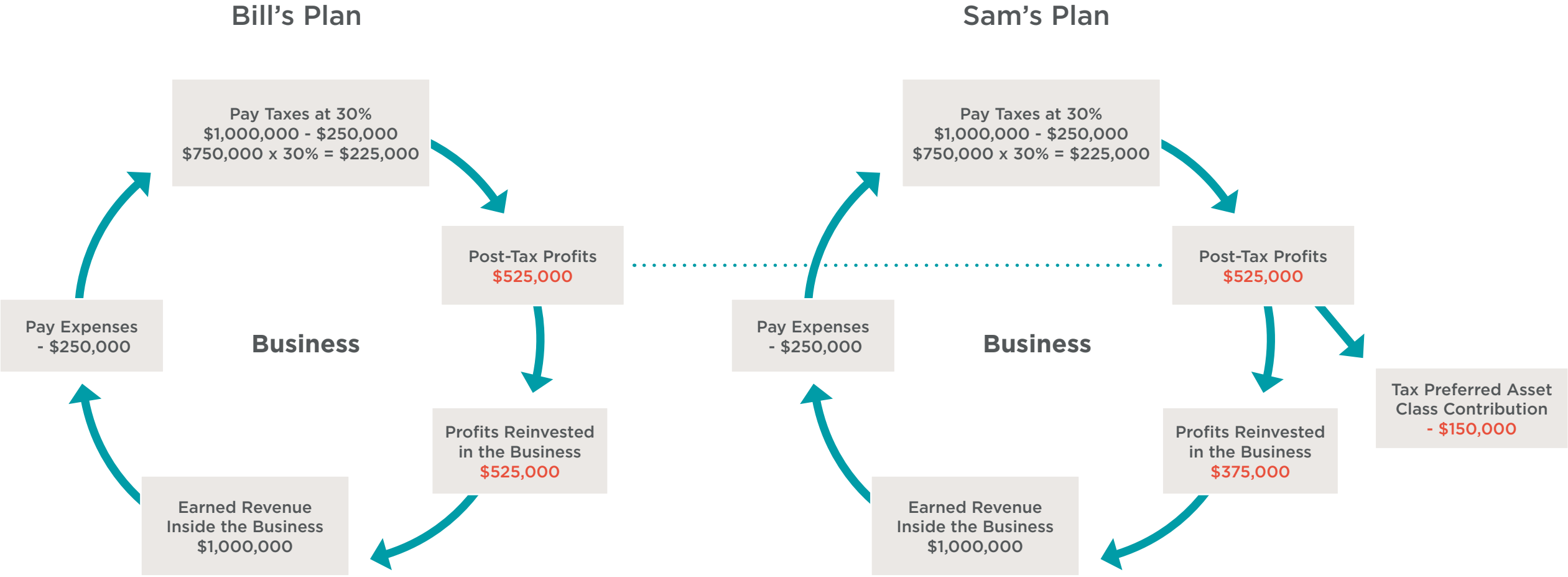


HOW TO BREAK THE CYCLE OF INCOME TAXATION FOR BUSINESS OWNERS



BREAKING THE CYCLE OF BUSINESS TAXATION FOR RETIREMENT PEACE OF MIND

Sam – Breaking the Business Taxation Wheel	
Business Growth Rate	8.00%
Earned Revenue	\$1,000,000.00
Annual Expenses	(\$250,000.00)
Tax Rate	30%
Equity Extraction	(150,000.00) [20% of Net Revenue]

Year	Age	Retained Value of Business	Revenue	Business Expenses	Taxes	Post-Tax Equity Extraction	Net Profit
1	46	\$ -	\$ 1,000,000	\$ (250,000)	\$ (225,000)	\$ (150,000)	\$ 375,000
6	51	\$ 2,199,975	\$ 1,469,328	\$ (367,332)	\$ (330,599)	\$ (220,399)	\$ 550,998
11	56	\$ 5,432,461	\$ 2,158,925	\$ (539,731)	\$ (485,758)	\$ (323,839)	\$ 809,597
16	61	\$ 10,182,043	\$ 3,172,169	\$ (793,042)	\$ (713,738)	\$ (475,825)	\$ 1,189,563
20	65	\$ 15,542,349	\$ 4,315,701	\$ (1,078,925)	\$ (971,033)	\$ (647,355)	\$ 1,618,388

Life Insurance Values for Sam and his Family	
CSV A65	\$ 9,618,267
Face Amount A65	\$ 21,368,267
Tax-Free CFLOW	\$ 765,326 (Annual)
Ages 66-85	\$ 15,306,520 (Total)

Additional Business Equity: Bill vs. Sam	
\$ 7,382,013	Greater Value for Bill's Interest
Net After-Tax Value Upon Liquidation	
\$ 5,167,409	Greater Value for Bill's Interest

Projected Annual Cashflow in Retirement		
	Sam	Bill
Net After-Tax Business Value	\$ 10,879,644	\$ 16,047,053
Projected Annual After-Tax Cashflow from Sale of the Business over 20 Years	\$ 698,409	\$ 1,030,126
Projected Tax-Free Income from Life Insurance	\$ 765,326	\$ -
	\$ 1,463,735	\$ 1,030,126
Change in Retirement Income	42%	

By pulling out \$150,000 a year from after-tax profits, Sam immediately secured \$21 million of life insurance protection for his family while his business was in its infancy. By age 65, he had \$9.6 million in cash value, enabling him to draw \$765,326 a year in tax-free income. Sam is now no longer solely reliant on the sale of his business to enjoy his retirement years and can enter retirement with more peace of mind.

Assumes a 20% Tax Rate and a 5.00% Return on Investment, net of advisory fees

This material is for informational purposes only and is not to be construed as tax or legal advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary. Clients should consult with their own tax, legal, and accounting advisors before implementing any plan. All guarantees and death benefit are subject to the claims paying ability of the issuing insurance company. This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. Highland Capital Brokerage does not offer tax or legal advice.

HCB01275 Revised 5/13/19
Page 2 of 2

