NATIONAL PRIVATE CLIENT GROUP LLC

Special Report

Permission to Spend

How Much Money Do You Really Need?

Julie Ann Hepburn, CEO
National Private Client Group
October, 2015

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It's impossible to know! It all depends on how long you live, how healthy you are, what the inflation rate is, and 100 other variables, many of which you can't control or predict. But regardless of circumstances, the economy, or unpredictable expenses, there IS a way to ensure that you have greater cash flow, fewer taxes, and more options.

In this special report, we explore the many ways that permanent life insurance can be used to give you a "permission slip" to spend down your other assets intentionally... and still have more left over! We invite you to explore these strategies with an open mind, and consider how they can benefit you and your family.

Carol and John sat at their dining room table one morning, tax returns spread before them, and finally had the conversation they had been intending to have. Unspoken questions about their finances had haunted both of them for months now, and it was time to find some answers.

Was their current financial plan sufficient to see them through the rest of their lives? Would they have enough for themselves, and hopefully, leave something to pass on to their kids?

John had just attended his 70th birthday party, and Carol was 68. They had enjoyed a good life during their later working years, but now that they were retired and dependent on their investments to sustain them, looming questions about their finances could no longer wait.

Over the years, they had received plenty of financial advice from their CPA and financial planner. They had followed their advice, investing in various IRAs, stocks, bonds and mutual

funds. They had scrimped and saved, planned and prepared, trying to avoid their greatest fear: *having life left, but no money*.

Now, they were at that point in their lives where they should be able to relax and start living off the fruits of their previous hard work, but some of that fear remained. *What if it wasn't enough? Would they have any options? What if they encountered unexpected health issues, or one of them required long-term care?*

It was important to John and Carol to know that they would have enough for the high quality health care they desired. It was also important to them to have financial flexibility to support their alma mater and help with special expenses for their grand-children, but now Carol wondered if they could afford to help as they had in the past.

To be honest, they had been avoiding this conversation. But today, John seemed eager, even optimistic to discuss their finances. Two nights before, John had attended a seminar where he had learned about an intriguing new financial concept and strategy for seniors. The ideas presented had reassured him in regards to the questions that had seemed so daunting just a week before.

As they sat across from each other at the dining room table, John asked Carol to listen to the ideas shared with an open mind. With retirement already begun, and so many unpredictable future expenses, Carol admitted that she knew their lifestyle was about to change drastically. And although she wasn't entirely confident in the plan they had implemented, she didn't know what else they could or should be doing.

Their plan had seemed solid when they implemented it 20 years ago, but inflation and changes in the tax laws had resulted in a lower bottom line.

Just when they thought they would be able to live a carefree life, they were going to have to tighten their belts. Not only would they need to watch their spending, but there seemed to be no real safety net for the unknowns.

It disappointed Carol that all their saving couldn't guarantee they would have "enough."

She was disappointed, but she also wasn’t ready to throw the baby out with the bathwater and go against all of their previous advice: *"Spend <u>interest only</u> and maintain the principle bulk of the asset, and you'll never run out of money."*

Protecting their principle seemed prudent and made sense to her, but it didn't leave much room for error or emergencies. And once they started spending principle, then it could all go downhill very quickly, because they'd have less interest to live on.

Apparently, according to the seminar John had just attended, the "never

spend your principle" advice had some pretty serious holes in it.

One problem they had already discovered: with inflation and changing tax laws, living on interest alone might mean a much leaner existence than 20 years ago. The national debt, income taxes, the cost of living and the gaps in Medicare all seemed to be on rise, regardless of how they voted.

Also, they realized that by leaving the bulk of their assets unspent, they were allowing the brokerage firms full use of their hard-earned money, cost-free and risk-free! John wondered ... *could they make better use of their assets and increase their financial stability by keeping their money under their own control?*

And finally, while that principle remain ed unspent, they paid income tax year after year on the interest-only income they scrimped to get by on. Like some kind of recurring bad dream, they kept paying the same taxes again and again, year after year.

Carol could certainly see the holes in their plan, but wondered, did they have any real alternatives?

It scared her to think of changing course when they had relied on this plan for so long. Besides, so many of their friends seemed to be following the same script ... could all of those people be wrong?

According to John, they might be very wrong! One of the first steps this new strategy recommended was to purchase a whole life insurance policy for both of them. This would increase the value of their estate in the short term, as well as create increased cash flow for them down the line, John explained.

Carol was really not sure about this, after all, they were 68 and 70! Their term policies had long expired, and she just couldn't see the sense in life insurance at their age.

