

Power79 Plan_{sm}

The Net Differential

Power79 Plan

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...

Power79 Plan

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!

Power79 Plan

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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

Power79 Plan

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:	- <u>\$150,000</u>
Net loss to taxation:	{\$16,667}

Power79 Plan_{sm}

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:

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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

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Why?

Cost of After Tax Capital

Gross Income Needed to Net: \$100,000

Assumed Tax Rate Percentage:

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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...

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

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

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

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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 .

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Health ins. – no imputed income for benefits

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Pension Plans

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Permanent Benefit Group Life – close cousin

Qualified Pension Plan

Permanent Benefit Group Life Plan

Comparing Features and Benefits

- Tax Deductible funding

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Qualified Pension Plan

Permanent Benefit Group Life Plan

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- Tax Deductible funding
- Funding is **fully excludable** from personal income

- Tax Deductible funding
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Qualified Pension Plan

Permanent Benefit Group Life Plan

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- **No age based distribution rules** or restrictions
- Can co-exist with QPP

Cost of After Tax Capital

Traditional Permanent Benefit Plan

Taxable Portion for Permanent Benefits and Table 1

40%

\$100,000

60%

Taxable

\$60,000

\$24,000

\$40,000

Total Dollars Needed to Net Bonus:

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Total Actual Cost for Net Dollars

Total Actual Cost for Section 79 Plan

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+ \$40,000 = \$140,000

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Power79 Plan_{sm}

The Net Differential

50% - Tax Bracket

Cost of After Tax Capital

Traditional Permanent Benefit Plan

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60%

40%

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82,416

83,636

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160,000

168,162

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Real Cost of \$100,000

After Tax Cost of Capital

<u>Tax Bracket</u>	<u>Real Cost</u>	<u>Net Differential</u>
40%	166,667	-26,667
45%	181,818	-32,727
50%	200,000	-40,000

Traditional Perm. Benefit Plan

<u>Tax Bracket</u>	<u>Real Cost</u>	<u>Net Differential</u>
40%	140,000	26,667
45%	149,091	32,727
50%	160,000	40,000

Power79 Plan

Power79_{sm} Permanent Benefit Plan

Cost of After Tax Capital

Power79 PlanSM

Net Differential				
------------------	--	--	--	--

Assumed Tax Rate Percentage:	40%	60%	Net Amount Paid	40%
		<u>Taxable</u>	Out of Pocket	<u>Exempt</u>
Bonus:	\$100,000	\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$40,000	\$24,000	Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$66,667	\$40,000	n/a	n/a
Total Dollars Needed to Net Bonus:	\$166,667	\$100,000	\$60,000	\$40,000
			\$100,000	

Cost of After Tax Capital

Gross Income Needed to Net: \$100,000

Assumed Tax Rate Percentage:

40%

Bonus:

\$100,000

Taxes on Bonus:

\$40,000

Gross Income to Net Payable Tax:

\$66,667

Total Dollars Needed to Net Bonus:

\$166,667

Cost of After Tax Capital

Gross Income Needed to Net: \$100,000

Assumed Tax Rate Percentage:

40%

Bonus:

\$100,000

Taxes on Bonus:

\$40,000

Gross Income to Net Payable Tax:

\$66,667

Total Dollars Needed to Net Bonus:

\$166,667

Cost of After Tax Capital

Gross Income Needed to Net: \$100,000

Assumed Tax Rate Percentage: **40%**

Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income to Net Payable Tax: \$66,667

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

Cost of After Tax Capital

Gross Income Needed to Net: \$100,000

Assumed Tax Rate Percentage:

40%

Bonus:

\$100,000

Gross Income to Net Payable Tax:

\$66,667

Total Dollars Needed to Net Bonus:

\$166,667

Cost of After Tax Capital

Power79 PlanSM

Non-Taxable Portion of Funding	
--------------------------------	--

Assumed Tax Rate Percentage: **40%**

Bonus: **\$100,000**

40%
Exempt
\$40,000

n/a

n/a

\$40,000

Taxable Portion for Permanent Benefits and Table 1

Assumed Tax Rate Percentage: 40%

Bonus:

