

In this Issue

The Importance of Wills

What really works?

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Hot Links & Articles

Public Services all in one place

How Inheritance Tax works, who has to pay, what makes up an estate, what is exempt, and which forms to use.

Making a will, appointing an executor, using Inheritance Tax exemptions and reliefs, keeping records and more

<http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/inheritanceTaxEstatesAndTrusts/Index.htm>

Inheritance Tax Isle of Man

Inheritance tax (IHT) has, over the past decade, become a major political issue. What was once seen as a tax that was only of concern to the seriously rich now touches more and more families each year. As a result, an increasing range of schemes are being marketed to help mitigate this burden, taking advantage of a number of tax reliefs that, when used properly, can considerably reduce the exposure of an estate to IHT.

http://local.whatinvestment.co.uk/inheritance_Tax_Isle_of_Man_r1347212-Isle_of_Man_EN.html

Inheritance tax: how to cut your bill as new coalition abandons rise in exemption

A planned increase in the IHT threshold to £1m has been shelved by the new Tory-Lib Dem coalition government. Here are 10 ways to ensure you don't pay more inheritance tax than you need to.

<http://www.telegraph.co.uk/finance/personalfinance/consumertips/tax/7714443/inheritance-tax-how-to-cut-your-bill-as-new-coalition-abandons-rise-in-exemption.html>

Life cover in trust could reduce tax bills

Writing a life insurance policy into trust is a simple process that could spare death benefits from being cast into the inheritance tax net.

<http://www.ft.com/cms/s/2/5d96d8d0-5a04-11df-8dc2-00144feab49a.html>

The pensions crisis

The immediate effects of the current economic downturn are highly visible: rising unemployment and bankruptcies are shaking consumer confidence, while ravaged stock markets and failing banks have damaged public trust in the financial system. But there is more damage yet to come.

<http://www.ft.com/cms/s/0/e82a672e-4ab4-11de-87c2-00144feabdc0.html>

Top Performer Funds

1 YEAR – 69,77%

P54 – ABERDEEN GLOBAL INDIAN EQUITY

This risk rating grade 5, launched in March 2005, balances the risk of high volatility with the potential for high capital growth. It invests in equities of companies incorporated or which derive significant revenue or profit from emerging India.

It is over 50% allocated in financial, information technology and materials sectors and is denominated in USD.

6 MONTHS – 24,27%

P79 – FIDELITY GLOBAL PROPERTY (EUR)

In spite of the European currency crisis, this fund, launched in March 2007 and denominated in Euros has had the best performance in the last six months.

It aims to achieve a combination of income and long-term capital growth primarily from investments in securities of companies mainly engaged in the real estate industry and other real estate related investments.

3 MONTHS – 20,11%

J47 – JF THAILAND

This risk rating grade 5 fund, denominated in USD and launched in July 1996, intends to provide an opportunity for investors to participate in a portfolio consisting primarily of securities of companies based in, or operating mainly in Thailand. It aims to provide long-term capital growth by investing almost 60% of its capital in energy, banks and construction.

Silvia Almeida
Consultant



On the 4th May 2010 Global Index International hosted an awareness event in aid of our adopted charity Fight for Peace. The evening was huge success with many Forbes 500 companies in attendance and some high profile celebrities from television, music and art.

Please take the time to look at the following video links and websites. If you require further information please contact us.

<http://vimeo.com/channels/fightforpeacefilms>
<http://www.fightforpeace.net/>

See pictures of the event at <http://www.globalindexinternational.com/>

Contact Us

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clientservice@globalindexinternational.com

Liked our Newsletter but is not yet a subscriber?
subscribe@globalindexinternational.com

Can't be bothered by all of these e-mails?
remove@globalindexinternational.com

Or go to our site:
<http://www.globalindexinternational.com>

Word from Gil • The Importance of Wills

What we mean by this, is the importance of planning the only sure thing in our lives- our deaths.

We all assume that we will have time to plan these things and we will get to a "certain age", besides there are always so many more important things to do in our busy lives.

If the inevitable happens tomorrow, have we really thought about the implications?

Children: Is there a plan agreed in writing with the potential guardians of your children? An agreement that is viable based on the country you live in, the country you are from, the country your spouse (or ex spouse is from) and where the potential guardians are living?

Life Insurance: You should have enough life insurance to cover your responsibilities over the long term. I am sure you would want to educate your children to the highest possible standard whether you were dead or alive? Your life insurance should be enough to cover your family's expenses and education needs right through to the end of further education or when your youngest child will be roughly 25 years old.

Wills: Legal and financial advice taking into account all aforementioned international issues and nationalities is essential to receive on an individual basis.

The first point to think about is, what would you want to happen upon your death? Something most of us have not given enough thought. Also perhaps you are due inheritances from elderly family members? What would you want to happen to those inheritances if you were no longer here to claim them? There are far too many family disputes due to lack of estate planning, it is not fair on your family, the rules should be clear.