Not only would they have to come up with the money to fund the policies (and she didn't know where THAT would come from, since they were already tightening their budget), but she also didn't see how life insurance policies would do anything for THEM while they were still alive!

Carol admitted that the life insurance would benefit their kids when they were gone; perhaps the two life insurance policies would even allow them to fund their great-grand-children's college education, or benefit their favorite charities. But how could the policies help them resolve their own money worries now?

John had learned that purchasing two life insurance policies could actually help their current financial situation by doing three things.

The new strategy would:
reduce the taxes they were paying to the government, increase their income

stream without compromising the value of their estate, and eliminate the principle the brokerage houses were allowed to use and shift the assets to their own control.

This sounded just a little too good to be true!

Carol wanted to believe it, and felt herself getting excited at the thought of fewer taxes and more cash flow, but how would it work? Carol wanted to know exactly how two life insurance policies could accomplish all that!

John explained…they would be able to reduce the taxes they were paying to the government by by intentionally *spending down the principle on their assets* (stocks, bonds, savings accounts, CDs, etc.). By spending their principle, they would increase their income stream in three ways:

- They would increase cash flow by allowing themselves to *spend principle* in *addition to the interest each month*.
- By spending down their principle, their *taxes would diminish* each year, and many of those dollars would *stay in their own pockets*.
- A new, *more efficient* income stream would be created by shifting assets from securities into permanent life insurance. Income taxes would be lowered while dollars would provide *savings and cash flow, as well as a death benefit*.

By shifting these assets into a cash value account where the growth would be safe from taxes or government intervention, they would keep the balance of power in their families' corner.

After all, it was their money, so why let the brokerage house control it? In this new account, the money could even be easily borrowed against in case of emergencies or major purchases, even while those dollars continued to grow and earn dividends.

John explained that the purchase of the two life insurance policies was like purchasing a "permission slip" to go against the typical financial advice they kept hearing. This strategy would allow them to be able to finally spend their principle - as well as the interest they had earned over the years! After all, why should they work so hard and save so much, only to benefit the government, while they themselves remained afraid to touch their own dollars?

What if they could have their cake and eat it, too?

Yes, they would have to use some of their assets to purchase and maintain the premiums on these two life insurance policies. It wasn't going to be cheap, but in the end, the cash value created and the death benefit would

outweigh the costs of the policies.

This all sounded good, but the concept was so... *different* from the typical advice they had heard.

Carol wanted to see some proof that the numbers really worked out. John had the proof ready. He showed her a chart that really brought home the point about how the government drained the asset through taxation when they withdrew only the interest:

Purchase L10

without life insurance

PV of Assets: 2,500,000
Earnings Rate: 4.00%
Withdrawal: 100,000.00 $ Beg End
Int.Only PayOn
Steady Net Withdrawal Increase: 0.00% %
Tax Method
On Earnings Deductible Deferred Free

Distribution 1 Distribution 2 Compare
Illustration Period (Years): 40 Inflation:
Federal Income Tax Table 2013 Married
State Income Tax Rate: 6.00% ?Tax Credit For Losses
Additional Income: 50,000
PLI Inputs Include PLI? Include Other Net Income? Clear New Title

without life ins and paydown idea

PV of Assets: 2,500,000
Earnings Rate: 4.00%
Withdrawal: 220,000.00 $ Beg End
Int.Only PayOn
Steady Net Withdrawal Increase: 0.00% %
Tax Method
On Earnings Deductible Deferred Free

