

U.S. Life Insurance Ideal For Foreigners

FOR AFFLUENT FOREIGN NATIONALS, THERE ARE SIGNIFICANT advantages to purchasing U.S. life insurance policies. These individuals can often benefit from the maturity, better rates and often higher-quality products that are characteristic of the U.S. life insurance market.

These life insurance policies are exclusively for international high-net-worth clients who meet the following two criteria:

- They have no U.S. ties, such as property ownership.
- They need a large amount of life insurance that is not available in their country of residence.

There are two benefits to U.S. life insurance that are appealing to many wealthy foreign nationals:

- The life insurance policies are denominated in U.S. dollars.
- U.S. life policies allow for confidentiality.

These life insurance policies are not applicable if the wealthy individual is a U.S. citizen or legal resident with a green card. They're also inappropriate if the affluent, non-U.S. citizen has financial U.S. ties, such as real estate holdings, a U.S.-based trust, bank accounts and equity interests in U.S. private businesses.

Case Studies

The following are common examples of affluent foreign nationals benefiting from U.S. life insurance policies.

Case #1: A 35-year-old South American needs \$25 million to protect an income stream for his family. He wants to pay for the life insurance policy quickly and needs the protection for as long as he lives. It would also be useful if he can have access to the cash value in U.S. dollars.

In this case, we structured a life insurance policy to be paid up in five years with the ability to build up significant cash value. Everything is denominated in U.S. dollars and the transaction is both transparent and confidential.

Case #2: A 55-year-old Middle-Eastern individual has \$5 million in an account intended for his grandchildren. He wants

to ensure the money is available to them without complications.

The answer was a U.S. life insurance policy with a face value of \$40 million. This way, the grandchildren will get a substantial inheritance and monies can also be accessed, if need be, from the life insurance policy via loans.

Case #3: A 30-year-old European business owner needs to provide guarantees for a sizable business loan. She's not interested in encumbering her assets.

The solution is a U.S. life insurance policy whose \$20 million death benefit is used as collateral. Moreover, because of the way this transaction is structured, provided she holds the policy for about 15 years, she will be able to start getting the cost of the premium payments returned as well as have a completely paid up life insurance policy.

Conclusion

To get the greatest benefit from these types of life insurance policies requires some degree of ingenuity. When these types of life insurance policies are integrated with advanced planning, many more possibilities for tax mitigation are available. *FW*

