$24.95

DISINHERIT THE I.R.S.

How to Keep Your Wealth in the Family - GUARANTEED!

- 4th Edition -

David T. Phillips

Executive Summary

Despite the fact that your income, investments, savings and property have been taxed all your life, the U.S. government could confiscate up to 60% of your total wealth once you are gone. The purpose of "Disinherit the IRS" is to provide you with expert, objective advice on how to properly safeguard your assets from the IRS and preserve your posterity's financial independence. Among other strategies, it reveals how you can use the tremendous leverage and tax advantages of a powerful estate planning tool that will not only provide the necessary cash to avoid the federal confiscation of your assets, but will create guaranteed wealth valued many times greater than your deposits.

Meet The Author

David T. Phillips is a nationally recognized consumer advocate for insurance, annuities and estate planning with 49 years of experience. He is the author of bestselling books – Estate Planning Made Easy, The 10 Most Common Estate Planning Mistakes and How to Avoid Them, The Family Bank Strategy and The Bombshell Battle Plan, How to Defend Against the IRS' Secret Weapon.

Mr. Phillips has been a featured speaker at a multitude of investment conferences around the globe and a guest on national television including: CNN, Fox News, CNBC, Money Talks, and Bloomberg. Mr. Phillips is CEO and founder of Estate Planning Specialists. With clients in every state, his companies have assisted thousands of Americans properly plan their estates.

Mr. Phillips graduated from Brigham Young University. He is an active member of his church and coached the Arizona State University Water Ski Team from 1994-2006, winning the National Championships in 2001. David and his wife, Jane, have four children and eleven grandchildren.

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DISINHERIT THE I.R.S.

- 4TH EDITION -

How to Keep Your Wealth in the Family GUARANTEED!

By David T. Phillips

Introduction:

It is indeed a fact. Joseph Robinette Biden, Jr. is the 46th president of the United States. And with that fact will come changes. Keeping with his promises, on the first two weeks of his presidency, he signed 32 executive orders, dismantling many of President Trump's policies.

What's next? What's on the agenda?

After four years of a billionaire president, wealthy Americans have pretty much skated freely through the tax world. With just a little planning, we have been able to pay the lowest income tax in 80 years and our federal estate tax exclusion has vaulted to almost $12 million per person, from a previous high of $6 million. Meaning that a couple can pass almost $24 million federal estate tax free to their posterity.

To quote Chief Old Lodge Skins, played marvelously by Chief Dan George in the Academy Award winning film, *Little Big Man*, ***"It is a good day to die!"*** That is, at least from an estate tax perspective.

Well, if President Biden follows the precedent of his first two weeks in office, the skating party may soon come to an end. With a Democrat trifecta, there is a strong possibility that the federal estate tax exclusion could come crashing down to the pre-2009 level of $3.5 million. Currently, with the credit as high as it is, federal estate taxes only impact approximately 1,900 estates per year. At $3.5 million, that figure will skyrocket.

Because of the Biden victory, I have been asked by Eagle Publishing to resurrect and update a Special Report I initially wrote in 1996 entitled: **DISINHERIT THE I.R.S.** With headquarters in Washington D.C., Eagle has historically had an inside track on congressional sentiment, and they feel confident that within the first year of a Biden/Harris tandem, taxes are going to increase. And the federal estate credit is coming down.

My goal with this update is to get you prepared for the inevitable.

2020 – A Year to Forget!

2019 New Year's Eve started off like any other previous celebration. A group of friends and family came out to our lake house to play games, eat and enjoy a real fireworks display.

I should have known that 2020 was going to be difficult, by any standard. First, my son Eric, who lives in Phnom Penh, Cambodia told us in December, of a virus leaked from a wet market in Wuhan that was killing Chinese by the thousands. We were worried, but the CDC certainly wouldn't let another swine flu cross our borders. The party went on just like usual. The Swedish meatballs were amazing!

Then, at the stroke of midnight, one of our teenage pyrotechnicians did the unthinkable. He dropped a double exploding mortar into the tube, upside down. Not good!

Right then and there I should have just taken the rest of 2020 off and moved my entire family to New Zealand. Unfortunately, that wasn't an option.

Regardless, here we are in 2021, a year later, with COVID restrictions still in place and the new normal is my granddaughter playing high school soccer with a mask on. How healthy is that? Running at top speed, breathing your own carbon dioxide for 60 minutes? This is crazy.

You would think that with the COVID crisis, estate planning awareness and motivation would have increased. Not so. According to a recent Caring.com survey, 68% of all adult Americans don't even have a will. This is up 25% from four years ago.

How can that be?

Over 2 out of every 3 adults in a country that leads the world in COVID related deaths, are walking around without the most basic estate planning documents of all….a simple will. That's a travesty! I guess we are so pre-occupied with the latest Netflix mini-series, that we just can't take the time to plan for the distribution of our assets to those we love……how selfish have we become?

Of those that have a will, when was the last time it was updated?

Not too long ago, a very wealthy entrepreneur, I'll refer to as Trevor, asked me to help him and his wife, Cheryl with their estate plan. At my request, he sent me all of their estate planning documents for review. He did. One very simple, four page "I Love You" will for him and another simple four page "I Love You" will for her.

Next, I zeroed in on the dates the wills were signed: **February 12, 1999!** Over 20 years ago! With no updates since inception.

I was flabbergasted. Trevor was a very successful businessman, who had daily contact with some of the brightest real estate attorneys in the country. How could they let this omission get passed their guard? And yet there I sat holding 8 pages of an absolute disaster waiting to happen.

Trevor and Cheryl, just had celebrated their 35th wedding anniversary with their four adult children, the in-laws and their 10 grandchildren, whom they dearly loved, one with special needs. I am confident that none of the children knew of the potential financial disaster bullet they were about to dodge by having us help their parents properly plan their estate. A move that would save them thousands of dollars.

They were motivated, and so we began with six steps:

Step one:
We prepared and reviewed a comprehensive **Estate Planning Analysis** for them (See page 30). Outlining the strategies and tools they should implement, based on their personal goals and objectives, to not only maximize their family's inheritance, but totally disinherit the IRS.

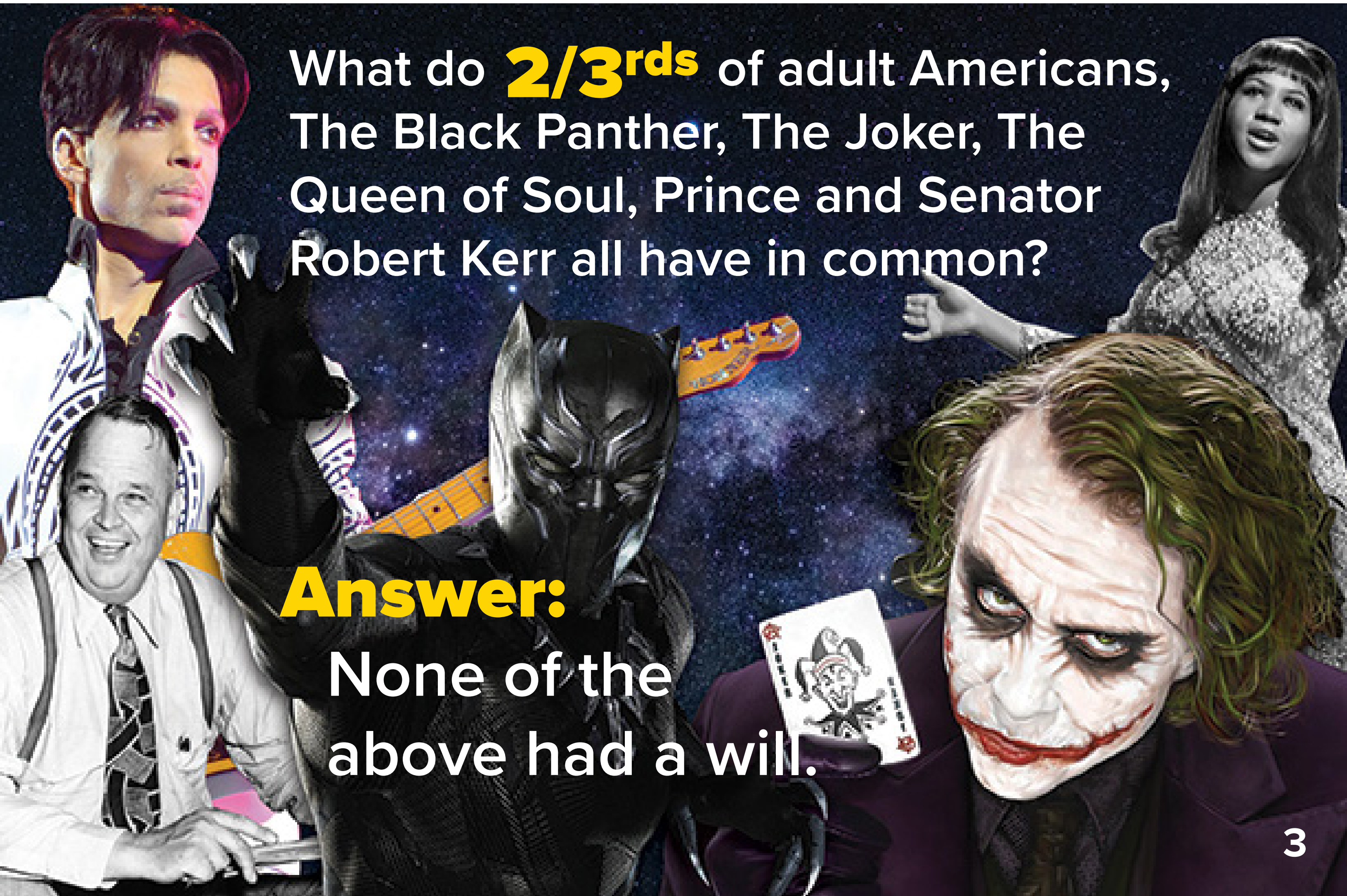
Step two:
We had a joint teleconference with Rick Durfee, the founder and senior partner of one of the top estate planning law firms in the country, The Durfee Law Group.

Step three:
From that interview, Rick was able to begin the preparation for all the vital, iron clad asset protection tools Trevor and Cheryl would need to ward off creditors and predators from stealing their assets. In addition, with our help, Rick and his staff began drafting the proper estate planning documents that would make sure assets would transfer to their family, when they wanted and how they wanted.

Step four:
At our direction, they submitted a life insurance application for a $3,000,000 Joint & Survivor (JLS) Wealth Creation Strategy.

Step five:
Rick Durfee also began drafting their Legal Architectural Diagram that they will use to explain their objectives to their family.

Step six:
They signed all Asset Protection and Estate Planning documents, including a TAX-FREE Irrevocable Dynasty Trust that will hold the Discounted Dollars inside their Wealth Creation



Strategy. This move will ensure that the entire $3,000,000 cash infusion will never be counted as part of their estate, making certain that those funds will be readily available to their children when needed to pay debt, pay income taxes from their IRA inheritance, pay state inheritance taxes or pay federal estate taxes.

Six relatively easy steps that put Trevor and Cheryl well on the path to proper estate planning. Giving them the assurance that they will keep their wealth in the family, away from the grip of creditors, predators and the IRS.

