

LIFE INSURANCE AS AN INVESTMENT

Wealth management strategies

Will Price
Head of International Distribution,
ASEAN

A WEALTH *of* DIFFERENCE

utmost[™]
WEALTH SOLUTIONS



UTMOST GROUP

OWNERSHIP

Utmost Group

Is owned by its founders, Paul Thompson and Ian Maidens, and by funds managed by Oaktree Capital Group LLC.



OAKTREE

Brookfield

Oaktree is a leading global investment manager specialising in alternative investments with \$170bn in assets under management as at 31 December 2022.

In 2019, **Brookfield Asset Management** acquired a majority interest in Oaktree. Brookfield is a listed alternative asset manager and the two companies together have approx. \$800bn in assets under management as at 31 December 2022.

WHY UTMOST?

SCALE & STRENGTH

INTERNATIONAL ASSETS UNDER ADMINISTRATION

C.£58.4BN		£29.4BN
2022		2018

SOLVENCY COVERAGE RATIO

191%		176%
2022		2020

ANNUAL PREMIUM EQUIVALENT

C.£420M		£173M
2022		2018

FITCH ASSIGNED

'A' Insurer Financial Strength rating
with a Positive Outlook

UTMOST GROUP

A GLOBAL NETWORK



KEY MARKETS

UK | EUROPE | ASIA | LATIN AMERICA | MIDDLE EAST

LICENCES



OPEN ARCHITECTURE



We currently have
25,000+ assets
around the world

RANGING FROM:

- › Mutual funds
- › ETFs
- › Stocks
- › Bonds
- › Structured products
- › Bank deposits

Note: Other assets are also acceptable subject to pre-approval

WHAT DO CLIENTS GENERALLY WANT?



INVESTMENT PERFORMANCE

Real returns, at
acceptable levels
of risk



ADMINISTRATIVE EASE

Simple, fair, liquid,
accessible, value



MINIMAL TAXATION

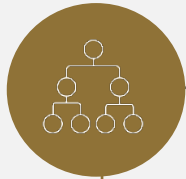
Within the law

WEALTH PRESERVATION AND WEALTH TRANSFER

Wealth transfer nominating chosen beneficiaries

Using a suitable trust or nomination in conjunction with an assurance policy can avoid forced heirship rules, so allowing your clients to choose the people they want to benefit from their wealth ('the beneficiaries').

It also eliminates the need for probate so proceeds can be transferred to the nominated beneficiaries quickly.



LIFE
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Wealth preservation Optimising tax treatment

Tax planning is an essential part of wealth preservation. The tax treatment of assurance policies can help ensure the efficient preservation of your clients' wealth as their assets grow in value.



WHAT IS LIFE ASSURANCE AS AN INVESTMENT?

