

Advantage Investment Plan Product Summary

For professional adviser use only

What is the Advantage Investment Plan?

- It is a UK qualifying life policy, certified by HM Revenue & Customs (HMRC).
- It enables clients to invest a cash sum every year for ten years with the aim of increasing the value of their money in a tax-efficient way.
- Clients choose an annual investment amount of £25,000 to £500,000. They must invest this amount each year for the first six years, followed by four payments at half that level for the remaining four years.
- As long as clients hold their Plan for at least seven and a half years and make all of their specified annual investments for this period when they are due, the proceeds of their Plan will be free of any liability to personal tax above the basic rate.
- The Plan provides a tax-efficient Death Benefit to be paid on the death of the Life (or Lives) Assured. This is free from personal income tax and capital gains tax.

Who is the Advantage Investment Plan suitable for?

The Advantage Investment Plan may be suitable for those:

- Between 18 and 65 years of age.
- Who are higher rate taxpayers or top rate taxpayers and are seeking tax-efficient investment returns.
- Who are able to commit to making regular annual investments of at least £25,000 per annum (up to a maximum of £500,000 per annum) for the first six years of their Plan followed by four payments of half this amount for the remaining four years of their Plan.
- Who may need access to some of their retirement pot before they retire.
- Who may be seeking potentially higher returns than those available through bank and building society accounts and accept this will involve taking a greater risk.
- Who have maxed out on their lifetime allowance, or are concerned about the recent changes to CGT and income tax.
- Who regularly use their ISA & CGT allowance and are looking for another tax efficient way to invest.

What are the benefits of the Advantage Investment Plan?

- The Advantage Investment Plan is structured to maximise the potential for clients' investments to increase in value and minimise the cost of the life cover.
- Clients invest a chosen amount for the first six years, and then make four payments at half that level for the remaining four years. By investing greater amounts in the early years of the Plan, there is more scope for the client's savings to grow in value.
- Because of the way the Plan is structured, with greater amounts invested in the early years, the time period during which the Death Benefit charge needs to be paid is reduced. This in turn lowers the overall cost of the Death Benefit.
- The Advantage Investment Plan offers access to the Select Investment Range - a wide choice of underlying investments designed to meet clients' needs no matter what their attitude to risk. This provides the flexibility to change the risk profile of their investments as their circumstances change over the lifetime of the Plan.
- The Plan offers a transparent charging structure so clients know exactly what they are paying for - including the cost of your advice and services - and when they have to pay it.

SELECT

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Charges

- 1. Asset Charge** - typically 0.75% per annum.
- 2. Fund Manager Charges** – payable to third party fund manager, depending on fund(s) chosen.
- 3. Death Benefit Charge** - dependent on the number of Lives Assured, their age and sex, whether they smoke, and any health factors identified at the time of application.
- 4. Adviser Remuneration** – as agreed between you and your clients. Options for Initial, Ongoing and Review Adviser Remuneration are available.
- 5. Tax** – at life insurance company rate

For full details of charges, please refer to the Select Investment Range and Select Investment list documents.

Risks

- Unless clients invest in a Guaranteed Investment within the Advantage Investment Plan, we do not guarantee what they will get back and they may get back less than they invested.
- Not all Structured Investments offer full capital protection, so in some circumstances your clients can lose money in these investments.
- Tax rules may change and this may mean they have to pay more tax than they expected.
- When your client opens an Advantage Investment Plan, they will have 30 days to change their mind. However, if they choose to cancel and the value of their chosen investments has fallen, they will get back less than they paid in.
- If your clients do not make their annual investments within the required timescales, their Plan will lose its qualifying status. This means that the tax advantages of the Plan will be lost and the Death Benefit will reduce to 101% of the value of their Plan.
- The real value of the money they invest will be affected by inflation.
- If the Death Benefit is paid to their estate, it may be subject to Inheritance Tax.
- Clients should intend to hold their Plan for at least seven and half years without making withdrawals, or it will lose qualifying status and the tax advantages of the Plan will be lost.

What else do I need to know?

To provide the minimum death benefit of the Advantage Investment Plan, the Life(s) Assured will need to be underwritten.

Please note that if your client is not eligible for life cover, they will not be able to invest in the Advantage Investment Plan.

The Advantage Investment Plan is part of the Select Portfolio from Alico Wealth Management. The Select Portfolio is a collection of retirement and investment products available only through recommendation from a financial adviser.

For full information about the charges, benefits and risks of the Advantage Investment Plan, please refer to the Key Features Document on our website at www.alicowm.co.uk or call us on 0800 013 2272.

For ideas on how the Advantage Investment Plan may be useful for your clients, please contact your Regional Sales Manager.

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