Age	Beg. Of Year Acct. Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Beg. Of Year Acct. Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Compare Dist.1-Dist.2
70	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,500,000	4.00%	(220,000)	(26,788)	193,212	120,000
71	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,380,000	4.00%	(218,746)	(25,534)	193,212	120,000
72	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,256,454	4.00%	(217,288)	(24,076)	193,212	120,000
73	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,129,424	4.00%	(215,789)	(22,577)	193,212	120,000
74	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,998,812	4.00%	(214,248)	(21,036)	193,212	120,000
75	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,864,516	4.00%	(212,663)	(19,451)	193,212	120,000
76	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,726,433	4.00%	(211,034)	(17,822)	193,212	120,000
77	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,584,457	4.00%	(209,359)	(16,146)	193,212	120,000
78	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,438,476	4.00%	(207,636)	(14,424)	193,212	120,000
79	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,288,380	4.00%	(205,865)	(12,653)	193,212	120,000
80	2,500,000	4.00%	(100,000)	(26,788)	73,212	1,134,050	4.00%	(204,044)	(10,832)	193,212	120,000
81	2,500,000	4.00%	(100,000)	(26,788)	73,212	975,368	4.00%	(202,171)	(8,959)	193,212	120,000
82	2,500,000	4.00%	(100,000)	(26,788)	73,212	812,211	4.00%	(200,246)	(7,034)	193,212	120,000
83	2,500,000	4.00%	(100,000)	(26,788)	73,212	644,454	4.00%	(198,267)	(5,054)	193,212	120,000
84	2,500,000	4.00%	(100,000)	(26,788)	73,212	471,965	4.00%	(197,007)	(3,795)	193,212	120,000
85	2,500,000	4.00%	(100,000)	(26,788)	73,212	293,837	4.00%	(195,575)	(2,362)	193,212	120,000
86	2,500,000	4.00%	(100,000)	(26,788)	73,212	110,016	4.00%	(114,417)	(885)	113,532	40,320
87	2,500,000	4.00%	(100,000)	(26,788)	73,212	0	4.00%	0	(0)	0	(73,212)
88	2,500,000	4.00%	(100,000)	(26,788)	73,212	0	4.00%	0	(0)	0	(73,212)
89	2,500,000	4.00%	(100,000)	(26,788)	73,212	0	4.00%	0	(0)	0	(73,212)
TOTAL	2,500,000	4.00%	4,000,000	(1,071,515)	2,928,485	0	4.00%	3,444,354	(239,428)	3,204,926	276,441

Figure 1

Based on the example on the left, which represents what would happen when couples like themselves leave the bulk of their assets with the brokerage houses, Carol saw that over the course of 20 years, they would pay *over 1 million dollars in taxes!* They would pay a whopping $1,071,515 on their money - just for having saved so diligently!

However, in the example on the right, which represents what happens should they spend down their principle more quickly, they would pay only $239,428 over the course of 20 years – *a difference of $760,000!* The taxes would decrease partially because the principle would earn less interest as they spent it down, but *some* of those taxes - a whopping $276,441, would go right into their pocket!

Most importantly, this strategy would also give them *$120,000 more per year in spendable income*, all because they decided to claim the use of their own money

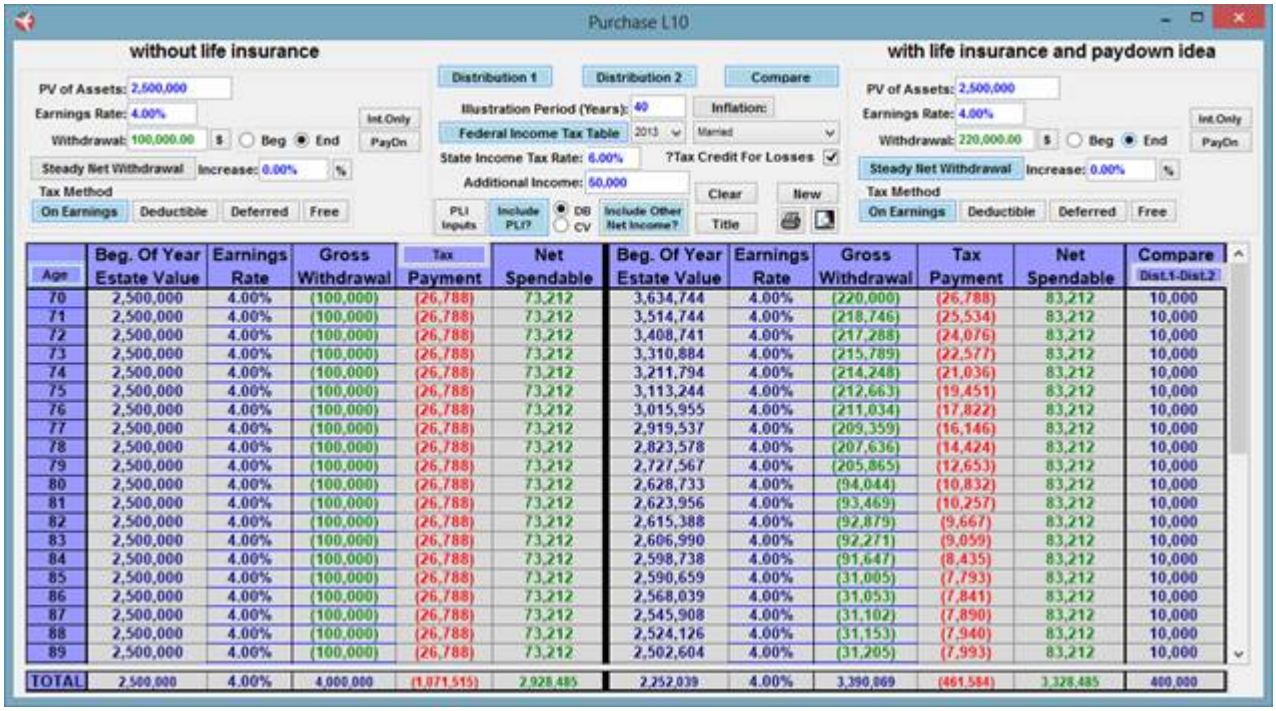
rather than allowing the brokerage houses to keep it.