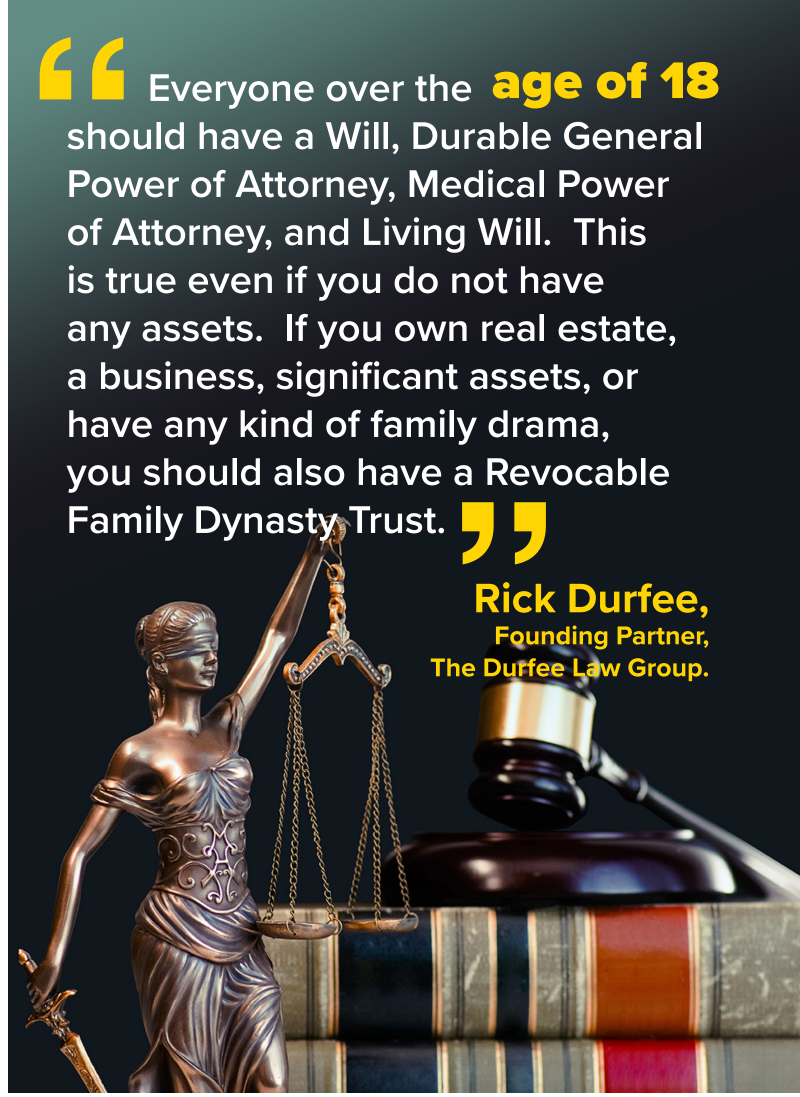
Imagine this:

In 1978, Senator Robert S. Kerr died unexpectedly. At that time, his estate was worth about $20 million, ($83 million today). Just like 68% of adult Americans today, Senator Kerr passed away without a last will and testament. In addition to the great sadness his family felt, they were forced to deal with many stressful decisions.

But nothing was as troublesome as the federal estate tax bill they received. The IRS wanted $9 million and they wanted it in cash, **in nine months!**

I guess you could say that Senator Kerr got his just due, considering he helped formulate the federal estate tax rules of the day. Even though Senator Kerr died over 40 years ago, his family faced the same problem many families face today in searching for enough cash to pay the estate and income taxes in such a short period of time.

Luckily, Senator Kerr's heirs were able to raise $3 million in cash without much difficulty by liquidating assets. But the rest was in real estate that wasn't liquid. The family refused to sell the Senator's properties at sacrificial prices, so they took out a $6 million loan. Not only did they have to repay the loan with after tax dollars, the family had to pay a substantial amount of interest, too.



It is ironic, but when Senator Kerr died, his family became another victim to a huge estate and income tax liability. Regrettably, this same scenario could happen to you – even if you're not super wealthy, a celebrity, or a politician.

Write the IRS Out of Your Will

Let me ask you a question: If you were drafting your own last will and testament, which of the following would you prefer to sign? (See page 5)

If you want your will to read like "Last will and Testament #1," you don't have to lift a finger. Just sit back and do nothing. The government will handle everything for you. On the other hand, if you want your will to read like "Last Will and Testament #2," some minimal effort on your part is required.

Primarily, you will have to formulate and execute – while you're alive – a plan for the proper distribution of your assets when you're gone. In addition, if your estate is worth in excess of $3.5 million, you live in one of the 18 inheritance or estate tax states, and/or you have a "qualified account", like an IRA, valued over $250,000, you need to establish the Wealth Creation Strategy. With the Wealth Creation Strategy you will instantly create the Tax-Free cash your family will need to pay the tax man. By planning ahead, you can create a guaranteed multi-generational financial legacy that will benefit your family for years to come, with Discounted Dollars.

Last Will and Testament 1

Being of sound mind and strong body. I hereby stipulate this to be my last will and testament. To the **Internal Revenue Service**, my life-long partner, I hereby bequeath one half of all my assets – both business and personal – which I have been able to accumulate throughout a lifetime of endeavor. I further stipulate that this bequest be satisfied in cash and that only the most liquid and readily saleable of my assets be utilized in fulfilling this bequest...

Last Will and Testament 2

With the knowledge and confidence that I have otherwise provided for the Internal Revenue Service, I hereby bequeath **my estate in its entirety to my personal beneficiaries** in accordance with the provisions of my last will and testament.

By following the steps outlined in this Special Report, you will gain peace of mind knowing the value of your life's work and fortune will be guaranteed to pass to your loved ones and not be confiscated by the IRS! If your heirs will be faced with potentially crippling tax bills and estate settlement costs, and if you want to guarantee your families inheritance, I urge you to read on….. With the windows that were opened with the passage of the Tax Cut and Jobs Act of Reform Act of 2017, there has never been a more important time to **SPRING INTO ACTION** than NOW.

The Unlimited Marital Deduction Lets You Defer Estate and Income Taxes

For a few minutes I want to summarize the estate taxation laws as they now stand in order to provide a clearer understanding as to what is at stake when we fail to properly plan.

Since 1981, the IRS permits a married couple to pass an unlimited amount of assets from one spouse to the other without paying a penny in estate taxes via the Unlimited Marital Deduction. Furthermore, since 2006, a surviving spouse that inherits a retirement account (like an IRA, 401k, 403b), from their deceased spouse, is able to either roll the inherited account into their own IRA, or keep it in the name of the spouse.

The tax bombs explode however, when the surviving spouse passes away. Estate taxes are due within nine months and income taxes on retirement plans are due on April 15th of the following year for any money that was taken. The IRS wants cash, and they want it now!

So, while the Unlimited Marital Deduction is helpful in postponing estate and income taxes, it does absolutely nothing to eliminate or reduce them. It transfers the responsibility to settle your estate tax bill from your spouse to your children and grandchildren, especially if your estate experienced any measure of growth since the first spouse's death.

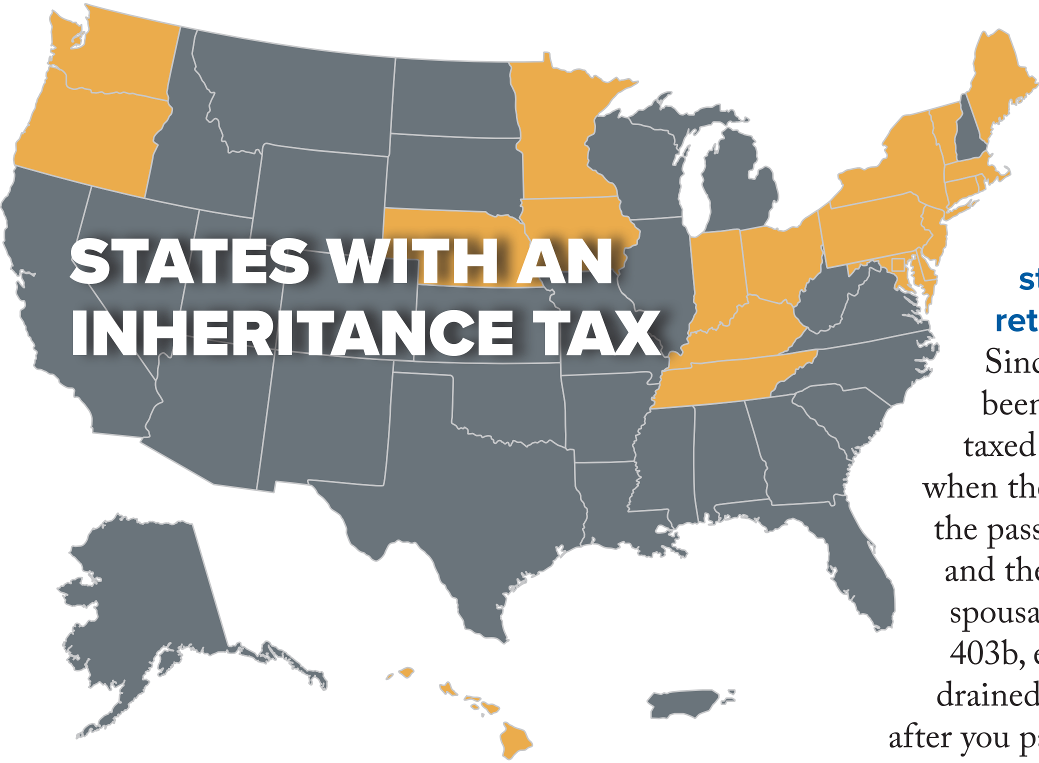
The IRS has allowed for an exemption of the taxes if an individual's net estate was valued less than the exempted amount. In the early '80s, the exempted amount was $60,000, in 1989 it was increased to $600,000. With the passage of the Economic Growth Tax Relief and Reconciliation Act (EGTRRA) in 2001 we saw the exemption eventually increase from $1 million to $3.5 million in 2009.

The Tax Relief Act of 2010 increased the exclusion to $5 million, with the top estate tax bracket reaching 35%. Through the ensuing years, an inflation factor increased the exclusion to almost $6 million. Then in 2017, President Trump fought for the Tax Cut and Jobs Act, reducing taxes in general as well as increasing the federal exclusion to $11.2 million each, or $22.4 million for a married couple.

With the exception of 18 states, estate taxes were all but forgotten and defenses went down, people relaxed, believing that, "it was the other guy who got cancer and died, not me."

Now is the Time to SPRING INTO ACTION and Go On the Offense

With the passage of Trump's TCJA of 2017 and the invasion of the COVID virus, Americans have lowered their guard. First, assuming that the federal exclusion would always remain over $10 million. Second, by hiding in our homes until the



Connecticut, Delaware, District of Columbia, Hawaii, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Vermont, and Washington.

NOTE: Even if your residence is in a non-inheritance tax state, if you have property in an inheritance tax state, your heirs could be subject to a state death tax unless you properly plan your estate.

plague passes. In other words, no socializing and certainly, no in person meetings with an estate planner or and estate planning attorney to set things straight.

Not only is this reaction extremely dangerous. It is fiscally irresponsible. There are several key reasons why we should immediately **SPRING INTO ACTION** and go on the offensive:

1) **President Biden and his constituents have promised to trash President Trump's tax reforms, including the $12 million federal estate tax exemption.** If for some reason, it doesn't get reduced within Biden's first year of office, it is legislated to "sunset" in 2026 to $6 million. Half of what it is today. Unless you plan on dying before the Biden exclusion reduction you should, **SPRING INTO ACTION** today and plan for the worst and continue to pray for the best.

2) **Non-spousal beneficiaries (children and grandchildren) still pay income taxes on inherited retirement accounts like an IRA.** Since retirement accounts have never been subject to income taxes, they are taxed at the bracket of the beneficiary when they are accessed. Furthermore, with the passage of the **SECURE Act of 2020**, and the death of the Stretch IRA, all non-spousal beneficiaries inherited IRA/401k, 403b, etc. accounts must be completely drained within 10 years from the January 1, after you pass away.

At the request of Dr. Mark Skousen, editor of Forecasts & Strategies, I recently wrote another Special Report, titled: ***The Bombshell Battle Plan: How to Defend Against the IRS' Secret Weapon….Post 2020 Election and Secure Act.*** It is available to all readers of Disinherit the IRS at epmez.com.

