


**In Pursuit of Retirement**  
What Every Successful Business Owner Needs  
to Know for a Successful Retirement  
Using Life Insurance

Presented by  
<Recruiter's Name>

April 2013  
1 Hour CE  
MKTG-836B

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**PACIFIC LIFE**

Welcome everyone to today's presentation, titled In Pursuit of Retirement. My name is \_\_\_\_\_ and today we're going to be talking about the shift in your client's retirement perspectives, what this means for your business, and how you can effectively anticipate this shift.

We titled this presentation "In Pursuit of Retirement" because we wanted to address the fact that in today's economic environment retirement is something that needs to be chased after aggressively. We're finding that clients have not only become more realistic about their retirement prospects but that they are demanding even more control in the planning process. We'll talk about how you can address these changes but first let's talk a little about why your clients are feeling the way they are.

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2 of 33

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(800) 800-7681 • www.PacificLife.com

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3 of 33

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- Steady decline in savings rate from 1970's and overall decline since 1950's
- Americans used to think it fashionable to spend

## Millions Are Engaging In A New Trend

- Savings rate increases to 6.5% in March 2011 from low of .8% in April 2008\*

\* "Personal Income and Outlays," December 2012, last modified January 31, 2013. <http://www.bea.gov/newsreleases/national/pi/2013/pi1212.htm>.

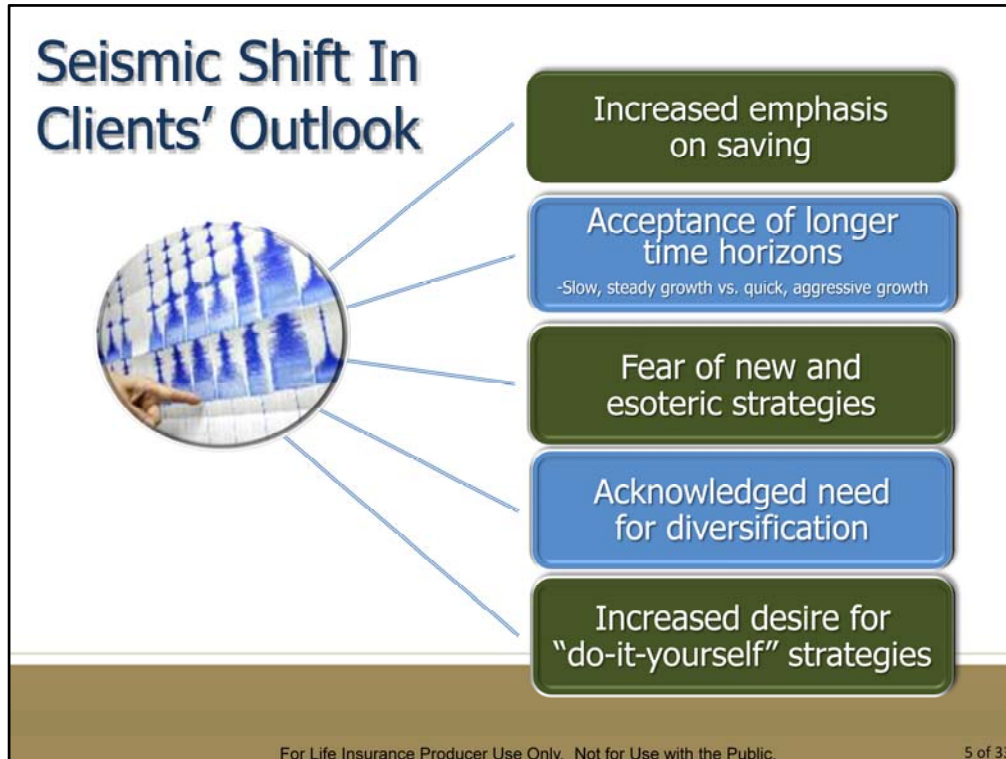
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Millions are engaging in a new trend and this trend is called *saving*. We call it a new trend because until recently it was the fashion to spend, and spend a lot.

In fact, our savings rate had been steadily declining ever since the 1970's and declined overall since the 1950's.

In December of 2012, however, our savings rate actually increased to 6.5% in from a low of .8% in April of 2008.\*

\* "Personal Income and Outlays," December 2012, last modified January 31, 2013.  
<http://www.bea.gov/newsreleases/national/pi/2013/pi1212.htm>.



This increase in saving amongst your clients is part of an overall shift in their outlook concerning the economy and their futures.

Another component of this shift is the acceptance of longer time horizons. This means that your clients are more realistic about the time needed to save the necessary amounts for their retirements. They know that investments will grow more slowly than they've grown in the past and therefore they know that they'll need more time to save what they need for retirement.

Also, there is a fear of new and esoteric strategies. For reasons that we will go into more detail about later, your clients have lost their appetite for complicated financial products and strategies that they do not fully understand. As a consequence, there is a shift back toward simplicity.

Another by-product of recent events is an acknowledged need for increased diversification. Today's investor is a bit more savvy and educated than in the past and they know that diversification is a good hedge for risk.

And finally, the concept that we'll be returning to again and again in this presentation is the fact that your clients have more of a desire to do retirement planning for themselves. But before we get into how we can address this new phenomenon, let's talk a little bit about what's caused this seismic shift. You'll find that the story is a familiar one.



## Battered and Bruised

- Only 35% surveyed were satisfied with their portfolio performance\*
- Clients have become:
  - More skeptical overall
  - Suspicious of complicated designs
- Clients want to have more control over their retirement planning



\*Ben Rooney, "Millions are no longer millionaires", March 11, 2009, [http://money.cnn.com/2009/03/11/news/economy/millionaires\\_2008/index.htm](http://money.cnn.com/2009/03/11/news/economy/millionaires_2008/index.htm), 03/11/2009 (CNN Article citing research report by Spectrum Group)

