

# RETIREMENT LIFE™

Life insurance that  
pays you while living



- Tax-free growth
- Tax-free withdrawals
- No stock-market risk
- Gains locked in annually
- Good upside potential
- Self-completing upon early death

# Retirement Life™

Your protective wealth-building tool

Why should you use Retirement Life™ as one of your wealth-building/retirement tools?

## Reason # 1: Safety

Over the past twenty-plus years, there have been many highs and lows in the stock market. Retirement Life™ is designed to protect insureds from market downturns and, specifically, from the **negative 46% return** in 2000-2002 and **negative 59% return** from the highs in 2007 to the lows in 2009.

In years when the measuring stock index earns a negative rate of return, Retirement Life™ credits your account with Zero. “**Zero is your Hero**” in years when the stock market goes negative.

## Reason #2: Locking in the Gains

Retirement Life™ also allows insureds to **lock in the gains** in the market up to a specific cap that range from 10%-15% annually.

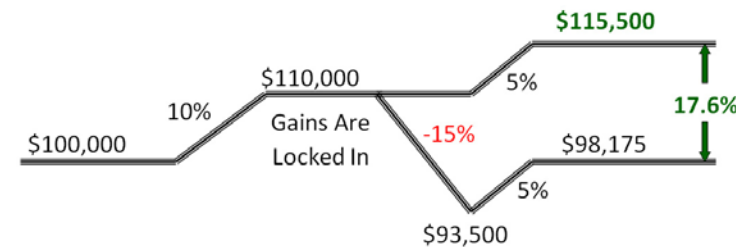
This means that, when your policy returns, for example, 10% in any given year, those gains can **NEVER be lost** due to a stock-market downturn.

## Understanding the Chart

The Chart on this page illustrates the power of using Retirement Life™ as a protective wealth-building tool.

The example is a general comparison of growing money in Retirement Life™ vs. money in an E-Trade account.

Retirement Life™  
**locks in the gains**  
**in up years**  
and  
**does not participate**  
**in the down years**



The example, in a simplistic manner, shows how Retirement Life™ can be a protective wealth-building tool and also a very powerful one.

Both the Retirement Life™ and the E-Trade account start with a \$100,000 balance. When the market/S&P 500 stock index goes up 10%, cash in both Retirement Life™ and the E-Trade account go up 10%.

In year two, if the market/S&P 500 stock index goes down by 15%, the Retirement Life™ policy returns ZERO and the E-Trade account goes down by **15%**.

In year three, if the market/S&P 500 stock index goes up by 5%, that return is captured in both the Retirement Life™ policy and in the E-Trade Account.

After only three years, the account value in Retirement Life™ is **17.6% higher** than that of the E-Trade account. This is the power of growing wealth using Retirement Life™.

Retirement Life™ gives you the best of both worlds (upside growth and no downside risk). It is true that you have to give up some of the upside growth with Retirement Life™ to receive the benefit of no downside risk. However, as you will see on the next page, over time, the gain-locking feature of Retirement Life™ can still outperform the no-cap E-Trade account that comes with high risk when growing wealth with no protection.

## History of the Market

Those who have had money in the market over the last 20 years really had a wake-up call with the stock-market crashes of 2000-2002 and 2007-2008.

No one likes having their money go backward **46%** and **59%** over a two-year time span. Having money exposed to similar crashes can have a devastating effect on a person's ability to retire.

Did you know that from 1989-2009 the average equity investor earned only 3.17% when the S&P 500 stock index earned in excess of 8%? (DALBAR Study 2010).

Why? Because the American investor is a professional at buying high and selling low. The DALBAR Study indicates that, in times when the stock market is crashing, the American investor panic sells.

With Retirement Life™, panic selling is not an issue; and the policy protects you from your own worst instincts. With Retirement Life™, the gains are locked in annually; and there is no downside risk when the market goes negative.

\*The above example does not take into account expenses in the E-Trade account (dividends, capital-gains taxes, annual fund fees, or money-management fees) nor does it take into account life insurance expenses associated with Retirement Life™.

# Retirement Life™

## Your protective wealth-building tool

Why should you use Retirement Life™ as one of your wealth-building/retirement tools?

### Peace of Mind

The variables that affect the stock market today are so diverse and so unpredictable that it is no wonder that most people who have actively traded accounts often have sleepless nights worrying about when the next stock-market crash will come.

