

keyfacts<sup>®</sup>

# Nucleus Onshore Bond account





## Key features

 25 minute read

The Financial Conduct Authority is the financial services regulator. It requires us, Nucleus Financial Services Limited (Nucleus), to give you this important information to help you to decide whether the Nucleus Onshore Bond account is right for you. **You should read this document carefully so that you understand what you are investing in and then keep it safe for future reference.**

You should note that the terms and conditions of the Nucleus wrap and a signed declaration constitute a legally binding contract between you, Nucleus Financial Services Limited as provider of the Nucleus wrap and CASLP Ltd ('CASLP') as the provider of the Nucleus Onshore Bond account. This document should be read in conjunction with the terms and conditions and the key features of the Nucleus wrap.

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## How to use this guide



### Things to consider

Key decisions and risks you should keep in mind. Sections in this format are designed to draw attention to important considerations, in addition to risks or costs you need to be aware of.



### Most people want to know

Sections in this format answer some of the more frequently asked questions you are likely to have.



### Discuss with your adviser

Information within this format draws attention to the decisions that we strongly suggest should be discussed with your adviser.

# 1. The aims of the Nucleus Onshore Bond account

The Nucleus Onshore Bond account is an investment-linked whole of life assurance policy, issued by CASLP Ltd ('CASLP'). It is subject to their terms and conditions of issue. Its aims are:

- ✓ To enable you to invest by means of a single or ad hoc contributions and obtain the potential to defer higher and additional rate tax on income and growth.
- ✓ To allow your investment the opportunity to grow over the medium to long term (five years or more).
- ✓ To allow you and your adviser to make your own investment decisions in accordance with the terms and conditions of the Nucleus Onshore Bond account.
- ✓ To provide a potentially tax-efficient method of investment.
- ✓ To provide a cash lump sum on the death of the relevant life assured.



Save more



Be flexible



Stay in control

## Your commitment

- ✓ You commit to make at least one contribution.
- ✓ With most investments you should normally plan to hold them for the medium to long term (five years or more).
- ✓ You must also abide by the Nucleus terms and conditions.
- ✓ You must commit to holding at least 2% of your Nucleus Onshore Bond account in cash at all times.

## 2. Risks

### Please take time to consider the risks associated to your account

- The value of your Nucleus Onshore Bond account can fall as well as rise so you may not get back the amount you invest.
- There are certain important features and factors which may affect the performance of your Nucleus Onshore Bond account. You should always discuss these with your adviser before you make any decisions.
- There may be initial and ongoing charges associated with your Nucleus wrap and these will have an impact on the value of your investment. These charges may vary through time and you should be aware that any increase in charges would have an adverse impact on the value of your investment.



- Past investment performance is not a guide to the returns you may receive in future.

- Trading instructions may be aggregated which means that the price you pay for assets may rise or fall in the period between Nucleus receiving your instruction and the time the instruction is actioned. There may be situations where you are disadvantaged by aggregation.
- We will send you a contract note, which is a summary of any buy or sell transaction instructed on your account, and it is important that you check all contract notes. If you have any queries in relation to the contract note please discuss this with your adviser or contact Nucleus. It is important that you highlight any errors or discrepancies at the earliest opportunity and no more than 30 days after receipt. Please note that any liability in respect of errors or omissions may be limited to 30 days by Nucleus.
- If you invest in an income fund that charges some of its expenses to capital in order to boost the income level, your capital will be more at risk and your scope for growth will be correspondingly reduced.
- Where your Nucleus wrap holds assets that invest in non-sterling denominated assets, the value of your Nucleus wrap will be affected by movements in currency rates as well as movements in the value of the underlying assets.
- Where you want to sell an asset and this is not immediately possible, the delay in trading may result in lower proceeds than you might have expected.
- What you get back is not guaranteed. It may be worth less than reflected on your personal illustration:
  - if you cash in your Nucleus Onshore Bond account earlier than assumed in your illustration;
  - if you do not make the investment assumed in the illustration;
  - if the charges for your investment are higher than those assumed in the illustration;
  - if the underlying investment performance is lower than the figures assumed in the illustration;
  - if you choose to take withdrawals which exceed the growth of your Nucleus Onshore Bond account, your capital will be eroded; or
  - if you invest in a fund which holds property, you should note this can be difficult to sell and we may have to delay acting on your instructions.



