



Delta Account

Draft paragraphs for a suitability report

These sample paragraphs are for your information and consideration only. It is the responsibility of advisers to make sure that any letters sent to clients meet the requirements of the regulatory authority and that any recommendations made are appropriate for the client. No liability is accepted by Canada Life International Limited in connection with the use of any of these suggestions.

Introduction

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

Following our latest meeting on [date], I/we recommend you invest in the Canada Life International Limited (CLI) Delta Account. This is a single premium life assurance contract which is commonly referred to as an international investment bond as the provider, CLI, is based on the Isle of Man.

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 Delta Account offers the best mix of tax efficiency and flexibility to match your personal circumstances, although these may change in the future.

I 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 to] [shares valued at £amount which you would like to sell and] invest over the medium to long term, and are looking for an investment to provide the following:

- a combination of regular income and potential capital growth;
- deferral of income tax liabilities;
- a choice of investment funds from the CLI Core fund range;

- a choice of investment managers for those funds;
- unlimited free fund switching;
- ability to withdraw capital sums on demand; and efficient administration and minimum paperwork.

Investment options

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.

The Delta Account invests in CLI's Core fund range, giving you access to over 140 leading investment funds, from a number of the world's best investment groups and boutiques. It provides you with 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 current or future investment needs, CLI's carefully selected range of funds is designed to offer the solution you seek. 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 issued as a series of separate but identical policies. These do not have a specific term 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 that accrue to the funds, however the underlying investment may suffer a withholding tax which cannot be reclaimed.

If there are any chargeable gains realised from the Account, you will have an income tax liability at your highest rate of tax. The amount of the chargeable gain will increase your income although the tax payable may be reduced by top-slicing relief.

A chargeable gain can arise if the withdrawals from the Account exceed the cumulative 5% tax deferred allowance, on the death of the last life assured or if the Account, or any individual policies under the Account, are 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 Delta Account **Option 1/ Option 2** charging structure.

[Delete as appropriate]

Option 1 - A charge for setting up the policy is taken by CLI at outset. This option is best suited to your financial needs as it allows you to surrender the policy at any time without any penalty and there are no ongoing monthly establishment charges.

Option 2 – An establishment charge is deducted monthly from the policy over the first 5 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.

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

Risk warnings

The Delta 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 is less than the amount of any withdrawals being taken from the Delta Account, capital will be used in making these payments which will reduce the value of your policy.

Please be aware that if you cancel your policy 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 Delta 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 and Canada Life International Assurance (Ireland) DAC are £15.2bn as at 31 December 2018.

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 over £807bn, as at 31 December 2018) Great-West and Canada Life have been given strong financial strength ratings from both Fitch Ratings and Standard & Poor's – these are available on the company website; www.canadalife.co.uk/about-us.

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 2018 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 fifteenth 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 £xxxx/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 £xxxx/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 a Key Information document, Key Features document and personal illustration for the proposed Delta Account. These contain full details of the features, benefits, charges and any risks.

I/We consider that the Delta 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.



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