CONSUMER GUIDE

HOW TO ESCAPE THE RETIREMENT TAX TRAP

WEALTH-BUILDING PRACTICES OF THE TOP 25%

3RD EDITION

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A MESSAGE FROM YOUR ADVISOR

Thank you very much for taking the time to go through this consumer guide on proven wealth strategies. I hope you find this information to be valuable for you and your family.

For years, I've studied the characteristics of wealth accumulation vehicles and have come to the conclusion that there's an underlining commonality with the individuals who are best positioned for financial success. All of these individuals have been educated on the financial principles of how to grow, protect, and transfer wealth.

Within this guide, I've decided to focus on the Top 25% of Americans who hold the most amount of wealth in the United States. This particular group is broken up into many segments. Some of them are small business owners while others are teachers and others are top executives for a firm. No matter what their profession may be, they all struggle with the same obstacles. We'll go over this more in the booklet.

Throughout your life, you've had this "box of knowledge". As the years have passed, your box has gotten bigger due to the experiences and lessons you've come across. You're aware that you might not know it all, but you have certainly built up a considerable amount of knowledge. I'd like you to keep an open mind about the information you'll be exposed to within this guide. Some of the strategies may seem foreign to you or outright impossible, but believe me, they are true and can be implemented. Instead of resisting change or coming to your own conclusions, maybe you should consider getting a bigger box.

After reading this guide, what you'll have to do is ask yourself: Do you just go back to doing what you've always done or do you take control of your future and begin implementing the strategies the wealthy have been achieving all of these years?

I've structured this guide to walk you through everything you need to know about proven wealth strategies. First, we'll discuss who the wealthy are and the problem they all face. Next, I'd like you to take a quiz to help test your knowledge of wealth-building principles. After that, we'll go over the preferred wealth accumulation vehicle that many of the Top 25% use to build wealth. If you have any questions, most of them should be covered in our Frequently Asked Questions section. And finally, I'll show you the exact steps you need to take to start implementing these strategies right away.

Once again, thank you for your time and I really hope you enjoy this consumer guide. If you come across a certain section where you want more information or have a question, please don't hesitate to contact me. I'm here to help you empower yourself with the knowledge you need to succeed.

WHO ARE THE WEALTHY?

> *"When you're going to buy something, where do you go to do research? The media outlets - TV, Internet, Radio - are targeting a specific demographic when they talk about finances. The question then becomes: are you that demographic?"*
>
> - Kevin Nuber, Personal Wealth Coach

When you think about the amount of income you make on an annual basis, do you consider yourself to be making an average income? What you'll discover is you may think you're just like every other individual, but your income may be classified as an "uncommon" amount.

Media personalities on the TV or Radio try to get the most amount of exposure they possibly can. This leads to more book sales and more publicity. Just think about it. If you wanted to sell the most amount of books you possibly can, would you target 75% of Americans or just 25%?

With this in mind, the financial advice you receive through these media sources are targeting a specific audience: the 75%.

The advice they give is very sound and suitable for the audience they're targeting, but the question really becomes: are you a part of the 75% of the population - or the 25%?

THE TOP 25% OF WAGE EARNERS

If you were to be considered to be in the Top 1% of Americans based on the amount of income you make, how much do you think you would need to make? $1,000,000? $2,000,000?

You actually only need to make $480,804. This includes your spouse's income - if applicable. That's not a very large amount at all. If you make this amount or more, consider yourself "The Elite" and "The 1%".

The diagram to the right displays the top 25% of income earners in America.

If you make $80,921 or more in annual income, you are the Top 25% of income earners in America. You make an uncommon amount of income compared to the general population.

With this in mind, the government then appropriates the amount of taxes you pay for in correlation to the amount of income you make.

Therefore, the majority of taxes - a staggering amount of 86% - solely comes from the Top 25% of wage earners. Keep this in mind as it will be the underlining foundation for everything contained in this guide.

The Top 25% Income Earners

Income Category	Adjusted Gross Income
Top 1%	$480,804
Top 5%	$197,651
Top 10%	$139,713
Top 25%	$80,921

Summary of the Latest Federal Income Tax Data, 2018 Update. Tax Foundation.

FEDERAL INCOME TAX RATES

Do you think tax rates will be lower, stay the same, or go up at some point in the future? Most likely, you would think tax rates will either stay the same or hopefully be lower in the future. Why wouldn't you? Aren't Americans experiencing some of the highest tax rates ever to happen in history? At least, that's what you hear within the media outlets and the political parties.

Federal income tax rates were established in 1913. This was due to offset the lost revenue from the reduction of tariff duties. At that time, the top marginal tax rate was 7%. This means if you were in the top marginal tax rate and made an additional $100, $7 would go towards the government. Pretty low compared to today's rates, isn't it?

