

Connecting The Dots To A Tax-Free Retirement





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**HOW HIGH ARE TAX RATES GOING TO GO UP?
HALF of your retirement savings could GO TO PAY TAXES if
Tax Rates go up to 50%**

Your Primary Goal should be A Debt-Free & Tax-Free Retirement!

We can help you be there in 10-15 years

How our plan works: **Our “Connecting The Dots” Story**

Jacob and Emma are both 45-years-old and are a very happy healthy couple. They have 3 children, all under 20-years-old and living at home. They moved into their home a couple of years ago and they currently have \$300,000 on their mortgage with 28 more years of monthly payments. They are living happily and believe that everything is going well. They even have \$150,000 in their IRAs from prior employers that are part of their retirement plan. They are successful Business Owners. They have grown their business to 10 employees over the last 12 years.

Like most of us, “They Don’t Know, What They Don’t Know”.

Healthy – At 45 Long Term Care expenses may be the furthest thing from their minds. But they should think about setting up a plan to take care of these expenses when they are healthy.

They have 3 children – Setting up a plan that includes having money set aside for their kids and grandkids would be great. But like most of us, they are busy paying the bills they have today. It would be great to have money for their family as a legacy. But for now, this is a luxury that is out of reach.

Mortgage with 28 more years – They qualified for the 30-year home loan, and in 20 years they will have paid off only half of the mortgage. But that is all they can do for now.

\$150,000 in their IRAs – This money could double every 10 years. If it did, they would have \$600,000 for their retirement. So, this money could be used as retirement income and a legacy. BUT if the tax rates are at 35% that means they will pay \$210,000 in taxes. Legacy = \$390,000.

Successful Business Owners – What they don’t know is that 85% of small business owners that are eligible for, on average, \$40,000 per year government checks do not take advantage of getting this money. They don’t even know where to look for this money.



Connecting The Dots To A Tax-Free Retirement

We educate people so “They Do Know, What others Don’t Know”.

Healthy – At 45 Long Term Care expenses CAN be taken care of and have a peace-of-mind. They can have a plan that will leverage their money and create an LTC bucket of money.

They have 3 children – Setting up a plan that includes having money set aside for their kids and grandkids IS GREAT! We educate people how they can make “this luxury” a reality.

Mortgage with 28 more years – They qualified for the 30-year home loan. NOW they could pay off of their mortgage in 15 YEARS! They can fund a Tax-Free plan and lower their mortgage principle every month. They can save over \$11,000 in 3 months! That’s 15 monthly payments!

\$150,000 in their IRAs – This money could double every 10-12 years. If it did, they would have \$600,000 for their retirement. They have two options.

- 1) Guarantees them a 30% bonus when they pass away. That’s \$180,000 to help pay that \$210,000 Tax Burden. **Legacy = \$570,000**
- 2) A tax-free option that gives them income and a legacy. The taxes and income loans are paid out of the death benefit. Usually the death benefit creates a bucket of money that is 2-3 times the premium. **Legacy/Income Bucket: $\$600,000 \times 2 = \1.2 Million or $\$600,000 \times 3 = \1.8 Million**

Successful Business Owners – What they don’t know is that 85% of small business owners that are eligible for, on average, \$40,000 per year government checks do not take advantage of getting this money. They don’t even know where to look for this money.

Before we can move forward, we need to go over some definitions so you can understand and easily apply these simple principles into any situation. After we go through this process, we will give you the opportunity to apply what you have learned to your personal story.

How to use this eBook:

Our goal is to first ask the important questions, give the solutions then read a story to determine if you can see how to apply what you have learned.

YOUR Foundation

- DOT 1 What is a **Tax-Free Retirement?** (TF)
- DOT 2 What about **LTC expenses?** (TF)
- DOT 3 What about a **Legacy** for my family? (TF)

FINDING Funding

- DOT 4 What is **Profit Recovery?** (PR)
- DOT 5 What is **Debt Recovery?** (DR)
- DOT 6 What is **Tax-Timebomb** Recovery? (TR)

BUILDING YOUR FOUNDATION



DOT 1

What is a Tax-Free Retirement?

This is your own personal retirement plan where you don't need to pay any taxes on the money you receive as income! The day your policy plan is issued you have leveraged your money and created an opportunity for market growth with no risk of market losses. All the money you put into this plan continues to work and grow as if you didn't take any income. This income is paid out of the policy plan when you pass away. So, the income comes to you as a loan from the death benefit so you never have to pay it back. And the amount of the death benefit that is above the loan amount goes to your kids, grandkids and other beneficiaries completely Tax-Free!

