



FranPlan™ Retirement Plan Business Funding

FUND YOUR BUSINESS USING YOUR RETIREMENT FUNDS TAX-DEFERRED AND PENALTY-FREE

Your retirement funds (an IRA, 401(k) or other qualified retirement account) can be structured as an investment in your business. The FranPlan™ allows you to utilize the full potential of these funds to purchase your own business, possibly enabling you to eliminate or reduce the need for additional loans. Unlike a loan, the FranPlan™ allows you to start your business debt-free with available cash, having no debts to increase your overhead.



WHAT IS A FRANPLAN™?

A FranPlan is a “Qualified Retirement Plan” (a plan that meets the requirements of the Internal Revenue Code and is eligible to receive certain tax benefits) sponsored by your new corporation. This new 401(k) Profit Sharing Retirement Plan (the FranPlan™) will be a shareholder of your new corporation.

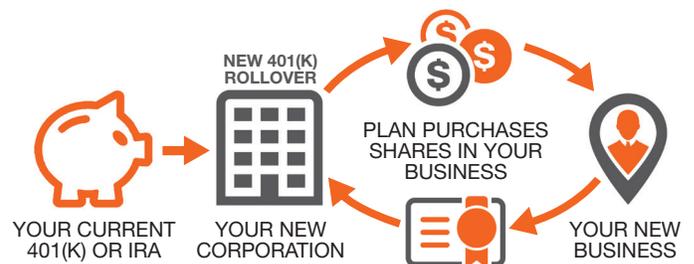
SOME OF THE RETIREMENT PLANS THAT QUALIFY FOR A FRANPLAN™:

- 401(k) Plans
- Employee Stock Ownership
- 403(b) Plans
- IRAs
- 407 Plans (government)
- Money Purchase Plans
- Annuity Plans* (penalty may apply)
- SIMPLE Plans
- Cash Balance Plans
- SEPs
- Defined Benefit Plans

NOTE: A Roth IRA does not qualify, as the taxes have already been paid.

HOW DOES A FRANPLAN™ WORK?

The process begins with the establishment of a new C-Corporation. FranFund will be responsible for setting up this C-Corporation, ensuring that the Articles of Incorporation are written properly to accommodate the establishment and operation of the new company’s qualified retirement plan.



▶ Fast forward your funding.



Next, FranFund will create a new 401(k) Profit Sharing Plan. This plan is highly scalable and has features and benefits that will accommodate your new business during the critical startup phase, as well as the ongoing and long term growth of your business. Your FranPlan™ Specialist will discuss the implementation strategy specific to your needs.

The new company (the C-Corp that is your operating entity) then adopts the new 401(k) Profit Sharing Plan (which is a qualified retirement plan). This will allow you the ability to rollover your current retirement funds **tax-deferred and penalty-free**. Once these funds are in place, you (as trustee of the new plan) will direct how these funds are to be invested.

The new 401(k) Profit Sharing Plan then purchases stock in the new company. At the conclusion of this transaction, your new FranPlan™ owns stock in the new company and the new company's operating account has cash that may be used for any legitimate business purpose. These expenses may include franchise fees, payroll, marketing, furniture, rent, and other costs associated with running your new business.



LET'S LOOK AT AN EXAMPLE:

Suppose you have \$250,000 in an existing retirement plan and you need \$150,000 to purchase a new business, or to provide an equity injection for a loan. Using the FranPlan™, you can roll all of these funds, or just a portion of them, into your new company's retirement plan. If you choose to move all \$250,000, then you may direct \$150,000 to be invested in the new company's stock and the remaining \$100,000 may be invested in other stocks, bonds or mutual funds, depending on the investment options adopted by your plan. Your new company now has \$150,000 cash that may be used for any legitimate business expense. The plan has your new company stock valued at \$150,000, plus the other investments.

If you had taken a distribution of your retirement funds instead of utilizing the FranPlan™, your tax liability would be your ordinary income tax rate plus a 10% penalty.

Example: Assuming your company has \$150,000 in a Retirement Plan, and you are in a 25% tax bracket

ROLLOVER PROGRAM	DISTRIBUTION
No Penalty	10% Penalty: \$15,000
No Taxes	25% Taxes: \$37,500
Net Available: \$150,000	Net Available: \$97,500



BENEFITS OF A 401(K) PLAN

Employees (including the business owner) contribute to the plan with pre-tax dollars. The Company (your operating entity) has the option to make matching contributions and extra profit sharing contributions to attract and maintain quality employees with a true employee retirement plan.

YEAR	EMPLOYEE CONTRIBUTION LIMIT	ANNUAL MAXIMUM FOR ALL CONTRIBUTIONS	CATCH-UP CONTRIBUTION LIMIT (AGE >50)
2016	\$18,000	\$53,000	\$6,000
2017	\$18,000	\$54,000	\$6,000

Utilizing these funds to capitalize your business allows you to invest in yourself. By avoiding unnecessary taxes and penalties, you have access to more of your funds and are able to save more money for retirement.

MANAGING A 401(K) PROFIT SHARING PLAN

There are three primary roles associated with administering a retirement plan. The first role is the *Trustee*, acted out by you, who legally owns and manages the plan assets. The second role is *Plan Administrator*, also you, who is legally responsible for the non-investment and administrative operation of the plan. The final role is the *Third Party Administrator (TPA)*, which is a service provided by FranFund. The IRS and DOL require that you utilize a TPA firm to provide services necessary for the orderly administration of the plan and to maintain compliance with the associated directives, such as the annual 5500 filing.

TRUSTEE	PLAN ADMINISTRATOR	THIRD PARTY ADMINISTRATOR
Legally owns and manages the Plan Assets	Legally responsible for the non-investment administrative operation of the plan	Required by the IRS and DOL. Hired by Plan Administrator to help carry out the legal duties of the Plan Administrator



The *FranFund Guarantee*:

At FranFund, we take the most conservative approach possible with this process, as the regulatory agencies are the Internal Revenue Service (IRS) and the Department of Labor (DOL). FranFund has taken a leadership role in this industry to ensure that our approach sets the standard for compliance. Our attorneys continue to monitor the activity within the IRS and DOL regarding changes to the process, including any government agencies that may raise concerns. If changes are identified as necessary, we make an immediate adjustment both to our execution of new plans, and to the plans of all our existing clients.

We are completely confident that our FranPlan™ design is compliant with the guidelines and directives issued by the IRS and DOL for creating a “qualified” plan. If there should be any inquiries or audit proposed, our current clients that are following these guidelines and directives have the full backing and support of our extensive support staff, including ERISA attorneys, a tax attorney, a TPA (Third Party Administrator) analyst, etc.

WHY FRANFUND™?

The partner you choose to assist you with the financing of your new business or your business expansion is as important as the decision of which business to buy. The FranFund team of experts provides you with support throughout the process, backed by years of experience. We appreciate the opportunity to work with you today.