You can also stream a recent MoneyShow Virtual presentation I recently gave on the topic, by visiting our Estate Planning Specialists YouTube channel. There is little doubt that The SECURE Act, is the new Stealth Estate Tax. IRA owners are doing a marvelous job of accumulating tax deferred wealth, with the goal of using it in the future for living expenses. Problem is, most die before it is gone and it ends up in the hands of non-spousal beneficiaries..... our children.

That's the day of reckoning. The day when the IRS says that your beneficiaries have to take the money and now with the passage of The SECURE Act, all monies must be distributed within 10 years! Have you prepared them for this infusion of taxable income that will be added to their top line?

3) **18 states still have an inheritance or estate tax (see page 7).** With the recent increase of the estate tax exemption to over $11 million, many states, including California, have considered adding a death tax to compensate for the lost revenue they previously had been receiving from the federal government when the exclusion was lower.

4) **Unless your estate is going to shrink because of personal spending, you should consider the impact compounding interest earnings will have on your estate values.**

   We have been taught since our youth, the miracle of compound interest. Indeed, it is awesome! By earning 5% per year your estate will double every fourteen years (See Fig. 2). Compounding one's estate can present a huge problem in planning your estate.
   You may be feeling relieved today because your net estate is under the estate tax exclusion. But income, growth, Required Minimum Distributions and lower estate tax components can and will change that feeling of euphoria, to one of panic. With the main stress point hitting them at a time when they want to cherish your memory…..WHERE ARE WE GOING TO COME UP WITH THE CASH TO PAY THE ESTATE EXPENSES?

5) **Because of TRA-2010 and President Trump's Tax Cut and Jobs Act of 2017, the federal estate tax exclusion, the lifetime gift tax exclusion and the Generation Skip exclusion are all equal at $11.7 million each. THIS IS HUGE!** What this means is that in addition to our annual $15,000 gift tax exclusion, until President Biden and the Democratic controlled Congress change the rules, we can transfer gifts (cash or assets) totaling $11.7 million to our posterity, when we die or while we are alive.

   In other words, this year, if my net worth was $11,700,000 and I was single with a daughter, I could gift the entire amount to her without any estate or gift transfer tax consequences. Remember, estate taxes are paid by your heirs and gift taxes are paid by you, the donor.

Without proper planning
your estate could grow into a
huge tax liability

– What could happen to $1,000,000 –

GROWTH RATE	10 YEARS	20 YEARS	30 YEARS
@5%	$1,628,895	$2,653,298	$4,321,942
@7%	$1,967,151	$3,869,684	$7,612,255
@10%	$2,593,743	$6,727,200	$17,449,402

FIG. 2

Prior to TRA-2010, the most the lifetime gift exclusion had ever been, was $1 million. Until we are told otherwise, we can employ several key transfer strategies that will allow us to retain complete control, receive income and transfer assets to our family while we are still on earth. We can witness the blessings that our gifts will make first-hand instead of watching the outcome from on high.

This enormous "Transfer of Wealth" window is temporarily wide open and we need to exercise our right to pass through it now. Otherwise, it only stands to reason, with Biden's promise to reduce the federal exclusion and reduce the gift exclusion back to its' pre-2010 level of $1,000,000 lifetime gift amount, it is only a matter of time when that window will shut.

6) **Furthermore, Biden continuously affirms that he intends to do away with the STEP-UP-IN-BASIS.** That would be a deal changer in the worst way.

What does the loss in the Step-up-in-basis mean to all of us? Simply stated, if we have an asset, like an office building or some Microsoft stock that we acquired years ago and it has increased in value from its' original cost of $100,000, to $1,000,000 today, we would have a $900,000 capital gain, if we sold it.

Currently, if we hold on to the asset until we die, our children would inherit it at the value today, or $1,000,000. That is the Step-up. If they sold the asset the day after we passed, they would pay ZERO in taxes. ZERO capital gains tax and ZERO income taxes.

If my estate was under the federal estate tax threshold and I lived in a state without an inheritance or an estate tax, no transfer tax would be paid…period. A real tax coup for our family. This non-taxable Step-up has been a blessing to estates of all shapes and sizes in America for decades.

We have been living in Shangri-La and as President Biden recently stated, ***"I plan on closing the loopholes that allow the super wealthy to avoid taxes on their capital gains altogether."*** Claiming that adjusting or even eliminating the Step-up in value ***"would help fund a long list of campaign promises,"*** such as free community college for everyone.

Opponents claim that it will be impossible to determine "grandpa's original cost basis, and that it will be an accounting nightmare. To which Biden and his cohorts have stated, ***"for those that can't calculate the original basis, we'll just assume a basis of ZERO."*** The asset will be appraised and the children and grandchildren will pay capital gain taxes on the full current value.

So in our earlier example, if the children that inherited the $1,000,000 farm, and couldn't determine what their parents initially paid for it, they would have to pay capital gains on the entire $1,000,000!

To pour salt on the wound, several Biden advisors have stated that, ***"if we had our way, at the passing of the asset owner, the beneficiaries would have to pay the capital gain tax, whether or not the asset is sold!"***

As I write this report, the window is still open, but not for long. In fact, there are those that suggest that there is a possibility that anyone making a move now will have it nullified, because they made the transfer after January 1, 2021.

In my 48 years of planning estates I have seen everything. Usually there is a cut off date, somewhere before the law was changed. The further we kick the step-up-in-basis can down the road, the chances increase that the grandfathering date will be later. Let's hope that this is the case.

My point: If you have an inclination to transfer an asset now, before the rules change, you need to **SPRING INTO ACTION** immediately. Contact my office directly at 1-888-892-1102 and together, with our legal team, we will consider your options.

What is Your Worth to the IRS?

Unfortunately, many people falsely believe that they are not wealthy enough to be concerned that their family will be subject to estate and income taxes. Be careful. Chances are, you are worth more than you think. When you take into consideration all of your assets (your home, "qualified" retirement accounts such as your IRA, investments, real estate, life insurance, and so on) you may be surprised.

FIG. 3

How Much is Your Estate?

Cash		$
Stocks and Bonds		$
Notes and Mortgages		$
Annuities		$
Retirement Accounts		$
Personal Residence		$
Other Real Estate		$
Partnerships		$
Life Insurance you own		$
Personal Effects		$
(Autos, Boats, Jewelry, Art)		$
Other		$
Gross Estate		$
Subtract your Liabilities (debts)	-	$
Net Estate	=	$
Estimated Growth Rate	x	$
Yrs of Growth Compounded	x	$
*Total Estate	=	$

*Remember retirement accounts like an IRA that are not in settlement (receiving monthly income) will be income taxed at their full value upon your passing and taxed at your heirs tax bracket.

Furthermore, when you consider future growth, your potential longevity, and the negative impact of the SECURE Act to your retirement accounts, your heirs may be subject to greater estate, state inheritance and income tax than you thought. **For an estimate of what your estate is worth today, complete the simple worksheet found in Figure 3.**

The Eight Barriers to Wealth Transfer

Estate planning is the process of passing your property to the people you want, when you want, in the way you want. One of best ways to understand the importance of estate planning is to picture your possessions being poured into a gigantic "Estate Shrinkage Funnel" (See Estate Shrinkage Chart, Fig. 4).

The estate shrinkage funnel represents the eight major barriers of passing your property to your heirs intact. These eight obstacles are federal estate taxes, state inheritance taxes, federal income taxes, state income taxes, attorney fees, court costs, funeral expenses and outstanding debts. If you take the time today to set up and execute an accurate estate plan, your assets can be protected from confiscation. And the more that passes through the estate shrinkage funnel, the more that will reach your family.

There Are Only Three Options to Settle Your Tax Bills

When it comes to settling your tax bills and other expenses, your heirs only have three options. They can liquidate your assets, borrow the money, or establish The Wealth Creation Strategy using "Discounted Dollars." Let's take a look at each.

Option 1: Liquidate Your Assets

A common method to pay estate settlement costs including estate and income tax is for your heirs to liquidate your assets. Because every dollar paid to

In 49 years of planning estates throughout the country, I always ask the question:

“What are your goals when it comes to transferring your assets to your children, grandchildren and great grandchildren?”

The answer is almost always the same:

“We want to pass as much as we can with creditors, predators, and the IRS taking as little as possible.”

The Good news is that through proper planning you can completely avoid the **eight barriers to wealth transfer!**

creditors, predators, and the IRS by this method, is paid in dollars that cost as least 100 cents or more, liquidating assets is commonly known as the “100% Cash Plan.” What’s worse, if the assets need to be liquidated in a down market - say at 50 cents on the dollar - the 100% Cash Plan could end up being the 200% Cash Plan.

Without question, the first asset the Internal Revenue Service will want is your cash. And once your cash is gone from your estate, it and all future earnings are gone forever. Next, the IRS will want your most liquid assets. Generally, those are your most valued possessions. Ask yourself, “Which of my assets are the most valuable to my family and me?” Unfortunately, those prized possessions will be the first to go.

Market risks can also create a problem. After all, who knows what your stocks and bonds will be worth the day they are redeemed to pay the tax man? Here is a frightening thought, what if your tax bill had been due the day after a huge drop in the stock market, like Black Monday, September 29, 2008, when the Dow dropped 22% and the S&P 500 lost over 20% all in one day? The biggest one day drop in U.S. stock market history.

Estate SHRINKAGE Funnel

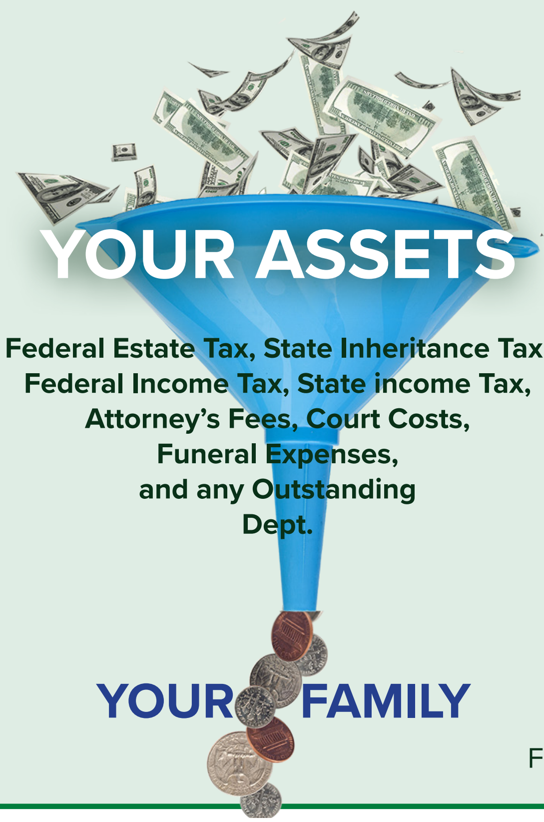


FIG. **4**

Your Estate can shrink as much as 60% - or not at all. What ultimately goes to your family depends on how well you have planned. Failing to properly plan your estate is the same as allowing creditors, predators and the IRS to confiscate your hard-earned wealth.

When liquidating real estate to pay taxes, time is usually the major obstacle. Generally speaking, real estate doesn't move fast enough. And if a buyer knows your property is up for sale under a distressed or forced sale, they will definitely not want to pay top dollar. Also, what happens if your property has depreciated? In today's fragile economy, this is the rule, not the exception. Homes that sold for $500,000 in 2007, sold for less than half that during the Great Recession of 2008 - 2010.

Estate "fire sales" are all too common. I'm certain it's not your intention to force your heirs to liquidate your assets to pay taxes. Remember, forced liquidation is nothing more than the confiscation of your wealth.

Option 2: Borrow Money

Another common method to settle your estate taxes is for your heirs to borrow money. Because your family will have to repay the principal loan, plus the interest, borrowing money to settle estate taxes is commonly called the "100% Plus Plan." Consequently, this is the most expensive method to pay your estate's fiscal liabilities.

Even though securing a loan is the most costly method; it's used all too often. That's because most Americans fail to plan the proper transfer of their wealth in advance. Without an accurate plan, heirs are left with little or no choice but to borrow money. They need cash fast to pay the tax man. It happened to Senator Kerr's heirs and countless others. And it could happen to your family.

