

For Adviser Use Only

## **RL360 - Personal Investment Management Service (PIMS)**

### **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 PIMS offshore plan are available through the Brochure, Key Features Document (KFD), The Facts, Guide to investment and the Terms and Conditions, which are available on the RL360 website:

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

### **What is PIMS?**

PIMS 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 investments (you may also transfer in any existing acceptable investments that you hold) and offers the potential for growth, over the medium to long term.

***Aims, commitments and risks*** of the RL360 PIMS offshore plan:

### **Aims**

- The PIMS plan aims to give the customer the opportunity to invest a cash sum and/or any existing acceptable investments already held 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).

### **Commitments**

- You must make a payment of at least **GBP 50,000** (or currency equivalent) into your PIMS plan or have permissible assets which are at least this value.
- You should consider PIMS as a **medium to long-term investment** (at least **5-10 years**).

### **Risks**

- The value of investments linked to your plan may go down as well as up, and you may get back less than you paid in. You should read the ***Savings and Investment Fund Guide*** which explains the risks associated with different types of investments.
- Where the provider of an investment 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 PIMS 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.

- 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.

## **General PIMS details**

PIMS 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**

A PIMS 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 plan (**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 PIMS 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.

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.

The death benefit payable will be equal to **100%** of the surrender value.

## **Capital redemption**

A PIMS 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 **GBP 100** (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 Currency Cash Account; and
- c) Calculate the final Maturity Value of the plan.

Once you have decided on the basis required, you can then choose from 1 of 2 different versions –

### **PIMS Focused or PIMS Flexible**

- PIMS Focused plan owners are able to invest into a **defined** range of investment funds.
- PIMS Flexible plan owners are able to invest into any investment permissible to us, which is sometimes known as ‘open architecture.’

The ***Guide to Investment*** provides more detail about the different types of investments you can choose from.

The guide also includes details about the benefits of investing through us, how to appoint a professional to help you with investment decisions, some of the restrictions placed on investments, our criteria for acceptance and the risks of investment.

Should you decide to select investments yourself, after registering, RL360’s online dealing facility will allow you to buy and sell investments and also perform currency exchange transactions.

If you appoint an investment adviser they can also benefit from the online dealing service. The service caters for thousands of different investments which can be bought and sold, but not every investment available via PIMS is available to deal online.

### **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.

## **What currencies can be selected for PIMS?**

PIMS 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 PIMS plan **cannot** be changed after issue. Your plan will be valued in this currency and fees will be deducted in this currency.

## **What are the charges?**

When you purchase a PIMS plan, there will be various charges for the setting up and ongoing administration of it.

Here is a summary of those plan charges and how they apply to you.

### **Upfront charge**

The upfront charge option allows you to pay the full establishment charge at the start of your plan.

If you select this option, RL360 will deduct the total establishment charge from your initial lump sum payment, which will mean that the amount available to you to invest will be less than the amount you have paid.

If you choose this option RL360 will apply 100% of your payment, minus the upfront charge, to your plan. In this instance, an early exit charge would not apply.

### **Establishment charge**

You can choose to pay the establishment charge over 5, 8 or 10 years. If you cancel your plan before the establishment charge period you have chosen has expired, RL360 will take the outstanding establishment charge as an early exit charge before paying the remaining plan value to you.

The establishment charge exists in order to cover the set-up costs of your plan, including the payment of any commission to your financial adviser.

### **Percentage administration charge**

This is taken throughout the lifetime of your plan as a percentage of the higher of your premium or its current plan value. An early surrender fee will apply and you can choose from 8 years or 10 years.

## **Flat administration charge**

The flat administration charge is a fixed amount which runs for the life of your plan and **increases each year** in line with the **Isle of Man Retail Price Index**, details of which can be obtained by contacting RL360. The charge continues to be taken until the plan comes to an end.

## **Dealing charge**

RL360 will **waive the first 10 dealing fees** on your plan. After that, if you want to buy or sell assets in your plan, RL360 will charge you for each purchase or sale requested. This is a transaction based fee and exists for the life of your plan.

## **Custody charge**

RL360 will charge a custody charge every time you want to buy or sell assets in your plan.

This is charged to cover the costs of safekeeping records relating to linked investments.

The charge is per each purchase, sale, transfer or exchange of an investment.

## **What are the fees?**

### **Stockbroker fees**

Where a chosen asset requires, it may be necessary to buy or sell the asset through a stockbroker, and any fees will be deducted from the PIMS cash account.

The current stockbroker fees are available from RL360 on request. Where a discretionary manager or investment platform has been appointed to your plan RL360's stockbroker fees will not apply.

You should ask your discretionary manager or investment platform about their stockbroker's fees.

### **Investment adviser fees**

If you choose to appoint an investment adviser, their fees can be paid directly from the PIMS cash account. An investment adviser fee up to 1.50% of the plan value, payable quarterly, can be requested. The amount available may be lower than this depending on other charges taken.

### **Discretionary manager fees**

If you choose to appoint a discretionary manager to manage the investments linked to your PIMS plan, their fees will be deducted at source. Discretionary managers may also have to pay custodian and stockbroker fees for some investments.

## **Foreign exchange**

Where RL360 are required to perform a foreign exchange (FX) transaction, this will be done at a rate determined by RL360, based on those commercially available in the market.

## **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.

## **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.

## **PIMS 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 **\$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.**