

## Debunking the Mystique of Swiss Asset-Protection Strategies

by Darrell Aviss

Swiss annuities are unique. Not only are they a very safe form of investment, they offer extremely strong asset protection and tax relief, which is particularly relevant for high-net-worth and ultra-high-net worth American investors who wish to protect their assets legally. Swiss annuities are suitable for investors who seek a very safe form of asset protection, investment flexibility and management, global diversification and tax-efficiency.



Swiss annuities are the best way to achieve the asset protection provided by the iron-clad secrecy laws in Switzerland. Money is held safe in Switzerland and accumulates with a guaranteed interest rate (2.5% annually), profit sharing dividends and currency appreciation for fixed income annuity. Returns can be as high as 14% in the case of variable annuities, depending on market conditions. There are no limits on investment amounts or duration, strengthening the appeal to the wealthy and the advisors who work with them.

Last year alone, Americans poured an estimated \$3 billion into Swiss annuities. A Swiss annuity is a simple, cost effective way to protect your assets from litigation and taxes, and while maintaining control over them. This instrument offers a rare combination of low risk and high returns, and is backed by one of the world's steadiest currencies, the Swiss franc. That's an added bonus in an environment where the dollar has fallen dramatically over the last several years. Legendary investor Warren Buffet has a \$20 billion bet on European and other foreign currencies, as reported in a recent issue of *Forbes Magazine*.

Although most investors haven't heard of Swiss annuities, due to regulatory constraints and secrecy laws in Switzerland, it is perfectly legal to own them, and they are fast gaining favor with U.S investors. Because Switzerland honors decades-old bank and insurance privacy laws, the Swiss annuities model offers investors protection from frivolous lawsuits and creditors' claims. Similar to the confidentiality privileges lawyers have with their clients and doctors have with their patients in the U.S., the relationship between investors and their insurers and banks in Switzerland is strictly confidential under federal laws governing financial institutions.

All of that is important for good reason. More than 40 million lawsuits were filed last year--94% of them in the US. The number of lawsuits will continue to rise—after all, a new lawsuit is filed every 30 seconds. The problem for investors is



simple: less than 13% of wealthy investors have any type of asset protection that will shield them from frivolous attacks on their assets.

## **Swiss Annuities vs. American Annuities**

A comparison of the features of American annuities with Swiss annuities shows that with the latter vehicle you receive a greater return for your money with complete safety, less complexity, and much lower costs. How so? Compared with American annuities, Swiss annuities have recorded an average return of nearly 9 percent a year for the past 33 years, including currency gains.

A big appeal of Swiss annuities is that if they are structured properly they are protected under Swiss law. Strict Swiss laws protect annuities from seizure of assets by a host of creditors. The same holds true for liens. So anyone who wants a crack at your nest egg will have a hard time of it. It's not that the owner of a Swiss annuity cannot be sued. But history has shown that U.S. attorneys know a Swiss contract has never been successfully seized, so having a Swiss annuity reduces the likelihood of litigation, and increases the chances of fair legal settlements.

Moreover, Swiss insurance companies are considered the safest insurance companies in the world. In fact, there has not been a failure or default on a policy of a Swiss insurance company in the past 150 years.

American annuities are noted for their high fees, restrictions, and surrender penalties, unlike Swiss annuities, which are fairly priced, flexible and highly liquid. With Swiss annuities, all capital, plus interest and dividends, is accessible after one year without penalty. In addition, Swiss fixed annuities are available without any load fees.

## **Why Switzerland?**

A better question would be why not? Switzerland has a long history as a major money center: the country ranks as the third largest financial center in the world, after London and New York. *The London Times* estimates that Swiss banks manage some 40 percent of the world's private wealth, or more than \$3 trillion in assets. Among many of the world's wealthy, sophisticated, conservative investors, Switzerland has a reputation as a safe financial haven in which to preserve and grow wealth during these turbulent times—it is the world's oldest surviving democracy, tracing its founding back to 1291. The country's currency is another reason for stability. The Swiss franc has maintained its value better than any other major currency in the world. In addition, financial freedom and confidentiality have been a tradition for centuries in the country. The Swiss value



the rights of individuals above all else and especially revere their right to financial privacy and honor stringent privacy laws governing banking and insurance. So with an investment in a Swiss annuity, your investment is not only protected, but provides you with access to top money managers as well.

### **The Benefits of Tax-Smart Investing**

Beyond creating a bullet-proof investment vehicle that puts your nest egg beyond the reach of litigants and creditors, a Swiss annuity provides a critical benefit that is hard to duplicate: It provides investors with the crucial advantage of long-term tax efficient investing. Why is that important? The assets in a Swiss annuity may grow tax-deferred, affording the investor—you—years of compound interest that can accrue without the sharp bite of income taxes. That means a much bigger nest egg for you and for your heirs in the years to come.

*Darrell Aviss is Managing Director of SwissGuard International, GmbH, a Zurich-based private wealth firm serving the needs of affluent physicians, attorneys, business owners & professionals who seek state-of-the-art advanced planning strategies that preserve their privacy, protect their assets, and reduce their taxes. Mr. Aviss is the author of "Strategies for Wealth Protection" published by McGraw Hill in 2006. Please visit [www.swiss-annuity.com](http://www.swiss-annuity.com)*

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