



Key Features of the Controlled Access Account

This Key Features booklet provides a summary of the key features of the Controlled Access Account (the 'Account').

Canada Life International Limited ('CLI', 'we', 'us', or 'our'), provides you with this information to help you to decide whether the Controlled Access Account is right for you.

In the UK, the Financial Conduct Authority ('FCA') is a financial services regulator. Although we are not authorised or regulated by the FCA, we are required to make available important information to help you decide whether the Controlled Access Account is right for you.

You should read this booklet carefully, together with the Key Information Document, your personal illustration and the relevant Fund Information Guide(s), so that you understand what you are buying, and then keep these documents safe for future reference.

If you still have questions about the Controlled Access Account after reading this booklet, your Financial Adviser should be able to help. You may be charged for any advice given.



The Controlled Access Account

The Controlled Access Account is a series of international single premium investment linked life assurance policies with varying maturity dates, wrapped in an absolute trust for the eventual benefit of two specific named beneficiaries - a child beneficiary, who is entitled to 99% of the trust value and an adult beneficiary, who is entitled to 1% of the trust value.

It is designed for someone who wants to secure the financial future of a child, while reducing their potential inheritance tax (IHT) bill at the same time.

Its aims

What the Controlled Access Account is designed to do:

- To allow you to make a gift into trust and potentially reduce your IHT liability by the amount of your investment
- To allow you to name a child beneficiary (who will benefit from 99% of the trust) and an adult beneficiary (who will benefit from 1% of the trust)
- To limit access to the capital of the trust, allowing the trustees full control over when the beneficiaries can receive payments from the trust and to ensure the child beneficiary does not automatically receive all of their entitlement at age 18
- To provide the potential for long term capital growth of the trust assets outside of your estate and free of inheritance tax, by offering access to a very wide investment universe
- To let the trustees vary the choice of the linked investments over time to match any changes in your beneficiaries circumstances or the trustees attitude to investment risk
- To come to an end on the earlier of the maturity of the last policy, or on the death of the life assured

Your commitments

What we ask you to do

- To satisfy yourself that you understand the features and the risks of the Controlled Access Account so that you can decide whether it is likely to meet your needs and expectations
- To permanently gift £50,000 or more to the trustees of an absolute trust and to instruct the trustees, through the trust deed, to invest in a series of life assurance policies issued by us
- To regularly review your circumstances with your financial adviser so that your Account continues to meet your needs
- To keep us informed of any future changes of address so that we can keep in contact with you

Risk factors

What you need to be aware of

- The value of your Account is not guaranteed and can fall as well as rise. The past performance of your/the trustees choice of linked investments is not a guide to their future performance. This means your beneficiary may get back less than you invested or less than the amount shown in your personalised illustration
- Some linked investment options have higher levels of risk than others (and potentially higher rewards) and their performance is likely to be more volatile as a result. It is important to regularly review your attitude to risk with your financial adviser so that your Account performs in line with your and the other trustees expectations
- Some linked investment options may be less accessible than others during adverse market conditions (for example where an investment may be difficult to liquidate at short notice, such as commercial property) and this may impact on our ability to pay the individual policy maturity proceeds
- Where your Account is linked to investments in a currency that is different to your Account currency, there may be additional investment risk due to exchange rate fluctuations
- If you exercise your right to cancel the Account within 30 days, the trustees may get back less than you invested
- Your Account includes a cash transaction account from which all fees and Account charges are deducted. It is important that this is monitored to maintain a positive balance. If your cash transaction account becomes overdrawn, then it will attract debit interest. Please refer to our document 'Tips on how to manage your cash account' (reference 6934) for more information
- If you were to die within seven years of setting up the Account, your initial investment may become chargeable to IHT at the full rate. Some reduction in the amount of IHT payable may be available if you were to die more than three years after the Account commences

- The effect of our charges could be higher than shown in your personalised illustration
- If the Trustees take more out of the Account than originally planned, then the value of the Account may be less than indicated in your personalised illustration
- In the event that the IOM policyholder's compensation scheme is enacted because of the insolvency of another Isle of Man insurer, we may be asked by the Isle of Man Financial Services Authority to pay a levy to fund the scheme. We reserve the right to deduct this levy from your Account, which could total up to 2% of the Account value at the time
- Tax legislation and insurance regulation could change in the future, or you, the Trustees, or your beneficiary may change residence, which may affect the future tax treatment of this Account

Other documents you should read

Before you invest, please read the following documents, which are all available from your financial adviser or direct from us. Our contact details are in the 'How to contact us' section of this document.

