GRAND DUCHY OF LUXEMBOURG · WEALTH STRUCTURING & SUCCESSION PLANNING

The Luxembourg life assurance policy

for Belgian tax residents

Policyholder protection, freedom of management, tailored succession planning and international mobility: the four strengths of a policy taken out in Luxembourg, in full compliance with the Belgian legal and tax framework.

2026 Edition

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Policyholder protection
The security triangle

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Patrimonium Insurance Brokerage

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ABOUT US

Luxembourg expertise at the service of your wealth

Patrimonium Insurance Brokerage is an independent insurance brokerage firm based in Luxembourg, founded in 1997 and authorised by the Commissariat aux Assurances since 1999. We advise a select private clientele across Europe on complex, cross-border wealth matters.

Our work consists of designing and coordinating your entire wealth structure, together with you and your usual advisers: selecting the insurance company, choosing the investment manager and the custodian bank, drafting the beneficiary clause and providing ongoing oversight.

> **OUR INDEPENDENCE**
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> Our shareholding is exclusively family-owned. No insurance group, no bank and no asset manager holds any stake in our firm. We select solutions solely on the basis of their suitability for our clients, in strict compliance with the European Insurance Distribution Directive (IDD). This independence is not a marketing claim: it lies at the heart of how we work.

Why Luxembourg

The Grand Duchy remains one of Europe’s leading financial centres. Its political, economic and fiscal stability, together with one of the most demanding investor protection regimes in Europe, make it a key player in cross-border wealth structuring. Taking out a policy in Luxembourg confers no tax advantage: the policy remains fully subject to Belgian taxation. What Luxembourg provides is a framework of security and freedom of management.

CONTENTS

01 · PROTECTION

Policyholder protection and the super privilege

The first strength of a Luxembourg policy lies in the protection of the policyholder's savings should the insurance company fail.

In Belgium, the assets backing the insurer's commitments sit on the company's balance sheet. In Luxembourg, they must be deposited with an approved custodian bank, in segregated accounts kept strictly separate from the insurer's own assets. This separation rests on a tripartite deposit agreement between the insurance company, the custodian bank and the Commissariat aux Assurances, which verifies compliance every quarter: this is the "security triangle".

The policyholder ranks as a first-rank creditor over the deposited assets: this is the "super privilege".

Should the company fail, the policyholder therefore ranks ahead of all other creditors, including the Luxembourg Treasury, the social security authorities and the insurer's own employees.

BELGIUM / LUXEMBOURG AT A GLANCE

	BELGIAN INSURER	LUXEMBOURG INSURER
Holding of assets	Recorded on the insurance company's balance sheet	Deposited with an approved custodian bank, in segregated accounts
Supervision	National Bank of Belgium (prudential) and FSMA (conduct)	Commissariat aux Assurances: tripartite agreement and quarterly control
Policyholder's ranking	Preferential claim over the ring-fenced fund, without general priority	First-rank preferential claim over the representative assets
Investment currencies	Euro	Substantially broader multi-currency architecture

Investment and management flexibility

A considerably wider range of investment vehicles than a Belgian policy allows.

THE DEDICATED INTERNAL FUND (FID)

The dedicated internal fund allows a bespoke portfolio to be built within the policy: individual securities, UCITS, structured products, assets with limited liquidity and even unlisted securities. There are four categories, set by Luxembourg regulation according to the policyholder's securities wealth and the premium invested.

The FID is designed and managed by an approved management company. On taking out the policy, you choose your management company and your custodian bank from among the institutions approved and accepted by the insurance company.

KEY POINTS

- ✓ You benefit from discretionary management, entrusted to a professional of your choosing.
- ✓ You gain access to a considerably broader universe of eligible assets.
- ✓ You choose your manager and your custodian bank, and may change either at any time.
- ✓ You benefit from a substantially broader multi-currency architecture.

OTHER AVAILABLE VEHICLES

VEHICLE	CHARACTERISTICS
External funds	Open architecture: UCITS and ETFs from the management companies referenced by the insurer.
Collective internal fund (FIC)	Collective vehicle managed to a defined mandate, pooled among policyholders of the same profile.
Dedicated internal fund (FID)	Bespoke portfolio run by the approved management company of your choice.
Specialised insurance fund (FAS) NOT AVAILABLE	Set by the policyholder, without a discretionary mandate. Not open to Belgian residents.

The specialised insurance fund is not offered to Belgian tax residents, owing to the risk of tax reclassification arising from the management power exercised by the policyholder. A policy already backed by a FAS must be converted into a FID before a move to Belgium.

Since 2026, a structured product may also be held directly, without going through a fund.

