

For advisers

Our **new**
platform



Nucleus Offshore Bond

Target market statements



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Nucleus Offshore Bond

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Nucleus Offshore Bond

This document provides important information on the target market of the Nucleus Offshore Bond account and the customer aims, objectives and needs it is designed to support. It is intended for use by advisers to help you understand whether the Nucleus Offshore Bond account is right for your clients. It is based on Nucleus' opinion and does not take into account individual customer circumstances.

1.1 What is the Nucleus Offshore Bond?

The Nucleus Offshore Bond is an investment-linked policy of insurance provided by RL360 Insurance Company Limited (RL360), a third party bond provider. It is designed to allow a cash sum to be linked to a wide range of investments in a way that is tax efficient and offers potential for growth over the medium to long term.

The bond can be set up as either;

- a whole of life assurance policy (meaning it continues until the death of the last life assured), or
- a capital redemption policy with no lives assured and a maturity date which is 99 years after the start date.

A whole of life assurance policy is set up with up to 10 lives assured and a death benefit payable on the last death. There is no minimum age but the youngest life assured must not be older than 75 at the date of application.

The capital redemption version pays out the surrender value, which is based on the value of the underlying investments plus a guaranteed amount of £100 after 99 years.

Under current UK law, up to 5% per annum invested in the bond can be withdrawn without incurring a tax liability at the time, on a tax deferred basis. The bond can be used to supplement income, for example, a pension on retirement.

The aim of the Nucleus Offshore Bond is to:

- allow the customer the opportunity to invest cash while looking to build capital growth, in a tax efficient environment.
- offer the facility to make withdrawals, at any time, subject to tax restrictions.
- offer access to platform funds, with the flexibility to switch between them.
- make tax efficient gifts by way of assignments.
- enable trust and estate planning.

The features of the Nucleus Offshore Bond include;

- Online application & illustrations.
- Online servicing.
- Adviser charge facilitation.
- Ability to invest in on platform funds, including model portfolios, regulated unit trusts and Open-Ended Investment Companies (OEICs).
- Capital or Life assurance options.
- The whole bond or a number of segments can be assigned subject to the policy limitations.
- The bond can be used with a number of trusts or an existing trust deed.
- No liability to tax on the income or capital gains of the assets while invested (or switched) within the bond (other than any withholding tax deducted at source or income from assets held in some countries).
- No ongoing reporting requirements to HM Revenue and Customs (HMRC) unless there is a chargeable event.
- Ability to allow the fund to benefit from gross roll up subject to any non-reclaimable withholding taxes.

The Offshore Bond allows a range of asset types to be held, complementing the portfolios of customers who hold a Nucleus SIPP, ISA or GIA. Any proposed assets to be held in the Nucleus Offshore Bond are reviewed by RL360 to ensure that they comply with the obligations of its licence and all regulations which are applicable. RL360 reserve the right to decline making an investment if the provider will not provide us with suitable monthly reconciliation data or for any other reason RL360 deem appropriate. For more information, please see our Guidelines for Permitted Assets document and our Key Features Document.

1.2 What customer needs and objectives does the Nucleus Offshore Bond aim to meet?

The Nucleus Offshore Bond is designed to be compatible with the following customer status, needs and objectives:

- Advised customers with a basic level of financial capability that would enable the customer to provide informed consent to the advice provided.
- UK resident, non-US Persons or persons who are not residents of the US for tax purposes (irrespective of country of residence).
- Customers who have at least £100,000 to invest at outset.
- Customers willing to accept a level of market risk to increase potential reward (noting the actual level of risk an investor is prepared to take/can afford to take will be based on individual factors).
- Customers with the ability to bear losses to capital without creating significant financial hardship.
- Single individual applicants aged between 18 and 80 (the maximum age is 75 if the policyholder is a life assured).
- UK resident companies (where the Memorandum and Articles of Association give appropriate investment powers).
- Trustee investments (where all trustees are UK resident, not US Persons and the trust deeds give appropriate investment powers).
- To invest for the medium to long term (five years, ideally longer).

