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Captive Insurance Services



Tax Free Income

- for business owners

In the past, the quest for tax free money has felt like a mid-evil or Indiana Jones quest for the Holy Grail, just over the next ledge, almost touchable, yet never within reach. Today, the quest is not a myth, in fact for business owners, that quest is very tangible and more importantly, available.

Everyone knows the limited opportunities of setting up a Roth IRA and the fact that municipal bonds are good investments for investors in the highest tax brackets. Why? Because the benefit is **TAX FREE!** Yet each of these common opportunities has limitations.

Successful, profitable business owners have additional opportunities to capture the holy grail of tax free assets. Here are four ways to **TAX FREE** income:

1. Beneficiary of a life insurance policy. Insurable interest, and financial security often come from the previous generation. In the right situation, it makes sense to take out a life insurance policy on that individual. Life insurance proceeds are tax free. Here's an example, a business owner's initial and /or ongoing funding of business ventures has come from his father-in-law's wealth. When he passes away, the business owner's access to existing funds will significantly be reduced if not eliminated. Now he can pay the premiums on a policy for his father-in-law to ensure funds will be available to fund future business endeavors. The business owner is the beneficiary of this policy. Proceeds are **tax free**.
2. Living benefit of Life insurance. Permanent life insurance policies are accessed **tax free**. Protecting your family and business while accumulating a living, tax free benefit is wise as business owners accomplish multiple objectives by purchasing permanent life insurance. This long term strategy accomplishes several objectives at the same time.

3. QSBS. As part of the Path Act of Dec 2015, Tax exempt proceeds up to ten times basis, or \$10 million (whichever is greater) is excluded from tax to small businesses who qualify when they sell their business. There are several stipulations and requirements to take advantage of this opportunity, yet the benefit is again, **Tax Free!**
4. ESOP. Selling your business or a portion of your business through an employee stock ownership plan ultimately creates **Tax Free** income to the business owner. This is a qualified ERISA plan which also benefits employees in the future and allows the business owner to maintain control of his or her company.

Significant Tax free income is available to those who know how to create it. These four options are well within your reach, and these options may very well be.....

Your Link to Security!

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