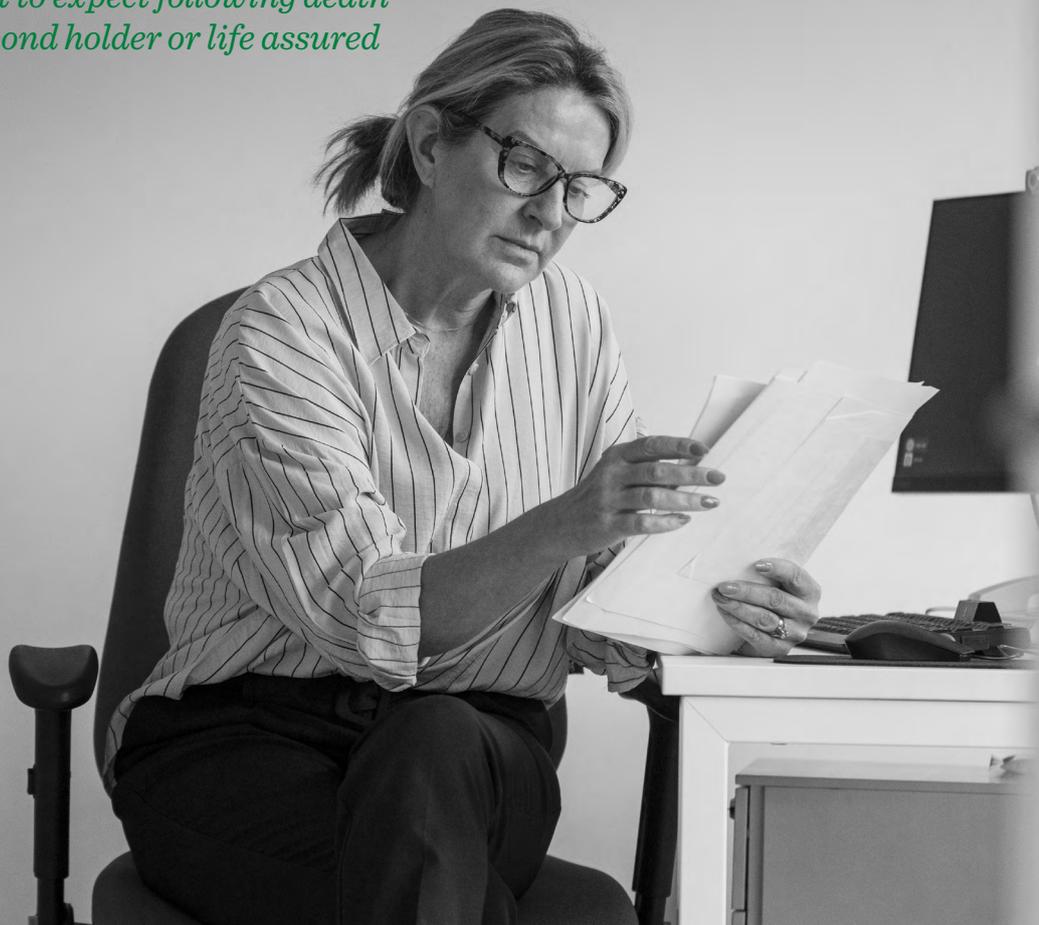


## Collective Investment Bond (CIB)

*What to expect following death of a bond holder or life assured*



We understand that when someone you know passes away, dealing with their financial affairs can be challenging. This brochure explains Quilter's process, the impact the death has on the insurance policy and, where applicable, who can benefit from the CIB following the death. In addition, it describes at a high level, the key tax considerations.

## What is a CIB?

The Collective Investment Bond aims to provide a flexible method of investing money, with potential for growth over the medium- to long-term and the option to access tax-efficient withdrawals if required.

The CIB is a unit-linked life insurance policy offering death benefit of 100.1% (101% prior to 25 November 2024) of the surrender value. At outset the Capital Protected Death Benefit option can be selected which guarantees the amount paid on death for an additional monthly charge. The CIB is linked to funds and is valued by reference to the rise and fall of these linked funds. It is written as a 'cluster' of 1,000 individual policies to enhance the flexibility of it when money is withdrawn, or wealth is distributed to other family members.

The CIB can be owned solely, jointly or by trustees of a trust or directors of a company structure. This guide is designed for CIBs held solely or jointly only.