Option 3: The Wealth Creation Strategy using Discounted Dollars

The third method to settle your estate liabilities, is to pre-pay them at a substantial discount. This innovative method is known as The Wealth Creation Strategy using Discounted Dollars, and is the easiest and most affordable way to avoid estate shrinkage. The Wealth Creation Strategy allows you to prepay your eventual estate settlement costs, including taxes, on installments, at **two to thirty cents on the dollar**. That represents a true bona fide discount. It's as if the IRS came to you with the following proposition:

> *"For a limited time, we're going to offer you a way to pay your eventual estate and income tax bills at a substantial discount. The discount ranges anywhere from 98% to 70%, depending on your age and health. For example, if you set aside a small fraction of your estate or interest earnings today, we (the IRS) will guarantee to pay your taxes the day you pass away. Pay us the discounted dollar amount now and we'll pay your estate and income taxes later! No matter what the federal exclusion may drop to, and no matter how big your Estate grows to!"*

Unfortunately, the IRS doesn't make this type of offer. But, in effect, the same result can be accomplished for a relatively small monetary commitment with the Wealth Creation Strategy!

How Does the Wealth Creation Strategy Using Discounted Dollars Work?

Leveraging your assets via The Wealth Creation Strategy is created by transferring a small fraction of your estate, a portion of your annual growth, or your Required Minimum Distributions (RMD) from your IRA or 401k into a top graded 100+ year old financial institution. The company in return guarantees that a substantial magnified liquid cash benefit will be delivered Tax-Free to your family when you pass away.

The stalwarts of the financial world that have been creating this guaranteed explosion of value for centuries are life insurance companies. With the election of President Biden and a Democrat controlled House and Senate... With passage of The SECURE Act last year... With the promise of a much lower federal exclusion and an increased estate tax percentage, 45%... With the incorporation of the new improved mortality tables, in-spite of COVID, and the installation of AG-49 by the National Association of Insurance Commissioners, (NAIC). Now is the time to **SPRING INTO ACTION!**

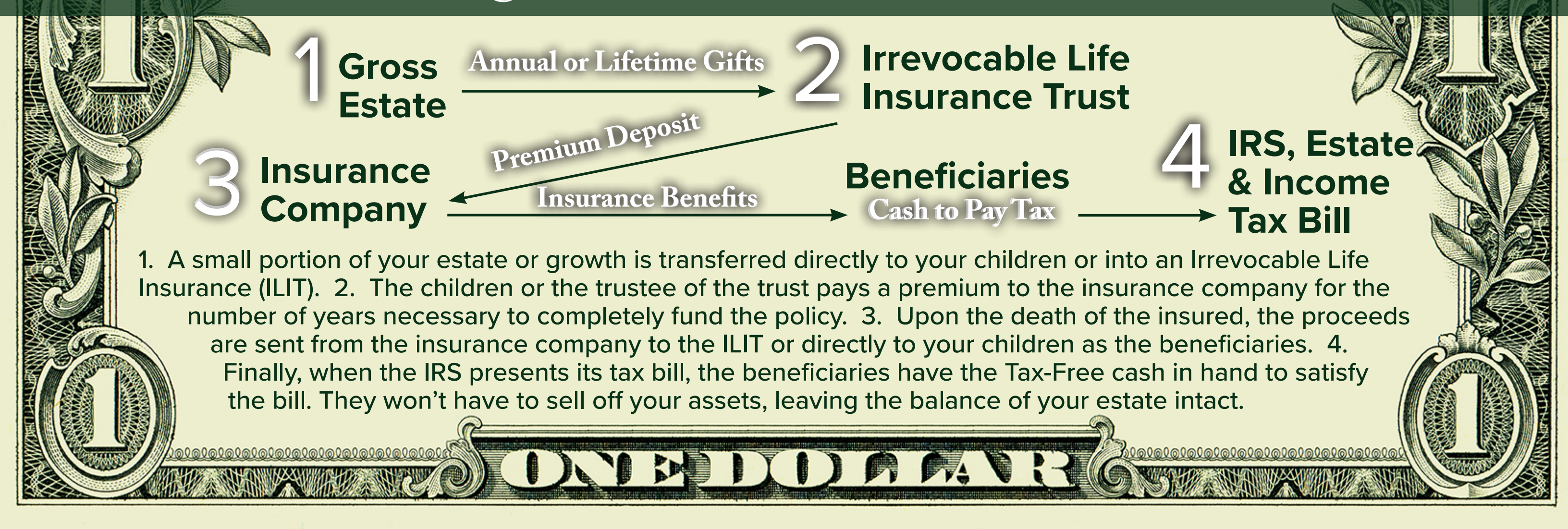
Now is NOT the time to wait and see, taking a chance that your future health status will not allow you to even have a choice. To the contrary, now is the time to **ACT**!

For one reason or another, you may hesitate at the mention of life insurance. Perhaps so-called experts in other fields have advised you against it? Perhaps you're not fully aware of the tremendous leverage and tax advantages life insurance provides? Perhaps you are not aware of the new Legacy Life/ Long Term Care hybrid options that are available? Perhaps you are not aware of the tax-free Family Bank Strategy option that not only provides the instant and perpetual liquidity, it builds a supercharged cash account that can be accessed through the years, without paying taxes? Perhaps an overzealous agent or an uninformed stockbroker turned you off? Or maybe you just hate to think of your own mortality?

Whatever the reason, put it aside for now. The bottom line is that the proper type of life insurance via The Wealth Creation Strategy, when established correctly, represents a superior guaranteed investment with an unparalleled leveraged return, that cannot be matched. In some cases, the return is as high as **40 to 1!** Of course, your actual return will vary based on your age, health, type of coverage and the insurer(s) you select. But the fact remains, you take pennies today to create absolute dollars for tomorrow.

Before I share with you some real-life stories, let me explain why The Wealth Creation Strategy works as a fabulous transfer of wealth, even if your heirs are never required to pay a dime in estate or income taxes. For a moment, lets assume minimum growth, and that President Biden doesn't get his way, that the federal estate tax exclusion remains at $12 million and that your estate, including your retirement accounts, never grow to the level where there is a tax payable at death. There are five reasons you should fund the Wealth Creation Strategy using Discounted Dollars.

FIG. 5 The Wealth Creation Strategy Using Discounted Dollars



1. A small portion of your estate or growth is transferred directly to your children or into an Irrevocable Life Insurance (ILIT). 2. The children or the trustee of the trust pays a premium to the insurance company for the number of years necessary to completely fund the policy. 3. Upon the death of the insured, the proceeds are sent from the insurance company to the ILIT or directly to your children as the beneficiaries. 4. Finally, when the IRS presents its tax bill, the beneficiaries have the Tax-Free cash in hand to satisfy the bill. They won't have to sell off your assets, leaving the balance of your estate intact.

Why should you create The Wealth Creation Strategy for your family?

The reasons are simple logic:

1. **The leverage that is generated with the expanded life insurance proceeds is real.** There is simply no other risk-free money management vehicle anywhere that offers such a phenomenal return on investment.

2. **No matter what happens to the fortune of your investment portfolio.** No matter how much of your estate you spend down during your lifetime. No matter what happens in the markets. With the Wealth Creation Strategy you can make certain that your children, grandchildren and great grandchildren will receive a guaranteed inheritance.

3. **In today's world of uncertainty, the new generation of Wealth Creation Strategy options provide lifetime assurances that both you and your family can depend on.** This kind of security is critical, considering how volatile our world is.

4. **You have the option to build a significant tax-free cash account, via The Family Bank Strategy style plan,** that you can access through the years for any purpose, such as income, tuition, business opportunities, investments, an emergency fund. etc. You also have the choice to simply create highly leveraged dollars with absolute lifetime guarantees with the Wealth Creation Strategy.

5. **By placing The Wealth Creation Strategy inside an ILIT or an Irrevocable Family Dynasty Trust,** you can freely establish distribution criteria that will go a long way to ensure that you will help build a powerful positive posterity.

The Case of Sue Hardy

A few real life examples should help clarify the powerful leverage and the superb return on investment (ROI) that The Wealth Creation Strategy can generate. Of course, in my examples, I am not using real names.

Sue Hardy, from California watched my Money Show workshop presentation entitled "The Ten Most Common Estate Planning Mistakes and How to Avoid Them," (you too can view the workshop by visiting our website: www.epmez.com and paging through our Video Library). Sue is a 67- year-old widow with a net estate of $4 million, that includes her husband's $1 million IRA. She has two grown children (Mark and Haley) and four grandchildren, who are the light of her life. Her estate is growing on average, 5% per year.

If Sue were to pass away, and the two children, who are listed as her IRA beneficiaries, take receipt of their share of the IRA, or $500,000 each, they would both be presented with an income tax bill of $195,000 on April 15th of the year following her passing. A loss of 10% of her estate or $390,000 reduction. Those tax payments will NEVER EVER earn interest for anyone in her family. The money and any growth potential will be gone forever. No federal estate taxes would be due and California currently doesn't charge an inheritance tax.

If however, Sue lives until her life expectancy of 18 more years, her estate will grow to $9,626,477 (5%), of which $1,250,742 will be from her IRA, assuming normal Required Distributions. If we presume a federal estate tax exclusion of $5 million, a 45% estate tax percentage and a 30% income tax, Mark and Haley would be required to pay $2,457,137 in taxes. Almost $2.5 million of her estate would be confiscated from her posterity forever, with no chance of blessing the lives of her future great grandchildren.

BEST OF CLASS INDIVIDUAL
GUARANTEED TO AGE 100
WEALTH CREATION STRATEGY

PREFERRED RISK CLASS NON-SMOKER

FIG. 6

$1,000,000

Age	- MALE - Continuous Deposits	- MALE - 10 Deposits	Age	- FEMALE - Continuous Deposits	- FEMALE - 10 Deposits
40	$6,105	$15,335	40	$5,091	$12,683
45	$7,131	$17,087	45	$5,673	$13,831
50	$8,941	$20,636	50	$7,432	$17,461
55	$11,702	$25,664	55	$9,982	$22,331
60	$15,012	$30,990	60	$12,573	$26,637
65	$20,533	$39,000	65	$17,014	$28,584
70	$28,584	$49,249	70	$23,724	$42,067
75	$40,920	$68,443	75	$33,324	$56,042

Guideline of Annual Deposits | *Assuming a Preferred Risk Class

BEST OF CLASS INDIVIDUAL
FAMILY BANK STRATEGY

FIG. 8

MODIFIED

PREFERRED RISK CLASS NON-SMOKER, ASSUMING 5.54%

$1,000,000

- MALE -

Age	Continuous Deposits	20th Year Cash Values	10 Deposits	20th Year Cash Values
40	$4,638	$62,530	$9,304	$102,340
45	$6,114	$85,107	$12,118	$134,487
50	$8,041	$110,241	$15,582	$170,155
55	$10,486	$140,273	$19,858	$210,700
60	$13,507	$172,909	$24,707	$250,933
65	$18,610	$230,969	$32,415	$317,019
70	$25,300	$239,752	$41,039	$328,137
75	$39,416	$229,862	$57,326	$318,009

- FEMALE -

Age	Continuous Deposits	20th Year Cash Values	10 Deposits	20th Year Cash Values
40	$3,867	$49,966	$7,840	$84,044
45	$5,203	$68,441	$10,405	$111,890
50	$6,947	$95,934	$13,606	$149,648
55	$8,879	$126,563	$17,063	$188,813
60	$11,182	$157,348	$24,707	$250,933
65	$15,642	$209,684	$32,415	$317,019
70	$20,964	$218,368	$41,039	$328,137
75	$32,482	$222,155	$57,326	$318,009

BEST OF CLASS JOINT & SURVIVOR
GUARANTEED TO AGE 100
WEALTH CREATION STRATEGY

PREFERRED RISK CLASS NON-SMOKER

FIG. 7

$1,000,000

- MALE - & - FEMALE -

Age	Continuous Deposits	10 Deposits
40	$4,009	$10,991
45	$4,782	$13,231
50	$5,811	$15,655
55	$7,060	$18,451
60	$9,323	$22,971
65	$12,723	$28,790
70	$18,150	$36,641
75	$25,137	$44,305

BEST OF CLASS JOINT & SURVIVOR (JLS)
FAMILY BANK STRATEGY

MODIFIED

FIG. 9

PREFERRED RISK CLASS NON-SMOKER ASSUMING 4.55%

$1,000,000

- MALE -

Age	Continuous Deposits	20th Year Cash Values	10 Deposits	20th Year Cash Values
40	$3,400	$47,277	$7,300	$80,127
45	$4,310	$62,603	$9,141	$102,521
50	$5,385	$86,073	$11,236	$133,060
55	$6,988	$123,194	$14,274	$178,908
60	$9,038	$168,734	$17,958	$231,864
65	$12,516	$241,412	$23,820	$312,396
70	$16,590	$311,602	$29,678	$382,568
75	$25,604	$397,462	$41,023	$471,626

Target funded

What if along the journey Congress decides to lower the estate tax exclusion or California begins taxing estates? The loss could be much worse. In five years when Sue reaches the age of 72, she will have to take the Required Minimum Withdrawals from her husband's IRA. Her first RMD will be approximately $49,855. Since she has sufficient income from dividends and Social Security, she really isn't going to need the RMD income.

