

WEBSITE AND GUIDE INTRODUCTION

First Things First ----- Price

Absolutely, unequivocally guaranteed, 100% of the content on this website is 100% free. We will never ask for a credit card, check, gold bar or diamonds. Our primary objective is to educate both in theory and practice. Furthermore, you can even call us or email us with the odd question and we will be happy to respond — for free.

Second Issue ----- Safety & Security

Over 100 years ago, driving your brand new Packard on the roads of the day was a relatively dangerous undertaking. Fast forward 100 years. Driving around the Internet can be equally hazardous. I personally guarantee that this website as well as any content you choose to download is absolutely SAFE and SECURE.

Third Issue ----- Truth & Accuracy

100% of the content you will find on this website was written, re-written, proofed and re-proofed by me and only me. As a result, all the typos you may find are mine. More importantly, as best humanly possible, 100% of the content is absolutely the truth and absolutely accurate.

One of the reasons we do ask for you name and email is that in certain situations what is written in the 5th edition of the guide can become instantly inaccurate by: acts of Congress, several different types of court rulings and material pronouncements from the IRS. When this happens we fully intend to send out broadcast emails advising of these events as well as our opinion on same.

As 72(t) professionals and experts we further believe that we have a “guard dog” responsibility to stay current and let you know when the law changes on us.

Fourth Issue ----- Internet Content

Back in 1986, essentially the beginning of the Internet and the beginning of my professional relationship with IRC §72(t)(2)(A)(iv), aka 72t plans or SEPP plans, one would probably get under 50 hits when searching “72t”. Recently I got 7,820,000 hits in under .4 seconds. Who could possibly be doing all of this writing? Here is what I learned. After 50 hits the repeats started; after 75 hits the content became fully repetitive, after 100 hits there was absolutely nothing new, so after 100 hits I quit.

The Internet (including multiple entries from irs.gov) is full of superficial theory and is virtually absent in the down-and-dirty detailed practice information needed to really get the job done. This missing link is the primary motivator in drafting “A Practical Guide To

Substantially Equal Periodic Payments & Internal Revenue Code 72(t)”¹. So what is “the job”? We would suggest:

- (1) Designing a distribution plan or plans that meet your financial goals from today to the day you turn 59 ½ resulting in no surtaxes, no penalties and no interest charges.
- (2) Designing those plans to be bullet-proof; e.g. putting forth the particulars of your plan(s) and saying with conviction that those plans are correct. Therefore, whomever the challenger may be, they are wrong.

Fifth ----- The Guide

The keyword in the title is “Practical”. The Guide is 83 pages long and is 75% practical and 100% fun. But, as hard as I have tried, some one can always present a fact set combination that I have not thought about which therefore presents a new practical puzzle to solve.

As a suggestion, interested readers should save the guide to their local drive and start reading. If a section or chapter holds no interest, skip it. When you hit a hot topic, make a notation. If it’s really hot and you have a tactical question, send us an email; I promise I will answer every one of them individually.

Sixth ----- Your Objectives

My number one objective is to educate. At some point in your first 120 minutes in the guide you will reach a decision point. Either:

- (1) This tax “s**t” is way to complex for me”. No matter what I might of thought was a potential benefit is long gone; I am outa here; or
- (2) These strategies have some potential merit and the author seems to have his head screwed on straight.

If you are in the (1) group, I will still believe I did my job. You spent 90 to 120 minutes and reached an informed and rational decision. More importantly, you avoided getting dragged into this environment unknowingly only to be rudely surprised later on when the play book and all of its rules are fully exposed.

If you are in the (2) group, I will classify you as a work-in-progress; unfortunately, there is more work to be done. I will suggest that you think of 72t plans as income or revenue replacement building blocks in a bit of a multi-dimensional matrix:

¹ The Guide is now in its 5th edition and is similarly 100% free.