Because the CIB is set up as a life insurance policy, it must be established at outset whose life is to be insured. This could be the sole owner ('single life'), the joint owners ('joint life'), or it could be the life of another person (or people) in whom there was an 'insurable interest'.

## How to notify us of a death

If you haven't notified us already, the simplest way is to go online. Just go to our website [quilter.com](https://www.quilter.com) and search for '**Notifying us of a bereavement**'. Complete the details on screen and submit them direct to our dedicated Bereavement Team. Alternatively, you can notify us of a death by:

- ▶ calling us on **0808 171 2626**
- ▶ writing to us at:

**Bereavement Team**  
**Quilter**  
**SUNDERLAND**  
**SR43 4JP**

**Please let us know the person's name, date of death, account number (where known), and include the death certificate if the death has been registered.**



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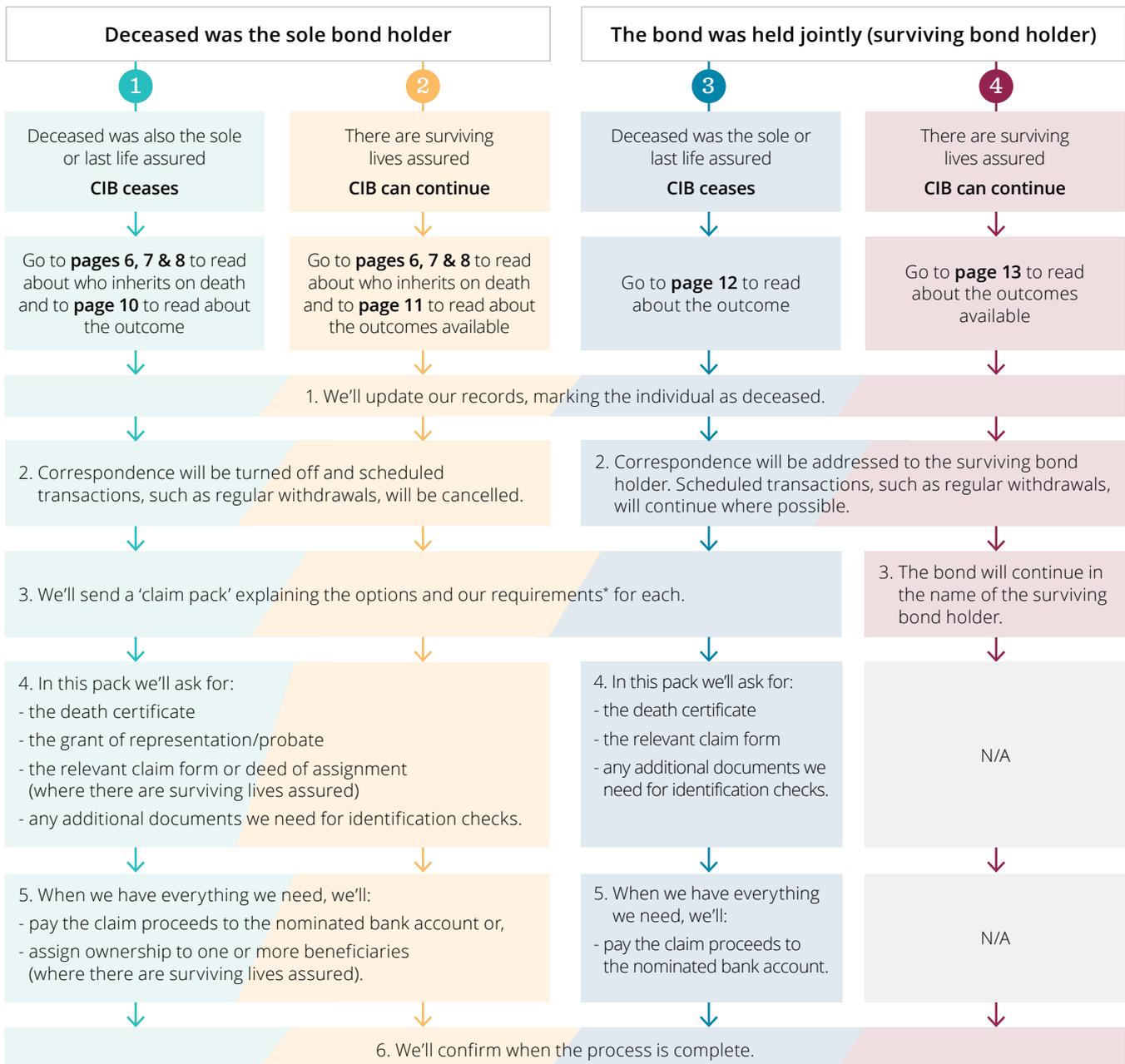
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# What happens when someone linked to a CIB dies?

