

# **“Advanced” Markets are Recession Proof and Why Should be in Them**



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# Introduction



- It seems that today nearly everyone is struggling
  - Financial planners
  - Insurance agents
  - Mortgage brokers
  - Attorneys
  - CPAs/EA/accounts
  - AND THE CLIENTS OF ALL OF THE ABOVE
- When I say struggling, I mean advisors and most of their clients are making less money.

# Continued



- I say nearly everyone because not “everyone” is struggling.
- Who’s not struggling?
  - Most of the affluent
- **Doctors** are not affected much by a recession or depression.
- Many profitable **small business owners** continue to figure out a way to be profitable and therefore, affluent.
- **Retirees** who are affluent are not really struggling (even if they’ve lost money in the market)

# Opportunity



- Times of turmoil bring OPPORUNITY for advisors who have something to offer.
- There is not a better time in the last 10-years to be an advisor.
- Why?
- Because when times are tough, advisors with solutions to problems thrive.
- Who has problems to solve?
- Affluent clients with money to grow and protect.

# Defining “Affluent”



- What is an “affluent” client?
- My definition is anyone making \$150,000 or more a year or has a net worth in excess of \$2,000,000 (not including their life insurance policy DB).
- These are the clients you want to have.
- Why?
- The more money someone makes or the more money they have, the more problems you can help them solve.
- **You want to be seen as a problem solver not a product pusher!**

# Goals



- What goals are you trying to achieve by learning to working with affluent clients
  - 1) Earn more money
  - 2) Cultivate referrals
- How do you achieve these goals?
  - 1) Learn the concepts to help them
    - CWPP and CAPP courses are the only “advanced” education courses in the country
  - 2) Have a team to support and help implement your recommendations.
    - Through the WPI you will have access to some of the top minds in the industry who are there to help you with case design (CALM) and implementation.

# Problems of the affluent



- Protecting assets from creditors
  - 1) Negligence lawsuits
  - 2) The IRS
    - Income taxes
    - Estate taxes
    - Capital gains taxes
    - Generation Skipping taxes
  - 3) The stock market
  - 4) LTC expenses
  - 5) Disability

# Solutions to solve problems



- **Negligence lawsuits**
  - 1) Life and annuities are protected in many states
  - 2) LLCs/FLPs (multi-member and setup in the correct state)
  - 3) International LLCs
  - 4) Offshore asset protection trusts (OAPT's)
  - 5) Maybe domestic self-settled trusts
- Are you able to speak intelligently about the above and how each tool can be useful to protecting a client's money from negligence suits?
- If not you are missing out on opportunities.



# Continued



- **The IRS** (Income, Estate, Capital Gains, and Generation Skipping taxes)
- Domestic revocable trusts
- Irrevocable trusts (dynasty trusts)
- IDGTs
- Freeze/Preferred Partnerships
- CRTs, CGAs, Private Foundations
- CICs
- GRATs

# IDGT and life insurance



**Marty & Sylvia**

**Real Estate Property  
\$7 Million**

**Marty and Sylvia transfer to FLP**

**FLP Discounted Value  
\$4,550,000**

**Sale of FLP interest to IDGT for installment note**

**Installment Payment to Marty and Sylvia of \$266,175 a year.**

**Defective Grantor Trust  
\$4.5 Million Life Insurance  
\$7.0 Million Real Estate  
Cash Flow of \$420,000 from investments**

