

## **Asset Protection** **(3 Hours; 85 Pages of Text)**

### **Domestic Asset Protection**

- 1) Introduction
  - a) Why advisors need to know asset protection
  - b) Why other certification programs ignore asset protection
  - c) Which clients need asset protection?
  - d) Negligence (The legal definition with examples)
  - e) Directors and officers, employees
  - f) Personal service exceptions
  
- 2) Fraudulent Transfers
  - a) Actual Fraud
  - b) Constructive Fraud
    - i) FMV
    - ii) Damages known
    - iii) Insolvency
  - c) Defenses
    - i) Legitimate business purpose
    - ii) Transferring assets
  
- 3) Existing Laws
  - a) Homestead exemption
  - b) Life insurance
  - c) Annuities
  - d) Wage protection
  
- 4) Retirement Plans
  - a) Retirement Plans
    - i) ERISA plans
    - ii) Non-ERISA plans
    - iii) IRAs
  
- 5) Typical Asset Protection Plans (that do not always work)
  - a) Co-Ownership
    - i) Joint tenancy
    - ii) Tenants in common
    - iii) Tenants by the entireties
  - b) Community property states
  
- 6) Corporate Entities
  - a) Sole proprietors
  - b) Partnerships

## Outline for the CAPP™ Certification Course

- c) Corporations (C- and S-corporations)
  - d) Limited liability companies
  - e) Piercing the corporate veil
  - f) Keeping the entity valid
  - g) Types of Creditors
    - i) Inside
    - ii) Outside
  - h) Director's and officer's liability
  - i) Trustee/Fiduciary liability
- 7) Limited Liability Companies/Family Limited Partnerships
- a) Differences between LLCs/FLPs and C-or S-corporations
  - b) Charging orders
  - c) Potential problems with LLCs/FLPs
  - d) What types of assets should be held in LLCs/FLPs
  - e) Where to incorporate
- 8) Trusts as Asset Protection Tools
- a) Types of trusts
    - i) revocable
    - ii) irrevocable
    - iii) intervivos
    - iv) testamentary
  - b) Dynasty trusts
  - c) Alaskan asset protection trusts (and other self settled trusts)
- 9) Personal Residence Protection
- a) Homestead exemption
  - b) Tenants by the entirety
  - c) Qualified Personal Residence Trust (QPRT)
  - d) LLCs and FLPs
  - e) Debt Shields (Equity Stripping)
- 10) Accounts Receivable (A/R) Asset Protection
- a) A/R Leveraging overview
  - b) A/R Leveraging done right
  - c) The finances of A/R Leveraging Plan
  - d) Is A/R Leveraging right for your clients?

## **Offshore Asset Protection**

- 1) Offshore Asset Protection
  - a) Why offshore
  - b) Pitfalls to offshore planning
  - c) The Anderson Case

- 2) Offshore Limited Liability Companies (LLCs)
- 3) Offshore Trusts
  - a) Typical offshore setup
  - b) Potential problems with a Foreign Trustee
  - c) The Protector
  - d) Contempt of court
  - e) What defenses are available for contempt?
- 4) Closely Held Insurance Companies (CICs)

## **Asset Protection IV-VIII (5 Hours; 130 Pages of Text)**

- 1) What Asset Protection Is Really About And Why You Need It
  - a) The New Code Of Ethics
  - b) What Can Be Done?
  - c) Is The Concept Of Asset Protection Ethical?
  - d) A Map Through The Asset Protection Maze
  - e) So What Is Asset Protection In A Nutshell?
  - f) The Definition of Asset Protection Planning
  - g) Solvent Today –Sued Tomorrow
  - h) The Growing Epidemic Of Legal Robbery
  - i) Can Litigation Become A Way Of Life?
  - j) So Who Needs Asset Protection?
    - a) What Are The Odds?
    - b) Any Of These Could Leave You Penniless And In Debt:
  - k) Summary
- 2) All The Big Confusing Words Explained
  - a) Rob's Idioms Of Asset Protection
  - b) It's Cheaper To Be Mistaken... Than Taken
  - c) If You Can Access Your Wealth, So Can The "Takers"
  - d) Pick The Battle You Can Win – Before The War Begins
  - e) Plan For The Worst, Hope For The Best-Optimism At It's Finest
  - f) Asset Protection Planning Should Be Like Breathing... Not Choking
  - g) The Best Plan Is One That Never Is Used
  - h) What Is An Asset Protection Trust (APT)
  - i) Statute of Elizabeth Provision
  - j) Settlement Of The Trust

