GUIDE TO CORPORATE INVESTMENTS

For financial advisers looking to provide investment advice to corporate clients
WHAT TAX DOES A COMPANY PAY?

Corporation tax is what a company pays on profit it makes from:

- doing business (‘trading profits’)
- investment income and gains (covered in this brochure)
- selling assets for more than they cost (‘chargeable gains’).

If the company is based in the UK, it pays corporation tax on all its profits from the UK and abroad.

CURRENT UK CORPORATION TAX LAWS AND TRENDS

Recent year-on-year reduction in corporation tax now makes investing surplus cash more attractive.

There has been a steady fall in corporation tax rates which companies pay on any taxable profits. Corporation tax (main rate) was reduced:

- from 28% to 26% in the 2011/12 tax year
- to 24% in 2012/13
- to 23% in 2013/14
- to 21% in 2014/15
- to 20% regardless of the size of company in 2015/16
- to 19% in 2017/18

The rate has not been changed since 2017 and as of 2020/21 remains at 19%. Corporate investors should be encouraged by this to consider investing any excess money (rather than holding it on deposit) as they can now expect to pay reduced rates of corporation tax on future investment gains.

USING EXCESS CASH

With excess cash available to invest, a company has a number of options to choose from, but selecting one that offers a full range of benefits can prove difficult.

Whichever option is chosen, a top priority is usually tax-efficiency, ideally combined with the additional benefits of security, easy access and flexibility.

Many companies simply hold cash on bank or building society deposits if they have no immediate plans for it, and substantial sums may build up over a number of years.

The instant access and relatively safe (but modest) returns offered by deposit accounts may be a reasonable default position, but they have become less attractive with falling interest rates and rising inflation.

Trying to balance all these factors has inspired many companies to look at other investment solutions for their liquid assets.

When considering a suitable investment, it is important to consider the company’s investment objectives and the attitude to risk of the individuals running the company. Selecting a suitable investment might not just be about tax; different investment vehicles can introduce differing levels of administration and it is important that this is not overlooked.
TREATMENT OF CERTAIN INVESTMENTS – LOAN RELATIONSHIP RULES

The loan relationship rules are complex and deal with the taxation of loans between a company and another party (whether a company or not). These rules include certain investments which are viewed to be loans owed to the company.

The loan relationship legislation was originally introduced in the Finance Act 1996. The Finance Act 2008 extended the loan relationship rules to include life assurance policies. Capital redemption policies, debt instruments and collective investments (where the underlying investment was more than 60% invested in debt-based stock-cash deposit, fixed interest or Government stock for instance) were already subject to these rules.

The exact treatment of reporting these ‘loan relationships’ depends on the company’s size and general accounting practices.

COMPANY ACCOUNTING PRACTICES

There are two principal practices used by UK companies.

FAIR VALUE ACCOUNTING

Under this method, any increase in the investment over the accounting period will be taxed as a non-trading credit. Corporation tax will be due if there is a gain over the period, regardless of whether the policy was surrendered in full or in part during the tax period.

HISTORIC ACCOUNTING:

Under this accounting method, corporation tax is only levied on a company when part or all of the policy is realised, such as when a full or part surrender is made. They should be declared in the accounting period they are made. If the resulting surrender has resulted in a loss, this can be offset against any other non-trading credits.
The accountancy practice a company adopts will be dictated by their position under the Financial Reporting Standard 102 (small entities) and 105 (micro-entities). The eligibility criteria for each regime is shown below.

