

Your Retirement \$389,169 or \$1,587,432; Which Do You Deserve?

“The Deer in the Headlights”

A Common Sense Approach to Retirement Planning
for the 21st Century – Or –
What Rich People Are Doing That Your Not



By:

Wayde M. McKelvy President and Founder Retirement TRACS

© Copyright 2006 Wayde M. McKelvy and Retirement TRAC Solutions, Inc. No part of this report may be distributed by means of print or electronically without prior written consent of Wayde M. McKelvy.

Introduction

Dr. Herb True of Notre Dame summed up the vast majority of the typical Americans' financial problems years ago in his famous, "An Autobiography in Five Chapters"...

- Chapter 1
I walk down the street. There's a huge hole in the sidewalk. I fall in. It's not my fault. It takes me forever to get out.
- Chapter 2
I walk down the same street. There's a huge hole in the sidewalk. I pretend I don't see it. I fall in, again. I can't believe I'm in the same hole! But it's still not my fault. It takes a long time to get out.
- Chapter 3
I walk down the same street. There's a huge hole in the sidewalk. I see it. I fall in - it's now become a habit! But, my eyes are now open. I know where I am. I admit it's my fault. I get out immediately.
- Chapter 4
I walk down the same street. There's a deep hole in the sidewalk. I walk around it!
- Chapter 5
I walk down a different street!

I have taken it upon myself to lead Middle America past the first four chapters and walk them down a different path toward retirement. You may be asking why; certainly everything you have been conditioned to believe up to this point must be correct. After all it is what all the financial planners, media guru's, employers, government, friends, family and neighbors do and recommend.

The plain truth is that this conventional wisdom is not working. Take a look around you at the vast majority of Middle American's. If it were working then the average median income for seniors in this country would not be a paltry \$12,740 per year.

Let's face it; there are three types of people in America today:

1. Those that save for retirement
2. Those that will never save for retirement and will bet on someone else to pay their freight
3. Those that would like to save but don't know how

As you might have guessed, I can only help two of the three types of people above. If you are a saver or a person that would like to save but doesn't know how, then this short informational package is just for you. If you will never save for retirement then please put this down right now because you are wasting your valuable time.

"The deer in the headlights." This is what many middle-aged Americans look like today. You wake up one morning and discover that, unlike what you believed when you were in your twenties; time has passed by very quickly. You now find yourself in your late forties, fifties or even sixties and you start taking a more urgent look at your retirement picture. However, you do not want to sit down and confront it because you feel no news is good news. You look at seniors pulling ticket stubs at the movie theatre and wonder if they do it to keep busy or to buy medicine. You hear that people are living longer and there is a strong possibility that you could outlive your money. You don't want your standard of living, the one you have grown very comfortable with, to digress. In fact, if you are like most retiring American's, you are counting on more money so that you can travel and play hard in retirement, and generally enhance your quality of life after your years of hard work. The panic begins to set in because you realize you

can't be sure what to expect from the pension you have been promised and social security benefits remain a guess at best.

At this point you have two choices; ignore it or do an "about face" and get proactive. I suggest you get proactive and begin to critically assess your current retirement plan and progress, and do it now! This is where we can help you. If you enjoy life, and want to live a long and satisfying life, then you must eliminate stress and there is no bigger stress trigger than your personal financial picture.

WARNING!; everything you have been told up to this point about saving for retirement is dead wrong. The good news is that there is still time to rethink and adjust your plan regardless of your age.

You have been told to invest for the "long term" (how long is long?); take tax deductions today and invest in your "Qualified Retirement Plan(s)" (IRA's, 401(k)'s, SEP's, etc.), pay off your home as soon as possible, and get completely out of debt then all will be just fine. Reality; nothing could be further from the truth. As you will learn in this short report, you are probably doing the exact opposite of what you should be doing. Going against conventional wisdom is almost always a sure bet.