1

Investment Linked
Insurance Policy

2

That can link with a
wide range of
investments

3

With a choice
of life cover*

4

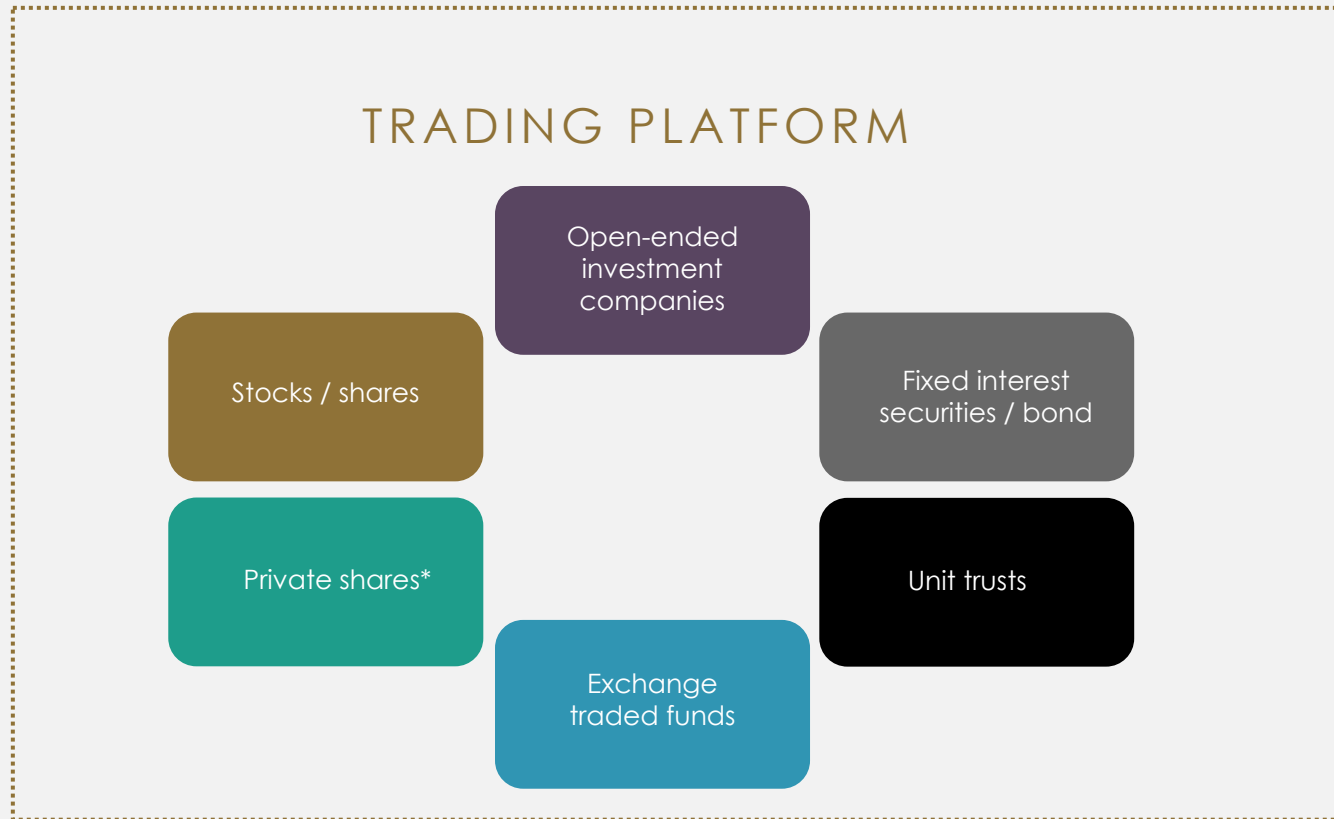
May have tax
