

WEALTH PASSPORT

SOLUTIONS FOR CURRENT AND FUTURE US TAXPAYERS

SWEDEN

A WEALTH *of* DIFFERENCE

utmost™
WEALTH SOLUTIONS

Utmost Wealth Solutions is the brand name used by a number of Utmost companies.

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INTRODUCTION

In today's world, individuals and families face a growing number of issues: the opportunity to live and work in multiple countries, diverse global investment alternatives, and an ever-changing regulatory environment. For US taxpayers with international connections, the financial world can be especially complex, creating specific needs, challenges, and opportunities.

The United States taxes its citizens irrespective of where they reside. Therefore, US citizens living abroad must comply with the tax laws of their country of residence and the complex US tax regime, bearing in mind the application of the relevant tax treaty. Complying with two different sets of rules is a challenge for financial and tax planners. For example, common US tax planning techniques and vehicles may not work as intended under the tax rules of the taxpayer's foreign country of residence. Conversely, planning tools that provide benefits to European taxpayers do not necessarily do so for US tax purposes. As a result, European banks and other financial services providers are often reluctant to take on US taxpayers as clients, or provide them with the same services they provide to non-US clients.

Similarly, Swedish residents moving temporarily to the United States face difficulties finding wealth solutions that are effective in the United States while retaining their advantages upon returning to their original country of residence.

Utmost Luxembourg is uniquely placed to solve these issues. The Swedish Wealth Passport (the "Wealth Passport") combines key elements of two core solutions to create a robust planning tool designed to meet the needs of clients with both US and Swedish connections.

The Wealth Passport allows US taxpayers living in Sweden and Swedish residents temporarily moving to the US to take advantage of a widely accepted US wealth planning solution, while enjoying the benefits of an Swedish-compliant solution. The combination offers broader investment capabilities and reduced reporting, among other benefits.

OUR INTERNATIONAL CAPABILITY

ABOUT UTMOST WEALTH SOLUTIONS

Utmost Wealth Solutions has a clear focus on being a leader in the provision of insurance-based wealth solutions for the international affluent, high net worth and ultra-high net worth market.

