ONE LIFE

Life Assurance & Wealth Transfer

#Success in #Succession : Part II

My life. My family. My plans

E-Book

ONE
LIFE

What is Life Assurance?

Life assurance can inspire us to live with freedom from worry, with control and flexibility over our finances. Most importantly, its role as a wealth transfer tool can help us empower the next generation.

When you take out a life assurance policy you basically make a pact. You agree to pay a sum to a life assurance company, specifying who you want to transfer this wealth to and when. In turn, the company promises to pay a benefit on your given date to your beneficiaries.

Life assurance has become essential wealth.

Not just because of the favourable tax treatment it provides when passing on your estate, but also because the assets you transfer into the contract are managed according to an investment strategy that you specify.

ONE
LIFE

Why use Life Assurance for inheritance planning?

Every story is unique. Now more than ever before, individuals are pursuing global lives, seeking opportunities, friendships and collaborations across all four corners of the world.

For many wealth managers of wealth, the complexity caused by international wealth can be difficult and challenging. At OneLife, we believe it should be seen as exciting and inspiring.

Life assurance is an ideal solution for those whose wealth spans borders, due to the high level of customisation and flexibility it provides.

Why subscribe to a
Life Assurance contract in Luxembourg?

Flexibility of Investments

Life assurance offers a gateway to a whole world of investment opportunities. According to the initial amount you have, you can obtain access to a broad range of assets – from equities to bonds, money markets, to unquoted assets, through external and internal funds that can be set-up especially for you.

Favourable Tax Regime

Life assurance contracts usually offer favourable tax regime. The tax rules that are applicable are the ones of the policyholder's country of residence.
Using a life assurance taken out with a Luxembourg company is tax neutral in Luxembourg during the policy lifetime whatever the country of residence of the policyholder.

Portability

We know our clientele is increasingly mobile which is why OneLife's life assurance meets cross-border requirements in case of relocation to another country. Our experts are on hand to analyse your destination country and all applicable rules so that they can effectively adapt your policy, whilst meeting your expectations.

Investor Protection

A life assurance contract with OneLife means you are protected within the Triangle of Security. In case of a default of the assurance company, policyholders of our contracts will have preferential rights over all other creditors on the entire pool of assets invested in the contracts. These assets are segregated into the balance sheet of the assurance company and benefit from a thorough regulatory supervision.

OneLife Family Portraits

Let us introduce you to 4 families who have reaped the benefits of a Life Assurance Contract in Luxembourg...

These families have enjoyed life to the fullest with their portable and flexible solutions, allowing them to lead to a carefree, international lifestyle.

Coming from Belgium, Sweden, Portugal and Spain, they show us how truly essential it is to be fully protected by life assurance.

Meet...

The Willems Family

The Svensson Family

The Alvarez Family

The Ferreira Family

THE WILLEMS FAMILY

THE WILLEMS FAMILY

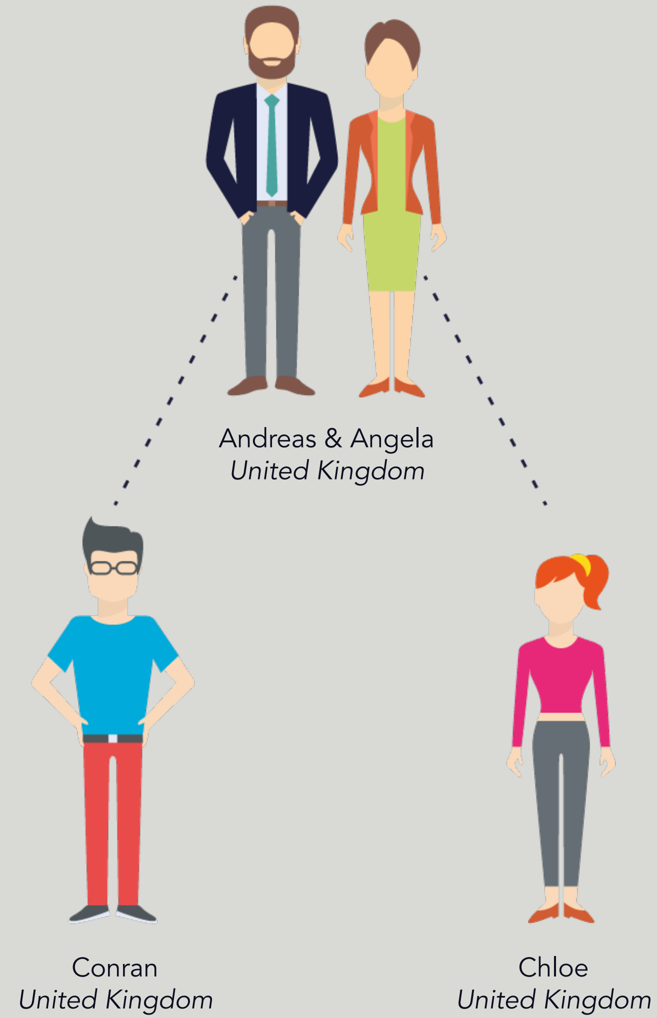
Andreas (Age 57) & Angela (Age 55)
Living in London, UK