**Income Taxes On the \$420,000 earned from the IDGT investments**

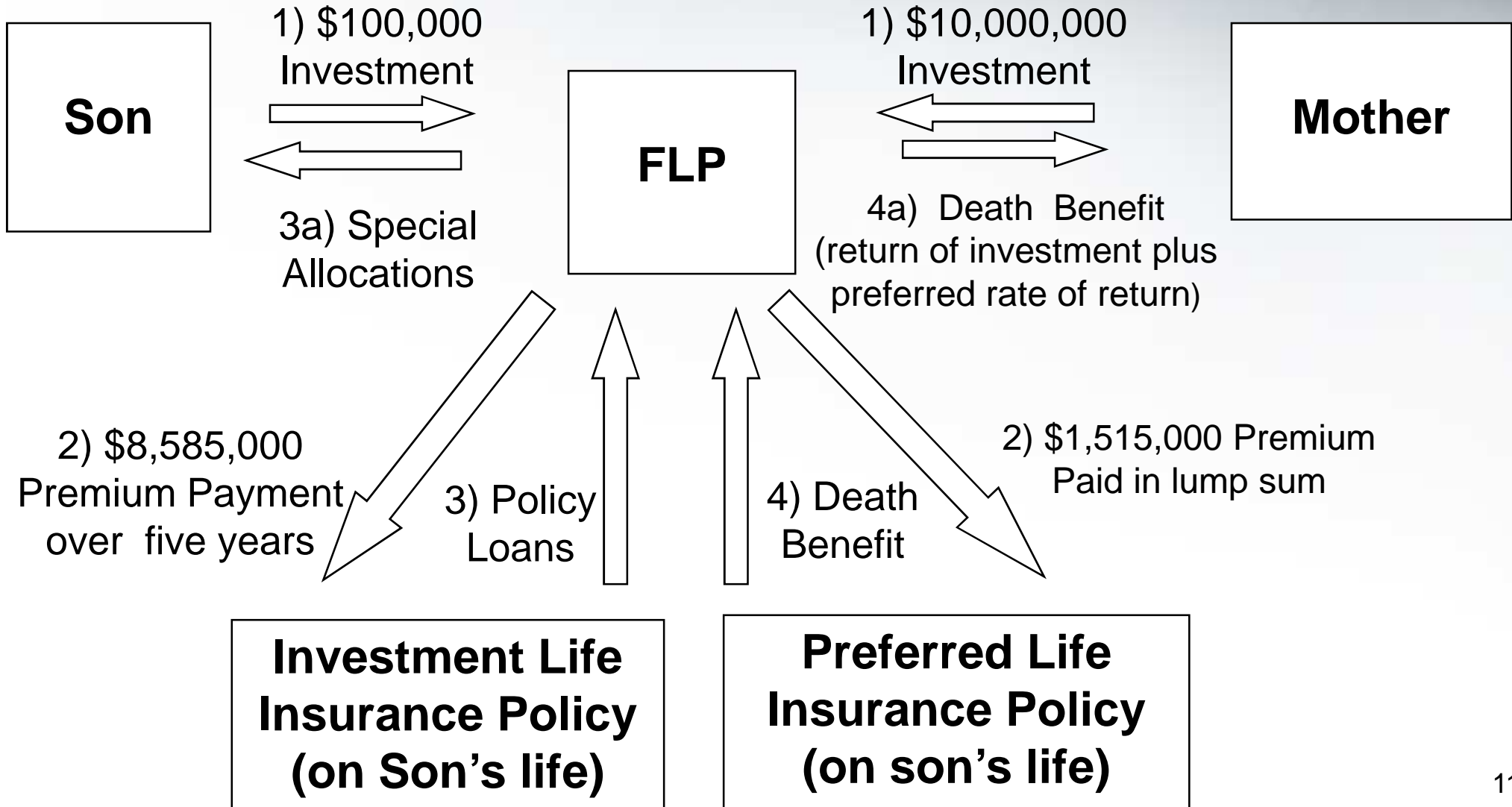
**Marty and Sylvia pay income taxes**

# Life insurance and the FLP



**Non-Preferred  
Managing  
Member**

**Preferred  
Non-Managing  
Member**



# Charitable Planning



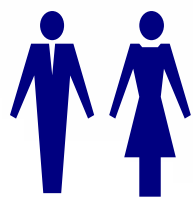
- Charitable Planning
  - Charitable planning is a concept that not many clients are interested in.
  - We will educate agents on “simplified planned giving” (SPG) which is not charity focused , but in stead is client focused.
  - SPG has the following benefits.
    1. Increasing discretionary (“spendable”) income
    2. Reducing or eliminating income taxes, capital gains taxes, and estate taxes
    3. Securing a tax free inheritance for chosen heirs
    4. Leaving a lasting family and social legacy
  - Charitable planning is a triple threat sale. With good charitable planning an annuity is purchased and two life insurance policies.

