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Why the Restricted Property Trust Is the Preferred Solution for High-Income Earners Who Are Maxed Out on 401(k)s, IRAs, and Defined Benefit Plans

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Some financial strategies fly under the radar until they become the obvious choice. That's the case with [the Restricted Property Trust \(RPT\)](#), a planning tool designed for individuals who have already filled their traditional retirement accounts but want to grow their wealth and reduce taxes.

Behind RPT is [Ken Crabb, a veteran in the financial planning](#) space. He has over 25 years of experience and is recognized for developing insurance-based tools that have a measurable impact. His breakthrough came in 2000 when he teamed up with a Cleveland-based tax law firm to build something different: a plan that would help high-income earners go beyond the limits of 401(k)s and IRAs without tripping IRS alarms. The result was the Restricted Property Trust.

What Is the Restricted Property Trust?

The Restricted Property Trust is an employer-sponsored plan. But unlike traditional qualified plans, it isn't restricted by the same IRS rules. That's part of its appeal. It's built specifically for business owners and high-income professionals [who are seeking tax-favored asset accumulation](#).

Ken explains it simply: *"The Restricted Property Trust (RPT) is a vehicle for successful business owners to mitigate income taxes and appreciate assets."*

Here's how it works:

- › Businesses make fully deductible contributions to a trust.
- › A portion of that is taxable to the participant.
- › The rest goes toward a cash-value life insurance policy.
- › The trust holds the policy during a restricted period.
- › If the business stops funding the trust during that period, the policy is surrendered, and proceeds go to charity. That creates a real risk of forfeiture, which is a key IRS requirement.

When the restriction ends, the participant gets the policy. From there, it can be used for:

- › Non-taxable income through policy loans.
- › Long-term cash accumulation.
- › Leaving a death benefit to heirs.

It's a strategic move that works outside the lines of traditional retirement plans but within the rules.

Why High-Income Earners Prefer the RPT

People who make a lot often hit walls when trying to defer more income or create [long-term financial security](#). Traditional plans simply weren't made with them in mind.

That's where the RPT stands out. Here's why:

Tax Efficiency

- › Contributions are deductible to the business.
- › Only part of the contribution is considered current income.
- › Growth in the life insurance policy is tax-deferred.

No IRS Contribution Limits

- › Unlike 401(k)s or defined benefit plans, there are no government caps.
- › Participants choose their own level of contribution.
- › The plan isn't subject to the nondiscrimination rules that restrict who can participate.

Customized for Key Executives

- › Designed for a select group of high earners.
- › Flexible to individual business structures, whether S-corp, partnership, or other.
- › Aligns with succession planning, estate planning, and executive retention goals.

How RPT Compares to Other Plans

For those trying to choose between available options, it helps to see what makes the RPT different.

When Compared to 401(k)s:

- › Contribution limit is subject to the reasonable amount of death benefit being provided, which can often be hundreds of thousands of dollars per year.

- › Greater flexibility in who can participate.
- › Better long-term tax efficiency for high earners.

When Compared to Defined Benefit Plans:

- › Less administrative burden.
- › No required participation testing.
- › Contributions can be individualized rather than formulaic.

When Compared to After-Tax Investing:

- › Grows tax-deferred.
- › Reduces current income tax liability.
- › Results in more efficient accumulation.

The Compliance and Credibility Factor

The RPT isn't some financial shortcut. In fact, it has withstood the scrutiny of the IRS. Back in 2007, the RPT came under review. But instead of folding, it held its ground. Thanks to careful structuring, clear trust provisions, and real economic risk, it was recognized as a valid tax strategy.

This track record has made Ken Crabb a go-to name in the world of corporate tax-deductible life insurance. He continues to serve as a Third Party Administrator for select financial services firms, guiding others through the intricacies of RPT implementation.

Who Is It For?

- › Business owners with consistent high income.
- › Key executives in closely held companies.
- › Those looking to build long-term, tax-efficient wealth.
- › People who have already maxed out 401(k)s, IRAs, or defined benefit plans.
- › Anyone earning income from an S-Corp, partnership, or LLC.

Conclusion

The Restricted Property Trust isn't for everyone. But for those who've done well and want to keep doing better, it offers something traditional plans don't: more room to

grow.

Ken Crabb knew early on that successful people needed more sophisticated tools. And with the RPT, he built one. It's conservative. It's credible. And it's changing the way high earners think about retirement and tax planning.

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