- To have access to services that can be varied to suit their changing needs and investment options.
- Have already considered maximising pension contributions and ISA subscriptions, where appropriate to do so or have a large amount of money to invest.
- Are willing to accept more risk to their capital than saving through a bank or building society.
- To build their savings in a tax efficient way and obtain the potential to defer higher and additional rate tax on income and growth.
- To help reduce inheritance tax liability on a customer's estate by writing the Nucleus Offshore Bond under a suitable trust arrangement.
- To be able to amend their personal details, view their product bank account details and buy and sell investments. Please note that customer signed forms to change personal details may be required for submission to RL360.
- Customers wishing to make tax deferred withdrawals across all segments or segment surrender on a regular or ad-hoc basis to provide an income and flexibly access their savings (minimums apply).
- Customers wishing to take advantage of tax efficient features such as gifting by way of assignment.
- Customers willing to be subject to the Isle of Man Compensation of Policyholders Protection Scheme instead of the UK Financial Services Compensation Scheme.
- Customers who can take advantage of any tax allowances upon a chargeable event.
- Switch between assets without incurring a Capital Gains Tax liability.

The Nucleus Offshore Bond is NOT designed to be compatible with the following advised customers needs, objectives or status:

- Non-UK residents or US persons or a resident of the US for tax purposes.
- Non-advised customers.
- Customers aged under 18 or over 80.
- Customers subject to ongoing bankruptcy that has not been finalised and discharged.
- Customers who have less than £100,000 to invest at outset.
- Joint applicants.
- Non-UK resident companies or UK resident companies where the Memorandum and Articles of Association does not give appropriate investment powers.
- Trustee investments where all trustees are not UK resident, are US Persons or the trust deed does not give appropriate investment powers.
- To invest only for the short term (less than 12 months) unless there is a specific customer objective.
- To provide an investment for customers not willing to accept any risk to capital or the other risks as stated in the Key Features Document.
- To invest in cash for the long-term while saving in a Nucleus Offshore Bond.
- To utilise investments outside of our Nucleus Offshore Bond Permitted Investments List which are not available in the Nucleus Offshore Bond.
- To provide a guaranteed income for life.
- To follow a very simple investment strategy over the long term where a lower-cost investment product might be more appropriate.
- Customers who have not considered a full range of investment wrappers which could be suitable for their wants and needs.
- Wish to keep an amount less than £10,000 in the bond after any money is taken out of the bond or if any segments are assigned.
- Customers who wish to assign segments for money or money's worth.
- Customers who wish to receive compensation under the UK Financial Services Compensation Scheme.
- To borrow from the Nucleus Offshore bond.

1.3 What customer characteristics is the Nucleus Offshore Bond designed to be compatible with?

In addition to the needs and objectives the Nucleus Offshore Bond is designed to meet, we can also define the customer characteristics it's compatible with. As this can be a more subjective part of your advice process, we've broken down customer characteristics into three main categories:

- **Target market** – This is the core group of customers that the product has been designed for.
- **Potential suitability** – This is a wider group of customers the product may still be suitable for but is not our core target market.
- **Not suitable for** – Customers exhibiting one or more of the characteristics stated here are unlikely to be suitable for this product.

Character characteristics	Target market	Potential suitability	Not suitable for
Age	18 – 80	18 – 80	Under 18
Applicants must be between 18 – 80 years old. The maximum age for the youngest life assured is 75 years old (not applicable for a Capital Redemption policy).			
Investment knowledge and experience	Basic level of investment knowledge and experience with an appointed, UK regulated financial adviser	Basic level of investment knowledge and experience with an appointed, UK regulated financial adviser	Any level of investment knowledge and experience without a UK financial adviser
Bonds can be complex arrangements, especially when ensuring the right decisions are made at the right time to maximise benefits. All applications must be submitted by a UK adviser regulated by the Financial Conduct Authority (FCA).			
Fund size	£100,000 or more	£100,000 or more	Less than £100,000
Minimum investment to open the Nucleus Offshore Bond is £100,000 with no maximum amount. Subsequent top ups of more than £5,000 are accepted. If the value of the bond falls below £10,000, the Bond provider will request the bond is sold to cash and closed, in line with their terms and conditions. Any withdrawal requests which would reduce the bond value to under £10,000 will be rejected.			
Length of investment	Medium to long term – five years or ideally longer	Medium term – at least five years	To invest for the short term (less than five years unless there is a specific customer objective)
We recommend that investments are made at least for the medium to long term – that is at least five years and ideally longer. Shorter timescales may be appropriate in certain circumstances, but less than five years is unlikely to be.			