But then, as Carol's initial excitement calmed, she scrolled down to the bottom of the right column, and saw all those numbers in red ($73,212). She also noticed that to the right of the dividing line between the two examples, the happy couple's account value had dropped to zero.

Granted, it had taken 16 years to do so, with less tax money and more spendable income in the meanwhile, but still -- Carol planned on living past 86, so what then?

Not only were living expenses bound to be much higher in 18 years, but she imagined she and John might also be more prone to maladies at that point in their lives. How would they live if they were out of money?

This is when John pulled out the second chart, showing where the two proposed life insurance policies would kick in and create a new income stream:



Age	Beg. Of Year Estate Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Beg. Of Year Estate Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Compare Dist.1-Dist.2
70	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,634,744	4.00%	(220,000)	(26,788)	83,212	10,000
71	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,514,744	4.00%	(218,746)	(25,534)	83,212	10,000
72	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,408,741	4.00%	(217,288)	(24,076)	83,212	10,000
73	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,310,884	4.00%	(215,789)	(22,577)	83,212	10,000
74	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,211,794	4.00%	(214,248)	(21,036)	83,212	10,000
75	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,113,244	4.00%	(212,663)	(19,451)	83,212	10,000
76	2,500,000	4.00%	(100,000)	(26,788)	73,212	3,015,955	4.00%	(211,034)	(17,822)	83,212	10,000
77	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,919,537	4.00%	(209,359)	(16,146)	83,212	10,000
78	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,823,578	4.00%	(207,636)	(14,424)	83,212	10,000
79	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,727,567	4.00%	(205,865)	(12,653)	83,212	10,000
80	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,628,733	4.00%	(94,044)	(10,832)	83,212	10,000
81	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,623,956	4.00%	(93,469)	(10,257)	83,212	10,000
82	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,615,388	4.00%	(92,879)	(9,667)	83,212	10,000
83	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,606,990	4.00%	(92,271)	(9,059)	83,212	10,000
84	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,598,738	4.00%	(91,647)	(8,435)	83,212	10,000
85	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,590,659	4.00%	(31,005)	(7,793)	83,212	10,000
86	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,568,039	4.00%	(31,053)	(7,841)	83,212	10,000
87	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,545,908	4.00%	(31,102)	(7,890)	83,212	10,000
88	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,524,126	4.00%	(31,153)	(7,940)	83,212	10,000
89	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,502,604	4.00%	(31,205)	(7,993)	83,212	10,000
TOTAL	2,500,000	4.00%	4,000,000	(1,071,515)	2,928,485	2,252,039	4.00%	3,390,069	(461,584)	3,328,485	400,000

(Part 2 of the chart - the next 20 years)
Figure 2a.

Age	Beg. Of Year Estate Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Beg. Of Year Estate Value	Earnings Rate	Gross Withdrawal	Tax Payment	Net Spendable	Compare Dist.1-Dist.2
90	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,481,210	4.00%	(31,258)	(8,046)	83,212	10,000
91	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,459,841	4.00%	(31,313)	(8,101)	83,212	10,000
92	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,437,817	4.00%	(31,370)	(8,158)	83,212	10,000
93	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,414,929	4.00%	(31,428)	(8,216)	83,212	10,000
94	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,391,073	4.00%	(31,488)	(8,275)	83,212	10,000
95	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,366,603	4.00%	(31,549)	(8,337)	83,212	10,000
96	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,341,396	4.00%	(31,612)	(8,400)	83,212	10,000
97	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,315,148	4.00%	(31,677)	(8,465)	83,212	10,000
98	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,287,468	4.00%	(31,744)	(8,532)	83,212	10,000
99	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,257,761	4.00%	(31,813)	(8,601)	83,212	10,000
100	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,225,000	4.00%	(31,883)	(8,671)	83,212	10,000
101	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,242,758	4.00%	(31,956)	(8,744)	83,212	10,000
102	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,261,375	4.00%	(32,031)	(8,819)	83,212	10,000
103	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,280,894	4.00%	(32,108)	(8,895)	83,212	10,000
104	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,284,892	4.00%	(32,186)	(8,974)	83,212	10,000
105	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,280,683	4.00%	(32,268)	(9,056)	83,212	10,000
106	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,276,013	4.00%	(32,351)	(9,139)	83,212	10,000
107	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,270,851	4.00%	(32,437)	(9,225)	83,212	10,000
108	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,265,159	4.00%	(32,525)	(9,313)	83,212	10,000
109	2,500,000	4.00%	(100,000)	(26,788)	73,212	2,258,902	4.00%	(32,616)	(9,404)	83,212	10,000
TOTAL	2,500,000	4.00%	4,000,000	(1,071,515)	2,928,485	2,252,039	4.00%	3,390,869	(461,584)	3,328,485	400,000

