

FAQ

Q. Is there a tax deduction?

No - Kai-Zen does not create or utilize tax deductions.

Q. Can Kai-Zen be provided as Split-Dollar?

Yes – Business can provide 5 pay contribution for employee via loan. Loan creates asset for business and benefits employee since taxes are not assessed on contribution.

Q. What insurance underwriting is needed?

Individual underwriting is required for groups with less than 15 participants. Guaranteed issue is available for businesses with 15 or more participants.

Q. What are participant requirements?

- Under age 65
- In reasonable health
- Earn \$100,000 or more

Q. Do participants have the same contribution amounts?

No - each participants chooses 5 contribution amount.

Q. What happens if the plan is terminated?

Termination distribution is the cash value of the policy minus administration and loan payoff costs.

Q. What are the benefits of this plan design?

- Immediate death benefit upon first payment
- Living benefits: critical or chronic illness
- Up to \$3 to \$1 match funding on contributions
- Potential tax-free cash flow after loan payoff
- No personal guarantees, loan commitments, financial underwriting or credit checks
- Asset protection from creditors

Q. Who provides the death benefit?

Top rated carriers issue low commission life policies.

Q. Who provides the matching contributions?

Top rated lenders provide non-recourse low cost loans.

Q. Why choose Kai-Zen vs. "other" providers?

Kai-Zen is the only provider:

- With 5 pay participant funding
- With up to 3X match using non-recourse loan
- Uses contributions as the sole lender collateral
- With NO additional collateral pledges
- No prepayment penalties
- No interest payments



Gary LoDuca, CFP®, ChFC, AIF®

Founder, Owner and Chief Executive Thinker

I started in financial services in 1990. Became fiduciary Investment Adviser in 1996, CERTIFIED FINANCIAL PLANNER™ practitioner in 2011, Tax Planner in 2016, Accredited Investment Fiduciary® and Cash Balance Consultant in 2018.

Thoughtful Advisors was founded in 2015 as fiduciary-based ethical alternative to corporate investment firms. As an independent firm, we specialize in designing high quality, low cost and hassle-free employer specific 401(k), Cash Balance and Non-Qualified Tax-Free Income Plans. We combine financial technology and design simplicity to create fiduciary supervised plans that practically run on auto-pilot for employers. We provide impactful employee education with an uncommon level of "do the right thing" professionalism.

Our **Understand What Is Possible** plan design philosophy is based on two iconic observations:

"If you want to have better performance than the crowd, you must do things differently than the crowd." – Sir John Templeton

"People don't know what they want until they know what they can have." – Steve Jobs

I graduated from the University of Florida - College of Business. I'm a past board of director and 2 term treasurer of the South Tampa Chamber of Commerce, a member of Tampa Bay Estate Planning Council and the University of Florida Advisor Network. I coach Tampa Bay Little League Baseball & UA Flag Football. I've been a proud South Tampa resident for 30+ years and live with my wife and our two sons.

