

For Adviser Use Only

RL360 Oracle

Draft paragraphs for a Suitability Report

We understand that before making a personal recommendation to your client, you will have carefully considered their personal and financial circumstances, financial needs, priorities and attitude to risk.

These sample paragraphs are designed to help you prepare your suitability report for your client. However, please note that it is your sole responsibility to ensure that the content of the suitability report meets any regulatory requirements and any recommendations made are appropriate for the client's individual circumstances.

Whilst every effort has been made to ensure the accuracy of the following information, RL360 accepts no responsibility for any actions taken or not taken as a result of acting upon it.

Full details of the Oracle offshore plan are available through the Brochure, Key Features Document (KFD), Savings and Investment Fund Guide and the Terms and Conditions, which are available on the RL360 website:

<http://www.rl360.com/row/downloads/products.htm>

What is Oracle?

Oracle is an offshore plan issued in the Isle of Man, by RL360 Insurance Company Limited (RL360). It is designed to allow a cash sum to be linked to a wide range of investment funds and offers the potential for growth, over the medium to long term.

Aims, commitments and risks of the RL360 Oracle offshore plan:

Aims

- The Oracle plan aims to give the customer the opportunity to invest a cash sum with the aim of achieving tax efficient capital growth, income or a balance of the two (subject to the taxation rules of your country of residence).
- To allow you to link to a wide range of different funds with the flexibility to switch between those funds at any time.

Commitments

- You must pay an amount of at least **USD 32,000** (or currency equivalent) into your Oracle plan.
- You should consider Oracle as a medium to long-term investment (at least **5-10 years**).

Risks

- The value of funds linked to your plan may go **down** as well as up, and you may get **back less** than you paid in.
- Where the provider of a fund linked to your plan becomes insolvent or is unable to meet its liabilities for any reason, your plan **will suffer the loss**.
- If you surrender your plan during an early surrender fee period your plan **will** be subject to a **surrender charge**.
- As Oracle is a **medium to long-term investment**, surrendering during the early years could result in you getting back **less than you have paid in**.

This is because the growth achieved may not cover the charges taken.

- Where you are investing in funds denominated in a currency different to that of your plan, the investment returns will be subject to **currency fluctuation risk**.
- Withdrawals from your plan may mean **that you get back less** than you paid in if the investments linked to your plan do not grow enough to cover the withdrawals.

Oracle features

Oracle offers the technology to make the administration of your plan really straightforward. RL360 then back this up with quality personal, technical and administrative support.

Benefits to you include:

Convenience – Online is easy. From the comfort of your own home, or on the go via desktop, laptop, tablet or phone, you can view your plan details with a quick click, pinch or swipe.

Unlimited access – Access is available 24 hours a day, 7 days a week, apart from those occasions when RL360 is improving its systems and adding new features.

Secure service – Security of your data is of the utmost importance to RL360 and you'll only ever be able to access your plan via a secure and encrypted link.

Comprehensive valuations – Quickly see how all of the funds held within your plan are performing, line by line, with no need to phone up and wait for it to be delivered in the post.

Online switching – That's right, if you don't like how one of your funds is performing, RL360 can set you up with online switching access. This means you can instruct changes to us without the hassle of paper forms and faxes.

Therefore, you can switch between funds whenever you want. There is currently **no charge** levied for switching funds, however, RL360 reserves the right to levy a charge for new switches at a later date.

General Oracle plan details

Oracle can be issued on a **life assurance** or a **capital redemption** basis.

Your financial adviser will be able to help you decide which option would be most appropriate.

Life assurance

An Oracle plan on a life assurance basis can be set up in one of two ways:

- **Single life** –

There is only 1 life assured and when the life assured dies the plan comes to an end.

- **Multiple life last death** –

There can be up to 6 lives assured on the plan, and it comes to an end when the last life assured dies.

The youngest life assured cannot be older than 75 years of age when the plan is issued.

What happens upon death?

For life assurance plans (**where the life assured has died**)

When the life assured dies or the last life assured on a multiple life last death basis dies, your Oracle plan will end. RL360 will require written notification of death along with satisfactory documentation (legal entitlement - “probate”) to be sent to their head office address, before they can pay out the proceeds.

The **death benefit** payable will be **101% of the plan value**, payable on the death of the last life assured.

For life assurance plans (**where the plan owner has died, but lives assured remain**)

Where the plan is held in the names of joint plan owners, sole ownership will pass to the surviving plan owner. Where the plan is held by you only, ownership of the plan passes to the personal representatives of your estate.

RL360 will require written notification of death along with satisfactory documentation (legal entitlement - “Isle of Man probate”) to be sent to their head office address, before a new plan owner can be appointed.

Capital redemption

An Oracle plan on a capital redemption basis will remain in-force for a total of 99 years at which point it will mature and RL360 will pay out the surrender value plus a guaranteed amount of **USD 160** (or currency equivalent).

What happens upon death?

Capital redemption plans will not automatically come to an end on the death of the plan owner(s). Ownership can be determined by the personal representatives of your estate.