60%

Taxable

\$60,000

\$24,000

\$40,000

Total Dollars Needed to Net Bonus:

\$100,000

Cost of After Tax Capital

Power79 PlanSM

Taxable Portion Paid by the Plan

Assumed Tax Rate Percentage:

40%

Bonus:

Taxes on Bonus:

60%	Net Amount Paid
<u>Taxable</u>	Out of Pocket
\$60,000	\$60,000
\$24,000	Paid by Plan

Cost of After Tax Capital

Power79 PlanSM

Taxable Portion Paid by the Plan

Assumed Tax Rate Percentage:

40%

Bonus:

Taxes on Bonus:

60%
Taxable
\$60,000

Net Amount Paid
Out of Pocket
\$60,000

\$24,000



Paid by Plan

Taxable Portion for Permanent Benefits and Table 1

Assumed Tax Rate Percentage: 40%

Bonus:

Taxes on Bonus:

Gross Income to Net Payable Tax:

60%
Taxable
\$60,000

\$24,000

~~\$40,000~~

Net Amount Paid
Out of Pocket
\$60,000

Paid by Plan

0

Taxable Portion for Permanent Benefits and Table 1

Assumed Tax Rate Percentage: 40%

Bonus:

Taxes on Bonus

Gross Income to Net Payable Tax:

Total Dollars Needed to Net Bonus

Net Amount Paid	40%
Out of Pocket	<u>Exempt</u>
\$60,000	\$40,000
Paid by Plan	n/a
n/a	n/a
\$60,000	\$40,000

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

Bonus:

\$100,000

Taxes on Bonus

\$40,000

Gross Income to Net Payable Tax:

\$66,667

Total Dollars Needed to Net Bonus

\$166,667

Net Amount Paid

40%

Out of Pocket

Exempt

\$60,000

\$40,000

Paid by Plan

n/a

n/a

n/a

\$60,000

+

\$40,000

= \$100,000

Cost of After Tax Capital

Power79 PlanSM

Net Differential				
------------------	--	--	--	--

Assumed Tax Rate Percentage:	40%	60%	Net Amount Paid	40%
		<u>Taxable</u>	Out of Pocket	<u>Exempt</u>
Bonus:	\$100,000	\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$40,000	\$24,000	Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$66,667	\$40,000	n/a	n/a
Total Dollars Needed to Net Bonus:	\$166,667	\$100,000	\$60,000	\$40,000
			\$100,000	

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

40%

Bonus:

\$100,000

Taxable

Out of Pocket

Exempt

\$60,000

\$60,000

\$40,000

Taxes on Bonus:

\$40,000

\$24,000

Paid by Plan

n/a

Gross Income to Net Payable Tax:

\$66,667

\$40,000

n/a

n/a

Dollars Needed to Net:

\$166,667

\$100,000

\$60,000

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

66,666.67

68,000.00

68,666.67

69,333.33

70,000.00

2

133,333.33

137,360.00

139,393.33

141,440.00

143,500.00

3

200,000.00

208,107.20

212,241.80

216,430.93

220,675.00

4

266,666.67

280,269.34

287,275.72

294,421.50

301,708.75

5

333,333.33

353,874.73

364,560.66

375,531.70

386,794.19

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

40%

Bonus:

\$100,000

Taxable

Out of Pocket

Exempt

\$60,000

\$60,000

\$40,000

Taxes on Bonus:

\$40,000

\$24,000

Paid by Plan

n/a

Gross Income to Net Payable Tax:

\$66,667

\$40,000

n/a

n/a

Dollars Needed to Net:

\$166,667

\$100,000

\$60,000

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

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Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

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Bonus:

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Taxable

Out of Pocket

Exempt

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\$40,000

Taxes on Bonus:

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Paid by Plan

n/a

Gross Income to Net Payable Tax:

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\$40,000

n/a

n/a

Dollars Needed to Net:

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\$60,000

\$40,000

\$100,000

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Net Differential

Net Differential Invested

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4%

5%

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375,531.70

386,794.19

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage: **40%**

Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income to Net Payable Tax: \$66,667

