

Power79 Plansm

Executive Plan

AN INNOVATIVE SUPPLEMENTAL RETIREMENT PLAN FOR BUSINESSES & PROFESSIONALS

A plan with an investment account, and retirement income benefits, that is designed to pay your taxes from the plan rather than out-of-pocket.

- Deductible to your business or professional practice
- Available as a benefit for key personnel in your business
- Account available without age restrictions or limits
- Income tax-free distributions

Example: Age 50 - \$100,000 Annual Contribution for 5 Years

Year	Annual Funding	Deductible Contributions by Business/Practice	*W-2 to Executive	*Net Cost in 40% Tax Bracket
1	\$100,000	\$100,000	\$60,000	\$24,000
2	\$100,000	\$100,000	\$60,000	\$24,000
3	\$100,000	\$100,000	\$60,000	\$24,000
4	\$100,000	\$100,000	\$60,000	\$24,000
5	\$100,000	\$100,000	\$60,000	\$24,000
Totals	500,000	\$500,000	\$300,000	120,000
Income Tax-Free Retirement Distributions (Age 65 thru 100)				\$80,000 X 36 Years
Total 36 Year Tax Free Retirement Distributions				\$2,880,000
Taxable Comparison at 40% Tax Obligation				\$4,800,000
Estimated Income Tax (in 40% Tax Obligation) as a percentage of Benefit Received:				2.5%
(\$120,000 Taxes Paid - \$4,800,000 Benefit Received)				
<small>*The plan can be designed to pay your income taxes associated with the above referenced W-2 income and is also available without this feature. W-2 income and taxes are estimates and can fluctuate. This example is not intended to provide tax and/or legal advice, nor should they be relied upon as such.</small>				

Cost of After Tax Capital

Traditional Section 79 Plan

An Example of Two Tax Senarios at a Given Tax Rate

Assumed Tax Rate Percentage:	40%	60%	40%	
		<u>Taxable</u>	<u>Exempt</u>	
Bonus:	\$100,000	\$60,000	\$40,000	
Taxes on Bonus:	\$40,000	\$24,000	n/a	
Gross Income to Net Payable Tax:	\$66,667	\$40,000	n/a	
Dollars Needed to Net:	\$166,667	\$100,000	\$40,000	\$140,000

<u>Yr.</u>	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	26,666.67	27,200.00	27,466.67	27,733.33	28,000.00
2	53,333.33	54,944.00	55,757.33	56,576.00	57,400.00
3	80,000.00	83,242.88	84,896.72	86,572.37	88,270.00
4	106,666.67	112,107.74	114,910.29	117,768.60	120,683.50
5	133,333.33	141,549.89	145,824.26	150,212.68	154,717.68

Cost of After Tax Capital

Traditional Section 79 Plan

An Example of Two Tax Scenarios at a Given Tax Rate

Assumed Tax Rate Percentage:	40%	60%	40%	
		<u>Taxable</u>	<u>Exempt</u>	
Bonus:	\$100,000	\$60,000	\$40,000	
Taxes on Bonus:	\$40,000	\$24,000	n/a	
Gross Income to Net Payable Tax:	\$66,667	\$40,000	n/a	
Dollars Needed to Net:	\$166,667	\$100,000	\$40,000	\$140,000

Double Taxation

Yr.	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	26,666.67	27,200.00	27,466.67	27,733.33	28,000.00
2	53,333.33	54,944.00	55,757.33	56,576.00	57,400.00
3	80,000.00	83,242.88	84,896.72	86,572.37	88,270.00
4	106,666.67	112,107.74	114,910.29	117,768.60	120,683.50
5	133,333.33	141,549.89	145,824.26	150,212.68	154,717.68

Section 79 Permanent Benefit Plan

Yr.	Age	Annual Corporate Outlay	W-2 Imputed Income	Est. P.B. Tax 40%	Table 1 Tax 40%	Annual Tax-Free Loan	Cumul. Net Differential	Net Accum. Value	Net Death Benefit
1	50	100,000	60,000	24,000	1,964		26,667	50,843	1,829,362
2	51	100,000	60,000	24,000	2,027		53,333	107,382	1,885,901
3	52	100,000	60,000	24,000	2,096		80,000	169,686	1,948,205
4	53	100,000	60,000	24,000	2,169		106,667	235,878	2,014,397
5	54	100,000	60,000	24,000	2,267		133,333	325,322	2,103,841
6	55						etc.	334,971	2,113,490
7	56							358,318	2,136,837
8	57							397,912	906,724
9	58							453,470	962,282
10	59							475,964	984,776
16'	65					80,000		707,027	1,152,685
17	66					80,000		688,982	1,065,771
18	67					80,000		672,508	974,076
19	68					80,000		658,077	877,338
20	69					80,000		646,273	823,243
21	70					80,000		625,144	804,034
22	71					80,000		604,963	772,145
23	72					80,000		586,004	738,563
24	73					80,000		568,589	703,222
25	74					80,000		553,094	666,060
26	75					80,000		539,964	627,034
36	85					80,000		591,863	777,103
46	95					80,000		1,425,246	1,503,279
51	100					80,000		2,588,064	2,701,902

