IUL Strategy Implementation

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

INSTRUCTIONS

Overview

IUL strategy implementation combines private exercise of all constitutional and lawful rights and privileges with private utilization of all three principles for the greatest possible wealth accumulation and the greatest possible lifetime distributions.

After State - registering an LLC and receiving IRS approval to operate as an S - corporation, gaining membership in a private, lawfully - income - tax - free, audit - proof organization and executing a contract between the two organizations, and establishing an IUL contract, the taxpayer begins diverting realized tax costs retained to the IUL account.

Paying Expenses

Since it is best to retain tax rather than pay it and then request a refund, the taxpayer submits to each employer a new IRS Form W-4 listing either “Exempt” or additional calculated deductions to reduce State and federal income tax withholding either to nothing at all or to an absolute minimum.

With the designed goal of reducing individual taxable income to between just above and well below the taxable threshold, so that no total tax or only minimal total tax is calculated with each State and federal individual income tax return, and so that most — if not all — of any State or federal income tax withheld from earnings is refunded, the taxpayer gradually develops new habits for paying expenses.

First, the taxpayer maintains a personal checking account and begins using its debit card and checks to pay ***only*** home and auto loans and IUL contributions (online, in person, or by mail) and paying to the taxpayer’s business entity all remaining personal funds.

Next, the taxpayer maintains a business entity checking account and begins using its debit card and checks to pay ***only*** 100% - tax - deductible business entity expenses (online, in person, or by mail) and, pursuant to the contract executed between the two organizations, paying all remaining business funds to the private organization.

Finally, the taxpayer maintains a private organization checking account and begins using ***only*** its debit card to pay all remaining expenses (private organization expenses, less - than - 100% - tax - deductible business entity expenses — i.e., charitable contributions and meals and entertainment (typically only 50% - deductible), partly - business - related expenses, and personal expenses — i.e., non - business - related expenses — online or in person). (As a tax - free organization, the private organization enjoys 100% - tax - deductibility for all expenses, regardless of purpose, and is not subject either to tax on any remaining profits or to audit of its records. See also **Accounting,** next.)

Paying expenses in this manner maximizes the amount of tax - deductible expense and minimizes the amount of individual taxable income.

Accounting

First, the taxpayer deposits all remaining personal funds into the business entity checking account and records these on the business entity’s books either as member loans to the business or as member investments in the business (repayable according to the taxpayer’s wish).

Next, the taxpayer records business entity revenues (if any) on the business entity's books as revenues. The taxpayer records business entity payments on the business entity's books in the appropriate expense accounts (i.e., business licenses, office supplies and, for payments to the private organization, either contract services or advertising or dues and subscriptions, depending on the language of the contract executed between the two organizations).

Finally, the taxpayer deposits all remaining business entity funds into the private organization checking account and records these on the private organization's books as revenues. The taxpayer records private organization payments on the private organization's books in the appropriate expense accounts (i.e., computer and internet, travel, and — for payments for less - than - 100% - tax - deductible business entity expenses, partly - business - related expenses, and personal expenses — contract services).

Accounting for expenses in this manner generates both the proper paper trail and the legal effect of causing *all* — rather than just *some* — expenses to be treated as 100% - tax - deductible, so that the taxpayer realizes a reduced or even completely eliminated income tax burden. (See **Tax Filing,** later.)

Calculating

Periodically (either monthly or quarterly), the taxpayer uses a worksheet to calculate realized tax cost retained and available for diversion to the taxpayer's IUL account. The taxpayer then budgets for monthly payments for home and auto loans as well as IUL contributions and for payments of all remaining personal funds to the taxpayer's business entity.

All of these routines generate maximum IUL account contributions for maximum risk-free wealth generation and maximum future tax-free distributions.

Tax Filing

The taxpayer is not required to file private organization State or federal income tax returns. This is pursuant both to law and to the standards of practice. (The law does not require the controllers of an organization to request tax - exempt or non - profit status from the IRS. For example, Internal Revenue Code section (statute) 501(c)(3) does not create an obligation either to pay federal income tax or to pursue this statute to be exempt from federal income tax since, by law, an organization is already exempt from federal income tax *unless it obligates itself* to pay federal income tax. Some private organizations *volunteer* to file federal income tax returns according to the strategy of their private members, but no federal income tax is due from either the private organization or the private members, and no State income tax is due from either the private organization or the private members on any profits of any size whether or not the private organization volunteers to file a federal income tax return.)

The taxpayer files customary business entity State and federal income tax returns. Treated as an S - corporation, the business entity pays no State or federal income tax, but reduced or even completely eliminated profit reduces the taxpayer's taxable income, and a loss reduces the taxpayer's taxable income even further.

After filing the business entity tax returns, the taxpayer files customary individual State and federal income tax returns but pays very little State or federal income tax — if any at all — even if the taxpayer earns reported "wages." Such "wages," if any, are reduced by the taxpayer's business entity loss, and most — if not all — of any withheld State or federal income tax is refunded.