
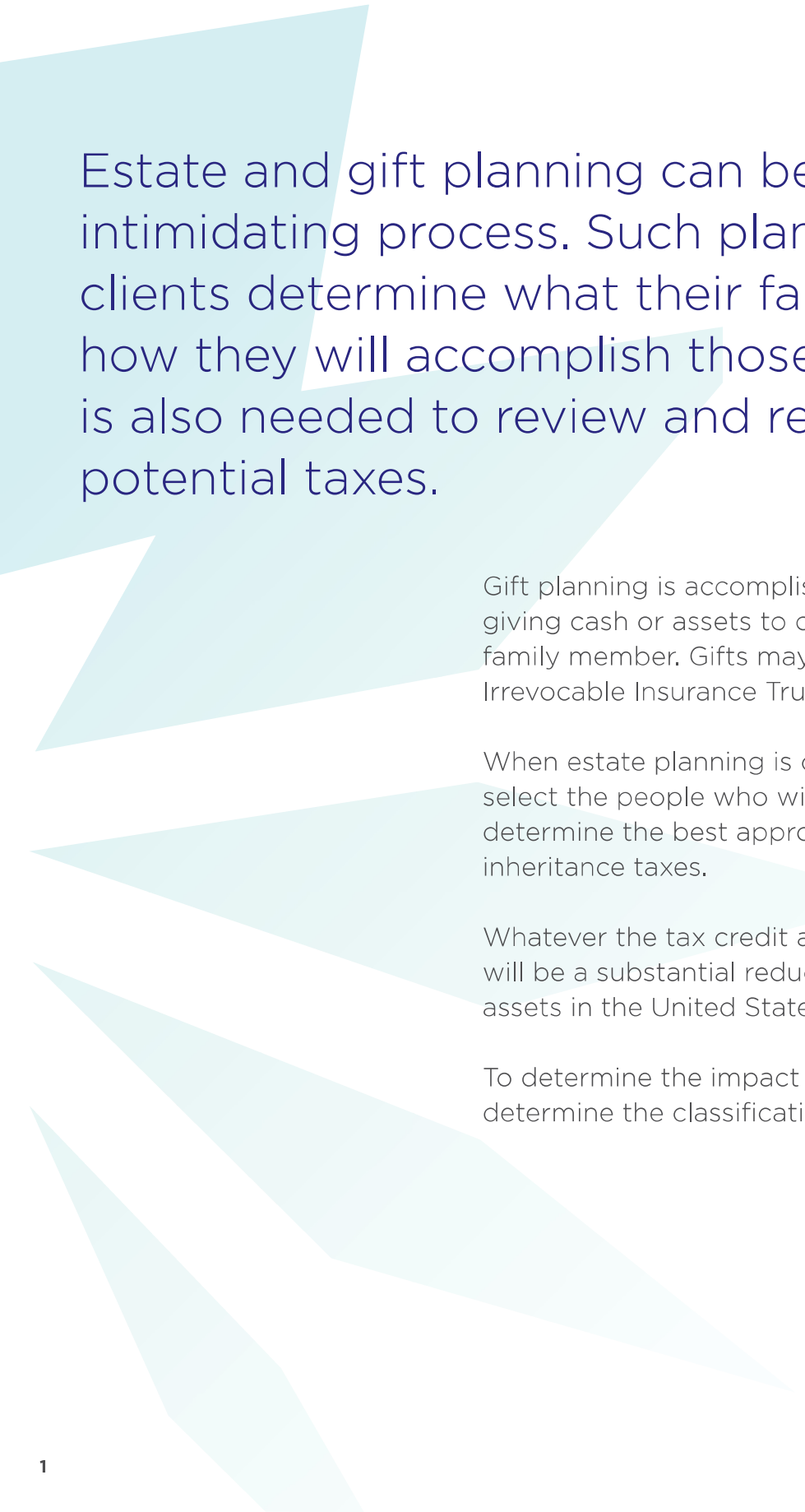


Non-Citizen Resident Estate and Gift Planning Guide

Agent Reference Guide





Estate and gift planning can be a complex and intimidating process. Such planning helps your clients determine what their family goals are and how they will accomplish those goals over time. It is also needed to review and reduce the impact of potential taxes.

Gift planning is accomplished during lifetime and involves giving cash or assets to other individuals, typically a family member. Gifts may also be made to a trustee of an Irrevocable Insurance Trust to pay life insurance premiums.

When estate planning is completed, it allows the client to select the people who will inherit assets at their death and determine the best approach to reduce estate and potential inheritance taxes.

Whatever the tax credit amount may be in the future, there will be a substantial reduction if a Non-resident Alien owns assets in the United States.

