

Premiere Account

Draft paragraphs for a Suitability Report

Important note to professional advisers:

These sample paragraphs are for your information and consideration only. It is your responsibility to make sure that any letters sent to your clients meet the requirements of your regulatory authority and that any recommendations made are appropriate for your client.

You may wish to refer to the FCA's guidance on the use of standard paragraphs in suitability letters, and the importance of reflecting factors specific to your client's circumstances:

http://www.fca.gov.uk/smallfirms/your_firm_type/financial/practice/letters.shtml

Introduction

I/We have explained and provided you with copies of my/our initial disclosure document and [Terms of Business] which we discussed and have been signed by both of us.

Following our latest meeting on [date], I/we recommend that you invest via the Canada Life International Limited (CLI) Premiere Account. The Premiere Account (the Account) is a single premium life assurance contract.

The Account is designed to provide the potential for tax efficient capital growth and an income if required over the medium to long-term, virtually free of tax.

I/We discussed the other options open to you including collective investments and the Premiere Account offers the best mix of tax efficiency and flexibility to match your needs and personal circumstances (which may change in the future).

I/We believe it is suitable for you, in light of:

- your personal and financial circumstances
- your needs and priorities as identified through our fact finding process, and
- your attitude to risk, both in general terms and to the specific area of need & recommendation.

The report indicates that you have [a capital sum of £amount available] [shares valued at £amount which you would like to sell] [unit trusts and OEICs valued at £amount which you would like to transfer to CLI] for investment over the medium to long term, to provide the following:

- [a combination of regular income and] potential capital growth
- deferral of income tax liabilities
- a choice of investment options from an open architecture solution
- regular withdrawals from the outset of the Account, and
- efficient administration and minimum paperwork.

Investment options

The Premiere Account offers full open architecture allowing you access to a wide range of investment options. You have access to:

- **Open fund range**

This allows you to invest in almost any investment fund from around the world and can include:

- Funds from the UK; unit trusts and Open Ended Investment Companies (OEICs)
- Investment trusts
- Exchange traded funds
- Cash holdings
- Hedge funds
- Other funds from recognised financial jurisdictions such as Bahamas, Channel Islands, Bermuda, Switzerland, Cayman Islands, Hong Kong and so on.

- **Platforms**

You are able to hold the assets on one or more investment platforms. Using platforms provides us/me with the ability to have an overview of your portfolio. This allows us to monitor your investments effectively and efficiently.

- **Discretionary management**

There is also the opportunity to appoint one or more discretionary investment managers. They have the ability to not only advise you on the investment choices, but also to execute investment decisions on your behalf, without prior consultation. This enables them to act quickly and take advantage of opportunities to help the Account grow and reduce time and effort taken by administration and monitoring.

The Premiere Account allows you to appoint multiple discretionary managers should this be suitable, without increasing the ongoing charges under the Account.

It is possible to change the underlying choice of funds, assets, platforms and discretionary managers within the Account during the life of the investment. This is a benefit of using an offshore bond such as the Premiere Account.

There are some restrictions as to what can be held within the investment and CLI has a dedicated Investment Governance Team who can assist in determining whether any proposed asset is acceptable. With thousands of assets available, the choices are based on what CLI, as a registered Isle of Man Life Assurance Company, is permitted to hold on your behalf.

Segregated Portfolio Service

There is also the opportunity to appoint a Segregated Portfolio Service manager. They will have access to a wider choice of investment options but you will have to be willing to give up all investment decision making to them. **(As you do not want to give up all investment decision making to your Discretionary Fund Manager, this service is not suitable for you).**

I recommend the following investments for this Account:

- [insert chosen investments]

Full details of the appropriate investment charges are shown on your personal illustration.

Past performance is not a guide for the future and the value of units can fall as well as rise. Currency fluctuations can also affect performance.

Timescale

The Account is a whole of life assurance contract with no maturity date. It is issued as a number of separate policies and will remain in force until the last policy is surrendered or the death of the last life assured.

Tax advantages

Because CLI is based in the Isle of Man, it pays no local taxes on the capital growth or income which accrue to the funds. However, withholding tax may be charged on certain investments, and this cannot be reclaimed.

This means that if there are any chargeable gains from the Account, you will have an income tax liability at your highest rate of tax. You may pay higher rate or additional rate tax if it is applicable to your personal circumstances.

A chargeable gain can arise if the withdrawals from the Account exceed the cumulative 5% annual withdrawal allowance or on the death of the last life assured, or if the Account is surrendered.

This 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.

Withdrawals

Your priority is the potential for capital growth but you also require an income of [x%] each year, which will be provided by regular withdrawals from your Account.

