Private Placement Life Insurance: Potential Tax Changes and Reasons Why

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Are taxpayers who acquire Private Placement Life Insurance ("PPLI") doing something wrong? Certain politicians and academics sure think so. They argue that taxpayers who have the financial wherewithal to purchase PPLI are somehow "abusing" the system, taking advantage of tax benefits that were supposedly intended only for workaday folk. This article explains the general tax rules favoring life insurance policyholders and their beneficiaries, recent reports and cases putting PPLI in a bad light, and three recent proposals urging legislative changes by Congress and/or increased enforcement by the IRS.

OVERVIEW

This article is not a treatise on taxation of life insurance in general, or of PPLI in particular. If readers want to dig into these areas, especially the latter, resources abound.[1] The information below is merely an overview designed to help readers understand the issues raised here.

Policyholders and beneficiaries of life insurance policies can attain "significant tax benefits." For instance, passive income generated by investments made with the premiums paid by the policyholder accumulate on a tax-free basis. Stated another way, "such earnings enjoy a deferral of tax liability not available if the invested assets supporting the insurance were held outside of the [insurance] contract." Another benefit is that, if the taxpayer needs cash while she is still alive, she can access the value of the insurance policy by taking out loans, again on a tax-free basis. An additional positive aspect is that when the insured dies and death benefits are paid to the beneficiary, these also escape income taxes. Moreover, life insurance held through an appropriate irrevocable trust is not part of the insured's gross estate, which means that the death benefits skirt estate and generating-skipping taxes, too.[2]

Congress created these tax advantages to encourage taxpayers to purchase insurance in order to provide financial stability for others, such as spouses and children who have no other source of income, when they die. They were "not intended to provide opportunities for the wealthiest taxpayers to earn substantial tax-free or tax-deferred investment income."[3] Grounded in the idea that affluent taxpayers are somehow inappropriately accessing benefits available to everyone, various parties have been beating the drum for change recently. Their positions, as well as some of the events leading to them, are explored below.

WATCHDOG REPORT

Certain members of Congress have been scrutinizing PPLI and similar insurance products for several years, mainly focusing on supposed offshore shenanigans. Case in point, the Senate Finance Committee asked the Government Accountability Office ("GAO") to give things a look in 2019. It produced a document the following year, centered on supposed "offshore" abuses, which was remarkably ambivalent ("GAO Study").

The GAO Study recognized that taxpayers hold offshore insurance for a number of legitimate reasons. The IRS, likewise, admitted that these products have acceptable uses. The GAO Study summarized the IRS's stance as follows:

> The IRS also acknowledged that there are many legitimate uses of offshore life insurance products and that when used properly these products offer important benefits to taxpayers. In addition to the various tax benefits . . . offshore policies may also offer taxpayers certain legal benefits, depending on the jurisdiction. For example, individuals or other entities wishing to sue the policyholder for assets held in an offshore life insurance policy must file the lawsuit with the offshore jurisdiction's legal authority.[4]

The GAO Study explained that, notwithstanding its acknowledgement that many domestic and foreign insurance arrangements are valid, the IRS still believes that some taxpayers are behaving badly. The GAO study stated that the GAO "previously reported that tax shelters can be legitimate to the extent they take advantage of various provisions of the tax code to lawfully avoid paying federal taxes; however, according to the IRS, abusive tax shelters result in unlawful tax evasion."[5]

The IRS pointed to two issues in support of its contentions. First, the IRS mentioned a situation where a taxpayer tried to conceal his foreign assets, using PPLI, to dodge the related income tax liabilities. The taxpayer confessed to having PPLI, maintaining an investment account thereunder, earning over $1 million through such account, and not reporting the income to his accountant or the IRS.[6]

Second, the IRS highlighted a case, Webber v. Commissioner, in which the Tax Court determined that the taxpayer had excessive control over the assets held in a foreign account associated with his PPLI. The taxpayer, in other words, violated the longstanding "investor control doctrine."[7] This led to a decision that the taxpayer, not the insurance company, was the true owner of the assets, and all the income they generated was attributable to the taxpayer. The Tax Court boiled down the main facts as follows:

