



# Business Planning for Foreign Nationals

Foreign Nationals want life insurance for the same reasons as U.S. citizens—only they face a different set of rules. Both Non-resident Aliens (NRA) and Resident Aliens (RA) encounter unique U.S. tax challenges when it comes to **business planning**. Fortunately, Transamerica can help you secure international cases with a variety of life insurance strategies.

Consider the following real-life scenarios:\*



## **DynoSoft, Inc.**

DynoSoft is a software development company located in the Seattle area. After a thorough search and interview process, DynoSoft hired Sameer, an Indian national with highly specific software skills. DynoSoft obtained an H1-B visa for Sameer to work in the U.S., and sought to protect their investment in the case of an untimely death.

**Problem:** DynoSoft wanted to purchase a policy on a **key person**, but because Sameer's employment with DynoSoft is project-based and could terminate a few years later, term insurance would be more cost-effective than permanent coverage.

**Solution:** DynoSoft purchased a **Trendsetter® policy** for Sameer. Should Sameer pass away during the term of the policy, DynoSoft will receive the proceeds of the death benefit.\*\* Unlike some carriers, Transamerica *will* write term insurance on foreign nationals, including those without permanent U.S. visas.

## **Key Person Coverage**

The sudden loss of a person who is key to a company's success can have a devastating impact on earnings, credit, morale and marketplace position. Company-owned life insurance on the lives of key persons can cover this risk. If a key person passes away, the company can immediately receive federal income tax-free death benefits which can be used to repay debts, fund operations and cover the cost of replacing lost talent.

► Employers must comply with IRC §101(j) and its Notice & Consent requirements for employer-owned life insurance contracts.

\*All names and locations have been changed to protect customer confidentiality.

\*\*Assuming all policy provisions remain satisfied.



### **Bebidas de Mexico, S.A.**

Bebidas de Mexico (“Bebidas”) is a bottling company located in Juarez, Mexico. Its stockholders include both Danish and Mexican citizens, who all reside in Mexico. Bebidas needed a vehicle to fund its **buy-sell agreement** between its owners.

**Problem:** Because of its diverse ownership, Bebidas had difficulty finding an international carrier that would insure all of its stockholders. Bebidas also assumed it would not be eligible for insurance from a U.S. carrier.

**Solution:** Bebidas is a vendor to many major U.S. soft drink companies and these ongoing contracts and business relationships have created substantial ties to the United States. As such, Transamerica was able to offer coverage to the investor-owners through a **TransACE® policy**, which was used to fund their buy-sell agreement.

### **Buy-Sell Agreements & Life Insurance**

The death of a co-owner or business partner can cause significant and immediate hardships for surviving owner(s). A buy-sell agreement can provide proper funding for the remaining owner(s) to buy the deceased’s portion of the business. Life insurance is a simple and effective way to fund a buy-sell agreement.

While Foreign Nationals are taxed differently than U.S. citizens, they have the same goals: to provide for loved ones, protect family assets and maintain viable businesses. Transamerica provides a variety of resources to facilitate sales in this growing market, including:

- ▶ A dedicated international underwriting team, fluent or proficient in French, Portuguese, and Spanish;
- ▶ Access to expertise in U.S. gift and estate planning and advanced sales materials;
- ▶ An entire product portfolio, including term products; and
- ▶ Recently increased international retention limits, allowing for larger case sizes in certain Latin American and Caribbean countries.

### **Requirements for consideration:**

- ▶ U.S. ties
- ▶ U.S. mailing address for policy owner
- ▶ Policy premiums must be paid from a U.S. financial account
- ▶ Travel/Country of residence is on approved list

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**For more information, please contact Transamerica’s Advanced Marketing  
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