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6 of 33

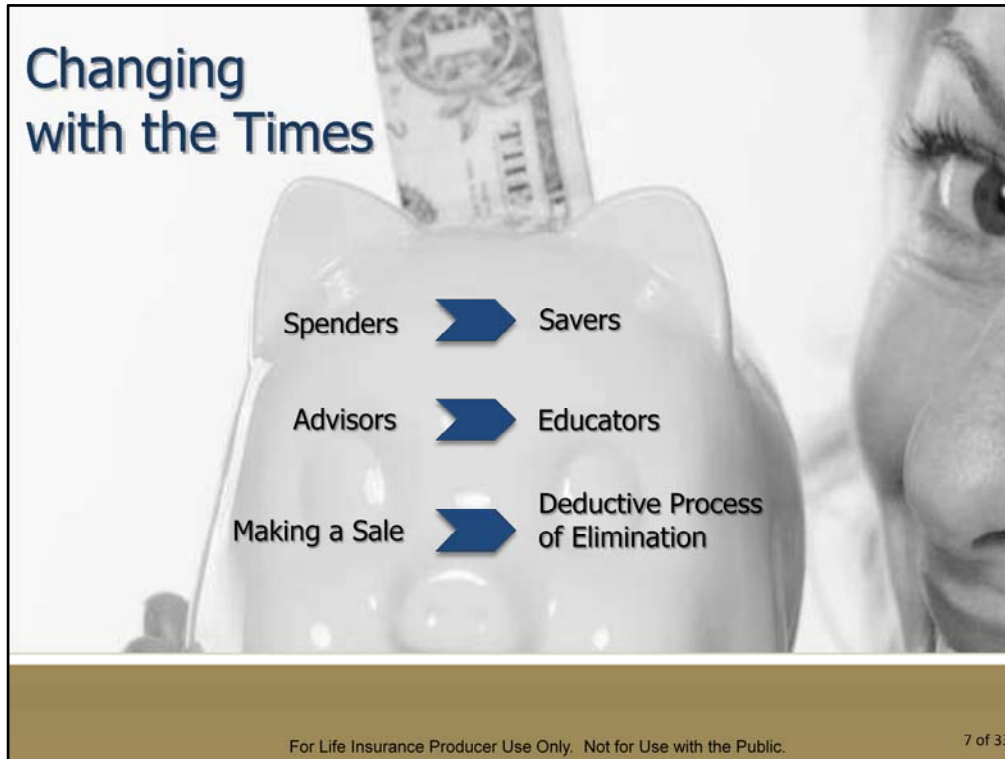
Investors have suffered record losses in recent years and this has had significant consequences for their retirement outlooks and attitudes. The natural reaction after an injury is for the injured to recoil and this is essentially what has happened to your clients.

Only 35% of those surveyed for the Spectrum Group report were satisfied with the performance of their portfolios and this has not only made them more skeptical of retirement strategies in general but particularly suspicious of complicated, aggressive designs.\* Economists call this phenomenon – the flight to safety.

But in addition to the flight to safety is its cousin, what we call “the flight to control.” As they emerge from this recent financial catastrophe, clients want to feel more in control of their destinies and this has taken the shape of them wanting strategies that will provide them more independence and with the feeling that they’re in the driver’s seat.

\*Ben Rooney, "Millions are no longer millionaires", March 11, 2009, [http://money.cnn.com/2009/03/11/news/economy/millionaires\\_2008/index.htm](http://money.cnn.com/2009/03/11/news/economy/millionaires_2008/index.htm), 03/11/2009 (CNN Article citing research report by Spectrum Group)





This change in your clients has broad implications for you as an advisor. As your clients shift from being spenders to savers, you will have to shift from being advisors to educators - this means getting used to the fact that your clients are going to be more hands-on in the retirement planning process. Business owners already tend to be bad when it comes to micro-managing and this is something that is only bound to increase in today's environment. The way to address these significant shifts is with a further change on your part, and this involves shifting from making a sale to getting involved in the deductive process. As clients increasingly take the lead with their retirement decisions they are going to want to know all the options that are available to them and want advisors that can help them understand those options.

## Advisor's Challenge



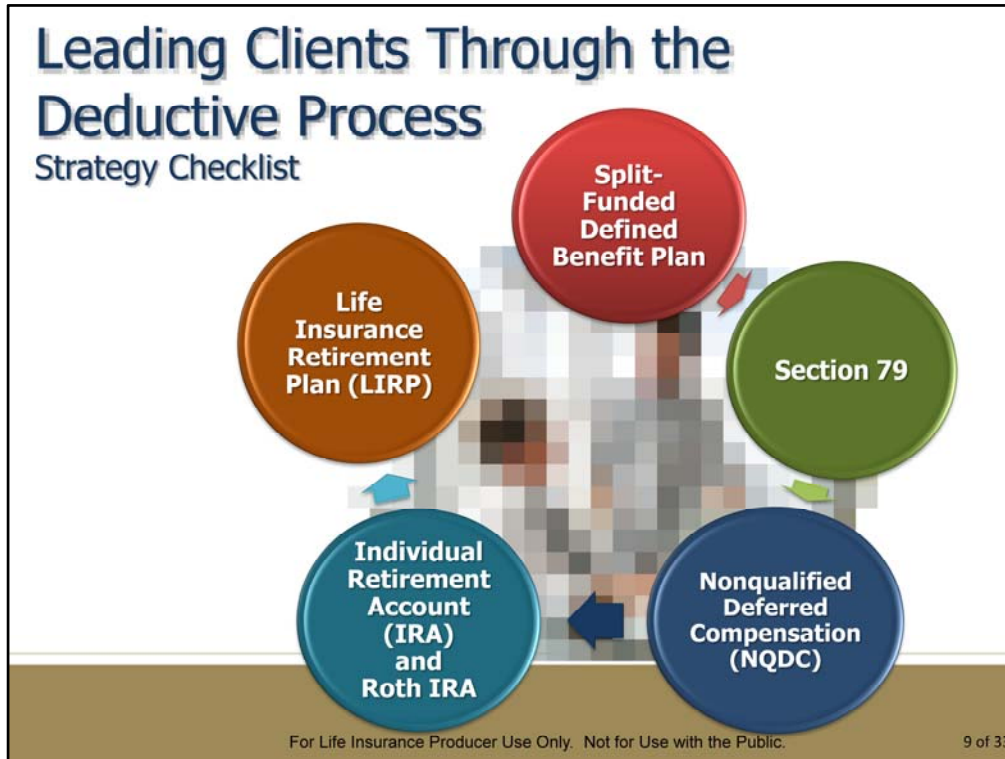
- **Clients want independence.**  
*That doesn't mean they know what to do with it*
- **How can you help clients make the right retirement decisions independently?**

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Leading your clients through this deductive process is necessary because though your clients want more independence, it doesn't mean that they know what to do with it, or that they'll make the right retirement decisions. Your challenge will be to help your clients make the right retirement decisions independently.

The way to do this is by leading them through the deductive process of elimination, where they get to think about the substantive merits of the available strategies and think through the advantages and disadvantages of each.





So in order to demonstrate what we mean by taking your clients through the deductive process we thought we would take you through an example.

What we've done is taken the top strategies that we talk about with our clients concerning retirement and formed a checklist that we walk them through. For each strategy we'll give a brief overview of how it works and then go over the kinds of questions and reservations that your business owner client may have. At the end of the process you might be surprised to find what kinds of strategies are the most appealing to business owners now in the current economic landscape.