# Charitable Gift Annuity (CGA)



1. Client transfers asset to Charity.  
Receives immediate income tax deduction.

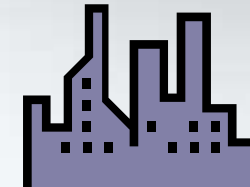
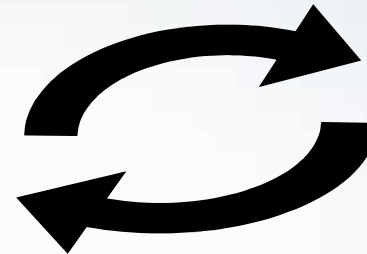
2. Charity uses a portion of funds to purchase a commercial annuity and (assuming insurability) a life insurance policy.



Client



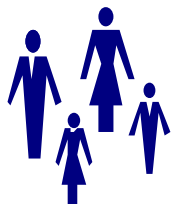
Charity



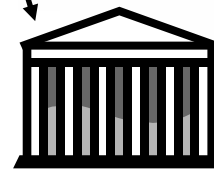
Insurance Company

3. Commercial annuity pays Charity.

4. Charity pays income beneficiaries.



Chosen Heirs

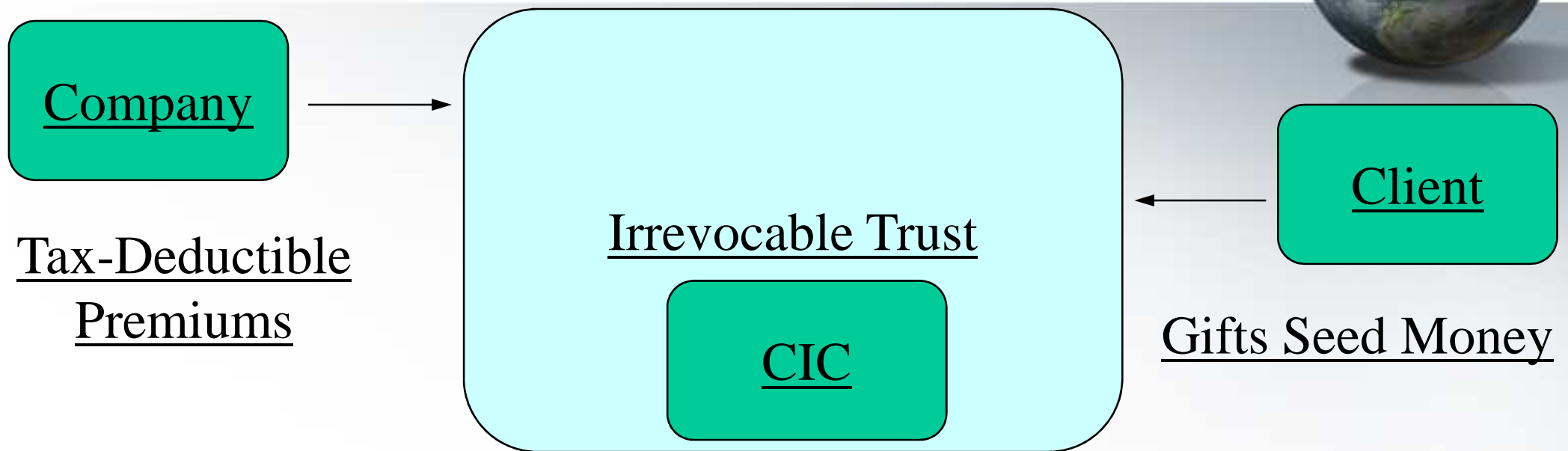


Donor Advised Fund at Charity

4a. (Optional) Client may elect to use part of the income for guaranteed inheritance (Wealth Replacement). An ILIT is typically used.