To determine the impact of the taxes, you must first determine the classification of taxpayers.



WHO IS SUBJECT TO THE UNITED STATES GIFT AND ESTATE TAX SYSTEM?

The U.S. tax system recognizes three classifications of taxpayers*:

Citizens: A citizen is born or naturalized in the U.S. and is subject to its jurisdiction. The estate tax is applied to all assets owned, wherever that property is situated in the world. (IRC §2001)

Resident Aliens: A non-citizen who intends to domicile in the U.S. is deemed a “resident alien.” Estate and gift taxation is the same as for U. S. Citizens. (IRC §2001)

Non-resident Aliens: A non-citizen who does not intend to establish domicile in the U.S. is referred to as a “non-resident alien.” The estate and gift tax is imposed on assets located in the United States. (IRC §2103)

The U.S. Treasury Regulations defines “domicile” on various factors. Some might include:

- Length of time spent in the U.S. and abroad
- Establishing a residence in the U.S.
- Visa status
- U.S. checking and savings accounts
- Location of business interests
- Declaration of residence in deeds, wills and trust arrangements



What is the Current Tax Structure?

Annual Exclusion Gifts: Citizens, resident and non-resident aliens can gift up to \$14,000 (2015) annually to a donee without incurring any gift tax. There is no limit on the number of donees receiving the gift. No IRS Gift Tax Return (Form 709) is required for qualifying gifts up to \$14,000.

Gift Splitting: A married couple can combined their annual exclusion gifts up to \$28,000 annually per donee. Gift splitting is only available to citizens and resident aliens. If Gift Splitting is used, an IRS Gift Tax Return (Form 709) must be filed.

Gift Tax Marital Deduction: An unlimited Gift Tax Marital Deduction is available for inter-spousal gifts to U.S. citizen spouses. Gifts made to a U.S. citizen spouse from a resident or non-resident alien spouse would qualify for the gift tax marital deduction, but unlimited gifts to a non-citizen spouse would not qualify. A marital gift made to a non-citizen spouse qualifies for a special annual gift tax exclusion amount of \$147,000 (2015). Any gift in excess of that amount would be subject to Federal Gift Taxes.

Lifetime Gift Tax Exemption: In addition to the annual gift tax exclusion, U.S. citizens and resident aliens may claim a Lifetime Gift Tax Exemption. The current lifetime exemption amount for 2015 is \$5,430,000. Non-resident aliens are not eligible for the lifetime gift tax exemption.

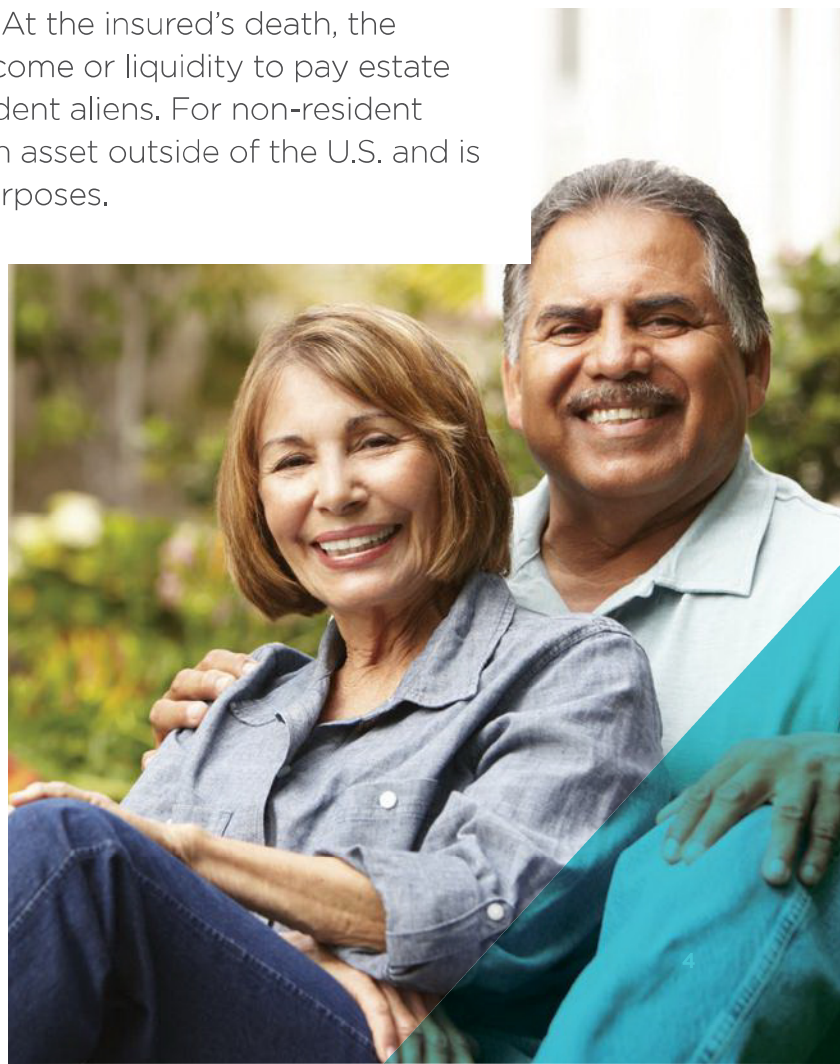
Estate Tax Applicable Exemption: Citizens and resident aliens may claim an estate tax applicable exemption amount – reduced by any annual gift tax exemption that may have been used during lifetime. The Applicable Exemption amount for 2015 is \$5,430,000. Non-resident aliens qualify for a lower applicable exemption amount of \$60,000 (IRC §2056(d)).