As there are different roles associated to the CIB (owners and lives assured) and the fact that there can be more than one of each, the following table describes the different scenarios this brochure covers, directing you to the relevant pages for your particular scenario and showing the steps to expect when dealing with us.



\* Like most companies, we do offer the opportunity to access the money held with Quilter prior to/without a grant of representation where stated as required above. However, this simplified process is offered at our discretion and depends on the value of investments held with Quilter, and the complexity of the estate as a whole. We will explain whether this is an option or not within the claim pack.

The requirement listed above may differ from that for other products offered by Quilter, for example a pension.

## The taxes covered are:

### Inheritance Tax

Inheritance Tax (IHT) is a tax charged on an estate following death. Some assets may be exempt – for example, money held in a UK-registered pension scheme is usually exempt from IHT.

The Legal Personal Representatives (LPRs) of an estate submit a report of the total value of the estate to HM Revenue & Customs (HMRC). The rate of IHT is 40%. However, IHT is not usually charged on the whole estate. Every individual has access to a nil-rate band where no IHT is payable. Some may also benefit from an additional nil-rate band, known as the 'residence nil-rate band'. Only if the value of the estate exceeds these nil-rate bands is the excess taxable.

To establish if there's IHT to pay, you need to value the money, property, and possessions ('estate') of the deceased. You must do this before applying for grant of representation, also referred to as grant of probate.

If you would like to understand more about IHT and valuing an estate please see our brochure '*Your guide to Inheritance Tax and Trusts*', which is available to download from our website [quilter.com](https://www.quilter.com) (search for 'Guide to IHT').

You can also visit the Government website [www.gov.uk](https://www.gov.uk) for more information (search for 'How to value an estate for Inheritance Tax and report its value').

### Income Tax

The CIB is taxed under Chargeable Event Rules. These rules look to establish the gain made on the CIB over the term and this gain is assessed for Income Tax. If a gain applies, we will issue a Chargeable Event Certificate, which will provide the information needed to disclose via self-assessment/UK tax return.

With gains of this type, there is only ever a liability to Income Tax above basic rate. If the taxable individual was a higher-rate or additional-rate taxpayer, or if the gain puts them into these tax bands, then there might be an Income Tax liability. The rate payable will be based on the difference between the respective tax rate and the basic rate of income tax, for example higher rate of 40% less basic rate of 20% would provide the rate payable of 20%.

# Who inherits the money when the sole bond holder dies?

*This section explains what happens on death of the sole bond holder or last bond holder where there was more than one.*

This will depend on whether the bond holder made a Will or not.

Specific scenarios covering the options available to any surviving lives assured can be found later in the document.



This brochure describes the process for administering an estate on death in England and Wales. Scotland and Northern Ireland use different terminology, however, the general principles involved remain the same.

## If a Will is in place

Writing a Will means the deceased specified exactly how they would like their assets to be distributed after death. It will also have named Legal Personal Representatives (LPRs) known as executors of the Will.

Someone can act as an executor even if they're going to inherit something from the Will. An executor is often a close relative, such as a **spouse**, adult child, or other family member.



### Spouse

References to spouse throughout this document also mean civil partner.

The person making the Will can appoint up to four executors so that the responsibility is shared, but all decisions must then be made jointly. A professional (such as a solicitor) might act as executor on their own or with other family members together. Often, at least two executors are appointed. No one has to accept the responsibility of being an executor, even if named. If someone does not want to perform this role, they can apply for **renunciation**. This means that they permanently give up their role and legal responsibility to apply for probate.

As an executor, you are legally responsible for carrying out the instructions in the person's Will and handling their estate.