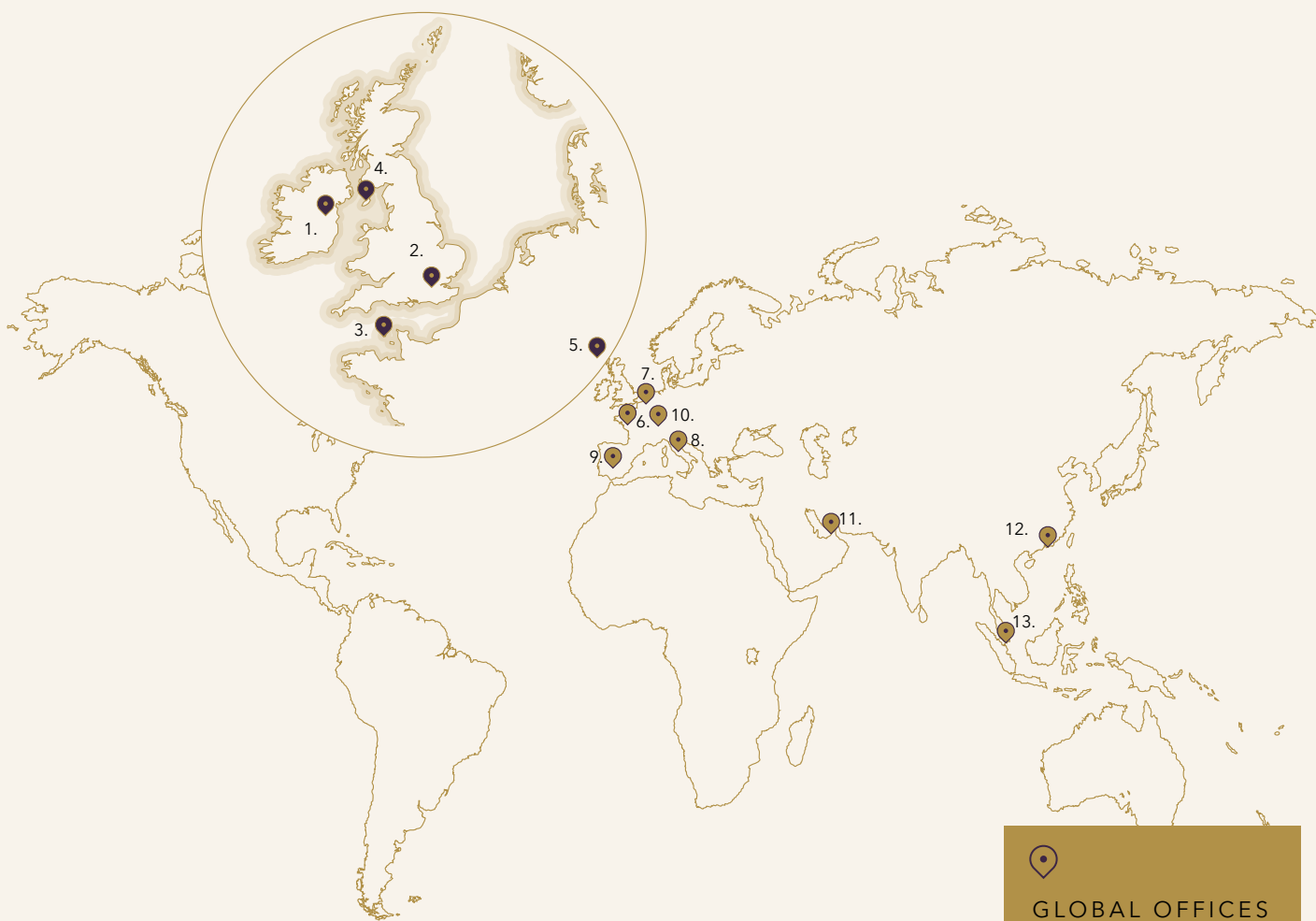
We have offices in the well-regulated jurisdictions of Ireland, the Isle of Man, Luxembourg and Guernsey, as well as branches or offices in Hong Kong, Singapore, Dubai, Italy, Spain, France, Belgium and Switzerland. We provide insurance-based wealth solutions for global clients. Our solutions are based on unit-linked policies, which can be tax efficient and provide investment flexibility.

We strive to offer outstanding service and focused expertise to our clients and their advisers who are seeking intelligent and efficient ways to manage and pass on their wealth.

As at 31 December 2024, Utmost Wealth Solutions had £103.5bn (€125bn) in Assets under Administration held on behalf of 200,000 policyholders.

WHERE WE OPERATE

Our extensive international presence complements our position in key European markets.



- KEY CORPORATE CENTRES
- 1. Ireland
- 2. UK
- 3. Guernsey
- 4. Isle of Man
- 5. Luxembourg

- GLOBAL OFFICES
- 6. France
- 7. Belgium
- 8. Italy
- 9. Spain
- 10. Switzerland
- 11. Dubai
- 12. Hong Kong
- 13. Singapore

KEY CONCERNS FOR THE CLIENT

SWEDISH TAXPAYERS IN THE US

Swedish individuals residing in the US only for a few years may still have a Swedish tax liability. This may carry taxation in two countries.

TAXES	REPORTING	LIMITED INVESTMENT UNIVERSE
<ul style="list-style-type: none"> › Subject to both US and Swedish taxation › Need apply the Swe/US tax treaty to avoid double taxation 	<ul style="list-style-type: none"> › Obligation to file tax returns both in the US and in Sweden › Must file in USD in the US and in SEK in Sweden 	<ul style="list-style-type: none"> › May have to leave his Swedish/European investment manager. › Subject to US investment management with only local US focus

US TAXPAYERS ABROAD

US citizens and Green Card holders are subject to taxation on their worldwide income, regardless of where they reside. This carries various implications for clients with a US nexus.

