

# Onshore Investment Bonds – Why a Gift Trust?

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The information in this document does not constitute advice and any actions arising should be done in conjunction with your adviser.



Chesnara Life

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It is designed to help reduce a potential Inheritance Tax (IHT) liability for people with net estates over £325,000.

## Why consider a Gift Trust?



### Inheritance Tax Planning

Creating a Trust moves money out of your estate, potentially reducing a future Inheritance Tax bill if you survive 7 years.



### Control Over Gifts

Allows you to gift assets while retaining control over how and when beneficiaries receive them. This can be useful gifting to younger or vulnerable beneficiaries.



### Early Wealth Transfer

You can pass wealth to children or grandchildren during your lifetime, rather than waiting until death.



### Asset Protection

Helps protect assets from third-party claims (e.g. divorce, creditors) by keeping them in a Trust structure.



### No Access Required

Ideal for people who can afford to give away assets they won't need access to in the future.

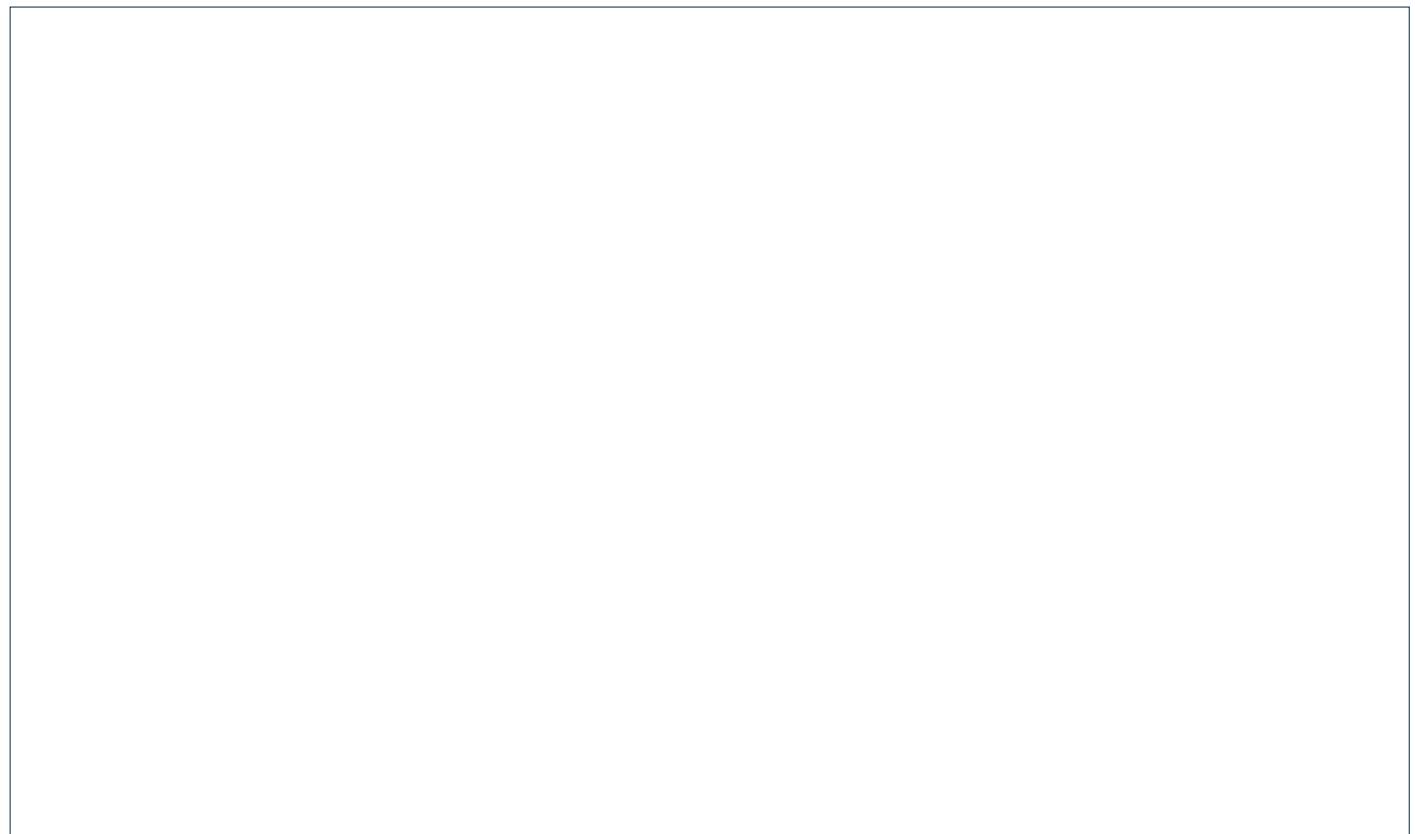


### Use of Annual Gift Allowance

Makes use of exemptions and allowances, like the £3,000 annual exemption or gifts from surplus income, without triggering IHT.