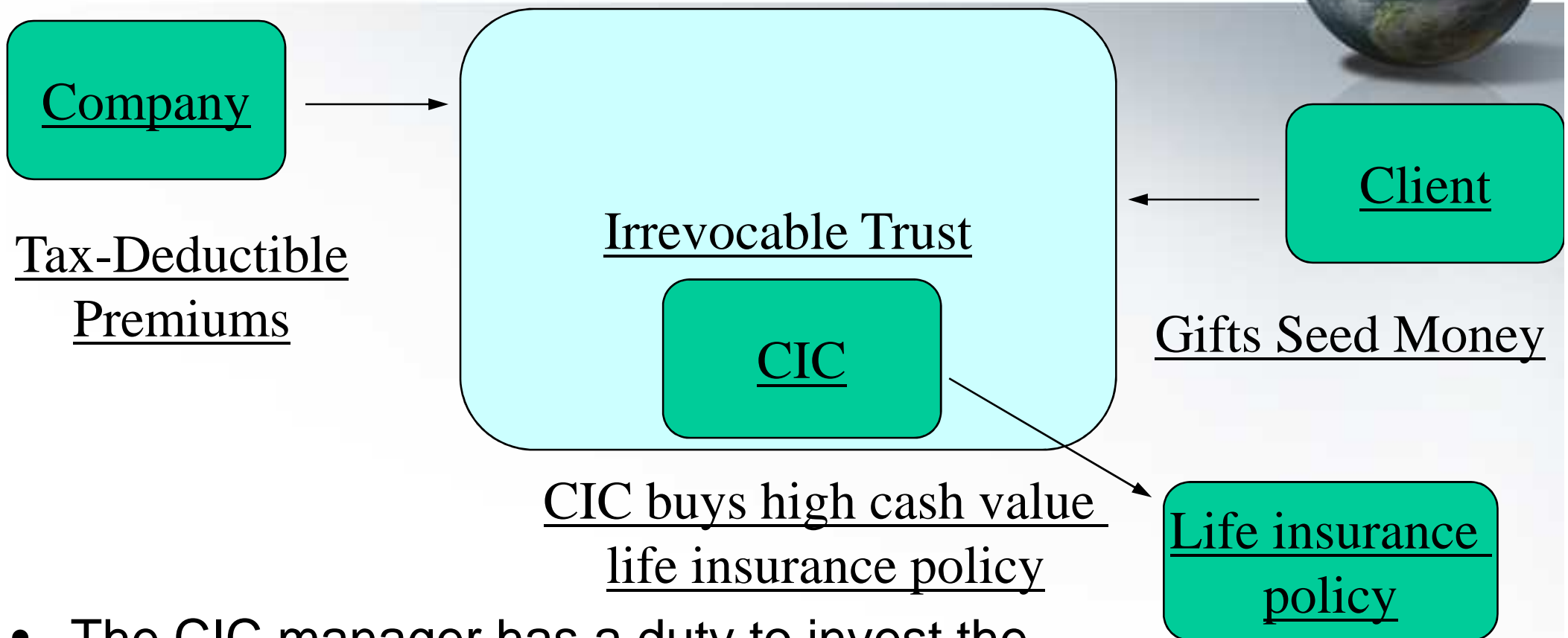
5. At death, insurance policy will distribute funds to client's DAF at Charity. (Heirs can be advisors)

# CICs for estate planning



- The client gifts “Seed” money to the IT.
- IT forms Captive.
- Captive Sells insurance to client’s company.
- Company makes tax-deductible premium payments.
- CIC is owned by IT therefore the **tax-deductible premiums** are now out of the client’s estate and the business now has additional insurance coverage.

# Life insurance



- The CIC manager has a duty to invest the money in a prudent manner.
- A High Cash Value policy is a terrific idea because it 1) mitigates investment risk (downside protection), 2) would provide a financial windfall upon death (DB passes estate tax free), 3) allows money to grow in an 831(b) captive tax free.

# Super 401(k) Plans



- Using a combo plan to be much more discriminatory after the 2006 pension protection act.
- Client can put away significantly more money due to the modification of the 25% of pay limitation.
- A 40 year old can tax-defer over \$100k.
- A 50 year old can tax-defer \$147,000.
- A 55 year old can tax-defer \$189,000
- A 60 year old can tax-defer \$232,000



# LTC and DI



- LTCI can be written off through a C-Corp (100% and in a totally discriminatory manner).
  - And if you add a return of premium rider, every tax deductible dollar can pass to the heirs income tax free at the client's death.
- FIAs have a FREE LTC benefit to them (a 3% increased income for life from certain products)
- EIULs have a FREE LTC benefit to them
- Pension Protection DI
- EUIL policies have DI riders.