Because Sue has six beneficiaries she can gift without any tax consequences, a total of $90,000 per year by maximizing her use of the $15,000 annual federal gift tax allowance (6 x $15,000 = $90,000). Understanding the power of leverage that is created from The Wealth Creation Strategy she decides to enroll. By earmarking $40,000 per year now (the amount of her future IRA Required Minimum Distribution after taxes) she will be able to secure a guaranteed lifetime Wealth Creation Strategy benefit of **$2,030,265**.

Someday, in the distant future, her chosen top rated A+ financial institution will deliver over $2 million to her children, income, gift and estate tax-free for the benefit of her posterity. This cash can be used to either pay future income or estate taxes if necessary or, more importantly, guarantee that her and her husband's financial legacy will live well on into the future. That's powerful leverage!

The Most Powerful Way to Maximize the Leverage of The Wealth Creation Strategy

Since the introduction of the unlimited marital deduction in 1981 – which basically transferred the responsibility of paying the death taxes from the surviving spouse to the children – a number of insurance companies have caught the vision and created the absolute most cost-effective source of guaranteed leveraged dollars imaginable.

The concept is known as "Joint and Survivor" or "Second to Die" life insurance (JLS). The JLS Wealth Creation Strategy has been especially designed to allow married couples the ability to maximize the benefits of the unlimited marital deduction which allows us to pass everything, including our qualified retirement accounts, like an IRA, totally Tax-Free to our surviving spouse.

With the JLS Wealth Creation Strategy a life insurance benefit isn't distributed to the beneficiaries until the second spouse passes away, which is when the tax liabilities are due. Because of that delayed distribution characteristic, a JLS policy requires a significantly smaller capital transfer than two individual policies totaling the same amount of protection. JLS plans represent the surest, most cost-effective way to preserve your estate and create a guaranteed financial legacy.

Prior to 1981, the most popular method of providing the necessary funds to pay estate taxes was to acquire individual life policies on each spouse. The wife would own the husband's policy and vice versa. Proceeds from each policy were used to pay the tax man when the time came.

While moderately effective, this method was very costly for two reasons. First, each life had to be insured separately, and second, the policies used at that time were Whole Life policies that were loaded with cash value. Fortunately, with the advent of the new generation of Wealth Creation Strategy plans, the building of the cash accumulation account is optional, which makes for more flexibility in designing the option that best meets your needs and goals.

To drive home the point, let's compare the deposits required to secure two separate, "best-in-class," $500,000 policies on each spouse versus the premium deposit required to acquire a $1,000,000 JLS plan (see Fig. 10). In our example we are assuming each spouse is 65 years old, both preferred risks and they want to have their Family Bank Strategy paid up in 10 years or at age 75.

As Figure 10 illustrates, the JLS option significantly enhances the leverage created from The Family Bank Strategy. In fact, to achieve the same total $1 million in estate liquidity – a JLS policy would require $69,800 less in deposits over the 10 years, generating a net 5 to 1 return on your total deposits.

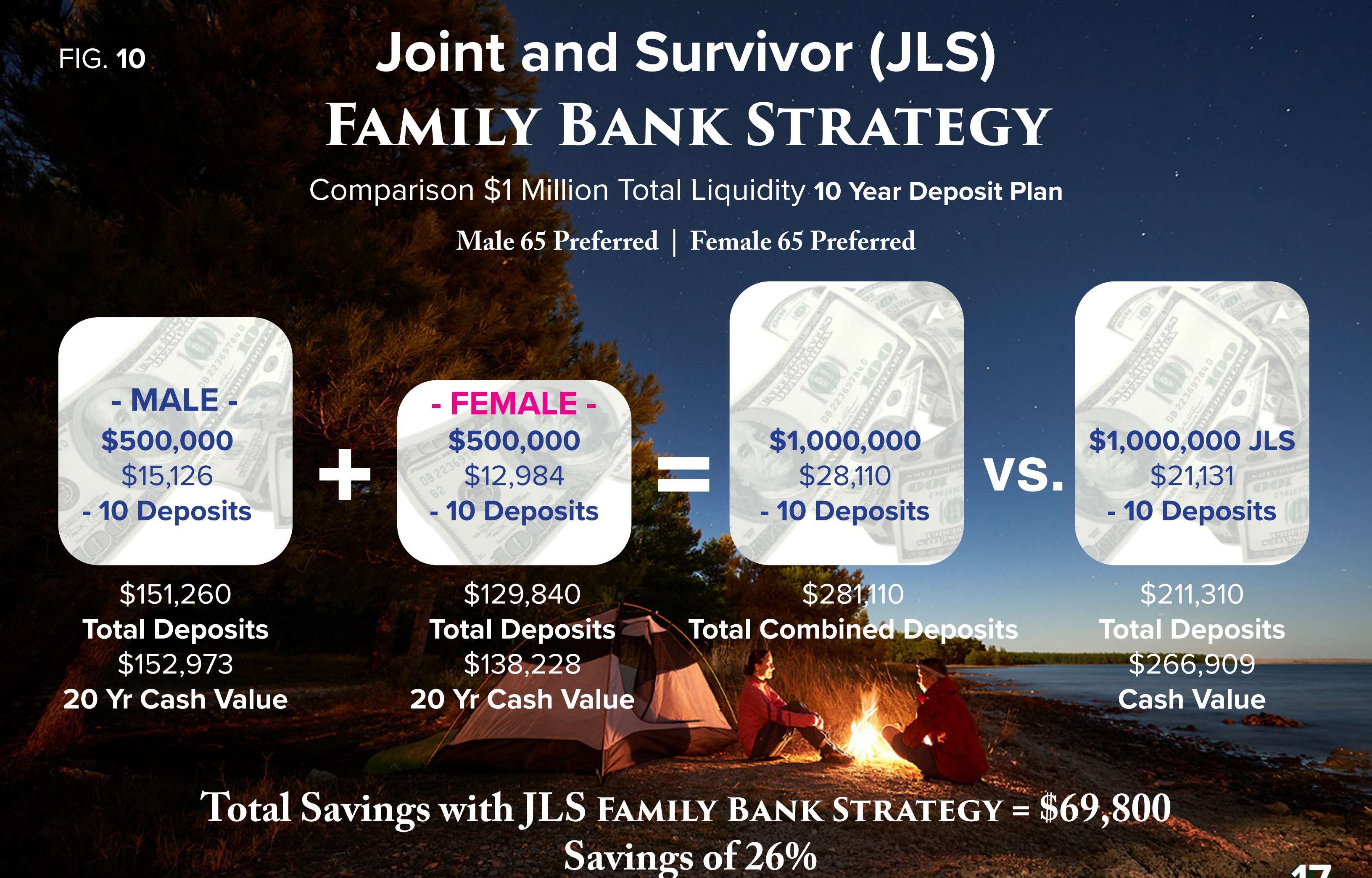
There are valid reasons why individual policies are still an effective estate planning tool for married couples to use in leveraging their dollars. Reasons such as, building a tax-free Family Bank, adding Living Benefits such as a Long Term Care rider, or the inability of one spouse to be added to the Joint policy because of poor health. But if you are married and both of you are in relatively good health you will want to maximize your gifting leverage and provide the largest guaranteed inheritance for your posterity using Discounted Dollars inside a Joint and Survivor Wealth Creation / Family Bank Strategy.

The Case of Donald and Charlene Smart

Mr. and Mrs. Donald Smart of Orlando, Florida came to me for help in planning their estate, they are both 60 years old, with an estate valued at $15 million of which $3 million is in Don's IRA. They have four children and six grandchildren. Through our proprietary Estate Analysis, it was determined that should they both pass away with the federal exclusion at $5 million, their total tax liability would be $3,445,246. At 60 years old the likelihood that they will both pass away this year is extremely remote, therefore we did some estate projections.

We looked into the future and made some assumptions. If both Don and Charlene were to pass away in 10, 20 or 30 years and their estate were to grow at a net 5% and the estate tax exclusion

FIG. 10



was reduced to $6 million with an estate tax rate of 50%, their tax liability would be $8,682,7141 in 10 years, 17,287,700 in 20 years, 33,497,481 in 30 years.

The two main estate planning goals that the Smart's declared to me, was to: First and foremost, avoid the federal and state confiscation of their wealth, by planning for the worst and praying for the best. Second, they wanted to keep their plan simple and as easy as possible to administer.

Through our recommended estate planning law firm, The Durfee Law Group, they:

- Updated their Revocable Living Trust to include Dynasty provisions.
- Established an Irrevocable Family Dynasty Trust listing the children and grandchildren as the beneficiaries of the trust.
- Obtained a guaranteed lifetime $5,000,000 Joint and Survivor Wealth Creation Strategy with an annual Discounted Dollar transfer of $46,163.
- Appointed the Irrevocable trust as the owner and the beneficiary of the JLS Wealth Creation Strategy in order to keep the proceeds out of their estate, regardless of what the federal or state estate tax exclusion is in the future.

That was it, simple but extremely effective in accomplishing their number one goal – to keep their wealth in the family and avoid forcing their children to sell their assets to pay the government's death taxes.

Remember, their strategy was to be proactive, planning for the worst, while praying for the best and to keep it simple. So what if Congress increases the estate tax exclusion to even more than $5 million. Or better still, what if Congress totally eliminates estate taxes? Or what if the Smart's estate shrinks due to market declines and their children don't need the $5 million to pay estate and income taxes. What if they spend down their entire estate? So what? Their posterity for generations to come will forever be grateful that they cared enough to provide a source of 100% Tax-Free dollars to help with their education, get a start in life, their welfare, sufficient income, or life's curve balls. Thanks Grandma and Grandpa Smart.

When studying the benefits and tremendous leverage that the Wealth Creation Strategy can generate, it is paramount that we perceive it for its' true benefit. It is plain and simply a superior wealth transfer strategy that allows you to guarantee the delivery of your wealth from one generation to the next, using Discounted Dollars, (pennies for dollars). With the inherent guarantees built into the Wealth Creation Strategy, you take all of the uncertainty out of your financial and estate plan.