You do have to qualify for this plan. You have to be healthy enough for the insurance company to issue you this Life Policy. With a life policy plan, you will leverage your money and create a much larger death benefit. And since a death benefit is Tax-Free, all the money that you borrowed monthly, or annually, from the policy is also Tax-Free.

DOT 2

What about LTC expenses?



Long Term Care expenses can eat away at your savings and leave nothing as a legacy for your family. As we have learned in DOT 1, a life policy plan can offer annual or monthly income. It can also offer a lump sum or a monthly percentage of the death benefit to cover LTC expenses. Let me create an example to illustrate this opinion:

- Total Premium Paid: \$500,000 (monthly, annually or lump sum)
- Total Death Benefit: \$1 Million (Tax-Free at death)
- Total LTC coverage: \$500,000 (50% of DB)

In the example above the death benefit is twice as much as the total premium paid. The total available to cover LTC expenses is 50% of the death benefit, or \$500,000. So, this person, by paying their premiums, has leveraged their money and created a \$1 Million bucket of Tax-Free money. They can use \$500,000 for LTC expenses and still leave \$500,000 as a Tax-Free death benefit to the family!

But if this same person had not taken advantage of this option, and had this money in a savings account, they could have spent the \$500,000 from the savings account to pay for LTC expenses and left \$0.00 for their family.

DOT 3

What about a Legacy for my family?



In many cases people have taken income from their policies, for 4 to 10 years, and have taken out income loans over that time that have equaled the total amount they have paid into the policy. Basically, they have ALL their money back, they have “no more skin in the game”. And they still leave a Tax-Free death benefit for their family.

Example: 45-year-old male puts \$500 per month, \$6,000 per year, into his plan to age 65. $\$6,000 \times 20 \text{ years} = \$120,000$. If his annual Tax-Free income, Maximum Distribution, that he starts taking at 65, is \$30,000 per year, he would get all his money back in 4 years. $\$30,000 \times 4 \text{ years} = \$120,000$. He could still leave his family \$400,000, maybe \$600,000 or more, even though he has received all his money back as Tax-Free income.

The options discussed in the 3 DOTs above are determined by the age and health of the individual, the amount of premiums paid, the increase in the market and strategists used. Each insurance company has their own options available. You will need a personal illustration to reflect your specific situation. You will then need to submit the illustration, along with some additional info, to the insurance company for their review. They will then give you an offer for your personal Tax-Free Retirement-LTC-Legacy Plan. Remember to keep the death benefit as low as possible to Maximize your income potential and keep your Tax-Free plan in place and growing.

Stay Healthy..... and get your plan ASAP.

SUMMARY

In this section it is important to see how important a **Tax-Free Retirement Plan** can be for Jacob and Emma if tax rates are increased. Even if the rates stay the same, this plan will allow the client to **leverage their assets** on the first day that the life policy is in place. They will also have the options to take **annual or monthly income** from this plan. They will also have the option to use this plan to **cover Long Term Care costs**.

Tax-Free Income - Long Term Care expenses - Death Benefits for Legacy

FUNDING YOUR PLAN



DOT 4

What is Profit Recovery? - (Business Owners)

There are currently over 700 rebates, credits, grants and incentives available to small business owners that are putting money back into their pockets since the Reagan Administration. There are local, regional, state and federal options that are industry specific. The average Profit Recovery Rebate Check is over \$100,000 for successful small businesses with 10 or more employees in many industries. The minimum amount of the check must be \$10,000 to qualify for this program. Below are actual cases. These are checks received annually.

| BYS INVOICE | |
|---|--------------------|
| DESCRIPTION | RECOVERY |
| BUSINESS INCENTIVE SOLUTIONS | |
| BILL To: Home Health/Hospice 40 emp. DATE: 4/2/20 INVOICE #: VCH513 | |
| Identification of Qualified Incentives & preparation of documents to claim incentives | |
| Consulting - Credit Calculations - 2019 - 1120S - Federal | \$52,227.00 |
| Consulting - Credit Calculations - 2019 - 100S - State | \$39,170.00 |
| TOTALS: | \$91,397.00 |

