IUL

DOES NOT CONTAIN INSTRUCTIONS FOR ANY OTHER QUALIFIED OR NON-QUALIFIED WEALTH ARRANGEMENTS.

INSTRUCTIONS

What is it?

IUL is the government's free provision for a taxpayer to earn an additional million dollars (or more) without working an additional job. (See **A Free Provision,** next.) An IUL contract is a unique means of accumulating wealth and enjoying an annual five- or six-figure tax-free post-career income: a hybrid combining performance guarantees and the best features of all qualified and non-qualified retirement vehicles. (See **Why Use An IUL,** later.)

A Free Provision

An IUL is a free provision since the government allows the taxpayer to use income tax costs to fund the IUL account, with the result that there is literally no out-of-pocket cost to accumulate an additional million dollars (or more) and generate an annual five- or six-figure tax-free post-career income. Financial, legal, and even tax professionals are not required to know about it, so it remains a secret free provision.

The taxpayer may take advantage of this free provision by means of a US Supreme Court-authorized arrangement between the taxpayer's State-registered business entity and a private, lawfully - income - tax - free, audit - proof organization of which the taxpayer is a member. By means of such an arrangement, the taxpayer enjoys tax advantages specifically provided by the US and State Constitutions, State and federal revenue laws, State and federal regulations, State revenue departments, and even the IRS. Such tax advantages make available thousands — even tens of thousands — of dollars a year for diversion to the taxpayer's IUL account.

Why Use An IUL?

Although a taxpayer who earns minimum wage on a full-time basis can earn a million dollars or more from just one job in 47 years (from age 18 to age 65), most people spend everything they earn and save little-to-nothing for when they can no longer earn enough to support themselves due to health reasons — and those who endlessly finance their homes and maintain revolving credit balances spend much of their career income on interest instead of earning interest for themselves. (Interest makes account values periodically double in size.)

Using the government's free provision allows the taxpayer both to maintain present living standards and also to double, triple, or even quadruple lifetime earnings and income potential by diverting income tax costs to an IUL account, allowing the account value to grow to an additional million dollars (or more), and enjoying an annual five - or six - figure tax - free post - career income. (See **How It Works,** next.) By design, an IUL account has both performance guarantees and contribution restriction flexibility, utilizes all three principles for the greatest possible wealth accumulation and the greatest possible lifetime distributions, and accordingly out-performs all other means of wealth accumulation for post - career income. (All qualified — tax - deferred — retirement vehicles have fixed contribution restrictions, and no non - qualified — non - tax - deferred — retirement vehicles utilize all three principles for the greatest possible wealth accumulation and the greatest possible lifetime distributions.)

How It Works

The letter "I" refers to indexed interest earnings, the key benefit of which is avoidance of market risk—the account value is not put at risk by being invested in the market but is instead credited periodically based on the performance of the market, as measured by a market index or market indices, and thus participates in the upward (but not the downward) movements of the market, with the result that the account value never falls due to any market losses — a designed performance guarantee.

The letter "U" refers to universal contribution flexibility, the key benefit of which is the ability to increase, decrease, and even skip one or more periodic contributions, with the results that maximizing contributions (within flexibility limits) leads to the greatest-possible growth and future distributions and that the contract itself is not adversely affected by an occasional negative adjustment to contributions. Combined with efficient application of the Rule of 72—the account value earns the best-available interest and accordingly doubles in size the most frequently—this gives the account value the absolute-best-possible potential for growth and distributions — another designed performance guarantee. (The Rule of 72 says that 72 divided by the interest rate equals the number of years for the account value to double — i.e., 72 / 6% = 12 years — so the best-available interest rate results in the fewest years for the account value to double and the greatest number of times for the account value to double.)

The letter "L" refers to life insurance, the key benefits of which are tax-free income for beneficiaries in the event of the untimely death of the taxpayer-insured and avoidance of tax risk — the account value and future distributions are income-tax-free to both the taxpayer-insured and the beneficiaries, with the result that the account value and distributions never fall due to taxation — still another designed performance guarantee.

The combination of avoidance of market risk and avoidance of tax risk is what results in the best - available net rate of interest for efficient application of the Rule of 72 and, hence, the greatest number of times the account value doubles in size. This results in utilization of all three principles for the greatest possible wealth accumulation and the greatest possible lifetime distributions.