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

60%

Taxable
\$60,000

\$24,000

\$40,000

\$100,000

Net Amount Paid

Out of Pocket
\$60,000

Paid by Plan

n/a

\$60,000

40%

Exempt
\$40,000

n/a

n/a

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

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3%

4%

5%

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Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

40%

Bonus:

\$100,000

Taxable

Out of Pocket

Exempt

\$60,000

\$60,000

\$40,000

Taxes on Bonus:

\$40,000

\$24,000

Paid by Plan

n/a

Gross Income to Net Payable Tax:

\$66,667

\$40,000

n/a

n/a

Dollars Needed to Net:

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\$60,000

\$40,000

\$100,000

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Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

40%

Bonus:

\$100,000

Taxable

Out of Pocket

Exempt

\$60,000

\$60,000

\$40,000

Taxes on Bonus:

\$40,000

\$24,000

Paid by Plan

n/a

Gross Income to Net Payable Tax:

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\$40,000

n/a

n/a

Dollars Needed to Net:

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\$60,000

\$40,000

\$100,000

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4%

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Cost of After Tax Capital

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Net Differential

Assumed Tax Rate Percentage: **40%**

Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income to Net Payable Tax: \$66,667

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

60%

Taxable

\$60,000

\$24,000

\$40,000

\$100,000

Net Amount Paid

Out of Pocket

\$60,000

Paid by Plan

n/a

\$60,000

40%

Exempt

\$40,000

n/a

n/a

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

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4%

5%

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Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage: **40%**

Bonus: **\$100,000**

Taxes on Bonus: \$40,000

Gross Income to Net Payable Tax: \$66,667

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

60%

Taxable

\$60,000

\$24,000

\$40,000

\$100,000

Net Amount Paid

Out of Pocket

\$60,000

Paid by Plan

n/a

\$60,000

40%

Exempt

\$40,000

n/a

n/a

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

66,666.67

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364,560.66

375,531.70

386,794.19

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:

40%

60%

Net Amount Paid

40%

Bonus:

\$100,000

Taxable

Out of Pocket

Exempt

\$60,000

\$60,000

\$40,000

Taxes on Bonus:

\$40,000

\$24,000

Paid by Plan

n/a

Gross Income to Net Payable Tax:

\$66,667

\$40,000

n/a

n/a

Dollars Needed to Net:

\$166,667

\$100,000

\$60,000

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

66,666.67

68,000.00

68,666.67

69,333.33

70,000.00

2

133,333.33

137,360.00

139,393.33

141,440.00

143,500.00

3

200,000.00

208,107.20

212,241.80

216,430.93

220,675.00

4

266,666.67

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287,275.72

294,421.50

301,708.75

5

333,333.33

353,874.73

364,560.66

375,531.70

386,794.19

Cost of After Tax Capital

Power79 PlanSM

Net Differential

Assumed Tax Rate Percentage:	50%				
Bonus:	\$100,000				
			60%	Net Amount Paid	40%
			<u>Taxable</u>	<u>Out of Pocket</u>	<u>Exempt</u>
			\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$50,000	Taxes	\$30,000	0 - Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$100,000	GINN:	\$60,000	n/a	n/a
Dollars Needed to Net:	\$200,000	DNN:	\$120,000	\$60,000	\$40,000
				\$100,000	

<u>Yr.</u>	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	100,000.00	102,000.00	103,000.00	104,000.00	105,000.00
2	200,000.00	206,040.00	209,090.00	212,160.00	215,250.00
3	300,000.00	312,160.80	318,362.70	324,646.40	331,012.50
4	400,000.00	420,404.02	430,913.58	441,632.26	452,563.13
5	500,000.00	530,812.10	546,840.99	563,297.55	580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:

50%

Bonus:

\$100,000

Taxes on Bonus: \$50,000

Gross Income to Net Payable Tax: \$100,000

Dollars Needed to Net: **\$200,000**

60%

Taxable

\$60,000

Taxes \$30,000

GINN: \$60,000

DNN: \$120,000

Net Amount Paid

Out of Pocket

\$60,000

0 - Paid by Plan

n/a

\$60,000

\$100,000

40%

Exempt

\$40,000

n/a

n/a

\$40,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

100,000.00

102,000.00

103,000.00

104,000.00

105,000.00

2

200,000.00

206,040.00

209,090.00

212,160.00

215,250.00

3

300,000.00

312,160.80

318,362.70

324,646.40

331,012.50

4

400,000.00

420,404.02

430,913.58

441,632.26

452,563.13

5

500,000.00

530,812.10

546,840.99

563,297.55

580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:

50%

Bonus:

\$100,000

Taxes on Bonus:

\$50,000

Gross Income to Net Payable Tax:

\$100,000

Dollars Needed to Net:

\$200,000

60%

Taxable

\$60,000

Taxes

\$30,000

GINN:

\$60,000

DNN:

\$120,000

Net Amount Paid

Out of Pocket

\$60,000

0 - Paid by Plan

n/a

\$60,000

40%

Exempt

\$40,000

n/a

n/a

\$40,000

\$100,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

100,000.00

102,000.00

103,000.00

104,000.00

105,000.00

2

200,000.00

206,040.00

209,090.00

212,160.00

215,250.00

3

300,000.00

312,160.80

318,362.70

324,646.40

331,012.50

4

400,000.00

420,404.02

430,913.58

441,632.26

452,563.13

5

500,000.00

530,812.10

546,840.99

563,297.55

580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:	50%	60%	Net Amount Paid	40%
Bonus:	\$100,000	<u>Taxable</u>	<u>Out of Pocket</u>	<u>Exempt</u>
		\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$50,000	Taxes	0 - Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$100,000	GINN:	n/a	n/a
Dollars Needed to Net:	\$200,000	DNN:	\$60,000	\$40,000
			\$100,000	

<u>Yr.</u>	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	100,000.00	102,000.00	103,000.00	104,000.00	105,000.00
2	200,000.00	206,040.00	209,090.00	212,160.00	215,250.00
3	300,000.00	312,160.80	318,362.70	324,646.40	331,012.50
4	400,000.00	420,404.02	430,913.58	441,632.26	452,563.13
5	500,000.00	530,812.10	546,840.99	563,297.55	580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:	50%	60%	Net Amount Paid	40%
Bonus:	\$100,000	<u>Taxable</u>	<u>Out of Pocket</u>	<u>Exempt</u>
		\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$50,000	Taxes	0 - Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$100,000	GINN:	n/a	n/a
Dollars Needed to Net:	\$200,000	DNN:	\$60,000	\$40,000
			\$100,000	

<u>Yr.</u>	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	100,000.00	102,000.00	103,000.00	104,000.00	105,000.00
2	200,000.00	206,040.00	209,090.00	212,160.00	215,250.00
3	300,000.00	312,160.80	318,362.70	324,646.40	331,012.50
4	400,000.00	420,404.02	430,913.58	441,632.26	452,563.13
5	500,000.00	530,812.10	546,840.99	563,297.55	580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:	50%	60%	Net Amount Paid	40%
Bonus:	\$100,000	Taxable	Out of Pocket	Exempt
		\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$50,000	Taxes	0 - Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$100,000	GINN:	n/a	n/a
Dollars Needed to Net:	\$200,000	DNN:	\$60,000	\$40,000
			\$100,000	

Yr.	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	100,000.00	102,000.00	103,000.00	104,000.00	105,000.00
2	200,000.00	206,040.00	209,090.00	212,160.00	215,250.00
3	300,000.00	312,160.80	318,362.70	324,646.40	331,012.50
4	400,000.00	420,404.02	430,913.58	441,632.26	452,563.13
5	500,000.00	530,812.10	546,840.99	563,297.55	580,191.28

Cost of After Tax Capital

Power79 PlanSM

Assumed Tax Rate Percentage:

50%

Bonus:

\$100,000

Taxes on Bonus:

\$50,000

Gross Income to Net Payable Tax:

\$100,000

Dollars Needed to Net:

\$200,000

60%

Taxable

\$60,000

Taxes

\$30,000

GINN:

\$60,000

DNN:

\$120,000

Net Amount Paid

Out of Pocket

\$60,000

0 - Paid by Plan

n/a

\$100,000

40%

Exempt

\$40,000

n/a

n/a

\$40,000

Yr.