> [The taxpayer] is a venture-capital investor and private-equity fund manager. He established a grantor trust that purchased [PPLI] policies insuring the lives of two elderly relatives. These policies

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were purchased from . . . a Cayman Islands company. [The taxpayer] and various family members were the beneficiaries of these policies. The premium paid for each policy, after deduction of a mortality risk premium and an administrative charge, was placed in a separate account underlying the policy. The assets in these separate accounts, and all income earned thereon, were segregated from the general assets and reserves of [the insurance company]. These assets inured exclusively to the benefit of the two insurance policies. The money in the separate accounts was used to purchase investments in startup companies with which [the taxpayer] was intimately familiar and in which he otherwise invested personally and through funds he managed. [The taxpayer] effectively dictated both the companies in which the separate accounts would invest and all actions taken with respect to these investments.[8]

EXTREME CASE

Another Tax Court case involving PPLI, but not mentioned in the GAO Report, paints an unflattering picture of the financial product. The case, Wegbreit v. Commissioner, featured a situation in which a financial advisor and an attorney recommended to a taxpayer that he form a trust, assign his ownership interest in a domestic company worth millions to the trust, have the trust purchase PPLI from a foreign insurance company, and have the trust transfer the ownership interest to the insurance company as a premium payment.[9] The taxpayer understood that, by following these steps, he would enjoy various U.S. tax benefits, while "retaining control" of his interest in the domestic company and "directing investments" by the trust and insurance company.

The taxpayer decided to follow the course plotted by the financial advisor and attorney, and he "did not conduct any further research into [the] proposed strategy or seek independent advice regarding its legality." Therefore, the taxpayer, adhering to the normal rules for life insurance policies, did not report on his annual tax returns any income accumulating within the underlying investments. He also decided not to disclose various distributions that he received from the PPLI, claiming that they were proper loans. The Tax Court, noting significant flaws in nearly all relevant documents, major inconsistencies between various agreements and actions, and more, held in favor of the IRS. Among other things, the Tax Court ruled that the trust was a sham, the taxpayer never transferred his business interest to the trust, the PPLI policy was not valid life insurance, the taxpayer was liable for all federal income taxes, and civil fraud penalties apply.[10]

SENSATIONAL SETTLEMENT

Several entities, including the largest insurance company in Switzerland, Swiss Life, created and began marketing PPLI to U.S. taxpayers in 2005. Things proceeded smoothly at first, but the IRS, as it often does when big money is involved, eventually got curious. It began scrutinizing the use of Swiss insurance products by U.S. taxpayers in 2014. That initial analysis must have uncovered some serious problems, because a few years later, in 2017, the Department of Justice ("DOJ") approached Swiss Life about possible violations involving PPLI.

Swiss Life originally adopted the position that all PPLI policies had been properly reported to the IRS and that the investigation was "an opportunity for dialogue" and a chance to "explain its cross-border business in cooperation with the U.S. authorities." Those opportunities and explanations did not turn out the way Swiss Life had hoped. In fact the company, along with three of its subsidiaries, were forced to admit in 2021 to conspiring with U.S. taxpayers to defraud the IRS, file false tax returns, engage in tax evasion, and hide assets. As a result, Swiss Life agreed to pay the U.S. government a total of about $77 million, an amount comprised of restitution for unpaid taxes, disgorgement of fees made, and penalties.[11]

The criminal indictment filed by the DOJ, combined with the related Deferred Prosecution Agreement, provided lots of details about the actions by Swiss Life and its representatives. Many of these involved PPLI one way or another. For instance, the documents alleged that (i) policies were funded by transfers from accounts of third parties associated with the policyholder, such as an offshore law firm or intermediary, (ii) foreign relatives officially held policies in order to obscure the U.S. nexus, (iii) some situations featured transfers of precious metals or gems, instead of funds, to avoid detection by U.S. authorities, (iv) policyholders designated foreign asset managers or other representatives to receive insurance-related documents and account statements for purposes of avoiding transmission to the United States, and (v) Swiss Life agents encouraged U.S. taxpayers to "park" their funds in accounts held through PPLI until the assessment-periods for certain tax violations had supposedly expired.