<table>
<thead>
<tr>
<th>UK ELIGIBILITY CRITERIA</th>
<th>Micro-entities regime</th>
<th>Small entities regime</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regime</strong></td>
<td><strong>Source of eligibility criteria</strong></td>
<td><strong>Eligible entities</strong></td>
</tr>
<tr>
<td></td>
<td>Sections 384A and 384B of the Companies Act 2006</td>
<td>Companies</td>
</tr>
<tr>
<td></td>
<td>Sections 382 to 384 of the Companies Act 2006</td>
<td>Limited Liability Partnerships¹ and qualifying partnerships</td>
</tr>
<tr>
<td><strong>Eligible entities</strong></td>
<td>A company qualifies if it does not exceed two or more of the following criteria:</td>
<td>Any other type of entity that would have met the criteria of the small companies regime had it been a company incorporated under company law e.g. charities</td>
</tr>
<tr>
<td></td>
<td><strong>Turnover £632,000</strong></td>
<td><strong>Turnover £10.2m</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Balance sheet total £316,000</strong></td>
<td><strong>Balance sheet total £5.1m</strong></td>
</tr>
<tr>
<td></td>
<td><strong>No. of employees 10</strong></td>
<td><strong>No. of employees 50</strong></td>
</tr>
<tr>
<td><strong>Size thresholds</strong></td>
<td><strong>Ineligible entities</strong></td>
<td><strong>Ineligible entities</strong></td>
</tr>
<tr>
<td>🟢 Companies</td>
<td>Any company excluded from the small companies regime</td>
<td>Public companies</td>
</tr>
<tr>
<td>🟢 Limited Liability Partnerships¹ and qualifying partnerships</td>
<td>Financial institutions including credit and insurance institutions</td>
<td>Financial institutions including insurance companies and banking companies</td>
</tr>
<tr>
<td>🟢 Any other type of entity that would have met the criteria of the small companies regime had it been a company incorporated under company law e.g. charities</td>
<td>Charities</td>
<td></td>
</tr>
<tr>
<td>🟢 Small parent companies that choose to prepare group accounts</td>
<td>Small parent companies that choose to prepare group accounts</td>
<td></td>
</tr>
<tr>
<td>🟢 Companies that are not parent companies but whose accounts are included in group accounts</td>
<td>Companies that are not parent companies but whose accounts are included in group accounts</td>
<td></td>
</tr>
<tr>
<td><strong>Accountancy practice</strong></td>
<td>Historic accounting</td>
<td>Fair value accounting</td>
</tr>
</tbody>
</table>


- Businesses meeting the criteria for the micro-entities regime can apply the smaller entities regime if they wish.
- Businesses which exceed the criteria for small entities will be taxed on a fair value basis.
- Investment companies are excluded from the micro-entities regime so will apply a fair value basis for loan relationships.
WHAT DOES THIS MEAN FOR COMPANIES WHO WISH TO INVEST?

SUMMARY OF POSITION ON LOAN RELATIONSHIPS

Mirco-entities (historic accountancy) – for micro-entities, investments are taxable on realisation i.e. full and part surrender/disposal.

Small companies (fair value accountancy) – investments which meet the description of a “basic financial instrument” will be taxable on realisation i.e. full and part surrender/disposal. Investments which do not meet this description will need to be reported annually.

HOW DOES THIS RELATE TO THE INVESTMENTS WE OFFER?

For companies using fair value accounting, onshore and offshore bonds are unlikely to be considered ‘basic financial instruments’ and as such they will need to be reported annually.

Collective investments where the underlying investment is more than 60% invested in debt-based stock (cash deposit, fixed interest or Government stock for instance) will also need to be reported annually.

Collective investments with 40%+ investment in equities do not fall within the loan relationship rules. A tax liability only arises on realisation of the asset, although ‘income’ is taxable on an arising basis.

This can be summarised as follows:

<table>
<thead>
<tr>
<th>Investment allocation</th>
<th>Collectives</th>
<th>Collectives</th>
<th>UK life assurance</th>
<th>Offshore life or redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%+ invested in debt/fixed interest etc.</td>
<td>40%+ invested in equities</td>
<td>No distinction between investment allocation</td>
<td>No distinction between investment allocation</td>
<td></td>
</tr>
<tr>
<td>Applicable tax rules</td>
<td>Loan relationship rules apply</td>
<td>Loan relationship rules do not apply</td>
<td>Loan relationship rules apply</td>
<td>Loan relationship rules apply</td>
</tr>
<tr>
<td>Tax due</td>
<td>Corporation Tax on increase year on year</td>
<td>Corporation Tax only levied on realisation of asset*</td>
<td>Corporation Tax on increase year on year</td>
<td>Corporation Tax on increase year on year</td>
</tr>
<tr>
<td>Tax credit available</td>
<td>Nil</td>
<td>Nil</td>
<td>Tax credit for life fund taxation available on final encashment.</td>
<td>No life fund taxation</td>
</tr>
</tbody>
</table>

* From 1 January 2018, companies cannot apply indexation to the base cost for calculating gains.
SOME ADDITIONAL POINTS TO CONSIDER WHEN SELECTING AN INVESTMENT

PRODUCT TAXATION
• **Collective investments.** Distributions from collectives are paid gross. Corporation tax is payable on interest payments received. Dividends from equity funds are not taxable where they are considered ABGH distributions. These are dividend distributions made up of payments from underlying investments which meet the descriptions under paragraphs A, B, G, and H in section 1000 of the Corporation Tax Act 2010. If a collective fund provides a dividend payment from sources which do not meet this description, corporation tax may be payable.