To be sure, my intention here is to shake up the very foundation of your beliefs and probably make you feel a little bit uncomfortable, but yet this is just the first step. This report is designed only to pique your interest. The path to retirement riches and a predictable nest egg will require you to move through each step...and quickly!

Introducing the "Family Insured Banking System" and the Retirement TRACS approach to retirement planning. In the following pages you will learn that we are not just planning for your retirement, we are actually financial opportunists that can help you explode your wealth during all phases of retirement planning. We will put you in the position to jump on great financial opportunities the minute they present themselves, and teach you how to build a stable retirement future all along the way.

I have a friend that ignored my advice and it ended up costing him several thousand dollars. He had recently bought a custom built home and to start the construction the builder required a \$100,000 earnest money deposit. No problem, my friend took out a home equity loan and began making payments. This in turn decreased his monthly cash flow and he made smaller contributions to his retirement account during this period. My 40 year old friend just cost himself \$368,137 in retirement money that would have been available in 20 years (or a \$29,451 annual **tax free** income stream forever in retirement at an 8% annualized rate-of-return).

In reality, he may have cost himself much more. If he would have followed our simple plan five years earlier he could have created a *banking system* with that same \$100,000 and when he needed the money to give to the builder he would have simply borrowed it from himself. Instead of paying back the bank \$7,500 each year he would have paid himself back the same money and *recaptured every dime of principal and interest*.

It gets better. He could have also continued to earn interest on the \$100,000 as if he had never touched it. If he had problems making the payments he could simply skip a month or two. Every time he made a payment to himself the money would have gone right back into a tax-deferred interest bearing account.

The scenarios are endless where I, and my extensively trained staff of specialists, can show you time and again, why every single American should make the "Family Insured Banking System" a significant part of their overall financial plan. We are spreading the word one person at a time

and you are next in line. I would now like the opportunity to show you the powerful Retirement TRACS approach to a comfortable and predictable retirement.

Your next step would be to call the highly trained specialist that sent you this report or attend a live Retirement TRACS Seminar® event. This is where your true education begins. This education will blow away anything offered at a college campus. This two-hour seminar will put an extra \$100,000 or more, per hour of viewing, in your retirement account if you are coachable and can just follow a few very simple, yet powerful techniques.

The Retirement TRACS approach consists of a simple six phase planning system:

Phase One: Create your great American Tax Shelter

Phase Two: Address all areas of risk and protect your current assets from predators

Phase Three: Reposition your taxable accounts and redirect retirement contributions

Phase Four: Accelerate the earnings in your growth account by introducing you to alternative safe investments with higher rates of returns.

Phase Five: Continue to accelerate earnings while beginning your distribution phase using a tax-free method

Phase Six: Transfer all money to beneficiaries' tax free (haven't you paid enough in taxes?)

Our six phase planning method is on the cutting edge of retirement planning approaches and regardless of what stage of life you are in we can show you better alternatives than any strategies you may be currently using. Whether you are twenty or seventy, we will show you a better way that is simple to understand and easy to implement.

To learn more about the topics, location, date and time of our next live seminar I want to encourage you to visit the website that is on the cover letter of this report or call the specialist directly.

The remainder of this report is just a small sample of the ideas and strategies that I am bringing to Middle America. It is time we took our place back in this country.

Sincerely,



Wayde M. McKelvy
President/Founder
Retirement TRACS Seminars, LLC

P.S. – If you have people in your life that you care about please pass this report and any audio CD's that you may have received along to them. As I said, we are spreading the message one person at a time and your contribution would be deeply appreciated.

DISCOVER WHAT THE RICH DO DIFFERENTLY....Finally Uncovered: The Twelve Key Concepts that Make Rich People Richer and the Steps You Can Take to Duplicate Their Success and Ensure a Comfortable Retirement

Conventional Wisdom Is Not Working

Generations ago, people would work for the same company for thirty years, live in the same house for thirty years, do the same day to day tasks for thirty years and retire with a pension and social security. More often than not this would be sufficient to allow them to retire comfortably.