RL360 will require written notification of death along with satisfactory documentation (legal entitlement - "Isle of Man probate") to be sent to their head office address, before a new plan owner can be appointed.

You **cannot** change the basis of your plan after it has been issued.

What happens upon maturity?

On completion of the plan term as shown in the Plan Schedule, RL360 will:

- a) Stop all regular withdrawals and any other actions due to take place;
- b) Sell all of Your Linked Investments and add the sale amounts to the Plan Base CurrencyCash Account; and
- c) Calculate the final Maturity Value of the Plan.

Cooling off period

If you change your mind and do not want to continue your plan after it starts, there is a cooling off period within which you can cancel.

- **You will have 30 days from when you receive your Welcome Pack to do this.**

If you decide to cancel, you will get your initial payment back **except where it has fallen in value**, in which case the amount you receive back will be less.

Typically, RL360 will return your money within 2 weeks, however this may take longer where the sale of funds is delayed for any reason.

You can also cancel any time before your plan is issued simply by telling RL360.

Oracle investments

Your payment(s) can be invested into as many funds as required (subject to the minimum investment levels) from a range of UK authorised and international collective investment schemes. A full list of available funds can be found in the ***Savings and Investment Fund Guide***.

Plan segmentation

For flexibility and tax-efficient management, your plan will be set up as a series of individual plan segments **up to a maximum of 100**, rather than just one plan.

The ability to assign the plan, or plan segments, to others may be beneficial as it sometimes can help to lower any potential tax liability. For example, it could allow you to retain full control over the plan throughout the investment period and then perhaps utilise your spouse's, or adult child's (who is aged 18+) personal income tax allowance and marginal tax rates at the point of surrender, which may be lower than your own.

Please bear in mind that there may be **gift tax** consequences, depending on your country of residence.

Allocation of payments

RL360 allocates each payment you make at a rate between 100% and 105%. When you pay in additional monies RL360 will allocate them to your plan, at the rate shown, based on the total of the in-force payments.

USD (or currency equivalent)	Allocation rate
32,000 to 55,999	100%
56,000 to 79,999	101%
80,000 to 127,999	102%
128,000 to 199,999	103%
200,000 to 239,999	104%
240,000 +	105%

For example if you paid in USD 50,000 initially this would be allocated at 100%. Should you then pay in a further USD 100,000, the allocation rate applied to your additional monies paid would be 103%. This is because the total paid is USD 150,000.

Charges

The charges cover the set-up and ongoing administration of your plan and any commission paid to your adviser.

There are 2 main components of the Oracle charging structure as listed below:

Establishment charge

The standard establishment fee is 7.50% of the monies received. The charge is collected at a rate of 0.375% quarterly in arrears over the first 5 years.

Each additional payment will be subject to its own establishment fee. The fee will be collected in the same format as described above.

Percentage administration charge

There is a standard ongoing percentage administration charge of 1.20% per year, taken as 0.30% of the current plan value or the premium paid, if higher, deducted quarterly in arrears.

Each additional payment is subject to its own percentage administration fee. The fee will be collected in the same format as described above.

The percentage administration fee is payable for the **lifetime** of the plan.

Fund annual management charge

In addition to the product charges set out in this document, the underlying funds available through Oracle will be subject to an annual management charge levied by the external fund manager.

The charge will vary according to the fund(s) chosen and further details can be obtained from the ***Savings & Investment Fund Guide***. The annual management charge is reflected in the fund price.

Fund switch charges

There are **no charges** for switching between funds, however RL360 **reserves the right to impose a fund switch charge** on any new requests at a later date.

Surrender charge

The plan can be fully surrendered at any time, **however during the first 5 years a surrender charge will apply.**

A surrender fee equal to the outstanding establishment charge will be deducted from the plan upon full surrender.

Additional payments will also attract a surrender fee equal to the outstanding establishment charge.

Any individual plans surrendered **within the first 5 years will be subject to a surrender charge** equal to the outstanding establishment fee. The fee will be deducted proportionately across all surrendered individual plans.

Any extra allocation based on the payment size will be subject to a surrender **charge if the plan is surrendered within the first 5 years** from date of issue.

The charge will be equal to 100% of the extra allocation rate on surrender in the first year, reducing at each plan anniversary by 20%. Extra allocation applied to the plan as a result of commission sacrifice will not be subject to any surrender charge if the plan is surrendered.

Investment adviser fees

If you choose to appoint an investment adviser, their fees can be paid directly from the Oracle plan. An investment adviser fee of **up to 1.0% per year** of the plan value will be available. This fee will be paid quarterly in arrears.

What currencies can be selected for Oracle?

Oracle is available in the following currencies:

- Pound sterling (GBP)
- Euro (EUR)
- United States dollar (USD)
- Swiss franc (CHF)
- Australian dollar (AUD)
- Japanese yen (JPY)
- Hong Kong dollar (HKD)
- Australian dollar (AUD)

The currency of your Oracle plan **cannot** be changed after issue. Your plan will be valued in this currency and fees will be deducted in this currency.

Withdrawals

Withdrawals can be taken on a regular and/or one-off basis.