In our world of ups and downs, that kind of peace of mind is critical for everyone. To learn more about this extraordinary advanced estate planning strategy, and to find out which insurance companies we recommend as the top Wealth Creation Strategy plans in the country, follow these three simple steps:

Your next steps:

1) **Complete The Wealth Creation Strategy Analysis Request Form found on page 30 of this report or go to our website: www.epmez.com.**
2) **Call our office, 1.888.892.1102 and schedule an appointment so we can assess your goals and objectives in order to prepare your personalized Wealth Creation/Family Bank Analysis.**
3) **Once you have selected the strategy for you, we will do our utmost to get you qualified with the carrier of your choice at the best possible risk class.**

The Choice is Obvious

Remember Senator Robert Kerr? He was the wealthy politician who left his heirs in a real bind. After he passed on, his family had the formidable task raising $9 million in nine months to pay estate taxes. The whole affair was a nightmare. It doesn't have to be that way for your family—if you act now. No matter which direction the estate and income tax political winds blow, no matter what happens to the economy or to your investments, no matter how much you spend, you will have an ironclad estate plan. A plan that will ensure that your grandest wishes for your posterity, will be a reality.

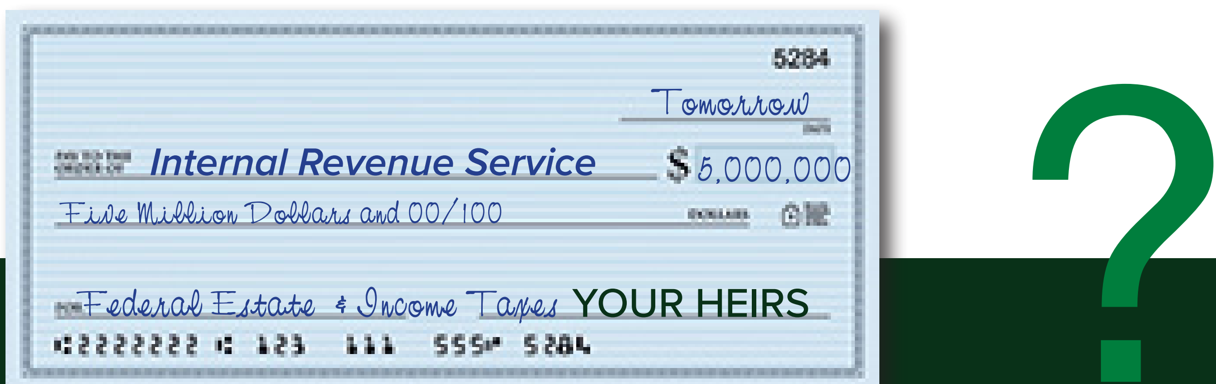
To emphasize how important it is to plan, let's graphically look at the two choices you face with regard to your estate taxes. For illustrative purposes let's use the Smart's estate, remember they were both 60 years old with an estate of $15 million.

Figure 11 illustrates two checks:

Check A represents the tax liability due to the IRS for estate and income taxes after the surviving spouse passes away. **Check B**, on the other hand, represents the annual Wealth Creation Strategy deposit of $46,163 that their family would place inside their Irrevocable Life Insurance Trust (ILIT).

Which would you choose? The choice, of course, is obvious. But unfortunately, for millions of Americans who fail to plan, the choice is made for them, and it's never in their favor. Don't let that happen to your family!

Which Check Would You Rather Sign To Pay Your Estate Taxes?



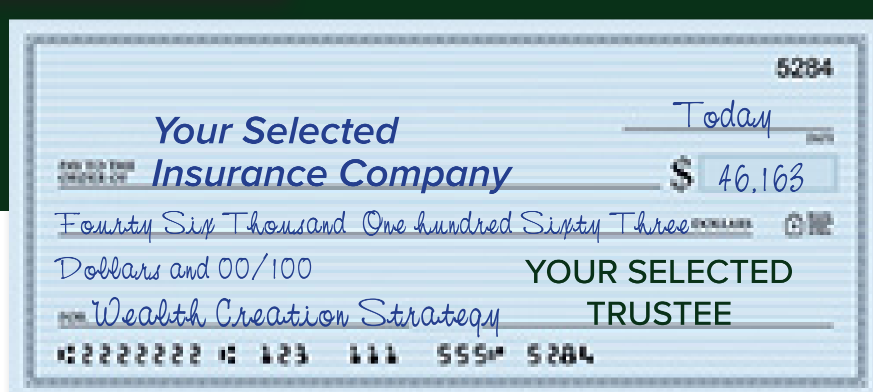


FIG. **11**

Estate Planning Specialists does not give legal advice. Comments in this report concerning tax treatment simply reflect the company's understanding of current interpretations of the tax law. Since tax laws are always subject to interpretation and change, we recommend that you consult your attorney or tax advisor regarding taxation as it applies to your particular situation.

The Wealth Creation Strategy - A Recap

In summary, for a small fraction of your gross estate or the transfer of some of your interest earnings, the Wealth Creation Strategy will:

- Create an instant guaranteed estate for your posterity, income and estate Tax-Free.
- Create instant liquidity that your heirs can use to pay your estate settlement costs such as taxes, probate fees and debts.
- Allow your family the ability to inherit the assets you have created through the years, without the need to liquidate them to pay the IRS.
- Reduce the federal estate tax from 40% to virtually nothing, using Discounted Dollars.
- Allow you to freely spend down your assets and still leave a financial legacy for your posterity.
- Allow you, at your option to create a cash value account (Family Bank Strategy) that you can access in the future for whatever purpose.
- Allow you to maximize your IRA Required Minimum Distribution.
- Allow you to significantly leverage a portion of your assets or interest earnings to create an enormous expansion of value.

There is simply no other money-management vehicle available anywhere that offers such phenomenal benefits, strong rates of return and superb leverage. The Wealth Creation Strategy is the easiest method to effectively preserve your assets for your children and grandchildren and protect the lifetime of hard work and dreams that your estate represents.

The Roth on Roids Strategy

In 2010, there was much talk and interest about converting one's traditional IRA into a Roth IRA. The main reason for all the excitement was that at President Obama's bidding, Congress passed a provisional law that allowed for the tax generated by a 2010 Roth conversion to be spread over two years with the first tax due April 15, 2012.

While the 2010 Roth IRA conversion rules were better than the standard regulations that require the entire income tax bill to be paid the following year, I couldn't really understand all the hype. Forty years prior, I discovered an IRA conversion strategy that was so much better than just a regular Roth IRA conversion. In fact, it is so much better that I initially referred to it as The Roth IRA on Steroids Strategy. Later we simplified the name to **The Roth on Roids Strategy.**

Let me explain. Currently, once your IRA is converted to a Roth you are able to access the entire account, both the interest and principal, **without income taxes.** Furthermore, when it is passes to beneficiaries, they receive the account balance income tax free as well. While those are wonderful features, the only benefit your family receives upon your passing is whatever the Roth IRA account balance is.......**period**.

With The Roth on Roids Strategy, you deposit all or a portion of your IRA into a "qualified tax-deferred" interest bearing account that allows you to select the number of years you want the taxable IRA distributions to take place. Most clients choose to make annual distributions from the new "qualified account" over a 5, 7 or 10 year period, significantly spreading out the conversion tax over many years, not just two.

Next, you open up a Family Bank or Wealth Creation Strategy, by depositing annual withdrawals from the "qualified account." Because of the tremendous leverage your new life insurance policy will generate, your annual transferred deposits will multiply the value of your IRA many times. By virtue of the tax code and the characteristics of life insurance, not only will the life insurance benefit be received income tax-free, but the cash account will accumulate Tax-Free and any cash withdrawals can be received income Tax-Free as well.

You can take The Roth on Roids Strategy one step further by transferring your qualified account withdrawal into an Irrevocable Family Dynasty Trust or an Irrevocable Life Insurance Trust to fund the life insurance policy. By taking this additional step you will guarantee that your “amplified” converted IRA will be received by your beneficiaries for generations to come both **income** and **estate Tax-Free**. Furthermore, by having an Irrevocable Trust own the life insurance you will be able to set in stone distribution stipulations that your posterity will be required to adhere to in order to receive their expanded IRA inheritance.

Let me give you an example: Bonnie Morris is a 73 year old widow in good health. She has three children ages 50, 47 and 45. They have blessed her life with seven grandchildren, ages 5 to 22. Her total net estate is $2.5 million, which includes a traditional IRA she inherited from her husband. The IRA is currently valued at $800,000. Her Required Minimum Distribution in 2020 was scheduled to be $32,250.

Bonnie has sufficient income from other sources and doesn’t need her RMD to live on. In fact, she wishes she could just leave her entire IRA to her grandchildren with the balance of other assets passing to her children. If she were to pass away this year, by dividing the IRA into seven parts, each grandchild would receive $114,000. Not bad, but after paying income taxes they would only net around $85,000 each. (Note: Depending on the size of one’s estate, federal and state death taxes could be due as well).

Last year, Bonnie adopted The Roth on Roids Strategy through our firm, Estate Planning Specialists, by transferring her IRA into a “qualified account.” She was approved for a permanent Family Bank styled life insurance policy that she will fund with seven equal withdrawals over seven years from her “qualified account.” Stretching the IRA conversion income tax over seven years.

Through the acquisition of her Roth on Roids plan, she immediately increased the value of her grandchildren’s inheritance to $1,544,072 or $220,581 net each……passing to them, **totally income tax free!**

For estates the size of Bonnie’s, (under $5 million), the insureds usually retain ownership of their Wealth Creation or Family Bank Strategy policy. If you want to stipulate specific distribution language, such as “no substance abuse” as a qualification, or your estate is over $5 million, you should consider establishing an Irrevocable Trust. Accessing your cash value is cumbersome, via the trust, so it is important that you understand the trade-offs.

Either way, chances of success in life are enhanced when our heirs realize that wholesome provident living will result in great rewards. Richard Durfee, founder of our recommended national estate planning law firm, Durfee Law Group firmly states, "Incentive provisions in Family Dynasty Trusts go a long way to ensure that your posterity will be upstanding productive citizens." I couldn't agree more.

Bonnie's Tax-Free Roth on Roids was the Family Bank Style Plan, her accumulation account, will also grow to $808,949 in 10 years and $966,278 in 20 years, based on Indexed return assumptions. These funds will be accessible tax-free should she ever need them in the future. Furthermore, we included a Long Term Care Rider on her Roth on Roids Strategy so that in the future if she is not be able to perform 2 of the 6 Activities of Daily Living or she becomes cognitively impaired, she would be able to access over $20,000 per month income tax-free for 50 months to help pay for her care. Any balance left will be distributed Tax-Free to her grandchildren.

With The Roth IRA on Steroid Strategy you will:

1) Stretch your IRA conversion tax over as many years as you choose!
2) Immediately multiply the value of your IRA for your beneficiaries – income and estate Tax-Free!
3) Create a income Tax Free cash accumulation account, just like a Roth IRA!
4) Generate significant tax-free guaranteed lifetime income!
5) Create a multiplied Tax-Free income source of funds that can be used for long term medical care expenses!

Let's say that Bonnie wanted to leverage her IRA for the benefit of her grandchildren but she didn't want to change her investment portfolio or manager? She could transfer any portion of her annual Required Minimum Distribution into her Family Bank Strategy. For our example,

let's assume that Bonnie decided to transfer the same amount of her first RMD of $32,250 for the next seven years into her Family Bank Strategy. Assuming she is in moderately good health, she could obtain a guaranteed lifetime Wealth Creation Strategy for $1,144,652 that would pass to the grandchildren income and estate tax-free.

We could also place a Long Term Care Rider on her plan so that should she ever trigger the provisions of the rider she would be able to access a tax-free benefit of $20,000 per month. She would have access to her IRA cash account if it was ever needed for emergencies. And finally, she could designate her favorite charities as the ultimate beneficiary of her IRA account balance avoiding income and estate taxes on the lump sum distribution, totally **Disinheriting the IRS!**

To receive a complimentary personalized Roth on Roids Strategy illustration simply complete the Wealth Creation Strategy Application Request Form found on page 30 of this report or call us toll free 1-888-892-1102.