And then World War I happened. Due to the increase in government expenditures for the costs of war, top marginal federal tax rates increased to 67%. In 1918, top marginal tax rates were as high as 77%. After the war concluded, tax rates declined steadily, 24% at its lowest.

During the years followed, The Great Depression hit America and then we once again went into war: World War II. This forced the government to increase tax rates once again. In 1944 and 1945, the top marginal tax rate was at an unprecedented level of 94%! This means if you were in the top marginal tax rate and made an additional $100, $94 would go to Uncle Sam!

Below is a graph illustrating the top marginal income tax rates from 1913-2019. The one trend you can notice after World War II is that tax rates have actually declined steadily. If you add up all of the tax rates and calculate the average, you will come to the conclusion that the average top marginal tax rate is 57.5%.

The Top Marginal Tax Rates: 1913-2019

We are currently sitting at 37%.

You're well aware that there have been several wars over these last few years, yet tax rates haven't really gone up at all. But historically, whenever there was a war, taxes would go up to offset the costs.

You must also take into account the financial bailouts after the 2008 financial crisis and the ever-increasing, mandatory spending in Medicare and Social Security.

Which leads us to the enormous amount of debt we owe as a nation. The debt has been slowly building up, but over these last few years - specifically, during the recent wars, government bailouts, Social Security, and Medicare - it has gone up a monumental amount and continues to do so with no end in sight.

A great resource to review is the U.S. Debt Clock website. It keeps a current tally of the national debt and the amount of debt per taxpayer, along with many of the largest federal budget items (Medicare, pensions, interest, etc.).

Please visit www.usdebtclock.org for the latest information about the debt you owe.

Some day, Uncle Sam will come knocking on your - or your children's - door and ask you to pay for your "fair share". Even if taxes stay the same, your three largest tax deductions are likely to disappear during retirement: mortgage interest, dependent exemptions, and qualified plan contributions.

When evaluating possible wealth strategies, you must understand these four items: (1) the information you find on the Internet or any other medium is targeting the mass audience of the bottom 75%, (2) you are in the Top 25% of income earners and make an uncommon amount compared to the overall population, (3) if the first two are true, you must then seek out uncommon financial advice, and (4) when planning, taxes are likely to be higher in the future and you must prepare accordingly.

THE THREE TYPES OF MONEY

When building wealth, there are three types of money, or "buckets" we will refer to them as: (1) taxable, (2) tax-deferred, and (3) tax-free. Any account where you save or invest your money falls into one of these three buckets.

Taxable: In these wealth accounts, the realized capital gains, dividends, and interest are taxed as earned each year. Typical accounts include savings, CD's (Certificate of Deposit), stocks, and Bonds. The main benefit of why you would want to put your money here is because they are easily accessible and liquid if you would ever happen to need the money.

Tax-Deferred: These wealth accounts frequently provide immediate tax deductions and tax-deferred growth on the investments in the account. They include 401(k)s, IRAs and other qualified retirement accounts. There is a great benefit to avoiding paying taxes on the growth, as that amount can grow with compounded interest. The unfortunate part of these accounts is that, when you remove funds from these accounts, it is taxed as ordinary income. You may even have to pay a penalty to remove them before retirement. As we discussed before, you may very well be taxed at a higher rate down the road in retirement.

Tax-Free: These wealth accounts are simply that: tax-free. The typical answer you hear are municipal bonds, however, municipal bonds count as provisional income which can increase taxation to your Social Security. Another popular one is a Roth IRA. This is a

great account, but they do put limitations on the amount you can put into it ($6,000/yr under Age 50). And if your income exceeds $137,000 filing Single, you cannot contribute to a Roth IRA.

The people who need it most (the wealthy with a tax problem) cannot put their money into this tax-free account.

There is another account that is classified a tax-free account which the wealthy are taking advantage of and deciding to put as much money as they can into it. This account has been around for hundreds of years and has progressively improved with more benefits and options.

The account mentioned will be discussed in great detail in this consumer guide.

The ultimate strategy when building wealth is to have your money in all three buckets so that your financial portfolio is properly diversified. The amount of money in each bucket can be determined with your financial advisor.

Your financial plan should be efficient as possible so that you are paying the least amount of taxes you possibly can.

BECOME A WEALTH BUILDER

Whether you're purchasing a car, a major appliance, or even a house, there are three ways you're going to make the purchase: (1) borrow the money and go into debt, (2) save your money and spend it, or (3) use your wealth account as collateral and take out a favorable loan. The wealth builders choose the latter.

The illustrations to the right display the three ways to save and spend money. The dark gray bar resembles a $0 value.

The first option is what we like to call "The Debtor". They don't have the money for that purchase and decide to borrow money for it. They work for years paying that money back as well as paying interest to a bank.

The second option is called "The Saver". This is the person who decides to save the money and then use that money to purchase the item. During their saving years, they gained interest on their account instead of paying interest like The Debtor.