## Outline for the CAPP™ Certification Course

- k) Practical Uses Of Asset Protection Trusts
  - i) A Supplement Or Replacement To Insurance
  - ii) A Tool To Settle Or Discourage Litigation
  - iii) To Keep The Ownership Of Assets Confidential
  - iv) An Alternative To Traditional Pre-Nuptial Agreements
  - v) A Protection Against Potential Exchange Controls
  
- 3) 5 Of The 10 Keys To Asset Protection
  - a) Key One: Realize That Our System Is A Failure
    - i) Why The Need For Self-Help Tort Reform?
    - ii) Key One Summary
  - b) Key Two: Implement Asset Protection
    - i) When The Financial Seas Are Calm
    - ii) Key Two Summary
  
  - c) Key Three: Choose Your Battlefield
    - i) Key Three Summary
  - d) Key Four: Never Trust Anybody
    - i) With Your Hard-Earned Money
    - ii) The Case Of Marc M. Harris
    - iii) Key Four Summary
  - e) Key Five: Don't Let The Tax Tail Wag the Dog
    - i) Key Five Summary
  - f) Final Notes
  
- 4) A Crash Course In Self-Protection
  - a) Beginning Your Process Of Protecting
  - b) The Best Asset Protection Plan Bar-None
  - c) Definition of Foreign Trust
    - i) The Court Test
    - ii) The Control Test
  - d) Key Six: Divide And Conquer
    - i) When Is Fraud Really Fraud?
    - ii) Key Six Summary
  - e) Summary
  
- 5) What Type Of Asset Protection Trust?
  - a) Creating An Impenetrable Trust
  - b) Why A Revocable Trust Offers No Protection
  - c) Why A Domestic Irrevocable Trust Isn't Enough
  - d) Key Seven: Pigs Get Eaten
    - i) Key Seven Summary
  - e) Key 8: Beware Of Asset Protection Scammers
    - i) Key Eight Summary
  - f) Key 9: A Plan Should Be Transparent To You
    - i) Key Nine Summary

## Outline for the CAPP™ Certification Course

- g) Key 10: Reread Key Number 4
- 6) The Family Limited Partnership (FLP)
  - a) Structuring Your Family Limited Partnership For Utmost Protection
  - b) How To Organize Your Family Limited Partnership
  - c) Transferring Assets To Your Partnership
  - d) More On How An FLP Can Protect Your Assets
  - e) Summary
- 7) How Predators And Creditors Attack
- 8) Is It Possible For The Courts To Unravel Your Asset Protection Plan?
  - a) Contempt of Court Defined
  - b) Examining The Use Of Contempt Power
    - i) Contempt for establishing a trust
  - c) Civil Claim against settlor's advisors
  - d) Criminal sanctions against the settlor and his attorney
  - e) Violations of money laundering and related statutes
  - f) Extraordinary remedies
    - i) The turncoat custodian (usually a bank)
    - ii) Local Challenge in Court
    - iii) Retention and payment of a United States law firm
    - iv) Accessibility
    - v) Procedural barriers
    - vi) The magic of the disappearing trust
  - g) Your Rights Regarding Disclosing Assets
- 9) Tips On Keeping Your Assets and Your Personal Relationships Safe And Sound
  - a) What Is A Premarital Or Prenuptial Agreement?
  - b) Are Premarital Agreements Really Effective & Legal?
  - c) What About Agreements For Living Together?
  - d) When It's Essential To Make A Premarital Agreement?
  - e) How To Construct A Pre-Nup
  - f) The Final Word On Pre-Nups
  - g) Is A Property Agreement For Married Folks Smart?
  - h) How To Preserve Your Assets Before Divorce
  - i) Divorce As An Asset Protection Strategy?
  - j) Summary- Best Strategy To Protect Your Wealth Prior To Marriage
- 10) Practical Examples

Case Study #1 How tragedy and Human Weakness Can Endanger Your Life's Work.

