

# Charging structures

This document aims to inform you of the Reserve charges and how they change. These charges are correct as at 01 July 2016.

Please read this document with the Reserve brochure and product guide. Your financial adviser will be able to answer any questions you have.

If you decide that Reserve is the investment for you, your financial adviser will provide you with your illustration and personal charging structure. This will detail all charges that are taken from your investment.

We charge for setting up and administering your policy. You have the choice between the following two charging structures:

- establishment charge structure or;
- annual policy charge structure.

The type of charging structure you choose when you start your policy will apply to any additional premiums paid.

The policy charges, minimum premium and additional premium amounts vary between these two charging structures, so please speak to your financial adviser to determine which option best suits your needs.

# Establishment charge structure

## Establishment charge

Depending on which establishment charge period you choose, we will take an establishment charge either:

- on the start date of the policy or;
- on the first day of each calendar quarter during the establishment charge period.

The establishment charge is deducted from the General Transaction Account (GTA) in the policy currency and is based on the amount of money you invest, meaning it will not change as the value of your investment does. The standard establishment charges are:

Premium from	Establishment charge period			
	Day One	5 Year (p.a.)	8 Year (p.a.)	10 Year (p.a.)
GBP 50,000*	8.5%	1.90%	1.25%	1.00%
GBP 1,000,000*	8.0%	1.86%	1.21%	1.00%

When deciding your preferred establishment charge period, please remember that penalties may apply if you cash-in your policy during the establishment charge period. Your illustration and personal charging structure will detail the precise charge and establishment charge period.

You will be charged an establishment charge on each additional premium you pay. The establishment charge period you choose for any additional premiums may be different to that chosen at the start of the policy.

## Initial charge

Nil.

## Administration charge

We will take a fixed amount on the first day of each calendar quarter for the lifetime of the policy.

Currency	Administration charge
GBP	98.00
USD	146.50
AUD	195.90
CHF	140.10
EUR	126.90
HKD	1,100.00
JPY	15,370.00
SEK	1,178.00

The administration charge will be taken from the GTA in the policy currency. If you agreed to pay your financial adviser a trail commission, this will be added to the administration charge as a percentage of the policy value to allow for this.

## Early cash-in charge

If you cash-in your policy during an establishment charge period, an early cash-in charge equal to the outstanding establishment charges will apply.

This charge does not apply if the Day One establishment charge period is chosen.

## Minimum premium amount

Product variant	Investment management type	Minimum premium
Whole of Life	Non-Discretionary	GBP 50,000*
	Discretionary	GBP 75,000*
	Part-Discretionary	GBP 500,000*
Capital Redemption	Non-Discretionary	GBP 100,000*
	Discretionary	GBP 100,000*
	Part-Discretionary	GBP 500,000*

## Minimum additional premium

GBP 5,000\*.

**Please remember that investment involves risk. Fund prices may go up and down depending upon underlying investment performance, and the value of your investment cannot be guaranteed. The value of investments can be impacted by foreign exchange rate movements.**

\* or currency equivalent.

# Annual policy charge structure

## Annual policy charge

This charge is equal to a percentage of the higher of:

- the value of the policy or;
- the total premium paid

The percentage is determined by the value of the total premium you pay into Reserve.

Total premium from		Annual policy charge
GBP	100,000*	0.35%
GBP	500,000*	0.25%
GBP	1,000,000*	0.20%
GBP	1,500,000*	0.15%

The annual policy charge is taken from the GTA in the policy currency for the lifetime of the policy and is dependent on the total premium paid at the date the charge is due.

If you agreed to pay your financial adviser a trail commission, this will be added to the annual policy charge as a percentage of the policy value to allow for this.

## Initial charge

Depending on the initial charge period you choose we will take an initial charge either:

- on the start date of your policy or;
- on the first day of each calendar quarter during the initial charge period.

The initial charge is deducted from the GTA in the policy currency and is based on the amount of money you invest, meaning it will not change as the value of your investment does.

Premium from	Initial charge period	
	Upfront	5 Years (p.a.)
GBP 100,000*	7%	1.506%

When deciding your preferred initial charge period please remember that penalties may apply if you cash-in your policy during the initial charge period. Details of the precise charge and initial charge period will be in your personal charging structure, available from your financial adviser.

An initial charge will also be taken on any additional premiums you pay. The initial charge period you choose for any additional premiums can be different to the one that you choose at the start of the policy.

## Administration charge

This charge amount is dependent on the initial premium you pay and will be taken on the first day of each calendar quarter for the lifetime of the policy.