- If you exercise your right to cancel your Nucleus Onshore Bond account you may find that the value of your investment falls between the date of your investment and the date of cancellation and that you may receive back less than you initially invested.
- The various assets in which you can choose to invest have different levels of risk attached to them.
- The value of your Nucleus Onshore Bond account will fluctuate in line with movements in the value of the underlying assets.
- The tax treatment for the Nucleus Onshore Bond account (generically a non-qualifying life assurance bond) depends on the individual circumstances of each client and may be subject to change in the future. Please consult your adviser for how the tax regulation affects you.
- You should ensure that you have an insurable interest in the life assured under the Nucleus Onshore Bond account, otherwise there may be difficulties in paying out benefits in the event of the death of the life assured.
- Your tax circumstances may mean that you do not achieve the anticipated benefits from investing in an onshore bond.
- If you are considering investing for less than five years, and are uncomfortable with the thought of your investment fluctuating in value or require a certain amount of cash at a specific date in the future, the Nucleus Onshore Bond account may not be right for you.

## 3. Frequently asked questions

This section seeks to answer all of the questions you may have regarding the establishment and the maintenance of your Nucleus Onshore Bond account. Further information is available from your adviser and the Nucleus terms and conditions.

### What is the Nucleus Onshore Bond account?

The Nucleus Onshore Bond account is a non-qualifying single premium life bond, which allows you to accumulate and benefit from a cash sum without giving rise to liability for basic rate tax during the term of the Nucleus Onshore Bond account. The taxable income and gains arising within the Nucleus Onshore Bond account are subject to UK corporation tax at the special rate (currently 20%) applicable to UK life funds. This means that for a basic rate taxpayer there is no further tax liability when the Nucleus Onshore Bond account is encashed provided that any gain after top slicing does not fall into the higher rate tax band. Higher or additional rate taxpayers will pay the difference between the higher or additional and basic rate of tax.

In addition, you can make withdrawals of up to 5% of your initial investment for each year, for up to 20 years, without incurring an immediate tax liability no matter what your tax status. The payment of any advice fees, or discretionary asset manager fees from your Nucleus account will be treated as a capital withdrawal for tax purposes and will count towards the 5% tax deferred allowance. If the 5% allowance, or part of it, is unused in any given policy year, then it is carried forward on a cumulative basis.

All references to taxation within this document are based on our understanding of current legislation which may change in the future. The Nucleus Onshore Bond account allows you to invest in the wide range of assets available via the Nucleus wrap.

The Nucleus Onshore Bond account is split into 100 identical individual policies which allows you to cash in individual policies rather than withdraw capital across the entire account.



### How do I open a Nucleus Onshore Bond account?

Firstly you should not open an account until you have read and understood the terms and conditions of the Nucleus wrap, these key features, the key information document and have consulted your adviser. Once you have done so, and you and your adviser have agreed that a Nucleus Onshore Bond account is suitable for you, your adviser will ask you to fill in the application form(s) that will start the process of opening your account.

The Nucleus Onshore Bond account is available for up to two individuals (or, where the bond is held in trust, up to four trustees), who must be aged 18 or over. There is no maximum age for who may apply for the account. If you make a joint application, you will have joint ownership of the account.

There may be up to six lives assured on the Nucleus Onshore Bond account. The lives assured must be individuals but do not need to be the same persons as the applicants or legal owners of the Nucleus Onshore Bond account. There is no minimum age for the lives assured. If there is only one life assured, that person's age, at the time the application is made, must not be more than age 90. Where there is more than one life assured, you can choose whether the death benefit is payable on the first or last death. If first death is chosen, the age of the older life assured, at the time the application is made, must not exceed age 90. If the last death is chosen, a maximum age of 90 applies to the youngest life assured at the time of application.

### What happens next?

Once we receive your completed application form we will open up your Nucleus Onshore Bond account. We will then accept and process instructions received by you or your adviser.

## How can I follow the progress of my portfolio?

Your adviser will have full online access to your account, however if you have online access you can ask for a username and password that will allow you to view your account 24 hours a day, seven days a week - please contact your adviser or Nucleus if you wish to set up this facility.



## What rate of tax will apply?

The taxable income and gains arising within the Nucleus Onshore Bond account are subject to UK corporation tax at the special rate (currently 20%) applicable to UK life funds. Some residual indexation allowance may be available even though indexation allowance was abolished with effect from 1 January 2018.

## How is tax deducted?

We will calculate (normally daily) the tax on any gains, income and credits after allowing for dividends and any available indexation relief. Tax due will be deducted quarterly from your account. Whenever any of the funds you have chosen to invest in falls in value, this will be reflected in the tax account.

## What is the Onshore Bond tax account?

The tax account shows the current amount of tax payable by your Nucleus Onshore Bond account. If the funds you are invested in fall in value, this may result in a positive value within the tax account. This will not be paid as cash to your Nucleus Onshore Bond account but will be reflected in the final surrender value.