## How does a Gift Trust work?

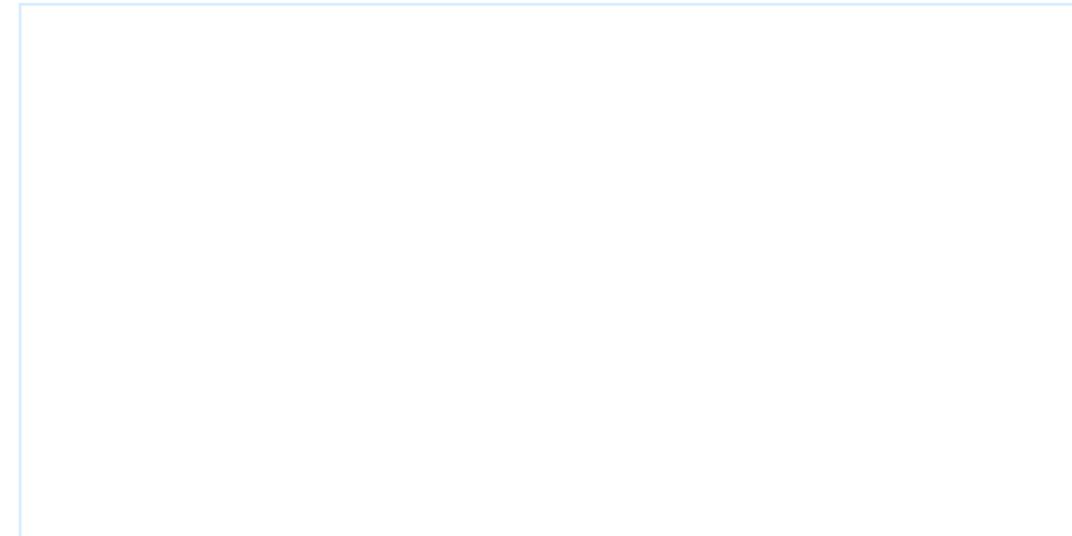
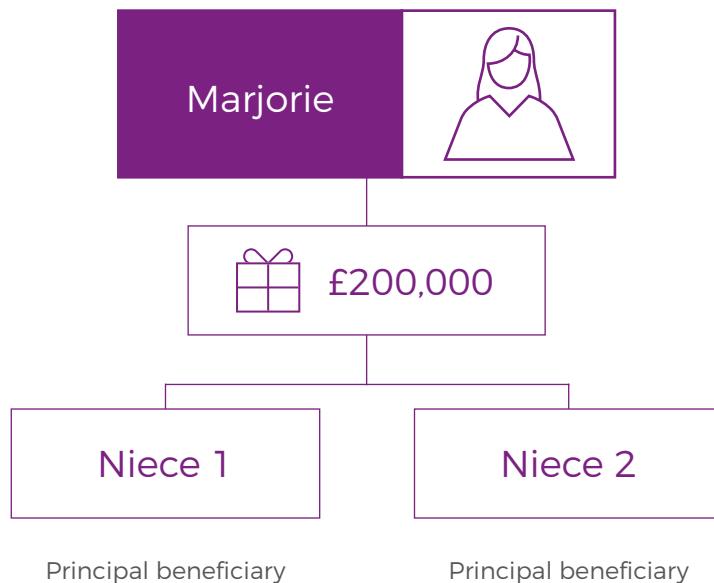
Click 1 to 4 to find out more:



## Client case study

Marjorie transfers £200,000 into a Gift Trust and nominates her two nieces as her principal beneficiaries.

Marjorie chooses a Discretionary Trust because she wants to retain some flexibility over who will benefit. Marjorie creates her Gift Trust by giving her Trustees £200,000 which is then invested in the Chesnara Life Onshore Investment Bond.



## Why your financial adviser might recommend the Chesnara Life Onshore Investment Bond

The Chesnara Life Onshore Investment Bond could suit your circumstances.

Lump sum investments

Medium to longer term investment

Option to create a Gift Trust

### Benefits that your adviser will explain to you:

- **Investment Choice** – The Chesnara Life Onshore Investment Bond provides access to an investment choice of over 3,800 funds (investment Trusts, OEICs, unit Trusts and ETFs) from more than 200 fund managers.
- **Flexibility** – your Bond can be split into a maximum of 1,200 segments to allow tax planning flexibility.
- **Simple Administration** – Chesnara Life retain responsibility for ongoing Bond administration and provide comprehensive six-monthly Reports. These provide a clear picture of the charges and deductions which apply making it easy for the Trustees to monitor and administer your Bond.
- **Individual tax calculations** – we calculate the Corporation Tax liability individually for each Bond, based on the growth achieved by the funds held.
- **Comprehensive online facilities** for your adviser to set up and administer your Bond.
- **Multi-life financial planning** – the ability to have combinations of up to 10 lives insured gives flexibility that will be particularly attractive to Trustees - unless the Bond is fully surrendered, it will continue until the death of the last surviving life assured.
- **Extensive range of withdrawal options** – annual withdrawals can be set for the usual 5% or increased up to 10% of the original investment and can be taken on a monthly, bi-monthly (every other month), termly (every four months), quarterly, half-yearly or yearly basis.
- **Minimum age** – three months for a life insured and 18 years for an applicant.

## IMPORTANT INFORMATION

The value of investments can fall as well as rise and you may not get back what you invested. For some investments this can also happen as a result of exchange rate fluctuations as shares and funds may have an exposure to overseas markets. Chesnara Life (UK) Ltd cannot be held responsible for the investment performance of your Bond. The value of any tax benefits described depends on your individual circumstances. Tax rules and rates may change in the future. Chesnara Life (UK) Ltd cannot be held responsible for any future changes in legislation. For more details, please refer to the Chesnara Life Onshore Investment Bond product brochure and Key Features which can be obtained from your Financial Adviser or from our website.

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