

# Reasons Why Private Placement Life Insurance?

- Private Placement Life Insurance (PPLI) is a type of classic life insurance policy and behaves as a tax-efficient structure allowing for a wide range of liquid and non-liquid assets to be held.
- PPLI is a key tool for wealth structuring and estate planning, due to its compliant and tax efficient ability while offering a high level of discretion and confidentiality with simplified reporting.

All assets are held in the name of the life insurance policy and remain ring-fenced, with the insurance policy acting as the legal owner. In addition, the policyholder can retain influence over the investment strategy, subject to specific regulatory limitations.

## ORIGIN

PPLI originated in America over 60 years ago, and has been a significant solution for structuring wealth and next generational wealth planning for global families throughout the rest of the world.

PPLI policies can be a crucial method for providing tax efficiencies, simplified reporting requirements, safeguarding assets, and confidentiality, while providing investment flexibility.

## EXPANDING ON THE UNIQUE ADVANTAGES

PPLI is tax compliant in jurisdictions around the world allows clients to protect their assets upon death by setting up a life insurance policy.

In recognition, governments permit defined tax exceptions. This favourable use of life insurance policies has been in place for several decades in most jurisdictions, via an approved legal structure. PPLI utilises these tax concessions to provide a tax-compliant wealth planning solution.

Investment income, including dividends, interest, and capital gains, can grow on a tax deferred basis within the policy.

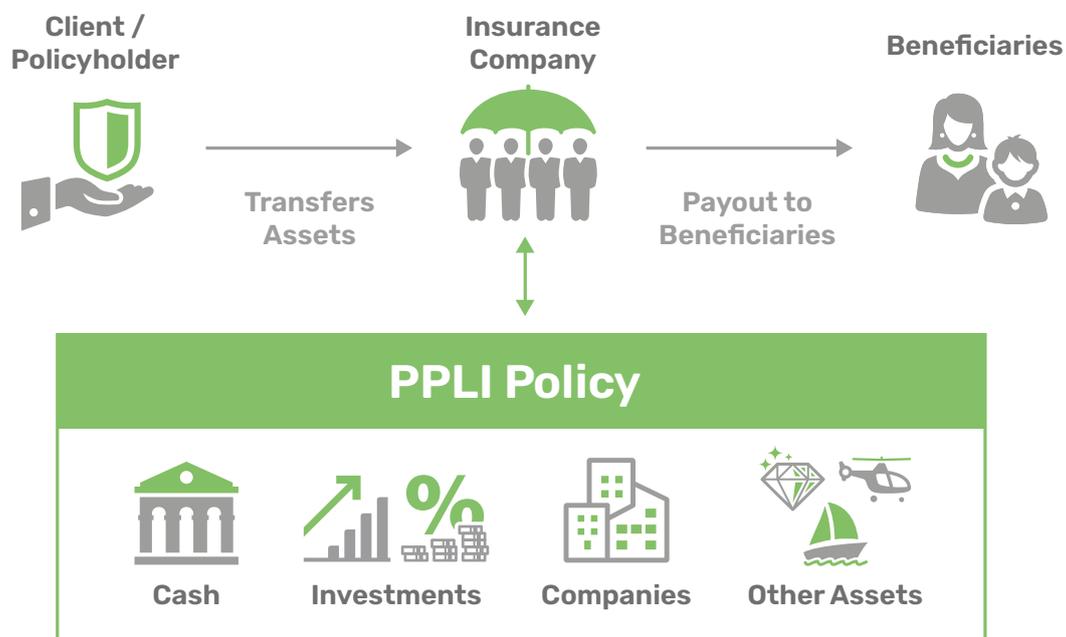
In many jurisdictions, if held until maturity (after the death of the person insured), the entire investment income produced by assets held by the life insurance policy profits from a complete tax deferral.

At the point the client transfers the legal ownership of their assets into the PPLI, the insurance company is then recognised as the legal owner of the underlying assets. This results in automatically creating confidentiality, which provides the highest level of privacy and discretion.

The client will always have the ability to preserve their control over the underlying assets, and if required, can appoint a new investment manager, change the investment strategy, and even fully surrender the PPLI.

In contrast to a trust structure, the policyholder can also alter the list of beneficiaries, to protect against forced heirship rules, therefore ensuring additional protection benefits for the policyholder.

In the case of a corporate client, the PPLI can assign the voting rights to a trusted proxy a third party.



## ADDITIONAL BENEFITS

With careful planning, a PPLI can be structured to fall outside the definition of a Controlled Foreign Corporation (CFC) in many scenarios, which can help streamline certain tax declarations. So, marginalising any cross-border reporting requirements. The transfer of wealth to the PPLI creates the basis of an ideal solution for asset protection.

IRS-compliant PPLI allows for significant asset protection in most jurisdictions.

The PPLI can benefit from double tax treaties, allowing for the reclaim of withholding tax.

## ASSET CLASSES

Liquid assets such as investment portfolios and bank deposits.

Non-liquid assets such as corporate, private equity, real estate, art collections, yachts, aircrafts, which can be held via several structures including active management certificate (AMC's), segregated portfolio company (SPC) and individual holding companies.

### **Disclaimer / Important Notice:**

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