## A New Breed of Saver

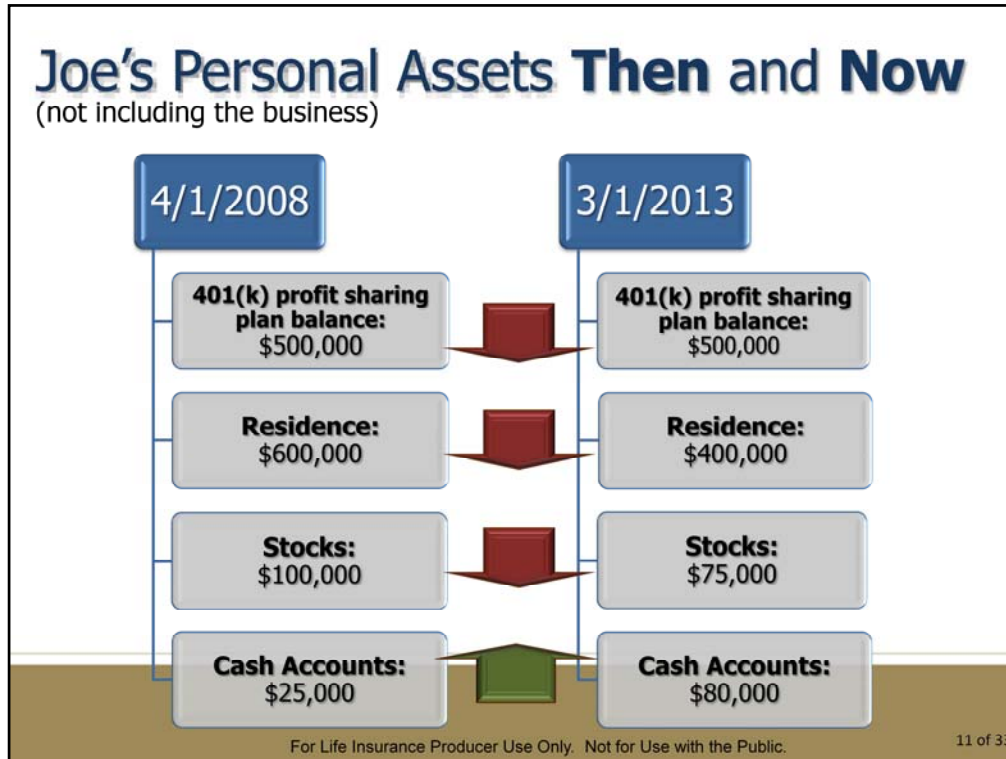
- Joe, 50 years old
- Owner of Lawyer-Link, an S-Corporation
  - 30 employees
- Doesn't plan on retiring for at least 15 years



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Our business owner client that we'll be leading through the process today is Joe, the owner of Lawyer-Link, a legal head-hunting agency. Through his contacts at the most prestigious law firms in the country Joe has been able to build quite a successful placement agency that employs 30 employees and is currently formed as an S corporation. Joe is a new breed of saver, meaning that he is a little bit more savvy than savers in the past, particularly because of his experiences in the recent downturn. At 50 years of age, he knows that he's going to need quite a bit of time to get his retirement savings in the shape they need to be. He's acknowledged a longer time horizon for his saving and so he doesn't plan on retiring for at least 15 years.

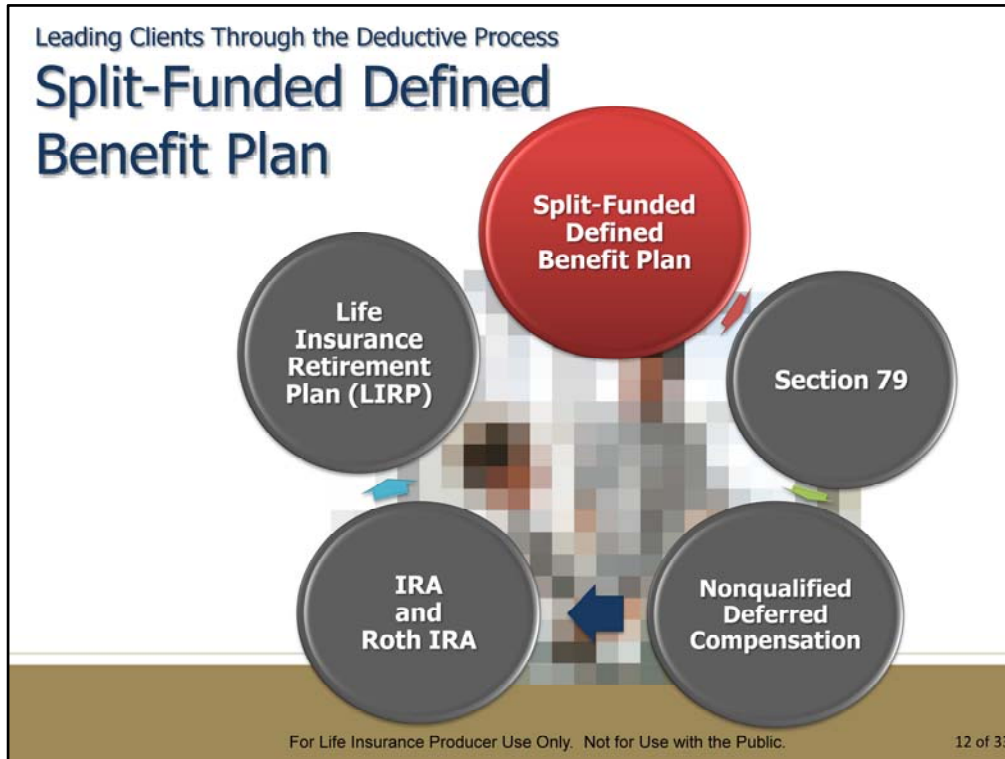
His goal is to accumulate enough retirement savings to maintain throughout his retirement the standard of living that he currently enjoys. With an annual income of \$250,000, Joe has been able to enjoy quite a comfortable lifestyle. He also wants to provide financial protection to his family of four so that they are taken care of in the case of his early death.



The primary reason that Joe is realistic about his retirement time-frame is the loss his portfolio suffered during the down economy. He realizes that he is behind in his retirement savings, and wonders how he will be able to catch up.

This slide shows the difference in Joe's assets as of April 1, 2008 versus now. Like most other people, Joe's assets diminished in value a few years ago, and have recovered somewhat, but they are not where he wants them to be. His 401(k) plan balance remained flat until the recent upturn in the markets despite the fact that he was maximizing his contributions, his house went down in value significantly, and his stock portfolio has finally rebounded somewhat. The one thing that has done well is his cash account and that is really a function of the fact that Joe has been scared to do anything except put his money in the bank. He wants to make sure he is not losing any principal so he's taking all of his money and putting it all in money markets and CDs which are providing low yields but are giving him some downside protection.

But his initial flight to safety is wearing off and now he's a little more prepared to delve back into other types of investments, which is why he's come to see us. Nevertheless, he's bringing a higher standard to his selection of investments than he has in the past and so we have to remember the shifts in his perspective that we mentioned earlier on in the presentation. He wants to be diversified, is wary of complicated strategies, has a smaller budget to work with, and most importantly he wants control.



The first strategy that we speak to Joe about is the Split-Funded Defined Benefit plan.

## Split-Funded Defined Benefit Plans

**A Defined Benefit (DB) qualified plan focuses on the retirement benefit and not on the deductible contribution.**

- Maximum annual retirement benefit from DB plan is the lesser of 100% of compensation or \$205,000 a yr. \*

**When life insurance is added to a DB plan it is often called a "split-funded" DB plan.**

- Life insurance has been added to the plan along with the investments.

