

# *Power79 Plan<sub>sm</sub>*

"If we could show you a way to move \$ from your business to yourself in a very tax efficient manner, and your CPA thought it was a good idea, is there any reason you wouldn't want to know about it?"

## The Net Differential

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What would you think if:

Perfect Investment:

Assume we invest **\$100,000** and achieve a **50% rate of return** with the following attributes:

- No Taxes
- No Fund Management Expenses
- No Commissions or Transactions Costs...

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Your \$100,000 investment has grown to **\$150,000!**

## *Power79 Plan*

The \$100,000 investment is a net figure.

If we consider and account for our taxes, assuming a 40% tax obligation, then the gross income needed to have had a net \$100,000 is \$167,000!

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If we consider and account for our taxes, assuming a 40% tax obligation, then the gross income needed to have had a net \$100,000 is \$167,000!

Simply multiply \$167,000 by .6 (60%)

And now you have your net: \$100,000

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So what sounded so wonderful now reveals itself to be a net loss of \$16,667!

<b>Gross Income to invest \$100,000:</b>	<b>\$166,667</b>
<b>The fund value at the end of one year is:</b>	<b>- <u>\$150,000</u></b>
<b>Net loss to taxation:</b>	<b>{<u>\$16,667</u>}</b>

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The Cost of After Tax Capital

vs.

The Cost of Tax Deductible Capital

# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**



# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage:

**40%**

Net Capital:

**\$100,000**

Actual Gross Capital Needed:

**\$166,667**

Just like we discovered with the “Peter Pan Investment Plan”, in a 40% tax bracket, the actual cost for \$100,000 is:



# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage: **40%**

Net Capital: **\$100,000**

Taxes on Net Capital: \$40,000

**Actual Gross Capital Needed: \$166,667**

Your actual tax due is:



# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage:

**40%**

Net Capital:

**\$100,000**

Taxes on Net Capital:

\$40,000

**Total Dollars Needed to Net 100K:**

**\$166,667**

Unlike your state incomes taxes,  
if applicable, federal income taxes  
are not tax deductible...

# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage: **40%**

Net Bonus: **\$100,000**

Taxes on Bonus: \$40,000

**Total Dollars Needed to Net Bonus: \$166,667**

Unlike your state incomes taxes, if applicable, Federal Income Taxes are not tax deductible...

Therefore, you actually get taxed twice!

# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage: **40%**

Net Bonus: **\$100,000**

Taxes on Bonus: \$40,000

**Total Dollars Needed to Net Bonus: \$166,667**

Unlike your state incomes taxes, if applicable, Federal Income Taxes are not tax deductible...

Therefore, you actually get taxed twice!

Why?

# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage: **40%**

Net Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income Needed to Pay Taxes: **\$66,667**

**Total Dollars Needed to Net Bonus: \$166,667**

Unlike your state incomes taxes, if applicable, Federal Income Taxes are not tax deductible...

Therefore, you actually get taxed twice!

Because you have to earn \$66,667 to net the \$40,000.

# Cost of After Tax Capital

**Gross Income Needed to Net: \$100,000**

Assumed Tax Rate Percentage: **40%**

Net Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income Needed to Pay Taxes: **\$66,667**

**Total Dollars Needed to Net Bonus: \$166,667**

Unlike your state incomes taxes, if applicable, Federal Income Taxes are not tax deductible...

Therefore, you actually get taxed twice!

Because you have to earn \$66,667 to net the \$40,000.

And you've ended up paying taxes twice, with an additional \$26,667 .

**The use of employee benefits plans typically provide meaningful tax relief.**

Health ins. – no imputed income for benefits

Pension Plans – Deductible, Deferred

Permanent Benefit Group Life – close cousin



## Qualified Pension Plan

## Permanent Benefit Group Life Plan

### Comparing Features and Benefits

- Tax Deductible funding
- Plan assets accumulate on a tax-deferred basis
- **Has a funding test** as part of its non-discrimination testing
- Income **distributions are fully taxable**
- Distributions are **subject to age based rules** and limitations
- Can co-exist with Group Life

- Tax Deductible funding
- Plan assets accumulate on a tax-deferred basis
- Plan must offer the same coverage options by type, but with **no funding test**
- **Income distributions can be tax free** , via policy loans
- **No age based distribution rules** or restrictions
- Can co-exist with QPP

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## **Key Plan Benefits Summary for Business Owners:**

- Tax efficient capital transfer from your business to yourself
- No statutory funding maximums
- Plan assets grow without being subject to income taxation
- Accessibility to plan capital without age distribution rules
- Plan assets can be distributed income tax-free
- Excellent way to create and capitalize your own “private bank”
- The perfect solution to estate liquidity, without losing control