#### This includes:

- ▶ registering the death and getting a **death certificate** (and sharing it with companies such as Quilter)
- ▶ getting copies of the last known Will
- ▶ arranging the funeral
- ▶ taking responsibility for assets (including property, bank accounts and investments with Quilter)
- ▶ paying any outstanding bills and notifying local authorities
- ▶ valuing the estate (we'll help with this by providing valuations of Quilter investment accounts at the date of death)
- ▶ paying any Inheritance Tax (IHT) to HMRC
- ▶ applying for grant of representation, also referred to as grant of **probate**
- ▶ distributing the estate, including what to do with the Quilter investment accounts.



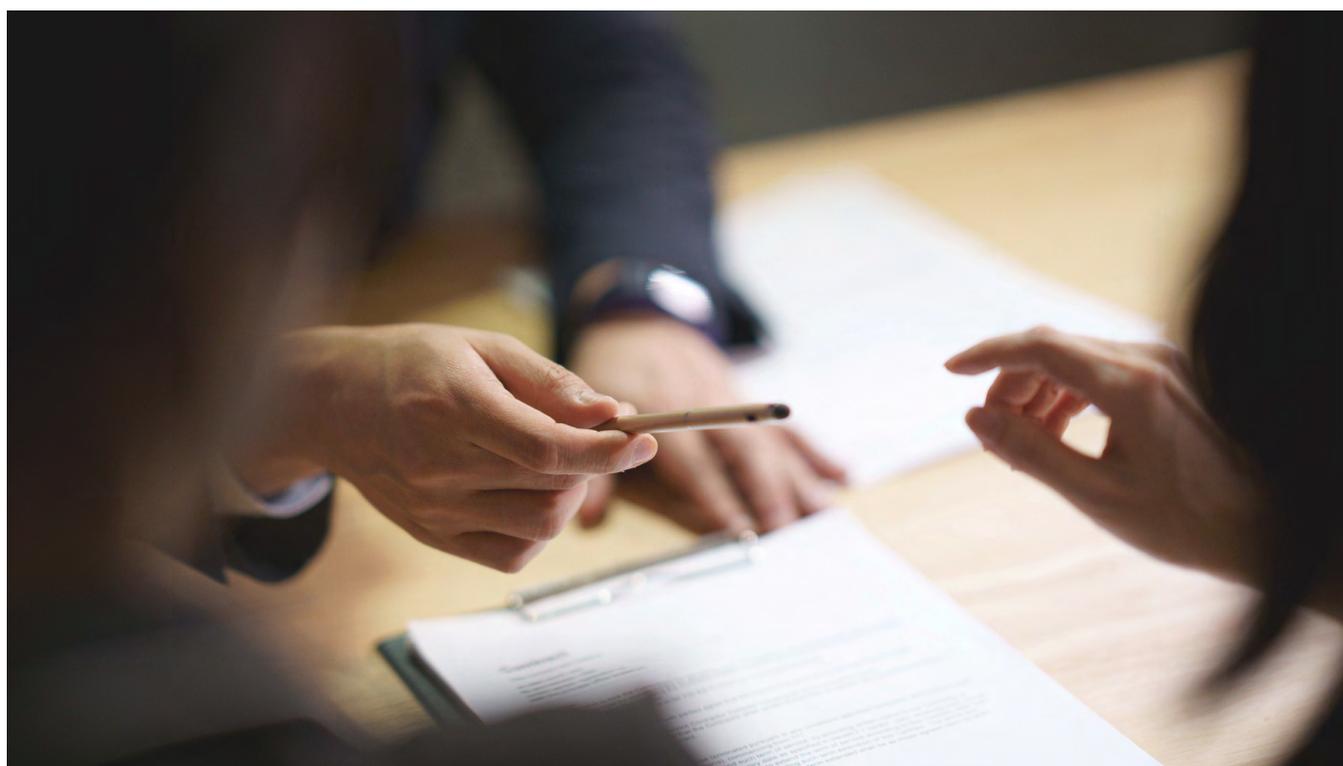
### Death certificate

This proves that the death has been registered. It is a certified copy of the entry in the official register of deaths. It must be purchased. It is important to ask for additional copies of the death certificate as you will need a copy for each bank or investment provider (such as Quilter). Without enough death certificates, sorting out the estate could take longer, and extra certificates are more expensive to purchase at a later stage.

### What is probate?

Probate, or the grant of probate, is the legal document obtained when there is a Will. It gives the executor(s) the legal right to deal with the estate of someone who has died. Where there is no Will (described overleaf), the administrator(s) will apply for 'letters of administration'.

