



# Foreign Nationals Consumer Guide



Policies issued by:  
American General Life Insurance Company (AGL), and The United States Life Insurance Company in the City of New York (US Life) members of American International Group, Inc. (AIG)



# Introduction



## Drive and determination place you where you are today.

Language barriers, country lines and distance will not stand in the way of your dreams. Boundaries will not stop you from taking opportunity to invest in real estate, to start a business or seek success in another country.

As a Foreign National you will face unique U.S. taxation challenges. Plan to protect your wealth, assets and most importantly your family.

## Let us be your passport to a better tomorrow!

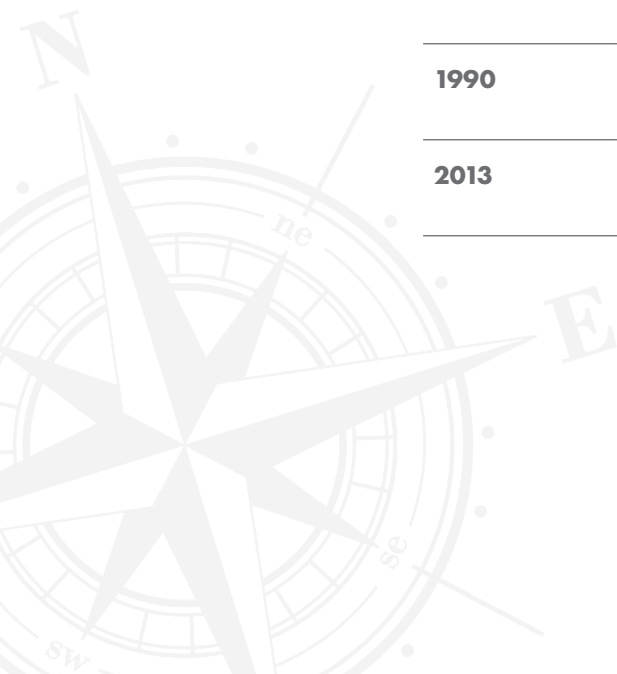


## Why AIG?

AIG understands the growing needs of Foreign Nationals.  
We offer over 95 years of experience servicing global citizens.

### Chronicling more than 95 years of AIG history

<b>1919</b>	Began as American Asiatic Underwriters in Shanghai, China
<b>1930-39</b>	Operations expand in China and operations begin in Latin America
<b>1940-49</b>	After WWII, operations begin in new markets across the globe, including Japan and Germany
<b>1950-59</b>	UK and Australia markets opened
<b>1960-69</b>	American International Group, Inc.(AIG) is formed as a new unifying umbrella organization and it begins a new era as a public company
<b>1990</b>	AIG returns to its roots in China with the issuance of the first foreign license issued by the Chinese Government in 40 years
<b>2013</b>	AIG entered a joint venture with PICC Life to provide Chinese consumers life insurance and other financial products to enhance and protect their overall quality of life



## People are People

**About 91%**  
of older adults have at least  
**one chronic condition**, and  
**73%** have at least two.



**Every 34  
seconds**  
an American suffers  
a coronary event



CIRC.AHAJOURNALS.ORG/CONTENT/EARLY/2013/12/18/01.CIR.0000441139.02102.80. 2013



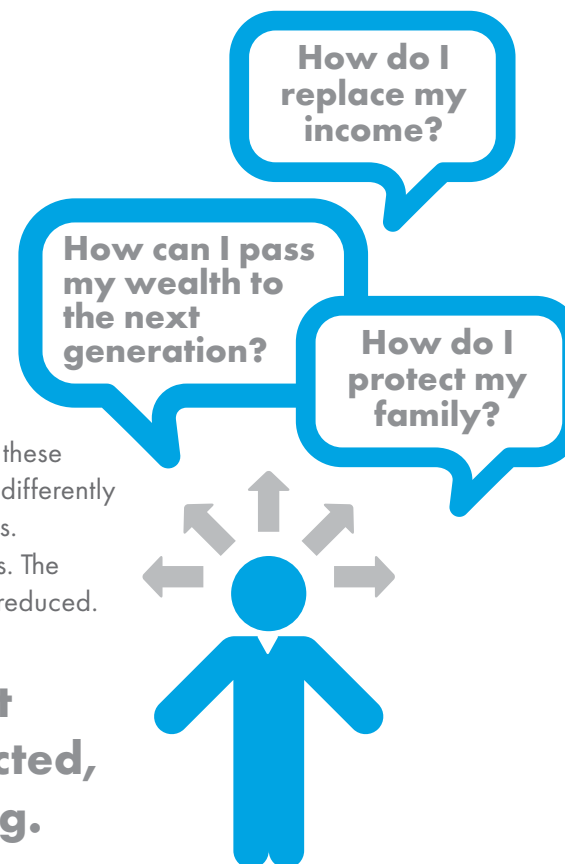
**73%** of survey respondents  
cite **major healthcare  
problems as their primary  
concern** about living to age 100

