490
28,000	100%	28,000	N/A

**TABLE 2**

Payment (USD)	Extra allocation on Day 1	Fund values of extra allocation at end of year 5 assuming 7% pa growth rate*
210,000	10,500	13,868
175,000	7,000	9,245
112,000	3,360	4,438
70,000	1,400	1,849
49,000	490	647
28,000	N/A	N/A

The standard establishment charge is 7.50% of the initial payment paid. The charge is collected at a rate of 0.375% quarterly in arrears over the first 5 years.

Both the payments paid and any extra allocation will be subject to the administration charge.

The standard administration charge is 1.20% of the fund value or payment paid if higher.

\* Fund values are inclusive of all product charges but do not include any underlying annual fund management charges.

## **PAYMENT ALLOCATION RATES**

<b>GBP</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>AUD</b>	<b>HKD</b>	<b>JPY</b>	<b>Allocation rate</b>
20,000 to 34,999	28,000 to 48,999	24,000 to 41,999	26,000 to 45,499	36,000 to 62,999	200,000 to 349,999	3,100,000 to 5,424,999	100%
35,000 to 49,999	49,000 to 69,999	42,000 to 59,999	45,500 to 64,999	63,000 to 89,999	350,000 to 499,999	5,425,000 to 7,749,999	101%
50,000 to 79,999	70,000 to 111,999	60,000 to 95,999	65,000 to 103,999	90,000 to 143,999	500,000 to 799,999	7,750,000 to 12,399,999	102%
80,000 to 124,999	112,000 to 174,999	96,000 to 149,999	104,000 to 162,499	144,000 to 224,999	800,000 to 1,249,999	12,400,000 to 19,374,999	103%
125,000 to 149,999	175,000 to 209,999	150,000 to 179,999	162,500 to 194,999	225,000 to 269,999	1,250,000 to 1,499,999	19,375,000 to 23,249,999	104%
150,000 +	210,000 +	180,000+	195,000 +	270,000 +	1,500,000 +	23,250,000 +	105%

## **IMPORTANT NOTES**

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