Inheritance Tax: Again this varies from country to country and specific advice should be taken about your situation.

Unbiased.co.uk's annual Tax Action campaign research shows one of the main causes of 'death tax' wastage is the inclusion in personal estates of the proceeds of life assurance policies, which if written in trust, would not be subject to inheritance tax.

"Vast sums are being lost from estates every year because the deceased had not made adequate provision for inheritance tax. Such situations can only bring additional unwelcome stress for the deceased's family at an already difficult time, as this tax must be paid before the estate is released and any inheritance can be passed on."

"As well as having your tax affairs organised, it is also crucial you have a valid will in place to ensure your legacy does not involve just leaving a large inheritance tax bill for your loved ones."

John W. Fleming
Director

Client's Corner • What really works?

"The plot thickens in battle over author's estate. Swedish crime novelist Stieg Larsson left no will when he died five years ago, so everything passed to his father and brother. His companion of 30 years, whom he never married, got nothing despite worldwide sales exceeding 20 million copies in 41 countries." December 10, 2009. Henry Chu. Los Angeles Times.

How many times have you heard of a family losing a loved one only to have their pain compounded with the inheritance of legal complications?

Since none of us knows when we're going to go, this is a crucial point that can't be missed. People used to think that a will was just for the wealthy, which is far from the case. Any investor can risk losing their assets to governments or institutions if they don't make definite plans for inheritance. Therefore to allow you to transfer your assets according to your liking after you die, choosing the right policy is a first step towards getting organised.

A Whole of Life Offshore Insurance Policy, as offered by Isle of Man based institutions, is especially designed to protect you for your entire life, but also includes an investment - the cash value accumulated over the life of the policy. The latter is guaranteed to you, the policy owner, so that if you decide to stop paying the policy premiums, you may "cash in" the policy and receive the cash value that is available at that time. As such its main appeal is its tax treatment of the accumulation account, since the money grows tax free.

As the basic premise of all life insurance is to provide a benefit to ease the financial burden of the beneficiaries of the insured person, you have simple beneficiary options, which require little for you to do because they are highly regulated and specific. They allow your nominees the legal enforceable right to receive all benefits allocated to them under the insurance policy even though they were not an original party to your insurance policy contract.

A few minutes with your Financial Adviser could save you a lifetime of your investment giving you total peace of mind knowing that all you've worked for is going to the people you love.

Hélène Ariane Buob
Consultant

Current Events • International Wills and Trusts

If you are like most people, you probably have not made a Will. I will get around to doing this closer to when I am about to die. Well, the problem with this is, sometimes you have no warning and it is too late. To die without a valid Will in your country of domicile is bad enough, but to die abroad as an expat can have even more serious consequences. Not for you of course, you are dead. Your loved ones and family will have the problems. It is called to die intestate. The country where you die and the laws of intestate in that country will dictate how your wealth is inherited and distributed. In the UK it could mean that your spouse could end up with only a portion of the estate and the children receiving more they can handle, particularly if they are young. This is bad for your spouse. Probate, the legal process of attesting an estate and authorizing the release of property and wealth, can be a long and bureaucratic business without a Will. It involves the Government's tax offices, as they want the tax due, before distribution. Would you really want the government to decide who gets what, and to take avoidable tax?

If you die intestate abroad, your estate could be adversely affected by delays, legal costs and tax, and by what might appear to be unfair distribution.

Trusts can be drawn up besides the Will to deal with specific matters of tax mitigation, such as inheritance tax and death duties.

There have been attempts in the past for countries to agree conventions on the treatment of probate, wills and trusts. The reality is that these cannot be relied upon, they are not comprehensive and, in any event, only a few countries have fully adopted them.

A Note to British expats

If you are British, are British domicile, but resident abroad, no matter how long you have lived abroad, you cannot escape the UK imposing inheritance tax on the whole of your worldwide assets. There are however, ways to mitigate the tax.

Golden Rules

1. Obtain independent financial advice. The advice will vary according to your individual circumstances.
2. Make a Will in the country of your nationality. It is better to have this professionally drawn up by a Law Firm specializing in Wills and Trusts.
3. Make a Will in the country you are presently resident in. Again a professionally drafted Will is the best advice.
4. Make separate lists of all your accounts and details of your investments and funds, so that your loved ones know where all your wealth is.
5. Make it absolutely clear to your loved ones, how and where you want your body and remains to be dealt with.
6. Review regularly, perhaps once a year, your Wills and Trusts, to make sure they reflect exactly what your wishes are and to take account of any changes in your circumstances.

Now you know how important this is, do not delay, take action.

Brent Nicholson
Senior Consultant

This Issue Cartoons