## Can I access my capital?

You can make a partial or full withdrawal from your Nucleus Onshore Bond account at any time. If you make a full withdrawal, this is a surrender of your Nucleus Onshore Bond account. You should consider the potential tax implications (see 'What tax will I pay when I withdraw capital?') before you request any withdrawal payment. You may take money out in the following ways:

- You can choose to take regular, fixed amount withdrawals from your Nucleus Onshore Bond account, but there may be tax implications if the total of any withdrawal and any advice/DFM fees exceed 5%. Please note we use the processed date, not the payment date for chargeable event calculations. The processed date is typically nine working days prior to the payment date to allow for the sell down of assets to cash. It may be earlier if your payment date falls on a bank holiday or weekend. If the payment date chosen is on, or close to, the policy anniversary date this may lead to a chargeable event gain as you may receive 13 withdrawals in a single policy year.
- If you request a single withdrawal from your Nucleus Onshore Bond account, we will take this in equal proportions from all policies that comprise your account unless you request for whole policies to be encashed.
- There is no maximum amount you may withdraw from your account, but there may be tax implications if any withdrawal exceeds 5% per annum. You should discuss the tax implications of withdrawals with your adviser.
- If your bond holds any suspended assets a surrender of individual segments is not possible.

## What tax will I pay when I withdraw capital?

If you are a higher or additional rate taxpayer, or become a higher or additional rate taxpayer when you receive money from your Nucleus Onshore Bond account, there may be an income tax charge in the following circumstances:

- If the total of regular withdrawals and any advice/DFM fees exceed 5% of the premium invested (please note the 5% for each year of the first 20 years is cumulative and any unused part can be carried forward for future years);
- On encashment of one or any number of the individual policies that make up your Nucleus Onshore Bond account; or
- If the cumulative total of regular withdrawals and partial encashments of some or all of the policies exceeds 100% of the amount invested in those policies.



## What is top slicing?

Top slicing relief averages out the gain on an onshore bond over the number of years during which the gain has accrued in order to determine the rate(s) at which the gain will be taxed. If you have had more than one gain assessable for the same tax year, the gains are aggregated.

The number of relevant years for top slicing purposes is determined as follows:

- If the chargeable event is triggered by death, complete surrender, full surrender of a certain number of segments or assignment for money or money's worth, the total gain is divided by the complete number of policy years elapsed from the start of the policy to the date of the chargeable event.
- Where the chargeable event is a result of a partial withdrawal exceeding the available 5% tax deferred allowance, the gain is divided by the lesser of the number of complete policy years since the most recent previous chargeable event or the start date of the policy. Note that the chargeable event created by a partial withdrawal is deemed to occur at the end of the policy year in which the withdrawal is taken.

Should you have any queries in relation to top slicing please contact your adviser.

## Can I make extra contributions?

There are no restrictions on the amount or frequency of additional contributions you wish to make.

## Where will my money be invested?

You and your adviser should determine how your money should be invested across the assets made available for the Nucleus Onshore Bond account via the Nucleus wrap. You should note that certain assets, which are available through the Nucleus wrap, may not be available for investment in the Nucleus Onshore Bond account.

## How are investments held?

Assets and cash held for your Nucleus Onshore Bond account are owned legally and beneficially by CASLP. Hence you do not have any rights of legal or beneficial ownership in the assets or cash held within your Nucleus Onshore Bond account. Your right is to the benefits payable under the Nucleus Onshore Bond account in accordance with the Nucleus Onshore Bond account terms and conditions.



## Can I be sure how much I will receive?

No. The return will depend upon the value of your Nucleus Onshore Bond account when you decide to cash it in; this depends partly upon how much you have invested in your account and how long it has had to grow. It also depends upon the investment growth achieved, how and when that growth was achieved, any withdrawals taken, the charges, costs and tax deducted.



## What happens on the death of the life assured?

On the death of the relevant life assured the value of the Nucleus Onshore Bond account calculated as at the date of notification will be multiplied by 100.1% and paid as a lump sum to the policyholder or, where the policyholder was the relevant life assured, the policyholder's estate. The relevant life assured will be specified in the application as the first or the last death of those individuals named as the Nucleus Onshore Bond account life (lives) assured.

## What about inheritance tax?

The Nucleus Onshore Bond account or the death benefit will form part of your estate for inheritance tax purposes unless your Nucleus Onshore Bond account has been written under a suitable trust arrangement designed to reduce any inheritance tax liability on your estate.



## What if I change my mind?

If you change your mind, and wish to cancel your Nucleus Onshore Bond account within 30 days of receiving your cancellation notice, you will receive a full refund of all the assets within your account plus any charges already deducted. You should note that if the value of any underlying investment falls before we receive your cancellation notice, you may receive less than you invested.