Case Study #2 Fool Me Once, Shame On You; Fool me Twice, Shame on Me!

## Outline for the CAPP™ Certification Course

- Case Study #3 Love, Love American Style...
- Case Study #4 How to Avoid the Buyers Remorse Blues
- Case Study #5 Guilty Until Proven Innocent
- Case Study #6 How To Insure Your Assets Can't Be Taken By The Insurance Company
- Case Study #7 How A Good Asset Protection Plan Works... Even Against The Good Guy
- Case Study #8 Good Loving Gone Bad
- Case Study #9 You Can Hate Me Cause I'm Beautiful...But You Can't Take My Money
- Case Study #10 Do The Footwork And Leave the Results Up To God
- Case Study #11 Another Case Of Father Knows Best
- Case Study #12 Even A Little Is Too Much To Lose
- Case Study #13 Love Can Conquer All
- Case Study #14 When Good Kids Go Bad
- Case Study #15 Sex, Drugs and Rock Solid Protection
- Case Study #16 A Widow Makes A Narrow Escape From Our Legal System's Failure
- Case Study #17 The Scam That Almost Was
- Case Study #18 Winning Doesn't Have To Be Losing Proposition

## **Deferred Compensation** **(1 Hour; 27 Pages of Text)**

- 1) Introduction
- 2) WealthBuilder® Annuity (Helping clients income tax defer \$50,000-\$5,000,000 a year to a non-ERISA governed plan where there is no required funding for employees).
  - a) What is Factoring?
  - b) WealthBuilder® Annuity (WBA); A unique factoring plan
  - c) How does WBA work?
  - d) Example
  - e) Continuous contracting
  - f) WBA vs. Post-Tax Investing
  - g) Who can use WBA?
  - h) Pros and cons of WBA
  - i) Early payment options
  - j) Principal Protection
  - k) Principal Protection Credit
  - l) Interest Rate Cap Increase

## Outline for the CAPP™ Certification Course

- 3) Technical Questions Advisors will ask
  - a) Detailed Discussion on the Constructive Receipt Doctrine
  - b) Economic Benefit Doctrine
  - c) Cash Equivalency Doctrine
  - d) Installment Sales
- 4) Summary on WBA
- 5) Non-Qualified Deferred Compensation and The Evolution of Leveraged Bonus Plans Executive Benefits Basics
- 6) American Jobs Creation Act of 2004 Reaction to the Act
- 7) §162 Double Bonus Plan
- 8) §162 Leveraged Bonus Plan (LBP®)  
LBP's deductible component
- 9) Summary on NQDC and LBP

### **Long Term Care Insurance** **(1 Hour; 28 Pages of Text)**

- 1) Introduction
- 2) Is Long Term Care Insurance Right for Your Clients?
  - a) Is LTCI for the client or the heirs?
- 3) What Advisors Need to Know About LTCI
  - a) What is Long Term Care?
  - b) Who Pays for Long Term Care?
  - c) Why Do Clients Need Long Term Care Insurance?
  - d) What is Long Term Care Insurance?
  - e) How Much Does Long Term Care Insurance Cost?
  - f) Designing the Long Term Care Policy to Meet Your Client's Needs
  - g) What Should I Look for in a Long Term Care Insurance Company/Product?
  - h) What Type of Coverage Should a Client Buy?
  - i) How Does the Client Receive Benefits?
  - j) Which Daily Benefit Should a Client Select?
  - k) When and Why is Inflation Protection Appropriate?
  - l) What Length of Coverage Should a Client Buy?
  - m) What Elimination Period Should a Client Select?
  - n) How Important is a Non-Forfeiture Option?
  - o) Long Term Care Insurance Premiums
  - p) What Special Benefits are Available for Married Couples?