The amount and frequency of the regular withdrawals can be varied if required.

Charges

As discussed with your professional adviser/me, your policy will use the Premiere Account Option 1/Option 2 /Option 3 charging structure.

(Delete as appropriate)

Option 1 – At outset, CLI will take a charge for setting up the Account. This option is best suited to your financial needs because there are no ongoing quarterly establishment charges.

Option 2 – An establishment charge is deducted quarterly from the Account over the first five years.

With Option 2, if the policy is surrendered in the first five years, the value of the units (at the next valuation date) less any outstanding fees and establishment charges will be payable. This option is best suited to your financial needs as it allows you to spread the initial costs over a five year period and offers a full 100% allocation rate.

Option 3 – There is no initial charge for CLI. A quarterly management fee is deducted in arrears with the level dependent on the investment and is based upon the greater of the value of the policy or cumulative premiums. An administration fee is payable at the end of each calendar quarter.

Full details of the charges appropriate to the funds you have chosen are shown on your personal illustration.

Risk warnings

The Premiere Account is intended as a medium to long term investment of at least five years.

It is important to note that if the investment growth after charges is less than the withdrawals being taken, capital will be used in making these payments which will reduce the value of the Account. Please be aware that if you cancel the Account within the first 30 days, you may get back less than you paid in. Further information about your right to change your mind can be found in the Premiere Account Key Features document.

[If you are selling shares or transferring unit trusts and OEICs to CLI, this will be a disposal for capital gains tax purposes. Depending on your personal circumstances this may mean that you will pay tax on that transaction.]

Why Canada Life International Limited

CLI was established in 1987 and is based in the Isle of Man, a jurisdiction recognised for its stable government, strong regulatory controls and policyholder protection measures. CLI continues to receive strong ratings from specialist agencies in relation to financial strength, unit-linked business and commitment to service.

Since formation, CLI has continually developed expertise in providing wealth management solutions for UK and International clients alike. The combined assets under administration for CLI and its subsidiary, CLI Institutional Limited, are £18.8bn (as at 31 December 2020). CLI works in close partnership with some of the world's largest investment specialists.

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.

In July 2003, CLI became a subsidiary of the Great-West Life Assurance Company which is owned by Great-West Lifeco Inc. The Great-West Lifeco Inc Group of companies serve the financial security needs of individuals and organisations in Canada, the United States and Europe, providing retirement savings and income plans, as well as comprehensive protection contracts for individuals and families. With assets under administration of £1.149 tn (as at 30 December 2020) Great-West has been given AA financial strength ratings from both Fitch Ratings and Standard & Poor's (as at 30 December 2020).

AKG 5-star rating

AKG is an actuarial consultancy specialising in the provision of information and market assistance to the financial services industry. Each year, AKG representatives visit the head offices of a number of investment companies. From an offshore investment perspective, every major insurer that operates in an offshore jurisdiction takes part in the assessment. The AKG ratings, whilst considering the financial strength of the parent group, focuses on assisting intermediaries on evaluating the strength, solvency, business processes and practices of companies such as Canada Life International Limited.

The 2020 report reaffirmed that CLI is a key player in the offshore investment market and remains amongst the leading offshore providers. Furthermore, CLI was the only offshore insurer to have maintained an overall 5-star Annual Review rating for the eighteenth consecutive year.

Quality of service

Should you not receive a first rate service from CLI then you have the peace of mind of being protected by its investment and estate planning service charter. This provides you with monetary compensation should it not deliver on the promised response and processing times detailed within the service charter.

Fees

As discussed, for reviewing and analysing your personal and financial objectives and arranging this investment we will be charging a fee of £xxx/x.x%. As part of the application form you have asked CLI to deduct this amount from the payment you have made and they will fulfil this request and arrange for £xxx/x.x% to be paid to us on your behalf.

In addition to this, to pay for the ongoing service that we will provide we will make a charge of £xxx/x.x% each year. You have requested CLI deduct this amount from the investment and pay it to us on your behalf.

Full details of the charges appropriate to the investments you have chosen are shown on your personal illustration.

Closing

You have already received the Key Information Document(s) and personal illustration for the proposed. These contain full details of the features, benefits, charges and any risks.

I/We consider that the Premiere Account is the most suitable product for your financial needs and that Canada Life International Limited is the most appropriate product provider.

It is important to let us know of any changes to your personal circumstances. For example, if there are any changes to your address, employment or family circumstances please contact [name] in order that your report can be revised and any circumstances identified.

Please sign and return the attached copy of this letter, in the prepaid envelope enclosed, to confirm that you have read the letter and accept the contents.

Thank you for your application.



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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