Estate Tax Marital Deduction: U.S. Citizens, resident and non-resident aliens may claim an estate tax marital deduction, but only if the surviving spouse inheriting the property is a U.S. Citizen. An exception does apply for non-citizen surviving spouses if the property is transferred to a Qualified Domestic Trust (QDOT). The deceased spouse's estate can obtain a deferral of estate tax until the surviving spouse's death.

Irrevocable Life Insurance Trust (ILIT): The estate of U.S. citizens and resident aliens must include all property wherever situated in the world. An ILIT can be designed to be the owner and beneficiary of life insurance and keep the proceeds outside the insured's taxable estate. At the insured's death, the insurance proceeds can be used to provide income or liquidity to pay estate taxes. However, special rules exist for non-resident aliens. For non-resident aliens, the life insurance policy is considered an asset outside of the U.S. and is not included in the U.S. gross estate for tax purposes.

Gift and Estate Tax Treaties: When two or more countries impose gift and estate taxes, double taxation can occur. Tax treaties are designed to establish a taxpayer's domicile to avoid potential double taxation.

The United States has executed an Estate Tax Treaty with: Australia, Austria, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Japan, the Netherlands, Norway, Sweden, Switzerland, Union of South Africa and the United Kingdom. The Canada Income Tax Convention covers issues of taxation at death.



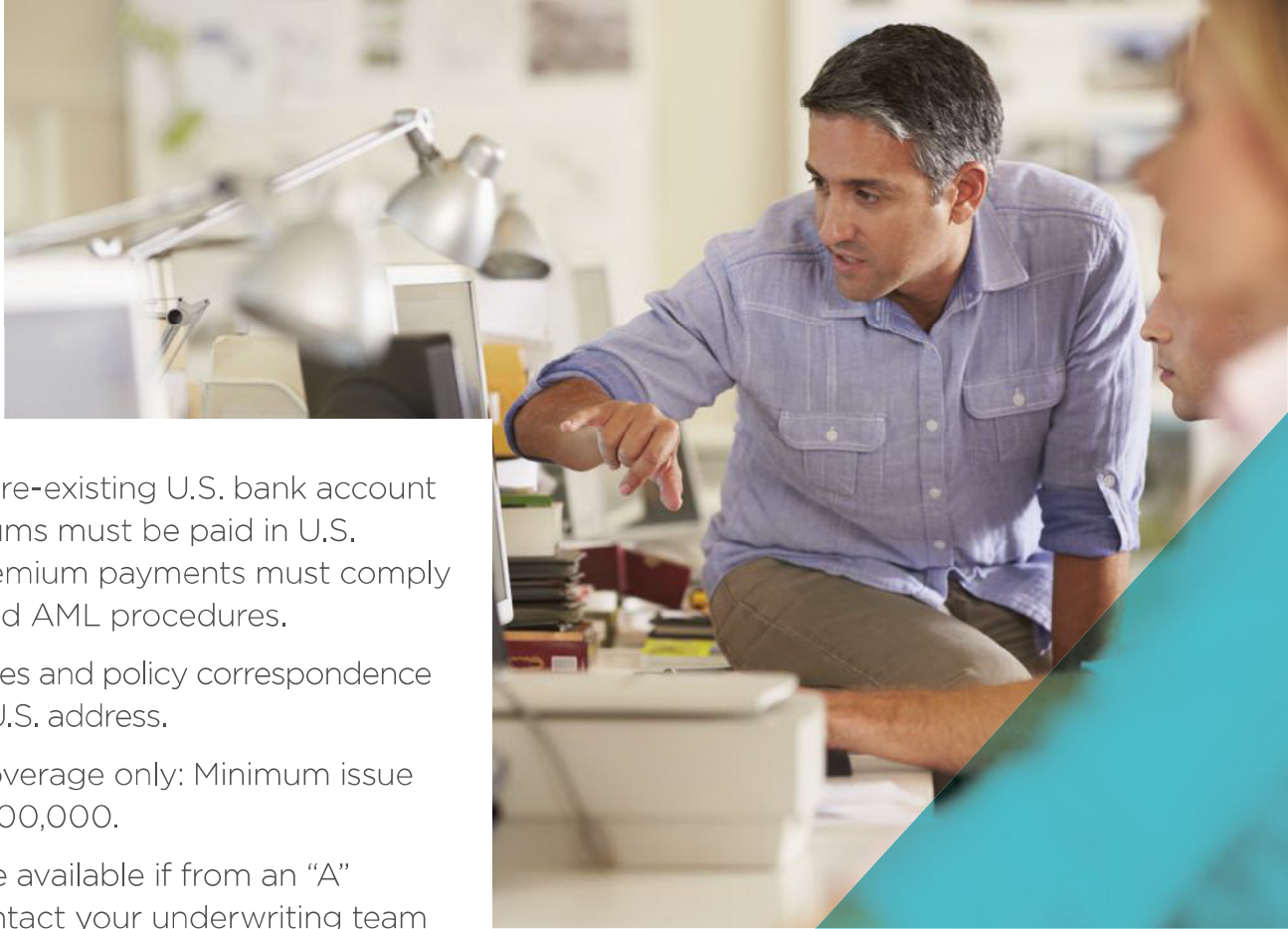
Guidelines for Writing Business Where the Owner and/or Insured are not Residents of the United States