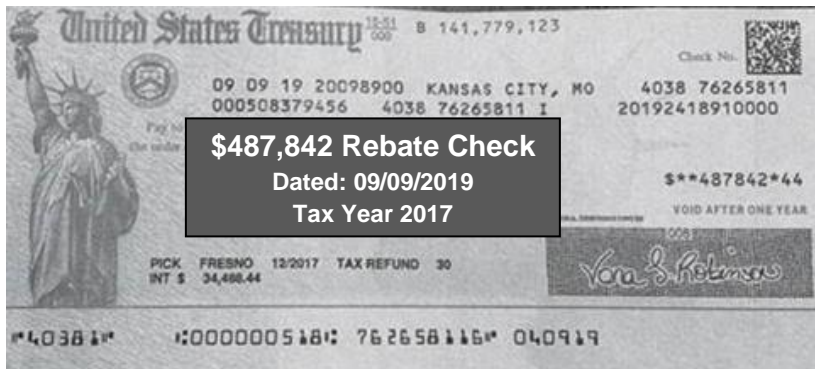
\$91,397 Rebate-Home Health 40 emps.

| BYS INVOICE | |
|---|--------------------|
| DESCRIPTION | RECOVERY |
| BUSINESS INCENTIVE SOLUTIONS | |
| BILL To: Plumbing co. 12-15 emp. DATE: 3/13/20 INVOICE #: CR18 | |
| Identification of Qualified Incentives & preparation of documents to claim incentives | |
| Consulting - Credit Calculations - 2018 - 1040X - Federal | \$28,889.00 |
| Consulting - Credit Calculations - 2018 - 540X - State | \$15,734.00 |
| Consulting - Credit Calculations - 2018 - 100X - State | \$1,439.00 |
| TOTALS: | \$46,062.00 |

\$46,062 Rebate-Plumbing 12 emps.

| BYS INVOICE | |
|---|--------------------|
| DESCRIPTION | RECOVERY |
| BUSINESS INCENTIVE SOLUTIONS | |
| BILL To: Heating & Air Cond. HVAC 4 emp. DATE: 3/19/20 INVOICE #: DR19 | |
| Identification of Qualified Incentives & preparation of documents to claim incentives | |
| Consulting - Credit Calculations - 2019 - 1040X - Federal | \$11,438.00 |
| Consulting - Credit Calculations - 2019 - 540X - State | \$4,600.00 |
| TOTALS: | \$16,038.00 |

\$16,038 Rebate-Heating & AC HVAC 4 emps



These rebates & credits expire after 3 yrs.
If this business owner had waited
3 years plus one day,
they would NOT have received this check.
They would NOT receive over
\$480,000

Small business owners need to learn about these credits
The small business owner could receive a check every year!
For tax year 2020 many credits have been increased 30%

Business Owners put \$10,000 to \$40,000 every year
A Tax-Free Retirement plan completely funded from the
Rebate Checks they receive every year!!

Total Retirement Opportunity
\$1Million - \$5 Million

DOT 5

What is Debt Recovery? - (Home Owners)



Most people who “own a house” get a 30-year mortgage. After 20 years, they have only paid off about half of their mortgage – AFTER 20 YEARS. Here is an example of how you can help them OWN their home sooner.

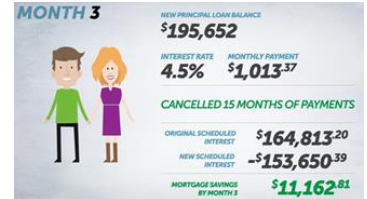
30 Year Mortgage - \$200,000 Loan - 4.5% Interest Rate - \$1,013.37 Monthly Payment



40-year-old couple + 30-year mortgage = 70 years old

| AMORTIZATION SCHEDULE | | | | | |
|-----------------------|------------------|--------------------|----------------------------|-----------|-----------|
| 30 Year | 200,000 Loan | 4.5% Interest Rate | \$1,013.37 Monthly Payment | | |
| | Principal | Interest | Balance | Equity | Paid |
| | \$164,813 | | | | |
| Year 20 | \$411.16 | \$602.21 | \$160,178 | \$39,821 | \$121,604 |
| Year 25 | \$644.28 | \$369.09 | \$97,779 | \$102,220 | \$243,208 |
| Year 30 | | | \$364,813 | | |

After 20 years of monthly payments they still owe \$97,779



With Debt Recovery they have Saved over \$11,000 in Month 3

This couple can PAY OFF their mortgage in 12 years! SAVING 18 YEARS OF PAYMENTS!!