The big takeaway here is that both The Debtor and The Saver end up near $0 at the end of the purchase.

For example, if The Debtor took out a loan with a 6% interest while The Saver was able to grow their account by 6% each year, their account values at the end of the purchase are still roughly $0. In the end, neither one is better off than the other.

The third option is called "The Wealth Builder". They are much like The Saver, but instead of draining their own account, or "tank", when it is time to make the purchase, they seek to take out a loan at a rate that is lower than what they are earning.

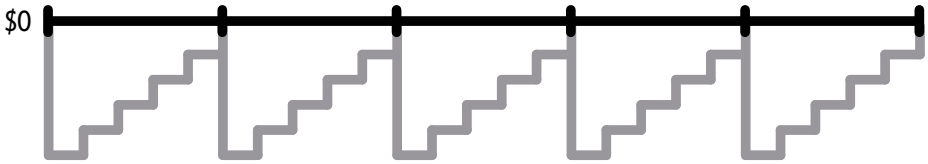
By doing so, their wealth account remains steadfast and the money inside continues to grow. The ability for the account to continue to grow without any interruption allows for a larger, more prosperous return. This is called "uninterrupted compound interest". One of the most powerful strategies the wealth use to build their worth.

As you can see, after five big purchases, The Debtor and Saver end up at $0. The Wealth Builder has used their account to their advantage and allows uninterrupted compound interest to grow their nest egg.

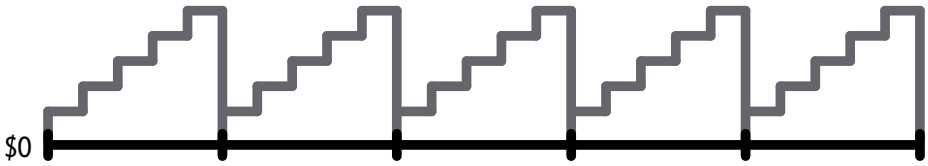
The Three Ways to Save and Spend Money

The illustrations below demonstrate the three ways Americans save and spend money. Both The Debtor and The Saver always end up roughly at $0 regardless of their efforts; while The Wealth Builder has grown their account exponentially largely due to uninterrupted compound interest.

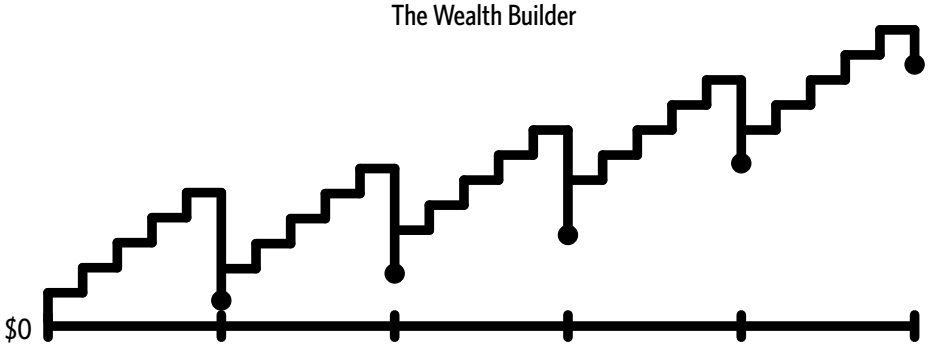
The Debtor



The Saver



The Wealth Builder



TAKE THE QUIZ

- TRUE OR FALSE -

(answers on the back)

1. If I invest $100,000 into the stock market and experience a -30% loss, I will need to have a +30% gain to get back to my original $100,000 investment.

2. If two financial advisors both claim they average 10% returns for my portfolio, the account values are the same.

3. During and leading up to retirement, it's better to mitigate losses rather than capture the largest gains.

4. With the exclusion of Roth IRAs, the government requires me to take minimum distributions from my Qualified Accounts at Age $70^{1/2}$.

5. Whether my accounts are taxed today or taxed at a later date, it's all the same.

6. 401(k)s offer tax-advantaged wealth transfers to my heirs.

7. Non-Qualified Mutual Funds can be categorized in the Tax-Deferred Bucket.

8. It's better to save my money and spend it on capital purchases rather than to go into debt.

9. Albert Einstein called compound interest the eighth wonder of the world.

10. The government clearly promotes 401(k)s and other Qualified Plans as: "You do not need to pay taxes at this time. But when you decide to pay us back, based on how much money we need at that time, we'll then determine the amount of taxes we will charge you."

11. It's always good to put money into your 401(k) above the company match.

12. If I'm over 50 years old, married filing jointly and make over $203,000 modified adjusted gross income (MAGI) in 2019, I can contribute up to $6,000 into a Roth IRA.

13. It's important to maintain a steady amount of liquid, accessible money that will cover me for 6-12 months if an unforeseen event happens.

14. There are no financial vehicles that offer tax-deferred growth, tax-free distribution, and tax-free wealth transfers without restrictive contribution limits and maximum income amounts.

