
FREE GUIDE

YOUR BUSINESS CAN PAY YOU MUCH MORE THAN A SALARY

7 strategies business owners use
to turn business profits into retirement,
protection, and tax benefits.



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This ebook could change the way you see your business

If you own a business, you have probably spent years learning how to sell more, win clients, hire better people, control expenses, and grow the company. But there is one question almost nobody teaches you to ask:

How can your business help build your wealth, protect your family, and fund your future?

Generating profits is only part of the game. The other part is what you do with those profits once you create them. A properly designed strategy may help strengthen your retirement, protect the value of your business, create benefits for key employees, protect your family, or prepare the company for a future transition.

You do not need all seven strategies in this guide. You probably should not use all seven. The goal is to discover whether one of them makes sense for you.

IMAGINE THIS

Your business earns money → pays expenses → pays taxes → you receive what is left → then you try to build wealth with the remainder.

What if you changed the question? Instead of only asking “How much can I take out of my company?”, start asking:

“What can my business do for me before that money simply leaves the company?”

Make your business build your retirement too

Some business owners run companies producing millions of dollars while their retirement plan remains surprisingly small. For years, they reinvested in clients, employees, equipment, inventory, and expansion. The business became their biggest asset.

The conversation changes when you stop asking only “How much can I invest personally?” and begin asking “What can my company contribute toward my retirement?”

Qualified Retirement Plans may allow a business to make contributions that fund retirement benefits for the owner and eligible employees, subject to plan rules. Some structures can use annuities. One example is a 412(e)(3) Fully Insured Defined Benefit Plan, which is funded with annuity contracts and, in certain designs, life insurance.

This does not mean “I buy an annuity and deduct whatever I want.” There is a real plan with rules, participants, administration, and required contributions. For the right business owner, it may turn current profits into future benefits for both the owner and the team.

THE QUESTION

Is your company only funding operations... or is it also funding your retirement?

Turn a bonus into an asset

Imagine you want to give one of your best executives a \$20,000 bonus. You can pay the bonus, the employee pays the applicable taxes, spends the money, and a few months later the bonus may be little more than a memory.

There is another option. With an Executive Bonus - Section 162 arrangement, a company can pay additional compensation intended to fund a life insurance policy owned by the executive.

The employee recognizes the compensation as income. When the applicable rules are satisfied and total compensation is reasonable, the business may treat it as compensation expense. Now the bonus can help create family protection, cash value, and a long-term financial asset.

A variation known as a Double Bonus may increase the compensation to help offset part of the tax impact. And if your spouse genuinely works in the business and receives legitimate compensation, it may also be worth reviewing how both of your benefits are structured.

THE QUESTION

Are you simply paying bonuses... or are you building benefits?

Create a different kind of money for your future

You may have a 401(k), investments, real estate, your company, and eventually Social Security. That looks diversified. But there is another question: Are you tax-diversified too?

Because it is not only about how much money you have. It also matters how that money may be taxed when you want to use it. This is where properly designed permanent life insurance under IRC Section 7702 can enter the conversation.

You may have heard the phrase “7702 Plan.” Technically, there is no retirement plan by that name. Section 7702 establishes when a contract qualifies as life insurance for federal tax purposes. A properly structured policy may provide protection, tax-deferred cash value accumulation, and potential future access through withdrawals and policy loans under applicable rules.

Design matters. If a policy becomes a Modified Endowment Contract (MEC), the tax treatment of distributions changes. The point is not simply to buy insurance. The point is to give the policy a specific job inside your broader strategy.

THE QUESTION

Do you want all of your future money subject to exactly the same tax rules?

Let your company put up the money... without necessarily giving it away

Suppose your company has liquidity. You want to use some of that money to fund a meaningful benefit for yourself or a key person, but you do not necessarily want to give all of that capital away.

This is where Split-Dollar Life Insurance may come in. In certain arrangements, the company can help fund a policy while retaining specified economic rights in it.