benefits

5

And other soft
benefits (non tax
benefits)

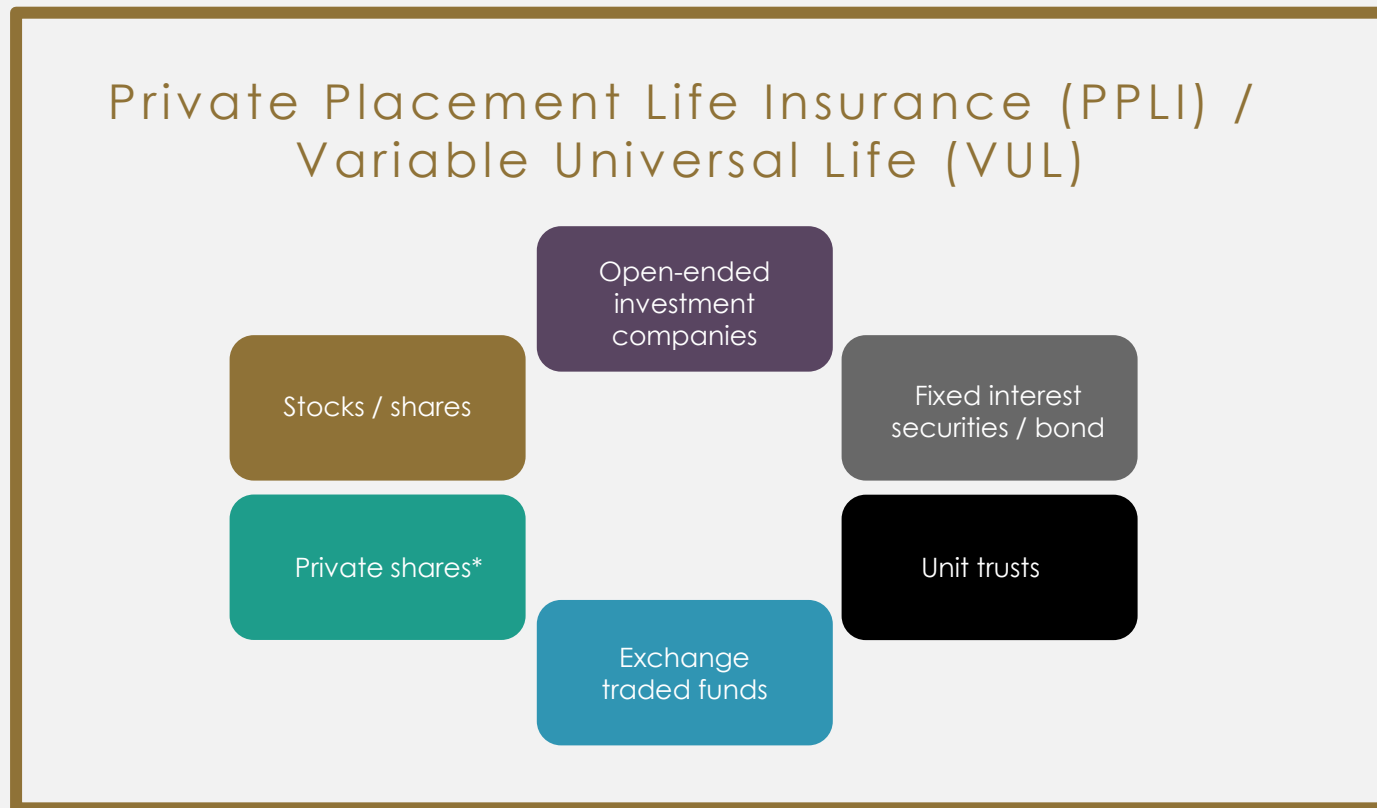
* Restricted and applicable to certain products available in Singapore only.

