



Location Will Get You Everywhere

PPLI Elevates Your Tax Efficiency

In using [Private Placement Life Insurance](#) (PPLI) for [tax efficient structures](#) for [wealthy international families](#), the location of the various elements in the structure is of vital importance. If any one of these elements is out of position, the whole PPLI structure suffers.

Since the French Open tennis tournament is now being played, we will include a handy description of being out of position below. For an example from the tax world, a matter from the new U.S. Tax overall was brought to our attention with a video from Fox News, (Fox Business). This video highlights the importance of location for the government entity who is collecting the tax. In this example, a company moves its headquarters, thus, a change in the U.S. taxing authority on the state level.

Merely listing the various location elements in PPLI structuring shows us that we are putting together a complicated puzzle. But once the last piece of this puzzle is successfully put in place, a powerful result takes place for the client. We include our list at the end of our blog.

Take this example from a recent PPLI case. A U.S. Green card holder who spent little time in the U.S., generated her income in a E.U. country through a BVI company. She was not a tax resident of this E.U. country, but wished to shield her substantial income from U.S. taxes.

A foreign non-grantor trust purchased a PPLI. We placed her business inside a holding company structure that was inside the PPLI policy. Now, instead of paying U.S. income tax, and being subject to U.S. estate tax, she was able to take tax-free distributions from the PPLI policy. Many different types of locations were involved here!

We now go to the French Open, where one of the coaches of Rafael Nadal, Francisco Roig, describes one way Nadal maneuvers his opponent out of position, for our example, please read location:

“It’s tougher to play him physically because he’s moving you much more than before,” Roig said. “He’s opening the court unbelievable with the backhand. Before, the backhand—against a right-handed player—was more in the middle. But now you have to run three or four meters more, and open the width in the forehand area. You are soon out of position and then he kills you again with the forehand cross court.”

Our quote is courtesy of Tom Perrotta of the Wall Street Journal,

“A Scary Thought at the French Open: Rafael Nadal Is More Efficient Than Ever.”

[This is also our goal for international tax planning](#)--to be more efficient than ever.

Before pondering our lists of location elements, we give you the Fox News video, highlighting the change of physical location of a major company in the NYC investment world.

Watch the latest video at foxbusiness.com

We must consider the location of all these elements when we craft our structures:

- the trust that usually owns the policy;
- the trustee of the trust;
- the insured or insureds on the policy;
- the domicile of the insurance company;
- the assets;
- the holding company structures, if any;
- the beneficiaries.

I am sure there are more, but these are the main ones that come to mind. Please give us your thoughts, and thank you for your continued trust and support.

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

 <p>Michael Malloy, CLU, TEP Advanced Financial Solutions, Inc.</p>	<p>michaelmalloy.solutions</p>  <p>Advanced Financial Solutions</p> <p>A secure island in a tax hungry world</p> <p>New York British Virgin Islands California</p>	<p>Worldwide Toll-Free Number: +1 877-811-5846</p> <p>Michael's Direct Dial: 530-277-1088</p> <p>Northern California Office: 530-692-1007</p>
<p>blog.michaelmalloy.solutions michael@michaelmalloy.solutions</p>		
		