- The Controlled Access Account Key Information Document
- Fund Information Guide(s) for each of your investment choices
- The Controlled Access Account Policy Provisions. These are the full terms and conditions of the Account
- The Controlled Access Account Client Guide

Questions and Answers

What is the Controlled Access Account?

Each Account is made up of the following elements:

- An absolute trust to which you make a permanent and irreversible gift of the amount available for investment. The trust must have two named beneficiaries which cannot be changed – the child (who benefits from 99% of the trust fund) and an adult beneficiary who cannot be the donor (who benefits from 1% of the trust fund). This dual beneficiary approach helps to limit the child beneficiary's access to the remaining policies once they reach the age of 18
- The trustees invest your gift into a series of international single premium investment linked life assurance policies with varying maturity dates, issued by us. Each individual policy must have a minimum premium of £2,000, and there can no more than 99 individual policies in total

The trustees are the owners of the Account and are responsible for the day-to-day decisions regarding the individual policies that make up the Account, including deciding when each of the individual policies are to mature.

To retain maximum flexibility, it may be advisable to arrange for all the policies to mature prior to the child beneficiary's 18th birthday. This is because until the child beneficiary reaches age 18, the Trustees can decide to defer some or all the maturing policies to a future maturity date if there is no need to release the funds at the time. Deferred policies are given new maturity dates which must be no later than the Account anniversary immediately following the 49th birthday of the child beneficiary. The trustees may choose the maturity dates to coincide with the age at which they want the child beneficiary to benefit from the trust fund. However, once the child beneficiary reaches age 18, all maturing policies must be paid to the beneficiaries when they fall due; the trustees no longer have the power to defer payment.

The person making the gift to the trust (the donor) must be aged between 18 and 89. This can be you alone, or you and your spouse. There must be at least two individual trustees appointed, who must be over 18 and UK resident and can include the donor. A corporate trustee can be appointed instead of individual trustees, if required. The child beneficiary must be no older than 17 at the outset and will be nominated as the sole life assured on the Account.

The minimum amount you can invest is £50,000 and there is no maximum amount. Once the Account is set up you cannot add any further amounts to it, although you are able to open more than one Account.

Is the Controlled Access Account suitable for me?

This Account may be suitable for you if:

- You are aged between 18 and 89, have £50,000 or more to invest and are prepared to accept a degree of investment risk on your money
- You want to make an outright gift to your chosen beneficiaries at outset
- You are looking for a yearly payment to be made to the beneficiaries, for example to pay for education fees
- You don't want the beneficiary to have immediate access to all the remaining trust fund when they reach age 18
- You want to invest your gift to generate tax efficient capital growth over time
- You are looking for access to a very wide range of collective investment schemes or permissible assets in which the trustees can invest
- You have already considered and/or utilised other tax-free investments/savings ways to invest

Who is the Controlled Access Account not suitable for?

This Account will not be appropriate if:

- You do not want to permanently give away ownership of your investment to a trust
- You are not prepared for the trustees to take any investment risk or want a guaranteed return
- You might want to change the trust beneficiaries in the future
- You are a US national/citizen

Do I need advice?

We are an insurance provider and cannot give personal recommendations about the products we offer. We recommend that you engage with a financial adviser to discuss your financial objectives, to identify the most suitable solution to meet your needs. If you do not have a financial adviser, you can find one local to you by using the following website: www.unbiased.co.uk

Trust registration

As your Account is to be issued in trust, the Trustees have an obligation to register the trusts with the UK Trust Registration Service (TRS) (within 90 days of each trust's creation). Full details of how to register a trust can be found on the following dedicated website: UK HMRC TRS website: www.gov.uk/guidance/register-a-trust-as-a-trustee

Where is my gift invested?

The trustees make the initial decision and any future decisions as to which fund or funds to invest into.