A tailored solution, tax and succession

Taking out a policy in Luxembourg means remaining fully within the Belgian framework: the applicable taxation is identical to that of a Belgian policy.

A resident of an EU Member State may take out a policy with an insurer established in another Member State under the freedom to provide services. This freedom forms part of the European single market and the free movement of services. The policy then remains subject to the law and taxation of the policyholder's country of residence.

TAXATION DURING THE LIFE OF THE POLICY

TRANSACTION	TAX TREATMENT
Premium payment	Insurance premium tax of 2% on gross premiums paid.
Transactions within the policy	No stock exchange tax: investments made within the policy escape the rates of 0.12%, 0.35% and 1.32% applicable to securities accounts.
Switching	No taxation. Transfers between vehicles, including between branch 21 and branch 23, constitute neither a surrender nor a payout.
Holding	As the policy is not a securities account, the annual 0.30% tax applicable since 2026 to securities accounts worth more than €1,000,000 does not fall on the policyholder, provided the custodian bank is established outside Belgium.
Partial or full surrender	Tax of 10% on the net capital gain realised, pro rata to the amount surrendered, after applying the annual exemption. Reporting and, where applicable, withholding arrangements depend on the regime applicable to the Luxembourg insurer concerned.

The 2% premium tax is collected by the Luxembourg insurer on behalf of the Belgian Treasury, since the risk is located in Belgium. It is identical to that borne by a policy with a Belgian insurer.

03 · FOCUS

The capital gains tax on financial assets

In force since 1 January 2026, it applies to individuals who are tax resident in Belgium and covers life assurance policies, both Belgian and foreign.

Financial assets held as part of private wealth are within scope: shares, bonds, undertakings for collective investment, ETFs, crypto-assets, together with branch 21, 23 and 26 policies and equivalents, including Luxembourg policies. Second and third pillar pension products, pension savings and group insurance schemes fall outside it.

THE EIGHT ESSENTIAL POINTS

- ✓ **Rate.** 10% on net capital gains realised. The holding period has no bearing.
- ✓ **Annual exemption.** €10,000 of net capital gain per person, across all financial assets, indexed annually. Any unused portion of a first €1,000 band may be carried forward for up to five years, bringing the exemption to €15,000.
- ✓ **No retroactivity.** Gains accrued up to 31 December 2025 are not taxed.
- ✓ **Reference value.** For a policy taken out before 1 January 2026: the surrender value at 31 December 2025 or, if higher, total premiums paid by that date. For a policy taken out from 2026 onwards: total premiums paid.
- ✓ **Taxable event.** Partial or full surrender, and payout during life. On a partial surrender, the taxable gain is calculated pro rata to the amount surrendered against the total value of the policy.
- ✓ **Taxable person.** The policyholder on surrender; the beneficiary on a payout during life.
- ✓ **Capital losses.** Deductible from gains of the same category realised in the same year, but not carried forward to later years.
- ✓ **Reporting.** Reporting and, where applicable, withholding arrangements for the tax depend on the regime applicable to the Luxembourg insurer concerned.

> **WHAT TO DO NOW**
>
> Keep the history of your premiums and the value of your policy at 31 December 2025: this is your reference value and it governs the entire calculation. Spreading surrenders across several tax years also allows the annual exemption to be used each time. Any surrender is worth planning in advance with your tax adviser.

Tax introduced by the Law of 3 April 2026 and commented on in circular 2026/C/74. The withholding arrangements are subject to a transitional regime until 31 August 2026; the treatment of insurers established outside Belgium should be verified with the insurer selected.

Taxation on death

Inheritance duties depend on the relationship between the deceased and the beneficiaries, but equally on the region in which the deceased was resident.

Belgium has three separate regimes, and the gap between them is far from marginal: on the same share of an estate it can exceed ten thousand euros. The rates below apply in the direct line, between spouses and between legal cohabitants, on each heir's net share.

FLEMISH REGION

BAND	RATE
Up to €50,000	**3%**
€50,000 to €250,000	**9%**
Above €250,000	**27%**

BRUSSELS REGION

BAND	RATE
Up to €50,000	**3%**
€50,000 to €100,000	**8%**
€100,000 to €175,000	**9%**
€175,000 to €250,000	**18%**
€250,000 to €500,000	**24%**
Above €500,000	**30%**

WALLOON REGION

BAND	RATE	FROM 2028
Up to €12,500	**3%**	**3%**
€12,500 to €25,000	**4%**	**4%**
€25,000 to €50,000	**5%**	**5%**
€50,000 to €100,000	**7%**	**5%**
€100,000 to €150,000	**10%**	**5%**
€150,000 to €200,000	**14%**	**7%**
€200,000 to €250,000	**18%**	**9%**
€250,000 to €500,000	**24%**	**12%**
Above €500,000	**30%**	**15%**

