

# Delta Discounted Trust Account

## Key Features

This document provides further information about your Delta Discounted Trust Account. Please read it with your Key Information Document and keep it with the other documents relating to your Delta Discounted Trust Account. The Key Information Document and personal illustration show what you may get back from your investments.

The Financial Conduct Authority (“FCA”) is the independent financial services regulator, which lays down rules in respect of the promotion of financial products in the UK. Although Canada Life International Limited (‘we, us, our’) is not regulated by the FCA we are required to make available important information to help you decide whether the Delta Discounted Trust Account is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.



# Delta Discounted Trust Account

The Canada Life International Limited Delta Discounted Trust Account (the account) is designed for someone who wants to reduce his or her potential inheritance tax (IHT) bill and is happy to give away a sum of money in order to do so. It also provides the opportunity to link the performance of the account to a wide range of investment funds. The account also provides you with a regular income payment to support your existing income or other financial planning needs.

## Its aims

- To build up a sum of money outside your estate, which is potentially free from IHT.
- To provide an immediate reduction in your potential IHT bill.
- To provide you with a regular income for life or until the value becomes nil by retaining the right to regular withdrawals.
- To let you invest your money in a fund or range of funds to meet your investment needs.

## Who is the Delta Discounted Trust Account for?

The Delta Discounted Trust Account may be suitable for you if:

- You are aged between 18 and 89, have £25,000 or more to invest and are prepared to accept a degree of investment risk on your money.
- You want to invest your money to generate a capital lump sum in a tax efficient manner.
- You are looking for a wide choice of asset classes and fund types in which to invest.
- You want to put a sum of money into trust for your chosen beneficiaries, while retaining a regular fixed income which cannot be varied or stopped during your lifetime.
- You are looking to build up a sum of money outside your estate, which is potentially free from IHT and provide an immediate reduction in your potential IHT bill.
- You have already considered and/or utilised other tax-free investments/savings ways to invest.

## When is the Delta Discounted Trust Account not appropriate?

The Delta Discounted Trust Account will not be appropriate if:

- You are looking to protect your investment or want a guaranteed return.
- You are under the age of 18 or over the age of 89.
- You have less than £25,000 to invest.
- You want to take additional ad-hoc withdrawals in addition to your regular fixed income.
- You need to surrender your investment in the future.
- You want sole ownership of the Account.

## Your commitments

- To invest a minimum single premium of £25,000 (or currency equivalent) into the account.
- You must transfer the ownership of the policies of the account into the names of the trustees whom you select. The trustees will make any decisions about what happens to the account after your death.

## Risk factors

There are circumstances which could reduce the value of your investments. This could mean that the amount you receive is reduced.

- Tax legislation may change in the future. Therefore, your own taxation position may alter.
- The value of your investment can go down as well as up and you may not get back the full amount invested. How any of the funds have performed in the past is not a guide for how the funds you have invested in will perform in the future.
- Some funds have higher levels of risk than others do and currency fluctuations can also affect how funds perform. Details of the fund choice are available on our website; [www.canadalife.co.uk](http://www.canadalife.co.uk). Please discuss this with your professional adviser.
- If you decide to link your account benefits to a fund which holds property, we have the right to delay switching any amounts out of the fund or paying claims for up to six months if we think this is necessary to protect our other policyholders' interests.
- Due to the nature of property funds, there is a possibility that costs may be incurred as a result of buying and selling the properties which form the underlying asset. This may result in a reduction in the value of the whole fund to cover these associated costs.
- If the account is cancelled within 30 days, you may get back less than you paid in. Please refer to 'Can I change my mind?' on page 8 for further information.
- If you 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 die more than three years after taking out the account.

# Questions and Answers

## What is the Delta Discounted Trust Account?

The account consists of a single premium offshore life assurance policy and a trust. This structure of a policy held in a trust allows you to mitigate IHT whilst retaining an income from your investment.

- You pay an amount of money (the premium) into a policy called a life assurance policy.
- You can invest any amount into the policy as long as you invest at least £25,000 (or currency equivalent). You cannot pay in any further premiums.
- The policy is immediately put into trust. You can choose from either a Bare Trust or a Discretionary Trust. These are explained later on page 7.
- A trust is a legal arrangement which takes over the ownership of the policy. The people who run the trust are called trustees. There must be at least two trustees. You can be a trustee.
- The trustees become the legal owners of the policy.

