

# How to Pay Less Than 1% Tax on Your Investment Income

---

How many of your prospects or clients would like to know how to pay less than 1% tax on their non-qualified investment income? At least a few?

If you could do this...would you be able to generate more interest and more prospects?

You can use the phrase, "How to pay less than 1% tax on your income," a few different ways:

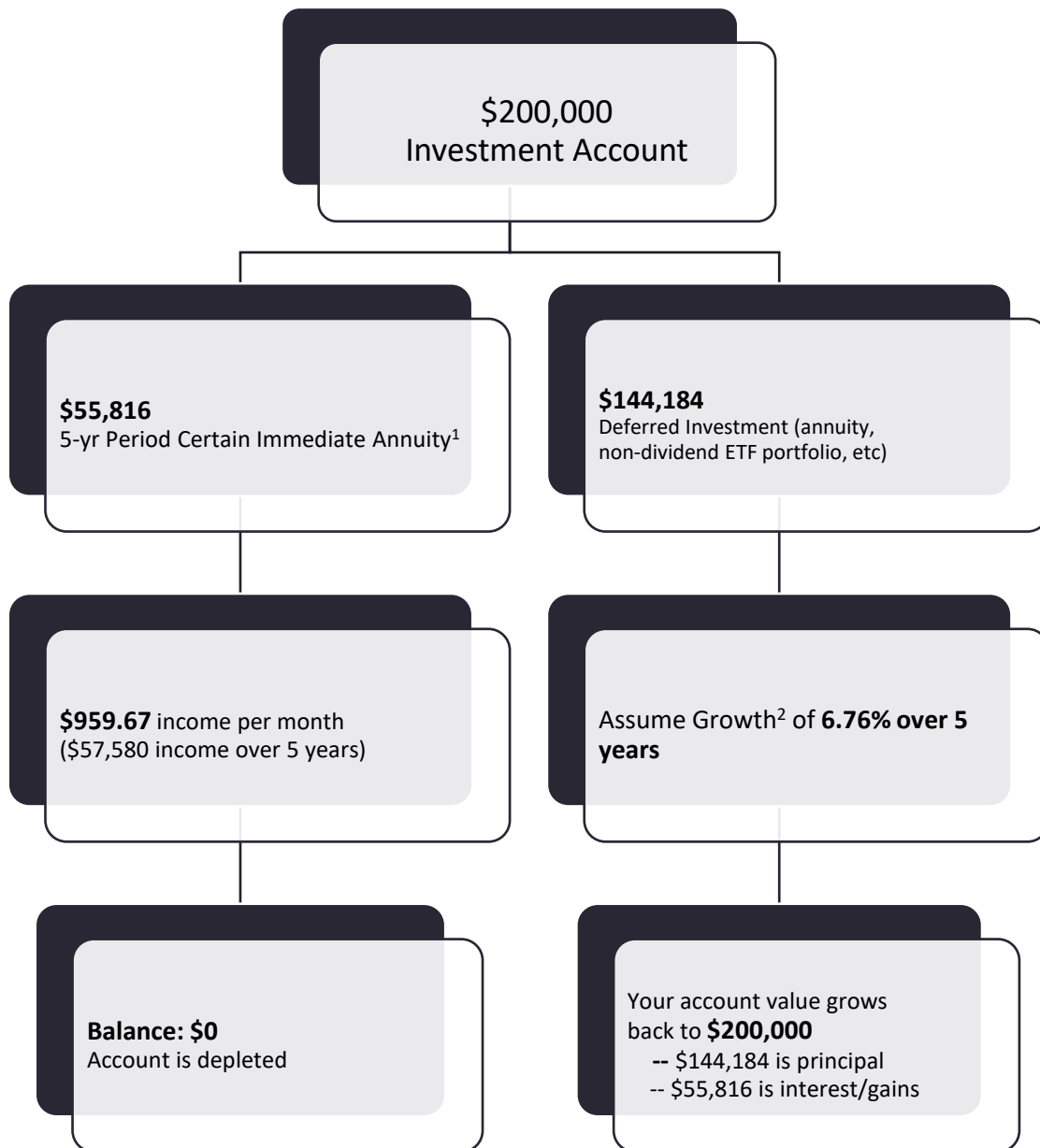
- As a bullet in your seminar invite
- In a letter to your clients to capture more assets
- In a letter to prospects to get them to come see you
- As a direct mail postcard to generate appointments
- As an "elevator speech" when someone asks what you do—"I help people pay less than 1% tax on their income."

## **How DO you pay less than 1% tax on your income?**

We are simply talking about your ordinary investment income, not earned income. That investment income could come from capital gains, interest, dividends, etc. Most people simply pay the tax on this investment income.

You will generate the same amount of income, but slash the taxes owed, if instead you used a split investment plan with an immediate annuity and either a deferred annuity or a growth ETF.

We have included a flowchart that can better explain just how to do it.



This example provides \$11,516 per year in income. Due to the exclusion ratio (97%) for this example, you would pay tax on only \$346 per year, as the remaining \$11,170 is Return of Principal.

**CALCULATION:**

$\$11,516 * 97\% = \$11,170$  (Return of Principal -- Excluded portion of income)  
 $\$11,516 * 3\% = \$346$  (Taxable portion of income)

At a 15% combined tax rate, \$52 would be owed in taxes...that's less than half of 1% of the investment income

At a 25% combined tax rate, \$87 would be owed in taxes...still less than 1% tax of the investment income

**CALCULATION:**

15% Tax Bracket:  $\$346 * .15 = \$52 / \$11,516 = 0.45\%$  tax on income  
 25% Tax Bracket:  $\$346 * .25 = \$87 / \$11,516 = 0.76\%$  tax on income

<sup>1</sup>For purposes of the hypothetical the following assumptions were used: 5-year period certain immediate annuity with Global Atlantic Financial Group with payments beginning 12/01/2017 and ending 11/01/2022. An assumed exclusion ratio of 97% is used in this hypothetical. <sup>2</sup>Assumed rate of return for illustration purposes only. This return is not indicating a promise for return or performance of any product. For illustration and comparison purposes, a combined 15% or 25% Federal and State Tax rate is used.