



Canada Life
International

Delta and Delta Discounted Trust Accounts **Client Guide**



Tax efficient investing for your future

Investing offshore

Why offshore investing can work for you.

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Fund choice

Where can you invest your money.

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Structure

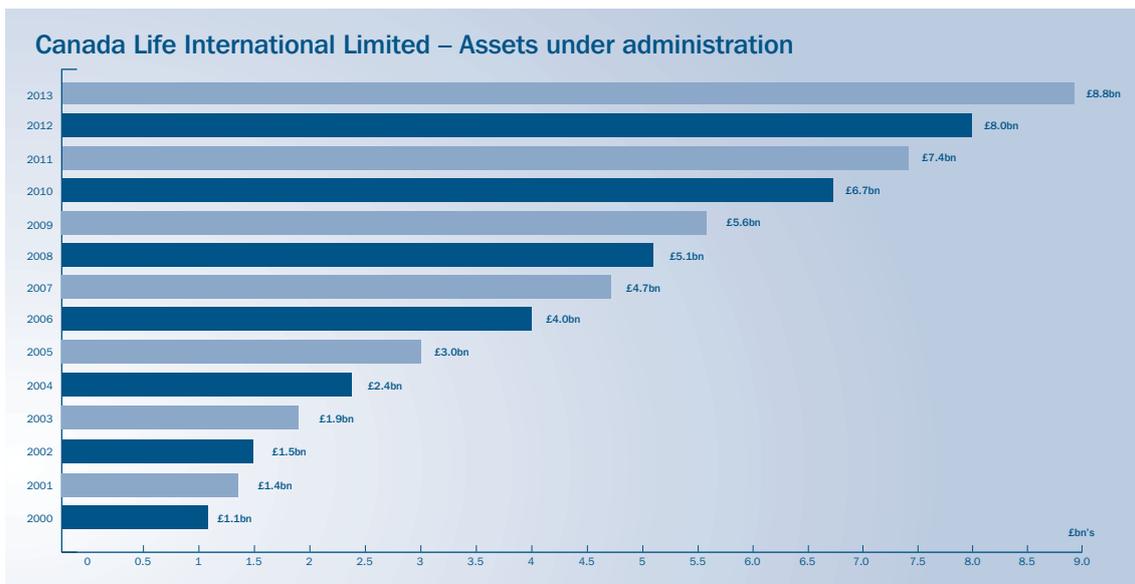
A quick run down of the main features of the Delta and Delta Discounted Trust Accounts.

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About Canada Life International

Canada Life International Limited (CLI) is based on the Isle of Man – a jurisdiction recognised for its stable government, strong regulatory controls and policyholder protection measures. CLI was established in 1987 and is the offshore operation of the Canada Life group.

In 1987 CLI was a founder member of the Association of International Life Offices (AILO) – an association of offshore companies supplying insurance and investment services in many areas of the world. The offshore market has grown dramatically and today member companies have more than £190bn of client funds under management, held within cross-border life insurance products*. This increase in popularity in offshore investment has been reflected in the growth of CLI.



Source: Canada Life International – 31/12/13

* Source: AILO – July 2014



Introducing the Canada Life International Delta Account and Delta Discounted Trust Account

The reason for investing offshore has not changed since offshore centres were first established; the ability to invest and benefit from growth in a tax-efficient environment. The underlying funds of the Delta and Delta Discounted Trust Accounts grow virtually free of tax (with the exception of withholding taxes on underlying dividends). By contrast, UK life assurance funds have to deduct taxes on an ongoing basis at a rate of 20% on non-UK income received within their fund and 20% on capital growth. The favourable tax treatment offshore means that your investment can enjoy the potential for higher returns as tax usually only becomes payable as money is withdrawn.

The Delta Account ('the policy') is designed to provide a tax efficient vehicle through which you can obtain capital growth, virtually free of tax. It can also be used to supplement your income by allowing tax-deferred cash withdrawals.

