

PREPARE TODAY PROTECT TOMORROW

LEGACY PROTECTION FOR FOREIGN NATIONALS

United States citizens and permanent residents receive an \$11.4 million estate tax exemption in 2019.¹ For non-resident foreign nationals who do not permanently reside in the U.S., the figure is about \$60,000.² That means the heirs of non-resident foreign nationals who inherit their property in the U.S. could face a very large tax bill based upon the property's value.

But the U.S. tax code doesn't include life insurance proceeds as part of a foreign national's gross estate. So its death benefit is not subject to U.S. estate taxes when the owner dies. A life insurance policy in the amount of an estimated tax liability can help ensure the beneficiaries of a foreign national will have the funds they need to pay any U.S. estate taxes.

Preparing today can help your clients keep their legacy intact tomorrow. Here's how a life insurance policy might be able to help:

- Miguel, 40, is an Ecuadorian national, in the preferred elite risk class*
- He has a \$5 million estate subject to U.S. estate taxes
- Without a strategy in place, Miguel's heirs stand to lose more than 33% of his U.S.-held estate to taxes when he passes away

Miguel and his legal and financial professionals determine that an index universal life insurance policy can address the concerns created by U.S. estate and gift taxes.**

- Miguel buys a \$1 million Transamerica Financial Foundation IUL® with an increasing death benefit***
- He pays premiums of \$20,000 a year until age 60

THE EFFECT POTENTIAL FEDERAL ESTATE TAX OBLIGATIONS MAY HAVE ON MIGUEL'S \$5 MILLION ESTATE

Tentative Federal Estate Tax	(\$1,945,800)
Less: Credit	\$13,000
Net Estate Taxes	(\$1,932,800)
Net U.S.Assets	\$3,067,200

Without a protection strategy, Miguel's estate will shrink by almost 40%.

*The non-guaranteed hypothetical results shown are based on the best risk class for this product and non-guaranteed illustrated rate of 7.75%. Actual results are based on a number of variable factors and could be lower. Age, gender, and risk class can dramatically impact the cost of insurance rates and premium.

**Estate tax treaties may apply. Transamerica is does not provide legal guidance.

***The increasing death benefit option will result in higher monthly deductions over the life of the policy than the level death benefit option.

¹Rev. Proc. 2018-57

²IRC section 2102(b)(1)



TRANSAMERICA®

Age	Paid Premiums	Non-guaranteed Cash Value	Guaranteed Cash Value	Non-guaranteed tax free death benefit	Guaranteed tax free death benefit
65	\$400,000	\$965,000+	\$130,729	\$2 million+	\$1.1 million+
75	\$400,000	\$1.7 million+	\$0 (lapse at 73)	\$2.8 million+	\$0 (lapse at 73)

Guaranteed cash value and death benefit assumes 0.75% index crediting and maximum monthly deductions allowable under the contract. The guaranteed assumptions do not reflect the Basic Interest Account with current guaranteed index of 2%, which would illustrate higher cash value and death benefit. Current monthly charges are lower than the those allowable under the contract.

In these scenarios, Transamerica FFIUL could enable Miguel to:

- Give his beneficiaries the cash to help pay the estate taxes and keep his legacy intact so his family doesn't need to use other assets
- Potentially help his family maintain their lifestyle with a US income tax-free benefit when they needed it most
- Enjoy US income tax deferral on any growth of his policy's cash values

Contact your wholesaler to learn more about how you can build your business while giving your clients confidence, stability, and security as they plan their futures.

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