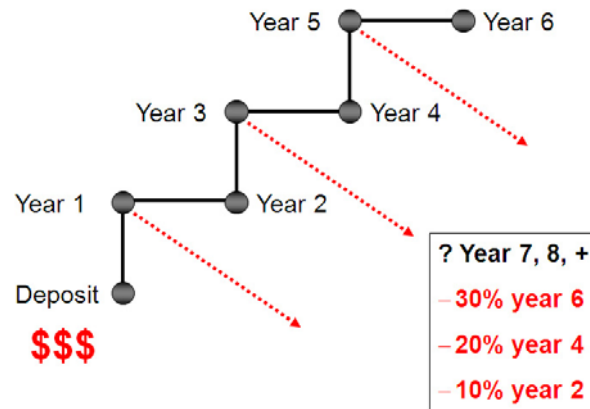
What would have happened to your retirement nest egg if you had it in the stock market before the **59% crash** from the high of 2007 to the low of 2009?

**Let's look at an example:** Assume you are 65 years old and had \$500,000 in the stock market right before the crash.

What would your new account balance be after the crash? **\$205,000.**

How will having a retirement nest egg cut more than in half affect one's ability to retire? It will have a dramatic effect. Many people won't be able to retire (they will continue to work). Many people will still retire, but their standard of living in retirement will be significantly diminished.

What if you had accumulated \$500,000 in Retirement Life™ right before the crash? What return would have been generated during the market crash? ZERO! Because of the unique locking features of Retirement Life™, you would not have had to alter your retirement plans and certainly would not have had to go back to work.



The above chart illustrates how money grows inside Retirement Life™. When the market increased in years 1, 3, and 5, those gains (up to a cap) were credited in the policy. In years 2, 4, and 6 when the market went negative, Retirement Life™ earned a return of ZERO. As for the future, no one knows except that your money is protected when using Retirement Life™ to grow wealth.

### The Power of Locking in Gains

While the above chart looks interesting and even appealing, until you put real-world numbers to the test, you cannot fully appreciate the power of growing wealth with Retirement Life™.

From 1998-2008, the S&P 500 stock index averaged a **negative 1.4%** return.

Why? Because the stock market had two of our worst ever stock-market crashes (**-49%** from 2000-2002 and **-59%** from the highs of 2007 to the low point in 2009).

In 2008 alone, the S&P 500 earned a **-37%**.

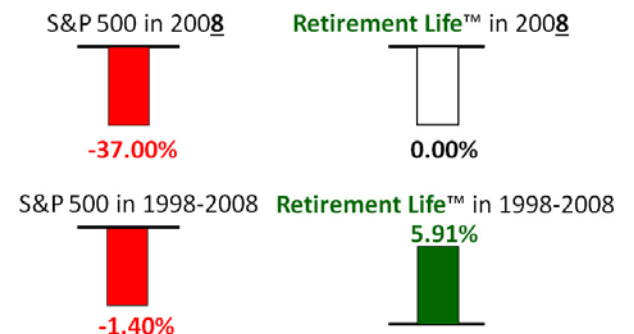
Recovering from a loss in the stock market is more difficult than most people think. When the stock market goes down 20%, it is not enough to earn a return the next year of 20% to get back to even.

The following chart will illustrate how important it is not to allow your money to go backward in the stock market. Look at the returns in the right-hand column that are needed in order to bring your account back to even after a negative year.

Amount of Loss	% Gain Needed to Recover the following year
20%	25%
30%	43%
40%	66%
50%	100%

### Building Wealth using Retirement Life™ in 2008 and from 1998-2008

While it is not surprising Retirement Life™ would have done better than a **-37%** in 2008 and **-1.40%** from 1998-2008, the amount of improvement probably will surprise you.



As you would have expected, Retirement Life™ earned ZERO in 2008. However, you may be surprised that, when the S&P 500 index was down **1.4%** on average over ten years (1998-2008), Retirement Life™ earned a positive return of **5.91%**. This is the power of using Retirement Life™ to build your retirement nest egg.

# Retirement Life™

## Your protective wealth-building tool

Why should you use Retirement Life™ as one of your wealth-building/retirement tools?

### Reason # 3: Taxes

As you probably are aware, taxes can significantly deplete your wealth.

## Tax-Deferred Accounts

Most people think that one of the best ways to save for retirement is through the use of a tax-deferred IRA or 401(k) plan (or profit-sharing plan or defined-benefit plan for larger contributions for business owners or key executives).

What most people do not understand is that, for most, using a tax-deferred plan can actually **lower the amount** of after-tax income received in retirement.

**Paying taxes on the harvest or the seed**—would you rather pay income taxes now on your take-home pay or would you rather let your money grow tax deferred and then have the entire account balance income taxed in retirement when withdrawn?