AN ADVISED CLIENT



*acceptability of asset is subject to regulatory requirements as applicable to the product offered at the relevant jurisdiction

AN ADVISED CLIENT



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WILL VS. ASSURANCE POLICY WITH NOMINATION



JUST MAKING A WILL

- › Delays likely as probate must be obtained in all relevant jurisdictions. This is likely to take months or even years.
- › Assets remain frozen until probate is granted.
- › A Will is a public document after probate has been granted; lack of confidentiality can lead to disputes and challenges, especially in complex family structures.
- › Suitable for specific requests of personal possessions such as artwork and jewellery.

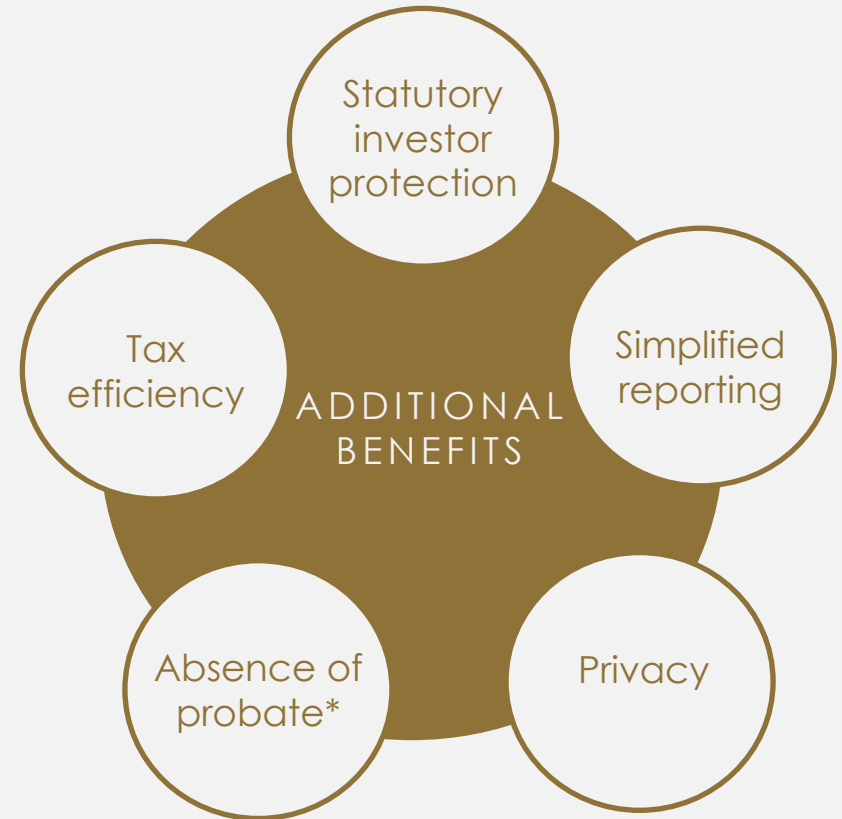
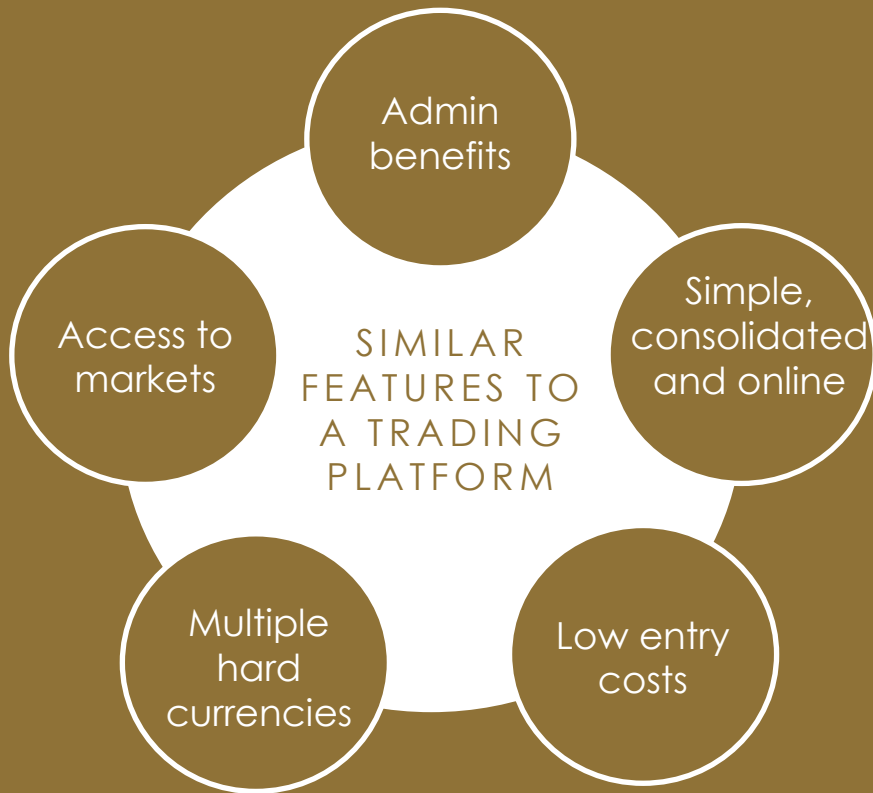


ASSURANCE POLICY WITH NOMINATION*

- › Eliminates the need for probate, helping to reduce the hassle where multi-jurisdictional assets are involved.
- › Proceeds can be quickly transferred to nominated beneficiaries.
- › Highly confidential – helps to avoid challenges and family disputes.
- › Internationally recognised legal structure.
- › Suitable for the transfer and consolidation of stocks, mutual funds, exchange-traded funds, open-ended investment companies, private banking portfolios and acceptable residential property.

* An assurance policy with nomination involves transferring ownership of the assets to Utmost International, while staying in control of how the policy benefits are distributed to the chosen beneficiaries.

DIRECT PLATFORMS VS OUR SOLUTIONS



* Through beneficiary nomination.

INTERNATIONAL BASIS OF TAXATION

NO PERSONAL TAXATION (21 COUNTRIES)

- › UAE, Qatar, Monaco, Somalia, Bermuda

TERRITORIAL BASIS (38 COUNTRIES)

- › Singapore, Hong Kong, Malaysia, Seychelles

WORLDWIDE BASIS (133 COUNTRIES)

- › Most of the EU and ROW

CITIZENSHIP BASIS (2 COUNTRIES)