Regular withdrawals can be taken on a monthly, quarterly, termly (every 4 months), half yearly or yearly basis, and can be taken as a percentage of the payment(s) made or as a set amount.

There is no maximum limit for a one-off withdrawal subject to the limits set out below.

The following criteria must be met to allow regular and one-off withdrawals to be taken:

Single payment

If you have only paid one payment into your plan, any withdrawals taken cannot be greater than the current surrender value or result in the plan value being less than USD 20,000 (or currency equivalent), whichever is higher.

Additional payments

If you make more than one payment into your plan, any withdrawals taken cannot be greater than the current surrender value or result in the plan value being less than 10% of the total active payments made, or USD 20,000 (or currency equivalent), whichever is higher.

Loyalty bonus

On the sixth plan anniversary, a **loyalty bonus of 0.50%** based on the current plan value, will be applied to the plan.

In addition, a **loyalty bonus of 0.50% will be applied each and every year thereafter** whilst the plan remains in force.

Each additional payment has a separate loyalty bonus arrangement applied in the same format as set out above.

What might you get back?

What you get back will depend on your initial payment and any additional payments, the performance of your chosen investments over the lifetime of the plan, charges and any withdrawals you may take.

Oracle taxation

RL360 is subject to Isle of Man tax laws. Therefore any growth or income earned within your plan is **not taxable** in the Isle of Man.

However, withholding tax may be deducted at source on income arising from investments held in some countries, **which cannot be reclaimed by RL360**.

You may have a personal liability to tax depending on the tax laws in your country of residence and your own personal circumstances. Tax implications should be discussed with your specialist tax adviser, **RL360 is not licenced to provide financial or taxation advice**.

Why RL360?

- RL360's ambition is to support a happy and financially stable future for their customers.
- Based on the Isle of Man, RL360 has regional offices in the Far East, Middle East, Latin America and Africa. They are part of International Financial Group Limited, which serves over 70,000 customers in 170 different countries.
- With the business part-owned by the senior management team, they enjoy committed leadership and a long-term vision to be the best provider of offshore savings, protection and investment for their customers – a vision already coming to fruition as they have seen their market share treble over the last five years. RL360 now administer assets of over **USD 11 billion** for their clients (as at 31 December 2017).
- UK based independent actuaries, AKG, awarded RL360 a B+ rating in 2017, the joint highest rating of any international life business. Their financial strength assessment of RL360 was '**A financially strong stand-alone operation with very strong operational characteristics**'.
- RL360 also won '**Best Life International Life Group (Non-UK)**' at the 2017 & 2018 International Fund & Product Awards.

Why the Isle of Man?

- Customers can take great reassurance from RL360's Isle of Man location. The island is a well-established global financial centre with an outstanding reputation for investor protection.
- As a self-governing dependent territory of the British Crown, the Isle of Man has a stable and supportive government, robust economy and simple tax regime, with no capital gains, withholding or wealth tax. Situated equally between England, Ireland, Scotland and Wales, the island enjoys an **Aa2** sovereign rating from **Moody's**.
- In November 2017, the OECD gave the Isle of Man the highest compliance rating for its international exchange of tax information, a level only achieved by 21 jurisdictions globally.
- The Isle of Man also won the prestigious **International Finance Centre award** at the 2017 & 2018 International Adviser Product and Service Awards

Plan owner protection

What happens if RL360 becomes insolvent?

The Isle of Man Insurance Act 2008, Section 32, Schedule 3 Paragraph 7(a) states 'the assets in the company's long term business fund shall be available only for meeting the liabilities of the company attributable to its long term business'.

Therefore, if RL360 became insolvent, the monies held within the long term business fund (i.e. its liabilities to plan owners) **cannot** be accessed by its creditors.

RL360 plan owners will also be protected by the **Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991**. This means that in the unlikely event that RL360 is unable to meet its obligations, plan owners will be protected by this scheme, irrespective of where they are resident.

The scheme meets up to **90%** of RL360's liabilities to its plan owners.

For further information on the Scheme, the Isle of Man Financial Service Authority's 'Questions and Answers' document can be downloaded from:

<http://www.iomfsa.im/regulatedentities/insurance/InsuranceProtection.xml>

What happens if a fund linked to your plan becomes insolvent?

The individual funds the plan is linked to are **not** covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, as this legislation only applies to an authorised Isle of Man life assurance company which has itself become insolvent.

The compensation offered for a fund linked to your plan depends upon what jurisdiction the fund is constituted in and whether it is authorised by a regulatory body. Therefore, where there is concern about the level of compensation offered, RL360 would recommend contacting the individual organisation whose investments are being considered.

Some compensation schemes have a maximum amount they will pay out to each owner of the fund in question (and some don't include corporate investors as being eligible for their scheme). Although several plan owners may have their plan linked to the fund, as the units within the fund belong to RL360 as a corporate investor, the compensation scheme would only treat RL360 as one investor.

Therefore, any compensation received by RL360 would have to be split between all relevant plan owners of RL360. This would be the case with any life assurance or other company in this situation.