These documents are required to give authority for executors to deal with the estate, including finalising the financial and legal processes for property, personal possessions, bank accounts, building societies, shares and investments, and distributing proceeds to the beneficiaries. Some financial institutions may provide access to money prior to probate being granted. As each institution can set its own requirements you will need to enquire with each one to see if this option is available.



## If no Will is in place...

If a person dies without having made a Will, then they are said to have died 'intestate'. Instead of the people responsible for administering the estate being named, someone must apply to be an 'administrator'. An administrator is responsible for dealing with an estate (as described on the previous page for executors) and should apply for letters of administration (similar to applying for probate) before they can deal with an estate.

As there is no Will outlining the deceased's wishes, an administrator is responsible for distributing the estate in line with the Laws of Intestacy. These are explained in the table below:

Scenario	England and Wales	Scotland	Northern Ireland
<b>Not married or in a civil partnership, no children or grandchildren</b>	In order of preference: <ul style="list-style-type: none"> <li>- Parents</li> <li>- Siblings</li> <li>- Children of siblings</li> <li>- Step siblings</li> <li>- Children of step siblings</li> <li>- Grandparents</li> <li>- Parent's siblings</li> <li>- Children of parent's siblings</li> <li>- Parent's step siblings</li> <li>- Children of parent's step siblings</li> <li>- The Crown (or Duchy of Lancaster or the Duke of Cornwall).</li> </ul>	In order of preference: <ul style="list-style-type: none"> <li>- Parents and siblings</li> </ul> <p>The estate is divided into two halves. One part is divided equally between the parents and the other part is divided equally between the siblings. If there are no parents, then the siblings receive that part and vice versa.</p> <p>If there are neither parents nor siblings:</p> <ul style="list-style-type: none"> <li>- Aunts and uncles</li> <li>- Children of aunts and uncles</li> <li>- Grandparents</li> <li>- Siblings of grandparents</li> <li>- Remoter ancestors, generation by generation</li> <li>- The Crown.</li> </ul>	In order of preference: <ul style="list-style-type: none"> <li>- Parents</li> <li>- Siblings</li> <li>- Children of siblings</li> <li>- Grandparents</li> <li>- Parent's siblings</li> <li>- Children of parent's siblings</li> <li>- Parent's step siblings</li> <li>- Children of parent's step siblings</li> <li>- The Crown (or Duchy of Lancaster or the Duke of Cornwall).</li> </ul>
<b>Married or in a civil partnership, no children</b>	Surviving spouse/civil partner takes the whole estate.	Surviving spouse/civil partner takes the whole estate.  However, if there are surviving parents or siblings of the deceased, then their entitlement is reduced.	Surviving spouse takes the whole estate but must survive the deceased by 28 days.  However, if there are surviving parents or siblings of the deceased, then their entitlement is reduced.
<b>Not married or in a civil partnership, but with children</b>	Estate is split equally between all living children.	Estate is split equally between all living children.	Estate is split equally between all living children.
<b>Married or in a civil partnership, with children</b>	Surviving spouse/civil partner gets: <ul style="list-style-type: none"> <li>- £322,000</li> <li>- All personal possessions</li> <li>- 1/2 of the remaining estate.</li> </ul> <p>The remaining 1/2 split between the children of the deceased.</p>	Surviving spouse/civil partner gets: <ul style="list-style-type: none"> <li>- The house up to a value of £473,000</li> <li>- Furniture up to £29,000</li> <li>- Up to £50,000 cash</li> <li>- 1/3 of any remaining estate.</li> </ul> <p>The remaining 2/3 is split between the children of the deceased.</p>	If the spouse/civil partner survives the deceased by 28 days, they get: <ul style="list-style-type: none"> <li>- Assets and property up to £250,000</li> <li>- All personal possessions</li> <li>- 1/3 of the remaining estate.</li> </ul> <p>The remaining 2/3 is split between the children of the deceased.</p>

# The different scenarios and the possible outcomes



## Scenario 1

# The deceased was the sole bond holder and was also the only or last life assured

*As the CIB ends on the death of the only/last life assured there is only one outcome in this scenario:*

1

### Claim the cash value of the CIB

Ask for the value of the CIB to be paid to a nominated bank account. Following payment, the money can be distributed in line with the Will or Laws of Intestacy.