Old Mutual Wealth will inform the account holder of the total dividend paid for each fund. However, the account holder will be required to contact the fund manager for a detailed break down to determine whether they are ABGH distributions.

• **Onshore bonds** - the UK based bond provider is liable to corporation tax on income and gains made on the underlying investments. On partial or full surrenders of the bond a credit is available to the policyholder for this tax paid when accounting for the gain.

• **Offshore bonds** - benefit from having to pay no tax at source on the growth of the investment, other than some ‘withholding tax’. This is a tax on some dividend and interest income deducted in the country where the income was derived which cannot be reclaimed. This predominantly tax free growth is known as ‘gross roll-up’.

FUND SWITCHES
• Switches on collective investments will be considered as ‘disposals’ so will need to be accounted for within the company accounts.

• Onshore and offshore bonds are structured differently as the bond provider owns the assets within the bond. The effect of this is that any fund switches will not trigger a gain or loss position for the company.

REPORTING
• Income earned on a collective is taxable on an arising basis, therefore all income earned during the accounting period will need to be included within the company accounts. In addition, depending on the fund asset allocation (fixed interest or equity), gains will also need to be reported either year on year (fixed interest) or when realised (equity).

• Income within a bond is not taxable on the company so does not need to be accounted for. Instead the bond value is accounted for year on year (fair value) or as a static value (historic cost). Disposals on either basis will need to be accounted for.

RISKS AND CONSIDERATIONS
The size of the investment could impact on the availability of the two different tax exemptions/allowances available, namely capital gains tax entrepreneur’s relief and inheritance tax business property relief. Therefore, specialist tax advice should be obtained before investing in any product.

It is important to look at the company’s financial arrangements holistically to make sure the investment fits with the firm’s overall objectives and plans.
INVESTMENTS HELD BY COMPANIES USING DIFFERENT ACCOUNTING PRACTICES – EXAMPLES

EXAMPLE A: BOND INVESTMENT, HISTORIC COST BASIS ACCOUNTING

ABC Co makes a bond investment of £135,000 at the start of their accounting year in April 2016 which increases by 5% each year. If the company makes no disposals then no corporation tax would be levied year on year. The value stated in the accounts would be the same as that shown at the start of the accounting period. The company can also choose the best time to encash the bond gain in order to reduce tax.

<table>
<thead>
<tr>
<th>Accounting year</th>
<th>Value end of year</th>
<th>Tax rate</th>
<th>Tax due if no encashments</th>
<th>Tax due if investment fully encashed</th>
<th>Net investment return (after encashment)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4/2016 – 31/3/2017</td>
<td>£141,750</td>
<td>20%</td>
<td>zero</td>
<td>£1,350</td>
<td>£140,400</td>
</tr>
<tr>
<td>1/4/2018 – 31/3/2019</td>
<td>£156,279</td>
<td>19%</td>
<td>zero</td>
<td>£4,043</td>
<td>£152,236</td>
</tr>
<tr>
<td>1/4/2020 – 31/3/2021</td>
<td>£172,298</td>
<td>19%</td>
<td>zero</td>
<td>£7,087</td>
<td>£165,211</td>
</tr>
</tbody>
</table>

*Net investment return amounts shown assume there are no early surrender charges, or any other charges incurred after encashment.

HISTORIC COST BASIS ACCOUNTING – PART SURRENDER/DISPOSAL

If using the above example, a partial withdrawal of £56,279 at the end of year three would be taxed as follows:

Establish cost price – £56,279/£156,279 x £135,000 = £48,616.03

Gain on partial withdrawal is calculated by taking £56,279 withdrawal minus cost price of £48,616.03 = £7,662.97

Offshore Bond

£7,662.97 will be accounted for as a non-trading credit for the accounting period.

£7,662.97 x 19% = £1,455.96 tax due.

However, the company may be able to offset the liability against other non-trading losses.

Onshore Bond

A UK insurer will have paid tax on the income and gains on the assets in the funds underlying the contract. There are rules that broadly treat the tax paid at source as being equal to the basic rate of income tax (20%) – this can be used to offset tax due on non-trading credit.

Using the above example:

- Gross up the gain: £7,662.97/(100-20%) = £9,578.71
- This is reported in the accounts as a non-trading credit and is taxed at 19%: £1,819.95.
- Tax treated as paid: £9,578.71 x 20% = £1,915.74 tax treated as paid.
- The tax treated as paid exceeds the tax due for this non-trading credit, therefore there is no further tax liability.

