

# Retirement Asset Funding ROBS versus ROBS Strategies



*Presented by*

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# Growing Challenges:



- Improving **ENGAGEMENT** and **MOTIVATING** Buyers
- **# 1 CHALLENGE:** Managing Fears and Anxieties
- **# 1 OBSTACLE:** Creating Better Engagement and Motivation
- **# 1 COMPETITOR:** J-O-B
- **Proposed Tax Increases**
- **PRIME NEED:** **FUNDING** and Approval Challenges (Business, Buyer & Lender)

# Why ROBS or RAP



- Increases client engagement (including spouse)
  - Superior wealth accumulation & protection (retirement assets cannot be seized by creditors)
  - Superior tax benefits (capital gain, income and payroll taxes on retirement contributions)
  - Reduces debt and interest payments, Improves cash flow
- Investment NOT a loan – NOT subject to credit rating
- Does NOT adversely impact debt ratios or credit scores
- NOT subject to business profitability
- SBA approved as down payment / equity injection OR used alone
- Improves loan approval rates
  - Improves debt ratios Debt free money (SBA approved)
  - Improves post close liquidity
- Can be used to leverage BIGGER deal – (Business AND Land) & **Broker Fees**
- **IMPROVES CLOSE RATE**

## R.O.B.S.

## Roll Over Business Startups

## RAP

## Roth Advantage Plan

### Step 1:

Establish a corporation with customized retirement plan.



### Step 2:

Rollover your current plan into new corporation's plan.



### Step 3:

Your new plan purchases stock in new corporation.



### Step 4:

Your new corporation now has the capital to start.



# Traditional ROBS features



- PRETAX use of retirement funds to invest or purchase company stock
- C CORP retirement plan adoption [401(k), hybrid or custom options]
- Retirement Plan BUYS common stock in company
- Company GROWS. Revenues are used to run business. From Profits:
  - 401(k) contributions are made NET of payroll taxes (currently 15.3% and rising)
  - Rainmaker retirement contributions are EXEMPT from payroll taxes
- Company is SOLD – ‘pretax’ proceeds go into retirement plan
- Proceeds are taxed in the future at future tax rates (expected to rise)

# Rainmaker Advantage Program

A 3D orange arrow pointing to the right, breaking through a wall of blue bricks. The arrow is thick and has a textured surface. The bricks are arranged in a grid pattern, and several are broken and scattered around the arrow's path.

IT'S NOT HOW MUCH MONEY YOU MAKE,  
IT'S HOW MUCH MONEY YOU KEEP!

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# NEW Rainmaker/Roth Advantage Plan: Preferred up to 4:1 over ROBS



- Cash (minimum of \$10k) **OR** Retirement Funds to invest in company stock
- C CORP creates & adopts 2 CUSTOM retirement plans
  - Rainmaker [not a traditional 401(k)] & Rainmaker Roth 401(k)
- Use custom plans to create structure that invests money POST-TAX to BUY common & preferred stock (Taxes due NEXT Year OR 5 year option)
- Company GROWS. Revenues are used for operating expenses
  - Retirement contributions are often payroll tax EXEMPT (currently 15.3% and RISING)
  - Company SOLD – proceeds forever TAX-FREE & Lifetime protection (no RMDs)

# COMPARISON



## ROBS

- Sales Proceeds TAXED as INCOME
- Subject to future tax rate increases
- Kid's Inheritance @ PEAK TAX RATES
- Req. Min. Distributions AT AGE 72
- Limited Pers. Liability Protection
- Less Favorable to CPAs & Attorneys

## RAP

- TAX FREE Sales Proceeds
- LOWEST TAX RATES in 50 YEARS
- Most Expect Tax rates to INCREASE
- Kid's Inheritance UP TO 2X GREATER
- Never any RMDS (Lifelong Wealth Protection for Spouse and Kids)
- REDUCE OR ELIMINATE Increased Medicare Premiums
- More Favorable to CPAs & Attorneys