\* In 2013, adjusted annually for inflation.

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13 of 33

The best way to explain how a split-funded defined benefit plan works is to contrast it to a defined contribution plan, the prototypical example of one being a 401(k) profit-sharing plan. In a defined contribution plan the amount that you can contribute to the plan each year before retirement is explicitly limited or capped. In 2013] the maximum amount that you can contribute to a profit-sharing plan was \$51,000](which includes employer matches), regardless of your age.

In a defined benefit plan it's different. Rather than explicitly limiting the amount that you can contribute to the plan before retirement, defined benefit plans limit the amount that you can receive from the plan each year after retirement. In 2013, the maximum annual benefit that a participant can receive from a defined benefit plan is \$205,000.\* Once the benefit is determined, the third party administrator figures out how much time the participant has until retirement and how much the participant will have to contribute to the plan each year in order to fund the annual retirement benefit. This means that the less time that a participant has until retirement, the more he/she can contribute to the plan.

\* In 2013, adjusted annually for inflation.

## Split-Funded Defined Benefit Plans

A DB plan may be attractive to business owners closer to retirement.

- Due to the ability to accumulate significant retirement savings in a relatively short time period.

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Split-funded defined plans are attractive to older business owners because they allow them to catch up on their retirement savings in a short period of time and in a tax-deductible manner.

Split-funded defined benefit plans, however, have an additional advantage over defined contribution plans. By purchasing life insurance inside of the defined benefit plan participants can further increase the amount of tax-deductible contributions they can make to the plan. Contrast this to a defined contribution plan which can only receive \$51,000 in contributions regardless of whether life insurance is purchased inside of the plan or not.

For these reasons, split-funded defined benefit plans have been among the strategies that we recommend to business owner clients looking to save large amounts for their retirements.



## Joe's Reservations



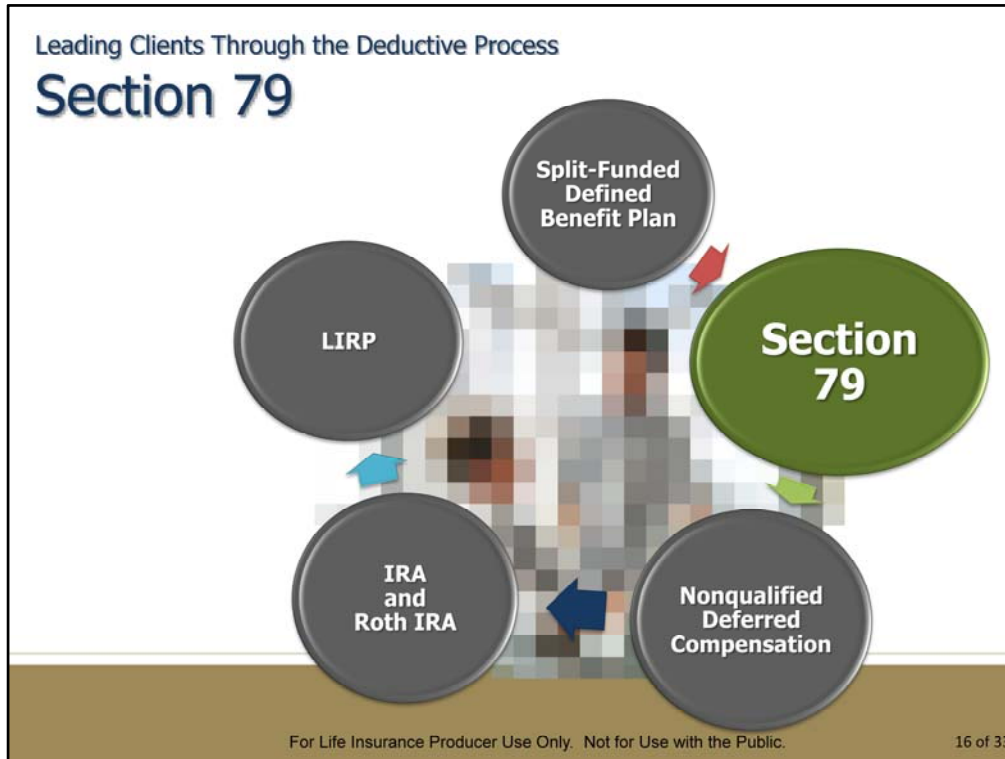
- Non-discrimination rules
- Permanent Plan

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The strategy looks extremely appealing to Joe, who as a business owner wants to take advantage of any tax-deductions available to him while accumulating his retirement funds. He is hindered, however, by the fact that he has 30 employees. Because a split-funded defined benefit plan is a qualified plan, this means that Joe cannot implement the plan in order to discriminate in favor of highly compensated employees. This requires Joe to include most if not all of his employees and to provide the same proportionate benefit to them as he is providing for himself. With 30 employees, this is a burden that Joe is not willing to meet. As we mentioned before, his budget is somewhat constrained.

Joe's second reservation has to do with the fact that defined benefit plans are permanent plans. This means that Joe cannot do away with the plan whenever he feels like it. He must keep the plan in place and make the minimum contributions required each year to fund the retirement benefit.

In other contexts, we mentioned something called the Qualified Combo Plan. This plan allows business owners who already have a 401(k) profit-sharing plan, to which they are making contributions on behalf of their employees, to implement a defined benefit plan primarily for the business owner. The Qualified Combo plan is a great way of broadening the market for Split-funded defined benefit plans for business owners who are already expending the cost of helping their employees save for retirement. Unfortunately for Joe, however, he does not have a 401(k) profit-sharing plan in place so the Qualified Combo plan is not an option for him.



For these reasons, we are going to place split-funded defined benefit plans back into our arsenal of strategies that we can potentially talk to clients about. I want to stress that just because a split-funded defined benefit plan did not make sense for Joe in this case, it doesn't mean that it is not a great strategy that will be a great fit for other business owners.

The next strategy that we speak to Joe about is a Permanent Benefits Section 79 Arrangement.

## Permanent Benefit Section 79

### Internal Revenue Code Section 79

- Tax rules regarding group term insurance
- Provides requirements for either a master policy or individual policies to qualify as "group term life insurance"
- Allows a corporation to establish a group term plan that provides permanent benefits as well as group term benefits\*

\*Please consult with your employee benefits legal counsel as to whether this is an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) and if so, whether any additional requirements are necessary to comply with ERISA

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Section 79 is the code provision that deals with group term life insurance. But within Section 79 there are provisions that allow a corporation to establish a group term plan that provides permanent benefits as well as group term benefits. And that's what we're talking about here – the permanent benefits component of a section 79 arrangement.