Figure 2b.

Now Carol saw that the new plan didn't leave her penniless at 86 at all. As a matter of fact, it increased their cash flow $10,000 per year, giving them up to $400,000 more in spendable income!

Not only that, but in the early years of the strategy, it increased the size of their estate considerably, as much as a million dollars. Carol felt re-assured that as assets were spent down, an additional layer of financial security was built into their personal economy.

Additionally, as John explained, they would use the bulk of the increased Gross Withdrawal on the purchase and maintenance of the two life insurance policies, which added extra value to their assets as well as enabled them to spend an extra $10k per year.

And despite the increases to their estate value and cash flow, they still would spend almost $600,000 less on taxes than their original plan of living on interest only.

Carol also noted that by the end of the 20 years shown on the chart, their Estate Value would still have a balance of $2.5 million, which is what they started with in the previous plan.

Yet they would have not only the additional $10,000 to spend each year, they would also now have the use of these two life insurance policies. These policies included not only a death benefit, but cash value that could be used or easily borrowed against. *Carol started to breathe a little easier...maybe their future wasn't destined for financial uncertainty after all.*

Carol saw why John said that purchasing the two policies gave them "permission to spend" down the principle of their assets.

The permanent insurance was the buffer that picked up where the assets

left off. Their Net Spendable would have increased by hundreds of thousands of dollars, even though their assets would have been reduced to zero.

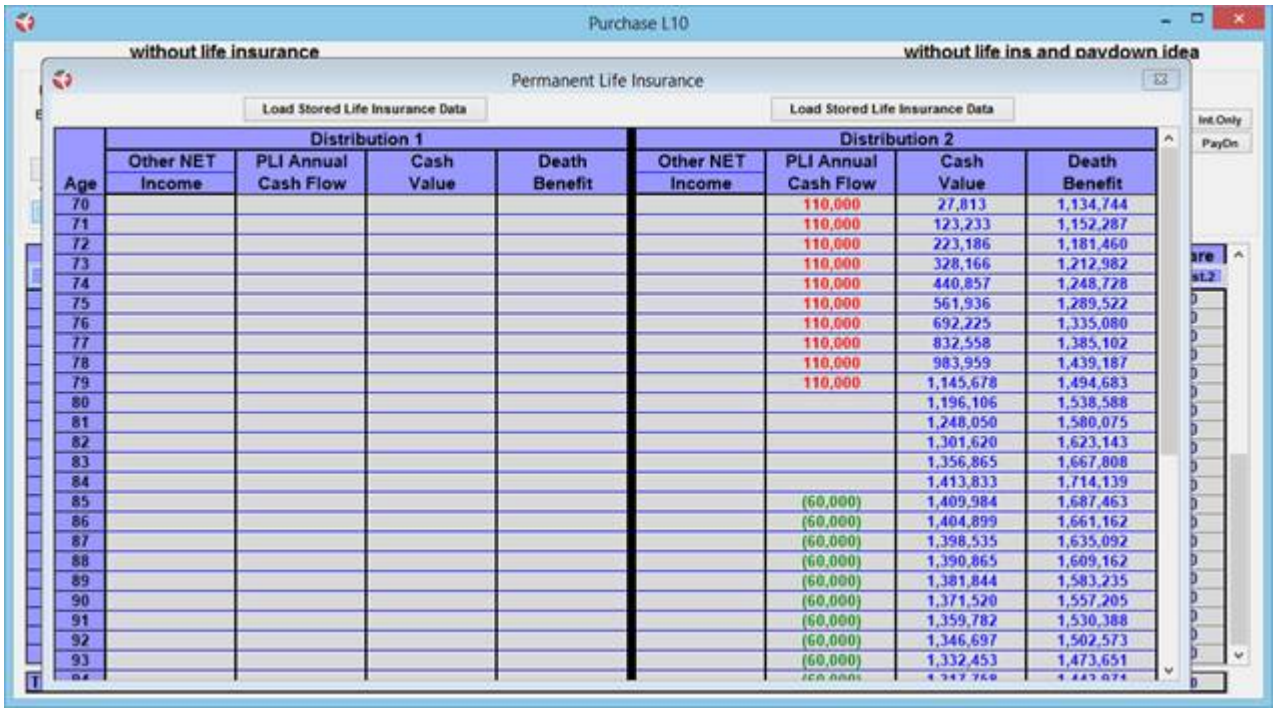
It seemed they really could have their cake and eat it too! This new strategy allowed them to maintain their net worth -- *and spend their principle.*

