



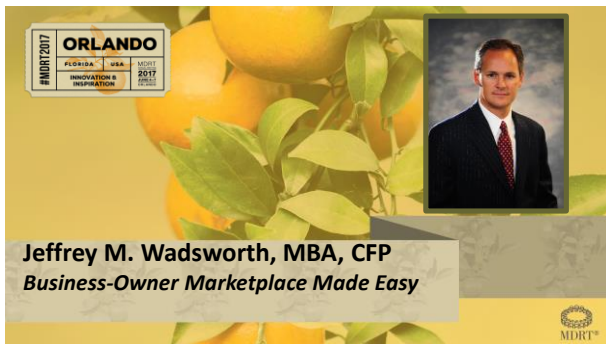
## 2017 MDRT Annual Meeting e-Handout Material

<b>Title:</b>	Business-Owner Marketplace Made Easy
<b>Speaker:</b>	Jeffrey M. Wadsworth, MBA, CFP
<b>Presentation Date:</b>	Tuesday, June 6, 2017
<b>Presentation Time:</b>	3:30 - 5:00 p.m.
<b>Session Room:</b>	Hilton - Orlando Ballroom I

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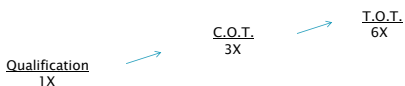
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## THE MDRT GROWTH CHALLENGE



\* A Commitment To:  
 Continuous Growth As:  
 (1) An Advisor &  
 (2) The Whole Person Concept




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### MDRT Main Platform 2012 "Love Backed With A Promise"

#### Case Design Parameters

- ▶ Business Owner
    - Married
    - New baby on the way
  - ▶ Four Businesses
    - Several Different Business Partners
    - Several Different Ownership Arrangements
  - ▶ No Clear Will
  - ▶ No Clear Transition Plan
  - ▶ Never Really Thought About It Much
- \* *Saving Grace*
- Energetic, Knowledgeable Advisor who has been attending MDRT Annual Meetings every year.
  - Consistent, Ongoing Planning




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## The Questions

### Bridge Building Questions

- Ask about "Their Story"
- How long in the business?
- How did you get started?
- What is working well right now?
- What one or two things would you like to change?

### Key Data Questions

- Total Revenue
- Gross & Net Profit
- Number of employees full time and part time
- Any key employees?
- Is business seasonal or cyclical?
- Goals for Business: Grow, Maintain, Sell?
- Do they provide Health Insurance? Employer Cost?
- Is there a Retirement Plan? Employer Cost?

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## The Critical Questions

- 1) Health Insurance
  - Total Employer Cost?
  - \* How much of that is for your family?
- 2) Retirement Plan
  - Total Employer Cost?
  - \* How much are you allowed to contribute?
  - \* Are you putting in the maximum?

Why do you think I consider these the Critical Questions?

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## Executive Bonus: Setting The Stage

### The Big Question

If I could change your retirement plan document and make it so you could put \$100,000 per year into your plan..... Would *You*?

### Possible Answers

- 1) Yes
- 2) No
- 3) Smaller Amount

### What if the plan allowed for:

- Just You in the Plan
- Maximum Contributions
- Tax Deferred Growth
- Tax Free / Favored Withdrawals
- No 59 ½ Age Limit To Access Money
- Be Your Own Bank

➤ If I could *Design A Plan* that had all of these features, how much money could you contribute on a regular basis?

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### Executive Bonus Life Insurance Contract

- ▶ "Rich Man's Roth IRA"
- ▶ The Hurdle: The CPA
- ▶ "How do you feel about Roth IRAs even though they are not currently tax deductible? What do you like the most about a Roth IRA?"
  - Tax-deferred growth
  - Tax-free withdrawals
  - No 59.5 age limit for basis withdrawals (deposits)
- ▶ What do you like the least?
  - Income limits make clients ineligible.
  - Even if eligible, very low contribution limits.

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### The CPA Question

"If You could Change the Tax Code for a Roth IRA, and Adjust the Income and Contribution Limits, so that a Business Owner or Highly Compensated Employee could Contribute

Up To **\$100,000** Per Year...

- Ⓞ Would You Recommend that they Contribute the Maximum they could Afford?
- ▶ Why?
- ▶ Why Not?

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### Executive Bonus Life Insurance Policy

- ▶ "I've just showed your client a plan that has many of the features of a Roth IRA without many of the restrictions it will provide:
  - Tax deferred growth
  - No 59.5 age restriction on withdrawals
  - Retirement Income Payout on a tax-favored basis
  - Encompass the owner's Buy-Sell needs at the same time."
- ▶ "And they are currently eligible to fund the plan at anywhere from \$50,000 to \$150,000 per year."
- ▶ Their response: "How can you possibly do all of that?"

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## What's On Their Minds?

- › Strength of their business
- › Cash flow
- › Credit lines
- › Employees
- › Profits
- › Benefits
- › Retirement
- › Their families... time
- › What happens if they Lose A Key Employee?
- › ERISA Regulations
  - Cannot customize plan
  - Basically, "One Size Fits All"

What is the one thing business owners want that ERISA takes away?




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## CONTROL !!

*If I had a Key Employee Incentive and Retention Plan that you could:*

- › Choose the participants
- › Choose the funding amounts
- › Choose the vesting schedules
- › Choose the age when employees receive their benefits.
- › Have the possibility of leveraging the funds for current business needs.
- › Grow the benefits on a tax deferred basis.
- › Build in a cost recovery mechanism.
- › Insulate the business from the impact of the death of a key employee.
- › Allow the business to be in 100% control of benefit access.
- › Ability to include a non-compete clause.
- › What are the odds they will say no?
- › Do you know any financial vehicle that could possibly provide all of these benefits?




