- Conversation about the client
- Its important for us to focus on you
- Based upon our initial reason to meet “If we could show” now we are here talking.
- Provide a strong validation to you about delivering on our promise on the reason we are meeting
- Best way to do this is to first have a brief conversation about money and how you feel about what normally happens with our money so we establish a contrast on what we can deliver to you.
- Certainly we would not be able to recommend anything to you unless we had an understanding of you.
- First if it would be okay with you let’s start with the conversation about money…and as we go through this we should both get a pretty good idea about us having a basis for working together.

Take Away- we talked about the possibility of giving you this but we are now pulling it back a little by bypassing the sales filter and get prospect to engage his lymbic system where he is helping us figure this out together. (Emotional buy-in)

Power Plus Economic Plans℠

The Perfect Investment?

This is the money conversation. This will address key issues addressing the bottom line and this is the best way to get to it quickly.

*Power Plus Economic Plans*[sm]

## 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…

Describe the perfect investment and it looks to good to be true but lets pretend its real for just one minute and assume we had this thing called the perfect investment and has the following characteristics:

*Power Plus Economic Plans*sm

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

Would you be happy with this result?

## Power Plus Economic Plans℠

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!

Let’s did a little deeper and get under the hood and see what is really going on.  If you recall a moment ago we put the $ in and no fees but I never said the plan was tax deductible.  Because of that, here is what actually happened.

## *Power Plus Economic Plans*[sm]

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!

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

And now you have your net: $100,000

What we discover is: (read slide)

## *Power Plus Economic Plans*sm

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

| | |
|---|---|
| **Gross Income to invest $100,000:** | **$166,667** |
| **The fund value at the end of one year is:** | **- $150,000** |
| **Net loss to taxation:** | **{$16,667}** |

What sounded so wonderful a moment ago and too good to be true, is actually resulted in a net loss of almost 17K.

## Power Plus Economic Plans[sm]

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

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|---|---|
| **Gross Income to invest $100,000:** | **$166,667** |
| **The fund value at the end of one year is:** | **- $110,000** |
| **Net loss to taxation:** | **{$56,667}** |

**Build out to good to be true from 50% to 10%**

Now you are almost $60K in the red and if were to take you 8 to 10 years to finally break even, would you still view this as a process of accumulation? (Building a close)

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This clearly reveals the fact that the tax aspects of a plan are significantly more Important to the real rate of return vs. investment performance and fees, loads, etc.

Versus what most of the Financial Services Industry harps on No Load this and Low Load That. All of that stuff is insignificant when we compare it to the greatest load you will ever pay, which is this enormous loss before you get the front door of the investment called taxes.

Question: “How Does This Make You Feel?”

Question: “While we are on the subject, what are feeling like on April 15th, when you get out your checkbook and make a large irrevocable transfer of money to the IRS? (Shut up and Listen)

Of course we have to pay are applicable taxes. But with that in mind let me show you

## Power Plus Economic Plans sm

**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

One of the ways we can typically and legitimately eliminate the problem we were just talking about i.e.. Enormous tax loss, is thru the use of Strategic Employee Benefit Plans.

1) Health Insurance- lets consider benign health insurance  Lets pretend we both work for IBM or some big company and they pay our health insurance premium for us.  We don't get taxed for the company to provide the benefit for us, do we?  (Wait for response) Furthermore lets suppose I get really sick and end of in the hospital for a month and rack up $500K of medical bills.  I don't have to pay any taxes on the plans reimbursement of the these bills, do I? (Wait for response)
2) Pension Plans- Most of us are really familiar with these and know that the funding for these are tax deductible and the money in the plan grows at a tax deferred basis. That's a huge benefit, isn't it? (Wait for response)
3) Here's another employee benefit plan, we frequently use that may not be so familiar, but is a close cousin to both plans above.

At this point we may not know if this plan is right for you, but it's important to point out as its one of seven different ways that we can financially achieve an outcome for you that you would be profoundly happy with.