## How does the Delta Discounted Trust Account work?

- You can apply for an account on your own or with, for example, your spouse. This is known as a joint account. All applicants for the account must complete the application form.
- All applicants must be aged 18 or over and no older than 89 when the account starts.
- Trustees must be aged 18 or over.
- The applicant(s), their spouse or civil partner cannot be the life or lives assured.
- The account can have up to six lives assured.
- There must be at least one life assured who is no older than 79.
- The account will end on the death of the last life assured.
- The account is issued with a number of identical sub-policies to make it more flexible for tax planning.
- When you put the policy in trust you immediately reduce your potential IHT bill.
- The policy can also be held in US Dollars or euro. If any currency conversions are required we will try and obtain the latest available rate.
- When you apply for the account you choose the person or people who you wish to benefit from the policy after your death. These people are called the beneficiaries.
- You will also select an amount of money that you wish to be paid to you at regular intervals. This is called a regular withdrawal.
- On the death of the last life assured, the death benefit is payable to the trustees.
- The trustees can choose whether to pay the death benefit to the beneficiaries or to reinvest the proceeds elsewhere for the benefit of the beneficiaries.

### Where is my premium invested?

- You make the initial decision as to what fund or funds to invest into.
- If you select the Bare Trust, you will make future investment decisions.
- If you select the Discretionary Trust, the trustees will make future investment decisions.
- Alternatively, with either trust, you or the trustees can nominate a fund adviser to make the investment decisions.
- We offer a wide range of funds that you can invest in to suit your needs. The units that you choose will be linked to your account.
- The document 'Your guide to investments' provides further information on the different types of funds that are available. This guide is available to download from our website; [www.canadalife.co.uk](http://www.canadalife.co.uk). You should seek advice from your professional adviser as to what is the most suitable investment for you, for which there may be a charge.
- The maximum number of funds that you can invest into is ten.

### What are the charges and what are they for?

- We will deduct an amount from your account to pay for setting it up. This is known as the establishment charge.
- We will also deduct an amount for its ongoing administration. This is known as an administration fee.
- We may increase the account charges if the cost of managing your account increases.
- We can make deductions from the account to pay a professional adviser for the advice that he/she may have given, and to pay a fund adviser if appointed. These deductions will only be made if we receive written instruction from the trustees (for example on the initial application form). If at a future date the trustees wish to alter the level of payments to the professional and/or fund adviser then they should write to us at the address shown on page 10. A copy of our 'Guide to paying your professional adviser – Estate planning' (reference MKT649) is enclosed with this pack. This guide highlights popular methods of paying an adviser(s).

Full details of all our charges and fees are shown in the 'Delta Key Information Document' (reference IOM01004) and the 'Delta Discounted Trust Account charges and fees' document (reference 6494) which is enclosed with this pack. If this is not included in your pack, please contact our office on +44 (0)1624 820200.

Your professional adviser will obtain a personal illustration for you, which will detail the charges applicable to your account.

### What if my country of residence changes?

The enclosed illustration is based on your present country of residence. You must inform us if you become resident in a different country.

- There are certain countries, such as the United States of America, in which we may be prohibited from conducting business. If you or any of the trustees move to such a country, you will no longer be able to switch funds.

# Questions and Answers

## Can I take money out?

- The only money that you can receive is the regular withdrawal that you select at outset. The amount and frequency of the regular withdrawal cannot be changed or stopped during your lifetime.
- The trustees cannot make withdrawals from, or surrender the account or sub-policies during your lifetime.
- The trustees can make one-off withdrawals, regular withdrawals, sub-policy surrenders or surrender the account in full after the death of all applicants.
- The account must end on the death of the last surviving life assured.

## How can I purchase the Delta Discounted Trust Account?

Canada Life International Limited is a life assurance company and not authorised to provide advice. If you would like to purchase this Account, you must first obtain advice from a professional adviser who will then recommend the most suitable solution to meet your financial objectives.

## Paying fees to a professional adviser or fund adviser

- Adviser charges – We can pay an initial adviser charge from the investment before or after it is applied to the account, and you can ask us to deduct single or ongoing adviser charges at any time.
- Fund adviser fees – If a fund adviser is appointed we can deduct their fees from the account.

## Which trusts are available?

You can choose either a Discretionary Trust or a Bare Trust. These should be discussed in detail with your professional adviser.

### The Bare Trust

- You keep the right to receive your selected regular withdrawal from the account.
- On the death of the last life assured, the death benefit will be paid to the trustees for the benefit of your chosen beneficiaries.
- You must name the beneficiaries when you establish the trust. The beneficiaries cannot be changed at any time.
- If a beneficiary is aged 18 or over when you die or when both of you die on a joint account, they can demand the trustees pay them their share of the trust.

### The Discretionary Trust

- If you choose the Discretionary Trust you, or the trustees, may have to pay IHT in the future. You should discuss this with your professional adviser.
- You keep the right to receive your selected regular withdrawal from the account.
- On the death of the last surviving life assured, the death benefit will be paid to the trustees for the benefit of your chosen beneficiaries.
- You must name the beneficiaries when you establish the trust. The beneficiaries must be a person or people or an identifiable group of people (such as 'my grandchildren'). The trustees can change the beneficiaries at any time.