Well it's no mystery, but things have changed dramatically. Today we move frequently, we change jobs frequently, we even begin new careers at middle age to try to advance more quickly. We no longer can rely on pensions and social security to get us through retirement. And if that were not enough, Americans are living longer. In fact, it is estimated that children born today will live to be 120 years old. Now if this child wants to retire at 65 they had better have a LOT of money. This longevity is forcing Americans, young and old, to worry about outliving their money. The truth is that most of us *will* unless we take corrective action sooner than later.

Pension Plans

Pension plans are going bust. IBM, United, Delta, General Motors etc. These large companies are now saying that it is no longer their burden to take care of you in retirement, despite your lifelong loyalty and contributions. These pensions have been replaced with 401(k) savings plans and these plans will provide you with the same effect as the vicious villain tying you up on the railroad track. You are strapped helplessly hoping someone will come to save you. The problem is that you do not realize that you need saving until you can hear the whistle blowing from the approaching train. Your other qualified retirement accounts are having the exact same effect but you still cannot hear the whistle. The pension guarantee benefit corporation, the government agency that insures these pensions, recently announced that its 11 billion dollar surplus has been replaced with a 14 billion dollar deficit and this is only the beginning. If the PBGC does come through you can bet it will only be for a fraction of the benefits you were expecting.

Social Security and Medicare

Top this off with the fact that social security and Medicare are going bust and you are in a world of hurt. Where do you think the government dips its hands to pay for the seemingly endless war on terrorism? If you answered social security then give yourself a hand. Use common sense; if there are only two workers supporting one retiree, how can this plan survive? And we are only a few years away from this ratio. Medicare is already paying out more than it is taking in. If you want to maintain your same standard of living in retirement then planning on social security was a waste of time anyway. In fact, the average social security check issued each month is a meager \$995. Good luck surviving on that.

Qualified Retirement Plans

It's time to accept the fact that you been sold a bill of goods with regard to Qualified Retirement Plans (QRP). Does the following statement from your financial advisor sound familiar?; "you should contribute the maximum amount to your 401(k) or IRA and take the tax deductions; your marginal tax bracket will be much lower in retirement." What a great way to convince you to buy their "outstanding, unbelievable performing investment product". The truth is that you are not only likely to be taxed at the same rate in retirement as you are now, but you are probably going to be in a higher tax bracket. Unsure of this? Answer the following question...

In the future, you believe tax rates will be...

- Lower
- About the same
- Higher

Truth is that we do not know, but considering that the cost of long term health care, social security, Medicare, the war on terrorism and a record national deficit that is increasing daily, I would bet that the chances of tax rates going higher are pretty good, and not just a little higher, but a great deal higher! Also consider that in retirement you have typically lost two of your largest tax deductions - your home mortgage and your dependents. I work with seniors all the time that have \$100,000 or more income at retirement, spend every dime enjoying retirement and have absolutely no tax deductions (There is a proven way to fix this problem, safely).

If you wish to maintain the same standard of living in retirement that you enjoy now, then you need to take a long hard look at your QRP. The chances are very high that you will wipe out all of the deductions you took while contributing to your qualified plan during your earning years, in the first two years of retirement...your fixed income years. That does not strike me as sound planning.

QRP's leave you handcuffed. You typically are investing in what I call the "money current." This would include mutual funds, stocks, bonds, money market funds, etc. You may think you are diversified, but are you really? You are strictly invested in the stock market. You need to be investing where the rich and elite invest. You need to be in what I call "undertow investments," that's where all the strength is. Imagine getting 10-150% rates of return consistently and safely. Can it be done? You bet, and I am bringing this knowledge to Middle America.

