Symphony
FINANCIAL ADVISERS

Why top up my Bonds

April 2018

An insurance bond (or investment bond) is a single premium life assurance policy for the purposes of investment.

The decision of which 'wrapper' to place funds within (i.e. onshore bond, offshore bond or collective) can be complex and is based upon our assessment of your tax position, the treatment of each wrapper, the likely growth you want to achieve and for how long you might want to invest.

Insurance bonds can be useful vehicles for minimizing the amount of tax you might pay.

Useful features of your Bond for tax planning scenarios include the tax deferred status, the ability to write the investment inside a trust and reduce your inheritance tax liability on your estate, and exclusive access to expensive investment links such as guaranteed or protected profits investment funds. Bonds can provide you with income or growth and when income is needed there are now bonds that can offer a set minimum guaranteed income for the rest of your life.

If you're looking for an investment option that could give you the possibility of medium to long term returns on your money along with investment fund management expertise, topping up your investment bond should be considered. These can provide access to a mixture of investment funds, which are looked after by professional investment managers carefully chosen by us.

Investment bonds are usually classed as a single premium 'life insurance' policy because a portion of your 'life insurance' policy can be paid out upon your death, but they are really an investment product. If your need is solely for life insurance, you may wish to talk to us about more suitable products.

You will have bought your investment bond from a life insurance company, or directly through a us as your financial adviser. We invest your premium on your behalf for potential capital growth, which should build up until you withdraw money from your policy.

As a reminder, you can withdraw up to 5% per year of the amount you invested without paying any immediate tax. Therefore your investment bond could be a potentially tax-efficient way of holding a range of investment funds in one place. If you decide to take more than 5% per year and/or you cash in your bond in full, it will be necessary for us to calculate any gains on your money, and you may be subject to Income Tax.

When you invested in your bond you will have been allocated a certain number of units in the funds of your choice or those set out by the conditions of the bond. You can choose to invest in a range of funds or a portfolio or a mixture of both. You can also usually switch between funds within your bond. There would not normally be a charge for this.

Unless you've opted for a guarantee, which your investment bond may have, there is the potential that you may not get back the amount you invested.

HMRC tax rules require careful consideration and may not reflect your individual circumstances. The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which is liable to change without notice.