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## Non Qualified Deferred Compensation

### Design Structure

- › Highly Compensated Employee Rules May Apply
- I. \$10,000 Per Year Minimum Contribution Per Employee  
(Perspective: \$833/mo. Truck Payment is \$10,000.)
- II. Overfunded Life Insurance Contract
- III. Employee Benefits
  - Immediate Death Benefit for Their Family
  - Future Retirement Income
  - Does Not Affect Current Compensation
  - Increased Sense of Loyalty and Morale Towards Business




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## Non Qualified Deferred Compensation

### IV. Employer Benefits

- Golden Handcuff on Key Employees for minimal cost to corporation.
- Key Person Insurance Coverage.
- Increased Employee Morale & Productivity.
- Leveraged Loyalty.
- Owner can intentionally over-fund one or all of the employee contracts for owner's future business or personal cash needs.
- Non-Compete Agreement language in legal document.




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## Non Qualified Deferred Compensation

### V. Future Benefits - Short Term

#### Employee

- Possible increase in life insurance and retirement income amount.

#### Employer

- Building own corporate bank for liquidity & credit needs.
- Increased bonding capacity through increased cash value balance sheet item.
- Tax deferred growth of plan benefits.
- Can use funds from a separated employee's plan to fund new key employee plans.




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## Non Qualified Deferred Compensation

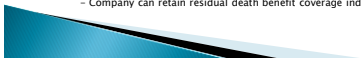
### VI. Future Benefits - Long Term

#### Employee

- Retirement income to replace a total of \$60k, \$120k, \$180k, etc. of working income.
- Structured as \$1,000 to \$2,000 per month for 5 to 10 years.
- Ability to use vested benefits to negotiate possible purchase of company stock for business transition planning.
- If death occurs during retirement phase, beneficiary continues to receives entire vested benefit.

#### Employer

- Funding of plan benefits are paid by insurance contract cash values or from company cash flow, whichever they choose.
- Business controls the contract for the duration of the policy.
- Possible seed money for employee to use to purchase company from owner for business transition purposes.
- Deferred retirement money for business owner if employees leave for any specified reason.
- Company can retain residual death benefit coverage indefinitely until employee actually dies.




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## BUY- SELL FUNDING

- ▶ What generally happens to a business if the owner dies? Good things or bad things?
- ▶ Why is that?
  - ▶ 1) No clear person in charge
  - ▶ 2) Lack of money
  - ▶ 3) Credit is restricted
  - ▶ 4) Family assets are pledged
  - ▶ 5) No clear plan
- ▶ What can solve all of these problems?
  - ▶ - Life Insurance
  - ▶ - Buy-Sell Agreement

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## Executive Bonus Life Insurance Plan

### Benefits Re-Cap

- Invest as much as you wanted.
- Have no 1099's while it's growing because it is tax deferred.
- Replace your current term insurance in order for you to be eligible for a Roth IRA Alternative Investment.
- Not have a 59.5 age limitation for withdrawals.
- Possibly use this plan to meet some or all of your Buy-Sell insurance needs.
- Create a tax-favored retirement income.
- Create a "Virtual Buyer" for your company.

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## Strategic Marketing *References To Business Owners*

**"Referral By Letter"**  
"Round The Table" – Sept./Oct. 2011

What happens to **Junk Mail**?  
What happens to a **Letter From A Friend**?  
An unexpected letter **From YOU** = Junk Mail

### ***The Key***

"Use your **Client's Stationary** and **Envelope**  
The letter is:  
- From Them  
- Signed by Them

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## Structure Of The Letter

### *Three Paragraphs*

- 1) Introduces your name
- 2) Your client writes 2-3 lines describing what you mean to them and how you have helped them
- 3) Your assistant will be calling to schedule a meeting.

*\* That's It.... And It Works!*

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### *Achieve Court of the Table & Top of the Table by ...*

- I. Becoming A Known Expert
  - Life Insurance Concepts
  - Fixed Indexed Annuities
  - Variable Annuities
  - Safe Retirement Investing
  - Continuous Learner
- II. Start Working With Business Owners
  - Executive Bonus - "Rich Man's Roth IRA"
  - N.Q. Deferred Compensation
  - Buy-Sell Funding
- III. C.O.I. - Center Of Influence References
  - CPA'S
  - Attorneys
  - Other Agents - Joint Cases/ Sr. or Jr.

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### *Achieve Court of the Table & Top of the Table by ...*

- IV. Consistent Marketing Plan
  - Spend Some Money
  - Buy Leads
  - Seminars Still Work
  - Creative Referral Systems
  - Target Your Market
- V. Raise Your Average Case Size
  - It's A Mindset
  - Stop Chasing Small Cases
  - Raise Your Minimum Case Size
  - Spend Time Weekly Marketing To Larger Cases

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# MY Story IS YOUR Story

- ▶ Struggled For Years
- ▶ Finally Made First MDRT
- ▶ Could Not Afford To Attend Annual Meeting
- ▶ Found A Way To Attend
- ▶ **My MDRT Experience**

Life Changing: Atmosphere Mentors Ideas Possibilities



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## Believe You Can ....

*Work Hard ...*

*Work Smart ...*

*Never Give Up ...*

*and*

*I'll see YOU at the TOP OF THE TABLE!*



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