WHY USE CAPITAL REDEMPTION?

A Capital Redemption (CR) version of our plan will mature after a certain period of time (maximum term of 99 years). The CR version is different from Life Assurance contracts, as there is no requirement for a life assured.

As there are no lives assured, then in the event of the plan owner's death, the CR plan continues and can be passed on through a succession of subsequent owners without interruption or incurring any unintended penalties/early exit charges.

If the plan is not cancelled, a maturity value is payable on the maturity date which is 99 years from the start date of the plan.

A CR version can have a number of advantages over a Life Assurance variant in that it can provide increased simplicity and flexibility for individuals, trustees and corporate investors who wish to engage in long-term tax or succession planning, as follows:

- Not having to appoint individuals as lives assured may make this version a more suitable solution for trustees and corporate investors looking to maximise the term of the planning
- As there are no lives assured, there is greater flexibility for passing on the investment to a successive person appointed under the terms of a will or through a trust
- As the plan does not end on death, it also provides flexibility in the timing of when benefits may be taken out of the plan and when or where tax charges may arise
- On full or part cancellation, the plan owner(s) can control the timing of when or where tax charges may arise. This could be by deferring cancelling the plan until they are in a more advantageous tax position, by passing it on to another surviving owner or waiting until they are resident in a more tax friendly jurisdiction
- Should the plan owner be UK resident, then on their death it does not trigger a chargeable event as the plan does not come to an end
- For estate planning, the CR plan may be beneficial for long-term Inheritance Tax (IHT) planning, where property is passed on through a succession of plan owners without interruption, or for individuals that are not classed as a UK long term resident, where it is classed as excluded property for IHT purposes.

SUMMARY OF CAPITAL REDEMPTION VERSION

- Available to individuals, trustees and corporate investors.
- No lives assured.
- Fixed 99 year term.
- Guaranteed minimum maturity value.
- Increased tax planning flexibility.
- Can be passed on through a succession of plan owners without interruption.
- May be a more suitable solution for trustee/ corporate investors.

IMPORTANT NOTES

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.

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