15. The Top 25% have a tax-flow problem, not a cash-flow problem.

1. **FALSE** - If you lost 30% of $100,000, your account will be $70,000. Next year, you will be investing off of the $70,000 which means you need to experience a +42% gain to get back to your original $100,000.

2. **FALSE** - If Advisor A received -30% one year and then a +50% the next, their average would be 10%. If Advisor B received +10% one year and then +10% the next, their average is also 10%. You would have more money working with Advisor B.

3. **TRUE** - Keyword is "largest". You do not need the largest gains all the time. Sometimes during and leading up to your retirement years, it's better to receive a portion of the gains while having the ability to never lose your money.

4. **TRUE** - Per the IRS' website: "You cannot keep retirement funds in your account indefinitely." These forced distributions are called Required Minimum Distributions (RMDs). They begin at Age $70^{1/2}$. If you do not withdraw the minimum, you receive a 50% penalty (*plus taxes*).

5. **FALSE** - If you were a farmer, would you rather pay taxes on the seed or on the harvest? The logical answer is "seed" yet, financially speaking, many people choose to wait and pay taxes on their "harvest"; resulting in much higher taxes. It may be smarter to pay today.

6. **FALSE** - These accounts pass the tax liability onto your heirs.

7. **FALSE** - Non-Qualified Mutual Funds' main benefit is the ability to have liquidity, use, and control. However, with this benefit comes taxes. They fall into the Taxable Bucket.

8. **TRUE** - While this is true, there is a better way: become a wealth builder and use your money as collateral and take out a favorable loan so your account continues to grow - uninterrupted.

9. **TRUE** - Indeed he did. Albert is quoted as saying, "Compound interest is the eighth wonder of the world. He who understands it, earns it...he who doesn't...pays it."

10. **FALSE** - While the statement is true, the government doesn't *clearly* promote it this way.

11. **FALSE** - In most cases, put money in only up to your company match. Then, consider alternative financial vehicles as they may be a better fit for your unique situation.

12. **FALSE** - If you make over $203,000 (MAGI) or more, you do not qualify to contribute to a Roth IRA. The people *with* the tax problem aren't able to contribute to this tax-free account.

13. **TRUE** - Always have enough money liquid to cover 6-12 months in case of emergencies.

14. **FALSE** - There is one wealth accumulation vehicle that has all three benefits. This is the vehicle the wealthy choose and we will be discussing it more in a later section.

15. **TRUE** - The Top 25% of income earners account for 86% of the government's tax revenue. The wealthy seek financial vehicles that can mitigate - or completely *eliminate* - taxes altogether.

THE PREFERRED FINANCIAL VEHICLE USED BY THE TOP 25%

> *"What you're about to discover is going to empower you more than I would say 90% of the population out there. Probably even the majority of financial advisors themselves."*
>
> - Jordan Arias, Personal Wealth Coach

Now that you understand the basic principles of building wealth, it's time to go over exactly *how* the Top 25% are building wealth.

Let's use an analogy of a car. What did the first car look like? It wasn't much, but it did get from Point A to Point B. Nowadays, with improvements to offerings, you can choose between colors, engines, features, rooftops, and much more.

This financial vehicle is much like a car. It's been around for hundreds of years, but now more than ever is it the preferred financial vehicle for the Top 25% because of its exceptional levels of efficiency, safety, flexibility and performance.

To fully understand its capabilities, let's first go over four potential risks you face during retirement. Being aware of these risks will enable you to prepare and, in some cases, avoid them altogether.

POTENTIAL RISKS DURING RETIREMENT

Tax Rates: While taxes will always impact the amount of wealth you build, the question is: how much taxes do you want to pay? With top marginal tax rates near all-time historic lows and with recent wars, government bailouts, and Social Security, it's important to use tax-advantageous vehicles to build wealth.

Stock Market Volatility: Pre-retirees may be heavily invested in stocks as they approach retirement which could result in large losses to their investments. Emotions can also play a role when investing in the stock market; some may invest too conservatively and miss out on large gains, while others may experience upside growth by being too aggressive, but then feel the effects when/if the stock market were to plunge.

Longevity: Improvements in medicine and health care have provided people with the ability to live longer, healthier lives. In the past, people may have planned for income to last about 10-15 years in retirement, but now retirees may live 20-30 years into their retirement and sometimes even longer.

Inflation: Inflation is a fact of life in our economy. Every year the costs of goods and services we need are becoming more expensive. Over the course of a 30-year retirement, an inflation rate of 3% could decrease the buying power of your money by 50%. The inflation challenge is a reality and should be taken into account when planning.

THE GREATEST WEALTH ACCUMULATION VEHICLE

The wealthy continue to use this financial vehicle year after year to protect and grow their money. The good news is you have it available to you as well. The greatest wealth accumulation vehicle is: life insurance. Not only life insurance, but *maximum-funded, permanent life insurance*.