SUMMARY

If the company makes no disposals then no corporation tax would be levied year on year. The company can also choose the best time to encash the investment gain in order to reduce tax. For example, ABC Co could encash the bond during an accounting period when it has trading losses (or for example where they have made a substantial pension payment to the employee scheme, which has led to an overall loss), so that the gain from the bond can be offset against these losses and reduce their overall corporation tax liability.

So, using the historic cost basis, the value stated in the accounts would be the same as that shown at the start of the accounting period.
EXAMPLE B: BOND INVESTMENT, FAIR VALUE ACCOUNTING – NO ENCASHMENT/DISPOSAL

XYZ Co makes a bond investment of £150,000 at the start of their accounting year in April 2016 which increases by 5% each year. The company must account for the ‘fair value’ of the investment year on year.

<table>
<thead>
<tr>
<th>Accounting year</th>
<th>Value end of year</th>
<th>Tax rate</th>
<th>Gain in value</th>
<th>Tax due on ‘fair value’</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4/2016 – 31/3/2017</td>
<td>£157,500</td>
<td>20%</td>
<td>£7,500</td>
<td>£1,500</td>
</tr>
<tr>
<td>1/4/2017 – 31/3/2018</td>
<td>£165,375</td>
<td>19%</td>
<td>£7,875</td>
<td>£1,496</td>
</tr>
<tr>
<td>1/4/2018 – 31/3/2019</td>
<td>£173,644</td>
<td>19%</td>
<td>£8,269</td>
<td>£1,571</td>
</tr>
<tr>
<td>1/4/2019 – 31/3/2020</td>
<td>£182,326</td>
<td>19%</td>
<td>£8,682</td>
<td>£1,650</td>
</tr>
<tr>
<td>1/4/2020 – 31/3/2021</td>
<td>£191,442</td>
<td>19%</td>
<td>£9,116</td>
<td>£1,732</td>
</tr>
</tbody>
</table>

FAIR VALUE ACCOUNTING – FULL OR PART SURRENDER/DISPOSAL

If XYZ Co surrenders 50% of the rights under the contract policy on 5 October 2018 for £84,500 and the value immediately before the part surrender is £169,000, the value at 31 March 2019 of the rights under the contract retained by the company is £88,500.

Accounting period ending 31 March 2017: There is a non-trading credit of £7,500 (£157,500 – £150,000, the increase in value of the policy over the accounting period).

Accounting period ending 31 March 2018: There is a non-trading credit of £7,875 (£165,375 – £157,500).

Accounting period ending 31 March 2019: There is a non-trading credit on the part disposal on 5 October 2018 of £1,812.50, calculated as proceeds £84,500 less the proportion of the fair value of the contract at the previous account period end date relating to the part disposed of (50% x £165,375 = £82,687.50).

There is also an annual non-trading credit relating to the movement in value over the accounting period of the part of the contract retained: Value at 31 March 2019 (£88,500) less 50% x fair value at 31 March 2018 (£82,687.50) = £5,812.50.

In summary: There are non-trading credits totalling £7,625 (£1,812.50 + £5,812.50) for the accounting period ending 31 March 2019.

Offshore Bond

£7,625 will be accounted for as a non-trading credit for the accounting period.

£7,625 x 19% = £1,448.75 tax due. However, the company may be able to offset the liability against other non-trading losses.

Onshore bond

For an onshore bond, a UK insurer will have paid tax on the income and gains on the assets in the funds underlying the contract. There are rules that broadly treat the tax paid at source as being equal to the basic rate of income tax (20%) – this can be used to offset tax due on non-trading credit. The credit can’t be applied to annual non-trading credits arising on a contract owned by a company that uses fair value accounting. However, it does take account of the earlier credit in allowing relief when there is a subsequent disposal from the contract.

If we apply this to the accounting period ending 31 March 2019 above we have:

The partial withdrawal of £84,500 is a ‘related transaction’ so an allowance can be made for tax treated as paid. The gain on disposal is £1,812.50 and tax treated as paid is calculated as follows:

- £84,500 represented 50% of the rights under the contract at the time of the surrender. 50% of the original premium is £75,000. Therefore overall growth over the full period is £9,500 (£84,500-£75,000).
- Gross up the gain: £9,500/(100%-20%) = £11,875. This is reported in the accounts as a non-trading tax credit and taxed at 19%: £2,256.25.
- Tax treated as paid: £11,875 x 20% = £2,375.