Would it help if you could fund a tool with your after-tax dollars where the money could grow tax free and be removed tax free in retirement? (e.g., the harvest would come out tax free).

With the federal and state government running massive deficits and with our country's debt spiraling out of control, we can only wonder how high our taxes will rise to over the coming years. It is more important now than ever to fund a tool where money can grow and be removed tax free.

## Example

Let us look at an example that should drive home the benefits of using Retirement Life™ as a tax-favorable/wealth-building tool.

**Example:** 45-year old male in the 35% income tax bracket funds \$15,000 each year *after tax* into Retirement Life™ until age 65 where money will be removed **income tax free** from ages 66-85. This will be compared to the same person funding \$15,000 a year into a 401(k) plan where the money will grow tax deferred; and when removed from ages 66-85, it will be **100% income taxable**.

Because the example client has to pay taxes on the money used to fund Retirement Life™, money equaling that tax will be placed into a side fund where it will grow and be added to the after-tax withdrawals from the taxable 401(k) account so an apples-to-apples comparison can be created.

Assume the money grows at an **8% gross rate** of return in Retirement Life™, the 401(k) account, and the side fund.

Money in the 401(k) account and side fund will have a mutual fund expense of 1.2% annually and all applicable expenses will be taken out annually from Retirement Life™.

How much can be removed each year after tax from the 401(k) account plus side fund from ages 66-85? **\$60,226**.

How much can be removed after tax each year from Retirement Life™ from ages 66-85? **\$77,739**.

Which one do you like better?

Also, Retirement Life™ offers **principal protection** from stock-market crashes, a **death benefit** to your loved ones if you die prematurely, and several living benefits such as a FREE long-term care benefit (see the next page for information on living benefits).



## After-Tax Accounts

**Actively traded accounts**—for those who cannot fund a 401(k) plan or who want to fund more than the 401(k) plan limits, the options of choice will be to fund other investments after tax. Those who choose to have their money managed in an actively traded account know the pain of paying capital gains taxes (short and long term) and taxes on dividends.

## Example

Let look at an example comparing the use of a typical E-Trade account to Retirement Life™.

**Example:** The same as the first example on this page except that \$15,000 will be funded each year from ages 45-65 into the E-Trade account and into Retirement Life™.

How much can be removed after taxes/expenses from the E-Trade account from ages 66-85? **\$44,717**.

How much can be removed tax free/after expenses from Retirement Life™ from ages 66-85? **\$77,739**.

## Question

Should you be using Retirement Life™ to grow your wealth? If you like good upside growth, no downside risk, protection for your family, and the potential to outperform 401(k) plans or taxable accounts, the answer should be a resounding YES!

# Retirement Life™

Insurance that pays  
you while living!



## Accelerated Benefit Riders (FREE with Retirement Life™)

1) **Long-Term Care (LTC) Rider**—the statistics state that over 50% of Americans will have a need for LTC at some time in their lives. Unfortunately, most people cannot afford or choose not to pay for what can be very expensive LTC insurance.

Retirement Life™ offers a FREE LTC benefit. How can it be free? It is fairly simple. If an insured cannot perform 2 of 6 Activities of Daily Living (ADLs), the insured may receive (depending on the policy) a monthly benefit equal to 2% of the death benefit.\*

If the death benefit on the policy is \$250,000, the maximum monthly TLC benefit would equal \$5,000 a month (tax free).

2) **Terminal Illness Rider**—if an insured is diagnosed with an illness that will result in death within two years, Retirement Life™ may pay the insured 85-90% of the death benefit while living.\*

3) **Critical Illness Rider**—if an insured has a heart attack, stroke, cancer, a major organ transplant, ALS, blindness, or other qualifying illnesses, he/she may receive upwards of 100% of the death benefit while living.\*

\*Benefits may vary per company

## Other Positive Traits of Retirement Life™

1) **140% Crediting Rate**—two Retirement Life™ policies have the ability to credit 140% of the measuring stock index. For example, if the S&P 500 returned 5%, Retirement Life™ would credit 7%.

2) **High Cash Value**—most policies designed for wealth building do not have an early high cash value. However, sometimes there is a need to have high cash in the early years. With Retirement Life™, you can add a rider to do just that.

3) **Ability to lower the death benefit at no cost**—many cash-value/wealth-building policies charge insureds who lower the death benefit in a policy within the first 10-15 years. With Retirement Life™, you may choose a policy that allows you to drop the death benefit without a charge.

4) **Premium Bonuses**—two Retirement Life™ policies provide premium bonuses up to 1.25% of the premiums paid over the first ten years. A premium bonus is a reward for insureds who consistently fund their policies. A bonus may significantly increase the amount of tax-free money that can be removed from the policy in retirement.

