

Qualified Plan Insurance Partnership®
Mitigating the “70-80% Tax Trap”
(1 Hour; 29 Pages of Text)

1) Introduction

2) Example of the 75% tax trap

Steps for Successful Coordination of Life Insurance and Retirement Benefits

3) Consider The Power Of Tax-Free Compounding.

4) Review The Minimum Distribution Rules.

- a) Minimum Amount to be Distributed to the Participant.
- b) Distribution Rules for Roth IRAs.

5) Plan For The Payment Of Estate Taxes

- a) IRA assets to be used to pay the tax
- b) Stretch IRAs do not work for people with estate tax problems
- c) Life insurance could be used to pay the tax

6) The Use Of Retirement Accounts To Pay Insurance Premiums

- a) Should clients use retirement account assets to pay life insurance premiums?
- b) There are four “traditional” ways to pay life insurance premiums in retirement plans.
- c) Valuing a life insurance contract owned by a qualified plan
- d) IRC § 408(a)(3) limits with IRAs

7) **Qualified Plan Insurance Partnership®**

- a) Prohibited Transaction Rules
- b) IRC and ERISA prohibited transaction
- c) Disqualified “persons”, the 50% rule
- d) LLCs and FLP are not disqualified “persons” when setup correctly
- e) Potential problems when using LLCs or FLPs as investments in IRA or qualified plans.

8) IRAs

- a) Using a QPIP to purchase insurance with IRA assets
- b) The “Plan Asset Rule” and its application to an IRA’s investments in a LLC
- c) Why the Plan Asset Rule should not be applicable to a QPIP