A closer look shows that the transgressions really relate to unreported foreign accounts and the income they generated, while PPLI was merely the type of vehicle through which this occurred. The documents filed by the DOJ made this clear, summarizing the problem as Swiss Life, U.S. taxpayers, and others conspiring to "conceal from the IRS the existence of undeclared policies and related undeclared policy investment accounts . . . and the income earned in such accounts, and to evade U.S. taxes due on the income generated in the undeclared policy investment accounts."[12]

THREE RECENT PROPOSALS

The GAO report, two Tax Court cases, high-profile settlement with Swiss Life, and other events have led to various legislative proposals involving PPLI. This article discusses three recent ones below.

Congress

Certain members of Congress have been critical of PPLI for years, making public announcements, conducting hearings, and launching investigations.[13] Recent efforts culminated in a congressional document whose title was anything but subtle. It is called "Private Placement Life Insurance: A Tax Shelter for the Ultra-Wealthy Masquerading as Insurance" (the "Report").[14]

The Report started with some general background. It acknowledged that various provisions in the Internal Revenue Code favorably treat all taxpayers owning life insurance products. The reason behind these benefits, which have been in place for over a century, is "to help families cover future expenses such as mortgage, education costs, or income replacement after the insured has passed on."[15]

The Report went on to criticize PPLI, indicating that it differs from traditional life insurances in a few ways. For instance, PPLI normally requires premium payments of at least $1 million, not to mention related fees and costs. Consequently, only certain persons, such as "accredited investors," can access it. These individuals have a net worth of over $1 million or annual income exceeding $200,000. Moreover, PPLI is customizable and offers a wide range of investment

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options. Traditional insurance products supposedly limit policyholders to investing in basic equity and debt funds, while PPLI allows a broad range of possibilities, including hedge funds, private equity funds, real estate, private credit, and more. The Report claims that this investment flexibility results in policyholders "receiving investment gains from lucrative alternative investments while shielding those gains from the tax liability they would incur by investing outside of PPLI as the ownership vehicle."[16]

Building on the last point, the Report alleges that certain insurance companies and financial professionals have created a new, lucrative niche in the PPLI arena. Namely, they collaborate to establish an insurance-dedicated fund ("IDF"), which supposedly generates identical returns on investment as regular funds, but without the taxes. The Report describes the situation as follows:

> An investment manager establishes an IDF, then [she] works with a broker and/or a life insurance company and their clients. The clients purchase a [PPLI] policy and allocate their premiums [to] the investment manager's IDR, effectively replicating a fund investment, but in a form that magically becomes tax-free . . . Ultimately, the investment manager has the same amount of funds under management, the insurance company and broker get to collect fees, and the owners of the PPLI are invested in the same investments they held before the transaction except now the gains accumulate tax-free.[17]

The Report was also disparaging of what it calls the "buy, borrow, and die" strategy allegedly facilitated by PPLI. Loans from life insurance policies generally get special tax treatment in that they are exempt from the below-market-loan rules. Loans deriving from PPLI products, therefore, often involve low interest rates. The Report pointed out that many such loans are never repaid during the life of the policyholder, because any balances due upon death simply reduce the amount paid to the beneficiaries.[18]

Harkening back to the actions by Swiss Life, the Report claims that taxpayers frequently use PPLI to hide assets abroad. Individual taxpayers normally report the existence of foreign accounts to the IRS on Forms 8938 (Statement of Specified Foreign Financial Assets) and elsewhere. However, advocates of PPLI sometimes take the position that it might not be subject to such information-reporting duties. The foreign accounts are held in the name of the insurance companies, not the policyholders, and data about income generated by the accounts is sent to the insurance companies, not the policyholders. According to the Report, "essentially policyholders are taking investment accounts and partnership interests and turning them into PPLI with the thinnest of insurance wrappers, shielding the activities of the investment account from any information-reporting to U.S. tax authorities."[19]