## *Power Plus Economic Plans*sm

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| Qualified Pension Plan | Permanent Benefit Group Life Plan |
|---|---|
| **Comparing Features and Benefits** | |
| • Tax Deductible funding | • Tax Deductible funding |
| • Plan assets accumulate on a tax-deferred basis | • Plan assets accumulate on a tax-deferred basis |
| • **Has a funding test** as part of its non-discrimination testing | • Plan must offer the same coverage options by type, but with **no funding test** |
| • Income **distributions are fully taxable** | • **Income distributions can be tax-free** , via policy loans |
| • Distributions are **subject to age based rules** and limitations | • **No age based distribution rules** or restrictions |
| • Can co-exist with Group Life | • Can co-exist with QPP |

This is important to map out and give you ideas on the aspects of a Strategic EE Benefit Plan
So here is a side by side comparison to the "Defacto Retirement Plan or Vehicle, a qualified retirement plan also known as a pension plan"
Item 1- same attributes
Item 2- same attributes
Item 3- First divergent feature in that the primary non discrimination attribute of a pension plan is engineered around funding. In other words it has a funding test. In some situations, a pension plan can be designed to compliantly allocate a large percentage of plan contributions to the owner of the business. But in many cases the savings that come by way of being tax deductible are neutralized due to the requirement of employee participation. With a Permanent Benefit (SSEBP) Plan there is no funding test and if there were, it would create a discriminatory plan and this is a huge advantage to the business owner.
Item 4- We all know distributions from a qualified pension plan are fully taxable. Distributions from the Permanent Benefit Plan are income tax free.
Item 5- Pension plans are subject to age distribution rules i.e. penalty for early distributions (10%) and additionally a substantial penalty for that causes required minimum distributions starting at age 70 ½. (50% excise tax). With a permanent benefit plan there are no age based rules, which gives us tremendous flexibility in that we are able to utilize plan assets for purposes other than some type of retirement income benefit. For instance a defacto tax free bank for your business.
Question- Would it be potentially useful to you to have a tax free source of capital that

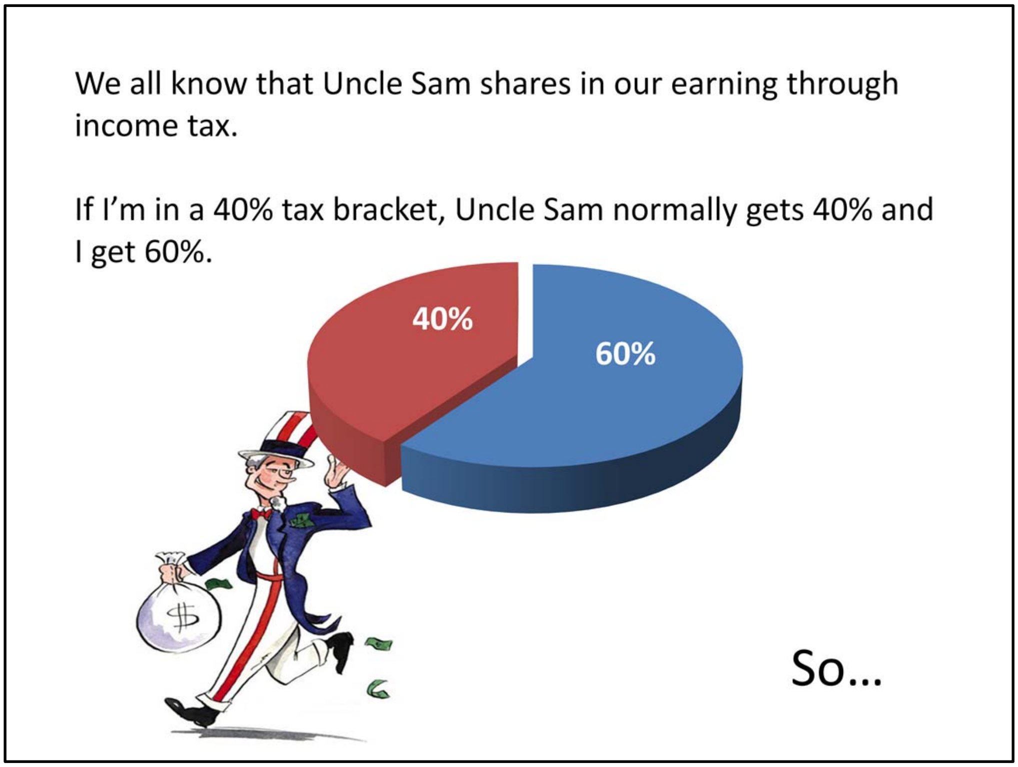
could be used for a variety of business purposes? (Shut up and listen)
Item 6- Finally we do not have to select one plan over another, they could coexist together. And neither plan complicates or limits the other.

