



WAY Regional Managers

East Anglia & Northern
Home Counties
Bob Boustead
07970 891763

Midlands & North
John Humphreys
07779 334523

London & South East
Peter Atkins
07500 602558

South West & N Ireland
Rob Owen
07970 891764

IFA Support Manager
Tony Lyons
01202 890895

Please Note:

This document is for the use of and is directed at Financial Intermediaries only. No reliance must be placed on this information by any other persons.

This is an outline guide only. Full details of the Plan/Product described can be found in the appropriate WAY brochure. Copies of all WAY literature are available from your Regional Manager or at www.wayinvestments.com
All information correct as at 1st March 2010

The WAY Income Plan

Objectives

- To provide a tax-efficient, highly durable and potentially rising monthly “income” for the long-term.
- To convert irregular and volatile equity portfolio profits into reliable and regular drawings backed up by the security of a cash fund.
- To be able to adapt to the Planholder’s changing needs.
- To deliver good growth potential from a well diversified risk-graded international portfolio.

The mechanics of the plan

- The Planholder selects an annual income drawing of between 3% and 7% of their capital investment.
- An amount equal to five times the initial annual drawings is placed in a secure cash fund (the “Cash Reservoir”), with the balance invested in an equity based growth vehicle chosen from the range of WAY Portfolios (the “Growth Pool”).
- For a 3% income drawing rate, the split would be 15% (five times 3%) in the Cash Reservoir and 85% in the Growth Pool. For a 5% income drawing rate, the split would be 25% and 75% respectively.
- The monthly income is paid from the Cash Reservoir directly into the Planholder’s bank account.
- On a quarterly basis the plan is tested automatically by WAY as follows:
 - If the overall value of the plan has increased since the previous quarterly test (or inception) then a proportion of the Growth Pool units are sold and reinvested in the Cash Reservoir to rebalance to the predetermined proportions. This will normally also result in an increase to the monthly

drawing as the selected drawing rate is calculated against the increased capital value.

- If the overall value of the plan has fallen or is unchanged then no rebalancing takes place and the monthly drawing continues to be paid from the Cash Reservoir.
- During market downturns the Growth Pool is not drawn upon, thus maximising the potential to benefit from the eventual recovery in the equity markets.
- If the income Reservoir should at any time become exhausted, any current and/or future drawings shortfall will be supplemented by drawings from the Growth Pool until such time that a regular review is able to reinstate the Income Reservoir. This may therefore result in an erosion of capital.

Tax benefits

- Monthly drawings are withdrawals of your capital from the Cash Reservoir and thus do not create an income tax liability.
- Interest is paid annually on the Cash Reservoir, net of basic rate Income Tax. This is normally the only Income Tax exposure and falls on the smaller component of the plan.
- The periodic rebalances create frequent, small disposals of Growth Pool units and are chargeable events for Capital Gains Tax.
- These disposals will in many cases allow the investor to make use of an otherwise unused CGT allowance.
- By generating small gains on a regular basis, and exploiting these often underused tax allowances, many investors will find that they have little or no CGT to pay.

Further information and help

- Simply call your local WAY Regional Manager – see the list on the left.