

# Tax Advantaged Personal Pension The TEN99 Never – EIUL<sup>1</sup>

Tax Bracket Planning with Tax & Income Diversification

**Objectives:** To maintain same standard of living during retirement, while not out living your money.

**Priority: Stability, Predictability & Security of money; get off the Stock Market Roller Coaster!**

**“Peace of Mind”**

**Concern:** Taxes on the growth, distribution and the impact of increasing tax rates with fewer deductions.

**1. Normal Guidelines / Demands:** I don't want to lose money (downside potential)  
I don't want to pay taxes again (double taxation)  
I want a good rate of return (upside potential)

**2. Implement Tax Bracket Planning:** Minimizing taxes both now and when withdrawn. What if the Market Crashes? You don't lose money; your accumulated values don't drop. The TEN99 Never Strategy.<sup>1</sup>

**3. Recommendation:** A Equity Indexed Universal Life – “Stability to Security”

**EIUL Policy: Specifically Designed Investment Driven Policy to minimize taxes, maximum tax free income, life insurance to complete the plan, maximum funded to the IRS MEC limits.**

**4. Indexing Strategy: Provides Stability, Predictability & Security**

- The indexing strategy allows you to participate in potential double digit gains when the market goes up, but protects you from losses when the market declines.
- Grow Your Money Tax Deferred and Access Tax Advantages for supplemental retirement cash flow.
- Your money is not invested directly in the stock market.
- This strategy provides you with a greater potential for interest gains and a safeguard against market downturns.

**5. Stability & Security are one of the biggest reasons the wealthy use these accounts.**

Members of the world's richest banking families use these accounts as part of their retirement and investment portfolio. The majority of the Fortune 500 Companies Executives and largest banks invest billions into Life Insurance.

Billionaire Bill Gates and Warren Buffet have invested a combined 1.5 billion into this plan. The New York Times has called it a “loophole” that makes it a more attractive way to save.

John F. Kennedy, Franklin D. Roosevelt, Ronald Reagan, former Federal Chairman Ben Bernanke, John McCain, VP Joe Biden, Ray Kroc and the list goes on. If it's good enough for those wealthy individuals, businesses and Banks, you need to be taking advantage of it also. The Wall Street Journal: This



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program has become a tax shelter for the Rich...it gives the affluent tax advantages far beyond those available for middle income people through other retirement plans.

**6. Federal tax benefits of life insurance:** Listed here are a number of federal tax benefits that give a significant competitive edge to cash value life insurance that no other financial vehicle can match.

- IRC Section 101(a) provides that death benefits of life insurance are income tax free when paid to the policy beneficiary.
- The policy can pay out tax-favored benefits to the policy owner before the death of the insured. For non-MEC policies, cash can be withdrawn from the policy tax free up to the adjusted cost basis (First in, First out-FIFO) under IRC Section 72(e)(5).
- The policy can be structured to pay out tax-free ongoing income and to the policy owner in the form of policy loans. Loans will reduce the policy's cash value and may reduce the death benefit. This assumes the policy never lapses while the insured is still alive. The loan interest is repaid by the death proceeds.
- Tax-free cash value withdrawals or loans are not subject to the 3.8% passive income tax under the Affordable Care Act (ACA). Tax-free withdrawals or loans are not considered as income for purposes of calculating income taxes on Social Security retirement benefits. Cash value life insurance is not considered to be a countable asset on the FAFSA application for college financial aid at public colleges.
- The policy owner may receive an income tax-free advance of some of the death benefit for certain long term care expenses, chronic, or terminal illness under IRC Section 7702B or IRC Section 101(g). These potential tax free benefits depend on the design of the policy, which may or may not include certain long term care riders.
- Growth of policy cash values in excess of the cost basis are income tax deferred while you remain in the policy.
- A policy in gain position can be exchanged tax-free directly to another insurance company under IRC Section 1035(a). Often, this exchange can result in an equal or greater death benefit, lower or no future premiums, or combination of both.
- A policy in a gain position can be exchanged tax-free to another carrier for either a deferred annuity or an immediate annuity contract under IRS Section 1035(a).

**7. Why haven't I heard of this before?** Very few advisors have the knowledge, resources and tax expertise to design, set up and implement these policies, so that you maximize your income on a tax favored basis.

The Government, along with Insurance Companies, have placed tighter restrictions on the ability to advertise these accounts, especially to individual investors.

Why isn't everyone using this plan? The individuals, business owners and High Net Worth Families who understand how this specifically designed investment policy works are using this plan. It's one of the safest places to keep your retirement and investment funds. That's the reason so many of the wealthy, along with their families, businesses and banks are putting so much of their money into these programs.

Fact: More than 217 major U.S. banks have contributed over \$143 Billion into these plans.

- (1) The strategy has been used by our Firm since 1987. Kelm Financial Services, Inc. built and designed the 1099 Never or TEN99 Never strategy
- (2) Tax-Free Income is based on a properly structured and funded non (MEC), Equity Indexed Life Insurance Policy. Utilizing Partial Surrenders and zero or low cost loans, while keeping the policy inforce.



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