

Target Market Statement

The Novia Offshore Bond provided by RL360 Insurance Company Limited (RL360)

November 2024

1 Product Overview

The Novia Offshore Bond, provided by RL360 Insurance Company Limited (RL360), is a tax-efficient investment vehicle aimed at UK-based clients seeking long-term investment growth in an offshore jurisdiction. The bond allows clients to hold a broad range of investments, providing the potential for capital growth while deferring taxes on gains until the bond is surrendered. Given the adviser-led model of Wealthtime, clients must consult with a financial adviser to determine the suitability of the product based on individual circumstances. The bond is structured to benefit from offshore tax efficiencies, but clients are responsible for UK tax liabilities upon encashment.

- **Advised Long-Term Investors:** Clients who have received professional advice and are committed to a minimum investment horizon of five years. These investors should be comfortable with the risks of investing in equity, bonds, or funds, and should aim for long-term capital growth.
- **Moderate to High Net-Worth Clients:** Suitable for clients with the financial resilience to manage the potential fluctuations in investment value and to absorb possible losses.
- **Clients Requiring Flexibility in Wealth Succession:** Investors who value the estate planning benefits associated with offshore bonds, such as assigning segments or creating tax-efficient gifts.

2 Who is this appropriate for?

- **Clients Seeking Tax Efficiency:** Investors looking to defer UK tax on investment gains and income through an offshore bond wrapper. This may be especially beneficial for clients in higher tax brackets or those expecting a lower tax rate upon withdrawal.
- **UK Residents:** The bond is intended for UK tax-paying residents aware of their tax liabilities upon withdrawal or partial encashment.

3 Who is this not appropriate for?

- **Short-Term Investors:** Clients seeking to access their investments within five years or prioritizing short-term liquidity needs.
- **Non-Residents:** Clients who are not UK tax residents or those with complex tax obligations in other jurisdictions (e.g., U.S. citizens subject to FATCA).
- **Clients Without Adviser Guidance:** This product is unsuitable for those without ongoing financial advice, as it requires tailored guidance for tax planning and investment decisions.

- **Low-Risk Tolerance Clients:** Individuals looking for capital preservation or guaranteed returns should avoid this product due to the inherent market risks.
- **Clients with Small Portfolios:** Investors with limited investment capacity, particularly those with less than £50,000, may find the product unsuitable given the associated charges and investment risks.

4 Key Features

- **Tax Deferral:** Gains and income within the bond accumulate without immediate UK tax liability, enabling clients to manage when they pay taxes.
- **Wide Investment Choice:** Access to a range of investment funds, including equities, bonds, and alternative assets, offering potential for tailored investment strategies.
- **Estate Planning Benefits:** The bond allows for potential inheritance tax efficiencies and offers flexible succession options, such as segment assignments.
- **Regular Withdrawal Facility:** Clients can withdraw up to 5% of their original investment each year without immediate tax consequences, allowing for structured income planning.
- **Offshore Tax Advantages:** While held, the bond benefits from favourable offshore taxation, with taxes only due when gains are realized in the UK.

5 Product Complexity

The Novia Offshore Bond is a moderately complex financial product due to the combination of tax-efficient structuring, investment risk, and regulatory considerations. It is important for advisers to explain the product's features and potential tax implications, as well as how it fits into the client's overall financial planning strategy.

6 Fair Value Assessment

The Novia Offshore Bond provides fair value for clients seeking tax deferral, estate planning benefits, and access to a wide range of investments. However, regular reviews are essential to ensure that the product continues to meet client needs and delivers value for money over time, particularly in light of any changes in tax laws or personal circumstances.

7 Risks

- **Investment Risk:** The value of investments in the bond can fluctuate, and clients may get back less than they invested.
- **Tax Risk:** Tax treatment may change, and withdrawals or bond surrender may trigger UK Income Tax or Capital Gains Tax (CGT) liabilities. Clients must also be mindful of future tax regime changes.
- **Liquidity Risk:** Some assets held within the bond may have liquidity constraints, affecting the client's ability to access funds quickly in certain market conditions.
- **Regulatory Risk:** Any changes to UK or offshore tax laws or financial regulations could impact the product's advantages and functionality.

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