Each fund is divided into equal parts called units and we use your premium to buy as many units as possible in the trustees' chosen funds.

Subject to our consent, the trustees can nominate a fund adviser to make the investment decisions. They must hold an appropriate authorisation or approval from their regulator to perform this role.

Alternatively, upon the completion of the necessary documentation which can be requested from us, the trustees can nominate a single trustee to make these investment decisions.

We offer a wide range of funds which the trustees can invest in to suit their needs. There is no maximum number of funds.

In addition to the fund range offered by us, the trustees can choose from a wide range of collective investment schemes and cash deposits. The document 'Your guide to investment funds at Canada Life International Limited' (reference 6815) provides further information on the different types of funds that are available. This guide is available to download from our website; www.canadalifeint.com. The trustees should seek advice from their professional adviser as to which is the most suitable investment for them, for which there may be a charge.

We recommend that the trustees seek advice from their financial adviser for the most suitable investment strategy for them, for which there may be a charge. The trustees can choose from a very wide range of investments, including collective investments and cash deposits. The document 'Your guide to investment funds' (reference 6815) provides further information on the different types of permissible assets that are available. This guide is available to download from our website; www.canadalifeint.com. Although there is a very wide choice of investments, we do limit the choice to ensure that your Account is not classified as a 'Personal Portfolio Bond'. This is to avoid you becoming liable for an annual UK Income Tax charge, which could be substantial.

There is no maximum number of investments that the trustees can link the Account to.

For the investments the trustees choose to link to the Account, we will allocate a number of units to the Account, based on the price of those investments at the time. The ongoing value of the Account will be the current value of all the units linked to it.

Fund adviser and Discretionary Fund Manager

The trustees can actively manage the choice of investments linked to the Account if they wish.

The trustees can nominate a financial adviser as the ongoing investment adviser (providing they are suitably qualified), allowing them to make the day-to-day investment decisions on their behalf.

The trustees can outsource the investment decisions to a discretionary fund manager ('DFM'), although the DFM cannot be the trustees financial adviser. We already have agreements in place with many existing DFM companies and you can find more information on DFM's on our website www.canadalifeint.com

Segregated Portfolio Service

Our Segregated Portfolio Service opens the possibility of allowing the trustees to consider an even wider range of investment options than would normally be available to an international life assurance product.

To use this service, for which there is an additional charge (please refer to the 'What are the Charges?' section of this document for details), the trustees need to appoint a suitable DFM, and the DFM will need to have an agreement with us. The DFM can step outside of the normal Her Majesty's Revenue and Customs ('HMRC') rules that would otherwise limit the types of investments that can be linked to international bonds, without falling foul of the UK 'Personal Portfolio Bond' rules – but only if they manage the underlying investments without influence from you, the trustees or your financial adviser.

What is the Cash Transaction Account within the Account for?

All Controlled Access Accounts are set up with a Cash Transaction Account. The Cash Transaction Account is used to pay all the Account charges, which may include any ongoing adviser charges due.

If there's not enough available funds in the Cash Transaction Account to meet any deductions, we may need to sell units in the linked investment with the highest value that can be sold without notice and penalty.

More information on the cash transaction account and how it works can be found in your Policy Provisions.

Questions and Answers

What are the charges and what are they for?

There are a number of different charges that may be deducted from your Account. The extent to which these charges apply to your Account will be based on the options you choose. Your personalised illustration will show how the charges will affect your Account based on the amount you invest, example growth rates and the charging options you've chosen. It will also detail any Adviser Charges you have asked us to pay on your behalf.