5) **Overloan Protection**—money is removed from Retirement Life™ through the use of policy loans. The interest on such loans is paid for internally in the policy and, ultimately, is paid back upon death through a reduction of the death benefit.

However, for those who get greedy and remove too much money from a policy, there is the potential that the policy will lapse at which time an insured will receive an income-tax bill for funds received.

Retirement Life™ offers an overloan-protection rider that protects insureds from the happening of this event.

Retirement Life™ is a term that stands for the best cash value life insurance policy in the marketplace to help clients build wealth for retirement in a safe, secure, and tax-free manner.

The concept behind Retirement Life™ is that no one company or one policy can be everything to everyone. Retirement Life™ represents at any given time three or more different insurance policies. Each policy is slightly different with benefits that also vary.

When you are deciding to move forward to learn more about Retirement Life™ and seriously consider it to build wealth, a local advisor will go over the nuances of each Retirement Life™ policy so the correct policy can be chosen for each individual.

Therefore, depending on your needs and risk tolerance, you will gravitate to one policy over another to grow and protect your wealth.

While each Retirement Life™ policy varies slightly, they all have several very beneficial aspects to them that will appeal to most people.

In the center column of this page, you will learn how Retirement Life™ will protect your wealth in the case you become sick (chronically, critically, or terminally).

In the right-hand column of this page, you will learn about five (5) unique aspects of Retirement Life™ that again set it apart as a wealth-building tool from 401(k)s/IRAs and E-Trade-type accounts.

# Retirement Life™

## Your protective wealth-building tool

Why should you use Retirement Life™ as one of your wealth-building/retirement tools?

### **Reason # 4: Protecting Your Loved Ones**

When most people understand the protective and powerful wealth-building features of Retirement Life™, they typically don't need to know too much more before making the decision to learn more.

Actually, when most people see the numbers comparing Retirement Life™ to growing money in a tax-deferred IRA, 401(k) plan, or a typical E-Trade account, they forget that Retirement Life™ is a life insurance policy with a death benefit.

Not only can Retirement Life™ help you mitigate risk while growing wealth in a tax-favorable manner, but it does, in fact, protect your loved ones in case you die before accumulating your savings.

## College Funding

Let us look at college funding as one example of how Retirement Life™ helps insureds not only grow wealth but also helps them protect their family in the event of the sudden death of a household's primary income earner.

Many people who use Retirement Life™ to grow wealth have children. Think about how Retirement Life™ differs from using other wealth-building tools to grow your wealth when trying to make sure your children will have the money to pay for college.

Using the example from an earlier page, if the 45-year-old example client died **one year** after starting to save for retirement using Retirement Life™, his heirs would receive an income tax free death benefit of **\$351,162**.

If an E-Trade account was funded with \$15,000, approximately (give or take depending on the first year's returns) **\$15,000** will be passed to the heirs.

But couldn't the example client buy life insurance to protect against death? Sure, but this is an added expense that must be paid every year that is not needed when funding Retirement Life™.



**Affluent example**—now let's look at an example of a more affluent person. Assume a 45-year-old male paid \$50,000 a year into Retirement Life™ to grow wealth. The initial first year death benefit would be **\$1,170,540**.

Also, with Retirement Life™, as the cash in the policy grows, so does the death benefit. For example, at age 65, the death benefit for the affluent example would be **\$3,083,386**.

## Are you ready to learn how you can grow your wealth with Retirement Life™?

For most, this informational piece will be the first time you have heard of growing wealth using Retirement Life™. While this piece does a good job of introducing Retirement Life™, there are additional details that you need to learn before a decision can be made about using Retirement Life™ as a protective and tax-favorable/wealth-building retirement tool.

If you would like more information on Retirement Life™, please contact our office using the following information.

**Roccy DeFrancesco, J.D.**  
**The Wealth Preservation Institute**  
**3260 S. Lakeshore Dr.**  
**St. Joseph, MI 49085**  
**269-216-9978**

[roccey@thewpi.org](mailto:roccey@thewpi.org)

<http://www.wealthpreservationinstitute.com>

## FREE Educational CD

If you would like a FREE educational CD explaining in more detail how Retirement Life™ works, please e-mail or call our office and one will be sent out to you.

## Illustration for your Situation

If you would like to find out how much wealth you could build using Retirement Life™, please contact our office. With some basic information, we can run an illustration to show you how well Retirement Life™ can work to grow your retirement nest egg.

# RETIREMENT LIFE™

Copyright 2011 TriArc Advisors, LLC