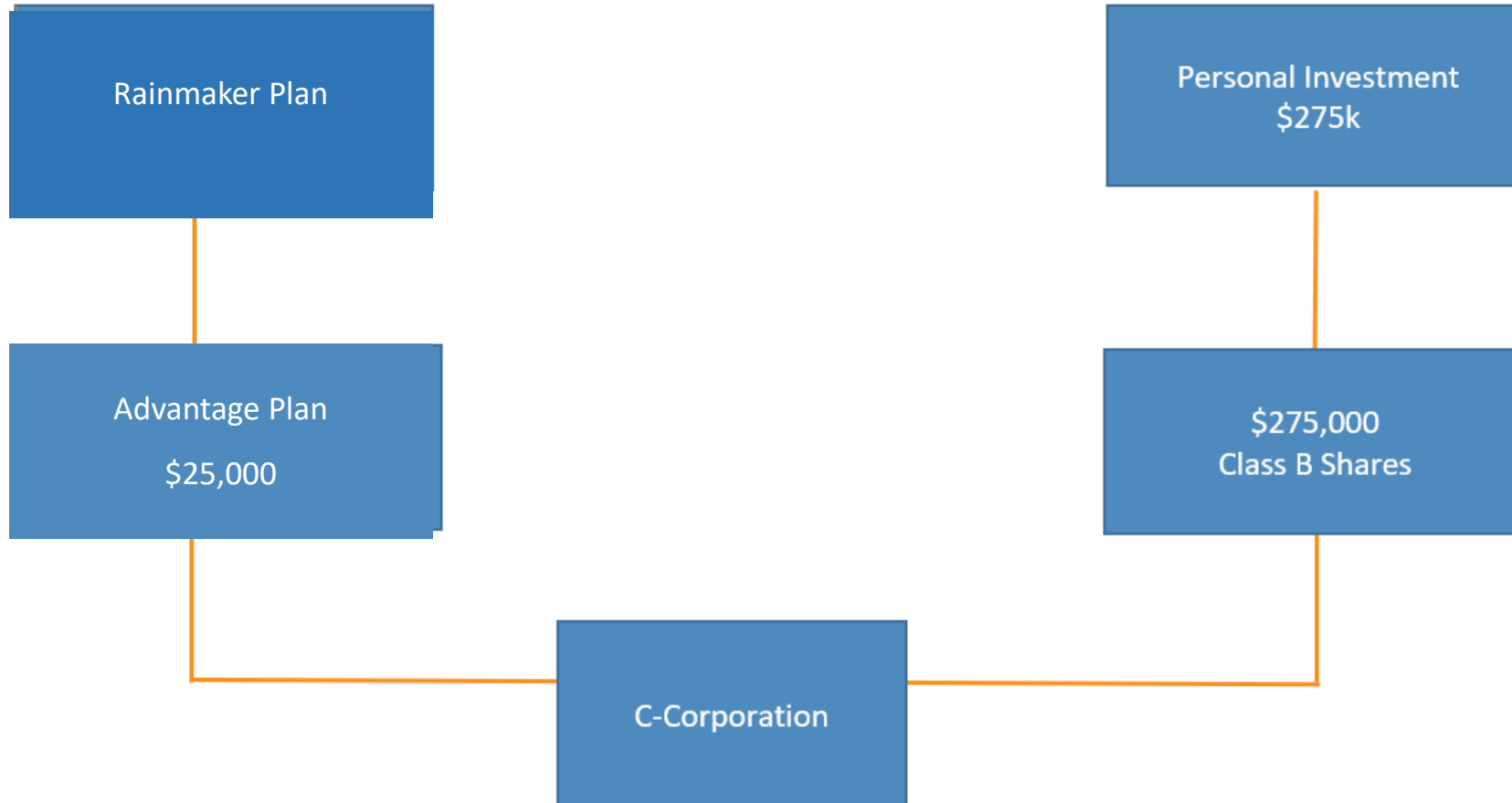


# Example Client Profile



- Client is buying a business for \$300k
- Client is looking to build wealth and mitigate taxes
- Client doesn't need to use retirement funds to purchase the business
- Client does have some qualified retirement funds available

