SEVEN KEY BENEFITS OF AN OFFSHORE PLAN FOR UK RESIDENTS

THIS GUIDE HIGHLIGHTS THE KEY BENEFITS OF OFFSHORE PLANS, INCLUDING FLEXIBLE INVESTMENT, LONG-TERM GROWTH POTENTIAL, CONSOLIDATED HOLDINGS AND CONTROL OVER ACCESS TO FUNDS.

1 TAX-EFFICIENT INVESTMENT GROWTH THROUGH GROSS ROLL-UP

A key benefit of an offshore plan is **gross roll-up:** investments inside the plan can grow without immediate income tax or capital gains tax being deducted within the plan each year. This means more of the money can stay invested and grow over time.

Example: A higher rate taxpayer has invested GBP 100,000 into two products. The investments produce a return of 5% (GBP 5,000) in the first year. They do not have any remaining allowances available.

Investment route	Return on investment	Tax rate	Tax liability
Direct investment	GBP 5,000	40%*	GBP 2,000 payable separately, while your funds remain invested.
RL360 Plan	GBP 5,000	NIL	NIL

*from 06 April 2027 increases to 42%

RL360 advantage after year one: GBP 1,800 more remains invested inside the RL360 plan and not subject to tax. This extra money can keep growing, which may make a meaningful difference over the long term.

Gross roll-up does not normally remove tax altogether; it defers it. Tax may arise later on a chargeable event, such as a withdrawal above the available allowance, surrender or death, and the final outcome will depend on the client's personal circumstances and the rules in force at the time.

2 FLEXIBLE ACCESS TO YOUR MONEY

Clients can usually take regular or one-off withdrawals from an offshore plan, subject to the terms of the product. This can help with planned spending such as retirement income, school or university fees, family support, or other future needs.

Withdrawals can be planned in a tax-efficient way. For UK tax purposes, clients may be able to withdraw up to 5% of the total amounts invested each plan year on a cumulative, tax-deferred basis. This is not the same as tax-free income; it normally reduces the amount available for tax-deferred withdrawal in future years and may be considered when a taxable event happens later.

A further benefit is the ability to plan the timing of taxable events. Rather than tax being assessed each year as investments produce income or are sold within the plan, a tax charge may arise later when money is withdrawn, the plan is surrendered, or another chargeable event occurs.

3 CHOICE AND CONTROL OVER INVESTMENTS

An offshore plan can offer access to a wide range of investment choices. Depending on the plan, these may include funds, model portfolios, cash options and investment services managed by professional investment managers.

This gives clients the ability to choose an investment approach that reflects their goals, risk profile and time horizon. The plan should be reviewed and adjusted as circumstances change, helping it remain aligned with the client's objectives.

4 SIMPLER ADMINISTRATION

Holding investments through one plan can make administration easier. Instead of managing several separate accounts or products, clients may be able to view and manage their investments through a single structure.

Example: A client has investments spread across different platforms and accounts. By transferring them into a single offshore bond, they can often keep the same investment strategy while benefiting from one plan, one valuation and simpler ongoing administration.

This can reduce paperwork, simplify reporting and make ongoing reviews more straightforward, particularly for clients with international assets or changing personal circumstances.

5 TIME APPORTIONMENT RELIEF

Time Apportionment Relief (TAR) is a tax relief that may reduce a UK chargeable event gain on a life insurance to reflect periods when the person liable for tax was non-UK resident.

The reduction is based on the proportion of the relevant period during which they were non-UK resident.

As a result, only part of the gain may be taxable. The amount of relief depends on the terms and the owner's individual circumstances.

For a fuller explanation of TAR, including worked examples, see our separate guide.

6 ESTATE AND FAMILY WEALTH PLANNING

An offshore plan can also support family and estate planning. Depending on the product and the client's objectives, it may be possible to place the plan into trust or assign parts of the plan to family members.

This can help clients plan how wealth may be passed on, provide future financial support for loved ones, or form part of a wider inheritance tax planning strategy.

7 TOP-SLICING RELIEF

Top Slicing Relief is a tax relief that may help reduce the amount of Income Tax you pay on a gain from an eligible life insurance or investment bond. This is because the gain may have built up over a number of years but is treated as arising in a single tax year when it is calculated for tax purposes.

If you are a UK resident, HM Revenue and Customs (HMRC) may compare the tax due on the full gain with the tax that would have been due if the gain had been spread evenly over the years the was held. This can help if the full gain would otherwise push more of your income into a higher tax band.

Whether you qualify for Top Slicing Relief, and the amount of any relief available, will depend on your individual circumstances.

For more information, including a worked example, please see our separate guide to Top Slicing Relief.

IMPORTANT NOTES

Every care has been taken to ensure that the information provided is correct and reflects our current understanding of the relevant law and HMRC practice.

However, we cannot act as an individual taxation adviser and recommend that independent advice is obtained.

RL360 cannot accept any responsibility for any action taken or refrained from being taken as a result of this information. The law and HMRC practice are subject to change.

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