

What is an investment bond?

Simply put, an investment bond is a 'tax paid' investment.

This means that the tax on investment earnings are paid by the bond issuer at the current company tax rate of 30 per cent and after ten years from the start date, the investment is free of personal income tax in the hands of the investor.

Another great benefit is that all returns from the investment while invested, and upon withdrawal after the ten year tax period, do not need to be included in personal income tax returns.

Investors don't have to worry about locking the investment away for ten years either. The unique tax structure of the investment bond allows investors to access their investment at any stage they need or want access to it.

What is the Bond Invested in?

There are a range of investment options from Cash to Australian Shares and International Shares depending on your investment preference and tolerance for risk the Bond can be structured to cater for conservative and growth investors alike.

Estate Planning Advantages;

Investors can nominate beneficiaries, and the proceeds can be paid quickly and directly to them free of personal income tax on the death of the life insured.

Flexibility;

Are there any age-based restrictions on contributions? Unlike superannuation rules there are no age-based restrictions or work tests in terms of making contributions.

125 % Rule;

There are limits on the maximum additional investments that can be made to an investment bond, After the first year, the maximum you can invest in any one year is 125 per cent of your investment in the previous year without restarting the ten year tax period.

What are the risks?

Like any in investment there are risks involved, investment returns are not guaranteed and are subject to volatility of market movements. You need to ensure any investment strategy is based up your individual objectives.

Want to know more?

Speak to your Futuro adviser about how this strategy may work in conjunction with your overall financial plan. IMPORANT; This information is general in nature only it does not take into account your individual circumstances. We recommend that you seek professional advice before making any investment decision.