In simple terms, an Executive Bonus may sound like “the company gives you this money.” Split-Dollar can sound more like “the company puts up the money, but we have an agreement governing how certain values are allocated or repaid.”

There are different structures and tax treatments, so documentation and professional coordination are essential. But for a business with liquidity, it reveals an important idea: you do not always have to choose between keeping the money and giving it away. Sometimes there is a third option: structure it.

THE QUESTION

Do you have capital inside your business that could be doing a second job?

Give your best employees a reason to stay

You have an exceptional employee. They know your clients, your systems, your problems, and how to solve them. Chances are, someone else would be happy to hire them.

You can raise their salary. But raises become normal surprisingly fast. A few months later, nobody is thinking about that great raise anymore. It has simply become the new paycheck.

This is where strategies such as Salary Continuation, SERPs, and other Nonqualified Deferred Compensation arrangements can come into play. Instead of rewarding only what someone does today, you can design future benefits tied to staying with the company, reaching a certain age, completing a number of years, or meeting defined conditions.

The company may use life insurance as one tool to informally help fund that future obligation. Now your executive is not only asking how much they earn today. They are also asking what they are building if they stay.

THE QUESTION

What would your best employee have to give up for leaving your company to become a difficult decision?

Protect the people who actually produce the money

You probably insure your office, vehicles, inventory, equipment, and liability. Good. Now answer this: What would happen if the most important person in your company were suddenly gone?

Your best salesperson. Your partner. Your operations leader. Or you. Many business owners insure a \$5,000 computer while leaving a person capable of producing hundreds of thousands of dollars per year completely unprotected.

With Key Person Life Insurance, a company can own a policy on someone whose death would create a meaningful financial loss. The business is generally the owner and beneficiary. If the unexpected happens, the proceeds may help replace lost revenue, recruit talent, cover obligations, protect cash flow, or simply buy something extremely valuable: time.

Premiums are generally not deductible when the company is the beneficiary, and employer-owned life insurance has specific requirements. The bigger lesson is important: tax-efficient does not always mean tax-deductible.

THE QUESTION

How much money could your company lose in the 12 months after losing its most important person?

Decide what happens to your business before someone else has to

Imagine two 50/50 partners build a company worth \$4 million. Each ownership interest is worth roughly \$2 million. One partner dies and the survivor says, “No problem. I will buy the family’s interest.”

Great. There is just one small question: With which \$2 million?

A Buy-Sell Agreement can determine who buys, when the purchase happens, and how value is established. But you still need a source of money. Without planning, that money may have to come from loans, business assets, cash flow, new investors, or an uncomfortable negotiation with heirs.

Life insurance can be used to create liquidity when a death occurs. Common structures include Cross Purchase and Entity Purchase. The concept is simple: a purchase agreement without money to fund it is not really a plan. It is an intention.

THE QUESTION

If your ownership interest had to be purchased tomorrow, where would the money come from?

Your business is already producing money.

Now make that money work more intelligently.

After seeing these strategies, there is one thing to understand: you do not need all seven. You may need to strengthen retirement, protect your family, retain talent, plan succession, or rethink how capital inside the business is being used. The right strategy starts with those questions, not with a product.

BUSINESS OWNER STRATEGY REVIEW

At Irongate, we have access to life insurance, annuity, executive benefit, retirement, and business protection tools that can support this kind of planning. We begin by understanding your business, how it produces money, what you want to build, who is indispensable, and what should ultimately happen to the wealth you are creating.

Our goal is to help you discover how the company you built can also help build your future.

REQUEST YOUR BUSINESS OWNER STRATEGY REVIEW

This guide is for educational purposes only and does not constitute tax, legal, accounting, investment, or ERISA advice. The availability, design, and tax treatment of each strategy depend on the business structure and individual circumstances. Life insurance and annuity strategies may involve costs, limitations, risks, and eligibility requirements. Before implementing any strategy, coordinate the design with your tax, legal, and financial professionals.