Here is how a Permanent Benefit Section 79 arrangement generally works:

The participating employees have the ability to choose between three different options. Option 1 is a group term life insurance benefit to all employees of \$50,000. This first \$50,000, assuming it's a non-discriminatory plan, is going to be free from taxation to participants. Option 2 is that participants can choose supplemental term insurance in excess of \$50,000. If they do so, they will be taxed on the term cost of the death benefit protection in excess of \$50,000. And Option 3 is that participants can choose permanent benefits in the form of an individually owned cash value life insurance policy. If they choose this option, they are taxed on the death benefit in excess of \$50,000 and the cost of the permanent benefit. The cost of the permanent benefits is determined by the deemed death benefit formula. One reason this plan may be attractive to business owners is that although the employer can deduct 100% of the policy premiums, the participant may be taxed on an amount that is less than 100% of the premiums paid. This depends on the life insurance product used and the design of that product.

In order for a permanent benefit Section 79 plan to be non-discriminatory, it has to offer permanent benefits to all eligible employees.\* If a section 79 program is discriminatory, then section 79(d)(1) provides that a key employee may not take advantage of section 79(a)(1). This means that a key employee may not exclude the cost of the first \$50,000 of death benefit coverage. In addition, for amounts in excess of \$50,000, a key employee must include in income the greater of the Table I cost or the actual premium paid by the employer. A rank-and-file employee is taxed according to section 79(a)(1), even if the program is discriminatory.

*\*Please consult with your employee benefits legal counsel as to whether this is an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) and if so, whether any additional requirements are necessary to comply with ERISA.*

*Note:* Coverage must be offered under a formula that precludes individual selection and is based on something related to employment. Like coverage must be offered to all eligible employees of a group or class. If permanent coverage is offered a non permanent alternative must be offered. Employees may reduce their coverage in increments of 10% or \$10,000 to a minimum of \$50,000 of coverage.

## Permanent Benefit Section 79

Premium payments are generally fully deductible to the corporation\*

Employees must pay taxes on the permanent cost of the policy as determined by the deemed death benefit formula

- Most employees don't elect permanent benefits
- Employees also taxed on cost of death benefit protection in excess of \$50,000

\*Assuming it qualifies as an ordinary and necessary business expense under IRC Section 162.

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Now with a permanent group 79 plan the premium payments are fully deductible to the corporation.\* So they're going to be able to fully deduct the cost associated with the \$50,000 group term as well as the full premium contributions they're paying for these individually owned cash value policies. That's all going to be fully deductible to the corporation. The employees, on the other hand, are going to have to pay taxes on a couple of components.

From a participant's standpoint, a primary benefit is the favorable upfront taxation. The participant is only taxed on the term cost of the death benefit protection in excess of \$50,000. In addition, those choosing permanent benefits may be taxed on a amount that is less than the policy premium, depending on the product used.

And this is where the sizzle is for the permanent benefit plan. At the surface you might be wondering how that differs from an executive bonus - the employer is paying the premium, they get a full deduction and the employee has taxable income. Well, the difference is that with an executive bonus that premium payment by the employer is fully taxable to the employee. With a Section 79 arrangement the amount taxed to the employee for the permanent benefit is determined by a formula and the formula is called the deemed death benefit formula. Depending on the product you use what essentially happens is that the employee is only taxed on a portion of the premium amount.

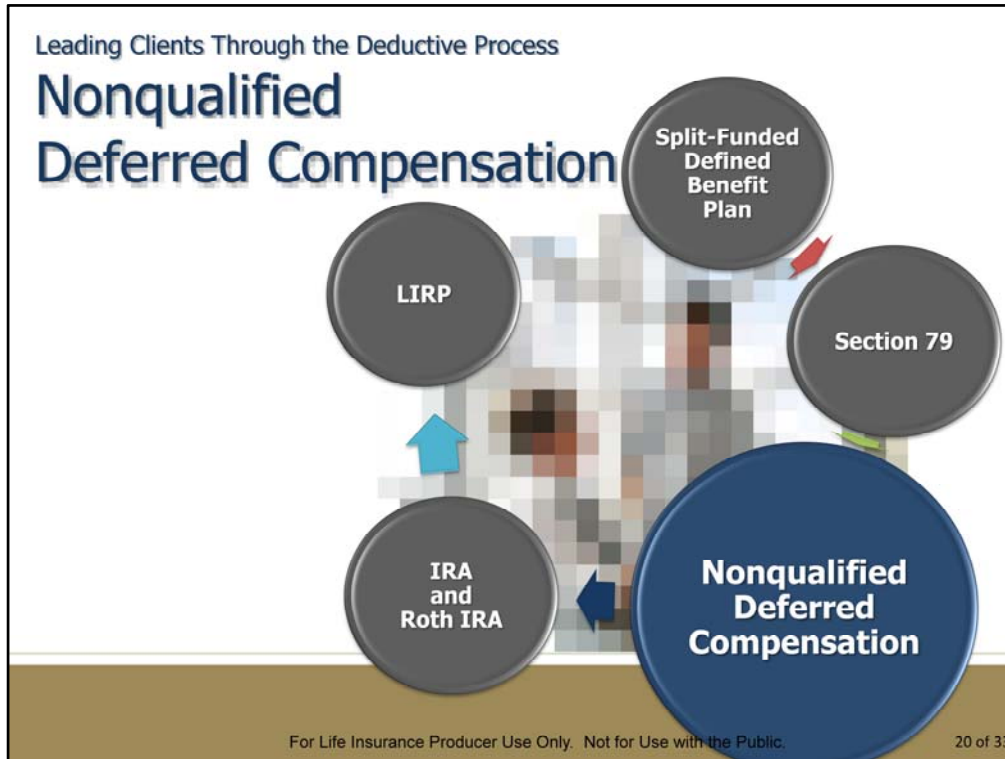
*\*Assuming it qualifies as an ordinary and necessary business expense under IRC Section 162.*

## Joe's Reservations



- Not a C-Corp Owner

Joe is prevented from participating in the section 79 arrangement, however, because he is the owner of an S-Corporation. Shareholders with a 2% (or higher) stake in an S-Corporation are not considered employees for Section 79 purposes and so Joe is effectively prevented from implementing a section 79 arrangement.



So for this reason we are also going to put Section 79 back into our arsenal of strategies for use with another client. The next strategy that we talk to Joe about is deferred compensation.



## Nonqualified Deferred Compensation

**Unsecured promise by employer to pay future benefit**

- Benefit subject to claims of business' creditors

**Business may choose to informally fund the plan with any asset (or not at all)**

- If life insurance is chosen, the policy is not the plan

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21 of 33

Deferred compensation deals with those retirement plans that are distinct from qualified plans. There are several differences between qualified and nonqualified plans but one of the primary ones is that nonqualified deferred compensation is an unsecured promise by an employer to pay a future benefit to the participant. This means that the retirement benefit is a general liability of the employer until it is actually paid out and therefore the funds are subject to the claims of the business' creditors.

For deferred compensation the business may choose to informally fund the plan with any asset, or they may choose not to fund it at all if they are confident that they will have the funds necessary to pay the retirement benefit to the participants. Life insurance is often used as the informal funding vehicle because of the tax-advantaged growth of the policy. It is important to remember, however, that the life insurance policy is not the same thing as the deferred compensation plan. They are two separate documents and should be treated as distinct agreements.