Net Differential

Net Differential Invested

2%

3%

4%

5%

1

100,000.00

102,000.00

103,000.00

104,000.00

105,000.00

2

200,000.00

206,040.00

209,090.00

212,160.00

215,250.00

3

300,000.00

312,160.80

318,362.70

324,646.40

331,012.50

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430,913.58

441,632.26

452,563.13

5

500,000.00

530,812.10

546,840.99

563,297.55

580,191.28

Power79 Plan_{sm}

				79 Plan
				W-2
				Imputed
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	
1	50	100,000	60,000	

Power79 Plan_{sm}

		Deductible	79 Plan	Annual
		Corporate	W-2	Taxes
		Outlay	Imputed	on Imputed
<u>Yr.</u>	<u>Age</u>		<u>Income</u>	<u>Borrowed*</u>
1	50	100,000	60,000	30,000

Power79 Plan_{sm}

		Deductible	79 Plan	Annual	Annual
	Your	Corporate	W-2	Taxes	Interest
			Imputed	on Imputed	for Loan
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>
1	50	100,000	60,000	30,000	1,500

Power79 Plan_{sm}

Yr.	Your		79 Plan	Annual	Annual	Accum.*
	Corporate		W-2	Taxes	Interest	
	Age	Outlay	Imputed	on Imputed	for Loan	
			Income	Borrowed*	at 5%	Balance
1	50	100,000	60,000	30,000	1,500	30,000

Power79 Plan_{sm}

		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*	Net
	Your	Corporate	Imputed	on Imputed	for Loan	Loan	Accumulated
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Value</u>
1	50	100,000	60,000	30,000	1,500	30,000	53,522

Power79 Plan_{sm}

		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*		Net Differential	
	Your	Corporate	Imputed	on Imputed	for Loan	Loan	Accumulated	At 50%	
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Value</u>	<u>Tax Rate</u>	
1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	

Power79 Plan_{sm}

			79 Plan	Annual	Annual	Accum.*	Net	Net	Net Cash
			Deductible	Taxes	Interest			Differential	
			W-2	on Imputed	for Loan			At 50%	Surrender
Yr.	Your	Corporate	Imputed	Borrowed*	at 5%	Loan	Accumulated	Tax Rate	Value
	Age	Outlay	Income			Balance	Value		

1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	2,287
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Power79 Plan_{sm}

			79 Plan	Annual	Annual	Accum.*	Net	Net	Net Cash	Net
			Deductible	Taxes	Interest			Differential	Surrender	Death
			W-2	on Imputed	for Loan			At 50%		
Yr.	Your	Corporate	Imputed	Borrowed*	at 5%	Loan	Accumulated	Tax Rate	Value	Benefit
	Age	Outlay	Income			Balance	Value			
1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	2,287	1,832,041

Power79 Plan_{sm}

		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*		Net Differential	Net Cash	Net	
	Your	Corporate	Imputed	on Imputed	for Loan	Loan		At 50%	Surrender	Death	
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>		<u>Tax Rate</u>	<u>Value</u>	<u>Benefit</u>	
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856

Power79 Plan _{sm}										
		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*		Net		
	Your	Corporate	Imputed	on Imputed	for Loan	Loan		Differential	Net Cash	Net
Yr.	Age	Outlay	Income	Borrowed*	at 5%	Balance		At 50%	Surrender	Death
							Accumulated	Tax Rate	Value	Benefit
1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000	112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000	176,516	300,000	153,461	1,955,035

Power79 Plan _{sm}										
		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*		Net		
	Your	Corporate	Imputed	on Imputed	for Loan	Loan		Differential	Net Cash	Net
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Accumulated</u>	<u>At 50%</u>	<u>Surrender</u>	<u>Death</u>
							<u>Value</u>	<u>Tax Rate</u>	<u>Value</u>	<u>Benefit</u>
1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000	112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000	176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000	244,315	400,000	223,822	2,022,834

