CAPITAL REDEMPTION BOND VS LIFE ASSURANCE BOND



CAPITAL REDEMPTION BONDS

Definition and Structure: A capital redemption bond is not linked to any individual's life. It has a fixed term, often up to 99 years, and ends either on maturity or when surrendered by the policyholder.

LIFE ASSURANCE BONDS

Definition and Structure: A life assurance bond is an investment bond where the policy is linked to the life of one or more individuals, known as the life assured. The bond continues until the death of the last surviving life assured or until it is surrendered early by the investor. The life assured does not need to be the investor; their role is to keep the bond active.

KEY DIFFERENCES

Feature	Life Assurance Bond	Capital Redemption Bond
Linked to life?	Yes, one or more lives assured	No, independent of life
End of bond	Death of last life assured or early surrender	Maturity in 99 years or early surrender
Tax event	Triggered on death of last life assured	Triggered on surrender; assignment can defer tax
Flexibility	Limited; tied to life assured	High; can assign or surrender strategically

IMPORTANT NOTES

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