The Report included a segment called "PPLI for Dummies," which seems designed to convince readers that, under current law, virtually any taxpayer with a certain amount of money and a modicum of tax knowledge can make out like a bandit. The segment outlined the following procedure. Step one, the taxpayer pays premiums and fees to establish a PPLI policy, either directly or through a trust. Step two, she uses the PPLI to place money in all types of personalized investments, such as hedge funds, private equity funds, real estate, and more. Step three, she watches as gains from the investments accrue inside the PPLI on a tax-free basis. Step four, when she needs cash, instead of withdrawing funds from the PPLI, she simply gets a low-interest loan from the PPLI that she never has to pay back directly. Step five, after she dies, the entire value of the PPLI passes to her beneficiaries without getting hit with income, gift or estate taxes. The Report thus concluded that, as things stand now, a PPLI policy "is a fully legal means to transfer unlimited amounts of wealth to your heirs in a tax-free manner."[20]

The Report, which made no effort to appear objective, attacked PPLI and those who utilize it for more than 20 pages. Below are the "findings" by the committee in charge of preparing the Report:

- PPLI is "clearly an abusive transaction" and "tax shelter," which can only be accessed by "the very wealthiest Americans," and which is "brazenly promoted" to the rich as a way to dodge income, gift and estate taxes.
- PPLI constitutes "at least a $40 billion tax shelter used exclusively by only a few thousand wealthy Americans."
- Traditional insurance policies are available to all, but "PPLI policies are an ultra-niche financial product that is not available to middle-class families."
- PPLI is actively marketed to "ultra-wealthy" Americans as a "tax-free hedge and private equity fund investment."
- PPLI is also promoted to "millionaires and billionaires" as a manner of transferring wealth to their heirs without paying income, gift or estate taxes.
- Though some protections against abuse of PPLI exist, it is "nearly impossible" for the IRS to enforce them because of a lack of disclosure requirements.
- The IRS needs to utilize the existing investor-control rules to increase PPLI compliance.
- Congress also needs to enact legislation to increase oversight of PPLI and limit abuse "as a tax avoidance by the wealthiest 1 percent of Americans."[21]

Rooted in the "findings" enumerated above, the Report warns that the Senate Finance Committee is working on legislation to reduce or eliminate the supposed abuse of PPLI. It does not give specifics, outlining instead the following "principles" that will guide the proposed law. The legislation must cover both PPLI and private placement annuity contracts to prevent taxpayers from merely shifting from the former to the latter after new rules take effect. Moreover, the legislation will not treat PPLI as "insurance" for federal tax purposes, meaning that all passive earnings in underlying investments will be subject to current income tax, instead of being allow to grow on a tax-free basis. The legislation must also feature strong information-reporting duties, for both taxpayers and insurance companies, such that the IRS can more easily identify and examine the use of PPLI. Building on the enforcement notion, the legislation needs "penalties with teeth." Additionally, the legislation must address both domestic and offshore PPLI to prevent taxpayers from merely moving activities abroad to avoid IRS oversight. Putting a finer point on it, the legislation would impose "a deterrent on purchasing offshore policies so that investors think twice before purchasing a contract from a foreign insurance company." Finally, in terms of timing, the legislation must take effect the date on which Congress enacts it, and apply to both existing and future PPLI policies.[22]

Revenue Proposals

The current presidential administration recently issued a document explaining its revenue proposals for 2025 ("Green Book").[23] Among other things, the Green

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Book suggests that changes regarding PPLI are necessary. In setting the stage for its proposal, the Green Book makes many of the same points about PPLI that the Report previously did. It then augments the criticisms, as follows.

The Green Book states that PPLI contracts focus predominantly on investment, offer minimal life insurance protection when compared to the large premiums paid, and are accessible only to wealthy taxpayers who ordinarily are more concerned with income and estate tax benefits than financially providing for their heirs. It further indicates that, unlike normal life insurance, more than half the PPLI is held by institutions, such as large corporations. They use PPLI distributions and death benefits to fund executive compensation, employee benefits, and for other business purposes that are unrelated to the effect of the death of the insured on the corporations.

