



LOMBARD
INTERNATIONAL
ASSURANCE

Wealth planning with life assurance

Benefits summary for the Finnish policyholder



Unit-linked life insurance is an established and internationally recognised tool for wealth preservation. It can be tailored to suit the unique needs of individuals, their families and institutions, with the potential to enhance financial planning.

Luxembourg unit-linked life insurance benefits



Investment flexibility –
access to a wider range of
assets including private
equity and alternative funds



Direct investor
influence possible –
policyholder free to
manage the portfolio



Privacy and
confidentiality



Possibility to protect
the assets under the
policy against claims
from third parties

Special benefits

In addition to the general advantages of life assurance, Finnish clients are entitled to a range of benefits, including:

- Investment flexibility – access to international assets not registered in Finland, such as alternative funds and private equity;
- Maximum policyholder protection through Luxembourg’s “Triangle of Security”;
- Privacy and confidentiality – life assurance policies do not need to be registered or published;
- Direct investor influence possible – policyholder free to manage the portfolio;
- Possibility to pledge, assign or use the life assurance policy as collateral.

Contractual obligations

In order to ensure full recognition as a compliant life assurance policy and for policyholders to enjoy the benefits provided, certain conditions should always be met, including compliance with Luxembourg investment regulations

Taxation

Comparative benefits - Directly held investments versus life assurance policy

	Directly held investments	Life assurance policy			
		At inception	In force	On surrender/ withdrawal	On death
Premium tax	—	—	—	—	—
Income tax	30% - 34%	—	—	30% - 34% ¹	30-34% ²
Capital gains tax ³		—	—		—
Inheritance tax ⁴	up to 33% ⁵	—	—	—	up to 19% ⁶
Wealth tax	—	—	—	—	—

1 The profits are taxed as capital income with a maximum tax rate of 34%.

2 Life insurance proceeds received by other than the immediate family mentioned under point VI is not subject to inheritance tax but taxed as capital income with a maximum rate of 34%.

3 The capital gains tax is 30% on realised capital income and 34% if the realised capital income is over € 30,000.

4 The spouse or cohabiting partner may deduct € 90,000 from the inheritance and any lineal descendant under 18 years of age may deduct € 60,000 if they are the close family of the deceased in accordance with 2:12, *Perintö- ja lahjaverolaki* (12.7.1940/378).

5 The highest tax rate 33% is the maximum progressive tax rate applying in tax class 2 (which applies to other than immediate family mentioned under point 6).

6 The estate, lineal heirs, adopted children and their descendants, spouse and children of spouse and foster child.



Case studies

Mr Virtanen

Mr Virtanen is a 56-year-old independent entrepreneur with two adult children. He is married but separated from his wife.

Objectives

1. Maintain his existing investment portfolio and avoid capital gains tax;
2. Retain control during his lifetime and keep the arrangements he makes confidential from his wife.

Solution

A Finnish compliant life assurance policy with a Luxembourg-based insurance company. Mr Virtanen appoints his children as irrevocable beneficiaries.

Result

Mr Virtanen maintains his existing investment strategy but is exempt from capital gains tax. He will keep control over the life assurance policy and his wife will not be aware of these arrangements.

Mr and Mrs Aalto

Mr Virtanen is a 56-year-old independent entrepreneur with two adult children. He is married but separated from his wife.

Objectives

1. Place their assets in a single, well-perceived structure, which is widely accepted and internationally transportable;
2. Provide financial protection for their children whilst they are growing up.

Solution

A life assurance policy specially structured to comply with the contractual obligations of Spain, France and Finland in a legally and fiscally-optimised way.

Result

Mr and Mrs Aalto are satisfied with the structure that has been set up to be compliant and tax-efficient in the different jurisdictions. They can rest assured that both children will, in any event, receive the same financial security.

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Lombard International Assurance S.A.
www.lombardinternational.com

Head office
4, rue Lou Hemmer
L-1748 Luxembourg
Grand Duchy of Luxembourg
Tel +352 34 61 91-1
Fax +352 34 61 90

R.C.S. Luxembourg N° B 37604
VAT LU 15902470
Tax N° 1991 2204 696

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