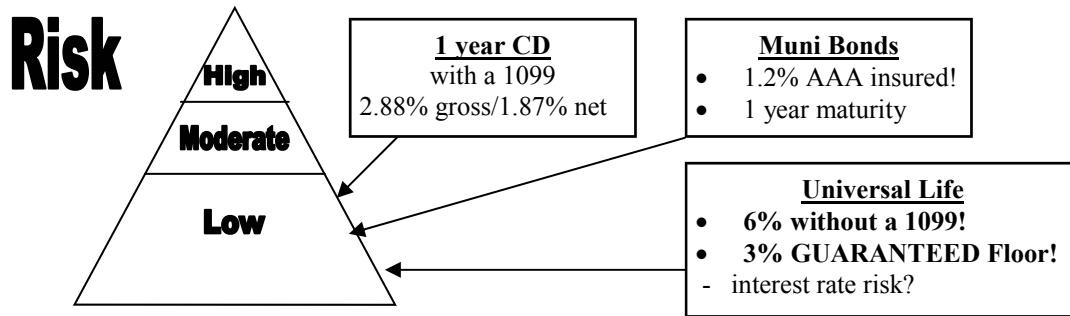


How to create a living buy out for your CPA practice.

We all know that life insurance can provide tax advantages for a buy out in case of death. This is the rest of the story: **What happens if I live?**

Albert Einstein:
“Greatest Invention for all Mankind: Compound Interest”
What he really meant: Compound Interest “WITHOUT TAXATION”



Why are professionals interested in creating a living buy-out for their practice?

You're 10 to 15 years away from retirement and you're wondering will I have enough income at retirement to continue my current standard of living with out depleting the assets of the firm. You are not alone. In fact having enough retirement income is one of the leading concerns facing business owners today. When professional practices are usually passed on to younger partners the senior partner's biggest concern is ensuring the younger generation isn't saddled with a large future obligation that could break the practice when the senior partner retires. Passing the practice on to the junior members can be a difficult task both financially and emotionally creating disharmony and confusion.

Your question is, "will the practice continue to produce adequate income for me and my family?" What I really want is to be able to walk away knowing I have guaranteed income. This can be accomplished through an innovative use of a life insurance contract by over funding the contract to create a financial tool. This financial tool can provide you guaranteed tax-free income that is protected from creditors and allows for a long cash flow of income.

Most of us are familiar with buy-sell arrangements protecting shareholders in case of death. Choices often include wait and see, stock redemption, or a cross purchase arrangement. You may consider using a general partnership, which provides the advantages of both a stock redemption and a cross purchase plan. We can also combine the tax deductible nature of an executive bonus plan when using this type of arrangement in buy-sell funding.

The living buy-out strategy is simple and creates the cash and peace of mind each professional is looking to reward themselves for the time invested in building their practice.

Can a maximum funded universal life insurance policy really outperform other low risk financial alternatives?

Deposits Age 45-64 Per Year	Cash Surrender Value Yr 1	Death Benefit	Tax Free Income Start Year	Grows @ 3% Tax Free Income End Yr
\$86,167	\$83,664	\$3,900,000	@ Age 65 \$175,351	@ Age 85 \$316,703
Total Deposits = \$1,723,340		20 Year Total Tax Free Income: \$5,028,450		

In order to produce the same income, a CD or T-Bill would need to earn 8.44% gross, an annuity 9.6%, and a taxable bond fund 10.58%.

If you are looking for a creative way to provide a prudent secure retirement plan you must consider all risks to successfully accumulate the capital necessary for retirement. This includes entity and personal liability risk, investment risk, interest rate risk, and the potential impact of inflation risk. Fiscal responsibility mandates constant review and adjustment to the plan if needed. Major threats to a secure retirement include: poor investments, poorly conceived entity or personal risk management, error as a practicing professional, divorce, and lack of planning.



Mary Lou Dobbs, owner of Executive Benefit Strategies, Inc, in Albuquerque, has been in the insurance business for 30 years. For the last eight years, she managed the regional insurance department at Wells Fargo Bank. She is proficient at addressing clients concerns and goals while evaluating insurance companies strengths and weakness' before making any recommendations. She counsels clients on the importance of how a insurance carrier treats their customers. She would be happy to share her knowledge and expertise with you. She can be reached at (505) 343-0617 or mldobbs@comcast.net.