EVERY SITUATION WILL BE DIFFERENT. BELOW IS AN EXAMPLE OF ANOTHER COUPLE WITHOUT THE DEBT RECOVERY SYSTEM IN PLACE

| Mortgage Amortization Schedule | | | | | |
|--------------------------------|------------|------------|------------|----------------|--------------|
| Payment Date | Payment | Principal | Interest | Total Interest | Balance |
| Aug 2020 | \$1,520.06 | \$395.06 | \$1,125.00 | \$1,125.00 | \$299,604.94 |
| Sep 2020 | \$1,520.06 | \$396.54 | \$1,123.52 | \$2,248.52 | \$299,208.40 |
| Oct 2020 | \$1,520.06 | \$398.03 | \$1,122.03 | \$3,370.55 | \$298,810.37 |
| ...after 19.75-years | | | | | |
| Apr 2040 | \$1,520.06 | \$955.64 | \$564.42 | \$209,810.17 | \$149,555.95 |
| ...after 30-years | | | | | |
| Jul 2050 | \$1,516.71 | \$1,511.04 | \$5.67 | \$247,218.25 | \$0.00 |

Standard 30-year, \$300,000 mortgage at 4.5% interest, with a monthly payment of \$1,520 per month. (Principal & Interest).

In after 19.75-years the balance on the loan is \$149,555.95.

By putting \$3,000 - \$10,000 every year into their retirement and extending the mortgage pay off from 10-12 years to 14-16 years the Home Owners will be DEBT FREE IN 15 YEARS WITH A TAX-FREE RETIREMENT PLAN!

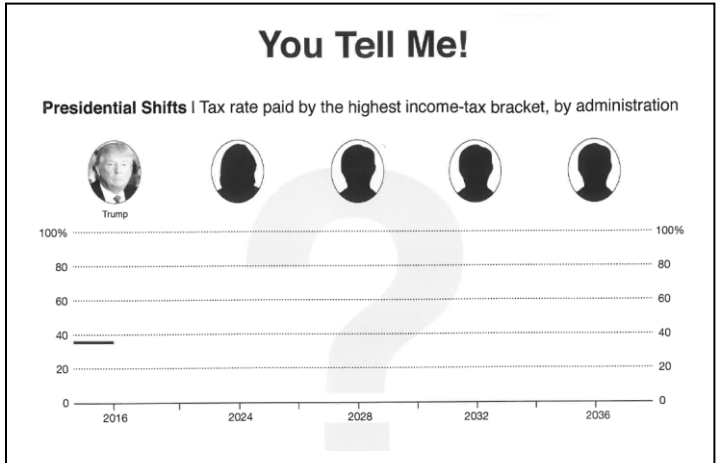
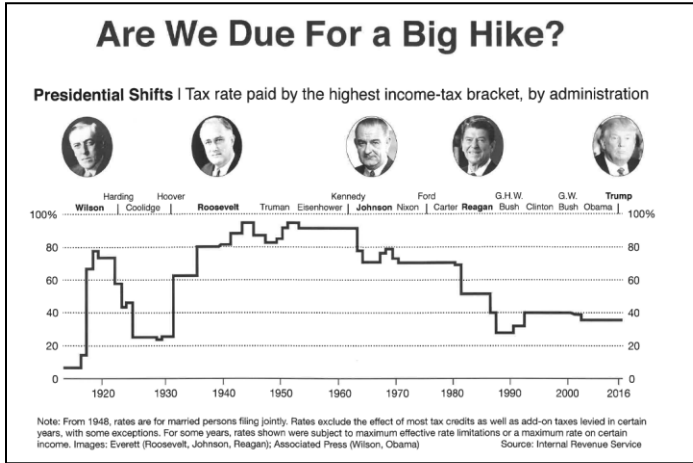
**Total Tax-Free Retirement Plan Benefits
\$500,000 - \$1 Million**

DOT 6

What is Tax-Timebomb Recovery? (IRA-401(k) Owners)



Many current retirement accounts are a traditional IRA or 401(k), a “Tax-Deferred” account. The taxes are still due, they are just deferred. Let’s use an example of a 65-year-old male who just retired and passes away leaving \$1 Million that is going to the kids and grandkids. This is a great legacy. BUT, let’s say that the federal tax rate is at 35% at that time. That means that there will be a \$350,000 tax burden that must be paid before any of the money can go to these beneficiaries. That is \$350,000 out of the \$1 Million is going to be used to pay taxes. And that is if taxes don’t go up to 50 – 70 % in the future. Historically rates have been over 85%!



So, we KNOW that the taxes MUST be paid. Here are two options to help minimize this burden.