You're likely scratching your head wondering how life insurance can be used to build wealth. To comprehend this, we need to go over how life insurance is structured.

There is a minimum amount of premium that one can pay for life insurance. Who do you think sets that minimum line? It's the insurance companies. And it's to no surprise. Insurance companies have actuaries that calculate the minimal amount of premium needed to deliver on their promises.

But who do you think determines the maximum amount of money that one can put into an insurance contract? The answer is the government. Now, why would the government limit you to how much money you can put in? It has to be good, doesn't it?

Let's use an example of $500,000. If you were to purchase a life insurance policy in the amount of $500,000 and have two options to pay for it: (1) you can pay $500 for it or (2) you can pay $10,000 for it, which would you choose?

Why wouldn't you choose to pay $500 for it? Everyone wants to feel like they're getting a deal, right? The takeaway here is you actually want to pay $10,000 for it. Why? Because when you pay at the minimum line ($500 in this example), you only receive one benefit. And that is a temporary death benefit. This minimum purchase is also called term insurance. If something should happen to you, your family is protected.

When you pay up to that maximum line ($10,000 in this example), you begin to receive a myriad of benefits. Benefits such as tax-deferred growth on the inside cash accumulation, tax-free distribution that can be used for retirement income, vacations, college funding, business purposes, weddings, and more, and tax-free wealth transfers to your heirs.

This is the power of permanent life insurance and this is what the wealthy are using to protect and grow their money.

The options you have between the minimum and maximum lines of life insurance can be classified into two types: term and permanent. For permanent life insurance, there are many types to choose from including Whole Life (WL), Guaranteed Universal Life (GUL), and Indexed Universal Life (IUL).

The preferred financial vehicle the wealthy have been using and continue to use is IUL. To go back to the car analogy, there have been many options to choose from throughout the years, but IUL is the optimum car the wealthy choose because of its exceptional levels of efficiency, safety, flexibility, and performance.

IUL's benefits are most aligned with what you would look for in a wealth accumulation vehicle. Benefits including: upside growth without risk, guarantees, liquidity, use, and control, protection, leverage, tax-deferred growth, tax-free distribution, collateral, disability benefit, and tax-free wealth transfers.

Two powerful abilities of IUL that the wealthy use most are: (1) collateralization and arbitrage and (2) capturing gains of the stock market, yet never experiencing downside losses (i.e. - protection from the stock market). We'll be covering each one of these abilities in further detail.

LEVERAGE MONEY LIKE THE WEALTHY

One of the most important tactics the wealthy are using with their maximum-funded, permanent life insurance contracts is that they understand how to borrow against their accounts and make major purchases. This is what we call leverage.

A great example to show you is how banks leverage their assets to grow their money. Essentially, what you want to do is become your own bank. Below is our example illustrated.

If you were to put $10,000 into your banking account, the bank will offer you an annual interest rate as a thank you for placing your money with them. In this example, we're going to use 1%.

The bank then takes your $10,000 and loans it out to someone who came in looking to borrow that amount of money. For the party taking out that $10,000 loan, the bank charges them an interest rate. We're going to use 5% in this example.

In conclusion, the bank is giving you 1% as they are receiving 5% on the same $10,000. The difference is the bank's revenue. Which in this case, is +4%.

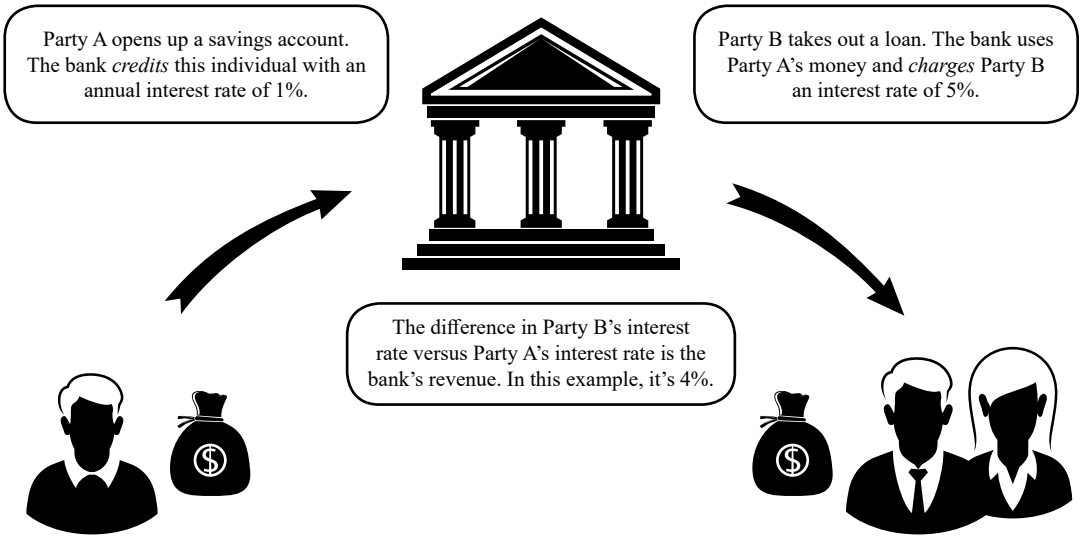
This 4% revenue is what we call arbitrage. It's simply the difference between paying out an interest rate versus receiving an interest rate on the same amount of money. In this case, it's *positive* arbitrage (+4%).

