FLEXIBILITY OF SEGMENTATION

LIFE CHANGES.
YOUR INVESTMENT SHOULD BE FLEXIBLE TOO.

Life rarely follows a straight path. Your financial needs, family circumstances and long-term goals can all change over time.

Having flexibility built into your investment from the outset can help you adapt as those changes occur. One feature that can help provide this flexibility is known as segmentation.

WHAT IS SEGMENTATION?

Many investment bonds are divided into a number of smaller parts called segments (usually 100 or more).

Rather than holding one large investment, you hold a collection of smaller segments that together make up your overall investment.

This can make your investment more flexible if your needs change in the future.

In Simple Terms

Segmentation means your investment is divided into smaller parts. This can make it easier to access money, support family members, adapt to changing circumstances and plan for the future.

WHY BUILT-IN FLEXIBILITY CAN BE VALUABLE

While you may not need additional flexibility today, having it available in the future can provide more options when important decisions arise.

Segmentation provides flexibility, helping you adapt your financial plans without necessarily affecting your entire investment. While you may never need to use every segment, having this flexibility available can provide more options if your circumstances change in the future.

KEY BENEFITS OF SEGMENTATION

Access part of your investment

If you need a specific amount of money, it may be possible to assign or surrender individual segments rather than affecting the entire investment.

This can provide greater control over how you access your funds and help preserve the remainder of your investment for future needs.

Supporting family members

If you wish to provide financial support to an adult child, grandchild or another family member, individual segments may be transferred rather than dealing with the whole investment.

This allows you to provide assistance when it is needed while retaining the remainder of your investment.

Depending on your circumstances and tax residence, this may also create additional planning opportunities.

Planning for the future

Segmentation can provide greater flexibility when considering longer-term estate and succession planning. It may allow portions of an investment to be passed to future generations gradually over time rather than making decisions about the entire investment at once.

Managing changes in personal circumstances

Where an investment is held jointly, segmentation can make it easier to divide investments if ownership arrangements change in the future.

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Examples of segmentation in practice

Helping with university costs

A parent wishes to help fund a child's university costs without disrupting their wider investment strategy.

Rather than affecting the whole investment, individual segments may be transferred to the adult child who then surrenders the segments to fund education fees. The remaining investment continues unchanged.

Changes following divorce or separation

A couple jointly own an investment bond and, following a divorce or separation, wish to divide their assets fairly.

Holding the investment with multiple segments can make the division process simpler by allowing individual segments to be allocated between the parties.

Passing wealth during lifetime

Because the investment is divided into segments, individual segments can be assigned to adult children while the investor retains the remaining segments. The children then benefit from the segments transferred to them, including any future growth and available investment features, while the investor retains funds for their own future needs.

IMPORTANT THINGS TO REMEMBER

- Only whole segments can be transferred.
- It may be necessary to use a whole segment even if a slightly smaller amount is required.
- The options available will depend on the product provider and plan terms.
- Tax treatment will depend on individual circumstances and tax residence.
- Professional advice should always be obtained before making investment, taxation or estate planning decisions.

AT A GLANCE

Segmentation can help provide:

- ✓ Greater flexibility when you need access to money
- ✓ More options for helping children and grandchildren
- ✓ Easier management of jointly owned investments
- ✓ Additional estate planning flexibility
- ✓ Greater control when life circumstances change

FLEXIBILITY FOR THE FUTURE

You may never need to use every feature available within your investment. However, having flexibility built in from the outset can provide valuable options if your circumstances change in the future.

Your adviser can help you determine whether segmentation could form an important part of your overall financial planning strategy.

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