Power79 Plan _{sm}										
		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*		Net		
	Your	Corporate	Imputed	on Imputed	for Loan	Loan		Differential	Net Cash	Net
Yr.	Age	Outlay	Income	Borrowed*	at 5%	Balance		At 50%	Surrender	Death
							Accumulated	Tax Rate	Value	Benefit
1	50	100,000	60,000	30,000	1,500	30,000	53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000	112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000	176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000	244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000	337,947	500,000	320,015	2,022,834

Power79 Plan _{sm}											
		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*	Tax-Free	Net	Net	Net Cash	Net
	Your	Corporate	Imputed	on Imputed	for Loan	Loan	Loan	Accumulated	At 50%	Surrender	Death
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Repayment</u>	<u>Value</u>	<u>Tax Rate</u>	<u>Value</u>	<u>Benefit</u>
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949

Power79 Plan _{sm}											
		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*	Tax-Free	Net	Net	Net Cash	Net
	Your	Corporate	Imputed	on Imputed	for Loan	Loan	Loan	Accumulated	At 50%	Surrender	Death
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Repayment</u>	<u>Value</u>	<u>Tax Rate</u>	<u>Value</u>	<u>Benefit</u>
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044
11	60		Total Interest Paid:		37,800			358,037	500,000	358,037	1,714,498

Power79 Plan_{sm}

		Deductible	79 Plan	Annual	Annual	Accum.*		Net	Net	Net
	Your	Corporate	W-2	Taxes	Interest	Loan	Tax-Free	Accumulated	Differential	Cash
	Age	Outlay	Imputed	on Imputed	for Loan	Balance	Loan	Value	At 50%	Surrender
Yr.	Age	Outlay	Income	Borrowed*	at 5%	Balance	Repayment	Value	Tax Rate	Value
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015
6	55				6,000	120,000	30,000	321,805	500,000	306,434
7	56				4,500	90,000	30,000	318,257	500,000	305,449
8	57				3,000	60,000	30,000	328,400	500,000	318,153
9	58				1,800	30,000	30,000	352,782	500,000	347,658
10	59				0	0	30,000	333,322	500,000	333,322
11	60							358,037	500,000	358,037
			Total Interest Paid:		37,800					

Consider the total loan interest as his “net out-of-pocket”

Power79 Plan_{sm}

		Deductible	79 Plan	Annual	Annual	Accum.*		Net			
	Your	Corporate	W-2	Taxes	Interest	Loan	Tax-Free	Accumulated	Differential	Net Cash	Net
	Age	Outlay	Imputed	on Imputed	for Loan	Balance	Loan	Value	At 50%	Surrender	Death
Yr.	Age	Outlay	Income	Borrowed*	at 5%	Balance	Repayment	Value	Tax Rate	Value	Benefit
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044
11	60		Total Interest Paid:			37,800		358,037	500,000	358,037	1,714,498

Consider the total loan interest as his “net out-of-pocket”

What was the interest expense as a percentage of the total premiums of \$500,000?

		Deductible	79 Plan	Annual	Annual	Accum.*		Net			
	Your	Corporate	W-2	Taxes	Interest	Loan	Tax-Free	Accumulated	Differential	Net Cash	Net
	Age	Outlay	Imputed	on Imputed	for Loan	Balance	Loan	Value	At 50%	Surrender	Death
<u>Yr.</u>	<u>Age</u>	<u>Outlay</u>	<u>Income</u>	<u>Borrowed*</u>	<u>at 5%</u>	<u>Balance</u>	<u>Repayment</u>	<u>Value</u>	<u>Tax Rate</u>	<u>Value</u>	<u>Benefit</u>
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044
11	60		Total Interest Paid:			37,800		358,037	500,000	358,037	1,714,498

Consider the total loan interest as his “net out-of-pocket”

What was the interest expense as a percentage of the total premiums of \$500,000?

7.5%

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		Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*	Tax-Free Loan	Net Accumulated	Net Differential	Net Cash Surrender	Net Death
Yr.	Age	Your Corporate Outlay	Imputed Income	on Imputed Borrowed*	for Loan at 5%	Loan Balance	Repayment	Value	At 50% Tax Rate	Value	Benefit
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044
11	60		Total Interest Paid:		37,800			358,037	500,000	358,037	1,714,498

Consider the total loan interest as his “net out-of-pocket”

What was the interest expense as a percentage of the total premiums of \$500,000?