Charge name	Description	
Establishment Charge	A quarterly charge we deduct for setting up your Account. At the outset, you must choose one of the charge options that will apply for the lifetime of the Account:	
	Option 1	Option 2
	A one-off up-front charge of 1.5% of the premium paid deducted as a single fixed amount from your premium immediately after it is invested in the Account.	An ongoing charge of 0.089% of the premium taken quarterly for five years. The total charge deducted equates to 1.78% of the premium paid.
Administration fee	An ongoing quarterly charge we deduct for administering your Account. The charge amount can be increased by us in future based on the rate of inflation in the Isle of Man. The amount of the Administration fee is currently £197.85 each quarter.	
Full Surrender charge	A one-off charge that may apply if you fully surrender your Account or any of the policies that make up the Account. The extent of any full surrender charge will depend on the Establishment Charge option that you choose and the length of time your Account has been in force:	
	Initial Charge Option	Ongoing Charge Option
	There is no full surrender charge with this option.	If you fully surrender your Account or any of the policies that make up the Account within five years of the investment of any premium, we will deduct a full surrender charge equivalent to any outstanding Establishment Charge.
Transaction fees	We charge a transaction fee for every individual purchase and every individual sale of any underlying investment linked to your Account. If you switch from one underlying investment to another, this results in two separate transaction fees – one for the sale and another for the subsequent purchase. Transaction fees are deducted from your Account on calendar quarters.	
	In addition to the transaction fees detailed below, any payment made by us to a bank account in direct settlement of a deal to any of the following, will incur a bank transfer charge of £21:	
	<ul style="list-style-type: none"> the manager of a collective investment scheme a Platform a DFM the purchase of an external cash asset, such as a bank account or fixed deposit 	
	No charge	Sale or purchase of any Canada Life International Limited (CLI) Money fund
	£21.50	Sale or purchase of any Canada Life International Limited (CLI) International Core Fund range
	£25.60	Sale or purchase of any external cash asset (such as a bank account or fixed deposit)
£43.75	Sale or purchase of any other asset type. We will also pass on to your Account any safe custody fees or any other external stockbroker fees applicable based on your choice of underlying assets. Details of specific charges are available on request.	

Continued over

Charge name	Description
Fund Manager Charges	<p>The manager of any underlying assets linked to your Account may apply initial charges and/or ongoing annual management charges to cover the costs and expenses of managing the assets. Where an initial charge applies, this will be deducted from your premium before it is invested. For ongoing annual management charges, you will not see these as deductions from your Account because they are already allowed for in the price of the underlying asset.</p> <p>Your financial adviser will provide you with details of the fund manager charges that apply to your choice of investments.</p>
Segregated Portfolio Service Charge	If you choose to invest in our Segregated Portfolio Service, we deduct an ongoing quarterly administration charge of 0.05%pa based on the value of your Account.
Adviser Charges	We can make deductions from your Account to pay your financial adviser for the advice that they may have given you, and to pay your fund adviser or discretionary fund manager (if appointed). These deductions will only be made based on a direct instruction from you. If at a future date you wish to alter the level of these payments, please contact us at the address shown in the 'How to contact us' section of this document.
Discretionary Fund Manager/Platform fee	Where you choose to nominate a discretionary fund manager or use a platform there may be additional fees deducted from the portfolio of assets held. This is not an explicit deduction from your cash transaction account, but is reflected in the ongoing value of the assets managed by the discretionary fund manager/platform.
Other charges for additional services	<p>Endorsement charge - Where it is necessary for us to endorse your Account for whatever reason, we deduct a one-off charge of £250 from the Account.</p> <p>Assignment charge - Where you ask us to assign individual policies or the Account to a new Account owner, we deduct a one-off charge of £250 from the Account.</p> <p>UK inter-bank payments - When making payments from your Account, we may charge a fee depending on the method of payment you choose. We do not currently make a charge for inter-bank payments made by Bankers Automated Clearing Service (BACS), but we do make a charge of £21 for any payments made by the faster Clearing House Automated Payment System (CHAPS).</p> <p>Overseas inter-bank payments - We will pass on any charges applied by our bank and the recipient bank.</p> <p>Foreign exchange charges - If you pay a premium to your Account or ask us to send a payment from your Account in a currency other than your Account currency, we will use an exchange rate determined by us at the time that may include an element of profit for us.</p> <p>Isle of Man Policyholders Compensation Scheme, or similar levy - We reserve the right to impose an additional charge to cover any levy, duty, tax, or other charge that may be imposed on us or the account holder by any government, statutory or regulatory agency or authority including, but not limited to, any levy imposed on us under the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 (as amended from time to time), or otherwise.</p>

Questions and Answers

What if my country of residence changes?

