

Onshore bonds FAQs

Overview

You can now manage investments in an AJ Bell Investcentre GIA held within a Countrywide Assured (“CA”) Onshore Bond – a tax-efficient wrapper that could help your clients meet their financial needs. Here are some of the benefits of using an onshore bond.

1. Tax efficiency

Onshore bonds are structured to benefit from UK tax rules.

- Tax-deferred income – clients can withdraw up to 5% of the value of premiums paid into the bond each year without immediate tax liability, allowing for flexible income planning.
- Top-slicing relief – tax is calculated when a chargeable event occurs, typically at the point of surrender or maturity. Clients may benefit from spreading the gain over the bond’s lifetime, potentially reducing the tax rate.
- Assignment – bonds can be assigned fully or partially to a spouse or legal partner prior to a chargeable event, e.g. encashment, which may reduce any tax liability if they’re subject to a lower rate of income tax.

2. Simpler tax reporting

Unlike an unwrapped GIA, onshore bonds are taxed under UK corporation tax rules – which normally simplifies annual tax returns for UK residents, as tax is only likely to become due at certain events, not every year.

3. Estate and trust planning

They can be placed in trusts to manage wealth transfer efficiently, and their structure is based on segmentation, which can make it easier to assign and release parts of the bond to beneficiaries. Placing a bond within a trust will normally remove the assets from the settlor’s estate for IHT purposes seven years after the trust is established.

4. Investment flexibility

Onshore bonds offer access to a wide range of funds, and allow switching between them without triggering a tax event. This flexibility supports dynamic portfolio management over time.

5. What is an onshore bond?

An onshore bond is a type of life insurance policy that can be used as a tax-efficient investment wrapper. It allows clients to invest in a range of underlying funds, while deferring tax on income and gains. Returns grow within the bond net of tax paid at the basic rate by the bond provider; clients may then have tax to pay when withdrawing money, typically at the point the bond matures or is surrendered. The rate of tax they pay will depend on their personal tax situation but, because of the way HMRC applies tax allowances to onshore bond gains and income, they could pay a lower effective rate of tax than with other types of account. CA's [Adviser Hub](#) contains detailed guides explaining the tax implications.

6. How are onshore bonds different from offshore bonds?

Feature	Onshore bonds	Offshore bonds
Jurisdiction	Issued by UK-based life insurance companies.	Issued outside the UK (e.g. Isle of Man, Dublin).
Tax treatment (internal)	Subject to UK corporation tax on interest, rental income and gains (not dividends).	Returns grow gross of tax (except unreclaimable withholding tax).
Tax treatment (personal)	Gains treated as savings income; basic-rate tax deemed paid*.	Gains treated as savings income; taxed at the investor's marginal rate of income tax.
Top-slicing relief	May be available, depending on individual circumstances.	May be available, depending on individual circumstances.
Withdrawals	Up to 5% per year, tax-deferred.	Up to 5% per year, tax-deferred.

*You can find more information about how CA deduct tax and disclose it in 'The taxation of onshore bonds' guide on the CA [Adviser hub](#).

7. Who is the bond provider?

We have partnered with CA and you can find full details of their bond [here](#). CA will open an AJ Bell Investcentre GIA in their name as an investment within your client's bond. As the bond is provided by CA, not AJ Bell Investcentre, you and your clients should speak with them directly in all matters regarding the bond.

CA's [Adviser hub](#) includes the literature and forms you'll need to open and manage bond accounts for your clients, as well as technical guides and information about the tax benefits of the bond, and the implications of using them in conjunction with trusts, withdrawals and surrenders and more.

8. How can I open an onshore bond account?

You'll need to open the onshore bond with CA by completing their documents, which are available [here](#), along with their Terms of Business. After you've completed the application and obtained all the relevant illustrations and documents, CA will apply for the AJ Bell Investcentre GIA. Please provide them with any relevant information required to open the account.

