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ONCE UPON A TIME ...

The Big Bad (IRS) Wolf



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... there were three brothers who each set out to build a business.

Brother #1 spent his life building his business, but never developed the necessary infrastructure or took the time to think about the Big Bad Wolf who would try to huff and puff and blow the business down. ... The Big Bad Wolf was the IRS.

Eventually, the **Big Bad (IRS) Wolf** arrived at the first Brother's business. He huffed and he puffed and he blew the business down – just like it was made of straw.

Why? Why was he able to blow the business away? Because, the first brother listened to friends and the financial media hype. He put lots of money in a qualified retirement plan ... which was double taxed at his death. He avoided buying life insurance -- because it cost too much! He had been afraid to create a Trust -- because the **Big**

Big Bad (IRS) Wolf put “trusts” on the dirty dozen list.

The **Big Bad (IRS) Wolf** then arrived at the business of **Brother #2** prepared to huff and puff and blow the business away. This time it was a bit more difficult. **Brother #2** had built a business that was stronger than the business of his brother. The foundation wasn't made of straw, but rather it was sticks that anchored the business.

While the second brother took more steps than the first brother to protect what he had created, he never coordinated all his programs. Upon his passing, the **Big Bad (IRS) Wolf** began looking for his pound of flesh. Unlike the first brother, **Brother #2** purchased life insurance.

Unfortunately, the family of the second brother discovered that the proceeds of his life insurance were not free of estate taxes in spite of the fact that his life insurance agent told him that insurance proceeds were tax free. It seems life insurance assets are only **income tax free and not estate tax free**. 50% of the proceeds were taken to pay estate taxes...WOW!

They also found out that by putting all the second Brother's other assets in a trust, he had disinherited his beloved daughter-in-law when his son died in 2020 during the pandemic. The proceeds passed to the bloodline and not the wife.

He also never understood the **State** death/inheritance tax.

And, finally, he owned 100% of the business. It was an "S" corp. This was his biggest asset and was now subject to an IRS evaluation because, as with every significant estate tax filing, the **Big Bad (IRS) Wolf** was conducting a 706 tax return audit. This took over two years to complete and resulted in major professional fees incurred by his family at his death.

Unfortunately, he never heeded his brother's advice when he has told that the **Big Bad (IRS) Wolf** would come. Prior to his death, he felt secure that the **Big Bad Wolf** could not huff and puff and blow down everything created during his lifetime. He built a house on strong sticks not straw and expected to see it stand forever.

Brother #3 learned from his two brothers. He understood that he had to start planning early. He understood the principle of leverage and using other people's money. He was determined to build a brick fortress that could withstand the **Big Bad (IRS) Wolf**. He realized that he must use tried and trusted business methods so the **Big Bad (IRS) Wolf's** collection of taxable income would be minimized. This brother did it in a very organized program called ... "**Playbook Planning**".

He formed a team of professionals guided by the National Network of Accountants.

He prioritized and realized that taxes would destroy the wealth he had accumulated for his family!

Brother #3 wisely focused on tax deductions, tax deferrals, tax conversion (from one bracket to another) and also to look at tax-free planning. Combining these programs together allowed the third brother the ability to build a business foundation that was as strong as bricks, and no matter how hard the **Big Bad (IRS) Wolf** huffed and puffed, the business would remain strong for multiple generations.

He followed all congressional guidelines and did not cut corners.

At the end, he was fully prepared because he started, years before, building a strong foundation. So, when the **Big Bad (IRS) Wolf** did come ... he was prepared.

Remember, the worst enemy when trying to move ahead is self-doubt.

"Don't wait for the right moment to begin" ... Barbara Corcoran. "Just do it" ... Nike

"It is not true that death and taxes are two realities of life. We know death is a reality, but taxes are optional." ... J.W. Tucciarone/ Paul Hyl, Esq.



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