Power Plus Economic Plans sm

The Perfect Investment?

*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…

Power Plus Economic Plans$_{sm}$

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

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!

*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

*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}**

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}**

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.

Power Plus Economic Plans[sm]

Let’s remove the 50% return and use a more realistic 8%

Gross Income to invest $100,000:	**$166,667**
The fund value at the end of one year is:	**- $108,000**
Net loss to taxation:	**{$58,667}**

Does waiting 8+ years to break even feel like accumulation?

*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

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

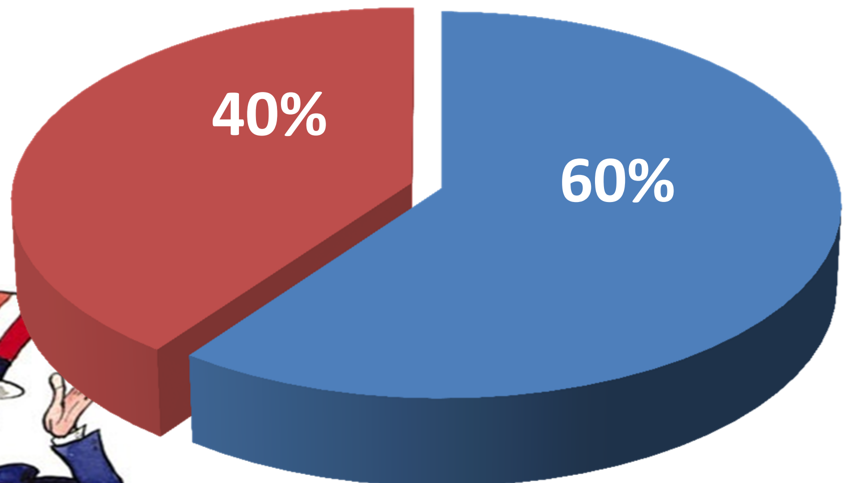
So how does it all work?

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

But…

We all know that Uncle Sam shares in our earning through income tax.

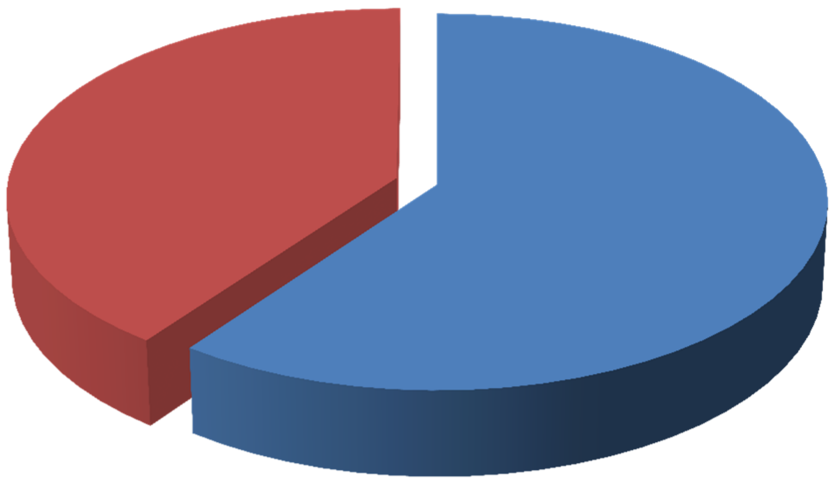
If I’m in a 40% tax bracket, Uncle Sam normally gets 40% and I get 60%.



So…

Before we can run with the money…

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

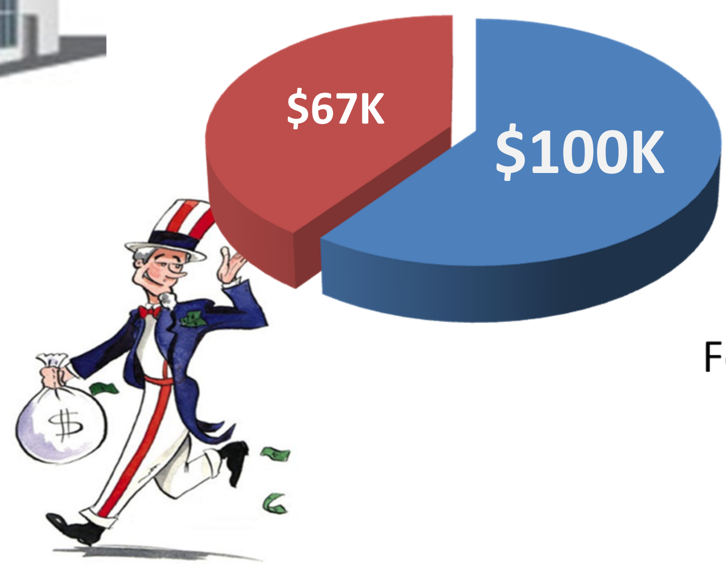


Now, Lets assume you want to invest a net of $100,000

Here's the bottom line:

Without strategic employee benefit plans:

Business Must Pay:
→ $166,667



For You To Get:
$100,000

With Strategic Employee Benefit Plan

Power Plans reduces the amount needed from the business:

With:

Power Plus Economic Plans$_{sm}$

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