

# Special considerations for Americans investing in a JML Strategy Portfolio

This summary aims to help American investors understand the advantages as well as complexities of investing their money abroad. We have made all efforts to ensure that the information provided here is accurate at the date of its publication. It does not constitute investment, legal, tax or other advice nor is it to be relied upon in making an investment decision. We advise our clients to seek the services of their legal advisors.

## 1. Is it legal for me to purchase a JML Strategy Portfolio and send my money abroad?

You can be assured that any investments you make with JML Portfolio Management are absolutely legal. JML Portfolio Management is registered with the SEC as an investment advisor. When you complete a Personal Investment Profile form, wherein you tell us your investment goals, it enables us to comply with US laws.

## 2. How are JML Strategy Portfolios taxed?

As long as you let your funds accumulate within your contract, the taxes on your earnings are deferred. To the extent that funds withdrawn from a Strategy Portfolio represent deferred income, they are taxable at the Federal level at ordinary income tax rates. This means that, in general, it is probably not appropriate to use a variable annuity to invest with a manager whose investment returns are taxable primarily at long-term capital gains rates, because the additional taxes at withdrawal can significantly offset the value of the compounding on the tax-deferral. Also, annuities are subject to a rule (much like other tax-advantaged savings vehicle) that gives rise to a ten percent (10%) penalty tax if the investor accesses the cash values prior to the age of 59-1/2.

If the person insured dies, the portfolio value is paid to the designated beneficiary. The deferred income in the Strategy Portfolio is deemed to be realized at death of the person insured. The beneficiary is liable for US income taxes on the deferral as the portfolio value is paid out. Taxes can generally be spread over a five year period, or in some cases, can be spread or deferred even longer. If an annuitant dies owning a Strategy Portfolio, the value of the investment, after income taxes, is included in the investor's estate for estate tax purposes. It is possible, to exclude the values from the owner's estate through the use of certain trusts.

Please consult your tax advisor on how to determine taxable income.

## 3. Are there any withholding taxes?

None, neither in the US nor in Switzerland or Liechtenstein.

For more information visit our website at:

<http://www.jml.com/legal>

Or contact us at:

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## 4. Does a JML Strategy Portfolio qualify for my retirement plan?

Strategy portfolios may be purchased by US tax-sheltered corporate pension plans, Keogh (H.R. 10) plans and Individual Retirement Accounts (IRA). Special procedures are required to purchase a JML Strategy Portfolio which complies with IRA regulations and to make rollovers from your current plans. For more information, please contact us.

## 5. How do I switch my existing annuity or insurance contract to a JML Strategy Portfolio?

Under Section 1035 of the Internal Revenue Code, a contract issued by a domestic or foreign insurance company can be exchanged on a tax-free basis for one issued by a foreign insurance company. Form 1035 is used for this purpose. For more information, please contact us.

## 6. How do JML Strategy Portfolios compare with variable annuities in the US?

A JML Strategy Portfolio is as private as a Swiss bank account. No information is given to anyone but the policy-holder. Also JML Strategy Portfolios offer protection against creditors. Another advantage results from US tax law, which requires that all foreign variable annuities adhere to the "diversification rule" for tax deferral status. Diversification increases your potential returns and lowers risk.

### The advantage of a JML Strategy Portfolio

	US variable annuities	JML-Strategy Portfolio
Asset protection	no	yes
Privacy	no	yes
Full diversification	no	yes
Hedge against dollar decline*	no	yes
Tax-deferral	yes	yes
Flexibility	yes	yes
Choice of investments	yes	yes
Liquidity	yes	yes

\*unless invested in foreign currencies