The Tax Relief Act of 2010 – The Tax Cut & Jobs Act of 2017 and the Family Limited Partnership

Prior to 2010, if we wanted to make gifts to our children and grandchildren the most we could transfer was the annual gift exclusion per year, per child, per spouse. Currently the annual gift exclusion is $15,000, or $30,000 per couple, per child or grandchild. In the past, if we wanted to gift more than the annual exclusion we would have to dip into the $1,000,000 lifetime gift tax exclusion. When exceeding that limit, the benefactor would be charged a 50% gift tax and grandchildren would be levied an additional 45% generation skipping tax. Ouch!

With the passage of TRA-2010, the rules he dramatically changed for the better. First, the federal estate tax exclusion increased to $5 million from $1 million. Second, in an unexpected move, Congress agreed to make the gift tax exclusion equal to the estate tax exclusion. In other words, both the estate tax exclusion and gift tax exclusion were the same at $5,000,000. This change allowed a parent to transfer $5,000,000 to their children while still living, without either party paying a transfer tax….$10,000,000 per couple.

Ten years later, the estate and gift exclusion parity rules established with TRA-2010 still exist. Meaning that with the passage of Trump's Tax Cut and Jobs Act and the all-time high federal estate tax exclusion of $11,700,000, we can now gift the same amount to our children today without a transfer tax. That's huge!

I firmly believe that Trump believed he would have a second term and so in his hallmark tax legislation (TCJA), he assured that unprecedented exclusion would last until 2026.

That all could change real soon!

President Biden repeated many times during the campaign and since being sworn in, that he will soon lower the federal estate exclusion to some figure significantly lower than $11.7 million. Furthermore, he has adamantly affirmed that he and his Congress will bring the **gift tax exclusion BACK to $1,000,000** as soon as possible.

What can be done at this late hour? First and foremost, if you have wealth that you want to pass to your children now, you better **SPRING INTO ACTION** by calling my office today and schedule an appointment with me…..like yesterday!

Next, you need to begin praying that after you make your move that Congress allows for grandfathering and agrees that all rule changes will start on the day of enactment, going forward.

I understand that the vast majority of Americans will never have to worry about transferring $23.4 million as a couple ($11.7 million per spouse) to their children alive or dead. But, most would like to have the option of transferring more than the annual $15,000 gift allowance and many would like to transfer more than $1,000,000.

For now, the Trump estate and gift tax windows are still open and by using discount valuation strategies afforded Family Limited Partnerships (FLP), Limited Liability Companies and Grantor Retained Annuity Trusts you can actually gift at least 30% or more. Let me give you an example:

Wayne - 68 and Sue Court – 62 of Orlando, Florida estate is valued at $30 million, which includes a small business worth $15 million that they want to keep in the family. They have three boys and five grandchildren. One of the estate planning goals they wanted to accomplish was to transfer the business to their three sons as soon as possible. They wanted to retain control and receive a good income for a maximum of 10 years.

By establishing a discounted FLP and a Family Dynasty Trust, by the grace of the TRA-2010 and the TCJA, the Courts were able to transfer the entire business ($15 million) to their children totally gift and estate tax-free. Prior to January 1, 2011 the transfer wasn't even a pleasant thought. Now it's a reality.

Wayne and Sue also wanted to use some of their annual $240,000 ($15k annual gift x 8 gifts x 2 = $240k) joint gift allowance for 7 years to increase their estate by $9,000,000 by acquiring a Family Bank Strategy Joint & Survivor (JLS) policy. After researching the industry and medical underwriting, it was determined that we could help them achieve their goal through an A++ carrier by having them transfer $240,000 for the seven years. Creating leverage in excess of 5.5 times with true Discounted Dollars.

Not only will the Court's future estate and income tax liabilities be covered, they will guarantee that their boys won't have to sell off the business to pay off the IRS, establishing a family financial legacy that will endure for generations yet to come. Thank you the 111th Congress!

Great care needs to be rendered when implementing any large transfers. If the children plan on selling the asset shortly after the transfer, capital gain taxes need to be considered. In that situation, it may be best to pass the asset to the children at death in order to take advantage of the Step-Up-in- Basis. **Of course if President Biden and the 117th Congress eliminate the Step-Up, well…..all bets are off.**

To learn more about this advanced estate planning strategy simply contact my office at 1-888-892-1102 or email me at info@epmez.com.

How to Disinherit the IRS

The dictionary defines a gift as something given to show friendship or support. It also defines temporary as lasting for a time only, not permanent. When studying the generous estate and gift tax rules established by President Trump and then listening to the rhetoric of the victorious President Joe Biden and his constituents, it is clear that a change is coming.

If I have learned anything in my 48 years of planning estates, it is that estate and gifting rules are a political moving target. And that there is absolutely nothing permanent when comes to taxes. You don't need to be a prophet to know that the generous rules we now enjoy, especially the huge estate and lifetime gift tax exclusion of $11.7 million will soon shrink before our eyes. Time is ticking away. The opportunity to grab onto the golden ring is now.

In early December I spoke with a 60 year old client (Stephen) with a $12.5 million estate, comprised of a small business worth $7.5 million. He has two sons that are involved in the firm and he wants to transfer it to them as soon as possible. He indicated that the boys are running the day-to-day operations and that he seldom goes into the office. In fact, he called me from his winter home in Costa Rica. He wanted to know what to do?

My answer was simple but to the point……… **SPRING INTO ACTION**. I advised him that since the $11.7 million lifetime gift exclusion is still "on-the-table" he should use it immediately, allowing him to remove the $7.5 million business and all future growth of that gift out of his estate forever. He could remain in control of the business and continue to receive income, leaving only $5 million to be taxed.

I then suggested that he use some of his IRA to acquire a $2 million Wealth Creation Strategy life insurance policy using Discounted Dollars to mitigate any possible future federal estate tax. I encouraged him, that since he was relatively young and healthy, to transfer a small sum now out of his IRA now, like a Roth conversion, to fund his Wealth Creation Strategy. I am glad to report he took my advice.

In early January another call came from a couple (Richard – 72 and Carol - 69) who have been married for 50 years with five children and eight grandchildren. They were convinced, as I am that Biden and Company are going to change the rules and they wanted to "PLAN FOR THE WORST AND PRAY FOR THE BEST."

Richard has an IRA valued at $1 million They don't need the annual Required Minimum Distributions. Their total estate is valued just under $3 million. They are enjoying retirement and want to continue spending their sunset years traveling and visiting their grandchildren who are spread out all over the country. They don't want to be "penny pinchers" at this time in their lives, but they don't want to squander their posterity's inheritance. The second most important objective on their estate planning goal sheet was to guarantee that their grandchildren and great grandchildren get a "head start" in life. Since Richard's IRA minimum distribution was around $39,000 per year and they were both currently in average health they decided that now is the time to **SPRING INTO ACTION** and establish an instant guaranteed lifetime estate through a JLS Family Bank Strategy for $2,525,241. That's what I call leverage!

They also decided that since their CDs were only crediting taxable interest of less than 1% that they would transfer $100,000 each into our Return of Premium Long Term Coverage (ROP LTC Plan) with the inflation rider. Richard's Long Term Care pool will initially be $265,000 and will grow to $411,217 by the time he is 85, **4 times his initial deposit.** Carol's initial LTC pool is $259,171 and will grow to $443,470 by the time she is 85. A no brainer estate planning strategy that will pay the majority of their long term care expenses should they have that unfortunate experience. With the ROP LTC plan, if they dodge the LTC bullet, their beneficiaries will receive the full $100,000 deposit. For more information on this estate planning strategy visit our website at **www.ropltc.com**

Estate Planning is More Than Just Taxes

Estate planning is predetermining who gets what, when they get it and how they get it. And if estate planning is done properly, it can be done without disputations. For Richard and Carol, estate planning isn't about taxes it is about taking care of themselves first and then creating future opportunities for a Powerful Productive Positive Posterity.

If you too would like to **SPRING INTO ACTION** and provide a guaranteed financial legacy for your family while at the same time warding off creditors, predators and the future federal confiscation of your wealth through unnecessary taxes, follow these two easy steps:

1) Arm yourself with correct and accurate information by completing The Wealth Creation Strategy Analysis Request form found on page 30, and email it to my staff at **info@epemz.com** or fax it to me at 1-480-899-6723. It should only take a few minutes. All information is strictly confidential and the analysis is complimentary. Of course, if you would like to discuss your personal situation please don't hesitate to call our toll-free number 1-888-892-1102 and schedule an appointment.

2) Once you receive your personalized Wealth Creation Strategy Analysis and decide on a carrier, you will be able to implement your plan through our firm, Estate Planning Specialists. We pride ourselves in obtaining maximum coverage for minimum outlay, thus providing your family with the most leverage and liquidity available at a time when they will need it most.

Remember, procrastination is dangerous to your wealth. So act today while The Wealth Creation Strategy Analysis Form is right at your fingertips.

Are You and Your Children Prepared for the SECURE Act?

The Stealth Estate Tax – The SECURE Act 2020

Last January, right before the Corona Quarantines began, I had the unique opportunity to learn from Ed Slott, the nation's leading IRA expert. With the passage in December 2019 of the onerous SECURE Act, Ed and his staff decided to host a once in a lifetime conference in San Francisco for top estate and financial planners, as well as attorneys and other CPAs. I was invited to attend, so I dropped everything to learn from a true master. Ed knows his stuff, and he and his staff had studied the new law and were prepared to lay it on us.

Having predicted the eventual passage of the SECURE Act years before, I was anxious to learn what really happened. What the tax and financial implications would be to the trillions of dollars in qualified accounts such as IRAs. I wasn't disappointed. The result was a two day, 16 hour conference, filled with facts, figures and strategies that produced a workbook with over 400 pages!

As the conference approached its conclusion, Ed promised the audience that although the main purpose of the SECURE Act was to kill the Stretch IRA, there was hope and a way to recover what Congress ripped away from our beneficiaries. He promised that he would disclose the absolute best solution to the tax hit our kids would have to pay over 10 years when they inherit our IRAs and all other qualified accounts.

We took our final "ice cream break" and then returned, anxious to hear the coup d'eta. He had made it clear over the two days that even though the SECURE Act was overall destructive legislation, it did have a silver lining. He explained that unless previous decedents had drafted a specific IRA trust, most non-spousal inherited IRA money was gone within two years of inheritance. That usually wasn't the benefactor's goal. In fact, most wanted it to be stretched all the way to their grandchildren. With the new mandated 10-year rule of the SECURE Act, maybe now IRA owners will draft trusts that will at least stipulate the funds be distributed over the 10 years, spreading out the tax liability and income.

He then got excited. His voice grew louder, almost doubled. We were ready for the solution. Let me now quote Ed: *"You know that I don't sell life insurance. I don't sell stocks, bonds, annuities. But I have to tell you – (and this is the same way I explain it on PBS and other consumer meetings) – even though I don't sell it and I am just a tax advisor, the* ***tax exemption for life insurance is the biggest benefit in the tax code.*** *It is even bigger than the $11 million estate exemption. Can you believe it? Why? Because it is unlimited. It is bigger. Most people don't use it because most people don't want to hear about it.* ***They don't understand the leverage.*** *Well now I believe that life insurance may be the one solution that can simulate and even do better than the Stretch IRA and replace the IRA in a new Tax-Free vehicle."*

"Most owners of large IRAs don't need the money, they have it earmarked for the children, grandchildren. They want it to go out generations. With the SECURE Act their plans have been foiled by Congress. Life insurance is the perfect answer. Pay some taxes now. Oh the horror! But you're at the lowest tax rates in 80 years. It's the score at the end of the game that matters. ***Basically they are just changing vehicles and putting pennies into life insurance to create guaranteed dollars.*** *When they die, the kids will get millions more than they would have received because of the leverage.* ***It will all be Tax-Free.*** *But what about the post death control? You get that too. You can still use a trust. Life insurance is the most flexible asset to leave to a trust. You don't have to worry about RMD rules, you don't have to worry about the tax, cause there is no tax!"*

"In taxes, it's what you keep, that counts. That's more important than what you once had. ***It pays to leverage a large IRA by using a portion to pay for life insurance, especially when the IRA is a major asset in your estate.*** *Don't just sit there and admire your IRA. Use it. Leverage it, or Lose it."*

"Wait a minute," I said to myself, "I have been saying the same thing for 48 years. Why is permanent life insurance now the best solution? Why did it take so long? Why does it take an unbiased CPA guru to tell the world before they listen? And will they listen now that it is clear, "that the leverage life insurance creates, is the only way to legally print money?" The absolute best answer to the devastation created by the SECURE Act?"