The Green Book goes on to explain that some individuals buy PPLI outside the United States, from foreign insurers. They do this for several reasons, one of which is the flexible manner in which PPLI can be funded. In some countries, for instance, premiums for PPLI can be paid with property, instead of cash. This leaves open the possibility that an investment manager might purchase assets, directly from the policyholder or a related person, to put under the PPLI umbrella.[24] Apparently, given the lenient standards in some countries, some policyholders have been able to transfer art, yachts, and ownership interests in closely held businesses.[25]

For these reasons and others, the Green Book contains a legislative proposal that would deprive PPLI of many benefits currently available to all life insurance policies. It accomplishes this by creating a category known as "Covered Contracts," establishing specific tax treatment for them, and subjecting them to new information-reporting requirements.[26]

The following five items would be Covered Contracts according to the Green Book. First, any PPLI contract with respect to which a purchaser must have sufficient income or net worth to qualify as an "accredited investor" or "qualified purchaser," as the Securities and Exchange Commission defines these terms. Second, any variable life insurance contract whose premiums can be paid in kind (i.e., with property) instead of with cash. Third, any variable life insurance contract whose underlying assets include those purchased, directly or indirectly, from the policyholder, persons related to the policyholder, or an entity in which the policyholder or persons have more than a de minimis ownership interest. Fourth, any variable life insurance contract that, when combined with other contracts owned by persons related to the policyholder, owns an interest in a separate account of an insurance company, and the aggregate cash value of the related contracts represents at least five percent of the value of any distinct investment option whose assets are accounted for in that separate account. Fifth, a variable life insurance contract issued outside the United States, if any of the investment assets supporting the contract could only be sold to an "accredited investor" or "qualified purchaser" and would be deemed a security, if it were marketed or sold in the United States.[27]

Realizing that Congress cannot anticipate everything, the Green Book also indicates that the IRS would be authorized to issue regulations to prevent avoidance of Covered Contract status by using conduit arrangements or otherwise. The regulations would also identify other categories of contracts issued outside the United States that are "similar in nature to PPLI" and thus should fall within the scope of Covered Contracts.[28]

What are the tax consequences for Covered Contacts? Simplifying and abbreviating the Green Book, any distributions to a policyholder or beneficiary would be taxed as ordinary income to the extent they exceed the total premiums paid.[29] Similar rules would apply to death benefits. Finally, an additional tax equal to 10 percent of any otherwise taxable distribution would apply to account for the tax-deferral benefits enjoyed by Covered Contracts.[30] Below is a summary of the proposed tax treatment:

> Covered Contracts would be denied most of the tax benefits accorded to life insurance and annuity contracts. Additional reporting requirements would also apply. The Green Book said the exemption for pure life insurance benefits amounts paid in excess of a contract's cash value received under PPLI contacts would be preserved.[31]

When it comes to disclosure, the Green Book says that the IRS could impose information-reporting duties on insurance companies and policyholders, as necessary, to ensure that payments from Covered Contracts are identified and appropriately taxed. It further indicates that violations of the data demands would result in "appropriate penalties." Finally, it states that, in situations where a recipient of a distribution from a Covered Contract fails to report it as income on her tax return, the IRS could assess the corresponding taxes and penalties any time with six years (not the normal three years) of the date on which she filed her tax return.[32]

In terms of timing, the Green Book provides that any legislation would be effective for taxable years starting after December 31, 2024, for Covered Contracts issued on or after March 12, 2024.[33]

Academics Take Aim

One assistant professor of law, who is openly critical of PPLI, has called it "the new tax avoidance/evasion scheme in town."[34] He has further suggested that PPLI is being used as "an instrument for tax-favored speculative investment" and doing so "contravenes the rationale for tax benefits awarded to life insurance and is no more than plan tax avoidance/evasion."