It would allow them to not only cover their living expenses, but also have a contingency plan for healthcare expenses, increased taxes, etc., AND leave something for their kids, their grandkids, and their favorite organizations. *This could be their legacy.*

There was one part of the chart that con fused her, though… and that was the lack of mathematical accuracy that occurred at age 85. Carol noticed that their Gross Withdrawal dropped drastically to $31,000, yet somehow, the chart still showed their "Net Spendable" at $83,000 - just as it had been.

Pointing her finger at the spot on the chart that showed this, Carol asked John, "How does *that* work?"

John actually looked rather proud of himself as he pulled out yet another chart:



Age	Distribution 1 Other NET Income	Distribution 1 PLI Annual Cash Flow	Distribution 1 Cash Value	Distribution 1 Death Benefit	Distribution 2 Other NET Income	Distribution 2 PLI Annual Cash Flow	Distribution 2 Cash Value	Distribution 2 Death Benefit
70						110,000	27,813	1,134,744
71						110,000	123,233	1,152,287
72						110,000	223,186	1,181,460
73						110,000	328,166	1,212,982
74						110,000	440,857	1,248,728
75						110,000	561,936	1,289,522
76						110,000	692,225	1,335,080
77						110,000	832,558	1,385,102
78						110,000	983,959	1,439,187
79						110,000	1,145,678	1,494,683
80							1,196,106	1,538,588
81							1,248,050	1,580,075
82							1,301,620	1,623,143
83							1,356,865	1,667,808
84							1,413,833	1,714,139
85						(60,000)	1,409,984	1,687,463
86						(60,000)	1,404,899	1,661,162
87						(60,000)	1,398,535	1,635,092
88						(60,000)	1,390,865	1,609,162
89						(60,000)	1,381,844	1,583,235
90						(60,000)	1,371,520	1,557,205
91						(60,000)	1,359,782	1,530,388
92						(60,000)	1,346,697	1,502,573
93						(60,000)	1,332,453	1,473,651

Figure 3

John pointed to the top of the column that was labeled "PLI Cash Flow" (Permanent Life Insurance cash flow) and explained that, if you were to overlay this chart onto the previous one, you would see that for the first 10

years after purchasing the life insurance policies, the couple would need to nurture the policies' growth with $110,000 a year (which would be funded through the spending down of their original assets).

Then, at age 85, when the previous cha rt showed that dramatic decrease in Gross Withdrawal from $91,000 to $31,000, the policies' cash value would be healthy enough to start adding $60,0 00 to their Net Spendable.

In other words, the policy that they had paid into in their 70's would start paying THEM in their 80's!