Meet Andreas and Angela

Andreas, a 57-year-old Belgian expat living in the UK, is married to Angela, 55. They have two children – Conran 18 and Chloe 16. Together, they have made the UK their home for the past 12 years. They originally moved to the UK when Andreas got a job as an investment banker in the City. Now, both children are settled into private schools and Angela has opened her own music and drama school for children. They live in a leafy suburban town near London and enjoy a good quality of life.

The couple has substantial joint savings in an offshore bank account that generates income, and as they are residents but not domiciled ('RND') in the UK, they are currently paying the remittance basis charge (RBC).

Recently, due to all the uncertainty caused by Brexit and moreover the change to the deemed domiciled rules (since 6th April 2017), the couple has decided that whilst they do not foresee an immediate move, they could benefit from more forensic financial planning. A plan that may also be flexible enough for a relocation once the children have completed their education.



OBJECTIVES FOR THE WILLEMS FAMILY

To manage the Remittance Basis Charge and mitigate Inheritance Tax

To protect the last surviving spouse and ultimately ease the transfer of wealth to their children

To consolidate their offshore assets into a portable solution with future relocation in mind

ATTENTION POINTS

Tax efficiency

The life policy is a viable alternative to the RBC, provided clean capital is used to pay the premium. It is non-income producing which allows the couple to elect to be taxed in the UK on the arising basis thereby saving the cost of the RBC.

If the policy is placed in trust before Andreas and Angela become deemed domicile, the 'asset' will be outside the UK IHT net, even after deemed domicile is achieved.

Portfolio advice

As UK residents, the couple is not able to hold highly personalised assets such as private equity under the policy as this will cause the investment to fall foul of the PPB rules that have punitive tax consequences. The couple can however, hold pooled investments such as UCITS or appoint an authorised Discretionary Fund Manager for portfolio management.

Joint subscription

The joint subscription will be settled at the death of the last surviving spouse, offering him/her protection in the event that a will is absent or not recognised in the place of relocation.

Future relocation

The Life Insurance contract is globally recognised, and portable – making it an optimal option for a couple anticipating a move in the future. In addition, with the assistance of in-house legal experts from multiple jurisdictions, the contract can remain compliant across borders. Therefore, it is a very effective cross-border, succession tool.

BENEFITS
FOR THE WILLEMS FAMILY

All income and gains 'wrapped' in the policy will benefit from a gross roll up tax deferral, and the couple can withdraw 5% per annum for 20 years provided they fund the policy with clean capital. The couple can elect to be taxed in the UK on the arising basis and save the cost of the RBC while keeping personal allowances.

By placing the Life Assurance policy in an offshore trust before becoming deemed domicile, the trust will benefit from 'excluded property' status, removing it from the UK IHT net even after they achieve deemed domicile status.

- The children can be beneficiaries of the trust, allowing an easy transfer of wealth on the death of the last surviving spouse.

- Simple assignment to adult children either in the UK or abroad if it is tax efficient to do so.

A portable solution for potential future relocation.

THE SVENSSON FAMILY

THE SVENSSON FAMILY

Martin (Age: 60) & Sophie (Age: 55)
Living in Stockholm, Sweden

Meet Martin and Sophie

Mr Martin Svensson is a Swedish citizen residing with his wife, Sophie, in Stockholm, Sweden. As a result of early retirement (CFO of Swede Bank), Mr Svensson has received significant compensation from his company's pension plan, which amounts to Euros 2 million. In addition to this, he has accumulated assets throughout his career which, together with that of his wife, amounts to another Euros 3 million.