The assistant professor indicated that a "congressional fix" is necessary to halt the supposed improprieties. He makes several suggestions in this regard, including that Congress might (i) limit the investments available to PPLI to those available to ordinary life insurance policyholders, (ii) change the diversification requirement for PPLI to exclude hedge funds and private equity investments, (iii) ban policyholders from paying premiums with property other than cash, (iv) tighten restrictions on the amount of the death benefit relative to the cash value of the policy, and/or (v) place a cap on the size of policies that qualify for favorable life insurance treatment.[35]

The assistant professor offered up some recommendations for the IRS, too. He said that the IRS could issue regulations to make PPLI policies "reportable transactions" based on the idea that "sunlight would be the best disinfectant." He further indicated that the IRS should revoke several Private Letter Rulings from the past, which were "unduly lenient," "opened the door to PPLI abuse," and permitted "erosion of investor control safeguards." Lastly, he pushed for "strategic litigation" in order to fortify and expand earlier Tax Court victories for the

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IRS. He advocated raising the investor control, substance over form, and sham transaction doctrines.[36] Some influential tax professionals have questioned the last suggestion, explaining that the IRS "is unlikely to get another slam-dunk set of facts" like those in Webber v. Commissioner, that outcomes in court "are a crapshoot," that "trying to make law by litigating is never a good idea," and that "litigation under current law is not a suitable vehicle for changing the underlying law if the policyholder and the insurer are coloring within the lines."[37]

CONCLUSION

Items discussed in this article trigger some questions: Are the tax benefits associated with life insurance generally available to all taxpayers, regardless of their financial status or earning capacity? Have the GAO, IRS, and others acknowledged that taxpayers often acquire PPLI for legitimate reasons? Does the IRS already have tools, such as the "investor control doctrine" and definition of "insurance," to challenge dubious PPLI? Are many cases and settlements involving offshore PPLI really about concealment of foreign accounts and income, not insurance matters?

A resounding "yes" to these questions does not necessary mean that the IRS will ignore PPLI. Indeed, recent history demonstrates that, when the IRS suspects abuse in a particular area, even where taxpayers are following the letter of the law, it is prone to taking many enforcement actions. These might include labeling items "listed transactions," introducing a compliance campaign, starting "promoter" investigations, adopting extreme tax and legal positions, and more. Think conservation easements. In light of this reality, taxpayers with PPLI should be aware of the current scrutiny by the IRS and Congress, retain appropriate counsel, and prepare for potential challenges or changes.

End Notes

[1] See, *e.g.,* Mary Ann Mancini, "Understanding Private Placement Life Insurance: Planning Opportunities and Pitfalls," 162(4) Trust and Estates 35 (April 2023); Scott A. Bowan et al, "Primer on Private Placement Life Insurance," 88(7) Florida Bar Journal 52 (July/Aug. 2014); Alan R. Jahde, "Customized Private Placement Life Insurance: An Asset Protection and Investment Tool," 41(7) Colorado Lawyer 85 (July 2012); Stephen D. Chu, "Job Well Done: Preventing the Use of Private Placement Life Insurance to Wrap Hedge Fund Investments," 2008(2) Columbia Business Law Review 694 (2008); Richard L. Harris, "The Problems with PPLI," 143(5) Trusts and Estates 40 (2004).

[2] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pgs. 157-159; Government Accountability Office, Abusive Tax Schemes – Offshore Insurance Products and Associated Compliance Risks. GAO-20-589 (July 2020), pg. 5; Joint Committee on Taxation, Present Law and Background on the Income Taxation of High Income and High Wealth Taxpayers. JCX-51-23 (Nov. 7, 2023), pgs. 67-69; Section 72(e); Section 101(a); Section 2042.

[3] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pgs. 157-159.

[4] Government Accountability Office, Abusive Tax Schemes – Offshore Insurance Products and Associated Compliance Risks. GAO-20-589 (July 2020), pg. 17.

[5] Government Accountability Office, Abusive Tax Schemes – Offshore Insurance Products and Associated Compliance Risks. GAO-20-589 (July 2020), pg. 3.

[6] *United States v. Blandi*, Case No. 2:19-cr-0161-WFN (E.D. Wash. Oct. 22, 2019); Department of Justice, Press Release No. 2:19-CR-00161, Oct. 23, 2019.

[7] *Webber v. Commissioner*, 144 T.C. 324 (2015); *See also* Chadwick L. Campbell, "Why (Non-Tax) Attorneys Should Care about *Webber* and Private Placement Life Insurance, 52 Arizona Attorney 22 (2015-2016).