TAXES	REPORTING	LIMITED INVESTMENT UNIVERSE
<ul style="list-style-type: none"> › Subject to US federal income taxation on worldwide assets › Subject to US federal estate tax 	<ul style="list-style-type: none"> › Potentially subject to filing multiple reporting returns e.g., FinCen 114 (FBAR), Form 8938, Form 3520, Form 3520-A and others › Must file each year and report in US dollars, and onerous penalties apply for failure to file an income tax return or a reporting return 	<ul style="list-style-type: none"> › Severe restrictions on investments due to tax and reporting requirements

US TAXPAYERS IN SWEDEN

The environment is further complicated when the US taxpayer is also subject to taxation in Sweden.

SWEDISH TAX EXPOSURE	US TREATMENT OF SWEDISH ARRANGEMENTS
<ul style="list-style-type: none"> › Overlay of Swedish rules › DTT, credits for Swedish tax paid or exemption from tax on certain income 	<ul style="list-style-type: none"> › Swedish domestic savings products such as Individual savings accounts (ISK) and domestic insurance may be treated as personal accounts for US purposes

KEY CONCERNS FOR THE ADVISER

Advisers to clients subject to US taxation also face challenges when trying to provide a high level of service.

IMPACT OF US REGULATION ON NON-US ADVISERS	INVESTMENT RESTRICTIONS	CLIENT ACQUISITION AND RETENTION
Must be SEC registered if: <ul style="list-style-type: none">› have more than 15 US clients; and› manage more than \$25m in assets¹	<ul style="list-style-type: none">› Access to broad range of global investments› Access to hedge and commodity funds› Clients out of the market/in cash	<ul style="list-style-type: none">› Clients with current or future US connection› Difficulty in adequately serving clients

¹ Foreign private adviser exemption.

THE DUAL COMPLIANT SOLUTION

KEY POLICY ELEMENTS

The Wealth Passport addresses key issues faced by clients with a US nexus and their advisers. It is a Single-premium contract that is designed for treatment as a Whole of Life, unit linked life assurance policy in Sweden [Swe: kapitalförsäkring] and as a deferred variable annuity from a US federal tax perspective.

PRODUCT	FEATURE		
US ANNUITIES	<ul style="list-style-type: none"> › Annuitant › Compulsory distributions 	<ul style="list-style-type: none"> › Investor Control Doctrine 	<ul style="list-style-type: none"> › Diversification › Original Issue Discount
SWEDISH LIFE ASSURANCE	<ul style="list-style-type: none"> › Life Assured › Min. additional death cover 1% of policy value › Distribution on death 	<ul style="list-style-type: none"> › Discretionary Management possible 	<ul style="list-style-type: none"> › Investment flexibility (CAA CL 15/3)

ADVANTAGES

1

DEFERRAL OF TAX ON INCOME AND GAINS

5

ASSET SECURITY

2

ESTABLISHED AND RECOGNISED SOLUTION

6

CONSOLIDATED TAX REPORTING

3

ACCESS TO INTERNATIONAL INVESTMENTS

7

SUCCESSION PLANNING OPPORTUNITIES

4

IMMEDIATE CLIENT IS (NON-US) INSURER

8

HIGH VALUE-ADDED SERVICE TO US-CONNECTED CLIENTS

TAXATION HIGHLIGHTS

The Wealth Passport is an elegant solution that offers key benefits through its compliance with key regulations in both the US and Sweden.

EVENT	SWEDEN	US
Investment	No tax	No Federal Excise Tax
Accumulation	Annual yield tax (to be declared by the client in the Swedish tax return)	Tax-deferred
Part or total surrender	No capital gains or income tax	>Age 59.5 = LIFO (income tax) < Age 59.5 = LIFO plus 10%
Annuity payments	No capital gains or income tax	Part capital, part gain (income tax on gain)
Death	No capital gains, income or inheritance tax	Income tax on gain and possible Estate Tax

SETUP

The Wealth Passport requires careful attention to the policy setup in order to achieve the desired benefits in both the US and Sweden.

POLICYHOLDER	ANNUITANT
<ul style="list-style-type: none"> › Owner › Must be an individual or entity as agent for a natural person (subject to approval) › Must be life assured › Joint holders must be spouses lives assured and beneficiaries 	<ul style="list-style-type: none"> › Determines annuity benefits › Typically but not necessarily the policyholder

INVESTMENT MANAGEMENT

The Wealth Passport is managed in accordance with specific guidelines to ensure ongoing US tax efficiency.