The Stock Market Will Get You Where You Want to Be

Ponder this next question carefully; are you planning for a predictable retirement? My guess is that you said yes. Then why in the world would you put the majority of your retirement savings in an environment that is highly volatile and unpredictable? The answer is that most people have not been shown a better alternative. Were you one of the millions of Americans that lost trillions of dollars in the first part of this decade? In reality, you didn't lose anything. Your earnings were only on paper anyway and I guarantee you that for every dollar you lost, a savvy investor took it from you. I'm sure that doesn't sit well with you, but it's true. Moral of that story; don't swim with the sharks unless you fancy yourself one of them.

Why would you want to invest money in something that is totally out of your control? You are not involved in the day-to-day management of these companies. The "TRACS" in Retirement TRACS Seminars stands for "Total Retirement Asset **Control** System". You need to get up off

the couch and get active if you want to retain the same (or better) standard of living in retirement that you enjoy today.

Would you plop down \$30,000 for a \$1,000 annual income stream? Of course not. That is only a 3% rate of return and you can get that all day long without any risk. Every time you buy a stock with a price to earnings ratio of 30/1 that is exactly what you are doing, right? Blue chips! Give me a break!. Their pensions alone will cost them billions of dollars that they cannot make up.

There are many factors that will hurt Wall Street, but one glaring & imminent issue is the fact that baby boomers hitting age 70½ will be forced to take money out of the stock market by way of required minimum distributions. It's inevitable. And when money leaves the market, especially with this kind of magnitude, prices go down. Don't believe me; Japan's baby boomer market was ahead of ours and there is a direct correlation to the fall of their stock market to their baby boomer curve historically.

Now, you may be the darling of the market, realizing returns of 12% per year for thirty years (which is highly unlikely) and our plan will still blow yours out of the water without fail. The truth is that the average investor received a rate of return of 5.5% from 1988 to 1999 (according to a study done by Dalbar Research); this during the greatest bull market in history! Please correct me if I am wrong, but isn't this paltry return barely beating inflation? The reason most fail is because they chase returns and try to "beat" the market rather than match it. An overwhelming majority of mutual funds don't even match the returns of the S&P 500 Index.

At a Retirement TRACS seminar you will learn about more powerful investments that provide you with 10-150% rates of return (that's not a misprint) and these returns are *never* affected by the stock market or interest rate environment. Yes it's true whether you choose to believe it or not, and the wealthy have been doing it for centuries. The key is to create your own *banking system*.

Chasing Market Returns Will Make You Wealthy

As I said above, you can be the darling of the market, reaping 12% returns year after year after year and I will still beat you to the finish line even if I am only getting a mere 6% rate of return in the proper vehicle. Why you may ask; because while you sit in front of your computer watching your investments' performance, a large majority of your wealth is quietly sneaking out your back door. Consider that the average American will spend well over a million dollars in his or her lifetime on debt and taxes alone. This is typically 65% of every dollar you make. I find this to be criminal. What's even more criminal is the fact that by attending a Retirement TRACS seminar, or scheduling a personal consultation with the specialist that sent you this report, you can learn how to slam the door shut on the back door forever.

Home Equity Management is Failing

Millions of Americans are doing the exact opposite of what they should be doing. They fall into one of two categories:

Category One:

Americans are trying to pay off their home mortgage as soon as possible by going into a fifteen year loan or making extra principal payments annually. This is a costly mistake. Home equity is

a “dead” asset with absolutely no rate of return. Your home will appreciate the same whether you are mortgaged to the hilt or your home is paid off. The equity in your home is a source of great wealth when put to work. Case in point; take a look at this example:

You are in 25% tax bracket		\$100,000 in Equity		
	Refinance at 6% Interest Only to Put This Money to Work:		You reinvest in a safe undertow investment yielding 12% annually	
Payment: \$6,000	Effective payment after tax deductions: \$4,500		Interest Earned: \$12,000	Net Interest Earned after taxes: \$9,000
		Net Profit After Paying Mortgage Payments \$4,500		