This changes the summary position in the last year to show non-trading credits of £10,000. This is made up of £1,812.50 (the part surrender mid year) + £5,812.50 (the annual growth of the fund for the period) + £2,375 (the tax treated as paid).

£10,000 non-trading credit is added to the account for a year and is taxed at 19%: £1,900. The tax treated as paid (£2,375) exceeds the tax due for this non-trading credit, therefore there is no further tax liability.

Where the tax treated as paid exceeds the company’s liability, the excess is not repayable nor can it be set off against corporation tax in any other accounting period.
SUMMARY

So, unlike the historic cost basis, where the value stated in the accounts would be the same as that shown at the start of the accounting period, under the fair value basis the increased value of the investment is instead shown at the end of the accounting period. As a result, corporation tax would be payable on the increase in the value of the bond each year and the company would not have the same flexibility in choosing when to encash in order to reduce the overall corporation tax liability.

There are still significant benefits of investing in alternatives to cash in order to seek better returns/profits for the business. Investment wrappers can offer access to a broad range of investments whilst offering significant flexibility and simplicity for companies.

EXAMPLE C: CAPITAL GAINS MADE ON COLLECTIVES NOT SUBJECT TO LOAN RELATIONSHIP RULES

Money Co makes an investment of £200,000 at the start of their accounting year in April 2018 into equity-based investments which increase by 4.5% each year. If the company makes no disposals then no corporation tax would be levied year on year on the increase in capital value. Income in the form of interest would need to be accounted for on an arising basis. However, there is no further liability on dividend income.

On encashment, the capital gain is taxable as profit.

<table>
<thead>
<tr>
<th>Accounting year</th>
<th>Value end of year</th>
<th>Tax rate</th>
<th>Taxable gain in value</th>
<th>Tax due if disposed of in full</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4/2018 – 31/3/2019</td>
<td>£209,000</td>
<td>19%</td>
<td>£9,000</td>
<td>£1,710</td>
</tr>
<tr>
<td>1/4/2019 – 31/3/2020</td>
<td>£218,405</td>
<td>19%</td>
<td>£18,405</td>
<td>£3,496.95</td>
</tr>
<tr>
<td>1/4/2020 – 31/3/2021</td>
<td>£228,233</td>
<td>19%</td>
<td>£28,233</td>
<td>£5,364.27</td>
</tr>
<tr>
<td>1/4/2021 – 31/3/2022</td>
<td>£238,504</td>
<td>17%</td>
<td>£38,504</td>
<td>£6,545.68</td>
</tr>
<tr>
<td>1/4/2022 – 31/3/2023</td>
<td>£249,236</td>
<td>17%</td>
<td>£49,236</td>
<td>£8,370.12</td>
</tr>
</tbody>
</table>

*For illustrative purposes, a corporation tax rate of 17% has been assumed from 2021/2022 onward.

Partial disposals would be calculated using the formula: cost price x A/A+B where:

A = Proceeds
B = Market value of the part of the investment remaining

SUMMARY

Assets which don’t fall under loan relationship rules are treated similarly to those which are accounted for on the historic cost basis. Often there might be increased administration burdens on investments of this type – see page 6.

Please note that these examples are fictional and used for illustration purposes only.
Old Mutual Wealth and Quilter International are part of the Quilter group of companies, a leading provider of advice, investments and wealth management both in the UK and internationally. Quilter has an adviser and customer offering spanning:

- Platform-based wealth management products and services via Old Mutual Wealth in the UK and Quilter International globally
- Asset management solutions through Quilter Investors
- Discretionary investment management via Quilter Cheviot

The Old Mutual Wealth UK platform launched in its current form in August 2007 and is the core business in the UK.

Our platform is an innovative way to manage your clients’ investments online, in one place. It provides access to over 1,600 funds (with multiple share classes available on many of them). We also offer a range of tax-efficient ways to hold these funds, known as ‘product wrappers’.

Our platform in the UK offers the following products:

- ISA
- Collective Investment Account (CIA)
- Collective Retirement Account (CRA)
- Onshore Collective Investment Bond (CIB)

The ISA and CIA are provided by Old Mutual Wealth Limited. Old Mutual Wealth Limited provides and services investors’ accounts and gives them direct access to invest in a range of funds.