Summary Analysis For: Sample Client

Assumed Annual - Non Taxable Income - Using Loan Provision:	\$80,000
Taxable Comparison in a 40% Tax Bracket:	\$133,333
Total Non Taxable Income - Age 65 thru Age 100 :	\$2,880,000
Taxable Comparison in a 40% Tax Bracket:	\$4,800,000

This proposal is funded with an equity indexed adjustable life insurance policy issued by The Pacific Life Insurance Company. Please see the actual Pacific Life Policy Illustration for complete details about the policy. This presentation is for concept illustration purposes only whereby the benefits enjoy certain tax advantages from code and regulations pertaining to Section 79 Group Life Insurance. The projected financial economics expressed herein are subject to change and are not guaranteed.

Cost of After Tax Capital

Power79 Plan_{SM}

An Example of Two Tax Senarios at a Given Tax Rate

Assumed Tax Rate Percentage:	40%		60%	Net Amount Paid	40%
			<u>Taxable</u>	<u>Out of Pocket</u>	<u>Exempt</u>
Bonus:	\$100,000		\$60,000	\$60,000	\$40,000
Taxes on Bonus:	\$40,000		\$24,000	0 - Paid by Plan	n/a
Gross Income to Net Payable Tax:	\$66,667		\$40,000	0 - Paid by Plan	n/a
Dollars Needed to Net:	\$166,667		\$100,000	\$60,000	\$40,000
				\$100,000	

<u>Yr.</u>	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

Power79 Permanent Benefit Plan

Yr.	Age	Annual Corporate Outlay	Est. W-2 Imputed Income	Est. P.B. Tax 40%	Annual Loan Interest at 5%	Cumul. Loan Balance	Bank Loan Repayment	Annual Tax-Free Dist. Loan	Cumul. Net Differential	Net Accum. Value	Net Death Benefit
1	50	100,000	60,000	24,000	1,200	24,000			66,667	50,843	1,829,362
2	51	100,000	60,000	24,000	2,400	48,000			133,333	107,382	1,885,901
3	52	100,000	60,000	24,000	3,600	72,000			200,000	169,686	1,948,205
4	53	100,000	60,000	24,000	4,800	96,000			266,667	235,878	2,014,397
5	54	100,000	60,000	24,000	6,000	120,000			333,333	325,322	2,103,841
6	55				4,800	96,000	24,000	24,000	etc.	310,245	2,088,764
7	56				3,600	72,000	24,000	24,000		307,431	2,085,950
8	57				2,400	48,000	24,000	24,000		319,417	827,911
9	58				1,200	24,000	24,000	24,000		345,842	854,336
10	59				0	0	24,000	24,000		337,592	846,086
16	65							73,000		521,989	967,899
17	66							73,000		500,686	878,358
18	67							73,000		480,743	783,895
19	68							73,000		462,616	684,240
20	69							73,000		446,870	622,778
21	70							73,000		421,709	599,485
22	71							73,000		397,253	563,358
23	72							73,000		373,761	525,305
31	80							73,000		254,163	380,361
41	90							73,000		473,321	739,100
51	100							73,000		2,039,158	2,151,907

Summary Analysis For: Sample Client

Assumed Annual - Non Taxable Income - Using Loan Provision:	\$73,000
Taxable Comparison in a 40% Tax Bracket:	\$121,667
Total Non Taxable Income - Age 65 thru Age 100:	\$2,628,000
Taxable Comparison in a 40% Tax Bracket:	\$4,380,000

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Cost of After Tax Capital

Power79 Plan_{SM}

An Example of Two Tax Senarios at a Given Tax Rate

Assumed Tax Rate Percentage:	40%	60%	Net Amount Paid	40%
Bonus:	\$124,000	<u>Taxable</u>	Out of Pocket	<u>Exempt</u>
Taxes on Bonus:	\$49,600	\$74,400	\$74,400	\$49,600
Gross Income to Net Payable Tax:	\$82,667	\$29,760	0 - Paid by Plan	n/a
Dollars Needed to Net:	\$206,667	\$49,600	0 - Paid by Plan	n/a
		\$124,000	\$74,400	\$49,600
			\$124,000	