## Outline for the CAPP™ Certification Course

- 4) Sample Policy
- 5) Tax Planning with LTCI
  - a) Won't the Government cover these Long Term Care Costs?
  - b) I Do Not Think I Will Need It
  - c) The IRS Gives Us a Break
  - d) C-Corporations
- 6) Would Your Clients Purchase Long Term Care Insurance if it were Free?
  - a) Solution
  - b) State Incentives
- 7) Asset Based Long Term Care
  - a) Asset-Based Strategy
  - b) Money-Back Guarantee
  - c) Qualified-LTCI Benefit
  - d) Complete-LTCI Benefit
  - e) Highly Rated Carrier
- 8) Conclusion on LTCI
- 9) Glossary of Terms

## **Accounts Receivable** **Asset Protection** **(1 Hour; 27 Pages of Text)**

- 1) A/R Financing: The Basics
  - a) Shielding the A/R from creditors and lawsuits
  - b) Converting a stagnant asset
- 2) Common Elements
  - a) Loan collateralized by A/R
  - b) Cash value life as an investment
- 3) The First Generation of A/R Financing Plans
  - a) borrow from a third-party lender
  - b) single premium immediate and life insurance purchase
  - c) "modified endowment contract"
  - d) Forfeiture
  - e) Pledging assets
  - f) Plan termination
  - g) Payment shortfall



## Outline for the CAPP™ Certification Course

- 4) The Problems
  - a) Deductibility of Loan Interest
  - b) Timing of Inclusion of Income
  - c) Substantial Risk of Forfeiture
  - d) Prohibited ERISA Transaction
  
- 5) Tax Consequences to Client
  - a) Application of Split-Dollar Rules to Life Insurance Policy
    - i) the loan regime
    - ii) the economic benefit regime.
  - b) Determining “Owner” of Life Insurance Policy
  - c) General Tax Law Principles Apply
  - d) Taxation of Cash Value Build-up
    - i) The IRS, in TAM 9604001
    - ii) Section 72(e)(6) of the Internal Revenue Code
  - e) Guidance from the split dollar regulations
  - f) General Rules of Section 83
  - g) Single Shareholder Practices
  - h) Deductibility of Interest
  - i) Single Premium Policies
  - j) Systematic Borrowing
  
- 6) Application of ERISA
  
- 7) Other Considerations
  - a) Choice of Product-
  - b) Non-MEC
  
- 8) Types of Plans Currently Marketed
  - a) The Practice Loan Approaches
  - b) The Pass-through Entity
  - c) Other approaches
    - i) LLC approach
    - ii) Capital gains approach
  
- 9) The Personal Loan Approach; The “Right” Approach
  - a) The Mechanics
  - b) Example
  
- 10) A/R Financing and Non-Physician Entities
  
- 11) Conclusion

## **Tax Deferred Annuities** **(1 Hour; 28 Pages of Text)**

- 1) Introduction
- 2) What is an Annuity?
  - a) Annuitant
  - b) Beneficiary
  - c) Accumulation period.
- 3) What are the common characteristics of all annuities?
  - a) Variable annuities
  - b) Tax-deferral
  - c) Withdrawals
  - d) Asset protection
  - e) 1035 exchanges
  - f) Investment protection
  - g) Payment options
  - h) Death benefits
  - i) Surrender charges
  - j) Market Value Adjustment
  - k) Penalties
- 4) General Feature & Benefits of Annuities
  - a) Borrowing from an annuity
  - b) Bonus premiums
  - c) Penalty free withdrawals
  - d) Spousal option
  - e) Annuitization
  - f) Taxation
  - g) Sales Loads
  - h) Aggregation rule
  - i) Minimums and maximum premiums
- 5) What are the Different Classifications of Annuities?
  - a) Variable annuities
  - b) Fixed annuities
  - c) Single premium immediate annuity
  - d) Single premium deferred annuity
  - e) Tax shelter annuities
- 6) The Single Premium Immediate Annuity (“SPIA”)
- 7) Traditional Fixed Annuities