Currency	Initial premium from	
	GBP 100,000*	GBP500,000*
GBP	98.00	Nil
USD	146.50	
AUD	195.90	
CHF	140.10	
EUR	126.90	
HKD	1,100.00	
JPY	15,370.00	
SEK	1,178.00	

## Early cash-in charge

If you cash-in your policy during an initial charge period, an early cash-in charge will apply. The amount of this charge will be equal to the outstanding initial charges.

This charge does not apply if the upfront initial charge period is chosen.

## Minimum premium amount

Investment management type	Minimum premium
Non-Discretionary	GBP 100,000*
Discretionary	GBP 100,000*
Part-Discretionary	GBP 500,000*

## Minimum additional premium

GBP 10,000\*.

\* or currency equivalent.

In addition to your establishment or annual policy charge, the following charges may also apply:

### Dealing charge

We will take a dealing charge for each sale and purchase you make. This will be deducted from the GTA in the currency of the deal, on the last day of the calendar quarter in which the deal was placed. We will not charge this fee when you transfer money from a GTA in one currency to one in a different currency or if you have chosen to appoint a discretionary fund manager to your policy. The current charge is:

Currency	Dealing charge
GBP	29.00
USD	43.30
AUD	58.00
CAD	54.90
CHF	41.50
DKK	279.00
EUR	37.50
HKD	326.00
JPY	4,550.00
NOK	350.00
NZD	61.00
SEK	349.00
SGD	57.60
ZAR	650.00

### Asset exchange charge

We will take a charge for each individual asset you use to make a payment into your Reserve policy using the asset exchange option. If it is necessary to convert it into another currency we will do this at the exchange rate on the day the charge is taken.

Charge per asset	GBP	100.00*
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### Ad hoc charge

A charge will be taken from the GTA in the policy currency each time an alteration is requested. Please speak to your financial adviser to find out more about any alterations which can be made to your Reserve policy. The current charge is:

Currency	Ad hoc charge
GBP	144.00
USD	215.20
AUD	287.80
CHF	205.90
EUR	186.40
HKD	1,617.00
JPY	22,580.00
SEK	1,731.00

### General Transaction Account

A General Transaction Account (GTA) will be opened in connection with your policy. If the account is overdrawn, we will take interest at the rate of 2% above the three-month London InterBank Offered Rate (LIBOR). If you have a discretionary fund manager for your policy, interest will not currently be applied if the account is overdrawn. We reserve the right to review this provision at any time.

\* or currency equivalent.

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## **Inflation**

Our appointed actuary sets the fixed sterling amounts once a year, 28 days before the end of December, in line with Isle of Man inflation. We may increase the charges above the rate of inflation if there are increases in our costs above inflation.

The fixed amount charges in US dollars are set once a year, 28 days before the end of December. The fixed amount charges in currencies other than sterling and US dollars, are set by the appointed actuary four times each year, 28 days prior to the end of each calendar quarter. The amounts are based on the sterling charges but can vary from quarter to quarter depending on movements in exchange rates.

## **External fund charges**

With investments like Reserve it is common for charges to be applied to the underlying assets. We have used our buying power to negotiate discounts with fund management houses on the initial charges, which would be unavailable to the individual investor. These are then passed on to you. Please speak to your financial adviser for more information.

## **Investment adviser's charges**

If you appoint an investment adviser to choose and, if appropriate, place deals on your behalf, you can agree to pay them, by regular withdrawals, a fixed fee per quarter or a percentage of the value of the investments at each valuation over the term of your policy.

## **Delivery and receipt charges**

Any agents' charges for delivery and receipt of securities (such as fixed-interest securities and equities) will be taken from the GTA when you buy or sell an asset. Please speak to your financial adviser for further information.

## **Safe custody on securities**

Any agents' charges in respect of securities, which are held by safe custodian banks throughout the world, will be taken monthly from the GTA.

## **Stockbroker's fees**

These are charges when you buy or sell certain assets. You will not see them listed separately in your valuation. The stockbroker's fees are included in the total value shown for each sale or purchase and will be reflected in your trade contract note. Please speak to your financial adviser for further information.

## **Discretionary fund manager's charges**

You can appoint an external manager to manage the investments within your policy, either on a discretionary or advisory basis, and to be the custodian of your investments.

For this service the discretionary fund manager will charge a fixed fee or a percentage of the value of your investments. Expenses and charges will also apply in respect of services for safe keeping, handling and carrying out of transactions, in accordance with the external manager's published rates. We may apply a dealing charge when we send money to or receive money from the discretionary fund manager. Please refer to your discretionary fund manager's schedule of charges for more details.

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