### What happens to the money if I die?

- The trustees must inform us of your death, or the death of both applicants on a joint account.
- The trustees can 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 policy surrender and pay the money to the beneficiaries
  - Leave the account invested to allow the beneficiaries to continue to benefit from the investment
- The account can continue until the death of the last surviving life assured.

### What happens to the account when the last life assured dies?

- On the death of the last life assured, we will pay the death benefit to the trustees.
- The death benefit will be paid out once all the investments have been settled and all the required documentation has been received by us.

### How is a death claim made?

- To make a claim for the death benefits, your claimants should contact your professional adviser or our claims department at the address shown on page 10. We will then let them know what information and documentation we require to process the claim.

### Can I change my mind?

- We are not directly authorised by the Financial Conduct Authority and, therefore, the Financial Conduct Authority cancellation rules do not apply to our accounts.
- We do however continue to offer cancellation rights and you have the right to change your mind and cancel the account within 30 days of receiving the document 'Notice of the right to cancel' from us.
- If you have asked us to make any payments to a professional or fund adviser and we have made these payments then we will be unable to refund the deductions to you. Please contact the relevant adviser(s) to discuss any potential refund payment(s).
- Once you have put the policies in trust, only the trustees can cancel the policies.
- The notice of the right to cancel must be signed by the trustees.
- The amount returned will be payable to the trustees. Any fall in value of the investment will be deducted from the amount returned. Should a rise in investment value occur, we will retain the surplus and only the amount invested will be returned.
- You should be aware that if the trustees choose to cancel an account that is linked to a fund which deals monthly, quarterly, yearly or less frequently then the following will apply:
  - The account will be cancelled on the date we receive the cancellation notice.
  - We may delay the repayment of the part of the account linked to the fund described above until the dealing date for the fund is reached and cleared funds are received by us.
  - We will return the value of the investment as at the dealing date.

# Questions and Answers

## What taxes are applicable?

- We are resident in the Isle of Man and pay no local taxes on the capital growth or income which accrue to our funds. However, withholding tax may be charged on certain investments and this is not reclaimable.
- If you are UK resident for tax purposes, you can withdraw your original premium from your account without having to pay any income tax immediately providing that you do not withdraw more than 5% of your original premium paid each year.
- The 5% allowance is worked out each policy year. A policy year is the annual anniversary of your account.
- The 5% allowance is only available on actual premiums paid.
- If you request any adviser charge payment to be made by partial surrender then the amount(s) deducted will count towards the 5% allowance.
- If you do not withdraw the full 5% in any year, the unused amount can be carried forward to be used in future years. This means, for example, that you can withdraw up to 5% of your premium each year for 20 years without paying any income tax at the time of the withdrawals.
- If you do withdraw more than 5% of your premium paid, including any unused amounts from previous years, the excess may be liable to income tax at the full rate payable (basic or higher rate, less allowances, if appropriate) irrespective of the value of the account at the time.
- When the account is fully surrendered, or when sub-policies are surrendered or on the death of the last life assured, there may be a charge to income tax. The amount chargeable to tax will be the surrender value of the policy or sub-policy, plus any withdrawals taken, less the sum of the original premium and any amounts previously withdrawn that exceeded the 5% allowance.

**This is based on our understanding of relevant legislation as at September 2018 and could be subject to change in the future. We recommend you take your own professional tax advice.**



## Contact

You should contact your professional adviser in the first instance.

If you have any questions you can contact us in the following ways:

### By Post

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



### Call Us

+44 (0) 1624 820200



### By email

focus@canadalifeint.com



### Online

www.canadalifeinternational.co.uk



## Further information

### How to complain

If you need to complain about any part of the service we have provided, please write to us at the address on this page.

If you are not happy with our response you can contact:

**Financial Services Ombudsman Scheme for the Isle of Man  
Government Buildings  
Lord Street  
Douglas  
Isle of Man  
IM1 1LE**

Phone: +44 (0) 1624 686500

E-mail: [ombudsman@iomoft.gov.im](mailto:ombudsman@iomoft.gov.im)

Website: [www.gov.im/oft](http://www.gov.im/oft)

Referring a complaint to the Ombudsman may preclude you from taking legal proceedings (not applicable to companies).

### What legal system applies to the account

The law of the Isle of Man will apply to your account.

### What protection is there for this account?

Policyholders of Canada Life International Limited policies are protected by the Isle of Man Life Assurance (Compensation of policyholders) Regulations 1991 if the company becomes unable to meet its liabilities to them. You should read the 'Policyholder Protection' leaflet (reference 6383), which is available on request, or on our website [www.canadalife.co.uk](http://www.canadalife.co.uk)

### Terms and conditions

This document is a brief guide to the key features of the Delta Discounted Trust Account. You can read the full terms and conditions in the 'Delta Discounted Trust Account Policy Provisions' (reference 6506) which, together with the application form, makes the legally binding contract between you and us.








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.canadalife.co.uk](http://www.canadalife.co.uk) Member of the Association of International Life Offices.

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