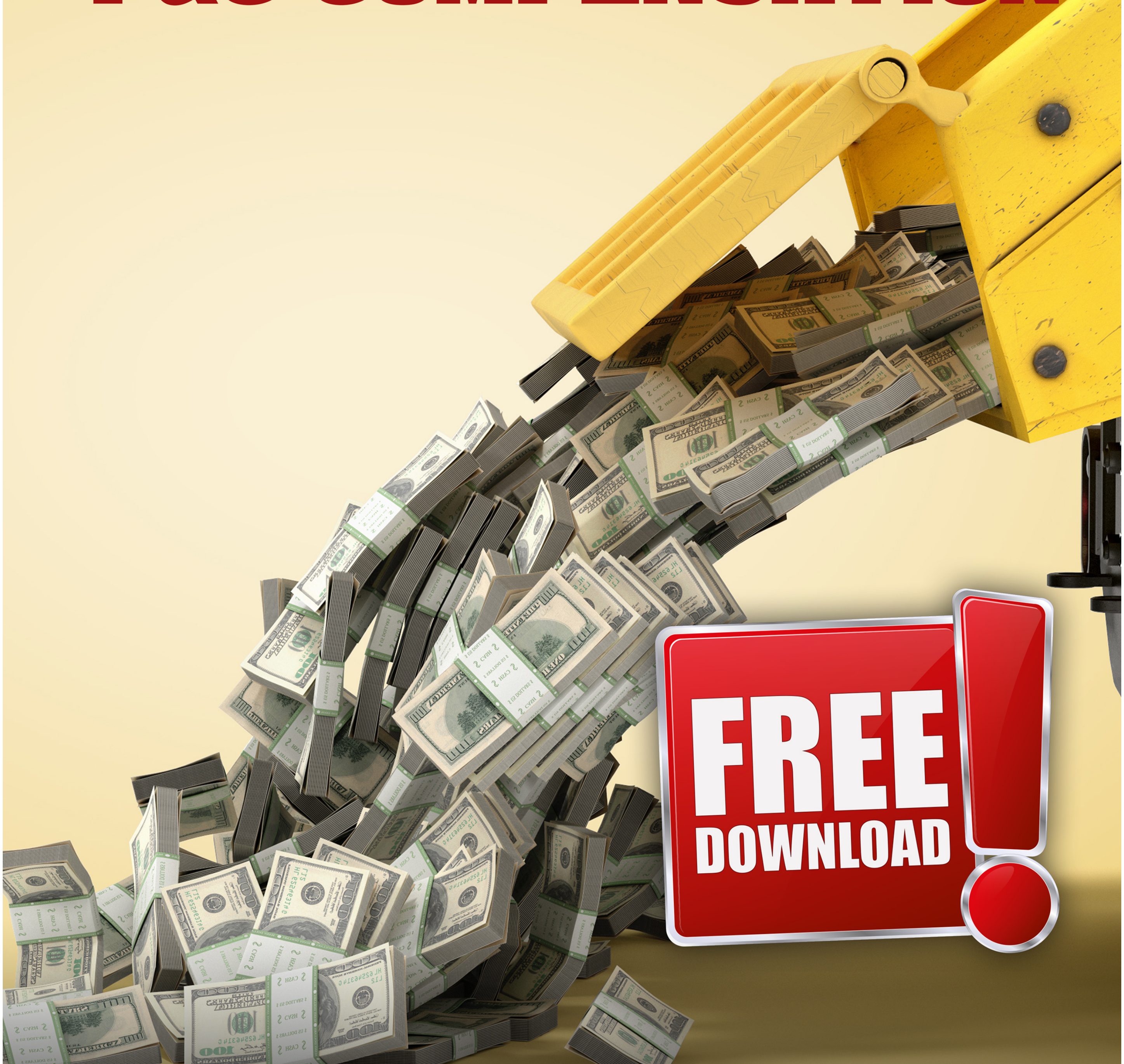
The Secret to MASSIVE P&C COMPENSATION



Captives: Maximizing Business Efficiency Through Supplemental P&C Coverages

In 1986, Congress adopted section 831(b) of the Internal Revenue Code specifically to encourage Captive insurance formations for US businesses, and created significant tax incentives for doing so. These tax incentives exist to encourage their formation where it is suitable for businesses to efficiently finance insurable risks.

Legally Deduct Up to $2.3 Million Per Year

An 831(b) Captive, as long as it's structured and operated as a bona fide insurance company, allows your business to deduct from $100k per year up to $2.3 million per year against ordinary income…while the Captive – a wholly-owned subsidiary of your business – receives the funds tax-free. It exempts, not merely defers, all operating income of qualifying Captives from federal and state income tax. This special tax benefit encourages small and medium sized companies to create these protective risk reserve assets, which they retain control over.

The restrictions that apply to your 401k and other retirement plan assets do not apply to reserves in your Captive. When properly structured, they simply are a superior business and risk management tool for owners of successful businesses. And when integrated with estate and/or business succession planning, the wealth accumulation and protection benefits can be substantial.

The insurance coverage options within your Captive include ideal supplements to your existing P&C portfolio. Coverages such as Pandemic Expense (yes, this would cover future COVID outbreaks), Loss of Key Contract/Customer, Business Interruption, Administrative Actions Expense, and many more. All coverages are tailored around your existing portfolio of coverages by independent 3rd party actuaries.

Ideal Qualifications for an 831(b) Captive

- **A business with annual revenues of $1 million – $300 million**
- **Pre-tax operating profits of $500,000+ per year**
- **Desire to:**
    1. **Decrease business risks**
    2. **Leverage significant tax advantages**
    3. **Increase ownership benefits, wealth accumulation & protection**
    4. **Participate for at least 3-5 years**

Case Study

A P&C agent introduced a successful owner of a residential construction business to us. After reviewing our detailed numerical projections and Captive coverage menu, he chose to participate in a Captive at a $200k per year contribution level with coverages such as Loss of Key Contract Expense, Regulatory Expense, Administrative Actions, Employment Practices, and others. The independent actuaries tailored all of these coverages around their existing P&C policies to maximize the efficiency of the total portfolio.

The $200k annual contribution (made pre-tax by the business) also provided the owner with $90k in income tax savings per year (federal and state). The referring agent made additional compensation of $13,500.

And 6 years later we helped the owner exit his Captive at 0% tax using our proprietary exit strategies.

Summary

In conjunction with the country's best Captive managers, we can quickly and accurately evaluate how much benefit a Captive could provide you and your clients in the areas of risk management, tax planning, and asset protection.

Despite this provision being over 30 years old, most professional business advisers still do not understand Captives, and as a result, hundreds of thousands of small to medium sized businesses that could benefit from Captives have not yet been introduced to them.

Let us help you take your business to the next level with a turn-key solution that perfectly complements (not replaces) what you already do for you and your successful business owner clients.

We also bring to the table a complete virtual family office suite of resources for income tax planning, capital gains tax planning, unique exit strategies, advanced private equity investment platforms, and much more.

Contact us now for a free consultation to learn more about how we can enhance you and your clients' operational synergy. 800-575-8496 or INN@jrlwealth.com.