Premiums (payments into the bond) must be made by your client and paid directly to CA in line with their requirements. We'll only accept payments from CA into a GIA held for a CA Onshore Bond.

Your firm will also need to complete our supplemental [adviser handshake](#) for managing accounts on behalf of CA.

Once we've received both the signed handshake and the application form from CA, the GIA will be opened. It will appear on the AJ Bell Investcentre adviser website as 'Countrywide Assured re <bond reference number><first initial><surname>' (e.g. 'Countrywide Assured re XX bond reference XX A Banks'), alongside your other clients.

If you wish to give your existing AJ Bell Investcentre client's view only access to their CA account, please complete the [account linking form](#) and return it to enquiry@investcentre.co.uk.

9. What are the charges?

Our standard custody and dealing charges apply in addition to CA's Onshore Bond charges, details of which are available from the 'Onshore bond features and charges' available on the CA [Adviser hub](#).

10. Can clients make extra payments into the bond?

Yes, they can. There are no maximum limits on how much or how often they can make top-up payments, but you should refer to CA's literature for details of the minimum required amounts.

Payments must be sent to CA. They will then transfer the money to the GIA, ready to invest.

11. What investment options are available?

You manage investments in the GIA through our Funds & Shares Service like any other platform account. There are some restrictions on what is eligible to be held in an onshore bond, but CA has approved over 5000 funds and ETFs for you to buy in individual portfolios or use in model portfolios.

12. How are investments held?

All assets and cash within an onshore bond GIA are legally and beneficially owned by CA, meaning your clients do not hold legal or beneficial ownership of the underlying investments. Instead, their entitlement is to the benefits payable under the terms and conditions of the CA Onshore Bond account.

13. How can I request a withdrawal from an onshore bond account?

You can request a partial or full withdrawal from CA at any time. Please note, you can't directly request a withdrawal through the platform – all withdrawal requests must be placed with CA, who will then contact us.

CA will pre-fund certain withdrawals and process the payment directly to the client, before reclaiming the amount at the end of the quarter. It's your responsibility to ensure enough cash is available in the GIA to cover pre-funded withdrawals and any other charges due to CA by the end of each quarter.

For all other withdrawals CA will request cash from the GIA to allow them to make the payment to your client. It's your responsibility to ensure that enough cash is available in the GIA before requesting the withdrawal from CA. You should refer to CA's Adviser Hub for information about pre-funded withdrawals.

14. How will my adviser charges be paid?

CA will pay all adviser charges relating to onshore bond accounts directly to you. We cannot pay those charges to you as part of our usual adviser charging routines.

CA will collect your charges at the end of each quarter along with their charges and any pre-funded withdrawal amounts, and it's your responsibility to ensure enough cash is available in the GIA to cover all amounts due.

It's important to remember that any adviser fees paid from the bond will reduce the annual 5% withdrawal limit. If the total of adviser charges and withdrawals paid in a year exceeds the 5% limit, then a chargeable event will occur, which could result in a tax liability for your client.

15. Can I arrange transfers into a bond account?

It's not possible to transfer a bond provided by a different insurance company to CA. However, you may be able to re-register assets held in an existing CA bond to an AJ Bell Investcentre GIA. Your usual point of contact at CA will be able to help you with this.

16. What regular reporting will my client receive?

CA will provide your client with detailed quarterly reports about the bond, and we'll upload quarterly GIA statements that you and your client can access in the document store of our website (assuming we've been able to grant them read-only access to the GIA via their personal account).

Our quarterly statements will include a breakdown of all portfolio holdings and all cash and investment transactions during the previous calendar quarter. Please be aware that our statements and those of CA may not match every quarter, for example due to timing differences.

Further details can be found in 'The taxation of onshore bonds' guide on the CA [Adviser hub](#)

17. Still have questions?

If you still have questions relating to onshore bonds in conjunction with AJ Bell Investcentre, please get in touch with a member of our [Business Development Team](#) or OnshoreBondCA@Chesnara.co.uk.