



SALES  
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# Onshore Investment Bonds – Why a Loan Trust?

The Loan Trust is a lump sum investment, held under Trust.

-  Receive a regular income
-  Control access to the original loan amount

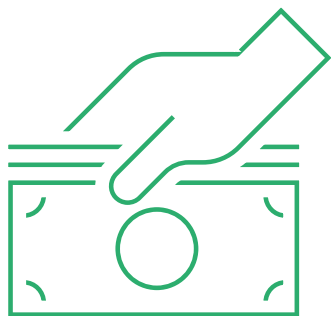
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## What is a Loan Trust?

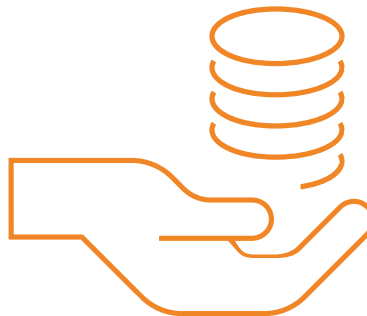
The Loan Trust is a lump sum investment, held under Trust. It is designed to help reduce a potential Inheritance Tax (IHT) liability for people with net estates over £325,000, who want access to the original capital invested.

**It enables you to:**

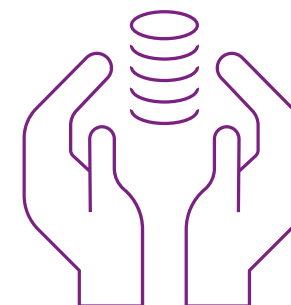
Invest a lump sum and  
receive regular  
loan repayments



Demand repayment of the  
loan in whole or in part at  
any time



Giveaway any potential growth  
on your investment which will  
not form part of your estate for  
Inheritance Tax calculations



## Why consider a Loan Trust?

## How does a Discounted Gift Trust work?

**1**

A pot of money (the estate) with a value of £3m

**2**

£500k goes into a Loan Trust

The donor can request repayment of this loan at any time

**3**

Trust invests the £500,000

Over 10 years it grows by a further £100,000.

This growth sits outside the estate – it belongs to the beneficiaries.

**4**

The donor receives payments back from the loan  
- which can be helpful as retirement income.

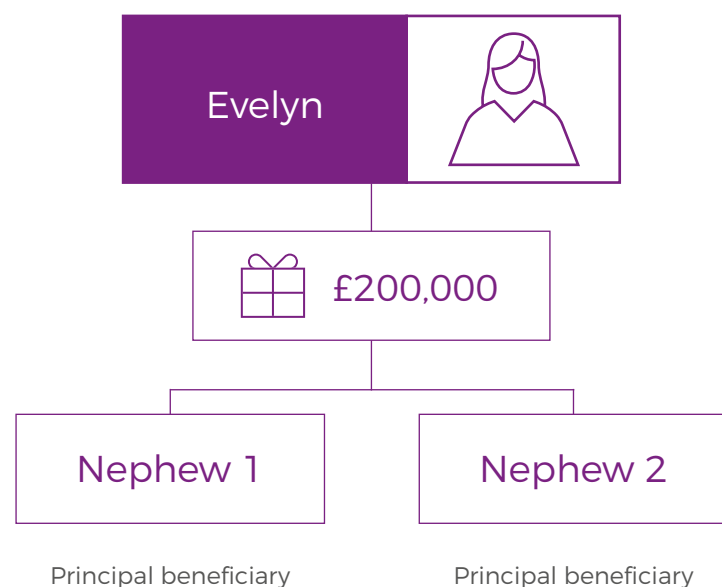
- Repaid loan payments if spent reduce the size of the estate for IHT
- Or, they can waive it (fully or partially).
- If waived or unspent, it becomes a gift for IHT purposes.



## Client case study

Evelyn's estate includes £200,000 on deposit earning very little interest.

She needs to take £10,000 a year from her capital to supplement her income. She has substantial assets and wants to mitigate her Inheritance Tax liability, provided she can retain access to yearly payments of £10,000.



## 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 Loan 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 [www.chesnaralife.co.uk](http://www.chesnaralife.co.uk).

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