- › US, Eritrea

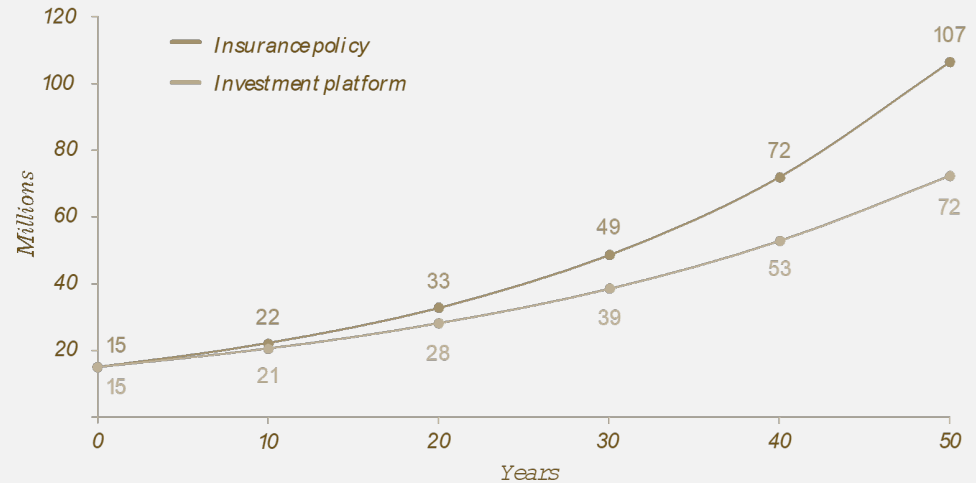
CASE STUDY ON TAX DEFERRAL



MR LEE

PROFILE

- › Mr. Lee has an investment portfolio worth US\$15 million, generating 4% returns per annum. However, his wealth manager carries out an annual rebalance exercise resulting in a tax liability of 20% on the gains.
- › He wishes to preserve his wealth for his retirement. His wealth manager recommends an assurance policy to help him accumulate and preserve his wealth. The graph illustrates his portfolio value if he were to use an assurance policy instead of a direct investment platform.



Accumulate US\$35 million / 48% more
over a 50-year period with
an assurance policy compared to a
direct investment platform.

This case study is fictional and used purely to illustrate a possible real-life scenario.

WHO IS LIABLE TO US ESTATE DUTY (2023)?

- › US citizens
- › US green card holders
- › Those meeting the substantial presence test
- › US domiciles

Worldwide estate
\$12.92m

- › Everyone else investing in US listed shares

US 'situs' assets
\$60k

www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-us-estate-and-gift-tax-rules-for-resident-and-nonresident-aliens.pdf

WHAT ASSETS ARE 'SITUS' ?

US 'situs'

- › Real property located in the US;
- › Shares of US publicly traded companies;
- › Shares of US private companies;
- › Cash accounts with US brokerage firms;
- › Tangible personal property located in the US with some degree of permanence; and
- › Certain debts owing by a US debtor.

Not US 'situs'

- › US bank deposits not effectively connected with a business in the US;
- › US treasury securities.

A non-resident's stock holdings in American companies are subject to estate taxation even though the non-resident held the certificates abroad or registered the certificates in the name of a nominee.

www.irs.gov/individuals/international-taxpayers/some-nonresidents-with-us-assets-must-file-estate-tax-returns
<https://altrolaw.com/blog-cross-border-estate-planning/us-situs-asset/>

As at 20 September 2019

AUSTRALIA - CLIENT PROFILES



MIGRATING TO AUSTRALIA

Those migrating to Australia OR considering a move in the future:

- › require tax efficient solutions before moving to a high tax jurisdiction.
- › can use a beneficiary nomination to avoid probate.



FUTURE BENEFICIARIES

Future beneficiaries currently reside in OR are planning to reside in Australia:

- › would like to pass on wealth to children/dependants for living expenses and income.
- › would still like to stay invested tax efficiently and only pass on wealth when future beneficiaries are ready.



RETURNING AUSTRALIANS

Australians ultimately returning to Australia after working abroad:

- › require tax efficient solutions to hold accumulated wealth.
- › require portable solutions that can be adaptable to various jurisdictions before repatriating back to Australia.

Note: Our products are not available for sale in Australia

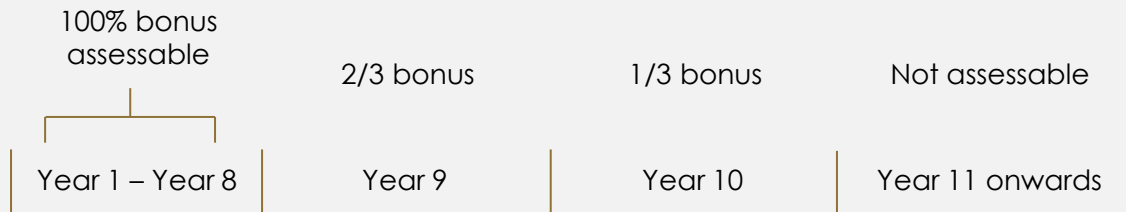
BENEFITS FOR AN AUSTRALIAN TAX RESIDENT

Our investment-linked life assurance policies meet the requirements of a life assurance policy in Australia and are considered as eligible policies.

