

Tax planning and International Bond recurrent single payment

For professional advisers only.

The value of investments can go down as well as up, and your clients could get back less than was paid in.

Laws and tax rules may change in the future. A client's personal circumstances and where they live in the UK will also have an impact on tax treatment.

Please note that Standard Life's International Bond is provided by Standard Life International dac.

It's not just pension plans that can accept regular payments. When you need to offer your clients a way to save regularly without worrying about pension restrictions and still offer a range of investment options then we have the answer.

Why a Standard Life International Bond and recurrent single payment?

Your clients can make payments into our International Bond on a monthly, quarterly, half-yearly or yearly basis by direct debit. These can be made in addition to any single payments and can be added to existing bonds.

This is becoming popular as it meets a range of different needs whether it's to:

- support retirement planning
- manage educational costs in a tax-efficient way, or
- simply allow regular saving into a range of investment options

Your client can also make recurrent single payments, which give them:

- the ease of automated payments, using a direct debit
- the flexibility to stop and start, or increase and decrease, payments at any time
- the option to have separate investment instructions for the recurrent single payment from any single payments
- the ability to help control income tax and inheritance tax liability

What are the payment levels?

Frequency	Minimum amount	Minimum amount when paid with £20,000 single or into an existing bond
Monthly	£1,000	£500
Quarterly	£3,000	£1,500
Half-yearly	£6,000	£3,000
Yearly	£10,000	£5,000

Offers high earners an attractive solution to the changes in pension legislation

The restrictions applied to pension payments affect people who want to maintain a high level of regular retirement savings so clients may want to explore other tax-efficient options. Using an International Bond also allows clients to withdraw their money whatever their age.

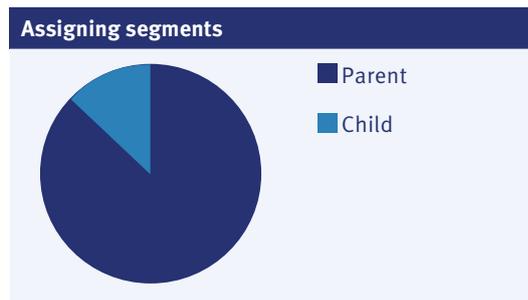
Here's an example of how a client who wants to save £250k could take advantage of an International Bond to maintain their retirement investment levels.

Pension	£40,000 (gross)
ISA	£20,000
International Bond	£190,000

The above example may not reflect the latest allowances.

Managing education costs

With university fees and the costs of private education, more clients may be looking for regular savings solutions that allow access to their money at the right time.



For example, a client could invest £20,000 as a single payment (the minimum required to set up the bond) and set up recurrent single payments of £500 per month for five years. This could help cover some of the costs of education. For greater tax-efficiency, when the child turns 18, your client could assign segments to that value to them.

The child can cash-in their segments as needed. The money would be free of tax as long as the gain on the amount cashed-in, allowing for any income received, is still within their personal allowance. International Bond gains can also be offset against the savings rate band and personal saving allowance.

Assigning from a parent to an adult child may also help to reduce inheritance tax liability if it's for maintenance and education purposes as the transferred amount could be treated as if it were outside the parent, or parents', estate. The child would need to be in full-time education for this to apply and the assignment would have to be made before 6 April in the last year of the child's course. Assigned segments can have their own investment strategy, to meet the needs of the new owner.

Flexibility for younger clients

Some clients shy away from saving in pension plans simply because the money is locked in until they're 55 (rising to 57 in 2028). And high earners can quickly max out their ISA allowance. Withdrawals can be made from an International Bond at any time with no restrictions.

 Please note that no guarantees are given regarding the effectiveness of any arrangements entered into on the basis of this content.

 **Complete a quote online today**

For more information on tax planning and International Bond recurrent single payments visit www.adviserzone.com/tax

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Standard Life International dac is a designated activity company limited by shares and registered in Dublin, Ireland (408507) at 90 St Stephen's Green, Dublin 2. www.standardlife.co.uk/International-Bond