

LIVE YOUR VISION

TRANSAMERICA FINANCIAL CHOICE IULSM

LIFE INSURANCE PLANNING FOR HIGH NET WORTH FOREIGN NATIONALS

No matter where you live, handing down wealth from one generation to the next is an important part of financial planning. If you're a foreign national with significant assets in the U.S., life insurance coverage could be an essential part of your estate planning.

Nonresident aliens (NRAs) are citizens of foreign countries who temporarily live in the U.S. and do not intend to make it a permanent residence. NRAs are subject to U.S. estate tax and gift tax rules on their U.S.-based assets. This can make financial planning difficult, particularly as the heirs of NRAs may lack the liquidity necessary to pay these taxes when they are due.

TYPE OF PROPERTY	SUBJECT TO U.S. GIFT TAX?	SUBJECT TO U.S. ESTATE TAX?
Real and Tangible Property Situated in the U.S.	Yes, if not a present interest gift or exceeds \$15,000 annual exclusion.	Yes, estate tax applies to any property situated in the U.S. valued above \$60,000
Intangible Property Situated in the U.S.	Not subject to U.S. gift tax	Yes, estate tax applies to any property situated in the U.S. valued above \$60,000
Property Situated Outside the U.S.	Not subject to U.S. gift tax	No
Availability of Unlimited Marital Deduction	Not available unless spouse is a U.S. citizen or assets are transferred to a Qualified Domestic Trust.	Not available unless spouse is a U.S. citizen or assets are transferred to a Qualified Domestic Trust.



TRANSAMERICA®

For NRAs, it is important to know what types of property may potentially be subject to United States federal gift or estate taxation. Below is a list of real and tangible asset types that may be subject to taxation:

- Real estate situated in the U.S.
- Stocks of a U.S. corporation
- U.S. bank deposits for trade or business
- Tangible personal property in the U.S. (e.g. artwork, antiques, jewelry, etc.)
- Retained or beneficial interest in a trust (includes foreign trusts)

Life insurance on the life of an NRA is generally excluded from both U.S. gift tax and estate tax. This makes life insurance a valuable asset where an NRA's beneficiaries may receive the policy's death benefit U.S. estate tax-free and U.S. federal income tax-free. The death benefit may be used as a source of liquidity to help pay any taxes due at death on property situated in the U.S.

HYPOTHETICAL CASE STUDY



Tom Leung is a 45-year-old NRA and real estate developer who frequently visits Miami with his family. They are all citizens of Hong Kong. In addition to his home in Miami, Tom owns multiple vacation rental properties in the U.S. that he uses to generate extra income.

The value of all his real estate properties is **\$3 million**, which will be subject to U.S. estate tax at Tom's death. Tom would like his family to inherit his real estate properties but currently lacks the liquidity needed to pay a substantial estate tax on the properties in the future. Upon his death, Tom's family would have nine months to pay the estate tax due on his properties.

PROJECTED FUTURE ESTATE TAXES	
Current Value of Tom's Properties	\$3,000,000
Projected Future Value¹	\$9,786,113
Estate Tax Exemption	(\$60,000)
Taxable Estate at Tom's Death	\$9,726,113
40% Estate Tax	(\$3,890,445)
Value of Properties After Taxes	\$5,895,668

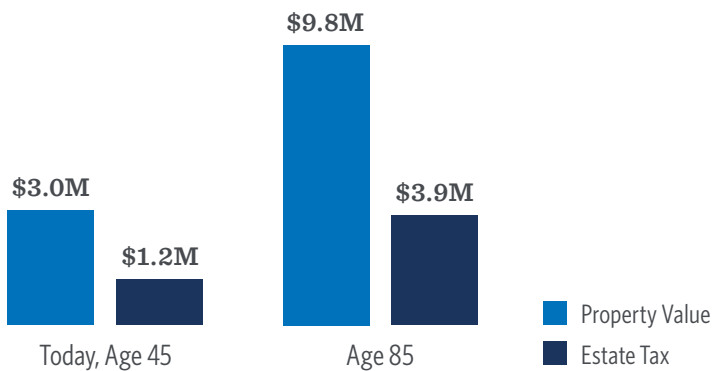
¹ Assumes 3% growth rate over 40 years

USING FCIUL AS PART OF TOM'S FINANCIAL PLAN

To have liquidity to pay estimated estate taxes on his U.S.-based property, Tom decides to purchase a *Transamerica Financial Choice IUL*SM (FCIUL) policy to gain permanent death benefit protection along with access to a source of tax-free supplemental income. Tom will pay annual premiums of **\$75,000** through age 65 with an initial face amount of **\$1,000,000**.