SAFUNDS.COM/PDF/RETIREMENT-RE-SET-STUDY/RETIREMENT-RE-SET-STUDY-KEY-FINDINGS.PDF. 2011

### Concerns

These are concerns for everyone, but for Foreign Nationals these concerns come with the added burden that you are treated differently when it comes to tax implications, related to residency status. You may be exposed to significant U.S. estate and gift taxes. The legacy you want to leave your family can be considerably reduced.

**You deserve peace of mind that  
you and your family are protected,  
whatever the future may bring.**





## Future Planning

As you consider providing protection for your family, securing your retirement and achieving your financial goals, there are unique questions you will have to ask yourself, to determine your residency status:

- What is your immigration status? (Green Card or Visa)
- Are you and your spouse considered U.S. Citizens?
- Where do you spend most of your time? (In the US or another country?)
- Do you own a home in the United States?
- Where do you plan to retire?



## Foreign Nationals Fall Into Two Categories

### Resident Aliens: (RA)

- Foreign National with permanent U.S. home
- Worldwide assets subject to U.S. estate and gift tax
- Denied certain tax advantages available to U.S. citizens

### Non-resident Aliens:(NRA)

- Foreign National with permanent home in another country
- Only U.S. assets subject to U.S. estate and gift tax





# What is my status for U.S. income tax purposes?



## Non-resident Alien

A foreign individual is classified as a Nonresident Alien (NRA) for any period that he/she is neither a U.S. citizen nor a resident alien for tax purposes.



# U.S. Estate Tax Comparison

## Resident Aliens(RA)

- Foreign Nationals who live in the U.S. and have no intention of leaving are “resident aliens” for transfer tax purposes and are taxed similar to a U.S. citizen. In other words, their worldwide assets will be subject to U.S. estate and gift tax.
- However, Resident Aliens are subject to some different tax rules than U.S. citizens. Therefore, they have unique planning needs.

## Non-Resident Aliens(NRA)

- Foreign Nationals who live permanently in another country will only be subject to U.S. estate and gift tax to the extent that they own assets that are considered located in the U.S.
- Generally, only a Non-Resident Alien’s assets that are considered located in the U.S. will be subject to federal estate tax and they only get to shelter \$60,000 from U.S. estate tax. Non-Resident Aliens with substantial U.S.-based assets face significant estate tax liability on transfers of this property upon death. Life insurance can be a viable option to provide the liquidity necessary to pay this estate tax bill.





