



## No Separation of Child/Parent

### PPLI: United We Stand for Tax Savings

[Private Placement Life Insurance](#), (see [PPLI](#) in our blog) makes use of one of the simplest and oldest [tax shields](#) that exist--life insurance. [Donald Trump's](#) very unpopular [immigration policy](#) of separating children from parents who cross the border with Mexico reminds us of another separation that has undesired consequences for tax savings.

This separation is summarized in the catchy yet deceptive phrase, "Buy term life insurance and invest the difference." By taking this advice one is, to use another common phrase, "Throwing out the baby with the bath water." We will show you by example that if you keep your investments inside a #PPLI policy, you can benefit handsomely.

Before we give you an example of tax structuring using PPLI, let us return to government regulations. We used a very controversial example with Donald Trump and Mexican children, but how does [our firm](#) interact with governments worldwide on a regular basis in relation to tax structuring for wealthy international families.

### The process works like this:

*"The laws, tax codes, and regulations that we study to assist our clients are complex. We study these laws, tax codes, and regulations with an eye to selecting the elements that can best serve our clients. If the tax authorities of governments think we have gone too far with our use of these laws, tax codes, and regulations, they amend them, and so the process continues."*

Clients are now looking at simple and straightforward solutions to their complex problems. Since a properly structured PPLI policy is at the heart of our planning, and insurance regulations in most countries are more long-lasting and simpler than the tax codes, we have a significant advantage in helping our clients.

### PPLI solves or mitigates issues for clients involving:

- Tax deferral
- Income tax planning
- Succession planning
- Asset protection
- Compliance
- Privacy protection
- Estate planning

### PPLI Tax Deferral

Here is an example that involves the PPLI benefit of [tax deferral](#). In the right circumstances, business income can also benefit from tax deferral. Since we are using a life insurance policy, all the assets inside the policy will pass tax-free to the beneficiaries named in the PPLI policy.

Eduardo Flores is an investor located in a high tax state in the U.S. with a combined tax rate of 53%. Eduardo is a successful businessman with \$50 million of investable assets. Eduardo has been receiving a 8% return on these hedge fund investments, but realizes more than half of his profits will benefit federal and state government. See Figure 1 below.

Figure 1

#### PPLI VS. HEDGE FUND RETURNS

AGE	INVESTMENT	PPLI END-OF-YEAR CASH VALUE	DEATH BENEFIT (INCLUDING CASH VALUE)	HEDGE FUND TAXABLE (53% TAX)
50	\$10,000,000	\$10,583,149	\$41,162,000	\$10,376,000
55		13,862,975	41,162,000	12,026,792
60		19,365,400	41,162,000	14,464,374
70		39,085,869	45,339,608	20,921,810
80		80,302,482	84,317,606	30,262,088
90		163,260,398	171,423,418	43,772,215

PPLI generates \$4.9 million more than a taxable hedge fund investment after 10 years. After 20 years, PPLI has outperformed by over \$18 million. Held for 40 years, the PPLI policy will produce \$120 million more than a taxable account.

If you buy term life insurance, and invest the difference, your investments miss out on the substantial benefit of tax deferral. Why separate yourself from this outstanding benefit. Most of us would not wish to step into Donald Trump's shoes and be subject to worldwide criticism for an unpopular decision. Make the right decision, and investigate how PPLI can best serve many of your structuring and tax planning needs.

We are here to serve you towards this end, and very much wish to hear what you have to say about our firm and ideas. You can place any comments at the bottom of the page, and if you have interacted with us in the past, we would appreciate any testimonials in our [blog](#) or [Yelp](#). Thanks in advance.

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