



# The best retirement plan I have ever seen

**M**ENTION RETIREMENT to any group — no matter how young or old — and the knee-jerk reaction is almost always the same: Stuff as much as you can into a qualified retirement plan, such as an IRA, 401(k) or profit-sharing plan. Actually good advice.

Why?

The money going into the plan is 100% tax deductible and your earnings are tax deferred until the day you take money out. Good! Very good!

But wait, what happens when you take the money out? Not so good. You're hit with taxable income (plus a 10% penalty if you are not older than age 59½). Worse yet, if you die with funds in your plan, your heirs are robbed by a double tax, both income and estate tax. As high as 73%, with your heirs only getting 27%.

What's better?

A Roth IRA! Sorry, you can't deduct your contributions to a Roth. But what

happens when you take those dollars out? A drum roll please. Tax-free! Yes, every penny comes out free of the income tax. Great!

Any problems with a Roth? Unfortunately, yes. There are two significant restrictions, without giving all the gory details:

1. If your income exceeds \$114,000 and you are single, you cannot make any contribution to a Roth; if you are married the prohibition number is \$166,000 of income.

2. The maximum annual contribution for 2007 is \$4,000, rising to \$5,000 in 2008.

Is there really something better than a Roth IRA? Of course there is. And the strategy has been around since the 1960s, yet few people know that the strategy — called a "Private Retirement Plan" — even exists.

Tax-wise, a PRP is exactly like a Roth: no deduction when funds go into the PRP, no tax when the funds — contributions, plus tax-free earnings — come out. Now here's what makes a PRP superior to any other plan: no restrictions as to how high (or low) your income can be and no limit on the amount of your annual contribution.

Truly, a PRP is the best tax-advantaged retirement plan I have ever seen.

A PRP is simply a special kind of

high cash surrender value life insurance policy. We have been using PRPs to fund for retirement for clients, their children and even grandchildren since the early '50s. Although a PRP is easy to do, each one (whether for a 1-year-old or a 60-year-old) must be individually designed. So if you are a reader of this column and would like to see how a PRP might work for you (or other family members), fax (to 847/674-5299) your name and birthday (same for other family members) along with all phone numbers (business, home and cell) where you can be reached. Write "PRP" at the top of the page.

OK, many of you readers have accumulated large amounts (say \$200,000 or more) in your IRA, 401(k) or other

plans. Are you forever stuck in a horrible double tax trap? Probably not. A couple easy-to-do plan rescue strategies can get you out of the trap.

The first concept — called the "Single Premium Strategy" — to overcome the tax robbers combines three strategies:

1. An immediate-pay annuity (typically a joint-life annuity if you are married);
2. A life insurance policy (second-to-die if you are married); and
3. An irrevocable life insurance trust.

The second concept is named "Retirement Plan Rescue." When using an RPR, your qualified plan uses the funds in the plan to buy the insurance, either for a single life or second-to-die for a husband and wife. A married reader (Joe) used an RPR to buy \$10 million of second-to-die insurance, which will go to his kids tax-free. Joe actually turned \$567,900 into \$10 million.

You'll also be surprised at how easy the above strategies are to do. So, if you are lucky enough to be rich, but unlucky enough to have a substantial part of your wealth in a qualified plan — an IRA, profit-sharing, 401(k) or similar plan — you owe it to your family to take a close look at the above two tax-miracle concepts.

Like the PRP, each strategy must be individually designed.

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