# Stock Market Protection



- Fixed Indexed Annuities
- Guaranteed income riders (7% on an accumulation value with a 20-year roll up).
- The Maximizer
  - Nearly double the return of the S&P 500 in up years while only risking 10% of a client's money.
- EIUL insurance policies (Revolutionary Life)
  - Tax free growth
  - Tax free retirement income stream
  - Stock market protection

# Are you in the “advanced” markets?



- After what you’ve just seen, do you think you are in the “advanced” markets?
- Do you have a support team to help you design and implement plans for your clients?
- Do you have the needed credibility to be in the “advanced” markets?
- If not and if you’d like to be, by working with The Wealth Preservation Institute, you can.

# Again, why be in the “advanced” markets?



- 1) Earn more money
  - The average case size in the advanced markets is 5-10+ times that of an average non-advanced market sale.
- 2) Cultivate referrals
  - Affluent clients love to talk with their friends about how they have put together a plan to protect and grow their wealth.
- Advanced market sales many times are **easier sales** because you are solving problems not pushing products.

# Sales Platform & Support



- The C.A.L.M. Sales Platform
  - Comprehensive Asset Liability Management
- There is no other sales platform of its kind in this industry.
- What is it?
- It's pretty simple.

*Comprehensive  
Asset and  
Liability  
Management*



With the *C.A.L.M. Plan* the  
Power of Protecting & Growing  
Your Wealth is Finally in  
Your Hands

## The C.A.L.M. Plan

Do you really believe your current Attorney, CPA/ Accountant, Financial Planner, and other advisors have put in place for you a proper asset protection, estate, and/or financial plan?

If you are like 99% of the general public, your answer to the above question will be an emphatic NO!

Are you concerned about being the target of your local personal injury or malpractice (Plaintiff's) attorney?

- Do you worry that tomorrow might bring a lawsuit that can wipe out your wealth and destroy your family's financial future?
- Do you worry about losing money in the stock market when it crashes like it did from 2000-2002 and again in 2007-2008?
- Do you believe you have a plan in place to minimize your income taxes and maximize wealth building in the most tax-favorable manner?
- Do you feel helpless due to your lack of knowledge and coordination among the advisors whose advice you are relying on to protect your financial future?

Whether you have a net worth of \$250,000 or \$2.5 million +, you have assets worth protecting from "ALL" creditors.

Most people have NEVER had an advisor offer them a comprehensive and coordinated plan to protect and grow their wealth.



That's what the **C.A.L.M. Plan** offers. The **C.A.L.M. Plan** will give you a detailed road map and allows you to have a coordinated team approach to help you meet your wealth building and wealth preservation goals.

There are 5 Levels of **C.A.L.M. Planning**. This brochure focuses on Level 1. For more information on Levels 2 - 5, please see your **C.A.L.M.** Certified Advisor.

### C.A.L.M. Level One

Level 1 is the foundation for the **C.A.L.M. Plan**.

Once you have purchased Level 1 of the **C.A.L.M. Plan**, you will fill out a questionnaire so an assessment of your situation can be undertaken. This assessment will determine:

- how exposed your assets are to creditors;
- whether your entire estate plan is in order;
- if you are postured correctly to minimize current income taxes;
- if your liquid wealth is properly protected from stock market risk;
- if you are a business owner, whether or not your corporate structure is properly setup;
- whether you are a good candidate for international planning.

Once the facts and circumstances of your situation have been confirmed and verified, a formal memo will be completed by Rocco DeFrancesco, JD, CWPP, CAPP, MMB. Rocco is a four-time author and is the Founder of the Asset Protection Society.



**C.A.L.M.** Level 1 memos are typically 8-12 pages long and come with a detailed action plan/road map that will tell you specifically what needs to be done to protect and grow your wealth.

### Other C.A.L.M. Benefits

In addition to receiving a one-of-a-kind memo that is unavailable anywhere else in the country, you will receive the following benefits.

- **Continuing Education**—Along with the Level 1 memo you will receive twice-monthly educational E-Newsletters keeping you up to date on issues that affect your wealth.  
  
