

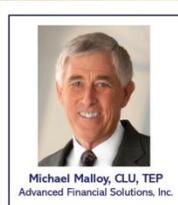
How is Change Implemented with Private Placement Life Insurance ?

Change Comes Slowly to PPLI



I'm interested in longevity,
timelessness, style – not fashion.

Ralph Lauren



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How Is Change Implemented with PPLI?

Change Comes Slowly to PPLI

Private Placement Life Insurance (PPLI) gives wealthy international families a conservative structure to achieve enhanced privacy and a tax free environment for their assets. At first glance, it would not seem that PPLI would share something in common with Ralph Lauren, the well-known fashion designer, but read on, and you will see how they are connected.

PPLI structuring is basically using available laws and regulations to the best possible advantage for each unique family situation. Why not take a “straight and narrow” route and avoid issues with the tax authorities of all the countries involved in the structure?

Life insurance is well established in the laws and regulations of most countries in the world. It is considered a benefit to society:

“Life insurers are vital to an efficiently functioning modern economy and society and are a key contributor to long-term economic growth and improved living

standards,” states a 2016 report by The Brattle Group, “The Social and Economic Contributions of the Life Insurance Industry.”

Because life insurance permeates the social fabric at all economic levels, the laws and regulations on life insurance tend to be more stable and less subject to political change. Later on we will give you an example of how a tax law change in the U.S. is playing out in a complex manner that will take many years to fully resolve.

What are a few key elements that show us why it is vital to use life insurance in structuring for wealthy international families? Here are two significant ones:

Simplified Reporting

A compliant PPLI policy is an asset that can hold various investments, including multiple underlying traded or non-traded companies as well as private equity. The insurance company is legally seen as the owner of these investments, hence this simplifies the reporting requirements under most reporting regimes. CRS reporting is also simplified and limited, based on correct structuring at the inception of the process.

Asset Protection

PPLI can offer privacy and, in some cases, significant protection from creditors. Assets held in a PPLI policy are held in a Separate Account and are protected from the assets of all other policyholders and the general account of the insurance Company.

Here is our example of how a recent tax law change is playing out in the U.S.

New Hampshire Fights Supreme Court

Sales-Tax Ruling

Retailers in five states without a sales tax face new burdens

New Hampshire is one of five states without a broad-based statewide sales tax, a status that had insulated retailers from a task familiar to businesses elsewhere. That cushion lasted until the U.S. Supreme Court’s June decision in **South Dakota** v. Wayfair, which lets states require retailers to collect sales taxes even if those businesses lack a physical presence in the state.

[States with sales taxes](#) are still figuring out how they'll approach out-of-state retailers. New Hampshire, with a special legislative session scheduled for Wednesday, isn't waiting to respond. Its reaction to the court's decision will spur the next round of skirmishes over cross-border sales-tax collection.

States with sales taxes are working on their regulations to get out-of-state sellers registered in their systems and collecting the tax. In some cases, they need to wait for their legislative sessions for new or revised laws.

Does all this sound familiar? Change the actors and subject matter in the play and you have the worldwide reactions to implementing [FATCA](#), [CRS](#), Registers of Beneficial Ownership and other mandates from governments and regulatory bodies around the world.

Although far from timeless, our firm's PPLI structures that use life insurance as its core element have withstood many years of changes in transparency, tax legislation, and calls from government officials to end "aggressive tax planning." Planning with life insurance could be seen as the eye of the hurricane--an area of calm in the midst of constant change. We achieve outstanding results without being aggressive.

We thank Ralph Lauren for his quote, and enjoy the challenge of securing exceptional results that have weathered many storms. As always, we welcome your comments and questions.

by [Michael Malloy](#), CLU TEP, @ [Advanced Financial Solutions, Inc](#)

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