GRAND DUCHY OF LUXEMBOURG · WEALTH STRUCTURING & SUCCESSION PLANNING

The Luxembourg life assurance policy

for French 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 French legal and tax framework.

2026 Edition

Patrimonium Insurance Brokerage

Eschtari S.A. · 35, rue Gruuss Strooss · L-9991 Weiswampach · Grand Duchy of Luxembourg
T. +352 621 30 67 44 · M. +32 473 25 29 77 · md@patrimonium-ib.com · patrimonium-insurance-brokerage.com
RCS Luxembourg B58273 · VAT LU17158279 · Licence no. 1999CM007 · LEI 984500B9BB0DF7B41A12

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

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 French 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 France, 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.

FRANCE / LUXEMBOURG AT A GLANCE

	FRENCH INSURER	LUXEMBOURG INSURER
Holding of assets	Recorded on the insurance company's balance sheet	Deposited with an approved custodian bank, in segregated accounts
Supervision	Autorité de contrôle prudentiel et de résolution (ACPR)	Commissariat aux Assurances: tripartite agreement and quarterly control
Policyholder's ranking	Unsecured creditor, ranking behind preferential creditors	First-rank preferential claim over the representative assets
Investment currencies	Euro	Substantially broader multi-currency architecture

The "security triangle" refers to the contractual relationship binding those three parties, the insurer, the custodian bank and the regulator, from which the policyholder's protection derives.

Investment and management flexibility

A considerably wider range of investment vehicles than a French policy allows, matched to your objectives and the amount invested.

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 subject to conditions. There are four categories, from the most accessible to the most open, 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 genuine 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.
Specialised insurance fund (FAS)	The policyholder selects each asset, without a discretionary mandate. No premium or wealth condition.
Dedicated internal fund (FID)	Bespoke portfolio run by the approved management company of your choice.

Access to each vehicle, and the universe of eligible assets, depend on the policyholder's wealth category and on the amount invested. 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 French framework: the applicable taxation is identical to that of a policy with a French insurer.

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 ON SURRENDER, PARTIAL OR FULL, FOR PREMIUMS PAID SINCE 27 SEPTEMBER 2017

AGE OF THE POLICY	TAXATION OF THE GAINS CONTAINED IN THE SURRENDER
Under 8 years	■ Progressive income tax scale (up to 45%) plus social levies of 17.2% *or, by election:* ■ Flat-rate withholding of 12.8% plus social levies of 17.2%, that is 30%
Over 8 years	■ Annual allowance of €4,600 (single person) or €9,200 (couple filing jointly) ■ Progressive income tax scale (up to 45%) plus social levies of 17.2% *or, by election:* ■ Flat-rate withholding of 7.5% plus social levies, that is 24.7%, on the portion corresponding to outstanding premiums, net of repayments, not exceeding €150,000 across all of the taxpayer's policies ■ Flat-rate withholding of 12.8% plus social levies, that is 30%, above that threshold

An exceptional contribution on high incomes of 3% or 4% may apply above certain reference income thresholds. Only the gains are taxed: the capital element contained in the surrender is not.

REPORTING OBLIGATIONS

- ✓ Under article 1649 AA of the French General Tax Code, the policyholder must report the policy taken out with a body established outside France at the same time as their income tax return.
- ✓ Since 1 January 2018, a policyholder liable to the real estate wealth tax must report the surrender value of the policy to the extent of the units representing taxable property or property rights.
- ✓ Depending on the insurer selected, the levy may be operated by the insurer acting as paying agent, or settled through the tax return.

Taxation on death

For policies taken out today, the regime applicable to the death benefit differs principally according to whether the premiums were paid before or after the insured person's 70th birthday.

PREMIUMS PAID	REGIME APPLICABLE TO THE DEATH BENEFIT
Before the insured person's 70th birthday	■ Social levies of 17.2% on the accumulated gains not yet subject to them ■ Allowance of €152,500 per beneficiary ■ Then a levy of 20% on the taxable share up to €700,000, and 31.25% above
From the insured person's 70th birthday	■ Social levies of 17.2% on the accumulated gains not yet subject to them ■ Overall allowance of €30,500, shared among all beneficiaries ■ Then inheritance duties according to the family relationship, charged on the premiums paid only: the gains generated remain exempt

The surviving spouse and the partner bound by a civil solidarity pact are exempt from inheritance duties and from the levy, whichever regime applies.

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.

> **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 French insurer often becomes unsuitable, or even disadvantageous, the Luxembourg policy can, subject to the insurer operating in the new state of residence and to the necessary adjustments, be brought into line with the applicable legal and tax framework.

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

> **ONE POINT TO PREPARE IN ADVANCE**
>
> Some destination countries impose structural requirements of their own. Belgium refuses to treat a contract as life assurance where the policyholder retains excessive management power, which rules out the FAS and calls for conversion into a FID before the move. Italy requires a minimum death benefit. These adjustments are straightforward when anticipated, and far more delicate once residence has been transferred.

IN SUMMARY

What the Luxembourg policy offers you

01 Full compliance with the French legal and tax framework

02 One of the most robust policyholder protection regimes in Europe

03 Permanent availability of your investment

04 An entirely bespoke designation of beneficiaries

05 Death cover you can adjust to your objectives

06 Efficient asset management within the assurance wrapper

07 Free choice of investment manager and custodian bank

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 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.

Murielle Daval

DIRECTOR AND APPROVED MANAGER

T. +352 621 30 67 44 · M. +32 473 25 29 77
md@patrimonium-ib.com
patrimonium-insurance-brokerage.com
Eschtari S.A. · 35, rue Gruuss Strooss · L-9991 Weiswampach · Grand Duchy of Luxembourg

Promotional document of a non-contractual nature, prepared for general information purposes. It constitutes neither investment advice, nor personalised legal or tax advice, nor an offer to subscribe. The tax information presented concerns individuals who are tax resident in France and is based on the legislation in force at the date of publication of this document; it is subject to change. The rates, thresholds and allowances mentioned apply subject to specific provisions and to applicable double taxation treaties. The policyholder's attention is drawn to the fact that unit-linked vehicles carry no capital guarantee: the insurance company undertakes as to the number of units and not as to their value, which may fall as well as rise. Eschtari S.A., trading under the commercial name Patrimonium Insurance Brokerage, is an insurance broker authorised by the Commissariat aux Assurances of the Grand Duchy of Luxembourg under number 1999CM007, a member of APCAL, operating in compliance with the European Insurance Distribution Directive. Eschtari S.A. is authorised to operate under the freedom to provide services in those European Economic Area member states for which the Commissariat aux Assurances has notified the competent authorities. Any complaint may be addressed to us by post, telephone or email; failing a satisfactory resolution, the Commissariat aux Assurances, 11 rue Robert Stumper, L-2557 Luxembourg, may be contacted free of charge within one year. Any decision should be preceded by a personalised analysis of your circumstances and by reading the contractual and pre-contractual documentation of the insurance company selected.