The value of the CIB will be 100.1%\* of the surrender value following the death notification being received by Quilter in line with the terms and conditions. The exception to this rule is where **Capital Protected Death Benefit** applies, and the 'Protected Benefit' is higher than 100.1%\* of the surrender value.



### Capital Protected Death Benefit

Added at inception only, our 'Capital Protected Death Benefit' protects the amount invested from poor investment performance in the event of death. If taken, this option ensures the payment at death will be either the total premiums paid less any withdrawals made, including discretionary managed portfolio fees and adviser fees other than initial fees, or 100.1%\* of the value of CIB less any charges, whichever is greater.

\*101% prior to 25 November 2024

## Will there be tax to pay?



### Inheritance Tax

The value (at date of death) of the CIB will be included in the deceased's estate for Inheritance Tax (IHT) purposes. We will provide a valuation for this purpose following notification.

Remember, IHT is not usually charged on the whole estate. Every individual has access to a nil-rate band where no IHT is payable. Some may also benefit from an additional nil-rate band, known as the 'residence nil-rate band'. Only if the value of the estate exceeds these nil-rate bands is the excess taxable.



### Income Tax

The same valuation mentioned above is used to calculate if a gain applies to the CIB. Where it does, we will issue a Chargeable Event Certificate. The gain is treated as income in the final tax year of the deceased and the certificate will provide the information the LPRs need to complete a UK tax return for the deceased.

## Scenario 2

# The deceased was the sole bond holder and there are surviving lives assured

*As the CIB can continue, there are two outcomes available in this scenario:*

### 1

#### LPRs can close the CIB

The LPRs can ask for the closure value of the CIB to be paid to a nominated bank account. Following payment, the money can be distributed in line with the Will or Laws of Intestacy.

### 2

#### LPRs can assign the CIB without closing it

Where a beneficiary of the CIB would prefer to continue to hold the bond, the LPRs can instruct the CIB to be assigned to one or more beneficiaries meaning they become the new bond holder(s). Where there is more than one beneficiary it is possible to move one or more individual policies (of which there are 1,000 at inception) to each representing their share of the CIB.

## Will there be tax to pay?



### Inheritance Tax

The value (at date of death) of the CIB will be included in the deceased's estate for Inheritance Tax (IHT) purposes. We will provide a valuation for this purpose following notification.

Remember, IHT is not usually charged on the whole estate. Every individual has access to a nil-rate band where no IHT is payable. Some may also benefit from an additional nil-rate band, known as the 'residence nil-rate band'. Only if the value of the estate exceeds these nil-rate bands is the excess taxable.



### Income Tax

**The Income Tax treatment depends on which option above is selected:**

**Option 1** – where a gain has been made, we will issue a Chargeable Event Certificate, which will provide the information the LPRs need to complete a UK tax return. In this scenario the gain is considered income earned during the administration period and is taxable on the LPRs.

As LPRs are only liable to Income Tax at basic rate then there should be no further liability for the LPRs. When the money is distributed to beneficiaries, they are treated as receiving 'estate income' and there could be a further liability to higher or additional rates of tax depending on each respective recipient's marginal rate of tax.

**Option 2** - there is no chargeable event created for the assignment to one or more beneficiaries. Any chargeable event gain is realised at the point the beneficiary decides to take withdrawals from, or close, the CIB and taxed at their marginal rate of tax.

## Scenario 3

# The deceased was the only or last life assured but there is a surviving bond holder

*As the CIB ends on the death of the only/last life assured there is only one outcome available to the surviving bond holder:*

1

### Claim the cash value of the CIB

The remaining bond holder can ask for the value of the CIB to be paid to their nominated bank account.

The value of the CIB will be 100.1%\* of the surrender value following the death notification being received by Quilter in line with the terms and conditions. The exception to this rule is where **Capital Protected Death Benefit** applies, and the 'Protected Benefit' is higher than 100.1%\* of the surrender value.



### Capital Protected Death Benefit

Added at inception only, our 'Capital Protected Death Benefit' protects the amount invested from poor investment performance in the event of death. If taken, this option ensures the payment at death will be either the total premiums paid less any withdrawals made, including discretionary managed portfolio fees and adviser fees other than initial fees, or 100.1%\* of the value of CIB less any charges, whichever is greater.

