



The art of finance.

SHOULD I STAY OR SHOULD I GO?

PPLI SOLUTIONS FOR LATIN AMERICAN  
CLIENTS AT HOME AND ABROAD

# AGENDA

1. Familiarity with, and acceptance of, PPLI
2. Latin American countries
3. Destination countries
4. Conclusion

# PPLI

- A traditional planning tool in Europe for thirty years
- Used among wealthy US clients for 20 years and tested in the courts
- Only recently successful in Latin America
- Regularisation programs have been a major spur to growth of the industry, especially when traditional structuring has become less tax effective



# WHICH COUNTRIES?

UNFORTUNATELY, ARGENTINA IS NOT ONE OF THEM

Brazil

Chile

Peru

Colombia

Mexico



# BRAZIL

The purchaser of the policy must be an overseas entity

Policy will give tax deferral then a tax free death benefit

Death benefits should be paid directly to physical persons if they live in Brazil, not back to the entity that bought the policy

Amount of extra death benefit is not defined in law but we recommend 20 percent



# CHILE

Residents of Chile have the specific right, enshrined in law, to buy foreign life insurance

There is usually a 22 pc tax on purchase but not if the policy is issued from Austria or Ireland

Tax deferral and tax free death benefit



# PERU

The policy will give tax deferral and a tax free death benefit

A tax of 2.1 percent is due if the purchaser is Peruvian

Peru is not a member of the OECD



# COLOMBIA

Policy gives tax deferral and tax free death benefit

Very strong instrument for asset protection

Many Colombians have US beneficiaries and the policy is ideal for this purpose





# MEXICO

YES IT DOES WORK

A policy will give tax deferral but the death benefit is taxable *if paid to a Mexican resident beneficiary*

Death benefits paid to a US beneficiary are tax free

Death benefits paid to an overseas Trust are tax free

Decades of tax deferral are possible



## DESTINATION COUNTRIES

1. USA
2. Spain
3. Portugal
4. Make sure the client really does live in the new country

# USA

With a Frozen Cash Value policy the client may make tax free withdrawals up to the amount they contribute to the policy

Investment gains are frozen until the insured person dies

Ideal for holding non SEC registered investments

Only a small extra death benefit is needed with this policy

Death benefits are tax free

If the move to the USA is intended to be permanent the policy can be held by a Trust to avoid estate tax too.



# SPAIN

A policy in Spain will give tax deferral and a tax free death benefit

If the client withdraws funds, only the portion that represents gain is taxable

Permitted investments are defined by law but the choice is wide



# PORTUGAL

The Not Ordinarily Resident visa does not give exemption from tax on dividends or capital gains

The policy will give tax deferral and a tax free death benefit

Tax efficient withdrawals

No extra death cover is required in Portugal so age is not a barrier to cover



## CONCLUSION

1. PPLI is becoming well accepted in Latin America and works in nearly all countries
2. Tax, asset protection and estate planning benefits
3. PPLI is an ideal pre immigration strategy if the clients decides to move abroad.



THANK YOU FOR  
YOUR ATTENTION.

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