Accordia Life and Annuity Company is not licensed to do business in any foreign country. We have developed these guidelines for use when doing business with foreign nationals. The existence of these guidelines does not mean that any or all applications submitted on foreign nationals will be accepted. Individuals living in certain countries may pose an unacceptable risk just by residing in that particular country. Countries that pose this type of risk may change from time to time, due to a variety of uncontrolled factors including, but not limited to, the social, economic, health, political and/or military climate of the country in question.

- Ages 25-70
- Minimum requirements (must be done in the U.S.)
 - Paramed
 - Blood/urine
 - PHI
- Occupation must be:
 - Technical
 - Professional
 - Executive

Excludes-political figures, government officials, military, police, missionaries, journalists, etc.
- Agents may not advertise or solicit business within a foreign jurisdiction.
- The proposed insured and applicant must be a legal resident of the United States or demonstrate one of the following:
 - An existing substantial business or vocational connection with the U.S., for example, total or partial business ownership or employment in the U.S;
 - A close familial relationship with a current legal resident of the United States;
 - Ownership of real property;
 - A valid student visa. (Student's home country must be an acceptable foreign risk for underwriting.)





- Must have a pre-existing U.S. bank account and all premiums must be paid in U.S. dollars. All premium payments must comply with OFAC and AML procedures.
- All billing notices and policy correspondence must go to a U.S. address.
- Permanent coverage only: Minimum issue amount of \$500,000.
- Riders may be available if from an “A” Country (Contact your underwriting team for Country Classifications.)
- Maximum amount of coverage: \$10,000,000
- Maximum rate class: Table 4
- Best class rating:
 - “A” Country = Premier
 - “B” Country = Preferred
 - “C” Country = Standard
 - “D” Country = Individual Consideration
- The application MUST be completed in the United States and in a state where the company is admitted, the agent is duly licensed and appointed, and the product applied for is approved.
- Delivery of the policy must be made in the state where the application was taken. In all cases a delivery receipt will be required and it must accurately reflect the place and date of delivery.
- The producer is responsible for obtaining and paying for all requirements needed from the client’s foreign country.
- All requirements from the client’s foreign country must be translated into English by an accredited service at the producer’s expense.
- Proposed insured and applicant must understand English.
- Ownership may be through a trust, partnership, LLP, LLC, corporation or other legal entity domiciled in the U.S. If the owner does not have a SSN or TIN, a W-8BEN form must be completed.
- Foreign Residence questionnaire is required.
- Financial Questionnaire is required and must include a statement outlining the need for a U.S. policy.
- No hazardous occupations or avocations.



About Accordia Life

Accordia Life is an innovative life insurance company, providing customers and agents proven expertise in indexed universal life insurance. The company's products help meet the protection, wealth transfer and small-business needs of customers throughout the United States. Accordia Life's success is built on a foundation of experience, exceptional products and deep relationships.

Accordia Life is a subsidiary of Global Atlantic Financial Group Limited, a financial services company focused on the annuity, life insurance and reinsurance markets with over \$35 billion in assets and nine offices.

Products issued by
Accordia Life and Annuity Company
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Des Moines, IA 50309
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