



Legal Note – Foreign Annuities

Many Floridians are aware of the creditor protection afforded Florida annuities. Interestingly, foreign annuities may offer even greater protection. Several foreign countries offer creditor protected annuities. Such foreign annuities may not generally be reached by creditors unless funded to avoid a creditor claim. Proving such a fraudulent conveyance is, however, generally difficult, in light of the typical judicial policy to promote investment in the off-shore financial system. Moreover, several off-shore havens do not allow for collection of foreign judgments within their borders. Therefore a judgment creditor in, for example, New York, cannot generally use its judgment to collect against an annuity written in Switzerland. Moreover, several jurisdictions have passed “anti-duress” laws. Such laws are intended to eliminate the forced repatriation of annuity funds to a more creditor friendly jurisdiction. The anti-duress rules generally therefore prohibit the issuing insurance company (in the debtor friendly country) from transferring annuity assets to a creditor friendly jurisdiction, even if demanded by a U.S. (or other) court.