

Standard Life International – offshore bond FAQs

Overview

You can manage investments in an AJ Bell Investcentre GIA held within a Standard Life International offshore bond – a tax-efficient wrapper that could help your clients meet their long-term financial planning needs. Offshore bonds can be particularly useful where clients want tax deferral, gross roll-up and flexible access to a broad range of investments.

Tax deferral and gross roll-up

Offshore bonds are designed to defer UK tax until a chargeable event occurs. The underlying funds normally benefit from gross roll-up, meaning income and gains can accumulate with little or no tax deducted within the bond, subject to any irrecoverable withholding tax.

- Tax-deferred withdrawals – clients can normally withdraw up to 5% of the premiums paid into the bond each policy year without an immediate tax charge. Unused allowance can usually be carried forward while the bond remains intact.
- 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 somebody such as a spouse, legal partner or other individual 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.

Simpler tax reporting

Unlike an unwrapped GIA, an offshore bond can simplify annual tax reporting because gains are generally not assessed on the client each year while investments remain within the bond. UK tax is normally considered when a chargeable event occurs, such as a surrender, part surrender above the cumulative 5% allowance, assignment for money, maturity or death.

Estate and trust planning

Offshore bonds 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.

Investment flexibility

Offshore bonds can provide access to a wide range of permitted investment funds and model portfolios, subject to the offshore bond provider's investment rules. Switching investments within the bond will not normally create an immediate UK tax charge for the client, supporting flexible portfolio management over time.

What is an offshore bond?

An offshore bond is a life assurance or capital redemption investment wrapper issued by an insurer outside the UK. It allows clients to hold a range of underlying investments while deferring UK tax until a chargeable event occurs. Investments within the bond normally benefit from gross roll-up, meaning income and gains can accumulate with little or no tax deducted within the bond, although irrecoverable withholding tax may still apply. Unlike an onshore bond, there is no deemed basic-rate tax credit on an offshore bond gain, so any chargeable event gain is assessed against the client's personal income tax position at the time the gain arises. Standard Life's adviser website contains detailed guides explaining the tax implications.

How are offshore bonds different from onshore 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 offshore bond taxation, chargeable events and reporting requirements [here](#).

Who is the bond provider?

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

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 can be found [here](#).

How can I open an offshore bond account?

You'll need to open the offshore bond with Standard Life 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, Standard Life 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 Standard Life in line with their requirements. We'll only accept payments from Standard Life into a GIA held for a Standard Life International offshore bond.

Your firm will also need to complete our supplemental adviser handshake for managing accounts on behalf of Standard Life.

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

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

What are the charges?

Our standard custody and dealing charges apply in addition to Standard Life's offshore bond charges. You should refer to Standard Life's [website](#) or your local Standard Life Business Development contact for details of the bond-level charges that may apply.

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 Standard Life's literature for details of the minimum required amounts.

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

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 offshore bond, but Standard Life has approved over 7,000 investments for you to buy in individual portfolios or use in model portfolios.

How are investments held?

All assets and cash within an offshore bond GIA are legally and beneficially owned by Standard Life International, 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 Standard Life International offshore bond account.

How can I request a withdrawal from an offshore bond account?

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

Standard Life will request cash from the GIA to allow them to cover their charges and to make any payments to your client. It's your responsibility to ensure enough cash is available in the GIA to cover withdrawals or any other charges due to Standard Life.

How will my adviser charges be paid?

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

Standard Life will collect your charges on the frequency that you have selected. 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.

Can I arrange transfers into a bond account?

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

What regular reporting will my client receive?

Standard Life will provide your client with annual statements 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 Standard Life may not match exactly every quarter, for example due to timing differences.

Still have questions?

If you still have questions relating to offshore bonds in conjunction with AJ Bell Investcentre, please get in touch with a member of our [Business Development Team](#) or the [Standard Life Business Development Team](#).