



# Why to use life insurance over joint accounts for wealth planning

Joint accounts have for long been used by HNW Greek residents for efficiently planning taxwise the transfer of wealth upon death. Joint accounts (i.e. in which all account holders have individual signature power) benefit in Greece from a *full exemption on Inheritance Tax* on the basis that when one of the account holders passes away the amounts which corresponded to him/her are not inherited by his/her heirs but are assigned to the surviving joint holder of the account. Until recently this exemption however only applied to cash deposits and mutual funds, and in practice exclusively where the account was held with a Greek bank.

Since the publication of Law 4916/2022 on 28 March 2022 the *exemption has now been extended to all types of securities* (portfolio accounts) and regardless of whether these are held in Greece or abroad (except in the case of blacklisted jurisdictions). This recent extension has reinvigorated joint accounts as a simple inexpensive succession planning solution.

## The additional benefits of using life insurance for wealth and succession planning of Greek Tax Residents

1

Whilst unit-linked life insurance does not help minimising exposure to Greek Inheritance Tax (i.e. indemnities payable to Greek resident beneficiaries are subject to Greek Inheritance Tax), this solution can provide *tax deferral* of all income generated within the portfolio linked to the policy during the client's lifetime. The accumulated gain is not subject to Income Tax upon the client's passing either. Thus, using a life insurance solution enables a client to effectively save all Income Tax that would have been paid otherwise using a joint bank account. On top of this, incomes may be accumulated under the policy and may in turn create additional value over time.

2

Luxembourg unit-linked life insurance also provides unparalleled asset *protection* through the Luxembourg Triangle of Security and may build a reinforced wealth preservation shield against potential future creditors of the client (e.g. as a consequence of the client's bankruptcy or, in general, a legal claim based on the client's personal or professional liability). Meanwhile, joint accounts do not provide any protection of any type to the client's wealth.

3

Last but not least, a joint account is a solution under which the client establishes from the outset who the joint beneficiary is and this cannot easily be changed afterwards. However, life insurance will always be an optimal wealth and *succession planning* tool providing a client with the flexibility to appoint any beneficiaries (and easily revoke/change them at a later point in time if desired). It is also a highly portable solution capable of catering to complex wealth planning needs across many different jurisdictions, particularly for internationally mobile families with members scattered in different countries.

For all of the above reasons, Luxembourg unit-linked life insurance should always be considered for wealth and succession planning of HNW Greek residents looking for a compliant, secure, tax-efficient and adaptable wealth structuring solution.

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