Yr.	Net Differential	Net Differential Invested			
		2%	3%	4%	5%
1	82,666.67	84,320.00	85,146.67	85,973.33	86,800.00
2	165,333.33	170,326.40	172,847.73	175,385.60	177,940.00
3	248,000.00	258,052.93	263,179.83	268,374.36	273,637.00
4	330,666.67	347,533.99	356,221.89	365,082.66	374,118.85
5	413,333.33	438,804.67	452,055.22	465,659.30	479,624.79

Power79 Permanent Benefit Plan

Yr.	Age	Annual Corporate Outlay	Est. W-2 Imputed Income	Est. P.B. Tax 40%	Annual Loan Interest at 5%	Cumul. Loan Balance	Bank Loan Repayment	Annual Tax-Free Dist. Loan	Cumul. Net Differential	Net Accum. Value	Net Death Benefit
1	50	124,000	74,400	29,760	1,488	29,760			82,667	63,138	2,268,497
2	51	124,000	74,400	29,760	2,976	59,520			165,333	133,328	2,338,687
3	52	124,000	74,400	29,760	4,464	89,280			248,000	210,655	2,416,014
4	53	124,000	74,400	29,760	5,952	119,040			330,667	292,797	2,498,156
5	54	124,000	74,400	29,760	7,440	148,800			413,333	403,808	2,609,167
6	55				5,952	119,040	29,760	29,760	etc.	385,223	2,590,582
7	56				4,464	89,280	29,760	29,760		381,851	2,587,210
8	57				2,976	59,520	29,760	29,760		396,841	1,028,287
9	58				1,488	29,760	29,760	29,760		429,734	1,061,180
10	59				0	0	29,760	29,760		419,627	1,051,073
16	65							92,000		647,676	1,201,319
17	66							92,000		619,860	1,088,667
18	67							92,000		593,660	969,823
19	68							92,000		569,642	844,446
20	69							92,000		548,505	767,117
21	70							92,000		515,573	736,512
22	71							92,000		483,426	689,865
23	72							92,000		452,382	640,729
31	80							92,000		284,847	441,715
41	90							92,000		516,437	845,259
51	100							92,000		2,337,516	2,476,094

Summary Analysis For: Sample Client

Assumed Annual - Non Taxable Income - Using Loan Provision:	\$92,000
Taxable Comparison in a 40% Tax Bracket:	\$153,333
Total Non Taxable Income - Age 65 thru Age 100:	\$3,312,000
Taxable Comparison in a 40% Tax Bracket:	\$5,520,000

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Client Census

Jones and Associates, Inc.

Principal Party	Age	W-2 Salary	Annual Funding	Minimum Death Benefit
Don Jones	50	\$365,000	\$100,000	\$2,310,028

Qualifying Employees:

Employee	Age	Sex	Salary	Death Benefit	Option1 Permanent Benefit Ins.		Option 2 Full Benefit Term		Option 3 \$50,000 Base Term Ins.	
					Premium	Taxed Income	Premium	Taxed Income	Premium	Taxed Income
Lisa S.	35	F	\$55,000	\$350,900	\$1,786	\$3,549	\$340	\$325	\$98	\$0
David E.	46	M	\$63,350	\$404,173	\$3,872	\$7,217	\$423	\$638	\$140	\$0
Gerald C	42	M	\$31,685	\$202,150	\$1,603	\$3,102	\$255	\$183	\$124	\$0
William K.	37	M	\$69,250	\$441,815	\$2,810	\$5,581	\$260	\$423	\$110	\$0
Diane A.	25	F	\$21,150	\$134,937	\$620	\$1,855	\$115	\$51	\$94	\$0
Kate F.	49	F	\$38,000	\$242,440	\$2,335	\$4,329	\$428	\$347	\$138	\$0
Martha C.	33	F	\$25,000	\$159,500	\$746	\$1,852	\$115	\$105	\$96	\$0
Angie S.	55	F	\$42,560	\$271,533	\$3,552	\$6,004	\$480	\$1,143	\$168	\$0
Beverly G.	27	F	\$22,500	\$143,550	\$524	\$1,013	\$135	\$68	\$94	\$0
Totals:					\$17,848		\$2,551		\$1,062	

Full-time employees will receive a death benefit equal to **6.38 X** their annual salary - minimum insurance of \$50,000.

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