

# Assurance Vie

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An Assurance Vie is an insurance-based investment vehicle for French residents. In simple terms, it is a financial product that acts as a tax-efficient wrapper for one or more investments.

As it is highly tax efficient, it is one of the most widely used options in France for building and protecting long term savings, which also makes it a suitable solution when investing for your retirement.

In addition to the tax benefits, an Assurance Vie contract is not subject to French (forced heirship) succession laws, making it highly appealing to anyone seeking control over who inherits their assets or those who want to reduce inheritance tax exposure for their families.

**Minimising the negative effect of taxation on your investments  
is a key step to achieving financial security in retirement**

In France, if you don't protect your financial assets, they will be impacted principally by income tax, capital gains tax and inheritance tax.

Current maximum rates are as follows:

- Income Tax – top rate 45%
- Capital Gains Tax – flat tax rate 30%
- Inheritance Tax – top rate 60%

If you are a French resident seeking to minimise such exposure, it is essential to consider the planning opportunities offered by Assurance Vie. Note that wealth tax only applies to real estate so is not addressed here.

## **Assurance Vie investment scope**

An Assurance Vie allows investment in a wide variety of underlying assets, including global equities, government and corporate bonds, commodities, property and cash.

## **Independence and fund choice**

Always ask a financial planner who is recommending Assurance Vie to outline the range of options available to you. Some bank products in France offer a limited range of fixed income solutions which restrict prospects for long term investment growth.

# Key benefits to investing in Assurance Vie

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## Tax free growth

Investments grow and can be managed free of income tax and capital gains tax, which would otherwise be liable at up to 45%.

An Assurance Vie policy is a flexible and tax-favourable solution for retirement planning.

## Tax efficient withdrawals

When you withdraw funds, only the gain portion of the amount withdrawal is liable to tax.

You can choose to be taxed either at the fixed prélèvement rate or declare the gain through your annual income tax return.

The prélèvement scale varies according to the investment date of your Assurance Vie policy (when premium was paid).

Premiums paid before 27th September 2017:

- 35% tax on gains from withdrawals made during the first four years
- 15% tax on gains from withdrawals made between the fourth and eighth year
- 7.5% tax on gains from withdrawals made after eight years

In addition to income tax, social charges, currently at 17.2%\*, are also levied on the gain part of the amount withdrawn.

Premiums paid after 27th September 2017 will be subject to a flat tax rate of 30% on gains (12.8% income tax plus 17.2%\* social charges), except where the premium is below €150,000 per person and the withdrawal is made after eight years. In this case there is a reduced income tax rate of 7.5%.

The prélèvement rate of tax is always favourable if it is less than your marginal rate of income tax. This point is particularly relevant for higher-rate taxpayers.

After eight years, withdrawals from Assurance Vie policies are subject to an annual income tax-free allowance on gains of €4,600 per person (or €9,200 for married couples).

\* As a further advantage, a lower rate of social charges at 7.5% applies if you are resident in France and hold the EU S1 certificate, whereby you are covered by the health system of another country (including the UK).

## No upper limit on investment amounts

There is no limit on how much can be invested and there is flexibility to pay single or regular premiums.

## Liquidity and capital access

Most Assurance Vie solutions offer flexibility for both capital access and regular withdrawals.

## **Currency**

You can elect for an Assurance Vie policy to be denominated in the currency of your choice, typically GBP, EUR, USD or CHF. Underlying investments can also be selected in your preferred currency.

## **Risk and returns**

Your investment should of course always be closely aligned with your personal objectives, risk profile and capacity for loss, which can (and should) be reviewed regularly for the duration of your investment.

## **Language of documentation**

Many Assurance Vie providers offer English language brochures, technical guides, application forms and policy documents, so you are fully informed on all product features when deciding whether to invest.

## **Succession planning**

French forced heirship legislation does not apply to Assurance Vie, which means that your funds will be inherited by your chosen beneficiaries on death. If the policy was established before your 70th birthday, your nominated beneficiaries can each receive up to €152,500 tax free, with anything above this amount taxable at 20% on the next €700,000, and then at 31.25%.

If the beneficiary is your spouse, it will be transferred free of tax.