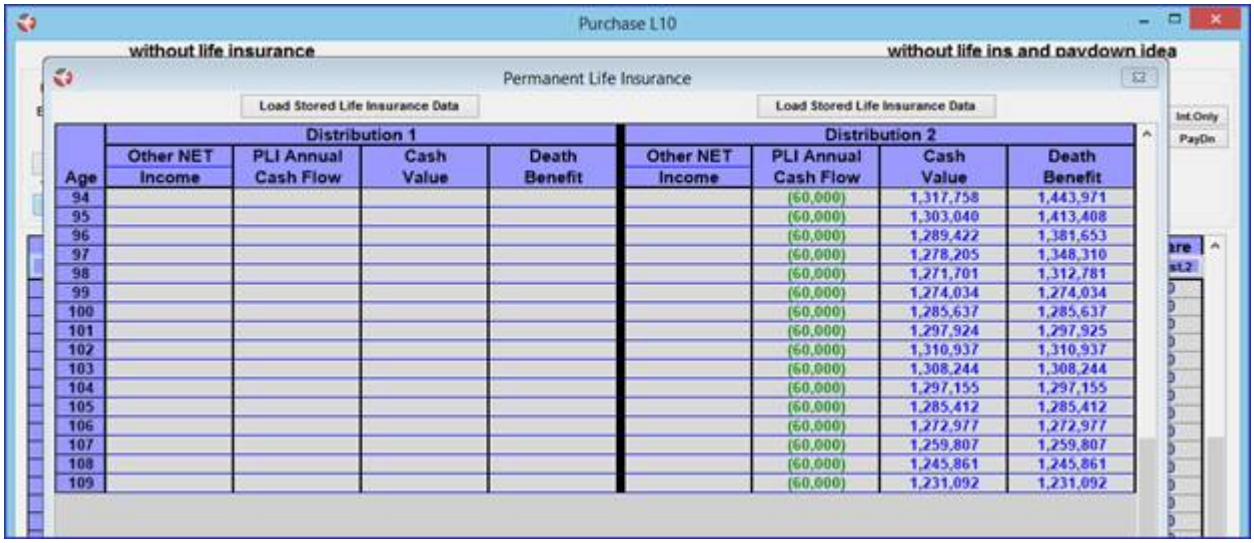
This got Carol excited, because she was really starting to understand just how much of a "permission slip" these two life insurance policies would be! But then, it dawned on her... would that $60,000 per year be taxed as income?

To this, John replied with a smile, "No, that is net after taxes."

Carol did notice that both the "Cash V alue" and the "Death Benefit" were gradually decreasing with every $60,000 withdrawal from their life insurance policies. Carol questioned John about this, wondering if she should be concerned.

John happily showed her the last chart, which carried out the same calculations as above for 15 more years. This assured Carol that even if they lived to be 109 years old, their life insurance policies, which would have supplemented their income for 25 years, would still have over $1.2 million in Cash Value and Death Benefit:

(See Figure 4)



Age	Distribution 1 Other NET Income	Distribution 1 PLI Annual Cash Flow	Distribution 1 Cash Value	Distribution 1 Death Benefit	Distribution 2 Other NET Income	Distribution 2 PLI Annual Cash Flow	Distribution 2 Cash Value	Distribution 2 Death Benefit
94						(60,000)	1,317,758	1,443,971
95						(60,000)	1,303,040	1,413,408
96						(60,000)	1,289,422	1,381,653
97						(60,000)	1,278,205	1,348,310
98						(60,000)	1,271,701	1,312,781
99						(60,000)	1,274,034	1,274,034
100						(60,000)	1,285,637	1,285,637
101						(60,000)	1,297,924	1,297,925
102						(60,000)	1,310,937	1,310,937
103						(60,000)	1,308,244	1,308,244
104						(60,000)	1,297,155	1,297,155
105						(60,000)	1,285,412	1,285,412
106						(60,000)	1,272,977	1,272,977
107						(60,000)	1,259,807	1,259,807
108						(60,000)	1,245,861	1,245,861
109						(60,000)	1,231,092	1,231,092

Figure 4

Carol was reassured. It had taken a lot longer than their usual breakfast chats, but by the time lunch was rolling around, she was starting to get her feet under the idea of paying down their assets and purchasing life insurance policies.

Then John pulled out yet another pamphlet from a company called "One Reverse Mortgage." He explained that in case the worst should happen... higher taxes, runaway inflation, health setbacks, etc., they had still another option they could take advantage of in their mid-80's for an additional monthly income: a Reverse Mortgage.

Carol had heard about Reverse Mortgages, but they had always intended to leave their home to their kids as part of their estate.

She questioned, "John, isn't that wrong somehow? I mean, it just doesn't seem right to sell our house back to the bank, piece by piece, leaving us and the kids with nothing to show for all those years when we scrimped and saved just to pay the mortgage each month!"

John explained how the cushion of the life insurance policies made this a more viable contingency option.

"Think about it this way, Carol," he said. "By using the Reverse Mortgage concept, the kids will be absolved of the responsibility of trying to come to some kind of agreement about what to do with the house once we've passed. They can just leave it in the bank's hands! No one has to fly back here to come up with agreements or debate who gets to live in it; they can allow to bank to take care of it."

