

## LIBERTY 2 INVEST FRANCE

<b>LEGAL FORM / APPLICABLE LAW</b>	Individual life insurance policy subject to French law.
<b>TARGET MARKET</b>	Natural persons resident for tax purposes in mainland France and French overseas departments (DOM).
<b>DURATION OF THE POLICY</b>	Option to choose defined duration (maximum 30 years, with automatic renewal on a yearly basis thereafter).
<b>TERMINATION OF THE POLICY</b>	At term, on total surrender or death.  Co-insurance is possible only for spouses married under the community of property regime. In such case, settlement upon the second death is subject to conditions.
<b>SURVIVAL BENEFITS</b>	Payment of the value of the policy at its term.
<b>DEATH BENEFITS</b>	Payment of the surrender value of the policy on death.
<b>ENHANCED DEATH BENEFIT OPTIONS</b>	<ul style="list-style-type: none"> <li>- Basic death benefit (equal to the sum of the premiums paid, net of surrenders)</li> <li>- Fixed amount benefit</li> <li>- Benefit of a percentage of premiums paid (equal to a percentage of premiums paid, net of surrenders)</li> </ul> <p>These benefits can be subscribed until the Life Assured reaches 70 years of age and remain in force until the Life Assured reaches 80 years of age.</p>
<b>INVESTMENT POSSIBILITIES</b>	<ul style="list-style-type: none"> <li>- Internal Dedicated Funds (monthly valuation)</li> <li>- Internal Collective Funds (daily, weekly or monthly valuation)</li> <li>- External Funds (daily valuation)</li> <li>- General Fund (daily valuation)</li> </ul>
<b>PREMIUMS</b>	<p><b>Depending on the type of investment chosen:</b></p> <ul style="list-style-type: none"> <li>- <b>Minimum initial premium:</b> <ul style="list-style-type: none"> <li>• €15,000 for investment in an Internal Collective Fund, External Fund or General Fund</li> <li>• €250,000 for investment in an Internal Dedicated Fund</li> </ul> </li> <li>- <b>Minimum additional premiums:</b> <ul style="list-style-type: none"> <li>• €4,500 (with a minimum of €1,500 per fund) if the investment is in an Internal Collective Fund, External Fund or General Fund</li> <li>• €10,000 if the investment is in an Internal Dedicated Fund</li> </ul> </li> </ul>
<b>ENTRY CHARGES</b>	Maximum 5.00 %
<b>ADMINISTRATION FEES</b>	<ul style="list-style-type: none"> <li>- <b>Internal Dedicated Funds:</b> Maximum 1% p.a.</li> <li>- <b>External Funds and Internal Collective Funds:</b> 1.20% p.a.</li> <li>- <b>General Fund:</b> Maximum 1.20% p.a., depending on the Company's offer</li> </ul>
<b>EXIT FEES</b>	No charges at policy level. However, certain investment vehicles may impose exit charges or penalties.
<b>SWITCHING</b>	Fees for switching or changing investment formula, 0.5% of the sum switched, to a maximum of €800.
<b>PARTIAL SURRENDER</b>	Possible at any time, subject to a minimum surrender of €1,500.
<b>CANCELLATION</b>	<p>In the 30 days following conclusion of the policy, the client can decide to cancel.</p> <p>→ reimbursement of premium</p> <p>→ delayed investment possible depending on the vehicles chosen</p>

# MAIN CHARACTERISTICS OF APPLICABLE TAX TREATMENT

(1 JANUARY 2016)

## 1. SOCIAL CHARGES

**Principle:** income from life insurance policies is subject to social charges at the rate of 15.50%:

- in case of surrender (partial or total)
- at the term of the policy
- in the event the policy is terminated by death
- «as accruing» on the portion in euros or foreign currency

**Exemption:** in case of surrender linked to second or third category invalidity within the meaning of the French Social Security Code.

**Social charges «as accruing»:** we recommend that subscribers consult with their insurance brokers or tax advisers regarding the extent and the consequences of this tax rule as well as the practical methods for declaring and paying these charges.

## 2. TAX TREATMENT IN CASE OF SURRENDER

**Principle:** financial income (the interest portion of the surrender) is subject:

EITHER, TO THE PROGRESSIVE RATES + SOCIAL CHARGES		
OR, AT THE SUBSCRIBER'S OPTION, TO THE PFL (FLAT RATE IN FULL DISCHARGE), THE RATE OF WHICH VARIES DEPENDING ON THE AGE OF THE POLICY <sup>(1)</sup> :		
Surrender before four years: 35% + social charges	Surrender between four and eight years: 15% + social charges	Surrender after 8 years <sup>(2)</sup> : 7.5% + social charges

**Exemption:** financial income is exempt from income tax in case of surrender by the subscriber or his or her spouse as a result of redundancy, early retirement, second or third category invalidity or cessation of unpaid activity following a judicial liquidation ruling.

## 3. TAX TREATMENT IN THE EVENT OF DEATH

Tax treatment depending on the date of subscription of the policy, the dates of payment of the premiums and the age of the Life Assured at the time of payment of each premium<sup>(3)</sup>:

BEFORE THE AGE OF 70 YEARS OF THE ASSURED <sup>(4)</sup> (Policies terminated by death from 1 July 2014 onwards)		AFTER THE AGE OF 70 YEARS OF THE ASSURED <sup>(4)</sup>
Amount of capital at death	← TAXABLE BASE →	Premiums paid (income exempt)
€152,500 per beneficiary, for all policies subscribed in that beneficiary's favour by a single assured (Article 990 I of the French General Tax Code)	← ALLOWANCE →	€30,500, single, overall allowance for all policies subscribed by a single assured, irrespective of the number of beneficiaries (Article 757 B of the French General Tax Code)
Taxable portion (above allowance) up to €700,000: 20% Taxable portion (above allowance) over €700,000: 31.25%	← TAXATION →	Subject to inheritance tax depending on family relations between the assured and the beneficiary

## 4. SOLIDARITY TAX ON WEALTH (ISF)

The surrender value of the policy as at 1 January of the year in which it is taxed must be included in the subscriber's assets if (s)he is subject to the ISF.

Income from the euro fund of life insurance policies is not taken into account in calculating the ceiling for the ISF provided that there is no surrender => optimisation of ISF ceiling effects.

(1) Policies subscribed from 26 September 1997 onwards.

(2) Taxation 7.5% after annual allowance of €4,600 (single person) or €9,200 (married couples or couples in a civil partnership subject to joint taxation).

(3) Policies subscribed from 20 November 1991 onwards, premiums paid from 13 October 1998 onwards.

(4) The surviving spouse or civil partner, brothers and sisters on certain conditions and certain non-profit organisations are exempt.

This information is subject to change in line with modifications to French regulations. Moreover, this information is given for purely indicative purposes and may not in any case be considered as a legal or tax advice. Accordingly, it does not affect the need for actual or potential subscribers to consult their tax advisers with a view to determining, where applicable, the tax arrangements that may apply to their policies.