What is your “Return on Investment”? Most people answer 4.5%. They do this because they are using the \$100,000 figure. However, you are not out of pocket one red cent. The earnings from your \$100,000 paid the mortgage payment and you are left with \$4,500 pure profit. The truth is that you achieved an infinite rate of return. That is the power of arbitrage, and using “OPM” or other people’s money and leverage. Rich people build empires by only receiving a 2-3% return on their money. You may ask how this is possible. Because in reality they are receiving an infinite rate of return and using other people’s money. The key is you must find an investment with a consistent return of more than the borrowed money (we can show you where).

Let’s take this a little further: If you reinvest your net profits annually in the same investment, by year five your return on investment is a whopping 150.1% after taxes. I might point out that your original \$100,000 has not disappeared; it was only repositioned and left highly liquid. You have the ability to pay off that loan at anytime. If you put this money in the stock market you are taking a risk. Your \$100,000 could lose value and this obviously defeats our purpose. If you are approached by someone preaching the merits of pulling equity out and investing it in the stock market, run...fast!

Category Two:

This is a shame. This is the typical Middle American homeowner. They refinance their home to pay off credit card debt and other loans such as cars. The slick mortgage guy convinces them to do so because the homeowners’ monthly cash flow will increase and that extra portion on their loan is tax deductible. The loan officer never once mentions that the homeowner has just turned unsecured debt into secured debt and amortized that car over the life of the new loan. So, when Joe homeowner is ready to go out and buy a new car in five years, and takes out new financing, Joe is still paying for the old car. It is a vicious and financially disastrous cycle. And it is costing Americans dearly in terms of their financial future.

On top of that, many loan officers are selling the new Option Arm product which has very small monthly payments but forces negative amortization. For most Middle Americans this is a very bad idea because they will consume the monthly savings and be between a rock and a hard spot down the road. My clients understand how powerful this loan is **IF** they “conserve” the monthly savings and put that money in a tax deferred compounding account.

Imagine; by using this Option ARM and placing the monthly savings into the proper place (I will show you where) you can explode your wealth. Let’s assume that Joe homeowner has an average monthly savings of \$500 and “conserves” that savings by putting it into a tax deferred (or free) compounding account paying an average rate of return of 7%. By year twenty this savings has grown to \$260,463. By the end of year thirty it has grown to \$609,986.

A specialist will show you how to explode that savings by an additional \$250,000 or more just by becoming your own banker. You have to see this to believe it. You receive the same rate of return and make the same monthly contributions, but you create much more wealth.

Our specialist will uncover many reasons to pull your equity out and explode your wealth without increasing your monthly budget one dime. Here is a hint; your equity is not safe and it is not as liquid as you may think.

A Total Disregard for Taxes: The conventional wisdom that taxes will not be an issue in retirement.

Tell that to the millions of seniors who are presently paying taxes on their social security benefits. My goodness, when they paid into the plan it was with after tax dollars. Isn’t this double taxation? Franklin Roosevelt, in all his wisdom, firmly stood and said while introducing the New Deal that social security will never be taxed. My, how times change. Not only will you lose some of your benefits, the government will probably tax what you do earn at an even higher rate (don’t worry though, if you end up poor in retirement they won’t tax you).

I’ve already made a strong case above when I was speaking out against your qualified retirement accounts, but it goes even further. You need to create a tax shelter for your money. A good start is a Roth IRA but these plans still have too many rules and regulations for my liking.

Most Middle American families look at the rich and complain that they do not pay their fair share of taxes. You wanna bet? The rich get richer because they take the time to learn what is available to them to lower their tax bills. The truth is that those same benefits are available to you and all of Middle America. You probably just didn’t take the time or thought necessary to reduce your tax bill because you felt it would be too much effort. You may think that you need offshore accounts and all the other glamorous vehicles floating on the internet when all along you could have created a tax shelter with a stroke of your pen. A shelter that will allow you to contribute money before taxes, grow your money tax-deferred, take tax free distributions, and transfer your money to your heirs tax free. Didn’t you just erase the IRS’s involvement in your retirement plan? To top it off, we can teach you how to reduce your taxes from the get-go. And all of it very legal and safe.