[8] *Webber v. Commissioner*, 144 T.C. 324 (2015).

[9] *Webgreit v. Commissioner*, T.C. Memo 2019-82.

[10] *Id.*

[11] William Hoke, "DOJ Contacts Swiss Life Over Insurer's Dealings with U.S. Clients," 2017 Worldwide Tax Daily 178-5 (Sept. 15, 2017).

[12] "Swiss Insurance Companies Admit to Tax Evasion Conspiracy," 2021 Tax Notes Today International 94-22 (May 14, 2021); Stephanie Soong Johnston, "Swiss Life to Pay $77 Million to Settle U.S. Tax Evasion Probe," 2021 Tax Notes Today International 94-8 (May 17, 2021); Deferred Prosecution Agreement dated April 16, 2021 (including attached Information, Statement of Facts, and Verified Complaint); Department of Justice, Press Release 21-441 (May 14, 2021).

[13] See, *e.g.*, "Wyden Requests Further Information on Pictet Conduct," 2024 Tax Notes Federal Today Federal 57-22 (March 20, 2024); Chandra Wallace, "Wyden to Swiss Bank Pictet: Tell Us More about the $255 Million," 2024 Tax Notes Today International 57-6 (March 22, 2024); Chandra Wallace and Lauren Loricchio, "Wyden Targets Life Insurance Wrappers, but May Miss Most Users," 2023 Tax Notes Today Federal 229-3 (Dec. 1, 2023); Lauren Lorricho et al, "Offshore Life Insurance: Wrapped in Controversy Amid Senate Probe," 2023 Tax Notes Today Federal 167-1 (Aug. 31, 2023).

[14] Chandra Wallace and Lauren Loricchio, "Wyden Plans Crackdown of Custom Life Insurance Tax Shelter," 2024 Tax Notes Today Federal 36-2 (Feb. 22, 2024); Tax Notes Document 2024-5328.

[15] Tax Notes Document 2024-5328, pg. 3.

[16] Tax Notes Document 2024-5328, pg. 4.

[17] Tax Notes Document 2024-5328, pgs. 15-16. The author modified the quote to ensure correct subject-matter agreement and use of pronouns.

[18] Tax Notes Document 2024-5328, pg. 16.

[19] Tax Notes Document 2024-5328, pg. 19.

[20] Tax Notes Document 2024-5328, pg. 17.

[21] Tax Notes Document 2024-5328, pgs. 2 and 20.

[22] Tax Notes Document 2024-5328, pgs. 20-21; *see also* Marie Sapirie, "A Look at the Proposals Targeting Private Placement Life Insurance," 2024 Tax Notes Today Federal 59-1 (March 26, 2024).

[23] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024). This article does not address items and issues related to private placement *annuity* contracts.

[24] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pgs. 158-159.

[25] Lauren Loricchio et al, "Offshore Life Insurance: Wrapped in Controversy Amid Senate Probe," 2023 Tax Notes Today Federal 167-1 (Aug. 1, 2023)

[26] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024); *see also* Marie Sapirie, "A Look at the Proposals Targeting Private Placement Life Insurance," 2024 Tax Notes Today Federal 59-1 (March 26, 2024).

[27] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pg. 161.

[28] *Id.*

[29] The concept of "distributions" would be broadly defined to include partial or full surrenders, loans, and amounts of cash value assigned or pledged to any person. *See* U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pg. 160.

[30] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pgs. 160-161.

[31] Lauren Lorricho et al, "Offshore Life Insurance: Wrapped in Controversy Amid Senate Probe," 2023 Tax Notes Today Federal 167-1 (Aug. 31, 2023).

[32] U.S. Treasury Department. General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals (March 11, 2024), pg. 162.

[33] *Id.*

[34] Luis Calderon Gomez, "Too Good To Be True: Private Placement Life Insurance Policies," 178 Tax Notes Federal 555 (Jan. 23, 2023).

[35] *Id.*

[36] *Id.*

[37] Lee A. Sheppard, "The Fashion in Private Placement Life Insurance," 178 Tax Notes Federal 924 (May 8, 2023).

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