



What is “**French Assurance vie**”, why is it so successful, and what makes it so attractive?

Why this type of investment, translated as “Insurance bonds or Personal Portfolio Bonds”, is attracting more and more English expats, be those residents or non resident?

For those who are considering moving to France or buying French property whether to live in permanently, as a holiday home or to rent out, **it would be well worth considering taking out an Assurance Vie** which may reduce your French tax liability, and protect your wealth, at the same time.

If you take out an *Assurance Vie* before you move, then the savings and advantages will be even greater. As “nonresidents” or “foreign investors”, do not have to pay CSG (11% tax contribution) on withdrawals, and all savings invested in these wrappers are “completely free” of IHT (inheritance tax), with no limit what so ever.

Assurance Vie is a specialized form of life assurance arrangement, which allows you to hold your own choice of assets as the investment content of the policy, and at the same time, be sure that your inheritors will not have to pay heavy inheritance tax, on your French wealth. As when you die, in France, the notaries add up ALL your French belongings, including your house, and ALL your investments. And your inheritors have to pay inheritance tax on the global amount, which sometimes can be very expensive!

Only the savings you have put in Assurance vie, will be FREE of INHERITANCE TAX and NOTARIE Fee’s.

Another asset of “Assurance vie” is the large amount of different ways of investing inside these wrappers and the great number of different combinations offered.

With AXA’s “ODYSSIEL” assurances vie, for example, ONE CAN CHOOSE BETWEEN 14 DIFFERENT AXA BONDS, and EQUITIES, which cover all the different geographical areas, and all different types of fields, and industries. Or one can simply, GO FOR a

100% SECURE SOLUTIONS (4,45% interest rate with AXA in 2008).



Whichever profile you go for, your savings will be available at any time, and you will be able to withdraw, all or part, of your investment, on a regular basis as a complementary salary, or whenever you want to.

=> Please see here below for a more detailed explanation of “Assurance vie” assets =>



Advantages and assets of "Assurance Vie":

1. Tax advantages and mechanism of these saving accounts :

Assurance vie will reduce your tax rate on investment income and gains.

If you do not do any withdrawals and let the money invested roll up, you will avoid French income tax or capital gains tax.

You can decide to set withdrawals, either as a regular capital or income. In this the French tax position is highly favorable as only the growth element of the withdrawal is liable to tax.

The non growth element, (around 90 % of the amount), is totally tax-free. The tax rates which then apply to the element of growth are fixed as follows:

Withdrawals made from day one to the 4 th year	Withdrawals made from the 4 th year to 8 th year	Withdrawals made after the 8 th year and forever more.
35% tax, only applied on the, element of growth withdrawn.	15% tax, only applied on the element of growth withdrawn	0% tax if one withdraws less than 9200€ at a time as a married couple or 4600€ as a single person
+ 11% CSG	+11% CSG	+11% CSG

These tax breaks are exceptionally favorable. And no tax is due on monies that remain invested within the *Assurance Vie* contract. Any amounts added, go back to day one!

There is no limit on the amounts which can be saved in "Assurance vie".



2. Inheritance and succession advantages :

There are very interesting succession and inheritance tax advantages.

If the policy is signed before the age of 70, there is an exemption of €152,500 per beneficiary, after which tax is payable at a flat rate of 20%. (Example: if you have three children named as beneficiaries, €457,500 is free from French succession tax)

On the other hand, if the policy is signed after the age of 70 the exemption is lowered to 30500 € between all the beneficiaries. The interest produced by these 30500 € is also exempt.

Assurance vie is also a way of advantaging people which are not direct inheritors (i.e. one is not married or Pacsed with). By, using "Assurance vie", one can avoid the 60% tax on the global amount, legally applicable to amounts passed on to non direct members of one's family, like nieces and nephews for example.

If the "*Assurance Vie*" was established **before** becoming French resident with lives assured under age 70 - there is no succession tax liability on death whatsoever. If established afterwards, the 152 500€ exemption rule is applied, as explained above.

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