- › Tax deferral/ gross roll-up
- › Tax reduced according to holding period
- › No tax on death
- › Clients can withdraw money without paying income tax on the profit or gain received from the policy after 10 years

TAXATION OF WITHDRAWALS

- › Holding period (eligible period)



- › Further contributions: maximum 125% of previous year's investment or eligible period restarts.
- › The eligible period includes periods of non-residence.
- › Assuming:
 - › Original owner or
 - › Acquired ownership for no consideration

UK - CLIENT PROFILES



MIGRATING
TO UK

NON-UK
DOMICILE

UK DOMICILE

Those migrating to UK OR considering a move in the future:

- › once become UK tax residents, any profits crystallised from investment portfolio will be taxable.

Non-UK domiciles with UK assets:

- › have UK assets such as properties or securities.
- › will be taxed on UK situs assets up to 40% after nil rate band of £325,000.
- › require tax efficient solutions to help mitigate UK inheritance tax liability on UK assets.

UK domiciles with worldwide assets returning to UK:

- › liable for UK inheritance tax on worldwide assets.
- › require tax efficient solutions to help manage tax liability and pay tax bill.

BENEFITS FOR A UK TAX RESIDENT



Tax deferral/ **gross roll-up**



Tax efficient withdrawals (5% p.a., tax deferred, for 20 years)
Time apportionment



Gift assignment (recipient becomes taxable on a chargeable event)

INDIA & CHINA

FOR CLIENTS WHO WILL BECOME INDIAN TAX RESIDENTS.

DETERMINING YOUR LIABILITY TO TAX INVESTMENT LINKED LIFE INSURANCE BONDS

INVESTING IN AN UTMOST INTERNATIONAL INVESTMENT LINKED LIFE INSURANCE BOND AS AN INDIAN RESIDENT

The Utmost International investment linked life insurance bond is considered to be a life insurance policy in India and you can continue with your bond on becoming an Indian resident. You might make further investments from your overseas account or from within India.

Should you decide to pay a further premium by way of a remittance from India, the Liberalised Remittance Scheme will allow you, as a resident of India, to make investments overseas up to a maximum of US\$200,000 in each tax year. You will need to obtain approval from the Reserve Bank of India before investments overseas above US\$20,000 (in each tax year) can be made.

If you invest any premiums into your Utmost International investment linked life insurance bond by making a remittance from India, a withholding tax of 3% may apply to amounts above \$5,279. In addition, the policy proceeds from any claim due on the policy must be repatriated to India through normal banking channels within seven days of them being received into your account outside India. This applies regardless of whether the proceeds arise as a result of a claim for full surrender, partial surrender or death of the relevant life assured.

DETERMINING YOUR RESIDENCY STATUS IN INDIA

Your liability to tax in India in a given tax year depends on your residency status. This is defined in the Income Tax Act 1961 (ITA) and is based on the number of days you spend in India.

If you are resident in India you will be liable to Indian tax on your worldwide income. If you are non-resident in India, you are liable to Indian tax only on income and gains that arise or accrue in India. The assessment year ("tax year") is from 1 April to 31 March.

DETERMINING YOUR RESIDENCY STATUS

If you do not meet the requirements to be resident or ordinarily resident, you will be a non-resident for the tax year being reviewed.

RESIDENT IN INDIA FOR A TAX YEAR

If you are resident you will be subject to tax on your worldwide income.

Section 6(1) of the ITA defines 'resident' as:

- you are present in India for 182 days or more during the financial year, or
- you are present in India for 60 days (120 days if citizen of India, or person of Indian origin, with Indian source income exceeding INR 1.5 million during a financial year) or more in the tax year and you have stayed in India for a total of 365 days or more in the previous four financial years, or
- you are 'deemed resident' if you are a citizen of India and you are not liable to tax in any other tax jurisdiction (due to your domicile/ residence) and your income (other than foreign sourced income) exceeds ₹ 1.5 million in the tax year.

NOT ORDINARILY RESIDENT IN INDIA FOR A TAX YEAR

If you are resident but not ordinarily resident you will be taxed only on:

- Indian source income
- income deemed to accrue or arise in India
- income received in India or income received outside India arising from either a business controlled or a profession established in India.