## Nonqualified Deferred Compensation

**Discriminatory plan (Top Hat)**

- Select group of management or highly compensated employees (including the owners)
- Minimal ERISA requirements

**Not subject to qualified plan limits**

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Deferred compensation is attractive to business owners like Joe because it is by definition a discriminatory plan. It is a “top hat” plan which means that it must be limited to a select group of management or highly compensated employees, which group includes the business owners. The advantage to a top hat plan is that there are only minimal ERISA requirements that the employer needs to meet.

Another reason that deferred compensation is attractive to business owners is because unlike qualified plans, where there is a set limit to the amount of contributions or benefit a participant can receive from the plan, there are no such limitations for deferred compensation plans. Nevertheless, business owners must still comply with reasonable compensation limits under IRC Sec. 162.

## Joe's Reservations



- Complicated
  - IRC Section 409A Compliance
- No tax deduction for contributions
  - Because Joe is an S-Corp owner he must fund with after-tax dollars
- Plan funds subject to business' creditors

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23 of 33

Even when it comes to deferred compensation plans, however, Joe has his reservations. His first reservation has to do with IRC Section 409A compliance. IRC Section 409A deals with the regulation of nonqualified deferred compensation plans. While it is not an absolute requirement to use a third-party administrator to install a deferred compensation plan, it is a good decision to do so. IRC Section 409A is extremely complicated and requires an experienced third-party administrator if the employer wants to be absolutely sure that he/she is complying with all of its requirements. The penalty for violating 409A is quite severe – immediate taxation on any deferred amounts as well as a 20% penalty tax on those amounts.

Joe's second reservation has to do with the fact that nonqualified deferred compensation plans do not afford the business a current tax deduction for contributions to the plan. This is quite a significant fact for two reasons. First, because Joe is an S-Corp owner he will have to make after tax contributions on behalf of his highly compensated employees, something that Joe just doesn't want to do. Second, because Joe is an S-Corp owner, there is no tax reason to use nonqualified deferred compensation. He will be using after tax dollars to save for retirement whether or not he uses nonqualified deferred compensation. The additional downside to deferred compensation for Joe, however, is the fact that the funds in his deferred compensation plan will be subject to the business' creditors.

## Individual Retirement Strategies

- Increased focus on “do-it-yourself” retirement strategies
  - More people will look into individual strategies

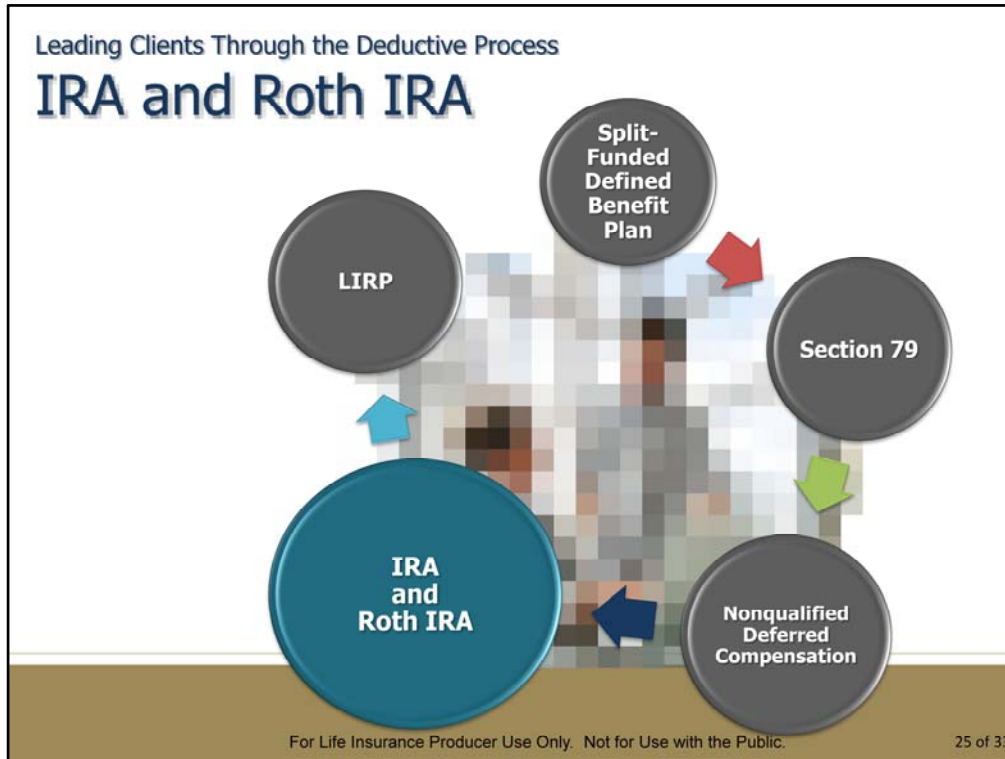


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24 of 33

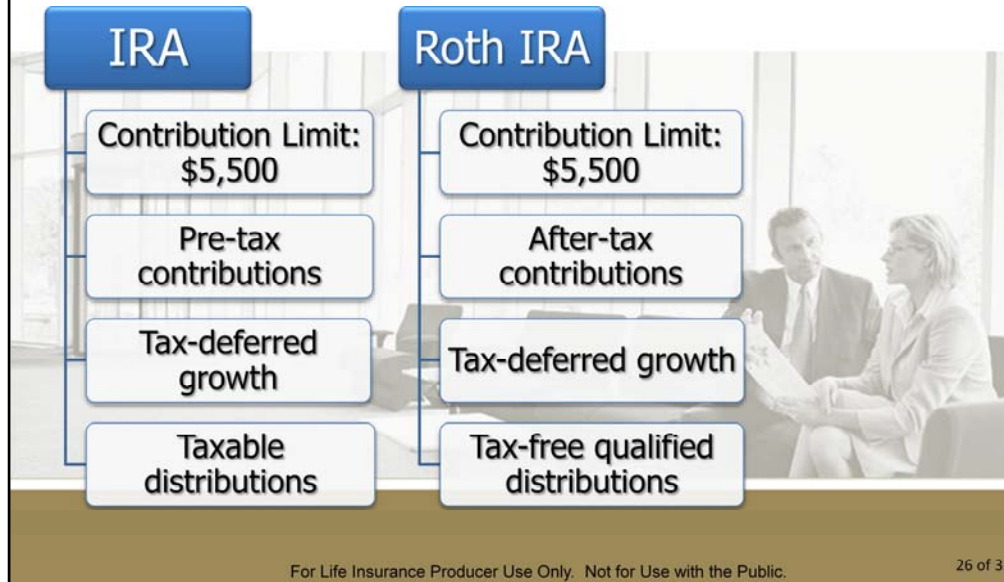
We've already gone through three strategies that are staples in the advanced planning area and eliminated them as viable strategies for Joe. So what's left?

