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Delayed gratification is by nature already a difficult thing to budget for. On the other hand it seems like most representatives of the financial industry would have you live like a monk and lock up every single penny for some mythical time called "retirement."

There's a fine line between being completely complacent and spending every dollar you earn to being so obsessive about saving, that all your efforts for today are being put toward a tomorrow that may never come.

WHAT ABOUT PRE-RETIREMENT GOALS?

I personally am approaching my mid-forties. When I list out all of my financial goals, what's interesting is that **I have far more pre-retirement goals than I do have during retirement.**

Do any of these sound familiar (order does not reflect priority)?

- Rotating vehicles every so often
- Well-timed real estate acquisitions (both personal & investment properties)
- Contributing towards kids' college tuition
- Contributing towards kids' weddings
- Family bonding /dining / adventures
- Investing in growing my business
- Investing in my personal development

FINANCIAL FUTURE ACCOUNTS

If I wrote down all the solutions hailed by the financial pundits, it seems like the ones with any significant tax advantages are all geared towards some time much later than the majority of my goals. **Moreover, most of these products and account types actually block any access to my wealth with stiff penalties as a consequence.** Do any of these sound familiar?

- IRA
- ROTH IRA
- SEP
- SIMPLE
- 401(k)
- Profit Sharing
- Pension
- Guaranteed Annuities
- College Savings Accounts
  (529, Coverdell IRA, Series HH Savings bonds)

What if I need money from any of these Financial Future accounts for emergencies or any of my Financial NOW goals?

Every single account listed above imposes a 10% early withdrawal penalty PLUS the applicable income taxes due if funds are withdrawn prematurely*. For those above the poverty level that can result in somewhere between 35% to 49% of your withdrawal going straight to penalties and taxes (or even more in certain states with additional state taxes and penalties.)

*Note: there are certain permitted withdrawals that may avoid the 10% tax penalty depending on the different account types, but applicable taxes will still be due at the account holder's marginal rate at the time of withdrawal.

IDEAL ACCOUNT CHARACTERISTICS

Think...how would I ideally position my capital (that I want to keep accessible) to eventually handle all of my pre-retirement financial goals and still help with retirement? Put another way, **if I could design the ideal investment vehicle to park money in between my various goals, what characteristics would that vehicle have?**

Try these 10 traits on for size...

- Competitive Growth Potential (no numbers starting with a dot, double-digits possible)
- Very Low Volatility or even No-Loss Provisions (sleep at night money)
- Tax-Deferred Growth (no 1099's every year)
- Tax-Free Distributions (at any age)
- Unfettered Access to My Equity (at any time for any reason)
- No Contribution Maximums (or at least very high ones)
- No IRS-mandated Income Limitations (let the high-earners play too)
- Systematic Payments Available (automatic and easy like a 401-K)
- Additional Contingency-Planning Benefits ($1 wearing multiple hats)
- Potential for Creditor Protection (hands-off in case of lawsuit)

Are we still pipe dreaming here? **Normally people have a few of these features scattered throughout their portfolio, but usually not all of them, and almost never wrapped into one single account.** That's because most people don't think of the one single product that can do all of these things as a wealth-building account at all.

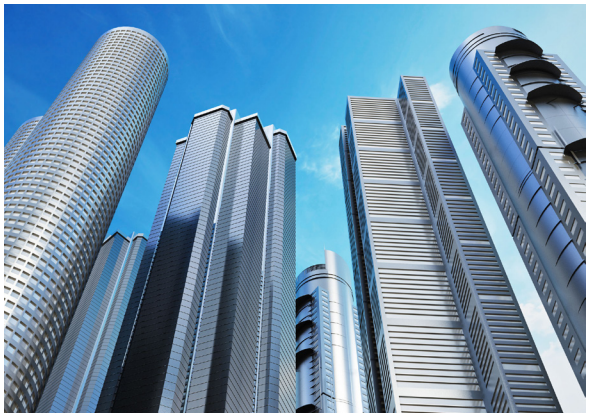
But major banks park Billions of their reserve dollars in this product. Don't do what they say ("park your money with us"), do what they do...

DID YOU KNOW...

This is going to sound really quirky, but the one account that can do all of these things is actually Permanent Life Insurance. Now this isn't your grandmother's life insurance. **This strategy, which can help you with your pre-retirement goals, is optimized by using the shell of the product, but re-purposed and engineered specifically for high performance and early access.** That means your equity can earn a competitive growth rate and you can actually access these funds even though you're not dead or retired.

Note: It's important to look past any pre-conceived notions you may already have about life insurance in general because the facts below are pretty darn compelling.