\*101% prior to 25 November 2024

## Will there be tax to pay?



### Inheritance Tax

In this scenario, the deceased's interest in the bond immediately prior to death was 50%. Therefore, it is 50% of the CIB value (at date of death) that would be included within the estate for Inheritance Tax (IHT) purposes. Most joint bonds will be owned by spouses and therefore the transfer to the surviving spouse is covered by an IHT exemption known as the 'spousal exemption'. It is quite likely, therefore, that the transfer of the CIB to the survivor does not create a tax liability.

Where the surviving bond holder is not covered by the spousal exemption, then IHT will only be charged where the value of the estate (including the 50% share) exceeds the available nil-rate bands.



### Income Tax

If a gain applies, we will issue a Chargeable Event Certificate, which will provide the information needed to complete a UK tax return. In this scenario, any gain is split 50/50. Half is reported by the LPRs via a UK tax return for the deceased. The remaining half is assessed on the surviving bond holder and subject to tax at their marginal rate of Income Tax.

Remember, with gains of this type, there is only ever a liability to Income Tax above basic rate.

## Scenario 4

# The deceased was a joint bond holder and there is both a surviving bond holder and surviving lives assured

*As the CIB can continue, there are two outcomes available in this scenario:*

### 1

#### The bond will continue under single ownership

As there is both a surviving bond holder and surviving lives assured, the bond can continue uninterrupted. The CIB is initially held under joint tenancy so automatically accrues to the survivor on first death.

### 2

#### Surviving bond holder can choose to close the CIB at anytime

The remaining bond holder can ask for the closure value of the CIB to be paid to a nominated bank account.

## Will there be tax to pay?



### Inheritance Tax

In this scenario, the deceased's interest in the bond immediately prior to death was 50%. Therefore, it is 50% of the CIB value (at date of death) that would be included within the estate for Inheritance Tax (IHT) purposes. Most joint bonds will be owned by spouses and therefore the transfer to the surviving spouse is covered by an IHT exemption known as the 'spousal exemption'. It is quite likely therefore that the transfer of the CIB to the survivor does not create a tax liability.

Where the surviving bond holder is not covered by the spousal exemption then IHT will only be charged where the value of the estate (including the 50% share) exceeds the available nil-rate bands.



### Income Tax

The death of a joint bond holder, where there are remaining lives assured, is not a chargeable event and doesn't trigger an assessment for a gain. **Option 1** therefore does not create a potential liability to Income Tax.

Where **option 2** above is selected, any chargeable event gain is realised at the point the surviving bond holder decides to take withdrawals from, or close, the CIB and taxable at their marginal rate of tax.

Remember, with gains of this type, there is only ever a liability to Income Tax above basic rate.



## Further information

### *Advice and guidance*

We strongly recommend that you seek advice from a professional financial adviser. They can discuss your needs and advise which option is the most suitable for you.

### *Bereavement Advice Centre*

If you want more information about administering the estate of someone who has died, there are plenty of resources available. One of which is the Bereavement Advice Centre, which supports and advises people on what they need to do after a death.



Visit: [bereavementadvice.org](https://www.bereavementadvice.org)

### *Bereavement support*

The National Bereavement Service team is committed to providing comprehensive information and advice to bereaved people. They are there to help with the practical aspects of bereavement, as well as sourcing the emotional support you may need.



Visit: [thenbs.org](https://www.thenbs.org)



Phone: **0800 0246 121**



Alternatively, if you need any help or information from us, please call us on **0808 171 2626**.



### Need additional help reading documents?

More and more of our investors are using screen-reading software as a quick and easy way to read their documentation if they are blind, partially sighted, or dyslexic. Alternatively, we can write to you in several alternative formats, such as large print, braille, audio, and OpenDyslexic font.

Find out more about screen readers, accessing your documents online, and our alternative format options at [www.quilter.com/document-help](http://www.quilter.com/document-help).

**The value of investments and the income from them can go down as well as up.**

**You may not get back as much as you invested.**

**This document is based on Quilter's interpretation of the law and HM Revenue & Customs practice as at November 2024. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.**

### *quilter.com*

*Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.*

*Quilter is the trading name of Quilter Investment Platform Limited which provides an Individual Savings Account (ISA), Junior ISA (JISA) and Collective Investment Account (CIA) and Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).*

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