7.5% vs. 50%

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Yr.	Your Age	Deductible	79 Plan W-2	Annual Taxes	Annual Interest	Accum.*	Tax-Free Loan Repayment	Net	Net Differential	Net Cash	Net
		Corporate	Imputed	on Imputed	for Loan	Loan		Accumulated	At 50%	Surrender	Death
		Outlay	Income	Borrowed*	at 5%	Balance		Value	Tax Rate	Value	Benefit
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044
11	60		Total Interest Paid:		37,800			358,037	500,000	358,037	1,714,498
12	61							381,746	500,000	381,746	1,635,853
13	62							404,532	500,000	404,532	1,552,886
14	63						Tax-Free	457,787	500,000	457,787	1,465,358
15	64						Income	523,243	500,000	523,243	1,373,018
16	65						-100,000	503,624	500,000	503,624	762,034
17	66						-100,000	492,415	500,000	492,415	763,559
18	67						-100,000	490,599	500,000	490,599	774,913
19	68						-100,000	499,259	500,000	499,259	796,918
20	69						-100,000	483,965	500,000	483,965	789,139
21	70						-100,000	451,910	500,000	451,910	760,373

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			79 Plan	Annual	Annual			Net				
		Deductible	W-2	Taxes	Interest	Accum.*	Tax-Free	Net	Differential	Net Cash	Net	
	Your	Corporate	Imputed	on Imputed	for Loan	Loan	Loan	Accumulated	At 50%	Surrender	Death	
Yr.	Age	Outlay	Income	Borrowed*	at 5%	Balance	Repayment	Value	Tax Rate	Value	Benefit	
1	50	100,000	60,000	30,000	1,500	30,000		53,522	100,000	2,287	1,832,041	
2	51	100,000	60,000	30,000	3,000	60,000		112,337	200,000	86,720	1,890,856	
3	52	100,000	60,000	30,000	4,500	90,000		176,516	300,000	153,461	1,955,035	
4	53	100,000	60,000	30,000	6,000	120,000		244,315	400,000	223,822	2,022,834	
5	54	100,000	60,000	30,000	7,500	150,000		337,947	500,000	320,015	2,022,834	
6	55				6,000	120,000	30,000	321,805	500,000	306,434	1,991,949	
7	56				4,500	90,000	30,000	318,257	500,000	305,449	1,959,447	
8	57				3,000	60,000	30,000	328,400	500,000	318,153	1,925,160	
9	58				1,800	30,000	30,000	352,782	500,000	347,658	1,888,990	
10	59				0	0	30,000	333,322	500,000	333,322	1,789,044	
11	60		Total Interest Paid:		37,800			358,037	500,000	358,037	1,714,498	
12	61	Summary Analysis For: Sample Client						381,746	500,000	381,746	1,635,853	
								404,532	500,000	404,532	1,552,886	
	Assumed Annual - Non Taxable Income - Using Loan Provision:							\$100,000	457,787	500,000	457,787	1,465,358
	Taxable Comparison in a 40% Tax Bracket:							\$166,667	523,243	500,000	523,243	1,373,018
	Total Non Taxable Income - Age 65 thru Age 100:							\$3,600,000	503,624	500,000	503,624	762,034
	Taxable Comparison in a 40% Tax Bracket:							\$6,000,000	492,415	500,000	492,415	763,559
							490,599	500,000	490,599	774,913		
19	68						-100,000	499,259	500,000	499,259	796,918	
20	69						-100,000	483,965	500,000	483,965	789,139	
21	70						-100,000	451,910	500,000	451,910	760,373	

Real Cost of \$100,000

After Tax Cost of Capital

Tax <u>Bracket</u>	Gross <u>Needed</u>	Net <u>Differential</u>
40%	166,667	-66,667
45%	181,818	-81,818
50%	200,000	-100,000

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Tax <u>Bracket</u>	Gross <u>Needed</u>	Net <u>Differential</u>
40%	100,000	66,667
45%	100,000	81,818
50%	100,000	100,000

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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