The four biggest banks in America are the life insurance industry's biggest customers. In fact, they have more assets parked in Life Insurance Cash Value (on the lives of executives) than they do in combined Real Estate holdings. As of December 2014 they had over $54 Billion (that's a B) of accessible dollars in Life Insurance Cash Value and yet just under $37 Billion in total Real Estate holdings.*

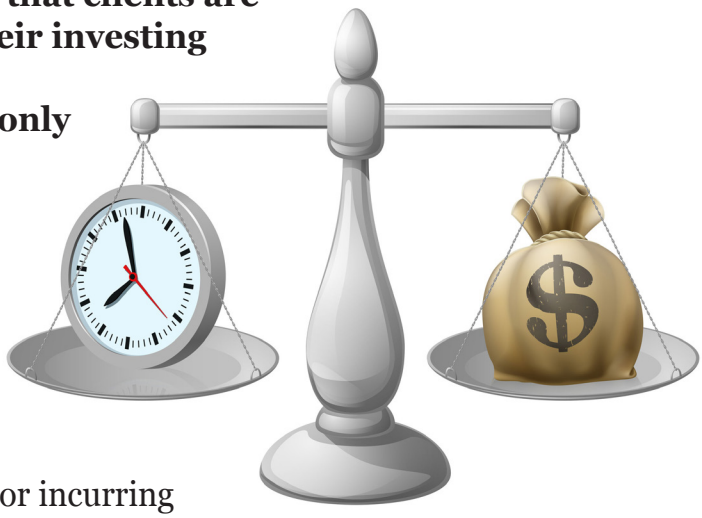


**(Source: www.FDIC.gov)*

The IRS actually sets a maximum for how much money you can put into any given policy. Why would they even care? (**HINT: What other types of accounts do they limit how much you can put in: IRA, 401-K, Roth? Hmmmm.**)

BRING BALANCE TO YOUR SAVINGS

Now let me clear about something. I'm not saying you shouldn't engage in any sort of retirement planning or that you should put every last dollar you have into life insurance. **What I am saying is that we often find that clients are extremely out of balance having all their investing efforts into retirement accounts with built-in restrictions to ensure they're only used for retirement.**



We've seen couples who are maximizing their 401(k) and other retirement accounts to where on paper they have the same liquidity profile as a couple laden in debt and living paycheck to paycheck. They're actually just one broken air-conditioner away from taking on major credit card debt or incurring stiff penalties from their retirement accounts.

And when we do find clients who have any significant balances in accessible savings, those accounts often aren't growing at all, much less keeping up with inflation. If I showed you how much potential snowballing interest you're missing over time by keeping 6-9 months of expenses in a bank account, you'd probably be sick to your stomach.

Adding insult to injury, even if your bank does give some sort of puny interest rate, that growth is subject to taxation at your highest marginal tax rate each and every year.

HELPING BOTH NOW AND LATER

By incorporating this re-engineered asset class, it's strategically designed to enhance wealth building for your Financial NOW by:

- Positioning your equity for notable growth without the risk of market losses
- Sheltering growth from taxation and so that subsequent distributions are tax-exempt as well
- Keeping your equity accessible for desired usage while on that long journey toward retirement
- Continued compounding in spite of using your equity for strategic purchases along the way

Think of how much money will have passed through your hands and spent on major purchases before retirement. What if you could harness even some of that cash flow and apply the above properties to it along the way? Just think of the wealth-multiplier effect you can create without taking additional undue risk.

HELPING BOTH NOW AND LATER

If this kind of policy is structured properly, what you'll find is that **it doesn't have to be an either/or conversation at all. In fact, the existence of this asset class in your portfolio can actually enhance your retirement potential once you get there.** A Permanent Life Insurance policy designed for strong cash value performance can complement other more restrictive accounts during retirement in ways that no other asset can. Here are some potential ways how:

- Having a separate asset to draw income from during major market losses so your wounded retirement accounts can heal (rather than exaggerate the downward spiral with withdrawals.)
- Take advantage of "Fire Sales" during recessions. If you have a substantial sum in your unaffected policy, you can scoop up additional real estate, stocks, bonds, business equipment, inventory, etc. during these times. (Cash Value is King!)
- Having a tax-exempt pool of funds to supplement the fully taxable distributions from traditional retirement accounts. You can toggle how much you take from each to control your tax bracket situation.
- The existence of the death benefit can allow you to more freely spend down other assets knowing your legacy goals are sufficiently funded if you were pass away prematurely.

SCHEDULE AN APPOINTMENT

So if you're ready to start planning for your Financial Now while also building toward a better Financial Future, contact us today!

Schedule an appointment by calling 949-288-2850 or emailing info@bankingtruths.com

PS- Let's just be clear, we don't bite and nothing, I repeat, nothing will be sold during our first meeting. It's purely informational to see if there's a good mutual fit for us to work together going forward. If so, great! We'll find that out during our first conversation. And if not, that's ok too. We may be able to share some additional free resources to help you get to where you need to be or better prepared to come back at a later date.

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