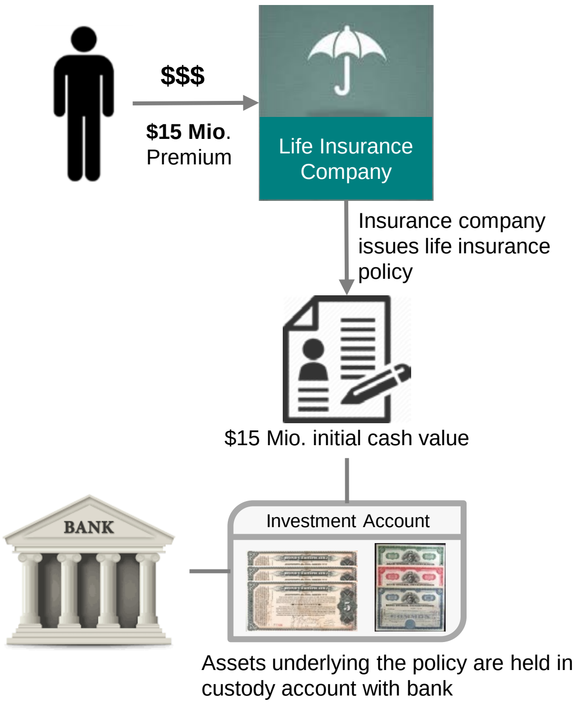
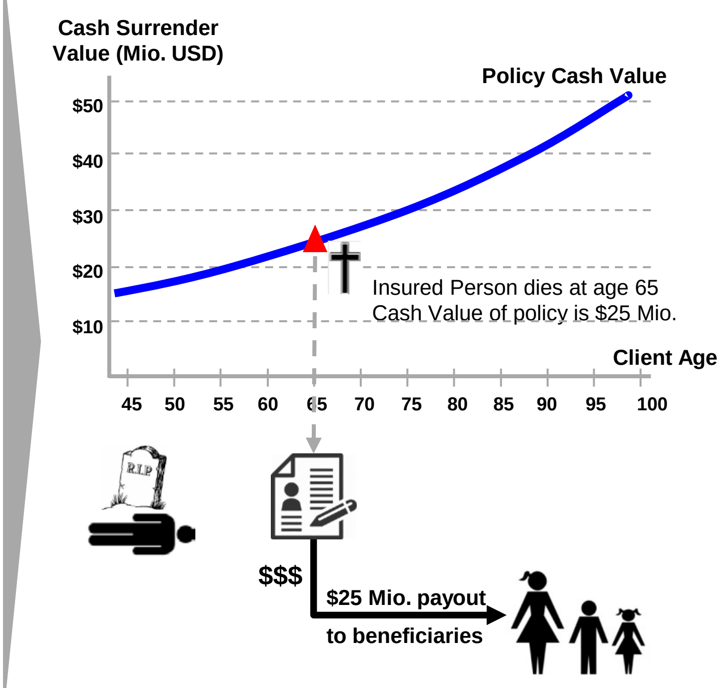
Envisage
Wealth Management

Private Placement Life Insurance

- ❑ Variable Universal Life (VUL)
- ❑ Deferred Variable Annuity (DVA)

Client: a 45 y.o, successful entrepreneur, wants tax optimisation (deferral or tax-free payout), asset protection, investment flexibility and succession planning choice





How PPLI works

The Private Placement Life Insurance (PPLI) policy is called variable life insurance because the cash value of the insurance policy varies with the investment performance of the underlying assets. The life insurance policy is issued by a long-term insurance company (eg., Bermuda, Barbados, Liechtenstein based).

Premiums paid into the policy are flexible to amount and timing. Premiums are held in a separate (segregated) account underlying the policy and are invested according to the investment strategy selected. The bank account assets are fully segregated from the assets of the Insurer. The asset manager and custodian bank are selected by the policyholder/investor with approval of the Insurer.

Tax law in most countries allows for tax deferred build-up of gains in a compliant PPLI policy. Under certain circumstances and appropriately structured, the payout may be completely tax-free.

There are generally requirements in specific jurisdictions that must be met, eg., adequate diversification of underlying assets. The policyholder generally delegates full control of management of the investments in the separate account to an asset manager selected by the policyholder.

For U.S. persons and persons with U.S. connections in particular, PPLI is an elegant solution to some of the challenges presented by U.S. tax law and regulations.

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Benefits and Advantages

The PPLI structure has numerous benefits for the investor:

Tax Planning and Efficiency: Life insurance policy enjoys full tax deferral during buildup. No tax on income or capital gains on the portfolio during the accumulation period. Compounding allows assets to grow faster than assets subject to U.S. federal income tax on an annual basis. Death benefit payout may be fully tax free

Asset protection: Legal title (ownership) of assets passes from policyholder to insurance company. Assets underlying policy cannot be attached or accessed by a creditor or other claimant in a legal process.

Inheritance and succession planning: Effective, low-cost, tax-efficient transfer of wealth from older generation to younger. Legal disputes are rare, it is very difficult to attack an insurance policy.

Investment flexibility and control: Flexible choice of investments, virtually any bankable asset is possible. The policyholder selects an asset manager and investment strategy. The Insurer may invest in non SEC-registered securities and investments that may not be accessiblefor an individual U.S. investor.

Access to non-U.S. investment funds: US persons investing directly in non-U.S. investment funds are often subject to adverse tax rules on returns. Non U.S. investment funds can be held in the policy without these tax rules applying.

Liquidity: The policyholder can access the cash value either through early surrender, partial surrender of the policy or loans against the cash value of the policy. There may be tax costs for early withdrawals or loans from the policy.

Suitability of PPLI.

PPLI is a tax-advantaged, asset protection and succession planning strategy providing an excellent wealth management tool for maximizing and securing after-tax wealth. PPLI is particulary suitable for the following types of investors:

- U.S. persons seeking tax efficiency and access to non-U.S. investment funds
- Persons looking for a tax-advantaged investment vehicle with secure asset protection
- Persons seeking to combine investment benefits with insurance component (death benefit)
- Persons temporarily or permanently relocating to the United States
- Expatriate U.S. persons living abroad seeking compliant relief from complexities of U.S. tax laws and regulations
- Combined with a trust, PPLI policies can also achieve more complex tax and estate planning objectives