Get a 30% Death Benefit Bonus on your IRA or 401(k) assets

**\$1 Million in Tax-Deferred account at death. 35% Fed Tax Burden. 30% Bonus on account
 If \$350,000 in taxes are due. The 30% bonus will be \$300,000 on the \$1 Million
 Tax burden: \$350,000 - \$300,000 = \$50,000**

Taxes Paid from Life Policy

Tax-Time Bomb
 Age & Risk Class: Male, Age 65, Preferred Non-Nicotine
 Initial Annual Premium: \$100,000
 Initial Death Benefit: \$1,438,189

Loan and Withdrawal Detail Report

Initial Annual Premium Payment: \$100,000.00 Premiums Payable Through Age 74
 Initial Interest Rate 7.25% Current Policy Charges

| Year | Age | Annual Premium Outlay | Loans | Loan Repayments | Loan Interest | Loan Interest Paid | Policy Debt | Net Outlay | Net Death Benefit |
|--------------|-----|-----------------------|----------------|-----------------|----------------|--------------------|---------------|----------------|-------------------|
| 1 | 65 | 100,000 | 0 | 0 | 0 | 0 | 0 | 100,000 | 1,515,778 |
| 2 | 66 | 100,000 | 35,000 | 0 | 1,925 | 0 | 36,925 | 65,000 | 1,562,721 |
| 3 | 67 | 100,000 | 35,000 | 0 | 3,956 | 0 | 75,881 | 65,000 | 1,611,740 |
| 4 | 68 | 100,000 | 35,000 | 0 | 6,098 | 0 | 116,979 | 65,000 | 1,663,060 |
| 5 | 69 | 100,000 | 35,000 | 0 | 8,359 | 0 | 160,338 | 65,000 | 1,716,898 |
| 6 | 70 | 100,000 | 35,000 | 0 | 10,744 | 0 | 206,082 | 65,000 | 1,671,154 |
| 7 | 71 | 100,000 | 35,000 | 0 | 13,259 | 0 | 254,341 | 65,000 | 1,622,895 |
| 8 | 72 | 100,000 | 35,000 | 0 | 15,914 | 0 | 305,255 | 65,000 | 1,571,981 |
| 9 | 73 | 100,000 | 35,000 | 0 | 18,714 | 0 | 358,969 | 65,000 | 1,518,267 |
| 10 | 74 | 100,000 | 35,000 | 0 | 21,658 | 0 | 415,637 | 65,000 | 1,461,599 |
| Total | | 1,000,000 | 315,000 | 0 | 100,637 | 0 | 65,000 | 685,000 | |
| 11 | 75 | 0 | 35,000 | 0 | 24,785 | 0 | 475,422 | -35,000 | 1,401,814 |

In this example we are putting in \$100,000 per year for 10 years = \$1 Million of Premium.
 Taking loans on the policy years 2-11 to pay the taxes that are due the following year after we put the money into the policy.
\$350,000 Due in taxes - \$350,000 paid with loans.

In year 11, we have paid all the taxes from the loans and if the client passes away at 75 the

NET DEATH BENEFIT
\$1,401,814

The “Connecting The Dots” Story

Our story is about a successful 45-year-old Business Owner that has grown the business to 10 employees over the last 12 years. The owner has a spouse and 3 children all under 20 years old and living at home. They moved into their home a couple of years ago and they currently have \$300,000 on their mortgage with 28 more years of monthly payments. They are living happily and believe that everything is going well. They even have \$50,000 in a couple of IRAs from prior employers that are part of their retirement plan.

How can you help them?

Our story is about a successful 45-year-old Business Owner that has grown the business to 10 employees over the last 12 years. (DOT 4)

The owner has a spouse and 3 children all under 20 years old and living at home. (DOT 1,2,3)

They moved into their home a couple of years ago and they currently have \$300,000 on their mortgage with 28 more years of monthly payments. (DOT 5)

They are living happily and believe that everything is going well. They even have \$50,000 in a couple of IRAs from prior employers that are part of their retirement plan. (DOT 6)

Foundation

DOT 1 What is a Tax-Free Retirement? (TF)

DOT 2 What about LTC expenses? (TF)

DOT 3 What about a Legacy for my family? (TF)

Funding

DOT 4 What is Profit Recovery? (PR)

DOT 5 What is Debt Recovery? (DR)

DOT 6 What is Tax-Timebomb Recovery? (TR)

Helping Others Prosper Everyday - H.O.P.E.

"Connecting The Dots" is all about RELATIONSHIPS.

Making someone's life better by being informed, educating others, offering solutions and making sure those solutions are put in place. You become the Trusted Advisor, the helpful friend, the family mentor and sometimes, all of the above.

Think about the Foundation and Funding DOTS. How would each apply to your local business owners, your business associates, co-workers, family, friends or yourself.

LET'S TAKE THE NEXT STEPS TOGETHER TODAY