## Estate and Gift Tax

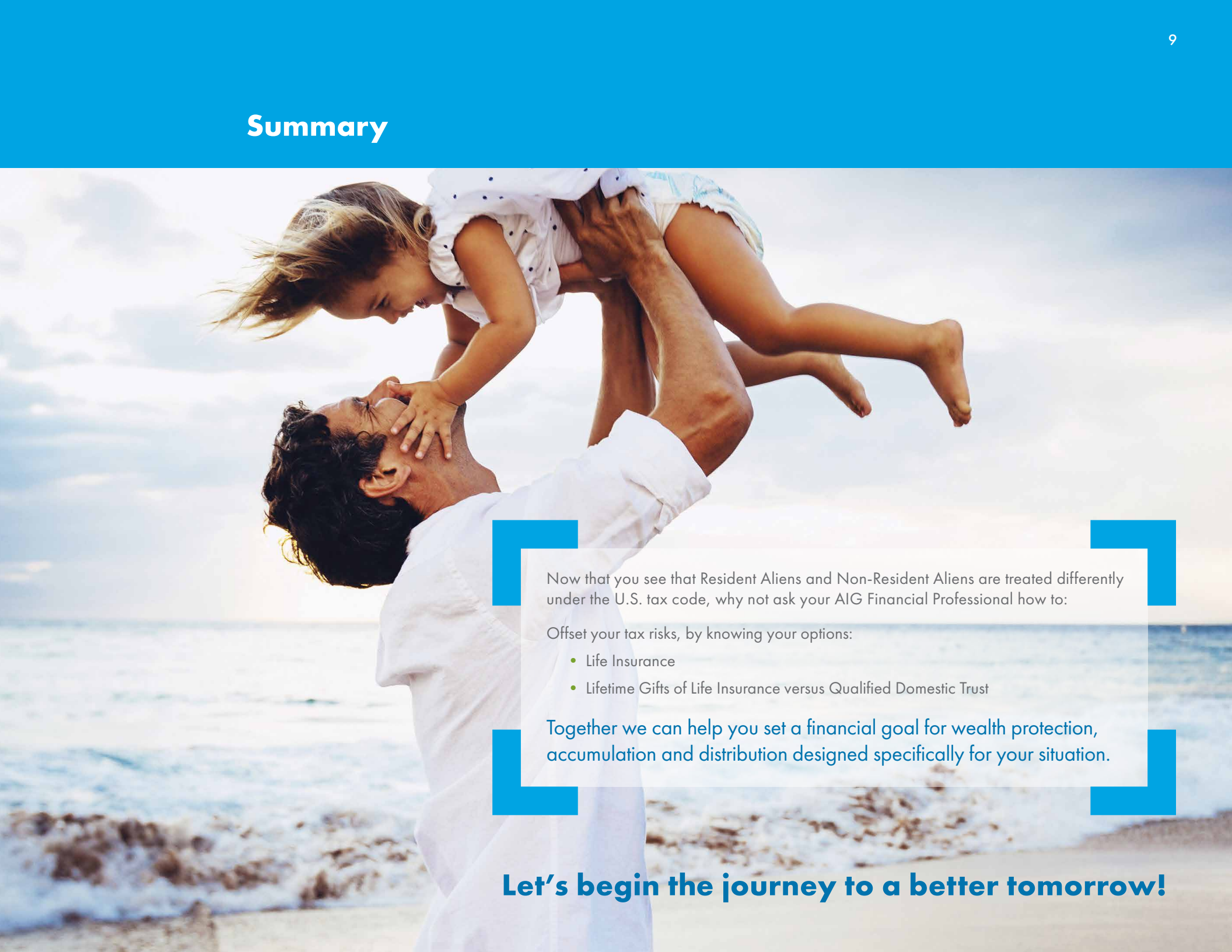
Your residency status clearly has many financial considerations. Amongst those considerations, if you are a Non-Resident Alien, you could face significant estate tax liability on transfer of property upon death.

Below is a summary of estate and gift tax requirements for Resident Aliens and Non-resident Aliens.

Consideration	Resident Alien (RA)	Non-resident Alien (NRA)
Lifetime estate tax exemption	\$5,450,000	\$60,000
Top estate and gift tax rate	40%	40%
Unlimited marital deduction	Same for each: Only if inherited assets are transferred to QDOT	
Assets subject to U.S. estate taxes	All worldwide assets	Property situated or deemed situated in the U.S.*
Gift tax annual exclusion amounts	Same for each: \$148,000 spouse and \$14,000 for non-spouse	
Assets subject to U.S. gift taxes	All worldwide assets	Real or tangible property situated in the U.S.

\* U.S. situated property include: real and tangible personal property located in the U.S. as well as certain intangible property deemed situated in the U.S. (example, stock issued by a U.S. corporation)

## Summary



Now that you see that Resident Aliens and Non-Resident Aliens are treated differently under the U.S. tax code, why not ask your AIG Financial Professional how to:

Offset your tax risks, by knowing your options:

- Life Insurance
- Lifetime Gifts of Life Insurance versus Qualified Domestic Trust

Together we can help you set a financial goal for wealth protection, accumulation and distribution designed specifically for your situation.

**Let's begin the journey to a better tomorrow!**



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