This is how banks leverage their assets and the wealthy use this model to their advantage. They become their own bank.

Let's now go over an example and show you exactly how the wealthy do it.

How Banks Make Money

The below illustration demonstrates the way banks make money. This has been their business model for centuries and has kept them very profitable. The wealthy implement strategies that mimic the practices of a bank, however, they themselves are the bank.



Let's say you have $100,000 of cash accumulation inside your life insurance contract. This value is the total amount of premium (money put into account) you have paid thus far along with the interest it has accrued. To keep things simple, over the next year, you were able to earn 7% on that money; totaling $107,000.

You now want to make a capital purchase for $10,000. As we learned earlier, most people would take the $10,000 out of their savings - losing the opportunity to make interest off of that money - and simply pay in cash. But that is not what the wealth builder does.

If you are able to borrow $10,000 at a lower rate of what you're returning (7%), than that becomes your positive arbitrage.

Insurance companies allow you to borrow against your policy. If you can borrow at - let's say 5% - the money inside your insurance contract continues to grow at that 7% while you pay back your policy at 5%. You are becoming your own bank! You have received a +2% positive arbitrage.

Another great benefit in regards to leverage is the ability to make unstructured loan payments. If you had a bad month and cannot pay back the loan, there is no penalty for doing so. You pay back your policy at your own pace, however, it's best to pay yourself back when you can so that you're able to borrow more at a later date.

A UNIQUE CREDITING STRATEGY

The crediting inside an Indexed Universal Life account is very unique. The cash value (premium payments + interest) has the ability to participate in the upside gains of the stock market, but never experience the downside losses.

First, let's go over the ability to participate in the gains of the stock market. When selecting an IUL, you will typically have three index crediting methods to choose from: (1) cap rate, (2) participation rate, or (3) a spread. Some options can even be paired together. For simplicity's sake, we're going to use just a cap rate as an example. A cap rate means that you receive gains up to a certain cap. For instance, if you had a 12% cap rate and the stock market experienced a +15% gain, your IUL policy would receive +12%.

The wealthy understand that it's much more important never to lose money rather than to experience the largest gains. They will gladly participate up to a certain amount in exchange for never losing their money if - or when - the stock market goes down...*again*.

Now, let's go over how you have the ability to never experience the downside losses of the stock market. The three options also come with what the industry calls a "floor". Typically, 0%. So if next year the stock market crashes to -28%, your IUL policy is protected and you experience a 0% return.

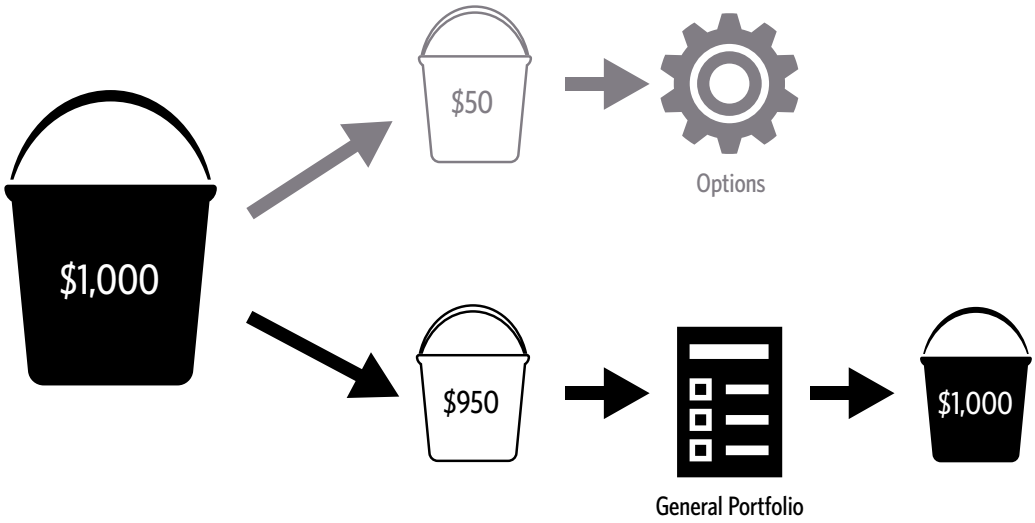
How can this be done? The reason behind this is your money is never truly inside the stock market. Insurance companies simply use an external benchmark - most popular being the S&P 500 - as a measuring stick to calculate your annual returns. Your money is never directly invested in the stock market.