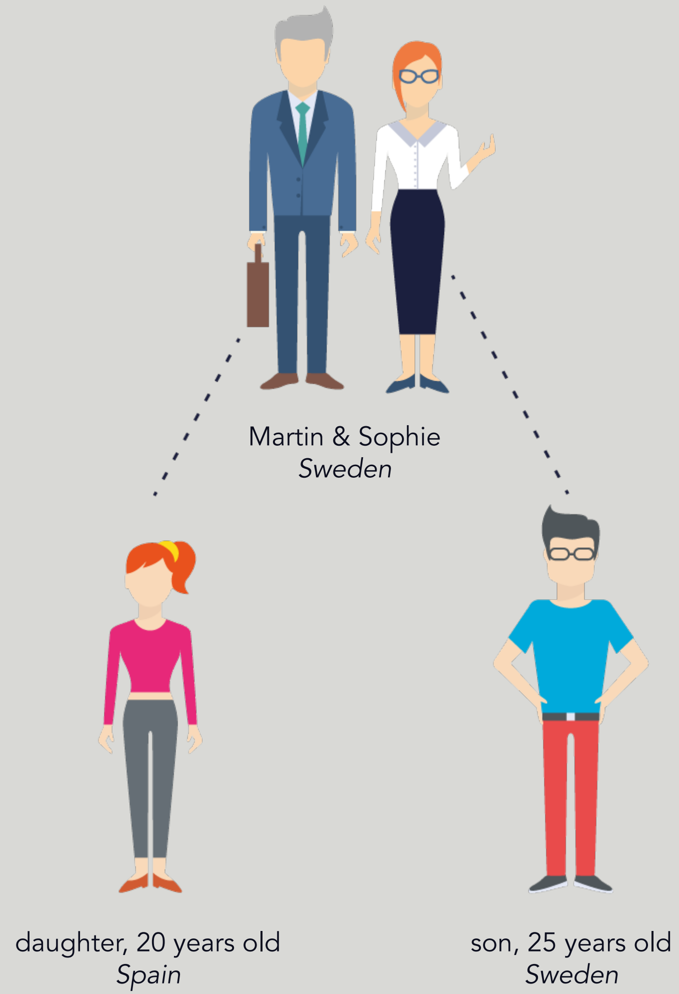
Following Mr. Svensson's retirement, both he and his wife have decided to move their tax residence to Barcelona, a city in which they already have real estate property. The change of residence will be effective in 2018.

In addition, Martin and Sophie have a 20-year-old daughter who studies in Madrid and a 25-year-old son who works in Stockholm as a computer specialist.

Martin and Sophie will take out a mixed death and survival insurance policy as Spanish residents to which they will contribute Euros 2 million as an initial Premium. In case of death of Martin or Sophie, the redemption rights are transferred to the surviving policyholder.

In case of survival, the benefit will be paid to the son and daughter. In case of death, to the daughters' and sons' legal heirs.

Martin, Sophie and their 2 children will be lives assured under the contract.



OBJECTIVES FOR THE SVENSSON FAMILY

A tax efficient solution both in Sweden and in Spain

Transfer of wealth to the following generations in accordance with Martin and Sophie's wishes

Transfer of wealth to the following generations in a tax efficient framework both in Sweden and in Spain

ATTENTION POINTS

Inheritance planning

Drafting the beneficiary clause in a life assurance contract is of utmost importance, as it resembles a will and thus will ensure that the wealth is properly passed on to the beneficiaries pursuant to the policyholders' wishes.

Co-subscription

Useful succession tool: the contract will be settled at the death of the second spouse in order to protect the surviving one. In order to avoid any blocking risk, the contract must foresee that, in case of death of one spouse, the policy rights will be passed on to the surviving spouse.

BENEFITS
FOR THE SVENSSON FAMILY

In case of death of Sophie or Martin, their respective rights pass to the surviving policyholder, i.e. the policy is terminated only upon the death of the last life insured

In case of **termination of the policy due to survival**, both the son and the daughter would receive the benefit of the policy in a tax efficient manner, i.e. Madrid (Inheritance and Donations Tax) and Sweden (there is no IHGT)

During tax residence in Spain:

- Tax deferral until partial or total redemption
- Possibility of optimising the Wealth Tax (if designation of irrevocable beneficiaries)

In case of return to Sweden:

- No application of the Spanish "exit tax"
- Tax efficient policy in Sweden (i.e. tax deferral) if the death coverage is substantial, min. 1% of the premium

THE ALVAREZ FAMILY

THE ALVAREZ FAMILY

Manel (Age: 50)
Living in Tarragona, Spain

Meet Manel

Manel is 50 years old, lives in Tarragona, and is the father of Juan who is 25 years old and lives in London with his girlfriend, Margareth.

Manel is in the process of a divorce and has a strained relationship with his soon-to-be ex-wife, Celia, with whom he does not want to keep any kind of personal relationship, let alone any ties of an asset, economic or financial nature.