## Outline for the CAPP™ Certification Course

- 8) Index Linked Fixed Annuities (“EIA”)
  - a) Crediting methods
  - b) Participation rate
- 9) Total Return Fixed Annuities
- 10) Variable Annuities
- 11) Two-Tier Annuities
- 12) Who are the most likely candidates for annuities?
- 13) If clients only knew
- 14) Summary

### **The Maximizer** **(1 Hour; 23 Pages of Text)**

- 1) Introduction
  - a) What are your client’s investment goals these days?
  - b) Background
  - c) The Independent Studies
  - d) Chronic Underperformance
- 2) Downside Protection
- 3) Mutual Fund Expenses
  - a) Sales Commissions
  - b) Expense
  - c) 12b-1
  - d) Turnover
- 4) Chasing “Star” Funds
- 5) Unethical Behavior
- 6) Index Approach
- 7) The Maximizer Alternative
  - a) Recovering From Losses
  - b) How Does This Actually Work?
  - c) How do the insurance companies stay profitable with EIAs?
  - d) Crossover point compared to traditional investing is 15%
  - e) Recovery

8) Summary

**“Advanced” Estate Planning Part I**  
**(1 Hour; 18 Pages of Text)**

- 1) Family Limited Partnerships
  - a) Section 721
  - b) General partner
  - c) Limited partners
  - d) Supercharging an Estate Plan with FLPs
  - e) Supercharged Gifting
    - i) Example:
  - f) Keeping it Within the Family
  - g) Managing the General Partner’s Liability Exposure
- 2) Estate Tax Issues with the Senior Generation
  - a) General Partner
  - b) Limited Partners
  - c) Estate Planning with FLPs
- 3) IRS Challenges
  - a) Challenges to the Legal Status and Operations of FLPs:
  - b) Challenges Involving Gifts of FLP Interests
- 4) “Freeze Partnerships”
  - a) Overview
    - i) Example:
  - b) **Multiplying the Discounts of a Traditional FLP**
    - i) The use of preferred/non-preferred interests
    - ii) Example
  - c) Incorporating the use of life insurance
    - i) Example
  - d) Summary of the preferred non-manager/non-preferred
- 5) Grantor Retained Annuity Trusts
  - a) Overview
  - b) Zeroed-out GRAT” or “Walton GRAT”
  - c) GRAT Structure
    - i) Irrevocable
    - ii) Payment Structure
  - d) Maximizing Wealth Transfer Planning Through Zero Gift Tax GRATs.
  - e) Other Tax and Administration Issues
  - f) Income Taxes
  - g) Estate or Generation-Skipping Tax Planning Issues

## Outline for the CAPP™ Certification Course

- 6) Intentionally Defective Grantor Trusts
  - a) Overview
  - b) Powers that Create a “Defective” Grantor Trust
  - c) The Power to Reacquire Trust Property.
  - d) Power to Borrow Trust Assets without Adequate Interest or Security
  - e) The Power to Use the IDGT’s Income for the Purpose of Paying Insurance Premiums
  - f) Structuring the Sale
    - i) Example
  - g) Benefits of the Transaction
  - h) Planning Risks
- 7) Self-Canceling Installment Note Transactions (SCIN)
  - a) Overview
  - b) Interest-premium SCIN
  - c) Principal premium SCIN
  - d) Income and Estate Tax Consequences of SCIN Transactions
    - i) Example
  - e) Additional Considerations
- 8) Conclusion on “Advanced” Planning Techniques