For an individual who has built up a substantial amount of capital in the UK, or who is UK domiciled, inheritance tax (IHT) can be a major issue, and for this situation we offer the Delta Discounted Trust Account ('the Account'). A Delta Account is wrapped in a specially designed trust allowing you to pass assets to your chosen beneficiaries, which lessens the effect of IHT, whilst continuing to take income from the investment.

There are two trusts available, Discretionary Trust and Bare Trust. IHT is a complex area and you should discuss this with your professional adviser before taking any action.

Simplicity, coupled with potential investment returns and a cost effective, tax efficient structure, are the key points to the Delta Account.

Delta Account can be held in sterling, US dollars and euro and accesses a wide range of sterling denominated funds as well as an additional selection of US dollar and euro funds.

The Delta Account may be suitable for investors:

- Who have at least £3,000 to invest
- Who are prepared to accept some risk to their investment

The Delta Account is less suitable for investors:

- Who prefer the certainty of interest earned from a bank or building society savings account

The Delta Discounted Trust Account may be suitable for investors seeking to:

- Invest at least £25,000
- Reduce or mitigate inheritance tax
- Gift capital to their chosen beneficiaries whilst retaining an income
- Retain an element of control over the destiny of capital

You also have the peace of mind of knowing that your CLI policy will be protected by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 in the unlikely event that we become unable to meet our responsibilities.

Where and how is my money invested?

The Delta Account and Delta Discounted Trust Account provide access to a wide range of funds from leading investment managers at the same time as enabling you to take advantage of the tax benefits of an offshore life assurance policy.

We produce an annual valuation which is sent to your professional adviser.

Fund choice

When making an investment, having a choice which covers the wide range of asset classes and fund types available in the market today is essential.

With a comprehensive range of professionally-managed internal and external investment funds to choose from, you can construct a portfolio with investment funds from Canada Life International Limited or from carefully selected funds managed by some of the world's best investment groups.

The Delta Account and the Delta Discounted Trust Account link to our Core fund range which provides choice across all investment types:

- funds investing in a single asset class, such as cash, fixed interest, property and equities
- funds investing in a mixture of some or many asset types
- specialist managers, multi-managers and fund-of-funds
- funds investing into a single geographic region and funds spanning the whole globe
- funds denominated in sterling, US dollar and euro

Whatever your investment needs, our carefully selected range of funds is designed to offer the solution you seek.

Funds per bond

Up to 10 funds can be chosen. The funds are linked to our CLI Core range of funds.

Fund switching

There may be times when you are unsure of the market at which time being able to switch into cash funds can be useful. You can then decide when the time is right to switch back into the market without having to encash your investment. Switching between investments is free of charge.

Depending on how the Delta Account is set up, either you, the trustees or the nominated fund adviser will be able to instruct us to switch from one fund to another at any time.

Instructions received in writing by 12 noon will be actioned on the next available dealing day.

We currently offer unlimited free fund switching.

Fund adviser

You, or the trustees, can manage your portfolio of funds or you can nominate a suitably authorised fund adviser allowing them to make investment instructions on your behalf.

Please note that past performance is not a guide to the future. The value of units can fall as well as rise. Currency fluctuations can also affect performance. The information regarding taxation is based on our understanding of current legislation, which may be altered and depends on the individual circumstances of the investor.

Can I take my money out?

Yes, but it depends on whether you have selected a Delta Account or a Delta Discounted Trust Account

Taking money from a Delta Account

There are a number of ways that you can take your money out, but be aware that taking money out will affect the amount you will get back in future. There is no charge for taking money out.

Paying fees to your professional adviser

- You can ask us to deduct amounts from your policy to pay any fees due to your professional adviser on your behalf.
- We can take an initial, ongoing or a one-off deduction should you request it and as we are facilitating these on your behalf you are able to stop, start or vary them as appropriate.
- Further details can be found in our 'Guide to paying your professional adviser – offshore' (form 6992).

Regular withdrawals

- You can withdraw regular amounts every year, every six months, every three months or every month. The minimum amount you can withdraw is £50 and you must leave at least £2,000 plus any outstanding charges in the policy.
- Regular withdrawals are taken equally across all sub-policies.