ED concluded:

"Call it like it is. Life insurance is absolutely the most underutilized strategy to protect large retirement balances from being decimated by the highest levels of taxation. All the time your client is paying premiums, you need to make the point that they are not really paying anything – they are investing for the long run and ***moving their money from forever taxed to never taxed."***

Ed received a resounding standing ovation. I felt totally vindicated. Ed Slott, the nation's leading IRA expert and a true genius, reaffirmed to me and everyone else in the room, that what I have been preaching for almost 50 years was right on target. That providing Tax-Free leveraged liquidity at a substantial discount was a tremendous service to mankind and in his words, *"the only way to legally print money."*

Without a proper estate plan in place, your children are going to pay hundreds of thousands in unnecessary taxes, and it is going to come from your money. Your dollars to pay dollars! That's just not being a prudent steward of your wealth... it is being fiscally irresponsible. In addition, you are going to shove them into the highest income tax brackets because of the SECURE Act. Is that what you want?

The Wealth Creation / Family Bank Strategy, using Discounted Dollars is the answer, Family Bank. To request a personalized example of how this sound financial tool can work for you and your family, call my office, 1-888-892-1102 and schedule an appointment.

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SOLUTIONS SUITE

Now What Should You Do?

Now that President Biden and Vice President Harris are at the helm and we have a Democrat controlled Congress, big changes in estate and tax laws are forthcoming. You must be proactive. Now is the time to **SPRING INTO ACTION**! If you don't, you will look back and regret the moves that you knew you could have made, but didn't. We have experienced this scene too many times in our careers to know that Americans have a golden opportunity right now and that you need to jump through the open windows and not pause or hesitate. The waiting game will be a losing game.

Estate planning is determining who gets what, when they get it and how they get it, when you leave this world. Now is the optimum time to be assertive and make a move. You not only need to plan your estate, you need to plan for your retirement. Estate Planning Specialist has joined forces with several top minds in the country to create **The Retirement Planning Solutions Suite** to help guide you in your journey. Call our offices today to request the Suite Profile Form, 1 888 892 1102.

Suite 1: Estate Analysis $497.50

Personal Summary & Recommendations

- A comprehensive breakdown of your current estate plan.
- Recommendations of viable strategies specifically applicable to you.

Do you need a will or a trust?

A cost analysis comparison of having a Will vs Trust.

Your Personal Estate Tax Calculations

Tax calculations to illustrate your current and projected potential tax liabilities for you and your family.

Personal Estate Liquidity Recommendations

- Wealth Creation Strategy
- Family Bank Strategy

Strategies to make certain you keep your wealth in the family

Long Term Care Solutions

How to ensure that a Long Term Care event won't deplete your estate.

Creative and Estate Tax Ideas

Strategies that you may choose to implement that will help you achieve your estate planning goals.

Legal Audit of Your Estate Plan

A legal review of your estate planning documents by The Durfee Law Group, as well as a follow-up conference.

Books

- *The Family Bank Strategy* by David Phillips
- *The 10 Most Common Estate Planning Mistakes* by David Phillips
- *The Leveraged Care Solutions Special Report* by David & Todd Phillips
- *Disinherit the IRS Special Report* by David Phillips
- *The Bombshell Battle Plan: Post 2020 Election Special Report* by David Phillips

Suite 2: Retirement Analysis $497.50

Comprehensive Financial Overview

- A deep dive look at your current retirement plan
- Will you outlive your money?
- Seven Retirement Roadblocks
- Social Security maximization

IRA Conversion Analysis

To Roth or Not to Roth – Should you convert? The implications of converting your Qualified Accounts into a Roth IRA.

Tax Replacement Strategy

How to restore what The SECURE Act took away from your family.

Long Term Care Solution

How to ensure that a Long Term Care event won't deplete your estate.

Crash Proof Portfolio

How to protect your portfolio from market losses

Tax Offset

Investments that provide substantial income tax savings.

For Assistance Call 1-888-892-1102

CONFIDENTIAL

Fax 1-480-899-6723

WEALTH CREATION / FAMILY BANK STRATEGY ANALYSIS REQUEST FORM

FULL NAME		SPOUSE'S NAME	
DATE OF BIRTH / /	SMOKER Yes ☐ No ☐	DATE OF BIRTH / /	SMOKER Yes ☐ No ☐
EMAIL		PHONE	BEST TIME TO CALL
ADDRESS	CITY	STATE	ZIP CODE

Medical:

1. **Within the past five years have either of you been confined to a hospital, clinic, or medical facility?** Yes ☐ No ☐ **Details of confinement:** ______________________

____

2. **Have either of you been advised by a physician that you have: (Check all that apply)**

☐ Hypertension ☐ Cancer ☐ Heart Disease ☐ Respiratory Disease

☐ Sleep Apnea ☐ Kidney Disorder ☐ Diabetes ☐ Stroke

Financial:

1. **Qualified Accounts (IRA, 401K, etc): $** ______________________
2. **Combined Annual Income: $** ______________________
3. **Combined Net Worth: $** ______________________

☐ **Yes,** Mr. Phillips, I am interested in finding out how I can leverage a small portion of my estate. Please prepare for me, at no cost, my personalized Wealth Creation / Family Bank Strategy Analysis.

Illustrate:

1. **Please prepare my Wealth Creation / Family Bank illustrations based on:**

☐ An annual deposit of ______________________

2. **Please base the above illustration reflecting deposits based on:**

☐ Continuous Annual Deposits ☐ 5 Annual Deposits ☐ 10 Annual Deposits ☐ Other

3. **Which Discounted Dollar option would you like us to illustrate?**

☐ Wealth Creation Strategy ☐ Family Bank Strategy ☐ Both

4. ☐ **I would like you to include the Long Term Care Rider in my illustrations.**

5. **Your Wealth Creation / Family Bank Strategy funding source:**

☐ **Cash** ☐ **Annual Gift Allowance** ☐ **Lifetime Gift Allowance**

☐ **IRA-RMD** ☐ **Investment Income** ☐ **Wealth Transfer**

☐ **Other:**

10
Most Common Estate Planning Mistakes

1. Failure to have any plan at all, or having an antiquated or improper plan.
2. Misunderstanding The SECURE Act and the true impact it has on your estate.
3. Blindly leaving everything to your spouse.
4. Deficient liquidity and improperly owned life insurance.
5. Not properly using the IRS-approved $15,000 annual gift allowance and the new $11.7 million lifetime gift allowance.
6. Not properly preparing for the exorbitant cost of long-term medical care.
7. Failure to properly plan the distribution of your pension/retirement accounts, ie. IRA, 401k, etc.
8. Lacking liquidity to cover estate settlement expenses.
9. Estate shrinkage due to investment losses.
10. The improper use of jointly held property.

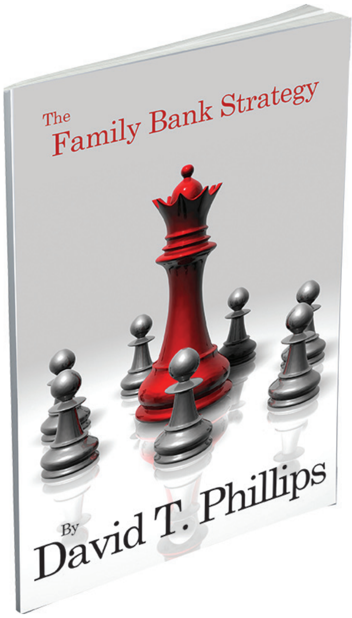
If you are currently making one of these estate planning mistakes call us toll-free at 1-888-892-1102 for a solution.

ESTATE PLANNING SPECIALISTS, LLC
A DIVISION OF PHILLIPS FINANCIAL SERVICES

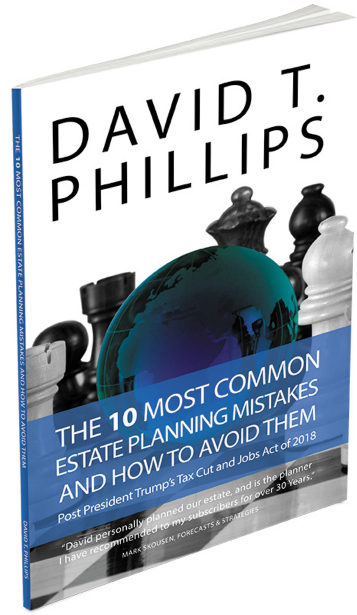
5350 N 48th Street, Suite 238, Chandler, AZ 85226
1-888-892-1102

More from

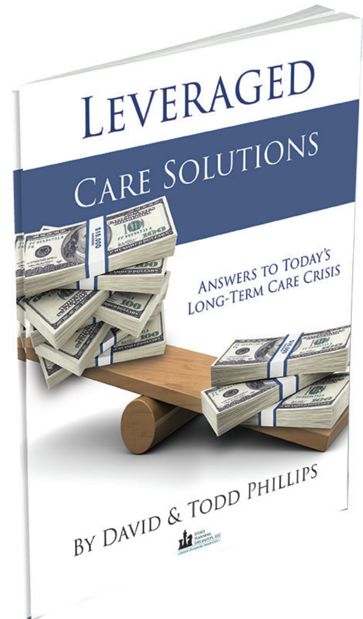
David and Todd Phillips



THE FAMILY BANK STRATEGY



THE 10 MOST COMMON ESTATE PLANNING MISTAKES:
AND HOW TO AVOID THEM



LEVERED CARE SOLUTIONS:
ANSWERS TO TODAY'S LONG TERM CARE CRISIS

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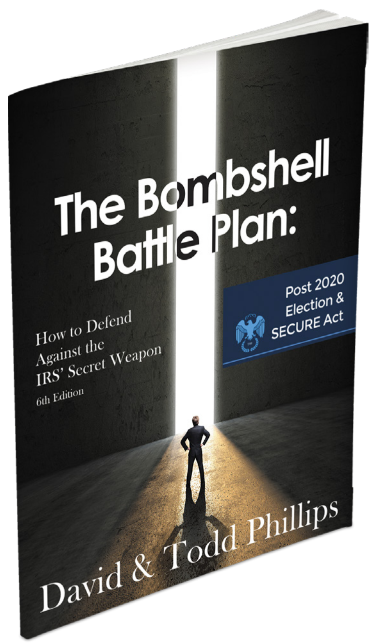
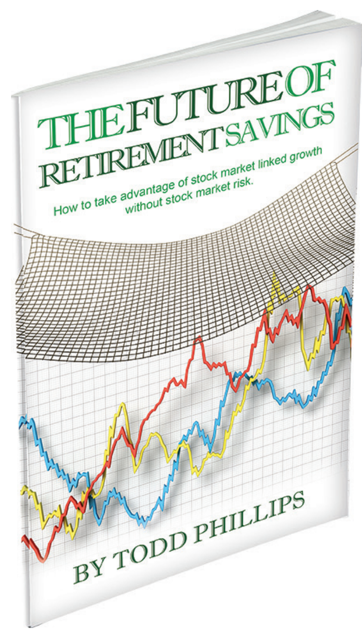


THE BOMBSHELL BATTLE PLAN
HOW TO DEFEND AGAINST THE I.R.S.' SECRET WEAPON - POST THE 2020 ELECTION AND SECURE ACT



THE FUTURE OF RETIREMENT SAVINGS
HOW TO TAKE ADVANTAGE OF STOCK MARKET LINKED GROWTH WITHOUT STOCK MARKET RISK