# Purchase Structure Cash



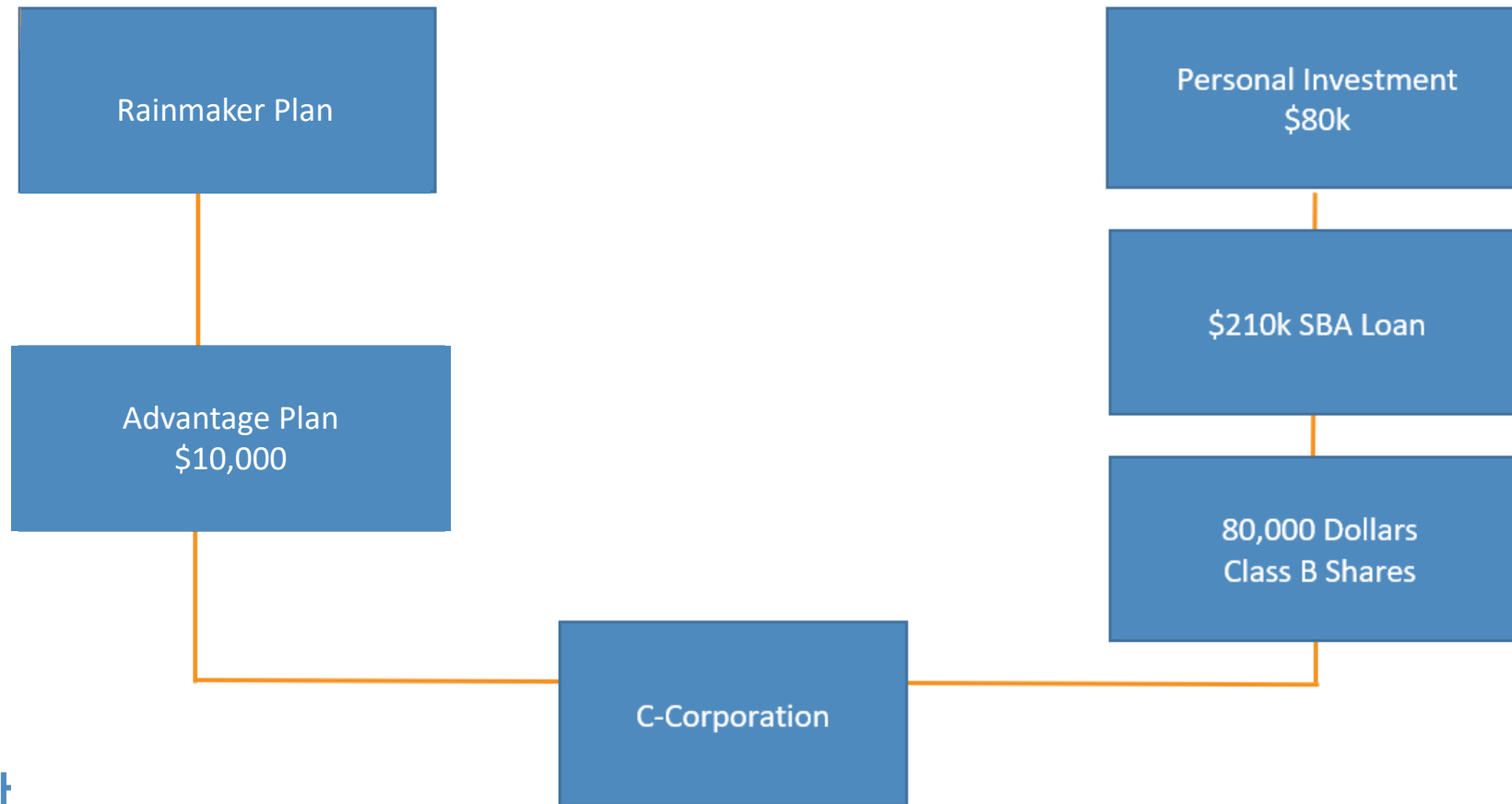
# The Results of the Sale



- Business is sold for \$1 million dollars (a \$700k gain)
- Class B stock is redeemed at Par value (\$275K) so there is no gain, and therefore no taxes due.
- The remaining \$725K from the sale is in the Advantage Plan and is not subject to taxes\*.
- Protected proceeds from the sale in the Advantage Plan can remain in the plan and grow tax free.
- The plan has provided a \$700K profit to be realized 100% tax free.
- Funds rolled into federally protected qualified retirement plan with No Required Minimum Distribution.

\* Subject to federal requirements

# \$300k SBA Purchase Structure (30% cash injection)



# The Results of the Sale



- Business is sold for \$1 million dollars (a \$700k gain)
- Class B stock is redeemed at Par value (\$80K) so there is no gain, and therefore no taxes due.
- The remaining \$920K from the sale is in the Advantage Plan and is not subject to taxes upon withdrawal.\*
- Protected proceeds from the sale in the Advantage Plan can remain in the plan and grow tax free\*.
- The plan has provided a \$910K profit to be realized 100% tax free.
- No Required Minimum Distribution after rolled into federally qualified plan. \*

If the business is sold for purchase price \$300K (no gain), equity built up by paying off SBA loan goes into the Advantage Plan and can remain in the plan and grow tax free.

\* Subject to federal regulations

# What does this mean for you?



- Ideal for people hesitant on using all of their retirement funds and also have cash.
- Position business ownership as a better alternative than employment – improves engagement
- Differentiate yourself from others by illustrating a better way to build protected wealth and save tens even hundreds of thousands of dollars in taxes versus employment or other funding options
- Benetrends guarantees the lowest cost – our net cost is often ZERO (only \$10k minimum, fee 100% tax deductible, and reimbursable from retirement funds)
- Develop more leads by positioning this as a tax advantage with accountants and investment advisors

# TAX COMPARISON:

## Assumption Income \$86,000

## Tax bracket 24% Added income \$50,000



### TRADITIONALLY

- \$50,000 Income
- \$22,650 Total tax 45.3% ( 15.3 % payroll, 24% federal, 6% state)
- He pays the tax on income as it is earned and paid

• NOTE: Corporate and income taxes vary by state.

### RAP

- \$50,000 Corporate profit
- \$12,500 (estimated 25% -Federal tax, taxes by state vary)
- \$37,500 paid as NON-taxable dividend to Roth retirement plan
- Later withdrawn from Roth tax Free
- Pays the corporate tax when filed next year
- **Without the RAP he pays 81% more in taxes (\$22,650 vs \$12,500) on the remaining \$50,000 (45.3% versus 25%)**

# Two GREAT Instant Engagement Questions



*Do you have an interest in programs that.....*

- Require the government to assume up to 50% of your investment risk?*

**OR**

- Provide lifelong Capital Gain Tax (and increases) **EXEMPTION**, up to DOUBLE net inheritance for spouse/children/family and lifetime wealth protection?*
- IF YES – you can instantly schedule a call via my calendar link*



# Tools & Resources

Innovative  
**Funding Strategies**  
for Entrepreneurs

CLICK HERE TO INSTANTLY  
[Schedule a Call](#)

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