## **Closely Held Insurance Companies** **(1 Hour; 30 Pages of Text)**

- 1) Types of Captives
  - a) Single-Parent Captives (Wholly-Owned)
  - b) Group Captives
  - c) Entrepreneurial Captives
- 2) Why are Captives formed?
  - a) The Biggest Concern of Small Business Owners
- 3) What are the benefits of a CAPTIVE?
  - a) Three ways to reduce your Cost of Risk:
- 4) What Are They, and Why Would a Client Want One?
  - a) The Purpose of a Captive
  - b) Captives versus Traditional Insurance
  - c) Structuring a Captive
- 5) Determining the Feasibility and Goals of a Captive
  - a) Domicile Selection
  - b) Partner Selection

## Outline for the CAPP™ Certification Course

- 6) Operating a Captive
- 7) Captive Advantages
- 8) Captive Structures
  - a) Common Characteristics
  - b) Single Parent Captive
  - c) Group or Association Captive
  - d) Rental Captives
  - e) Segregated Protected Cells
- 9) Choosing the Right Captive Domicile
  - a) Political Stability
  - b) Enlightened Regulation
  - c) Access
  - d) Support Services
  - e) Capitalization and costs
- 10) Actuarial Projections and the Captive
  - a) Understanding Claims
  - b) The Actuary's Role
  - c) Working with the Actuary
  - d) IBNR Losses
  - e) Establishing Premiums
  - f) Profit Projections
- 12) Reduce Taxes?
  - a) Large Insurance Companies
  - b) Small Insurance Companies (Internal Revenue Code section 831(b))
  - c) Very Small Insurance (Internal Revenue Code section 501(c)(15))
- 13) Physicians and captives
- 14) Estate Planning
- 15) Revision to "Small" Insurance Company Tax Law
  - a) Prior Law Requirements For Tax-exempt Status
  - b) New Law Changes Related to Tax-exempt Status
  - c) New Law Related to Taxation of Investment Income Only
- 16) Asset protection

## **Private Annuity Trust (1 Hour; 25 Pages)**

- 1) Selling Highly Appreciated Assets
  - a) Don't Pay the Capital Gains Tax
  - b) Current Tax Deferral Strategies
  - c) Depreciation Recapture – The Tax No One Wants To Talk About
  - e) To Defer or Not To Defer
    - i) Example
  
- 2) The Private Annuity Trust
  - a) What happens when the client/annuitant dies?
    - i) Example
  - b) Sell the Property, Pay the Taxes
  - c) Retain the Property and Estate until Death
  
- 3) Private Annuity Trust versus 1031 Tax-Free Exchange
  
- 4) The Perfect Alternative
  - a) The Private Annuity Trust
  
- 5) Charitable Planning
  - a) Donate Using a Charitable Remainder Trust
  - b) Charitable Remainder Annuity Trust (CRAT):
  - c) Charitable Lead Annuity Trust (CLAT):
  - e) Private Annuity Trust versus Charitable Remainder Trust
  
- 6) Using a Private Annuity Trust
  - a) The Trustee -- An Important Choice
  - b) Investment Flexibility with the Private Annuity Trust
  - c) Maximizing Benefits When It's Time for Wealth Transfer
  
- 7) Typical questions a client will ask
  
- 8) Benefits, Advantages, and Disadvantages of Private Annuity Trust
  - a) Benefits to Annuity Property
  - b) Other Benefits to Annuitant
  - c) Advantages
  - d) Disadvantages
  - e) Review of Options
  