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India

FOR FINANCIAL ADVISERS ONLY.

SUCCESSION PLANNING FOR CHINA TAX RESIDENTS INVESTMENT-LINKED LIFE INSURANCE POLICIES

UTMOST INTERNATIONAL INVESTMENT-LINKED LIFE INSURANCE POLICIES

This guide provides information on the succession planning options and tax position of your clients who own international investment-linked life insurance policy (the 'policy') and are already tax residents of China or resident at some time in the future.

Investment-linked life insurance policies are effective, long-term wealth planning solutions that provide:

These include access to:

- LIQUIDITY THROUGH LIFE INSURANCE
- GROSS ROLL-UP
- GIFT ASSIGNMENT
- PRIVACY
- SUCCESSION PLANNING
- TAX-EFFICIENT WITHDRAWALS
- WEALTH PRESERVATION
- REDUCED REPORTING ADMINISTRATION

8 KEY BENEFITS

INVESTING IN UTMOST INTERNATIONAL POLICIES

Utmost International policies can help give your clients real freedom over how they invest and control on the life of Man and backed by years of investment expertise and financial strength, our flexible policies choose from a wide range of assets, in a stable, tax efficient environment that can add value to their city.

Utmost International Life of Man Limited is currently not liable to income tax, capital gains tax or corporate assets linked to the policies. This means that your client's investment can grow virtually tax free. It is possible that withholding tax may be deducted from some of the dividends in their country of origin but once inside can accumulate tax free.

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China

THE LUCKY EIGHT FOR CHINA TAX RESIDENTS USING INVESTMENT-LINKED LIFE INSURANCE POLICIES

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Utmost International distributes Private Placement Life Insurance (PPLI) and Variable Universal Life (VUL) insurance policies.

Utmost International only distributes its products through financial adviser representatives. If you would like further information on how any questions, please speak to your financial adviser representative.

8 KEY BENEFITS

- GROSS ROLL-UP**
Income and gains within policies are not assessable for People's Republic of China Individual Income Tax (PRC IIT), allowing investments to grow virtually tax free.
- LIQUIDITY THROUGH LIFE INSURANCE**
A sum assured payout upon death provides immediate liquidity.
- SUCCESSION PLANNING**
Death benefits can be passed on without probate delays by using beneficiary nominations.
- TAX EFFICIENT WITHDRAWALS**
Surrender and partial withdrawals are not assessable for PRC IIT.
- WEALTH PRESERVATION**
Death benefits are not assessable for PRC IIT, preserving wealth for the next generation.
- REDUCED REPORTING ADMINISTRATION**
The number of institutions reporting under the Common Reporting Standard on behalf of the policyholder is reduced when assets are consolidated in a life insurance policy.
- PRIVACY**
Beneficiary and asset information are kept confidential.
- GIFT ASSIGNMENT**
No PRC IIT is payable by the policyholder when the policy is assigned as a lifetime gift for no consideration.

The value of investments may fall as well as rise and you may not get back what you put in.

THANK YOU

Any question, please contact

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IMPORTANT INFORMATION

The information contained in this document does not constitute advice. It is designed for financial adviser use only and is not intended for use with individual investors.

Information regarding tax and practise is based on our interpretation of current legislation and HM Revenue & Customs policy/practice in the Hong Kong and Singapore as at August 2023. Tax treatment is subject to change and individual circumstances. There is therefore a risk that the value of the tax treatment provided by a bond may change.

International bonds are intended to be a medium (at least 5 years old) to long term (over 10 years) investment. The value of investments may fall as well as rise and is not guaranteed. Your client or their trustees may get back less than originally invested.

Please note that all case studies in this presentation are entirely fictional and used for illustration purposes only.

www.utmostinternational.com

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Utmost Wealth Solutions is the registered business name of Utmost International Isle of Man Limited Singapore Branch. Utmost International Isle of Man Limited Singapore Branch, CapitaGreen #06-02, 138 Market Street, Singapore 048946. Tel: +65 6216 7990 Fax: +65 6216 7999.

Registered in Singapore Number T08FC7158E. Authorised by the Monetary Authority of Singapore to conduct life assurance business in Singapore. Member of the Life Insurance Association of Singapore. Member of the Singapore Finance Dispute Resolution Scheme.

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