Well the primary shift that we're seeing among clients is that they want to do it themselves when it comes to retirement. Americans, especially business owners, are pioneers and they don't like having the government or anyone else telling them what they can and cannot do. For example, they don't like being told how much they can put into their retirement plan or who else they have to include. And now, in the aftermath of the financial meltdown we've all experienced business owners are even more likely to take control of their financial planning process.



So what we're going to do is talk about a couple of the more independent strategies that are out there.

# Individual Retirement Strategies



IRAs and Roth IRAs are individual retirement accounts. For a traditional IRA the participant or owner can contribute up to \$5,500 in personally tax-deductible dollars to their IRA (plus a "catch-up" amount of \$1,000 per year for those 50 and over). Once in the IRA will grow tax-deferred. On the back end, when the funds are distributed from the IRA, they will be taxed to the IRA owner.

Roth IRAs work differently. With a Roth IRA, the owner makes an after-tax contribution to the Roth IRA, up to the limit of \$5,500. Once the funds are inside the IRA, they will grow tax-deferred. On the back end, however, since the contributions were made using after-tax dollars, the participant can receive distributions from the Roth IRA free of tax if they receive a qualified distribution.



# Roth IRA Conversions

## Increased interest in Roth IRAs

- Due to conversions

## No cap on adjusted gross income for

- Converting traditional IRAs into Roth IRAs

## Advantages of Conversion

- Recognize taxable event in the present to avoid future taxation
- Re-characterization: Convert back to traditional IRA if performance is lacking

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27 of 33

There has been increased interest in Roth IRAs recently because of the conversion rules beginning in 2010. In 2010, the cap on adjusted gross income was lifted and even those individuals who have an adjusted gross income of \$100,000 or more can make conversions. If the participant decides to do a conversion, he or she would have to tax on the portion of traditional IRA funds that are converted to a Roth IRA. The advantage of doing the conversion comes from recognizing the amount of funds converted as taxable income at current income tax rates. Those who choose to convert funds to a Roth IRA are assuming that tax rates will increase in the future. By doing the conversion now, participants will avoid having those amounts included in their taxable incomes at a later date - when they take distributions from their Roth IRAs.

Another advantage is the option of re-characterization. If the participant switches over to a Roth IRA and discovers that the end result of the conversion was less profitable than had he or she kept their traditional IRA, the participant can undo the conversion and make it as if the conversion had never been done.

## Joe's Reservations

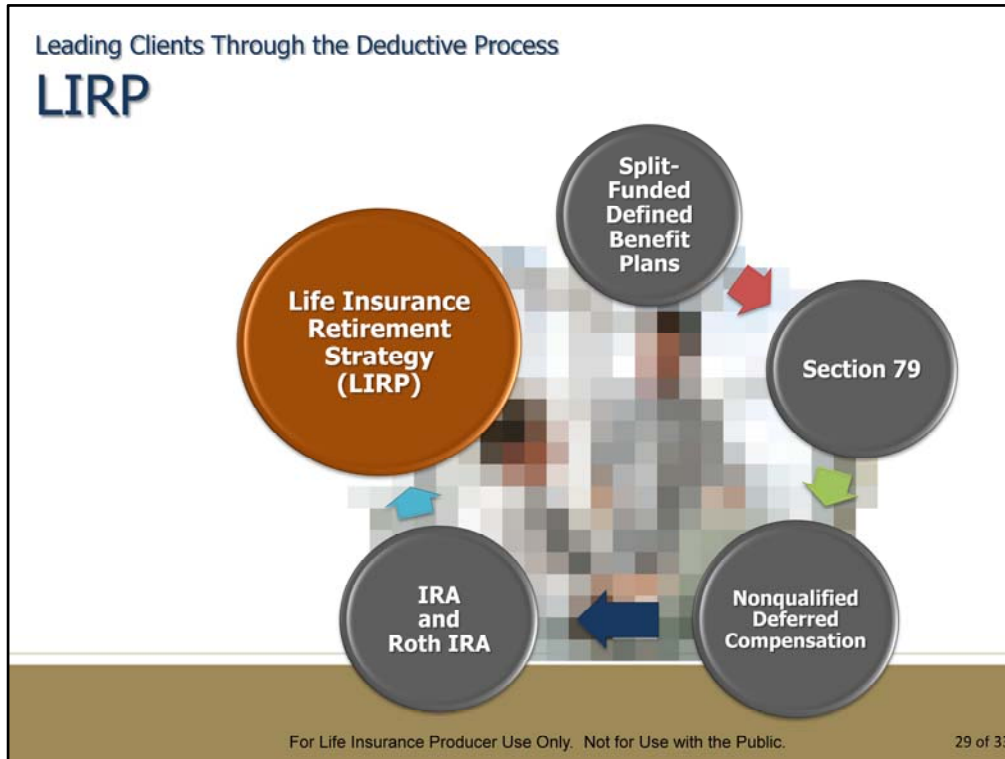


- Contribution limits

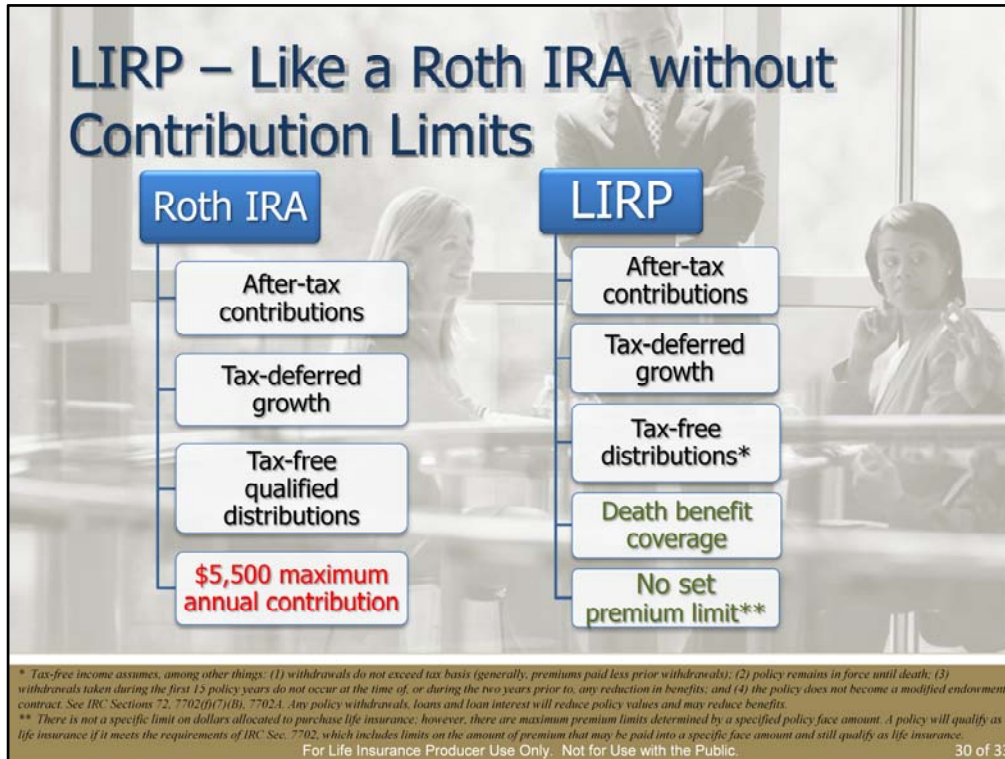
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28 of 33

The problem that Joe has with the Roth IRA however are its contribution limits. Now I said that there had been a lifting of the cap on adjusted gross income for Roth IRA conversions in 2010 and that is true, but there is still going to be a cap on adjusted gross income for *contributions*. Those making more than \$188,000 (in 2013) cannot make contributions to a Roth IRA. Even for those who make less than \$178,000 will be limited to a \$5,500 dollar contribution, which, even compared to a profit-sharing plan contribution, is small. So Roth IRAs, even though they provide independence to Joe and provide tax-advantaged growth, are eliminated from the list of viable strategies for Joe.