The diagram to the right illustrates how crediting is earned inside an IUL and how insurance companies are able to keep their promise of the money you put into the policy.

If you were to put $1,000 of premium into your life insurance policy, the insurance company then separates that money into two buckets: (1) general portfolio and (2) purchase options.

How Crediting is Earned Inside Indexed Universal Life (IUL)

The below illustration demonstrates a simplified version of the way credit is earned inside an IUL policy. Most of your money is put into a general portfolio consisting of highly rated investment grade bonds. While the other portion is used to purchase options



95% of your premium ($950 in this case) goes into a general portfolio. The account is made up of very conservative choices such as highly rated investment grade bonds. This is how the insurance company is able to deliver on the downside protection. Because they know the portfolio will get you back to your original amount within that year.

The other 5% ($50) will be used to purchase options. These options provide the upside potential of your policy. If your chosen index increases, the option will provide a return up to your cap rate. If your chosen index decreases, the option will not provide a return. Once more, your original amount remains protected within the general portfolio.

FREQUENTLY ASKED QUESTIONS

I've heard permanent life insurance is too expensive. Is this true?

When considering the costs of financial vehicles, you must also consider the *amount of taxes* you will pay as being a cost.

In this example, we're going to compare an IUL account versus a Taxable and Tax-Deferred account. Let's say you were to put $20,000 per year for 19 years ($380,000 total) in each one of the accounts.

The Tax-Deferred account cost you $785,704 in taxes and investment costs. It ended up with the most amount of costs because, while you didn't have to pay for taxes upfront, this lead to having more money in the end and being taxed on a much larger amount than what you started with. This could possibly even put you in a higher tax bracket!

The Taxable account cost you $272,989 in taxes and investment costs. That was 71.8% of your original investment - $380,000.

The IUL account only cost you $117,660. A much smaller portion compared to the others. The biggest benefit of IUL in this example was its ability to pay $0 in taxes. As you can see, taxes play a very important role when you consider costs.

Is "buy term and invest the difference" for me?

Most of the personalities you hear through various media channels promote "buy term and invest the difference". To understand if it makes sense for you, we need to go back to the beginning of this guide. Are those personalities talking to you?

If you make an uncommon amount of money (+$80,921/yr), consider yourself an uncommon person. If you're an uncommon person, you must seek uncommon financial advice.

The TV shows, Radio segments, and others are targeting the Bottom 75%. They have ratings to hit and books to sell. "Buy term and invest the difference" is very sound financial advice. It's just that they're not referring to you when you hear it. They are talking to the people who have a *cash-flow* problem and not a *tax-flow* problem.

How has an Indexed Universal Life policy performed in the past?

Coming up on its 20th year anniversary, IUL remains steadfast in the financial marketplace. To better understand its performance, we created a proprietary calculator that allows you to see hypothetical historical performances of a properly-structured IUL for any given time period. This calculator takes into account the actual returns one would receive and compares that to if you were to invest in the stock market.

Within a 15-year period starting on 3/2/1989, the hypothetical IUL performance outperformed the S&P 500 over 77% of the time.

This is not just measuring one point in time of 3/2/1989. This is calculating if you were to

buy an IUL on 3/2/1989 and measuring the performance over 15 years. Then, if you were to buy an IUL on 3/3/1989 and measuring the performance over 15 years. And so on.

From there, we calculate what the average return was within all of those data points and it outperformed the stock market over 77% of the time. The worst case scenario in this instance was a return of 6.36% over 15 years. The typical scenario you could expect your IUL to perform within that time was 7.01%.

How can life insurance companies guarantee I never lose my money to negative returns?

The thought of capturing a portion of the gains while never losing your money seems too good to be true. The truth is it can be done.

Insurance companies are the backbone of our country. They have been through the Great Depression and other major historic events. They are not allowed to leverage assets like banks do and the money you put into your contract has to be guaranteed.

In a simplified example, if you were to put $1,000 into your IUL, insurance companies take roughly 95% of it ($950) and put it into highly-rated investment grade bonds. They know that it will earn a certain percent (5% in this example) so that, at the end of the year, you end up with your original $1,000.

What is the typical process to buying life insurance?

While these proven wealth strategies focus on the cash accumulation portion of life insurance, at the end of the day, it's life insurance.

First, you'll be given an application to fill out. Typically, between 10-25 pages of personal information and financial questions. Next, you'll be contacted by an examiner who will visit you at your leisure and conduct a paramed exam. Based on the results, a certain rate class, or table rating, will be assigned to you. "Preferred" is very healthy while "Standard" is still healthy, but may have minor abnormalities in blood specimen or certain family health conditions.

