THE PRIVATE RESERVE SYSTEM

Agent User & Presentation Manual

Capital Opportunity Analyzer

PURPOSE OF THIS MANUAL

A practical field guide for building a case, explaining the two capital-access strategies, reading the results, and presenting the Client Handout consistently.

TRIQUEST AGENT TOOL

Build the case. Compare the strategy. Document the result.

Manual Version 1.0 | Application Reference: v79

MANUAL ROADMAP

How to Use This Manual

This manual follows the same order an agent should use in a client meeting: establish the capital need, build the case, teach the visual story, verify the calculations, and then leave the client with a clear results handout.

#	Section	What the Agent Learns
1	Purpose & Positioning	What this application demonstrates - and what it does not.
2	The Two Strategies	Use capital directly vs. leverage the Private Reserve.
3	Before You Begin	Information to gather before building the case.
4	Case Management	Save, Save As, Load, Delete, New Case, Export, Import.
5	Capital Account Inputs	Client, tax, opportunity, and depreciation assumptions.
6	Private Reserve Inputs	Loan rate, crediting rate, and interest tax treatment.
7	Visual Story	How to teach the tanks and economic positions.
8	One-Year Comparison	How to read and explain the first-year economics.
9	Long-Term Comparison	How the opportunity, reserve, and loan evolve.
10	Opportunity Exit	Sale proceeds, loan payoff, collateral release, and net proceeds.
11	Client Handout	How to review and leave the results summary.
12	Suggested Presentation	A simple client-facing conversation sequence.
13	Compliance & Limitations	Illustrative assumptions, tax treatment, and professional review.
14	Quick Reference	Agent checklist and troubleshooting.

CORE DISCIPLINE

Do not begin with the Private Reserve. Begin with the client’s capital need. The teaching question is: “I need this amount of capital. Where should it come from?”

SECTION 1

Purpose & Positioning

The Capital Opportunity Analyzer compares two ways of meeting the same capital need. The left side illustrates using the client's capital directly. The right side illustrates maintaining the Private Reserve and accessing separate collateralized loan proceeds while the reserve remains intact and continues receiving the illustrated crediting rate.

> **THE CENTRAL IDEA**
>
> Same capital need. Same opportunity. Two different ways to access the capital - producing two different economic positions.

What the application is designed to show

- How directly spending capital removes that capital from the Capital Account and places it into the opportunity or purchase.
- How the Private Reserve can remain in place while a separate collateralized loan funds the same opportunity.
- How the reserve, loan liability, opportunity value, taxes, and eventual sale proceeds combine into a net economic position.
- The dollar and percentage difference between the two strategies under the assumptions entered by the agent.

What the application is not designed to prove

- It is not a comparison of the investment return of a conventional account against the Private Reserve crediting rate.
- It is not a tax opinion or a determination that loan interest is deductible.
- It is not a guarantee of future crediting, opportunity returns, asset values, loan terms, or economic advantage.
- It does not replace the carrier illustration, policy contract, tax professional, or legal advisor.

> **RELATIONSHIP TO THE TAXABLE ACCOUNT ROLLOUT STRATEGY**
>
> The Taxable Account Rollout Strategy addresses where capital may be accumulated or repositioned. The Private Reserve System addresses a different question: once the Private Reserve exists, what happens economically when the client needs capital for another opportunity or purchase?

The Two Strategies

Capital Account - Use the Capital	Private Reserve - Leverage the Reserve
Client begins with capital available.	Client begins with the same amount available in the Private Reserve.
Capital is withdrawn and used to fund the opportunity.	The reserve is maintained and collateralized.
Capital Account falls by the amount used.	A separate collateralized loan provides the opportunity funding.
Client owns the opportunity; the original capital is no longer in the account.	Client owns the opportunity while the reserve remains in place; the loan is tracked separately as a liability.
Economic position = remaining Capital Account + opportunity value.	Economic position = Private Reserve - loan balance + opportunity value.

The agent should keep both sides economically comparable. The opportunity amount and opportunity assumption should be the same on both sides. The difference is the source of the capital and the resulting balance-sheet structure.

> **CLIENT TEACHING POINT**
> “We are not changing the opportunity. We are changing where the money comes from.”

Before You Begin

Gather the following information before building the case. The default values are useful for training, but client presentations should use assumptions appropriate to the case.

Information	Why It Matters
Client Name	Identifies saved cases and the Client Handout.
Federal Filing Status	Provides client context and supports the tax assumption.
Tax Bracket	Used in the application’s tax calculations.
Opportunity Amount	The capital need being compared on both sides.
Opportunity Return / Asset Change	Defines the assumed economics of the investment, business, real estate, or purchase.
Opportunity Type	Determines how the application labels and treats the opportunity.
PRS Loan Rate	Defines the illustrated cost of collateralized borrowing.
Private Reserve Crediting Rate	Defines the illustrated credit applied to the reserve.
Loan Interest Tax Treatment	Determines whether the illustration models interest as deductible or non-deductible.
Exit Timing, if applicable	Determines the year the opportunity is sold and how proceeds are reconciled.