Manel works in an engineering company that wants to expand in the area of the Algarve, so they have asked Manel to travel to Portugal to set up the new company and run the business. The estimated term of the expatriation is a minimum of 10 years, so it is likely that Manel will retire in Portugal.

Juan works in the City of London and hopes to develop his professional career in that city in the long term since his girlfriend, Margareth, is British. In a period of 5 years, Juan expects to have some one-time but significant expense linked to the purchase of some real estate property in the city or the pursuit of an MBA at a business school. To do this, he will certainly need financial support from his family.

Manel's assets basically consist of the family house in Tarragona, a secondary residence in Benidorm and financial assets (cash, bonds, shares) of Euros 500,000. The management is carried out from Spain, although the custody is in a Luxembourg bank.

Manel will subscribe to the policy. Manuel and Juan will be the lives insured. Margareth will be the beneficiary upon the occurrence of the death event and Juan upon the occurrence of the survival event. The premium will amount to Euros 500.000 and the term will be fixed at 5 years. Manel will subscribe to a Spanish law product while Spanish resident.

OBJECTIVES FOR THE ALVAREZ FAMILY

Portable solution between Spain and Portugal

Tax efficiency of the solution both in Spain and in Portugal

Transfer of the assets to Juan when he needs it or to his girlfriend, Margareth, if Manel and Juan were to die

Excludes his ex-wife from access to his personal assets

ATTENTION POINTS

Portability

It is essential to ensure that the life assurance product subscribed while Spanish tax resident is still recognised from a legal and tax perspective, once the policyholder becomes a Portuguese resident. Indeed, the Portuguese tax legislation offers a specific tax treatment to life assurance, hence, ensuring that the product is still fully recognised in Portugal is truly important.

Inheritance planning

Drafting the beneficiary clause in a life assurance contract is of utmost importance, as it resembles a will and thus will ensure that the wealth of Manel is passed on to the loved ones and not to any other person (for instance, ex-wife) who could ultimately receive some estate proceeds if Manel passed away intestate.

BENEFITS FOR THE ALVAREZ FAMILY

Portability	A mixed death and survival life insurance policy subject to Spanish law is fully compliant in Portugal from a fiscal, legal and regulatory point of view.
Tax efficiency	- Full tax deferral in Spain and Portugal until partial or full redemption - No application of the Spanish "exit tax" - Possibility to designate beneficiaries in an irrevocable way to avoid the payment of Wealth Tax if Spanish tax resident before changing residence - Application of reduced tax base if the policy is held for more than 5 of the 8 years (i.e. 28% / 22.4% / 11.2% effective taxation). The period of holding the policy prior to the change of residence is also computed.
Transfer of the assets to Juan or Margareth	Under the policy, Manel can transfer the assets to Juan after 5 years if the latter were to need liquidity to cover one-time, albeit major, expenses. If Manel changes his mind about the planning, he can redeem the policy at any time or simply not finish the policy, after which the latter would be renewed automatically. In the unfortunate event that both were to die (Manel and Juan), the benefit will be paid to Margareth, although Manel may modify this designation at any time if necessary. There is no fiscal impact in case of payment of the benefit to Juan (survival) or Margareth (death) if Manel is a Spanish or a Portuguese resident since the beneficiaries are not Spanish/Portuguese residents, the policy is not a Spanish or Portuguese asset and Manel has no link to the United Kingdom (i.e. he is not deemed domiciled in the UK).
Exclusion of the wife	Manel makes sure that the funds of the policy remain outside the reach of his soon-to-be ex-wife since the insurer has the sole obligation to pay the benefit to the designated beneficiaries.