Character characteristics	Target market	Potential suitability	Not suitable for
Attitude to/ capacity for risk	All except no appetite for risk	All except no appetite for risk	No appetite for risk and/ or investing for capital preservation only
The wide range of investments on offer mean that all attitudes and capacities for risk could be met except for zero risk or preservation of capital. Although capital preservation investment options are available, it is possible that the combination of product, investment and advice charges could lead to some capital erosion.			
Tax status	Customers must be a resident in the UK for tax purposes	Customers must be a resident in the UK for tax purposes	Customers who are not a resident in the UK for tax purposes/US persons
Where the customer is expected to be a non-tax payer at surrender, the bond can be a very tax efficient investment. Where the customer is expected to be a higher or additional rate tax payer on surrender, it will limit the tax efficiency of the investment.			
Income / wealth	Ultra and high net worth, affluent	Mass affluent, with funds available for investment	No funds to invest
Our target market includes those customers likely to have sufficient income and savings to invest at least £100,000 in the Offshore Bond account. Where a chargeable gain arises, Nucleus will issue a chargeable event certificate to the customer.			
Country of residence	UK residents	UK residents	Non-UK residents/ US persons/Non-UK resident trustees or companies
The Nucleus Offshore Bond account is designed for UK residents. Non-UK resident customers and US persons (irrespective of country of residence) are not permitted. All Trustees must also be UK residents and non-US persons. Customers must notify us immediately if they are no longer UK resident.			

We categorise customers as a 'retail client' as defined by the FCA. You may be able to request alternative categorisation, subject to our agreement. However, this may limit the level of regulatory protection and compensation available.

1.4 Offshore bond advice

Customers must seek independent advice from a financial adviser who is regulated by the FCA and based in the UK when opening the Nucleus Offshore Bond account. We are not permitted to provide investment advice and we cannot provide any advice on the merits of using the service.

Please note ongoing adviser fee will form part of the 5% tax deferred withdrawals (partial surrenders) taken by the customer.

1.5 The Nucleus Offshore bond, Nucleus and our part in the distribution and value chain

The Nucleus Offshore Bond account is provided by RL360 Insurance Company Limited (RL360) who are based in the Isle of Man. Nucleus acts as an insurance intermediary and distributes the bond. All applications are subject to the customer agreement to both the Nucleus and RL360 Terms and Conditions.

We're responsible for ensuring that the Nucleus Offshore Bond account represents fair value to customers on an ongoing basis. This includes due diligence to establish and monitor fair value of the investments distributed.

We are not responsible for charge levels or the determination of fair value regarding charges for products or services not selected by Nucleus. For example, we are not responsible for charges relating to financial and investment advice, although we do apply decency limits to advice charges facilitated by the Nucleus Offshore Bond.

1.6 How is the Nucleus Offshore bond distributed?

The Nucleus Offshore Bond is distributed via FCA regulated financial advisers that have customers within our target market. All advisers intending to introduce business to Nucleus must first sign a formal Terms of Business agreement which should be read in conjunction with the Adviser Remuneration Policy.

All applications are subject to RL360 approval. Customers must provide satisfactory evidence of source of wealth, proof of identity, residency and age in line with Isle of Man requirements.

We do not accept applications direct from customers. Nucleus products are designed to be managed with the support of an adviser. An adviser must be appointed at all times during the period the customer holds an offshore bond.

1.7 Vulnerable customers

We have both a moral and regulatory duty to ensure that vulnerable customers are identified and treated fairly, according to their needs and experience outcomes as good as those for all other customers. We understand the importance of recognising and responding to vulnerability and the varied needs of vulnerable customers. To that end, we have a Group Vulnerable Customer Policy in place and staff have received and continue to receive ongoing training and support in recognising, dealing with and accommodating the needs of vulnerable customers.

The FCA has identified four key drivers which may increase vulnerability, these are:

- Health
- Life Event
- Financial Resilience
- Capability

To aid us in identifying and accommodating any additional support or tailored requirements that our customers may require it is helpful if advisers or customers:

- Notify us at time of new business application of any adaptations required to support the customer.
- Update us through the lifecycle of the plan of any new vulnerable characteristics identified or any that can be removed.

Examples of adaptations that can be made for customers with vulnerable characteristics, include the provision of:

- Documentation provided in a range of formats, such as larger font size, braille, or audio.
- Customers can have a single contact, so they can speak to the same person each time they call.
- Tailoring communications in a way that suits customers, for example by phone, email, post or secure message.
- If customers can't sign paperwork easily, we can arrange for use of a secure signature stamp.
- Following up telephone calls with written letters.
- Calls with the customer and a supportive third party.