One-off withdrawals

- You can take a one-off withdrawal at any time. The minimum amount you can withdraw is £200 and you must leave at least £2,000 plus any outstanding charges in the policy.
- One-off withdrawals are taken equally across all sub-policies.

Sub-policy surrender

- The policy is issued as ten identical sub-policies. You can surrender any of these sub-policies at any time; however you must leave at least £2,000 plus any outstanding charges in the policy.

Full surrender

- You can surrender the policy in full at any time and we will deduct any outstanding charges from the amount returned to you.

Taking money from a Delta Discounted Trust Account

- The only payments that you can receive are the regular withdrawals selected at outset. The amount and frequency of these withdrawals cannot be varied or stopped during your lifetime.
- The trustees cannot make withdrawals, except for any ongoing adviser charge, or surrender the Account or sub-policies during your lifetime. They are able to make one-off withdrawals, regular withdrawals, sub-policy surrenders or surrender the Account in full after you or both of you (on a joint life account) have died.
- The trustees can ask us to deduct amounts from the Account as withdrawals to pay any fees due to a professional adviser for any ongoing advice they receive in respect of the trust. These are only available on an ongoing basis and one-off deductions are not available.
- Further details can be found in our 'Guide to paying your professional adviser – estate planning' (reference MKT649).

What happens to the money if I die?

For a Delta Account, we will pay £100 plus the surrender value of the units. If there are further lives assured, the death benefit is not payable until the death of the last life assured.

For a Delta Discounted Trust Account, the trustees will inform us of your death, or the death of the second of you on a joint life account, as your right to receive an income stops on death. The trustees will then decide whether to cash in all or part of the account by way of a one-off withdrawal, regular withdrawals, sub-policy surrender or full surrender and pay the money to the beneficiaries. Alternatively the trustees can choose to leave the account invested until such time as they want the funds distributed to the beneficiaries.

What are the charges?

The Delta Account has a choice of two charging structures and has been designed to be as flexible as possible. This allows you and your professional adviser to establish a Delta Account or a Delta Discounted Trust Account as a cost effective offshore investment vehicle.

We charge for managing your policy and the investments it holds which will affect its value. Charges may increase if the cost to us of managing your policy increases. We review these charges every year and recommend that you contact us or your professional adviser for a copy of the charges and fees on your policy.

Establishment charge

There are two options available which allow you to select an establishment charge that is paid up front or spread over five years on a monthly basis. You should talk to your professional adviser about which option is right for you.

Annual administration fee

You will pay this fee to cover the costs of the ongoing administration and reporting.

Fund management charges

Nearly all funds have a charge to cover the cost of running and managing the fund which is made by the fund manager. This charge is built in to the unit price which is provided to us by the fund managers.

Allocation rate

We use your investment to buy units in the funds you choose. Each fund is split into units of equal value. We allocate a certain percentage of your investment to buy units in the fund(s) you have chosen. This percentage is known as the allocation rate.

Your personal illustration shows the current charges applicable to you and their effect on your investment.

Fund advisers

If you or the trustees decide to appoint a fund adviser then they are likely to charge for their services. Fees can vary and the level will be agreed between you and your fund adviser. The fee may then be deducted from the policy by unit cancellation each quarter, based on the value of units at the end of each quarter when the fee is due.

Professional advisers

If you or the trustees decide to appoint a professional adviser (or advisers) then they are likely to charge for their services. Fees can vary and the level will be agreed between you and your adviser(s). You can request us to make deductions from your Delta Account and pay these fees on your behalf. For a Delta Discounted Trust Account, once set up the instruction for any deductions must come from the trustees.

Please refer to our 'Guide to paying your professional adviser – offshore' (form 6992) for an overview of the options available for the Delta Account and our 'Guide to paying your professional adviser – estate planning' (reference MKT649) for an overview of the options available for the Delta Discounted Trust Account.

What about tax?

This guide assumes that you are UK resident and domiciled for taxation purposes. If you are in any doubt about your tax status you should consult your professional adviser.

CLI is resident in the Isle of Man and pays no local taxes on the capital growth or income which accrue to our funds.