There is one other tax you must be aware of. This one we cannot control but you must be aware of it. This tax is inflation and it taxes the rich and the poor equally. Most people in their earning years know inflation exists but it really doesn’t affect them. This is because your income tends to keep pace and your home appreciates on track with inflation. You will not truly

understand the affects of inflation until you are living on a fixed income. Ask any retired person you know if they feel the pain of inflation. Keep in mind that when you see an inflation rate of 3.5% on average, this does not include energy costs or food. What is really inflating today? You guessed it, energy costs and they are only going to continue to increase.

It is very important to understand that it is not what you accumulate over the years; it's *what you keep* at the end of the day. Your IRA or 401(k) may grow into a massive nest egg over the years but when it is time to live on this money you will be taxed and you will be taxed on every last penny.

So ask yourself; are you saving pennies to pay dollars? If you are currently saving in an IRA, 401(K) or other qualified account, you bet you are. My advice, quit living for today and plan for your future or you will live to regret it.

Here is my favorite line from so-called financial planners; "Don't worry, you will be in a lower tax bracket at retirement!." There couldn't be anything further from the truth. Consider these facts:

1. If you want to maintain the same standard of living in retirement (or better) that you enjoy today, you will still need to have the same amount of cash flow. The only thing that really changes at retirement is you no longer make retirement contributions. This money is easily eaten up by the traveling and basic enjoyment of retirement. If you take out the same amount of money in retirement as you enjoy today doesn't your tax bracket remain the same? If you missed this one, the answer is YES!
2. If you subscribe to conventional wisdom, you will lose your two biggest tax deductions in retirement; your home interest deductions and your children.
3. Taxes could possibly be higher in the future (see above).
4. Cost of living will most certainly be higher in the future (think inflation).
5. And, retirement is not cheap.

You may have less debt but to be certain, every time you pay off debt you could be losing thousands of dollars in retirement income (it all depends on the type of debt and interest rate). You will understand this better as you read on.

THE TWELVE KEY CONCEPTS TO BUILDING TREMENDOUS WEALTH

Key Concept #1 – Management of Your Home Loan and Equity Is the Key to Building a Large Nest Egg.

The common myth is that the average American's largest asset is their home. This is absolutely false. In fact, your primary residence (where you live) is a dismal investment and will always be a liability (order my FREE report "Real Estate and Your Family Insured Banking System" if you do not believe me). The truth is that we need a place to live but we have absolutely no control over the value of our home. Sure we can maintain it and make improvements but all in all, the economy and prevailing interest rates direct the value of our homes. While the glamour of real estate has everyone in a frenzy these days, the truth is that, unless you get lucky, home values increase at the same pace as inflation. In fact, historically home values have doubled every twenty years nationwide since the civil war (for those of you that don't want to put a pencil to paper that is an average appreciation rate of 3.6%). To be sure there are pockets of the country

that have seen tremendous growth recently but it is very important to understand that home values depreciate as well.

The reality of finance is that the average Americans largest asset is their home *loan!* Wait a minute, how can debt be an asset? As you read on it should become very clear how your home loan (a debt) when managed correctly will actually become a tremendous asset. Understand that home loan money is the cheapest money in America and it is tax deductible to boot.

Allow this to sink in: **HOME EQUITY HAS ABSOLUTELY NO RATE OF RETURN!** Any equity in your home is a dead asset and it does not produce an income stream. It is an asset that most Americans totally ignore. Why? Because that's what we have been told to do from generation to generation. "Pay off your home and live debt free." This is bad advice. What is the difference between having your home paid off and having the *ability to pay off your home at any given time?* The difference is that by having the ability to pay off your home at any given time your money (or equity) is out earning you a return and you are liquid and safe.