SECTION 3A

Training Defaults

These values are prefilled for training and demonstration. Replace them with case-appropriate assumptions before presenting a client-specific result.

Field	Default
Opportunity Amount	$100,000
Opportunity Return	9.00%
Federal Filing Status	Married Filing Jointly
Tax Bracket	24.00%
PRS Loan Rate	5.00%
Private Reserve Crediting Rate	6.75%
Opportunity Type	Investment Opportunity
Loan Interest Tax Treatment	Illustrate as Deductible

IMPORTANT

"Illustrate as Deductible" is an illustration assumption, not a tax conclusion. The advisor should coordinate with the client's tax professional.

Case Management

The Case Management bar keeps client work organized and allows the agent to preserve, duplicate, transfer, and remove cases.

Control	Use
Saved Cases	Select an existing saved case.
Save	Save the current case under its active case name.
Save As	Create a separate saved case without overwriting the original.
Load	Load the selected saved case into the application.
Delete Case	Delete the selected saved case.
New Case	Reset the working case to the training defaults without deleting saved cases.
Client Handout	Generate the client-facing results summary from the current live case.
Export	Create a portable Private Reserve System case file.
Import	Load a compatible exported case file and save it locally.

Recommended case workflow

1. Select New Case.
2. Enter the client name and assumptions.
3. Save the case before presenting.
4. If testing an alternate scenario, use Save As so the original case remains intact.
5. After changes, Save again.
6. Generate the Client Handout only after confirming the live case assumptions and selected year/sale state.

> **FILE MANAGEMENT HABIT**
>
> Use a consistent naming convention such as “Smith - Business Purchase - Base” and “Smith - Business Purchase - Alternate.” This makes Save As comparisons easy to identify later.

Capital Account Inputs

Field	How to Use It
Client Name	Enter the client name exactly as you want it shown on the handout.
Federal Filing Status	Choose Married Filing Jointly, Single, Head of Household, or Married Filing Separately.
Opportunity Amount	Enter the capital required for the opportunity or purchase. This same amount drives the collateralized loan amount.
Opportunity Return	For investment-style opportunities, enter the annual return assumption. Negative values may be used where appropriate.
Tax Bracket	Enter the federal tax bracket assumption used for the illustration.
Opportunity Type	Choose Investment Opportunity, Business Opportunity, Real Estate, Major Capital Purchase, or Other.
Depreciation Method	For Major Capital Purchase, choose Annual % or Straight-Line when depreciation is being illustrated.
Useful Life	For Straight-Line depreciation, enter the number of years over which the asset is depreciated.
Residual Value	For Straight-Line depreciation, enter the assumed value remaining at the end of useful life.

MAJOR CAPITAL PURCHASE

When the opportunity is a depreciating asset, the application can illustrate appreciation/depreciation rather than treating a negative asset change as an automatic tax refund. Straight-Line allows the agent to define useful life and residual value.

SECTION 6

Private Reserve Inputs

Field	Meaning
Collateralized Loan Amount - Matches Opportunity	The application matches the loan amount to the capital need so both strategies fund the same opportunity.
PRS Loan Rate	The fixed annual loan-rate assumption used to accrue the collateralized loan liability.
Private Reserve Crediting Rate	The illustrated annual crediting assumption applied to the Private Reserve.
Loan Interest Tax Treatment	Choose Illustrate as Deductible or Non-Deductible. This changes the modeled tax result but does not determine actual deductibility.

Loan mechanics

The long-term model tracks the loan separately from the reserve. Loan interest accrues to the loan balance under the selected loan-rate assumption. The Private Reserve continues receiving the illustrated crediting rate while the collateral remains in place.

> **DO NOT SAY**
>
> Avoid telling the client that loan interest “is deductible.” Instead say: “For this illustration we are modeling the interest as deductible/non-deductible. Your tax professional should determine the actual treatment.”

Teaching the Visual Story

The Visual Story is the primary teaching screen. Use it before the detailed reports. It is designed to make the balance-sheet difference understandable before the client sees the calculations.

Step 1 - Start with the question

> **OPENING QUESTION**
>
> “I need $100,000. Where should it come from?” Replace $100,000 with the client’s actual capital need.

Step 2 - Explain the Capital Account side

7. Identify the Capital Account as savings, checking, brokerage, mutual funds, equity, or other available capital.
8. Deploy the opportunity. The capital leaves the account and funds the opportunity.
9. Point out that the client still owns the opportunity, but the original capital is no longer sitting in the Capital Account.
10. Read the Capital Account Reconciliation: Capital Account + Opportunity = Net Economic Position.