- 9) Conclusion

# **Voluntary Employee Beneficiary Associations (VEBAs)** **(1 Hour; 27 Pages of Text)**

- 1) Introduction
  - a) History
  - b) Single Employer Trusts
- 2) VEBA Basics
  - a) What is a VEBA?
  - b) What is the difference between a “VEBA” and a Section 419 WBP?
  - c) Economic Benefits of VEBAs
  - d) Are VEBA Assets Protected from Creditors?
  - e) Businesses that can Benefit from VEBAs
  - f) What are the Death and Living Benefits of a VEBA?
  - g) Long Term Care Coverage (LTC)
  - h) Is a VEBA subject to ERISA reporting?
  - i) May Employees be Excluded from the Plan?
- 3) Can Individual Universal Life Insurance Policies be used in VEBAs?
  - a) Death Benefits can Pass Income and Estate Tax Free
- 4) Plan Contributions
- 5) What Happens if an Employer Terminates a VEBA?
- 6) Abuses
  - a) Why Would a Small Employer Want to use an “Abusive” 10-or-more-employer Welfare Benefit Plan (WBP)?
- 7) IRS Regulations
  - a) Listed Tax Transaction
- 8) Should your Clients get Involved with an Abusive 419A(f)(5) Union Plan?
- 9) Avoid IRS Scrutiny
- 10) Did the IRS Succeed in shutting down the sales of abusive plans?
- 11) How are WBPs Sold Today?
- 12) What is the Proper Way to Sell and Use a WBP?
- 13) Should your client be Using 10-or-More Employer WBPs?



14) Conclusion

**Mortgages/Equity Harvesting**  
**(1 Hour; 27 pages of Text)**

1) Introduction

- a) Help your clients and build a more profitable practice through the use of mortgages

2) Conventional loans

- b) Amortization schedules
- c) Protecting the client

3) Types of Mortgages

- a) Conventional and Government Loans
  - i) FHA
  - ii) VA
  - iii) RHS Loan Programs
  - iv) State and Local Housing Programs
  - v) Conforming Loans
  - vi) Jumbo Loans
  - vii) B/C Loans
  - viii) Fixed Rate Mortgages
  - ix) Balloon loans
  - x) Adjustable Rate Mortgages (ARMs)
    - Margins
    - Negatively amortizing loans

4) Indexes

- a) Constant Maturity Treasury (CMT) Indexes
- b) Treasury Bill (T-Bill) Indexes
- c) 12-Month Treasury Average (MTA)
- d) 11th District Cost of Funds Index (COFI)
- e) London Inter Bank Offering Rates (LIBOR)
- f) Certificates of Deposit (CD) Indexes
- g) Prime Rate

5) Should clients pay off their mortgages?

6) The Cash Flow/Option Arm Mortgage

- a) 1% Cash Flow Arm Mortgage
- b) Mechanics of the 1% CFA Mortgage
- c) Real World Planning

## Outline for the CAPP™ Certification Course

- 7) Equity Harvesting (also known as equity stripping)
  - a) Why would a client want to equity harvest?
  - b) Real World
  - c) Interest deduction
  - d) Not for everyone
  - e) Getting to the numbers behind equity harvesting
  - f) Non-1% cash flow arm equity harvesting
- 8) Should you be selling mortgages?
  - a) Why should you sell mortgages?
  - b) Aren't mortgages a pain in the neck to sell?
  - c) What kind of money can be made selling mortgages?
- 9) Summary on Mortgages

The next three topics are pre-requisites to taking the CWPP course. Advisors who sign up for the CAPP will not have to pay for these additional modules, but they must complete them along with the other course material. This is not an issue if the course is taken online. However, if an advisor signs up to take an in person CAPP™ course, they will be required to read and pass the tests for the following two modules before coming to the seminar.

### **Estate Planning** **The Basics** **(1 Hour; 21 Pages of Text)**

- 1) Introduction
- 2) Wills
  - a) How often should a will be updated?
  - b) Holographic wills
  - c) Disinheriting a spouse
- 3) Durable Powers of Attorney
  - a) What is a Durable Power of Attorney (DPA)?
  - b) Why would such a document save time and money?
  - c) Types of Durable Powers
  - d) "springing powers"
  - e) Delegating medical treatment options and/or directives
  - f) What is a Living Will?
- 4) A&B, Marital, or Living Trusts
  - a) What are the benefits of A&B trusts?
  - b) Avoid Probate
  - c) Maximize Estate Tax Exemptions