## So how does it all work?

First off, what ever my company pays me is tax deductible to the business.

But…

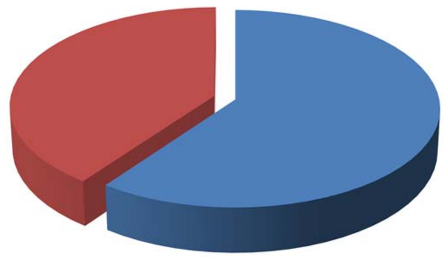
We all know whatever our business pays us is tax deductible, right?




But we also know that Uncle Sam get his share as well.

## Before we can run with the money…

We need to pay our <u>applicable</u> taxes:

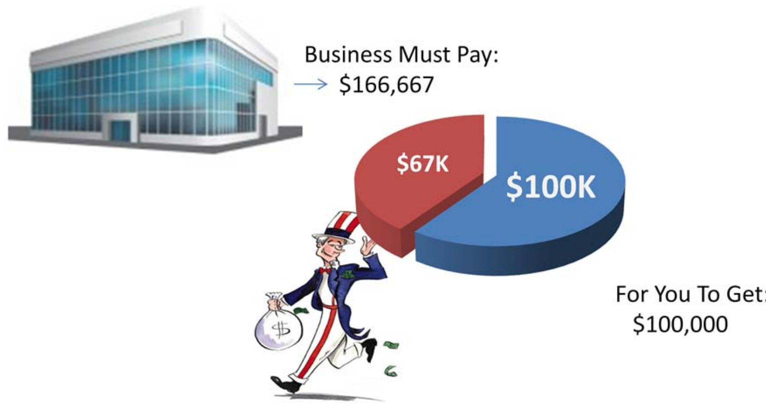


Now, Lets assume you want to invest a net of $100,000

So before we can run away with the money, we need to pay our ***applicable*** income taxes. So lets return to the assumption of investing $100,000.(that could be any amount) We are not trying to establish an amount for you.

# Here’s the bottom line:

## Without strategic employee benefit plans:




Here is the bottom line.
Here is what happens without the use of Strategic Plan your business will need to give you not only the net amount of $100,000 (or the amount you want to invest) but additionally would have to give you an amount sufficient for you to pay your income taxes first. It looks just like this.
Business has to give up $167K and the IRS gets $67K! And now you have $100K for yourself.


With the use the of Strategic Employee Benefit Plan your company has an **RETAINED CASH FLOW GAIN** and retains what previously was lost to taxes.
And is now available to use for a productive cause of your choosing.
Question: If you did not have to surrender the $67K to taxes, what would you do with the money? (SHUT UP And Listen!!- this is the big close)
DO NOT SAY ANYTHING UNTIL THEY ANSWER THE QUESTION
**Once they do you use the item in your further discussions to clarify and solidify the power and uniqueness of our program**

## Discovery

- It would be unreasonable for us to make an assumption about anything without first having a meaningful understanding of your situation sufficient to make a credible recommendation.

This is where we want the prospect to fill out the fact finder form to talk about themselves. We now have earned the right for a discovery process.