If your children are your beneficiaries, it is possible to pass on up to €152,500 entirely tax free, in addition to the standard direct line allowance under French inheritance law, which is currently €100,000.

## **Solutions for expatriates**

Assurance Vie is the most popular solution for tax-efficient investment in France and there are several low cost, flexible options available to expatriates.

**For further information, please contact us:**

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**[www.blackdenfinancial.com](http://www.blackdenfinancial.com)**

## Case studies

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### Julia and John

Julia and John invested €160,000 in an Assurance Vie policy ten years ago. They have never taken any withdrawals and it is now worth €224,000. They recently decided to pay for their daughter's wedding, which cost €22,000, so they decided to pay for the wedding by withdrawing from their Assurance Vie policy for the first time.

When they made the withdrawal, they received a tax certificate from the insurance company advising them of how much gain is included in the amount withdrawn. In their case, the Assurance Vie has grown by 40%, and the taxable gain element is therefore also 40% (or €8,800). Since they are married and are subject to joint taxation, they will benefit from the tax-free allowance of €9,200, resulting in an income tax exempt withdrawal (social charges are still payable on the entire gain).

At the same time, Julia and John also decided to change the beneficiary of the policy. Their daughter is financially independent, but their three nieces aren't financially stable, so they have decided to include them as beneficiaries to the policy.

In this case, in the event of their death, each niece would receive a third part of the policy ( $€202,000 / 3 = €67,333$ ). As it is still below the set amount of €152,500 per beneficiary, they would receive the funds tax-free.

### David

David died leaving €450,000 to three children in an Assurance Vie. Each child received €150,000 free of tax and left their full inheritance allowances to be offset against his house. If these savings would have been in the bank, then the full amount would have fallen directly into David's estate, consuming the children's inheritance allowances and increasing the inheritance tax bill on a large scale.



# Lifetime Financial Planning

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**Lifetime Financial Planning is a process which enables you to take control of your finances and move positively towards your stated objectives in life.**

It should be developed based on financial figures, time frames and an accurate assessment of your expectations and attitude to risk.

Having a financial plan will provide you with many benefits:

- It helps you to clarify and understand your current financial situation.
- It sets a framework and timing for the decisions you should make, both financially and personally.
- It allows you to develop a long-term strategy for your investments, minimising the risks from market fluctuations.
- It helps you to understand the timeline in which you may need liquidity, for example for the purchase of a house or the college tuition for one of your children.
- It helps you anticipate unforeseen financial problems, such as unexpected periods of unemployment, or ill health.

**Review your  
Lifetime Financial Plan  
regularly**

## Your Financial Plan

Having a clear understanding of your current financial position is of course essential, however, on its own this is often inadequate when you start to develop an accurate Lifetime Financial Plan.

Working closely with you, your financial planner at Blackden Financial can help you to define your personal goals and, based on the information discussed, will help to tailor a financial plan to your individual requirements. The proposals made may cover one single financial aim, such as planning for an early retirement, or a broader range of financial matters, including regular savings out of income, retirement planning, tax reduction strategies, estate planning, insurance or an overall risk and investment review.

Our financial plans will include lifetime cashflow forecasting, a proven system which will, based on certain current and future financial parameters, allow you to look into your financial future and understand the path you need to take to reach your goals. We use cutting-edge software to run multiple alternatives for certain levels of risk (Monte Carlo simulations) and project different potential scenarios for your future.



# How to choose a Financial Planner?

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Financial planners help you take control of your finances and move positively towards your stated objectives. There are many points to consider before choosing a professional to help you manage your finances.

## The essentials of a financial planning firm

1. It is regulated locally, and the financial planners are suitably experienced and qualified.
2. It has an extensive background in providing financial advice.
3. It has experience and expertise in dealing with international and cross-border asset management.
4. It is easy to find information about the company via reliable sources, and its advisers are listed in professional directories and platforms such as LinkedIn.
5. It has an office you can visit.

## Professionalism and network

6. It has partnerships with international organisations and local firms which provide specialised services related to financial planning.