Step 3 - Explain the Private Reserve side

11. Identify the Private Reserve and its illustrated crediting rate.
12. Show that the reserve supports collateral rather than being liquidated.
13. Show the Collateralized Loan as a separate liability.
14. Show borrowed funds moving into the same opportunity.
15. Read the Private Reserve Reconciliation: Private Reserve - Loan Balance + Opportunity = Net Economic Position.

Step 4 - Use the timeline

Move through Years 0-10 or use Play/Pause. The timeline is a teaching aid; it allows the client to see the reserve, loan, opportunity, and economic positions change together. If the opportunity is sold, the timeline ends at the sale year.

> **TEACH THE STRUCTURE FIRST**
>
> Do not lead with the advantage percentage. First make sure the client understands what each tank represents and why the loan is subtracted as a liability.

Reading the One-Year Comparison

The One-Year Capital Comparison provides the arithmetic behind the first-year result. Read it from top to bottom; each row builds the next.

Row	Agent Explanation
Opportunity Amount	Same amount on both sides.
Opportunity Return	Same assumed opportunity performance on both sides.
Gross Opportunity Earnings	Opportunity amount multiplied by the opportunity return.
Loan Interest	Appears only on the Private Reserve side because borrowing is used there.
Taxable Earnings	Modeled taxable amount after applying the selected interest treatment.
Taxes	Modeled taxes based on the tax-bracket assumption.
Net Opportunity Earnings	Opportunity earnings after modeled taxes and applicable loan-interest treatment.
Private Reserve Credit	Illustrated credit added only to the Private Reserve side.
Total Economic Gain	Combines the relevant first-year economic components.
Net Economic Return	Total economic gain expressed relative to the capital need.
Increase in One-Year Economic Gain	The additional first-year economic gain produced by the Private Reserve structure under the entered assumptions.

PERCENTAGE DISCIPLINE

The “Increase in One-Year Economic Gain” percentage is not the Private Reserve crediting rate and not the opportunity return. It measures the increase in economic gain relative to the Capital Account gain.

Reading the Long-Term Comparison

The long-term section answers a different question from the one-year table: where does each strategy stand economically after multiple years under the same assumptions?

Capital Account Position	Private Reserve Position
Tracks the opportunity value plus any remaining Capital Account balance.	Tracks Private Reserve value minus loan balance plus opportunity value.
If the original capital was fully deployed, the Capital Account itself may be $0 while the opportunity carries the value.	The reserve remains an asset; the collateralized loan remains a liability until paid off.
Net position reflects the economic value of what the client owns.	Net position reflects the economic value of what the client owns less what is owed.

Private Reserve Advantage

The long-term advantage is the difference between the Private Reserve economic position and the Capital Account economic position. The percentage expresses that difference relative to the Capital Account position. If the denominator is zero or otherwise unsuitable, the application may suppress the percentage rather than display a misleading result.

> **CLIENT LANGUAGE**
>
> "The question is not which tank is bigger. The question is: after we account for everything you own and everything you owe, which strategy leaves you with the stronger net economic position?"

Opportunity Exit / Sale

Use Sell Opportunity when the case calls for an exit before the end of the projection. A sale is treated as a terminal event for the visual timeline.

After Sale - Capital Account	After Sale - Private Reserve
Opportunity is sold and sale proceeds replenish the Capital Account.	Opportunity is sold and proceeds are available to retire the collateralized loan.
Opportunity value falls to $0 because the asset has been sold.	Loan payoff is applied; if fully repaid, loan balance falls to $0 and collateral is released.
Net economic position is the replenished Capital Account.	Net economic position is the remaining Private Reserve plus net sale proceeds, less any residual loan if sale proceeds were insufficient.

Exit fields

Field	Meaning
Capital Account Replenished	Sale proceeds restored to the Capital Account side.
PRS Opportunity Sale Proceeds	Gross modeled proceeds from selling the opportunity on the PRS side.
Loan Payoff	Amount of sale proceeds used to retire the collateralized loan.
Net Proceeds Available	Sale proceeds remaining after the modeled loan payoff.
Private Reserve Advantage After Sale	Difference between the two net economic positions after the sale reconciliation.

UNDO SALE

Use Undo Sale to return to the unsold projection. Start Over resets the presentation state while preserving the case assumptions.

SECTION 11

The Client Handout

Generate the Client Handout only after the live case is correct. The handout is designed as a client results summary, not as an agent training document.

What the handout should communicate

- Client and opportunity assumptions.
- The current strategy position at the selected year.
- The same capital need shown through the two different funding structures.
- Net Economic Position for each strategy.
- Private Reserve Advantage in dollars and percentage where applicable.
- The One-Year Result.
- Long-term result when the opportunity remains unsold.
- Opportunity Exit reconciliation when the opportunity has been sold.
- Illustrative-results disclosure.

