

Life Insurance Planning Around the World - Key Planning Opportunities

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- ▶ Over \$100 billion of U.S. residential real estate purchased each year by Non-Resident Aliens
- ▶ Non-Resident Alien millionaires have tripled over past 20 years, outpacing growth of U.S. millionaires
- ▶ Non-Resident Aliens own over 20% of investments in U.S. stock

Planning Opportunities for Individuals

- ▶ Avoid Forced Heirship Laws
- ▶ Family Office / Dynasty Planning
- ▶ Estate Enhancement / Equalization
- ▶ Asset Protection and Diversification
- ▶ Eliminate the Need for a Qualified Domestic Trust
- ▶ Easy After Death Administration – Bypass Probate
- ▶ Confidentiality
- ▶ Increase Charitable Giving
- ▶ Minimize the Undistributed Net Income Issue with Foreign Non-Grantor Trusts (Convert Foreign Trust to U.S. Trust)



- ▶ Use for Buy-Sell Funding
- ▶ Cross Purchase Using Trusts and/or Limited Liability Companies
- ▶ Key Person Coverage
- ▶ Pre and Post Retirement Benefits
- ▶ Collateralize Debt

Tax Benefits of Life Insurance for Non Residents (Non-MEC Policy)

- ▶ No gift taxes to fund premiums if funds are coming from outside U.S.
- ▶ No U.S. estate or generation-skipping transfer taxes on death benefit
- ▶ No three year transfer rule
- ▶ No income taxation on accumulated cash value
- ▶ Tax free access to cash value through partial surrenders up to basis and loans thereafter



Benefits of U.S. Life Insurance

- ▶ Stability and Predictability of U.S.
- ▶ Highly Regulated Industry
- ▶ Denominated in U.S. dollars
- ▶ Efficient Pricing
- ▶ Innovative New Products



Typical Required Contacts with U.S.

- ▶ Own Business in U.S.
- ▶ Own U.S. Real Estate
- ▶ Own Bank or Investment Account in U.S.
- ▶ Work for a U.S. Company
- ▶ Have Immediate Family Living in U.S.



Sources of Cash for Premiums

- ▶ Split Dollar Policy with Business
- ▶ Gifts
- ▶ Premium Financing (Where Allowed)



- ▶ Create U.S. Limited Liability Company
- ▶ Create U. S. Trust
 - ▶ (A) Trust that Does Not Avoid Future U.S. Estate Taxes
 - ▶ (B) Trust that Avoids Future U.S. Estate Taxes

- ▶ Either U.S. Revocable or Irrevocable Trust with U.S. Trustee and U.S. Taxpayer Identification Number
- ▶ Trust should be Applicant, Owner and Beneficiary of Policy
- ▶ Trust Generally Terminates at Death of Insured Grantor

- ▶ U.S. Irrevocable Trust with U.S. Trustee and U.S. Taxpayer Identification Number
- ▶ Insured Grantor Can Be a Permissible Beneficiary of the Trust
- ▶ Trust should be Applicant, Owner and Beneficiary of Policy
- ▶ Trust Continues After Death of Insured Grantor to Avoid Future U.S. Estate Taxes