At age 66, Tom decides to access his policy's cash value, through loans and withdrawals,¹ to have a source of tax-free supplemental income in retirement and receives **\$150,000** per year for 20 years. After 20 years, Tom still has a death benefit of **\$4,021,429** that his beneficiaries may use to help pay any estate tax due on the properties they've inherited from Tom.

ESTIMATED ESTATE TAXES



FCIUL SUMMARY VALUES (NONGUARANTEED)	
Cumulative Premium Paid	\$1.5M
Income Distribution (Ages 66-85)	\$3.0M
Death Benefit at Age 85	\$4.0M
Total Policy Benefits	\$7.0M

FCIUL SUMMARY VALUES

(NONGUARANTEED)

Male | Age 45 | Preferred Elite | Face Amount: \$1,000,000 |
Increasing Death Benefit | Global Index Account | Illustrated at 6%

YEAR	AGE	CUMULATIVE PREMIUM	CUMULATIVE TAX-FREE INCOME	CASH SURRENDER VALUE	DEATH BENEFIT	DEATH BENEFIT IRR%	TAX EQUIVALENT YIELD
1	46	\$75,000	-	\$44,506	\$1,069,251	1,325.67%	2,039.49%
10	55	\$750,000	-	\$897,798	\$1,904,868	16.46%	25.32%
20	65	\$1,500,000	-	\$2,624,641	\$3,772,422	8.15%	12.54%
30	75	\$1,500,000	\$1,500,000	\$2,764,945	\$3,953,951	6.75%	10.38%
40	85	\$1,500,000	\$3,000,000	\$2,995,439	\$4,021,429	6.22%	9.57%

¹ Loans, withdrawals, and death benefit accelerations will reduce the policy value and death benefit. Provided the policy is not and does not become a modified endowment contract (MEC), 1) withdrawals are tax-free to the extent that they do not exceed the policy basis (generally, premiums paid less withdrawals) and 2) policy loans are tax-free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

The example shown is derived from a complete hypothetical illustration which assumes nonguaranteed elements will continue for all years. This is not likely to occur and actual results may be more or less favorable. All nonguaranteed elements are subject to change by the company. Keep in mind that the purpose of hypothetical illustrations is to show how a policy might work under different scenarios, including minimum interest rates at maximum guaranteed charges. Illustrations may not be used to predict or project future policy values. Prospective policy owners should refer to a complete, personalized hypothetical sales illustration for guaranteed elements and other important information as well as the consumer brochure for the *Transamerica Financial Choice IUL*.

Index universal life insurance is not a security, and index universal life insurance policies are not an investment in the stock market or in financial market indexes. Index account interest is based, in part, on index performance. Past performance of an index is not an indication of future index performance.

There is no guarantee that any excess index interest will be credited above the guaranteed minimum interest rate for the index account(s). Additionally, there is no guarantee that the company will declare an interest rate greater than the guaranteed minimum interest rate for the Basic Interest Account.



TRANSAMERICA®

**When it comes to preparing for the future,
there's no time like the present.**

Let's get started today.

 **Visit:** transamerica.com

Contact your financial professional for more information on how a *Transamerica Financial Choice IULSM* policy can help you pursue accumulation potential and flexibility in your estate plan.

This policy is first and foremost a life insurance policy. The main purpose is to provide a death benefit. It is not a short-term savings vehicle nor is it for short-term insurance needs. It is designed to be long term in nature and should be purchased only if you have the financial ability to keep it in force for a substantial period of time.

This brochure not intended to be a full description of the policy. Refer to the *Transamerica Financial Choice IULSM* consumer brochure, the life insurance policy, current Cap rates, Statement of Understanding, and a personalized hypothetical illustration for a complete explanation of the terms.

Transamerica and its representatives do not give investment recommendations, tax, or legal advice. This materials and the concepts presented are for informational purposes and should not be viewed as an investment recommendation, tax, or legal advice. Any investment, tax, or legal advice you require should be based on your particular circumstances and should be obtained from an independent professional advisor.

Even though the interest credited to the policy's index accounts may be affected by the index(es), this life insurance policy is not an investment in the stock market(s) or financial market index(es) and does not participate in any stock or investments.

The *Transamerica Financial Choice IUL* (Policy Form ICC22 TPIU10IC-0322 or TPIU1000-0322) is an index universal life policy issued by Transamerica Life Insurance Company, Cedar Rapids, Iowa. Policy form number may vary, and this product may not be available in all jurisdictions.

Not available in New York.

DREAMS
POSSIBILITIES
LIVE YOUR BEST LIFE
POTENTIAL
PURPOSE