- (1) Are you planning for 5 - 7 years until you reach your early sixties at which time you might foresee major changes in both revenue and expenses going forward. Or, are you planning for a lifetime.
- (2) How many plans are appropriate? What computational methodologies should they use? Can different plans use different math?
- (3) Can SEPP plans intermix with other IRAs which use different exception reasons/codes to achieve better results? For those of you age 55 remember that Medicare does not kick in for 10 years (or potentially more). Where are you going to acquire medical insurance? How much will it cost? How are you going to pay for it?
- (4) SEPP plans are like oil. Your financial life is like water presenting both crises and opportunities going forward. As we all know, water and oil do not mix (except when you add flour and heat) so how do you pre-plan variability into your plan structures to be responsive to tomorrow's unknowns.
- (5) SEPP plan errors carry draconian costs that are mostly un-reversible. How do you: (a) avoid these errors; (b) prove you avoided these errors when anyone else challenges you.
- (6) Do you need help? Because you now know more than 90% of all others about SEPP plans, your gut will give you the right answer here. If you do need help, where do you go to get it and how will you know if the help you receive is competent.
- (7) If your SEPP plan is ever challenged, what should you do? Your bother-in-law can safely be ignored. The IRS can not. Almost all headline stories of the IRS police seizing cars and homes are a result of the taxpayer ignoring repeated demands silently hoping the problem will go away. This is not one of those situations. Therefore, how do you best pre-build your defenses today; or hire a 72(t) expert later.

Seventh ---- What's Really In The Guide

Sometimes, 72t or SEPP plans are not the right answer! So, the first thing in the guide is a thorough discussion of all 14 of the exceptions. If #7 suits your needs your done. For those of you exiting corporate America pay very close attention to exception #5 — separation of service and medical expenses #8. Both of these exceptions operate without the rigidity of SEPP plans but both are important and often should be implemented either before or in conjunction with SEPP plans.

Next is an in-depth discussion on the mathematics of SEPP plans. 100% of this

material is devoted to computing a “ceiling annual distribution” which can not be exceeded. Any lesser number is always good and can be achieved through the adjustment of the variables in the formulas. Not a math nerd? That’s okay, skip it and go to www.72tcalc.com and use the calculator to get to the right answer.

Third is several chapters all about SEPP planning. 1st rule: before your 1st distribution you have numerous planning tools and decisions to make; almost like a buffet. Further, you get to use these tools iteratively solving for your best solution. If you have only planned this out three times, do three more. If version #6 looks the same as version #3 you are probably done. 2nd rule: after your 1st distribution, virtually 100% of your planning opportunities are gone — it’s a leap of faith². If you have done your homework, it’s easy. If your gut roils, backup and do some more work.

Second-to-last, there is a discussion of the paperwork tasks involved. In particular, your trustee is more than happy to house your IRA assets as well as advise you on particular investments and strategies. They want nothing to do with your income tax decisions and will not assist you in the design or qualification of a SEPP plan; instead, they actually prefer to not know about it.

Finally, and this is not part of the guide, on the website there is an area called “Tech Corner”. In here are a group of 9 - 10 articles each of which is only 3 or 4 pages long. If you have not had enough or are a true tax nerd, you will likely find what you are looking for here. Each article takes a single concept and drills down as deep as possible to get the final answers.

Closing Thoughts

Some number of you will implement SEPP plans. We hope you do so because you intelligently and thoughtfully reached the conclusion that it was the right thing to do given your facts and circumstances. Of this group, some of you will be audited by the IRS. As a part of thst process, your SEPP plan will be minutely examined³. We are your gate-keeper. If you so choose, we are your insurance.

² Think of Indiana Jones and The Last Crusade (1989) when Indiana closes his eyes and takes his fateful 1st step to cross the rock chasm to get into the room of chalices.

³ There is absolutely no evidence that taxpayers who choose to launch SEPP plans are any more likely to be examined by the IRS. However, our practical experience indicates that: if you are selected for an audit, there is a 100% probability that your SEPP plan will be examined in detail from both a design and execution perspective.