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Kai-Zen

\$162 Executive Bonus Plan

Leverage \$162 Bonus Plan Design

Take Control of Savings Success & Overcome

Tax Risk

from future tax increases
during non-working years

Market Risk

from exposure to market
corrections & crashes

Capital Risk

from underfunding needed
savings contributions



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Kai-Zen

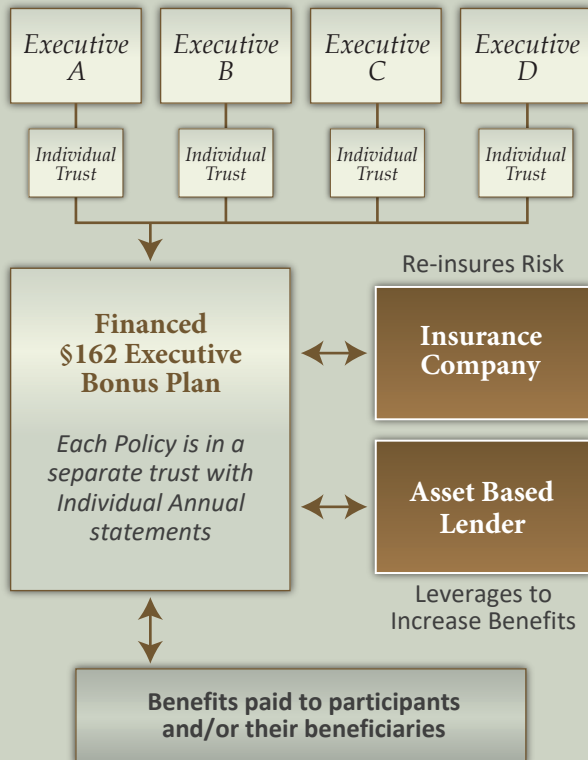
§162 Executive Bonus Plan

Thoughtful Tax-Free Income from Kai-Zen allows business to add voluntary IRC Sec. 162 Executive Bonus Plan with no cash flow cost to the business. Thoughtful plan design simplicity combines low cost, low-commission IUL with low cost non-recourse leverage creating one-of-a-kind plan max-funding cash accumulation savings program with up to \$3 to \$1 contribution match.

- After-tax dollars or split-dollar funding
- Non ERISA - voluntary benefit
- No personal guarantee
- No financial or credit underwriting
- No loan qualification or loan documents

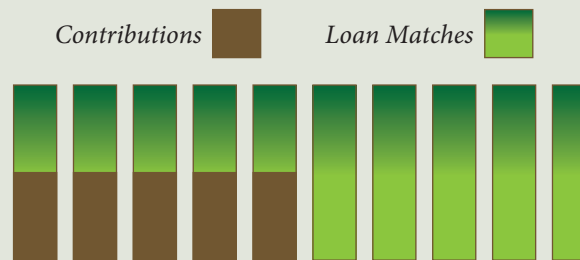
Kai-Zen Structure

Executive Pay Contributions



Power of Leveraged Funding

adds up to 3X more cash into max-funded plan, resulting in a valuable and financially significant employee benefit without expense to company



Male - 50 - Average Health
5 Annual \$50,000 Contributions

Email us for a no-cost confidential customized Estimate of Benefits proposal for yourself

	IRC 162 Kai-Zen	IRC 162 Traditional	Taxable Investment	Tax Deferred Investment
Potential Distributions	Tax-Free	Tax-Free	After-Tax	After-Tax
Age 66 - 90	\$72,990	\$38,529	\$34,902	\$41,128
Total Distributions	\$1,824,755	\$963,230	\$872,557	\$1,028,196
Internal Rate of Return	10.18%	7.32%	5.50%	6.27%
Potential Protections				
Initial Death Benefit	\$1,740,014	\$1,042,687	No Death Benefit	No Death Benefit
Death Benefit after distributions	\$2,331,324	\$892,677	No Death Benefit	No Death Benefit

Assumptions - Applied to Savings Options

Growth Rate: 6.00%
Annual Distributions: 66 [after 15th year loan payoff] through 90
Capital Gains: 20% & Income Tax: 37%
Investments: 50bps annual management fee
IUL Policies: include all costs of insurance & fees
IUL Distributions: shown using tax-free policy loans

Kai-Zen Benefits

Cost Efficient Design

- Substantial cash flow savings vs. traditional plan funding methods
- No cost to business - participant funds plan
- 25% - 40% saving vs. self funding
- Participant sets 5 annual contribution amount
- Participant contributions are sole-collateral for non-recourse low-cost loans [LIBOR + 1.75%]
- Immediate death benefit funded
- No net worth minimums to participate [min. participant annual income \$100,000]
- Annual crediting gains - lock in - zero loss floor

Potential for Future Income

Policy earnings performance may generate addition cash value available to participant after loan payoff [usually end of year 15] to be used:

- As recurring non-reportable tax-free income
- As critical illness living benefit
- As critical injury - chronic illness living benefit
- As terminal illness living benefit
- As tax-free death benefit

Trust Advantages

- Professional 3rd party plan administration
- Proceeds can pass to heirs outside estate
- Asset protection - policy cash values can be protected from: divorce, law suits, bankruptcy and creditors with proper structuring
- Each policy is completely separate from others [no cross contamination - no commingling]
- Each participant gets a separate trust

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