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## Transamerica Life Insurance Company

Travis M. Burke, CFP®, Regional Sales Director

# “ Could you, as a foreign national, benefit from a **U.S. IUL policy?** ”

By Travis M. Burke

With global expansion, you may be facing new financial-planning challenges, such as confidentiality, international wealth diversification, forced heirship, political and economic stability, legal protections and currency risk—any of which could be mitigated by the prudent use of a U.S.-based life insurance policy. An indexed universal life (IUL) policy has a number of features and benefits that make it an option to seriously consider.

**How does an IUL work?** An IUL offers a death benefit and the potential to accumulate cash value. Interest is credited to the cash value at a rate based, in part, on the performance of a market index. The crediting methodology involves a cap and/or participation rate, established by the company, which determines the maximum rate of interest. The insurance company also determines a minimum interest rate (the “floor”). Most insurance companies base index interest on a domestic index—such as the S&P 500®; others use a global index or a combination of indexes.

While the performance of an index is used as part of the interest-rate calculation, the IUL is not an investment in

the equities market. The guaranteed interest rate will never be lower than the policy’s floor. So, even if the index has declined during the interest-rate period, the cash value does not lose money as a result of the downturn.

**What are the advantages?** There are a number of advantages to an IUL:

- Once interest is credited to an index account in an IUL policy, it is locked in and will not be taken away due to any negative index performance.

- The policy can be structured so that the death benefit can increase over time based on any increase in the cash value. This can be an important feature if a need for additional life insurance arises at a time when health problems or age make buying more coverage costly or even unattainable.

- Once the cash value is sufficient, it can be used to serve a variety of needs, whether personal or business related.

**What tax advantages result?**


- Any growth in the policy’s cash value is tax-deferred.

- Cash value may be accessed income-tax-free through withdrawals, up to the cost basis, or through loans, as long as the policy stays in force and is not a modified endowment contract.

- The cash value in a life insurance contract is not currently reportable under FATCA.

**What if I’m not a resident foreign national (my primary residence is outside the United States)?** You can still enjoy the same advantages of an IUL that a U.S. citizen or resident alien/green card holder enjoys: U.S. income-tax-free accumulation of cash value and U.S. income-tax-free access to the cash accumulation value via policy loans.

**Are there additional advantages I have as a nonresident alien?** The life insurance policy on the life of and owned by a nonresident alien is not considered U.S. situs (legally located) property and is, therefore, not subject to U.S. estate tax.

**Are there restrictions for foreign nationals?** To apply for the insurance you generally must have a legitimate connection (nexus) to the United States, such as home ownership or other assets there. The application, the medical exams and delivery of the policy must be done in the United States and the premiums must be paid from a U.S. bank or financial institution. In many cases you must also have a U.S. address or post office box to receive premium notices. 

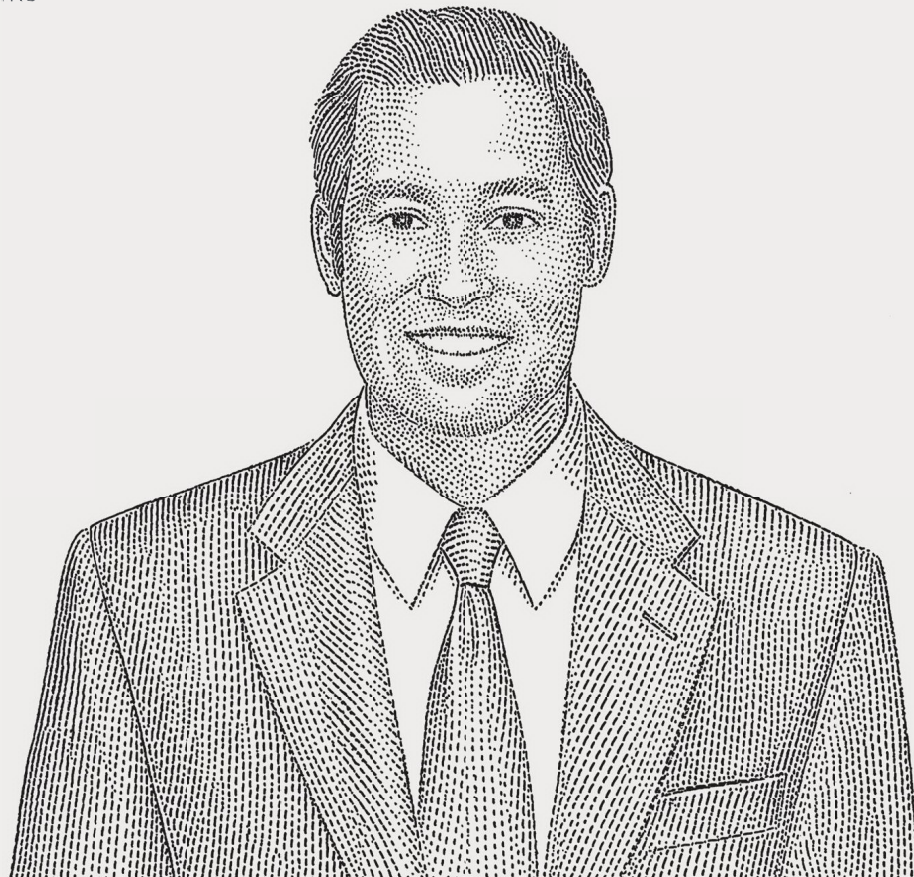
*The discussion regarding index universal life (IUL) insurance is just a broad overview of how some of the features of this type of policy work. It is not intended to represent any specific policy offered by Transamerica companies or any other insurance company. Transamerica Life Insurance Company (“Transamerica”) and its agents and representatives do not give tax or legal advice. This material and the concepts presented here are for information purposes only and should not be construed as tax or legal advice. Any tax and/or legal advice you may require or rely on regarding this material should be based on your particular circumstances and should be obtained from an independent professional advisor. This does not consider the impact of applicable state laws or the laws of another country. Although care is taken in preparing this material and presenting it accurately, Transamerica disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it. This information is current as of February 2015.*

*“The life insurance policy on the life of and owned by a nonresident alien is not considered U.S. situs (legally located) property and is, therefore, not subject to U.S. estate tax.”*

—Travis M. Burke

#### How to reach **Travis M. Burke**

*I can be reached at 404.276.3089 and look forward to hearing from you.*



#### About Travis M. Burke

Travis M. Burke is a regional sales director for Transamerica and has been involved in the financial service industry for more than 17 years. He has spent the majority of his career working directly with clients, both as a financial planner and as a regional resource, consulting for some of the country's largest financial services firms. Mr. Burke brings a wealth of experience to ultra-affluent clients, foreign nationals and their advisors on topics relating to wealth transfer strategies, estate legacy planning and business succession planning. Transamerica's goal is to help independent life insurance professionals be the best advocates possible for their clients, together creating more secure tomorrows.

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 Expert help with: estate/legacy planning, wealth-transfer strategies, retirement planning, business-succession planning, executive benefits, charitable-legacy planning and planning for foreign nationals



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