# Why You Should Stay Away From Section 79 Life Insurance Plans



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It's been a few years since I ran my two-part newsletter warning readers to stay away from Section 79 plans, and I thought it was a good time put it back out there.

To read Part I of my series on why you shouldn't sell Section 79 Plans, click on the following link: http://www.thewpi.org/?a=PG:1381

To read Part II of my series on why you shouldn't sell Section 79 Plans, click on the following link: http://www.thewpi.org/?a=PG:1378

For some odd reason, I've had several calls lately from doctors who've read my Doctor's Wealth Preservation Guide to say they are being pitched Section 79 plans; and after reading my book and several articles I've published in the past, they wonder if these plans are any good.

The doctors are being told that Section 79 plans are the "best" wealth-building tool they can use to reduce their income taxes and create a "tax-free" retirement income.

Unfortunately, for these unsuspecting doctors, what they don't know is that, not only are Section 79 Plans not the "best" wealth-building tool they can use, they are not even a "good" wealth-building tool.

I rail against Section 79 plans for several reasons including the following:

1) You have to lie to employees to implement them.

2) The life illustrations given by ignorant or crooked insurance agents are not realistic (most use today's historically low lending rates with 2-3% loan spreads on variable loans on EIUL policies (ones that do not have a fixed lending rate)).

3) You have to be a C-Corporation to use them.

4) The life policies sold in these plans are so bad that the companies don't want them sold unless they are in Section 79 plans (the policies are designed to have poor performance so the deduction is increased).

5) Another very good reason not to use these plans is because there are better alternatives like Captive Insurance Companies (click on the following link to learn of the power of growing wealth through a CIC: http://www.wealthpreservationinstitute.com/taxplanning/closelyheld)

6) And the best reason not to use a Section 79 plan is because when you run the real numbers the client would be better off not funding the plan, taking his/her money home after taxes, and funding a "good" EIUL policy (a Retirement Life™ policy).

## Conclusion

If you are being told by an IMO or insurance company that you need to start selling Section 79 plans so you can get in the business market and make a bunch of money, resist the sales pitch. If they tell you it's a can't-miss program, have them give you what they think is a good illustration for a client and forward it to me. I'll expose it for the nonsense that it is, and then you will understand first hand why you don't want to sell these plans.

Also, keep in mind that many of your clients might do internet research, find my articles, and ask me for my opinion. When that happens, I'll light up the advisors for giving the client bad advice; and it will be difficult, if not impossible, to recover from such an event to sell the client anything let alone a Section 79 Plan.