Your personalised illustration is based on your present country of residence. If you, the trustees, or the beneficiaries become resident in a different country after the Account is set up, please tell us immediately. If you, the trustees, or the beneficiaries intend to move permanently to another country, we strongly recommend that you seek independent financial advice before making the move so that you can fully understand how the move will affect the way your Account is treated in your new country. In most instances we can continue to administer the Account without any changes, but there may be countries in which we are prohibited from conducting business and this may limit what actions you can take on the Account and may even require termination of the Account.

What might the beneficiaries get back? Is there any guarantee of Account value?

The value of the Account is not guaranteed; it can fall as well as rise and your beneficiaries may get less back than invested.

Can I take my money out of the policies?

No, only your chosen beneficiaries can benefit from the Account on each of the individual policy maturity dates.

Can you pay fees to an adviser?

We can pay an initial fee to the introducing financial adviser from your investment before it is applied to the Account, but due to the nature of the product we are unable to facilitate any ongoing or one-off adviser charge deductions.

If the trustees appoint a fund adviser, we can deduct their ongoing fees from the Account.

What happens when the life assured dies?

In the event of the death of the life assured, we will pay the death benefit to the trustees. The death benefit is the unit value of the Account at the time, less any outstanding fees and charges plus £100.

How is a death claim made?

To make a claim the trustees can contact either their financial adviser or our claims department at the address shown in the 'How to contact us' section of this document. We will advise the information and documentation we require to process the claim.

We will pay the death benefit when all the underlying investments have been settled and all the required documentation has been received by us.

Which taxes are applicable?

The following information is based on our current understanding of relevant legislation (which may be subject to change in the future), and assumes that you, the trustees, and the beneficiaries are all UK resident and domiciled for taxation purposes. If you are in any doubt about your tax status you should consult your financial adviser.

Corporation tax

We pay no corporate taxes in the Isle of Man on the capital growth or income which accrue to any of the underlying assets linked to your Account.

Capital gains tax

Any investment gains made because of switching the underlying investments choices within the Account do not give rise to a UK capital gains tax liability.

When any of the policies that make up the Account mature, they are not subject to Capital Gains Tax but may be subject to income tax.

Income tax

UK resident Controlled Access Account beneficiaries are assessed under income tax when certain transactions occur. These transactions are known as chargeable events and if a chargeable event occurs, a chargeable gain calculation is made to establish if any income tax is payable. The main chargeable events are:

- On the maturity of each of the individual policies that make up the Account
- If the Account comes to an end because the Life Assured dies and the death benefit becomes payable

If a chargeable gain arises it will be assessed to income tax on the beneficiaries at their highest marginal rate of income tax at that time. If the child beneficiary is a minor and if the donor is the parent, it would fall on the donor and the adult beneficiary. Top-slicing relief is available.

Is the 5% tax deferred allowance available?

No. The only benefits payable from the Account are each of the maturing policies and the death benefit.

Inheritance tax

Inheritance tax (IHT) is complex, and we strongly recommend that you seek financial advice before taking any action that may impact on your IHT position. Your gift at the outset to the trustees is a gift to an absolute trust and as such should be regarded by HMRC as a potentially exempt transfer ('PET') for IHT purposes. If you survive seven years from the date of the gift, then the PET should be fully exempt from IHT.

If you were to die within seven years of the making of the PET, the PET will become a chargeable transfer and IHT may become payable. However, any IHT payable (that is assuming that the entire PET does not fall within your available IHT nil rate band) will be reduced by taper relief if you die more than three years after the date of the chargeable transfer. Taper relief has the effect of reducing the rate of IHT payable from 40% to as little as 8%, depending on when you were to die within the seven-year period.

How can I find out the current value of the Account?

If you and the trustees register for a MyAccess account through the 'Log in' link on our website:
www.canadalife.co.uk

You can obtain an indicative Account value at any time. We will provide you with quarterly transaction statements which show the ongoing value of the Account. You and the Trustees can also contact us at any time to obtain an indicative value, although please note that any values we provide are not guaranteed.

Can I change my mind?

Yes, under Isle of Man insurance regulation, you and the trustees have the right to cancel your Account within 30 days of receipt of your documents.