THE FERREIRA FAMILY

THE FERREIRA FAMILY

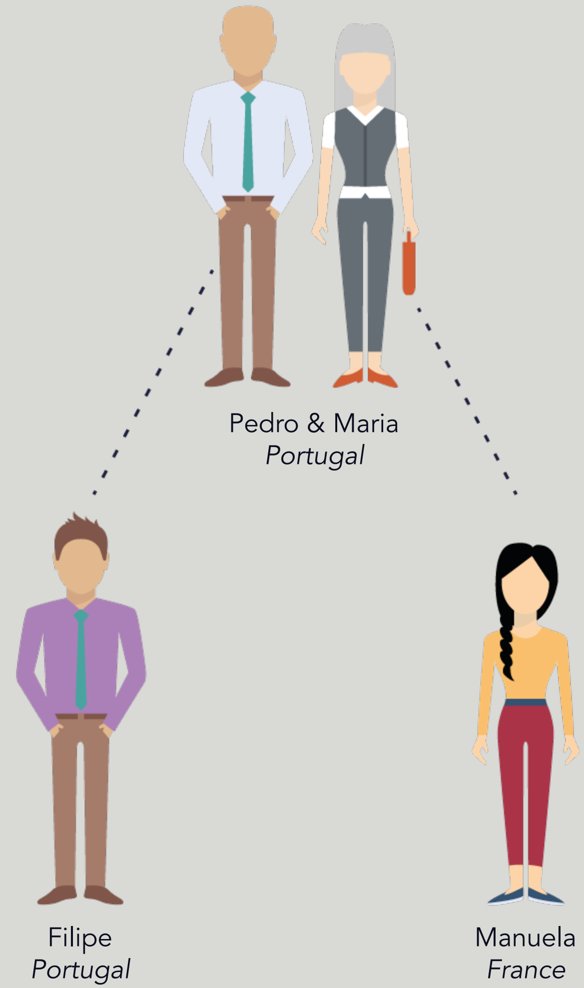
Pedro (Age: 65) & Maria (Age: 65)
Living in Porto, Portugal

Meet Pedro and Maria

Pedro was born in Porto, Portugal. He moved to France when he was young to work in the construction field and ended up staying for 45 years. He is married to Maria for many years and together they have two children, Filipe and Manuela. Filipe went to Lisbon to study at the university and stayed there after getting a good job. Manuela went to university at Sorbonne, married a French man and stayed in Paris.

Until recently Pedro was a tax resident in France. After officially retiring and raising his children, he decided to relocate back to his home country to enjoy the good weather and the low cost of living. He has obtained the non-habitual resident regime. He has sold all his properties in France for Euros 5 million and his only source of income now is his French pension (private sector). Hence, he is seeking an efficient and flexible solution to consolidate his assets and facilitate an eventual cross-border succession.

Pedro and Maria intend to co-subscribe a whole of life Portuguese life assurance policy covering both their lives and benefiting their children in case of their death. They would invest a Euros 4 million portfolio into an internal dedicated fund that would be discretionary managed by the asset manager of their choice according to the investment strategy determined based on their risk profile.



OBJECTIVES FOR THE FERREIRA FAMILY

Flexible and tax efficient solution

Possibility to cash out investment in the future

Consolidate assets and facilitate an eventual
cross border succession

Protect both spouses until the death of the final surviving spouse

ATTENTION POINTS

Tax residency

It is important to verify that, once transferring a tax domicile, French domestic legislation will consider a taxpayer as a non tax resident of France. In this case, since they are Portuguese nationals moving back to Portugal for retirement and have sold all their real estate in France, it will be easy to validate their tax residency only in Portugal and avoid any risk of double tax residency.

Inheritance planning

Drafting the beneficiary clause in a life assurance contract is of utmost importance, as it resembles a will and thus will ensure Pedro and Maria's loved ones receive an inheritance. In drafting this, Pedro and Maria decided the equal percentage of the overall value of the contract they wish to pass on to their children and the surviving spouse.

Co-subscription

Useful succession tool: the contract will be settled at the death of the second spouse in order to protect the surviving one. In order to avoid any blocking risk, the contract must foresee that, in case of death of one spouse, the policy rights will be passed on to the surviving spouse.

BENEFITS FOR THE FERREIRA FAMILY

Tailor-made solution that offers simplified reporting and administration of assets

Full tax deferral until partial or total surrender

Efficient succession planning tool as death benefits from a life policy are tax free in Portugal and enjoy a beneficial tax regime in France

Flexible investment solution that allows surrenders at any time in case of need

The Succession Checklist

Inheritance planning is key to protect your wealth and make sure it is transmitted to the beneficiaries you have appointed.

Because your personal situation matters, it is essential to raise the right questions.

ONE LIFE

All this sounds complicated? Well, sometimes, it is. But that should not bother you.

We are here because we want to get to know the real you, your real wants, and your hopes. OneLife helps you to manage and transfer wealth flexibly, securely and efficiently.

We are here because we want to help you live your OneLife.

https://www.onelife.eu.com

ONE LIFE

The OneLife Company S.A. is a leading provider of cross-border wealth management solutions, through the use of private placement and unit-linked life insurance products, standing for excellence, transparency and compliance. We are committed to providing our partners with first-class service and solutions to meet the increasingly complex needs of their wealthy clients in terms of financial planning and wealth structuring.

For more information, visit www.onelife.eu.com