Before printing or saving as PDF

16. Confirm the client name and assumptions.
17. Confirm the selected year on the Visual Story.
18. If the opportunity is sold, confirm the correct sale year and reconciliation.
19. Open Client Handout.
20. In the browser print dialog, turn Background graphics ON so the branded report treatments print correctly.
21. Turn browser Headers/footers OFF so browser URLs, dates, and page titles do not clutter the client document.
22. Review the PDF before giving it to the client.

> **HANDOUT RULE**
>
> The handout should support the conversation you already had. Do not hand it to the client cold and expect the page to teach the strategy by itself.

Suggested Client Presentation

The following sequence keeps the presentation simple and prevents the conversation from becoming a debate about isolated rates.

Step	Suggested Agent Language
1. Establish the need	"You have a $100,000 opportunity. The first question is not what it earns; the first question is where the $100,000 comes from."
2. Show direct capital	"If you use your own capital, the money leaves the account and goes into the opportunity. You still own the opportunity, but that capital is no longer sitting in the account."
3. Show the Private Reserve	"With the Private Reserve, we are illustrating keeping the reserve intact and using it as collateral for separate loan access."
4. Identify the liability	"The loan is not free money. We track it separately as a liability, including the loan rate."
5. Show continued reserve credit	"While the reserve remains in place, we illustrate it continuing to receive the crediting assumption entered in the case."
6. Reconcile both sides	"Now we add what you own and subtract what you owe. That gives us the net economic position on each side."
7. Review one year	"This table shows exactly how the first-year economics were calculated."
8. Review long term	"Now we can see how the difference develops over time under these assumptions."
9. Discuss exit	"If you sell the opportunity, the proceeds can restore capital on the left and retire the loan on the right. Then we compare what remains."
10. Close with the handout	"This is the summary of the assumptions and results we just reviewed together."

DO NOT SELL THE RATE

The presentation is about capital efficiency and economic structure. Avoid reducing the discussion to "6.75% versus 9%" or any other isolated rate comparison.

Compliance, Tax & Illustration Limitations

Agents should present the analyzer as an educational illustration. The application's output depends entirely on the assumptions entered and does not guarantee actual results.

- Private Reserve crediting is illustrative and actual policy crediting depends on the applicable contract, index strategy, caps, participation rates, floors, charges, and other provisions.
- Loan availability and loan provisions depend on the actual contract and sufficient policy values.
- Opportunity returns and asset values are hypothetical unless based on independently documented client information.
- Tax results are modeled assumptions. Actual taxation and loan-interest deductibility depend on the use of funds and the client's facts and should be reviewed by the client's tax professional.
- The analyzer does not replace a carrier illustration, policy contract, prospectus where applicable, legal advice, or tax advice.
- Results may be less favorable than the Capital Account strategy under different assumptions. The agent should not imply that the Private Reserve always produces an advantage.

> **AGENT STANDARD**
>
> Use reasonable assumptions, disclose what is hypothetical, and make sure the client understands that the comparison is an illustration of economic structure - not a promise of performance.

Quick Reference & Agent Checklist

Before the meeting

- Open the current approved application build.
- Confirm the client's capital need and opportunity type.
- Confirm filing status, tax bracket, opportunity assumption, loan rate, and reserve crediting assumption.
- Decide whether loan interest will be illustrated as deductible or non-deductible, with appropriate tax-professional caveat.

During the meeting

- Begin with the capital need.
- Teach the Visual Story before the reports.
- Keep the opportunity assumptions identical on both sides.
- Identify the loan clearly as a liability.
- Use the reconciliation to prove the net positions.
- Use the one-year and long-term sections to answer calculation questions.
- If relevant, demonstrate the opportunity sale and loan payoff.

Before leaving the handout

- Save the case.
- Verify selected year and sale status.
- Generate Client Handout.
- Print with Background graphics ON and browser Headers/footers OFF.
- Review the PDF for the correct client, assumptions, values, and exit state.

Troubleshooting

Issue	First Check
Loaded case shows unexpected assumptions	Confirm the correct Saved Case is selected, then Load.
Need a variation without changing the original	Use Save As before changing assumptions.
Need to remove an old case	Select it in Saved Cases and use Delete Case.
Imported file will not load	Confirm it is a Private Reserve System case export.
Handout does not match the intended year	Return to Visual Story, select the correct year/sale state, then regenerate.
Printout loses background treatments	Enable Background graphics in the browser print dialog.
Browser URL/date appears on PDF	Disable browser Headers/footers.

FINAL PRESENTATION STANDARD

Simple enough to teach. Detailed enough to audit. Clear about assumptions. Consistent from the application screen to the client handout.

PRIVATE RESERVE SYSTEM

Agent User & Presentation Manual

Capital Opportunity Analyzer

TriQuest USA

For agent training and presentation support.