You will have access to educational webinars (live and recorded) that you can listen to and learn first-hand from the "experts" how to better protect and grow your wealth.
- **Document storage**—You will have the opportunity to take advantage of a document storage system where all of your vital documents can be stored online in an encrypted area. We believe online storage is the wave of the future instead of keeping vital documents in a paper file inside a home where they are at risk to fire, theft and where they can simply be lost or misplaced.\*
- **Annual Review**—You will receive one annual review of your plan to make sure that nothing needs to be updated due to a life changing event, financial or otherwise.

\*This service is free for the first 12-months following the delivery of your **C.A.L.M.** Memo.

# The CALM Plan



- 1) Client fills out questionnaire
- 2) I create for the client a memo (usually 7-12 pages)
  - 4-time author, 100s of article published, creator of the CWPP, CAPP, and MMB courses, etc.
  - In essence the expert's expert is creating the memo
- 3) The memo has an action plan with specific steps at the end 1, 2, 3, 4, etc.
- 4) Advisor delivers the memo and then asks the client which one they want to start with (action).

# CALM Implementation



- The WPI board members are available to help implement the memo.
- Board members have taken my the courses and “get it” (meaning that the understand how to use life and annuities in an advanced plan).
  - They will not be an impediment to the process.
- They subscribe to a fee schedule (\$2,500 for LLCs and for basic estate planning documents).
- If needed I will make myself available to talk with your clients and their CPAs/attorneys.



# Other CALM benefits



- Consumers who order a CALM level 1 memo will receive:
- **Educational newsletters** (which can come from the advisors).
- **Document storage** (electronic and encrypted)
  - This is absolutely unique
  - Your clients will receive document storage for free for 12 months and then \$25 a year thereafter.
  - They can store wills, trusts, tax returns, pictures, etc.
  - This will enable the client to you for years to come.
- **Annual review** (the first one is FREE).

# Cost for CALM



- If I were practicing law I'd charge \$2,500-\$5,000 for CALM memos (depending on the complexity).
- As a value added to advisors I work with, the cost of clients is \$500.
- There is no better benefit in the marketplace today (and realistically no where else in the industry can a client have someone create a similar memo with game plan).
- Do I allow advisor to pay for these memos for their clients?
- Not usually, but I will make exceptions.

# Being unique



- Having knowledge on “advanced” planning tools will definitely make you unique in your local area.
- Having me and the WPI behind you to help with credibility, case design, and implementation will make you absolutely unique.
- Using the CALM sales platform will help you communicate your unique ability to help your clients.

# How do you get started?



- Do you have to take the CWPP course to use the CALM plan?
- No (but it would be helpful and I recommend it. The next course is in **Orange County, CA on April 30-May 1**).
- Do you have to work with an affiliated IMO or marketing organization in order for me to create these memos for clients?
- Yes (unless you've taken the CWPP, CAPP, or MMB course).
- CALM memos are very time consuming to create and making \$500 per memo for those who have not taken a course from the WPI is not a good use of my time.
- What marketing organizations?
  - Strategic Marketing Partners, LLC (<http://www.strategiccmp.net>)
  - ISN
  - Mando Marketing (M&O)
- What if the IMO you work with is not on the list?
- Have someone in authority from that IMO call me to figure out a way the agents from that IMO can take advantage of the CALM sales platform.

# Physician Marketing Platform



- I have two different physician marketing platforms.
- A hot and non-hot leads platform
- The hot leads platform is nearly full for 2009.
  - If you are interested in being handed qualified physician leads, e-mail [info@thewpi.org](mailto:info@thewpi.org) and I will see if there is a territory open and if not I can add you to the waiting list.
- The non-hot leads platform has been a year in the making and is finally getting results.
- I do have territories in select areas. E-mail [info@thewpi.org](mailto:info@thewpi.org) for more information.

# Summary



- If you want high income/net worth clients and want to be able to provide the best advice for them, you should become a CWPP™ and/or CAPP™ advisor.
- Even if you do not want to become certified, you can still avail yourself to the CALM platform by working with an affiliated IMO or by getting the current IMO you work with on board.
- The bottom line is that it's tough out there and if you have the knowledge and support to go after the affluent market you will do well because they need help, have money, and are currently not getting good advice.
- I recommend you take the opportunity to educate yourself and walk through the open door that is advanced planning for the affluent.

# Questions



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**info@thewpi.org**

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