Strategy

Using the government's free provision is based on the strategy of combining exercise of all constitutional and lawful rights and privileges with utilization of all three principles for the greatest possible wealth accumulation and the greatest possible lifetime distributions. Compared to utilizing *only one or two* principles and exercising *only some* rights and privileges, the taxpayer enjoys exponentially better results by utilizing *all three* principles and exercising *all* rights and privileges, particularly the rights to privacy, contract, and agency as well as the IRS - published taxpayer right to pay "no more" than "only the correct amount of tax due under the law," "only the amount of tax legally due" [Pub. 1, Pre- and Post-December 2014 editions].

In order to *reinforce* such constitutional and lawful rights and privileges, the taxpayer gains *private* membership in a private, lawfully-income-tax-free, audit-proof organization, executes a US Supreme Court-authorized arrangement, a *private* constitutional, legally - enforceable contract between the taxpayer's State-registered business entity and the private, lawfully-income-tax-free, audit-proof organization, and *privately* enjoys all available tax advantages to make available thousands — even tens of thousands — of dollars a year for diversion to the taxpayer's IUL account.

The taxpayer applies all such tax advantages to reduce and maintain individual taxable income at, or near, the taxable threshold, whether the taxpayer works on a contract or a wage, so that no tax, or only minimal tax, is due upon filing an individual income tax return for the contractor, and so that income tax withholdings may be reduced and/or a refund may be generated upon filing an individual income tax return for the wage-earner.

The taxpayer *privately* establishes an IUL contract and uses realized tax costs saved to begin over-funding the IUL account to the extent of contribution flexibility provisions to reinforce its self-sustaining ability throughout the lifetime of the taxpayer-insured. Such over-funding of the IUL account makes it possible eventually to discontinue contributions, to keep the IUL contract in force while enjoying maximum tax-free distributions from the account value throughout the taxpayer - insured's post - career lifetime, and to provide tax - free income for surviving beneficiaries upon the death of the taxpayer-insured. (See also **Additional Benefits,** next.)

Additional Benefits

Used as designed, an IUL contract is a guaranteed - permanently - risk - free - tax - free - compound - interest - bearing retirement vehicle. In addition to the features that make it the most effective means for accumulating wealth, an IUL contract is not subject to the standard "pre-59½" early distribution 10% tax penalties that apply to qualified — tax-deferred — retirement vehicles in general or to the standard minimum distribution requirements and the late distribution 50% tax penalties that apply to specific qualified retirement vehicles, with the result that the account value is freely accessible to the taxpayer-insured at any time on a loan or partial withdrawal basis. (See also **Limitations,** next.)

Limitations

Indexed interest credits to an IUL account are typically limited to a declared or flat rate of interest that is credited, to a cap (ceiling) or maximum rate of interest that may be credited, by a gap or spread rate that is subtracted from the reported rate of interest that may be credited, or by a participation rate (less than 100%) of the reported rate of interest that may be credited, or a combination of two or more of these. (Even with these designed limitations — "the catch" — an IUL contract still provides the best-available interest rate.)

Also, an IUL contract is subject to modified endowment contract (MEC) contribution limits rules — but these limits are flexible and may be individually customized according to the provisions of life insurance contracts.

Finally, if an IUL contract is either cancelled or allowed to lapse, the tax-free benefits of the contract will be forfeited and tax may be due on the interest credited to the account. (A lapse occurs when there is insufficient account value available to sustain the ongoing cost of the contract, whether or not loans or partial withdrawals have depleted the account value, and insufficient or no contributions are being made to the account value.)

Getting Started

A taxpayer may take advantage of this free provision in just three steps, whether all at once or over a brief period of time.

First, if not already legally organized to do business other than as a sole proprietorship, the taxpayer State-registers a business entity (such as a limited liability company, or LLC, established as an S-corporation for tax filing purposes).

Second, the taxpayer gains membership in a private, lawfully-income-tax-free, audit-proof organization and executes a contract between the two organizations.

Third, the taxpayer establishes an IUL contract and begins diverting realized income tax costs saved to the IUL account.