After that, the process to have your policy approved will take between 45-65 days. Once everything is in place, you will begin your premium payments as discussed with your advisor and your policy will become in-force.

How is a financial advisor compensated?

Some advisors charge for their services while others do not. When it comes to life insurance, advisors are compensated through two ways. First, is through the insurance company. This is calculated in the costs of life insurance which we discovered earlier that the overall costs are much lower than any other financial vehicle.

The other form of compensation is through referrals. Advisors grow their business through happy clients who refer their friends and family. If you find their services to be rewarding, advisors would appreciate it if you would tell your circle of friends and family.

I currently have life insurance. Is there anything I can do?

You should be reviewing your policy at least every 3-5 years. For all types of life insurance, the advisor who gave this guide to you offers a complimentary analysis and review of your current policy.

We typically find that you can either be saving money or increasing benefits for no additional money. To get started, all you would need is to fill out a simple, one-page form and the advisor does the rest. They'll put together a personalized booklet showing comparisons and if there is anything that should be done. Please ask your advisor about these review services.

WHAT YOUR NEXT MOVE SHOULD BE

> *"We are heading to a future where we'll have to double federal taxes or cut federal spending by 60%."*
> - David Walker, U.S. Former Comptroller General

With its many benefits, Indexed Universal Life addresses the major problem the Top 25% all share: TAXES. The wealthy are placing as much money as they can into properly-structured IUL accounts and are taking advantage of three incredible tax benefits by doing so: tax-deferred cash accumulation, tax-free distributions, and a tax-free death benefit.

The tax-free distributions can be used for things such as retirement income, vacations, college tuition for their children and/or grandchildren, capital purchases such as a car, business expenses, and much more. This is all tax-free!

IUL has evolved to become one of the most sought after financial vehicles to build wealth. The wealthy are aware of this and are taking advantage.

What should your next move be?

If you're currently with a financial advisor, you should evaluate where they currently have you financially positioned. Is your wealth placed heavily into one "bucket" as mentioned earlier?

If so, you should then ask yourself, "Why?" Does that financial advisor have a personal motive to place you into one bucket over another? Your wealth should concentrate on placing as much money as you can within the tax-free bucket while maintaining a healthy balance of tax diversification within the other two buckets.

Another item to consider should be if your advisor is properly trained and specialized in the field of permanent life insurance.

For example, if your current advisor has helped you with Mutual Funds, they may be able to help you with IUL. However, it is not common. The information within this consumer guide has empowered you with more knowledge about the power of IUL than most financial advisors.

Also, the maximum amount of benefits associated within an IUL can only be experienced if the account is properly funded. Explore your options with an independent life insurance advisor who is able to assist you in this specific area of expertise.

THE FUTURE IS UNKNOWN

Former Comptroller General of the United States (the head accountant for the country), David Walker, was quoted saying, "We are heading to a future where we'll have to double federal taxes or cut federal spending by 60%." If not that, we will have to do a combination of both.

Imagine that. There may come a time where the amount of taxes you will have to pay on your income will be *doubled* - or - the government benefits you receive (Social Security, Medicare, etc.) will be substantially *cut by 60%*.

You currently have the power to take control of your financial future by moving forward with an Indexed Universal Life policy. Keep in mind, there may come a time when these benefits are not made available to you.

While the wealthy use IUL as a haven to protect, build, and distribute their wealth in the most efficient way, at the end of the day, the account is life insurance and therefore, you must take a medical exam to be approved.

If you decide to hold off on the notion of owning an IUL policy, your chances of being approved may diminish. A medical exam is required and your health could be very different in ten, five, or even one year from now. Unfortunately, there have been many policies denied because the time was too late for the individual.

With many critical decisions like these and an uncertain future, the time is now to see if you may qualify for a maximum-funded, IUL policy.

YOUR PERSONAL WEALTH REPORT

We urge you to take action and fill out the *Personal Wealth Assessment* form. It is a confidential questionnaire that will provide you a clear outline of your personal wealth, identify areas for improvement, and determine whether you may qualify to receive the benefits of IUL.

The advisor who gave you this guide has an electronic form and/or hard copy that can be made available to you upon request.

Once your wealth assessment form is completed, they will schedule an initial consultation to review your unique situation; determining what your goals and needs are in life.

From there, they will work with their team to design a customized, 20-page report entitled *Your Personal Wealth Report*.

Inside the report will be an analysis of how Indexed Universal Life can be positioned into your financial portfolio. It will include vibrant illustrations of your projected cash accumulation value, suggested withdrawal rate, total costs, and death benefit amount.

There is no cost or obligation associated with receiving your personal wealth report.

As stated earlier within this guide, after reading this, what you'll have to do is ask yourself: Do you just go back to doing what you've always done or do you take control of your future and begin implementing the strategies the wealthy have been achieving all of these years?

Please contact the advisor today to obtain your *Personal Wealth Assessment* form!