1.8 Reviewing customers against our target market

We review Offshore Bond account new business on a regular basis to assess whether the product has been distributed in accordance with the information in this target market document. However, in line with FCA guidance, it remains the responsibility of each distributor to ensure that this target market is followed as they are best placed to consider customer personal circumstances, needs, objectives, characteristics and suitability.

If we have concerns about plans distributed to customers that we believe are unsuitable, we will first contact the distributor to raise and discuss our concerns. We will not take further action until this discussion has taken place unless we feel there is significant potential for poor customer outcomes by delaying action.

1.9 Product and Services outcome

We regularly conduct product reviews against the relevant Consumer Duty rules contained in PRIN 2A.3, the Products & Services outcome rules. The review seeks to ensure the product delivers fair customer outcomes, in line with the standards they are led to expect by looking at:

- Target market and distribution strategy.
- Risks of the product to the target market and vulnerable customers.
- Vulnerable customers.
- Meeting the needs, characteristics and objectives of the target market.
- Terms and conditions review.
- Avoiding adverse effects on groups of customers.
- Product testing.
- The Cross-Cutting Rules.

2.0 Price and Value outcome

We regularly conduct price and value assessments against the relevant Consumer Duty rules contained in PRIN 2A.4, the Products & Value outcome rules. Our three broad assessment categories are Price, Service and Product and proposition.

This gives us a comprehensive view of the costs incurred by customers in relation to the benefits they're receiving from our products. We assess the status of each category using internal and external comparative metrics. External metrics being compared to the relevant market competitors where possible and internal being measured against our own targets.

We've evaluated multiple aspects from each of the below categories. The fair value result is an aggregate of all constituent parts;

- **Price:** Understanding the charges incurred by a customer is vital in assessing whether the product is representing fair value.
- **Service:** Service provision is a vital and tangible component of the perceived value of any product.
- **Product and proposition:** This comprises the key features of the product including the overall proposition within which the product is provided.

We concluded that the product represents fair value to customers in the target market.

2.1 More information

For more information about the Nucleus Offshore Bond, please review the following documents;

- Platform Services Terms and Conditions for the Offshore Bond
- RL360 Terms and Conditions
- Nucleus Offshore Bond Charges Schedule
- Nucleus Offshore Bond Key Features Document
- Permitted Investments List
- Nucleus Offshore Key Information Document – Capital Redemption Policy
- Nucleus Offshore Key Information Document – Lives Assured Policy

These documents tell you more about how Nucleus operates;

- Product Technical Guide
- Order Execution Policy
- How Your Investments are Held

For more information about our Product Lifecycle Management process or for questions regarding Due Diligence, please contact your usual Sales representative.

2.2 Contact us

If you'd like to speak to us about this target market document, please call **03455 212 414** or send us a secure message. Please don't send personal, financial or banking information via email.

The value of investment funds may fall as well as rise. The tax treatment of the Nucleus Offshore Bond outlined in this document are based on our understanding of current tax law, and draft legislation that can change. Tax treatment depends on a customer's individual circumstances and may change in the future. Acceptance of an application for a Nucleus Offshore bond is at the discretion of RL360.

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"Nucleus" is the trading name for Nucleus Financial Platforms Limited (NFPL) (registered in England, number 06033126), Nucleus Group Services Limited (NGSL) (registered in England, number 02538532); James Hay Services Limited (JHS) (registered in Jersey, number 77318); James Hay Administration Company Limited (JHAC) (registered in England, number 04068398); James Hay Pension Trustees Limited (JHPT) (registered in England, number 01435887); James Hay Wrap Managers Limited (JHWM) (registered in England, number 04773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England, number 07259308); Nucleus Financial Services Limited (NFS) (registered in England, number 05629686). NFPL, NFS, NGSL, JHAC, JHPT, JHWM, JHWNC have their registered office at Suite B & C, First Floor, Milford House, 43 55 Milford Street, Salisbury, SP1 2BP. JHS has its registered office at Aztec Group House, IFC6, The Esplanade, St Helier, Jersey, JE4 0QH. JHAC, JHWM and NFS are authorised and regulated by the Financial Conduct Authority. NFPL, NGSL, NFS, JHWM, JHPT, JHAC and JHS are members of a VAT group with VAT registration number 514 0358 80. All companies are wholly owned subsidiaries of NFPL. Further details of the Nucleus Group can be found at nucleusfinancial.com. (12/25)

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