EACH SEPARATE ACCOUNT MUST BE ADEQUATELY DIVERSIFIED (IRC S 817(H))

No more than 55% of the value in any one asset

No more than 70% of the value in any two assets

No more than 80% of the value in any three assets

No more than 90% of the value in any four assets

INVESTOR OR ANY OTHER BENEFICIAL OWNER (OR CONNECTED PERSON) MUST NOT EXERCISE INVESTOR INFLUENCE

Discretionary management - the investor or any other beneficial owner (or connected person) must not exercise investor influence

FIXED INCOME/CASH COMPONENT

Limited to 45%

CASE STUDY 1

- › Mr X - Swedish hockey player signing a 5 year contract with a NHL club in US;
- › Has some wealth managed by a Swedish asset manager in a Swedish bank;
- › Married - no children (yet).



OBJECTIVES

- › A solution to maintain his Swedish asset manager and bank contacts;
- › Easy solution without a lot of admin and fully compliant in both;
- › Sweden and the US;
- › Possibility to make top ups while playing in the US;
- › Possibility to bring home to Sweden.



SOLUTION

- › Sign up for the US/Sweden dual compliance solution prior to moving to the US;
- › Existing portfolio will be managed by his Swedish asset manager;
- › No US or Swedish taxation of the growth in the portfolio;
- › Easy reporting in the US and no reporting in Sweden;
- › Make top ups while playing in the US (top ups must be made from outside the US);
- › Tailor made succession planning;
- › Appoint his wife as beneficiary, eventually add children;
- › Recognised both for US and for Sweden succession purposes.



MOVING HOME TO SWEDEN

- › Possibility to bring the policy to Sweden;
- › Treated as a Swedish life insurance contract;
- › Subject to the Swedish yield tax (currently 0.882% annually);
- › Growth in the policy tax exempt;
- › Any withdrawals from the policy is tax exempt in Sweden;
- › May have more control of the investments;
- › Possible to modify the beneficiary table to optimise succession planning.

CASE STUDY 2

- › Mr Smith - US citizen working for a US corporation in Sweden on a 4 year contract;
- › Married with two children;
- › Has wealth in the US and also in Sweden.



OBJECTIVES

- › A solution that allows him to manage assets outside the US in an efficient way while in Sweden;
- › Easy solution easing heavy US reporting requirements and is fully compliant in the US and in Sweden;
- › Possibility to make top ups while in Sweden;
- › Possibility to bring home to the US.



SOLUTION

- › Sign up for the US/Sweden dual compliance solution upon arrival in Sweden;
- › Portfolio can be managed in Sweden, in the EEA or in Switzerland;
- › Deferral of US tax on the growth in the portfolio;
- › Easy reporting in the US and access to wider scope of investments;
- › Subject to the beneficial yield tax and simple reporting in Sweden;
- › Possibility to make top ups while in Sweden;
- › Tailor made succession planning;
- › Appoint his wife and children as beneficiaries;
- › Recognised both for US and for Sweden succession purposes.



MOVING HOME TO THE US

- › Possibility to bring the policy to the US;
- › Treated as a variable annuity in the US - benefits available from 59 ½ years old;
- › In the US only the growth in the policy is taxed;
- › If annuity payments are made prior to leaving Sweden - tax exempt in Sweden;
- › No Swedish tax liability once essential ties to Sweden are broken.

THE BENEFITS

Once in place, the Wealth Passport addresses a number of the challenges faced by international clients and their advisers.

US

- › Simple, recognised solution
- › Tax deferral
- › No tax reporting on underlying assets and transactions but FinCEN and Form 8938
- › Broader range of investments available
- › Investor protection
- › No requirement for adviser to be SEC registered
- › May be possible to optimise US tax

SWEDEN

- › Simple, recognised solution
- › Annual yield tax
- › Tax exempt withdrawals
- › Wide choice of investments
- › Can maintain adviser relationships
- › Easy reporting and administration

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