## What are the charges?

A breakdown of our charges are shown in the Nucleus terms and conditions.

The charges you will pay are set out in your personal illustration as provided by your adviser. Typically, your Nucleus wrap will be subject to three distinct types of charge: the Nucleus wrap charge, charges for the management of assets and fees for the provision of financial advice.

Your Nucleus Onshore Bond may be subject to initial and ongoing charges in respect of asset management. The amount you pay in asset management charges will depend entirely on your circumstances and what assets you choose to invest in. You should note that in some cases the funds you invest in may be available to Nucleus at a lower price than that assumed in the pricing of the fund whereupon you will be entitled to a partial annual management charge rebate. In such circumstances the rebate amount will be calculated and credited quarterly, as units or cash, to the relevant account in the proportion in which it arose.

The charge for financial advice will be determined according to the agreement you reach with your adviser and although Nucleus may facilitate advice payments for your convenience, Nucleus will only pay your adviser in accordance with your instructions. Should the relationship between you and your adviser terminate or your adviser ceases to have an agreed terms of business contract with Nucleus, Nucleus reserves the right to make additional charges to maintain your wrap.

You should note that initial charges in relation to asset management and financial advice may be deducted when you make a new investment and all annual charges are accrued daily and deducted monthly.

## 4. Further information

For further information you should contact your adviser in the first instance. Should you be unable to make contact with your adviser or you require further information, please contact Nucleus by writing to Nucleus client relations, Nucleus HQ, Greenside, 12 Blenheim Place, Edinburgh, EH7 5JH or by calling 0131 226 9535.

### Law

The Nucleus Onshore Bond account is governed by the laws of England and Wales.

### Regulation

The Nucleus wrap is provided by Nucleus Financial Services Limited, which is authorised and regulated by the Financial Conduct Authority (FCA). The FCA register number is 456117. The Nucleus Onshore Bond is provided by CASLP Ltd ('CASLP'), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their FCA register number is 110397.

You can check this on the Financial Services register by visiting their website: [www.fca.org.uk/register](http://www.fca.org.uk/register) or by calling them on 0800 111 6768.

The Regulator requires CASLP Ltd ('CASLP') to prepare a Solvency and Financial Condition Report in line with the Solvency II Regulations. This report outlines the nature of the business, how it is managed and its solvency position. A copy of the report can be found on Sanlam's website: [www.sanlamlifeandpensions.co.uk](http://www.sanlamlifeandpensions.co.uk).

Nucleus has been appointed by CASLP to carry out the administration of the Nucleus Onshore Bond account. Nucleus acts as an insurance intermediary on behalf of CASLP Ltd in distributing the Nucleus Onshore Bond.

### Client categorisation

Your adviser is required to categorise all of their clients and this determines the level of detail and information you will receive. If your adviser categorises you as a retail client in respect of the services provided to you, this means that you will benefit from the highest level of client protection. For further information on categorisation or should you wish to request a different categorisation please contact your adviser.



### Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). You and any secondary account holders may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Investments are normally covered for 100% of the first £85,000 per person per firm. Further information about compensation arrangements is available from the FSCS. Please go to [www.fscs.org.uk](http://www.fscs.org.uk).

## Complaints

We always aim to provide the best service possible, however if you are unhappy and you wish to complain, please let us know immediately so we can fairly and impartially resolve any issues for you as quickly as we can.

You can reach us by:



Phone 0131 226 9740



Email [complaints@nucleusfinancial.com](mailto:complaints@nucleusfinancial.com)



Mail Nucleus, Dunn's House, St.Paul's Road, Salisbury SP2 7BF

We aim to resolve any complaint as soon as possible. Some complaints require a detailed investigation and/or a dialogue with third parties and may therefore take longer to resolve.

We will issue written acknowledgment of your complaint promptly by email or by letter. If a final response has not been issued within four weeks of receipt of your complaint, we will write to let you know and will indicate when we will make further contact. This further contact will be within eight weeks of receipt of the complaint.

By the end of eight weeks, we must send you either a final response or a response which explains we are still investigating your complaint and the details of how you can refer your complaint to the Financial Ombudsman Service if you are dissatisfied with the outcome of your complaint and/or the length of time it has taken.

## The Financial Ombudsman Service

If you remain unhappy with the outcome of your complaint you have the right to refer the complaint to the Financial Ombudsman Service (FOS) free of charge. Their contact details are: Financial Ombudsman Service, Exchange Tower, London E14 9SR. Phone: 0300 123 9123 or 0800 023 4567. Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk). Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

Please contact us if you'd like to receive a hard copy of the Ombudsman's consumer leaflet.



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