Income tax

If you fully surrender your policy, the surrender will be a chargeable event. Any chargeable event gain will be taxed at your highest marginal rate of income tax. Top slicing relief is available (you should speak to your professional adviser for further information on this relief).

The Delta Discounted Trust Account does not allow surrenders during your lifetime. If the trustees fully surrender the Account thereafter, this will be a chargeable event.

Tax on withdrawals

You can withdraw up to 5% of your premium each year for 20 years without any immediate liability to personal taxation. Unused amounts can be 'stored' for use in later years, including years beyond year 20. If you withdraw more than a total of 5% each year the excess will give rise to an income tax charge at your highest marginal rate. Again, top-slicing relief may be available.

The amounts being withdrawn will include any adviser charge deductions taken after the Account has been set-up.

For the **Delta Discounted Trust Account** the withdrawals are set-up at outset and cannot be varied during your lifetime.

Inheritance tax planning

Using the Delta Discounted Trust Account may mitigate or perhaps eliminate any inheritance tax liability and we have two trusts available; discretionary settlement and bare trust. These can be used during your lifetime for your financial planning needs and to make sure the benefits of the Account are paid to your chosen beneficiaries, via the trustees, when you die. Your professional adviser will be able to provide more information regarding inheritance tax for your personal circumstances.

Corporation tax

Funds held within offshore bonds such as the Delta Account do not pay corporation tax on income and gains within the fund, although withholding tax on dividends is paid and is not reclaimable.

Capital gains tax

Our funds are not liable to UK capital gains tax.

The information regarding taxation is based on our understanding of current legislation, which may be altered and depends on the individual financial circumstances of the investor. We recommend you consult with your professional adviser for more details about your individual tax position.

Service charter – your peace of mind

We are confident of our superior levels of service and to show our commitment to this we have published service standards and non-performance penalties as part of our 'Investment and Estate Planning Service Charter' (reference 6683) for the Delta Account and Delta Discounted Trust Account. Ask your professional adviser for a copy or call us.

Structure

Type of policy

The Delta Account is an offshore single premium life assurance policy issued by Canada Life International Limited and linked to units of the Canada Life International funds.

Currency

The Delta Account can be denominated in sterling, US dollar or euro.

Residency

Applicants must be UK resident.

Policyholder age limits

The minimum age for both the Delta Account and the Delta Discounted Trust Account is 18.

The maximum age for the Delta Account is 89.

The maximum age for the Delta Discounted Trust Account is 89.

Life assured

The maximum age for the youngest life is 79 for both the Delta Account and the Delta Discounted Trust Account.

Minimum/maximum investment

The minimum premium is;

£3,000 for a Delta Account.

£25,000 for a Delta Discounted Trust Account.

There is no maximum.

Top ups

Additional amounts may be added to the Delta Account at any time, subject to a minimum of £2,000. You cannot make any further payments to a Delta Discounted Trust Account.

Segmentation

For added flexibility, the Delta Account and Delta Discounted Trust Account are set-up as a number of identical sub-policies. This may help with your tax planning on encashment.

Next steps

This guide has been designed to give you information on the features of the Delta and Delta Discounted Trust Accounts in some detail. However, additional important information is also contained in the relevant Key Features document and your personal illustration.

If you have further questions, please speak to your professional adviser.

You can contact us at:

Address	Adviser Support Team Canada Life International Limited Canada Life House Isle of Man Business Park Douglas Isle of Man IM2 2QJ
Phone	+44 (0) 1624 820299
Fax	+44 (0) 1624 820398
E-mail	adviser.support@canadalifeint.com
Website	www.canadalifeint.com

Canada Life International Limited, the Delta Account and the Delta Discounted Trust Account offer you the flexibility, support and service to meet your changing needs.



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Canada Life International Limited, registered in the Isle of Man no. 33178. Registered office: Canada Life House, Isle of Man Business Park, Douglas, Isle of Man IM2 2QJ. Telephone: +44 (0) 1624 820200 Fax: +44 (0) 1624 820201 www.canadalifeint.com Member of the Association of International Life Offices.

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