The CRA and CIB are provided by Old Mutual Wealth Life & Pensions Limited. Old Mutual Wealth Life & Pensions Limited provides and administers bond and pension products.

If you have any queries after reading this brochure, please contact:
Old Mutual Wealth Limited
Old Mutual House,
Portland Terrace,
Southampton
SO14 7EJ,
United Kingdom.

Quilter International Isle of Man Limited and Quilter International Ireland dac – collectively known as Quilter International – are premier providers of offshore bonds and market-leading solutions for investors globally.

Portfolio bonds can provide a wide range of benefits and are suitable for clients in many different circumstances. Quilter International has built an enviable reputation for technical excellence in international investment solutions and is on hand to help with complex scenarios.

Quilter International offers a range of portfolio bonds, suitable for different types of clients.

If you have any queries after reading this brochure, please contact:
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Old Mutual Wealth in the UK
Provides a range of investment products including pensions and ISAs, and protection products including life and critical illness insurance.

Quilter International
Isle of Man
A major force in the offshore marketplace, providing access to its sister company, Quilter International Trust Company.

Quilter International Ireland
Based in Dublin, offering investment solutions specifically designed for investors in Europe, including the UK.
COMPENSATION AND INVESTOR PROTECTION

Policyholder protection schemes are regarded as a safety net for life assurance company policyholders, allowing them to claim for compensation in the unlikely event that the life assurance company becomes insolvent. The rules governing schemes and specific rights for each policyholder vary from one jurisdiction to another, while in some jurisdictions there is no scheme at all.

OLD MUTUAL WEALTH UK CUSTOMERS

The UK has a compensation scheme, the Financial Services Compensation Scheme (FSCS) which covers the UK financial services industry. This is an industry-funded organisation which provides customers of financial firms with a safety net should any UK regulated firm be unable to meet its financial obligations.

The FSCS generally covers customers* of businesses that are authorised and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), the UK financial regulators. The FSCS may or may not apply to funds or firms domiciled outside of the UK, depending on their legal construction and whether they have bought top-up cover with the FSCS.

More information can be found at this link: https://www.oldmutualwealth.co.uk/globalassets/documents/literature-library/platform/isa/omw_pdf6035_protecting_your_money.pdf

QUILTER INTERNATIONAL ISLE OF MAN CUSTOMERS

A statutory scheme in the Isle of Man covers Quilter International Isle of Man policyholders. This compensation scheme is a result of the Isle of Man life assurance (compensation of policyholders) regulations 1991, which protect all investors whose policies were effected on or after 1 February 1991.

- Eligible investors in policies issued by Isle of Man authorised life assurance companies are protected, no matter where in the world they reside.
- In the unlikely event that a life assurance company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.
- The compensation scheme offers investors up to 90% of the policy benefit. For the purposes of the scheme this is calculated as the policy value, less any contractual charges associated with the policy. No monetary limit applies to the calculation of the policy benefit.
- This protection only applies if Quilter International Isle of Man is unable to meet its liabilities.

The Isle of Man has a capital adequacy regime in place and Quilter International Isle of Man only writes unlinked business, therefore there is always a close link between the value of the company's assets and the liabilities to its policyholders.

For full details regarding Isle of Man investor protection, please visit www.iomfsa.im

The value of a bond is linked to the value of bank deposits and investments, generally managed by third parties such as banks and fund managers. In the event that the provider of an asset, including bank deposits, fails, compensation will depend on the scheme in place where that provider is registered. Any compensation arrangements are likely to relate only to Quilter International Isle of Man's aggregate holdings across all affected policies, rather than to individual investors. As a result, investors may not benefit from any scheme.

Full details are available from Quilter International Isle of Man on request and they can be contacted at, Quilter Isle of Man Limited, Head Office: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles. Phone: +44 (0)1624 655 555 Fax: +44 (0)1624 611 715.

QUILTER INTERNATIONAL IRELAND CUSTOMERS

In Ireland there is no formal investor protection scheme. However, there are a number of regulatory measures in place to protect the policyholders of an Irish life assurance company. More information can be found at this link: www.quilterinternational.com/siteassets/documents/sales-aid/8314_ireland_investor_protection.pdf

* FSCS compensation may not be available to larger businesses looking to invest. It is important to understand eligibility prior to advising on an investment.
The value of investments can fall as well as rise and investors may not get back what they put in.

This document is based on Old Mutual Wealth’s interpretation of the law and HM Revenue and Customs practice as at December 2019. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change. The value of any tax relief will depend on the investor’s individual circumstances.