

GUIDE TO INVESTMENT DIRECTION

The Financial Regulator in Guernsey introduced legislation to clarify who is responsible for the investments held in retirement and pension products. This Guide looks at the different classifications and relevant responsibilities.



MEMBER DIRECTED - SELF-MANAGED

Under this option, the Member of the Pension or Retirement Plan is responsible for making, changing and reviewing the investments held in the Plan.

It is important that Members understand and accept the responsibilities relating to Investment Direction

Overseas Trust and Pension Limited ("OTAP"), as Licensee, does not have investment powers and the Member is responsible for the investments, including suitability, returns and performance.

MEMBER'S RESPONSIBILITY

- The Member is responsible for the Investment Direction of the Plan, which includes selection, monitoring performance, adjusting the investments where necessary and/or the selection of a Financial Adviser or an Investment Manager (See Member Directed - Advised on page 02 or Member Directed - Discretionary on page 03).
- The Member must ensure they understand the implications of this approach, as they have responsibility for the Plan's investments and not OTAP.
- Ensure you keep OTAP updated with regards to any changes to your personal details.
- Periodically provide OTAP with updated documents to confirm your identity and address.

OTAP AS LICENSEE'S RESPONSIBILITY

- To provide trustee and administration services for the Plan.
- To ensure that investments are held safely within the Plan.
- To act on investment instructions that comply with OTAP's Terms and policies.
- Provide online access to Plan valuation statements and reports, updated in accordance with the available data from the investment provider.

MEMBER DIRECTED - ADVISED

Under this option, the Member of the Pension or Retirement Plan, is responsible for the Plan's investments on the recommendation of their Adviser. The Adviser would guide the Member on making, changing and reviewing the investments (subject to the Adviser having Terms with OTAP). The Adviser may also recommend the services of a Discretionary Investment Manager, this remains Member Directed - Advised.

OTAP does not have investment powers and it is the Member, with the help of their Adviser, who is responsible for the investments, including suitability, returns and performance. Regular ongoing financial advice is important to ensure continued suitability and review performance. OTAP does not provide investment, financial or tax advice.

ADVISER'S RESPONSIBILITY

The Member's chosen Financial Adviser is responsible for:

- Ensuring the Plan and the investments are suitable for the Member.
- Providing advice to the Member in respect of making, changing and reviewing the investments within the Plan.
- Ensuring that the Member understands all costs and risks associated with the Plan and the investments.

OTAP AS LICENSEE'S RESPONSIBILITY

- To provide trustee and administration services for the Plan.
- To ensure that investments are held safely within the Plan.
- To act on investment instructions that comply with OTAP's Terms and policies.
- Provide online access to Plan valuation statements and reports, updated in accordance with the available data from the investment provider.

MEMBER'S RESPONSIBILITY

- To select a Financial Adviser, who will provide advice on making, changing and reviewing the investments.
- To inform OTAP of any changes to their chosen Financial Adviser.
- The Member, with the help of their Adviser, is responsible for the Investment Direction of the Plan, which includes selection, monitoring performance, adjusting the investments where necessary.
- The Member must ensure they understand the implications of this approach, as they have responsibility for the Plan's investments and not OTAP.
- Insure you keep OTAP updated with regards to any changes to your personal details.
- Periodically provide OTAP with updated documents to confirm your identity and address.

MEMBER DIRECTED - DISCRETIONARY

Under this option, the Member of the Pension or Retirement Plan, selects an Investment Manager who has full discretion over the Plan's investments and is responsible for making, changing and reviewing the investments.

This arrangement is known as Member Directed - Discretionary.

OTAP does not have investment powers and it is the Member, with the help of their Investment Manager, who is responsible for the investments, including suitability, returns and performance.

INVESTMENT MANAGER'S RESPONSIBILITY

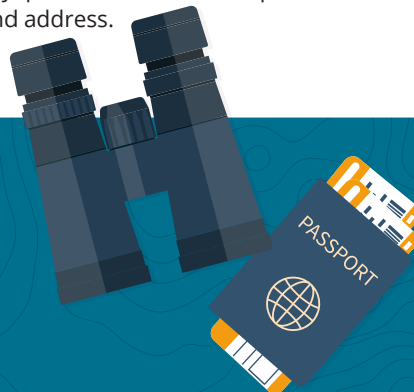
- Ensuring the investments are, and remain, appropriate for the Member.
- Making decisions in respect of making, changing and reviewing the investments within the Plan.
- Undertaking regular reviews of investment performance and suitability, including the allocation of investments to meet the Member's changing needs.
- Ensuring that the Member understands all costs and risks associated with the investments.

OTAP AS LICENSEE'S RESPONSIBILITY

- To provide trustee and administration services for the Plan.
- To ensure that investments are held safely within the Plan.
- To act on investment instructions that comply with OTAP's Terms and policies.
- Provide online access to Plan valuation statements and reports, updated in accordance with the available data from the investment provider.

MEMBER'S RESPONSIBILITY

- To select a Discretionary Investment Manager, who will advise you in respect of making, changing and reviewing the investments.
- To inform OTAP of any changes to their chosen Discretionary Investment Manager.
- The Member must ensure they understand the implications of this approach, as they have responsibility for the Plan's investments and not OTAP.
- Ensure you keep OTAP updated with regards to any changes to your personal details.
- Periodically provide OTAP with updated documents to confirm your identity and address.



LICENSEE DIRECTED

Under this option, the Member of the Pension or Retirement Plan selects OTAP as the Licensee to make, change and review the investments of the Plan. OTAP is responsible for the management

of the Plan's assets subject to the Member notifying us of any changes which may affect the manner in which the assets are being managed.

MEMBER'S RESPONSIBILITY

- Ensure you keep OTAP updated with regards to any changes to your personal details.
- Periodically provide OTAP with updated documents to confirm your identity and address.
- Inform OTAP of any changes in your circumstances, that may impact upon the investment strategy being followed within the Plan.

OTAP AS LICENSEE'S RESPONSIBILITY

- To provide trustee and administration services for the Plan.
- To ensure that investments are held safely within the Plan.
- Provide online access to Plan valuation statements and reports, updated in accordance with the available data from the investment provider.
- To make, change and review the Plan's investments.



Clarity for all

In the past, confusion arose over the extent of the Licensee's and Member's responsibilities. The introduction of improved legislation has significantly helped clients, advisers and Licensees understand their responsibility and obligations in respect of investment matters.

Importantly, a Member can change investment direction if their circumstances require it, as investment direction is not fixed from the outset, but open to election by the Member. This gives greater flexibility and allows for a solution that services them best.

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