"It really is the kinder thing to do to the kids," John continued. "They'll have enough on their plates, both financially and emotionally when we pass. If they do decide to keep the house, then they can use the policies' Death Benefit to do so. Otherwise, they let the bank keep the house, and use the life insurance monies for something else!"

Carol had never thought about this before, but she realized that they had never even talked with their kids about the house, or considered that there might be easier solutions than leaving the house for them to deal with. John also assured her that it was just one possibility - an option for increasing cash flow further if needed.

John also shared with Carol that, likewise, the two death benefits in the permanent policies would remain assets that can be sold if that was ever deemed necessary. As he explained, "A life insurance contract is sort of like a real estate deed - it represents an asset of concrete value that can actually be sold, if desired."

Assuring Carol he wasn't actually suggesting that they would sell their policy benefits, John got back to one of the big concepts he learned at the seminar that did apply to them.

"The core idea is this -- if we completely exhaust one asset, before moving on to another, then we can reduce our taxes and increase our income.

“What most people do instead is this: they take a little bit here and there from the variety of assets they own, but meanwhile, they don't really *control* their own assets.

“They try to "live off the interest," and as a result, they remain subject to taxes from the government, not to mention continuing brokerage house fees, as well."

Now Carol's eyes got big as she had one of those "Aha" moments.

"Wait a minute!" she exclaimed. "I've trying to think of how to financially 'prepare for the worst,' so to speak. But I'm realizing that with the benefits of these new strategies, we don't have to wait for some big family emergency to liquidate an asset, get a reverse mortgage, or take a loan against our cash value."

Carol continued excitedly, "Your 70th birthday party at your daughter's house was a blast ... but could you imagine doing your 80th birthday celebration in Maui and bringing the whole family -- grandkids and all!?

“Or taking them on a European cruise to celebrate your 90th birthday? Maybe there's something to be said for spending some of our assets while we are alive in a way that allows us to see them enjoy it!"

"That would be amazing!" said John.

"But only on one condition... I refuse to wear one of those t-shirts that say, 'I'm Spending my Grandchildren's Inheritance'! Of course, I'd be spending it WITH my grandchildren, and I can't think of anything better."

Carol agreed to the no-cheesy-t-shirt stipulation, as long as they could discuss together how to let some of the extra cash flow from these strategies benefit the whole family.

"You know," Carol added, "maybe we've been engaging in too much scarcity thinking with this 'never spend the principle' rule. After all, we've worked hard and saved well, and you're right - if we use the right strategies with the right mindset, we have more than enough to enjoy, be ready for the unexpected, and *still* leave a legacy!"

John was pleased that Carol was on board with exploring these new concepts, and that she saw new possibilities in using permanent life insurance as a "permission slip" to change their financial strategy and actually be able to spend the money they had saved.

By combining strategies that reduce taxes and give them additional income

as well as multiple "safety nets," they could enjoy additional financial strength as well as reassurance.

Carol confessed, "John, I've been so worried about money, but for the first time today, I feel better, like we really do have breathing room and lots of options, even when unexpected expenses come our way. But I'm also a bit over-whelmed, to be honest. It sounds like there are just so many variables, that there is no way a seminar or book could accurately advise any one of us on our specific situation."

John agreed. "You're so right, Carol, we need personal advice for our specific situation." And he knew just who to call - the advisor who had originally told him about Self-Empowered Banking strategies.

"Self-Empowered Banking?" asked Carol.

As John explained, "Self-Empowered Banking" was a term he had heard at the seminar that described an alternative to "typical" financial planning.

"Before the rise of the financial planning industry, mutual funds, and 401(k)s, many wealthy people practiced "Self-Empowered Banking" although no one called it that yet! It's known by many other names as well, but by whatever moniker, it utilizes the seven wealth-building principles of prosperity.

"Apparently, there is even a growing "Self-Empowered Banking" Movement comprised of agents, advisors, and every-day investors who don't want to trust their assets to 'the market' or subject their savings to future taxes," John said.

"I'm so on board with that!" said Carol. "Should we call that advisor now?"

"As soon as we have lunch," John said. "I'm starving!"

About the Author

Julie Ann Hepburn is the Founder and CEO of National Private Client Group LLC. She is an advocate of "Self-Empowered Banking" which uses the seven wealth-building principles of prosperity and works with clients to set up the type of financially secure system described in this case study. Her wealth-building Self-Empowered Banking System℠ gives clients complete control over their investment funds, while helping to eliminate debt and reduce taxable income.

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The characters in this report are fictional. Please consult your financial advisor or Julie Ann Hepburn for more for information specific to your financial situation.

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