## Outline for the CAPP™ Certification Course

- d) Examples
- e) Revocable
- 5) Irrevocable Life Insurance Trusts (ILIT)
  - a) Life Insurance
  - b) Income tax free death benefit
  - c) Estate tax free death benefit
  - d) ILIT has to own the policy
- 6) Dynasty Trusts
- 7) Divorce Protection
  - a) How do Clients Protect Inherited Assets in a Divorce?
  - b) Prenuptial Agreement
- 8) Generation Skipping Tax (GST)
  - a) GST Exemptions
  - b) Why use a Generation Skip?
  - c) Limits on the Dynasty

## **Life Insurance** **(1 Hour; 28 Pages of Text)**

- 1) Introduction
  - a) The Basics
- 2) Type of Life Insurance Policies
  - b) Term Life Insurance
    - i) Guaranteed Level Term (GLT)
    - ii) Annually Renewable Term (ART)
    - iii) Return of Premium Term (ROPT)
    - iv) Conversion privileges
    - v) Conclusion on term life
- 3) Cash Value Life Insurance
  - a) Cash Surrender Value (CSV)
  - b) Cash Account Value (CAV)
  - c) Policy Withdrawals
  - d) Modified Endowment Contract (MEC)
    - i) *MEC tax treatment*
    - ii) *Technical definition of a modified endowment contract*
    - iii) *The seven-pay test*
    - iv) Refund of Excess Premiums
    - v) *Benefit reductions within the first seven contract years*
    - vi) Reductions of Benefits Attributable to Nonpayment of Premiums
    - vii) Conclusion on the MEC rules

## Outline for the CAPP™ Certification Course

- e) Policy Loans
- 4) Whole Life Insurance
  - a) 10 Pay and 20 pay Whole Lives
  - b) Full Pay Whole Life
  - c) Whole Life Insurance Conclusion
- 5) Universal Life
  - a) Fixed Universal Life
  - b) Accumulation Universal Life
  - c) No-Lapse (Secondary Guarantee) Universal Life (Also known as “no-cash value” UL)
- 6) Variable Universal Life
- 7) Equity Indexed Universal Life (EIUL)
  - a) How are investment returns calculated in an EIUL?
  - b) Pros and Cons of the “new” EIUL policy:
- 8) Survivorship or "2nd-to-die" Life Insurance
- 9) Policy Riders
- 10) Underwriting

## **Disability Insurance** **(1 Hour; 25 Pages of Text)**

- 1) Introduction
- 2) Overview
  - a) Important statistics
  - b) Duration of disability
  - c) Disability vs. death
  - d) Likelihood of disability
- 3) Types of Disability policies
  - a) Individual
  - b) Group
  - c) High-risk
  - d) Special-Risk
  - e) Business overhead expense
  - f) Disability buyout
- 4) The Cost of Disability Insurance

## Outline for the CAPP™ Certification Course

- 5) What to Look for in a Disability Policy
  - a) Renewability Provision
  - b) Guaranteed Renewable
  - c) Non-Cancelable and Guaranteed Renewable
  - d) Definition of Total Disability
  - e) "Own Occupation"
  - f) Modified "Own Occupation"
  - g) "Any Occupation"
  - h) Hybrid Definitions
  - i) Elimination Period
  - j) Waiver of Premium
  - k) Capital Sum Benefit
  - l) Rehabilitation Benefit
  - m) Disability Insurance Exclusions and Limitations
  
- 6) Optional Riders
  - a) Residual Disability Rider
  - b) Cost Of Living Adjustment (COLA) Rider
  - c) Future Increase Option Rider
  
- 7) When are Disability Income Benefits Taxable?
  
- 8) Sidestep the \$10,000-\$15,000 Maximum Monthly Benefit Level
  - a) Pension protection insurance
  - b) Supplemental insurance programs
  - c) Business overhead expense (BOE)

It is recommended that all CAPP™ advisors learn the topics in the CWPP™ course (since the course is rooted in asset protection). A few of the CWPP™ course are very important and The WPI recommends that CAPP™ advisors over time read and pass the following modules.