WHAT SETS EACH REGION APART

- ✓ **Flanders.** The rates apply separately to the movable and the immovable share, which markedly lightens the burden compared with a single aggregated base. A life assurance policy falls within the movable share. Since 1 January 2026, the surviving partner's allowance on movable property has risen from €50,000 to €75,000.
- ✓ **Brussels.** An allowance of €15,000 per heir in the direct line, increased by €2,500 for each year remaining until the age of 21 for minor children. The family home is exempt between spouses and legal cohabitants.
- ✓ **Wallonia.** An allowance of €12,500 per heir in the direct line, raised to €25,000 where the net share does not exceed €125,000. The decree of 5 December 2024 reduces the rates for deaths occurring from 1 January 2028: the 3% and 4% rates are maintained, a 5% floor applies from €25,000 and the top rate falls from 30% to 15%.

Rates in force at 1 January 2026, applicable in the direct line, between spouses and between legal cohabitants. The rates between siblings and between unrelated persons, appreciably higher in all three regions, together with any preferential regimes, are examined during our study. A broader reform of the Flemish rates remains announced but has not been adopted to date.

Reporting obligations and succession advantages

REPORTING OBLIGATIONS

- ✓ The programme law of 27 December 2012 requires the annual personal income tax return to disclose the existence of individual life assurance policies concluded with an insurance undertaking established abroad, by the taxpayer, their spouse or their children, together with the country or countries in which those policies were concluded.
- ✓ Any gain realised on a surrender is likewise declared in the personal income tax return for the year of the surrender, under the arrangements applicable to the Luxembourg insurer concerned.
- ✓ We provide you each year with the information required for these filings: premium history, reference value at 31 December 2025 and policy valuation.

Succession advantages

Life assurance remains the most flexible instrument for wealth planning and transfer. Joint subscription and the drafting of the beneficiary clause open up wide possibilities: structuring the transfer through a split clause, drawing up a bespoke clause, freely determining each beneficiary’s share, or naming beneficiaries outside the ordinary rules of succession.

Combined with your matrimonial property regime and, where relevant, with an earlier gift, this architecture makes it possible to organise a coherent and readable transfer, tailored to the balances within your family.

> **OUR CONVICTION**
>
> The beneficiary clause is the cornerstone of the arrangement, and also the most frequently neglected part of it. We draft it with you, consistently with your matrimonial property regime, your earlier gifts and your succession objectives, and we revisit it at every significant family or financial event.

04 · MOBILITY

International mobility

A policy designed to follow you, without disruption, should your country of residence change.

The Luxembourg life assurance policy can be adapted so that the policyholder continues to enjoy the legal and tax advantages attached to life assurance when transferring residence within the European Union. Where a policy with a Belgian insurer often becomes unsuitable, or even disadvantageous, the Luxembourg policy adapts to the framework of the new country of residence, without requiring the portfolio to be restructured.

The two watchwords of a successful move remain **preparation** and **planning**: anticipation, well ahead of departure, determines most of the benefit.

> **A POINT TO WATCH SINCE 2026**
>
> Transferring your tax residence or the seat of your wealth outside Belgium may, in certain cases, trigger taxation of unrealised capital gains in Belgium. A move abroad therefore needs to be prepared well in advance, with your tax adviser, before any decision to relocate.

IN SUMMARY

What the Luxembourg policy offers you

01 Full compliance with the Belgian legal and tax framework

05 Death cover you can adjust to your objectives

02 A level of policyholder protection among the highest in Europe

06 Efficient asset management within the assurance wrapper

03 Permanent availability of your investment

07 Free choice of investment manager and custodian bank

04 An entirely bespoke designation of beneficiaries

08 The ability to revise those choices at any time

OUR APPROACH

Let us continue the conversation

The structuring possibilities are many: they depend on your wealth and family circumstances, your region of residence, your horizon and your succession objectives. It is from this preliminary study, carried out with you and your usual advisers, that a genuinely tailored solution emerges.

FOUR STEPS

- ✓ **Discover.** Understand your situation, your objectives, your concerns and your aspirations in detail.
- ✓ **Design.** Develop a tailored strategy, aligned with your values and your long-term vision.
- ✓ **Implement.** Execute precisely, in coordination with your advisers and preserving your confidentiality.
- ✓ **Maintain.** Review your structure regularly to adapt it to personal, financial and regulatory developments.

We hope this has answered your questions and remain entirely at your disposal to discuss it further.

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