To exercise your right to cancel, please complete and return to us the cancellation notice provided to you with your Account documents. You can also cancel your Account before you receive your documents by contacting us or your financial adviser. On acceptance of your cancellation notice, we will refund the premium invested, less any payments already paid to your financial adviser, fund investment adviser or discretionary fund manager and less any fall in the value of your underlying investments. Should a rise in investment value occur, we will retain the surplus and only the premium invested will be returned. This means that the refund you receive may be less than your original premium.

Please be aware that if you choose to cancel an Account that is linked to a deposit which has a term of more than 30 days, or is linked to a fund which deals infrequently, then we may delay the repayment of the part of your Account linked to the deposit or fund described above until the deposit matures or the dealing date of the fund is reached, and full settlement is received by us.

Contact

If you have any questions regarding your Account, we recommend that you contact your financial adviser in the first instance. Where this is not possible, you can contact us in the following ways:

Call us:

+44 (0) 333 015 1382



Email us:

focus@canadalifeint.com



By post:

Canada Life International Limited
Canada Life House
Isle of Man Business Park
Douglas
Isle of Man
IM2 2QJ



Online:

www.canadalife.co.uk



Further information

Making a complaint

If you need to complain about any part of the service we have provided, please contact us, using the details in the 'Contact' section. If you are not happy with our response you have the option to refer it to the Isle of Man Financial Ombudsman, which is an independent body that can consider your complaint and our response impartially to reach a conclusion.

You can contact the Financial Services Ombudsman as follows:

Financial Services Ombudsman Scheme for the Isle of Man
The Slieau Whallian
Foxdale Road
St John's
Isle of Man
IM4 3AS

Phone: +44 (0) 1624 686500

E-mail: ombudsman@iomoft.gov.im

Website: www.gov.im/oft

Referring a complaint to the Ombudsman may preclude you or the Trustees from taking legal proceedings.

What law applies to the Account?

The Controlled Access Account is issued in the Isle of Man and is subject to Manx Law.

Is there any investor protection available with the Account?

Yes, CLI Account holders are protected by the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991.

Under these regulations, if we cannot meet our obligations to Account holders because we have become insolvent, you may be entitled to compensation from the Isle of Man Financial Services Authority of an amount of up to 90% of our liability under the Account.

The Isle of Man Policyholders Compensation Scheme provides protection to all Account holders, no matter where they live.

The Isle of Man Policyholders Compensation Scheme is funded by a levy contribution imposed on all authorised Isle of Man Life Assurance Companies.

If a levy contribution is imposed on us because of the insolvency of another authorised Isle of Man Life Assurance Company, we reserve the right to deduct such levy contribution from the Account value at the time.

The total amount of any levy contributions required to be paid will not exceed 2% of the Account value at the date on which the insolvent insurer became insolvent.

Further information regarding the Isle of Man Policyholders' Protection Scheme is available from the Isle of Man Financial Services Authority's website at: <https://www.iomfsa.im/consumer-material/compensation-scheme-life-assurance/>

What protection is there for investments linked to the policies?

The individual investments an Account is linked to are not covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, as these regulations only apply to an authorised Isle of Man life assurance company which has itself become insolvent.

The compensation offered for an individual investment depends upon what type of investment vehicle or structure is involved (that is, whether it is a unit trust, a cash deposit or other), what jurisdiction the investment vehicle or structure is constituted under and whether it is authorised by a regulatory body.

Therefore, where there is concern about the level of compensation offered for an individual investment, we would recommend contacting the individual organisation whose investments are being considered.

Some compensation schemes in other jurisdictions have a maximum amount they will pay out to each client of the investment in question. As the underlying investments belong to us, there will only be one holder of each investment, and although several investors may have their policies linked to a particular investment, the compensation scheme would only treat us as a single investor. Therefore, any compensation received would have to be split between all of our relevant Account holders – as would be the case with any life assurance or other company in this situation.



Canada Life International Limited, registered in the Isle of Man no. 033178C. 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.canadalife.co.uk/canada-life-international Member of the Association of International Life Offices.

Canada Life International Limited is an Isle of Man registered company authorised and regulated by the Isle of Man Financial Services Authority.

Canada Life and design are trademarks of The Canada Life Assurance Company.



This paper is made from recycled materials