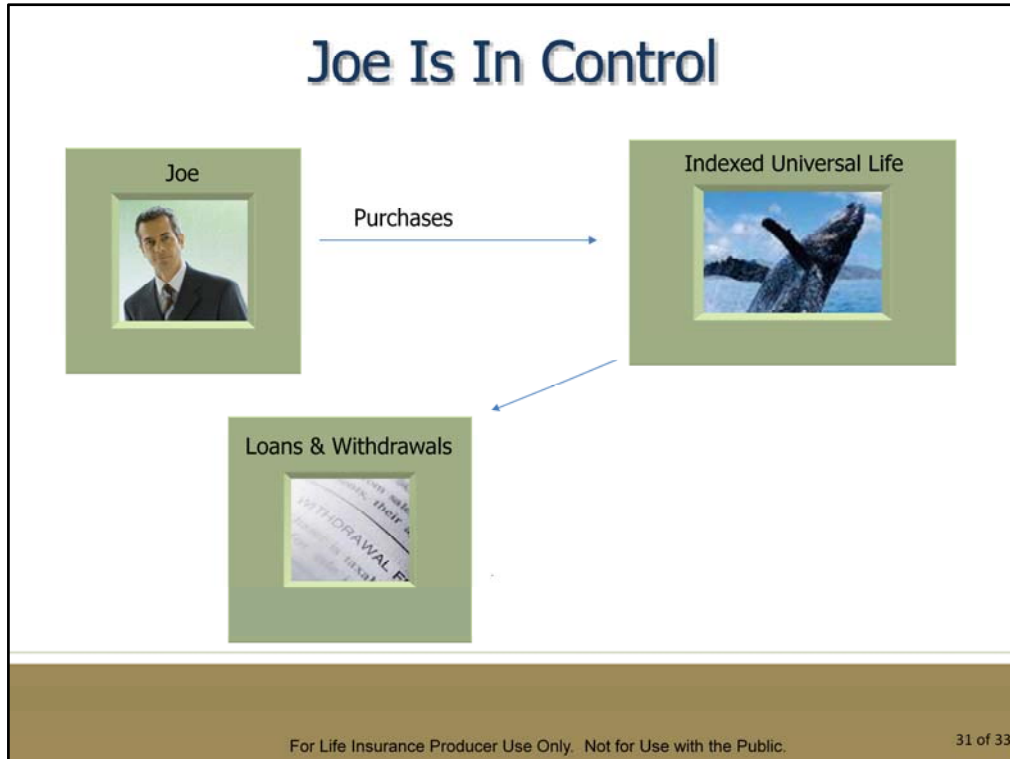
This leaves us with the Life Insurance Retirement Plan (or LIRP for short).



And what we find is that LIRP compares quite well with the Roth IRA. In fact, it is very much like a Roth IRA without the contribution limits. Both Roth IRAs and LIRP allow for after-tax contributions, tax-deferred growth, and tax-free distributions.\* But while the Roth IRA is capped at \$5,500 in maximum annual contributions, the LIRP has no set contribution limit. Of course, there are underlying guidelines that will limit the amount of insurance any one individual can purchase on himself, but other than this there is no governmental limitation as to how much he can pay in as premiums into the policy.\*\* And of course, there is the primary benefit of death benefit coverage for the owner of a LIRP arrangement.

\* Tax-free income assumes, among other things: (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); (2) policy remains in force until death; (3) withdrawals taken during the first 15 policy years do not occur at the time of, or during the two years prior to, any reduction in benefits; and (4) the policy does not become a modified endowment contract. See IRC Sections 72, 7702(f)(7)(B), 7702A. Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.

\*\* There is not a specific limit on dollars allocated to purchase life insurance; however, there are maximum premium limits determined by a specified policy face amount. A policy will qualify as life insurance if it meets the requirements of IRC Sec. 7702, which includes limits on the amount of premium that may be paid into a specific face amount and still qualify as life insurance.



So as unlikely a candidate as LIRP may have appeared in the beginning of the process, we find that it meets Joe's needs quite well as compared to the other strategies that we discussed today. It allows Joe to accumulate retirement funds independently while avoiding the hassle of third-party administrators, the contribution limitations of qualified plans, and non-discrimination requirements of qualified plans as well.

What we did was use an indexed universal life insurance product. This allows Joe to make premium payments until he takes his retirement. At his retirement, he can begin to take withdrawals\* from the policy each year.

*\* Any policy withdrawals, loans and loan interest will reduce policy values and may reduce benefits.*

## What Have We Accomplished for Joe?

- **Family protection** via death benefit coverage
- **Retirement Income Diversification**
  - Accumulated retirement income potential outside of his business
  - Less reliant on selling the business
- **Discriminatory Arrangement**
  - Who participates is in Joe's control
  - No "contribution limit." Premiums are limited by the policy face amount purchased.

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32 of 33

So what have we accomplished for Joe?

Well, first and foremost we've provided him with family protection with the death benefit coverage. Should Joe pass away prematurely, his family will be amply provided for.

Secondly, we allowed Joe to diversify his retirement assets and allowed him to move away from the all-in-one approach of selling his business. By doing so we've allowed him to build a pool of retirement funds outside of his business and under his control.

And finally, we allowed Joe to save on employee costs by using a strategy that didn't require him to include his employees and didn't set an arbitrary amount as his contribution limit.



## Joe Selects the *Strategy That Fit* His Goals & Concerns with Your Help

Plan	S-Corp Owners	Third-Party Administrator	Include Employees
Split-Funded Defined Benefit Plan	Yes	Yes	Yes
Section 79	No	Yes	Yes
Nonqualified Deferred Compensation	No	Yes (recommended)	No
Life Insurance Retirement Plan (LIRP)	Yes	No	No

As I mentioned before, LIRP was the unlikely candidate, but when it came to simplicity of implementation, employee costs, and something for S-Corp owners, LIRP was the best strategy for our client. Most importantly, however, we hope we've shown the value of taking your clients through the deductive process and seeing how each strategy may or may not meet your client's needs. We wish you luck in implementing this process yourself.

With that I would like to conclude the presentation and open it up for any questions you might have.