## Transparency and ethics

7. It provides transparent and clear terms of business.
8. It provides all the advice detailed in writing in a financial report.
9. It provides you with written and comprehensive confirmation of all fees and charges that you will be expected to pay, both initially and in the future.

## Financial planning services

10. Your financial plan is based on proven systems, eg. cashflow forecasting, which provide accurate information such as financial projections for different scenarios.
11. Your financial plan goes beyond investment advice and provides a complete vision of your different financial circumstances in areas such as savings, property finance, estate planning, etc.
12. Your financial plan focuses on efficient and low-cost financial solutions.
13. Your investment strategy is designed according to your specific circumstances, considering your investment objectives, time horizon, risk profile, cashflow needs, and further factors specific to you.
14. Your financial plan (including investment strategy) is reviewed as often as necessary, as your personal situation and investment goals might change.



At Blackden Financial, we combine qualified in-house and outsourced professional investment management with personalised, one-on-one advice.



Founded in 2003 by Chris Marriott, Blackden Financial is a Swiss-based financial planning firm offering cross-border independent advice to international clients and their families.

We believe that everyone, no matter what their stage of life, can benefit from lifestyle financial planning. Throughout your life, your needs and aspirations, as well as your income, assets and outgoings will change and no financial position remains static for long.

Our role as financial planners requires a broad level of understanding of a wide range of financial, legal and tax matters, especially in a world where so many individuals have investments, pensions and property in more than one country.

Working with and advising on the financial needs of international clients, we have been selected as partners or advisers to a number of international organizations in Switzerland, including IFRC (International Federation of Red Cross & Red Crescent), GAVI and others.

In addition, we are a member of the Swiss Mobility Circle, an organisation which specialises in 360 degree coverage of expatriates' needs, across the widest range of matters, including tax and legal advice, Swiss insurance, relocation services and a range of related services.

We also provide a financial planning service for US expatriates. Due to the specific tax reporting requirements for US nationals, it is essential to provide a co-ordinated solution, covering tax, asset management and financial planning. Our experienced financial planners work together with US qualified tax advisers and SEC licensed fund managers to provide a comprehensive individually tailored service to US citizens abroad.

## What make us different?

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### TRUST

We have a seasoned team of qualified advisers, highly experienced in financial planning and broader commercial markets and sectors.

### TAILORED SERVICES

Since everyone's needs are different, we develop a comprehensive and individually tailored financial report.

### PROCESS

Our services are underpinned by a disciplined, rigorous approach, including investment risk profiling and lifetime cashflow analysis.

# How we work with you

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We offer an extensive range of financial planning services which include advice on investments, retirement planning, estate planning, property finance and currency exchange.

## THE PROCESS CONSISTS OF SIX KEY STEPS



## Our Partners

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We consider our key partners to be an extension of our own team. Together, we are able to cover every angle of your financial planning strategy - especially when you are an expat and require a high level of specialisation in different financial disciplines.

Swiss Mobility Circle is an organisation that offers SMEs, multinationals, international federations and organisations access to a broad range of highly qualified and experienced professionals, recognised as leaders in their field and experts in their respective area of international mobility.

In 2017 we were selected by GAVI Alliance to advise their members on their Long-Term Savings (Pension) scheme.



## Regulatory Framework

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The Manager is licensed by FINMA (Swiss Financial Market Supervisory Authority) as an independent portfolio manager under the Financial Institution Act (FinIA). The Manager is subject to the supervision of the following supervisory body – OSIF <https://osif.ch/>

We are a founder member of the Federation of European Independent Financial Advisers (FEIFA), a not for profit trade organisation whose broad aim is to improve the quality of advice offered by the independent financial sector in Europe.



Inheritance tax is, broadly speaking;  
a voluntary levy paid by those who distrust their  
heirs more than they dislike the Inland Revenue



**Roy Jenkins**  
former UK Finance Minister



INTERNATIONAL PERSPECTIVE, INDEPENDENT ADVICE

Helping you plan  
for tomorrow... today.



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The Manager is licensed by FINMA (Swiss Financial Market Supervisory Authority) as an independent portfolio manager under the Financial Institution Act (FinIA). The Manager is subject to the supervision of the following supervisory body – OSIF <https://osif.ch/>

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