Now, to be sure, most Americans refinance and take money out of their homes to "consume" it not "conserve" it. You are persuaded to take out your equity to pay off your car loans or high interest credit card debt. This is very bad advice. To understand why you should never take this poor advice call the specialist that sent you this report or attend an upcoming seminar.

If you want to build a retirement empire then you should only finance your home with an interest only loan, pull out your equity and "conserve" the equity and monthly savings. Consider this: a homeowner has a home worth \$300,000 and a thirty-year loan on the property that he pays \$1,476 per month principal and interest at 5.5% on a \$260,000 loan. If he refinances into a 6% interest only loan he saves \$176 per month. Not too impressive. If he puts this \$176 per month in a tax deferred (free) compounding account at 8% it will grow to \$262,303 by year thirty. He can still pay off the house but has very little gain. This doesn't sound real great does it? Think again. His home still appreciated the same, he was able to gain \$196,640 in additional tax deductions (more monthly cash flow), but perhaps the most important part is that he was liquid and safe. Suppose our borrower was laid off in year five. He has enough money in his "side" account to make the house payment for a full year. How's that for piece of mind? On top of that, if he uses our system, he will create a banking system that will allow him to accelerate the growth of his money and come out much further ahead in the end.

And here is the icing on the cake; if he doesn't pay off his home in year thirty, this \$262,303 will provide him with a tax-free income stream in retirement of \$20,984. If he continues to make a house payment he pays \$10,920 per year (after tax deductions in a 30% combined Federal and State marginal tax bracket). This is \$10,064 per year in additional "free" money in retirement by making this one simple change in his financial posture.

The scenarios I can paint are limitless. For example; if he took out his \$40,000 in equity and refinanced into our interest only loan outlined above, his payment would remain the same. But, because of what you will learn in key concept number three his money grew to \$437,429 in this same environment. Now he can enjoy an annual tax free income of \$34,994. And after making the net house payment he is left with \$24,074 in additional retirement cash flow.

Isn't it time you step outside of the box and stop listening to all the age-old propoganda being spread by financial advisors and the media? In every single senior seminar I do, at least half the room stands up and says "I'm paying more in taxes now than I ever did during my working years!"

Important Note: We do not know where interest rates will head in the future on home loans. They will go up and down. It is important to remember that when home loan interest rates rise, so does the return on where you put your money. Future interest rates should be a non factor and the current interest rate on your home loan should be a non factor in your decision to manage your home loan.

Key Concept #2 – Understand the difference between simple interest and tax-deferred (free) compounding interest.

Albert Einstein called compound interest the eighth wonder of the world. Nelson Rockefeller stated “the surest way to build wealth is to make sure you don’t pay taxes on money you are not using”. If I gave you a penny today and doubled it everyday for 30 days straight it would grow to over 5 million dollars (.01 on day one, .02 on day two, .04 on day three etc.). If I use this same formula, and you are in the 30% tax bracket, it would only grow to a little over \$48,000. Which would you prefer?

When you make payments on your home, car and even credit cards when paid monthly, you are paying simple interest. This is true even if you amortize your loan.

Imagine if you could borrow \$50,000 on your home at 6% interest only. By the end of year twenty all your payments plus the \$50,000 original loan would equal \$110,000. Now instead of consuming that money you reinvest it in a tax deferred compounding account at the same 6% interest. At the end of year twenty it has grown to \$165,510. After paying back the loan and paying yourself back for every payment you are left with a \$55,510 profit! By year thirty your profit has grown to \$161,129.

That’s the difference between simple interest and tax-deferred compounding interest in a nutshell. This is the first lesson in leveraging your money. **IMPORTANT:** You *cannot* do this with a qualified retirement account or IRA.

Key Concept #3 – Understand the power of arbitrage or leverage.

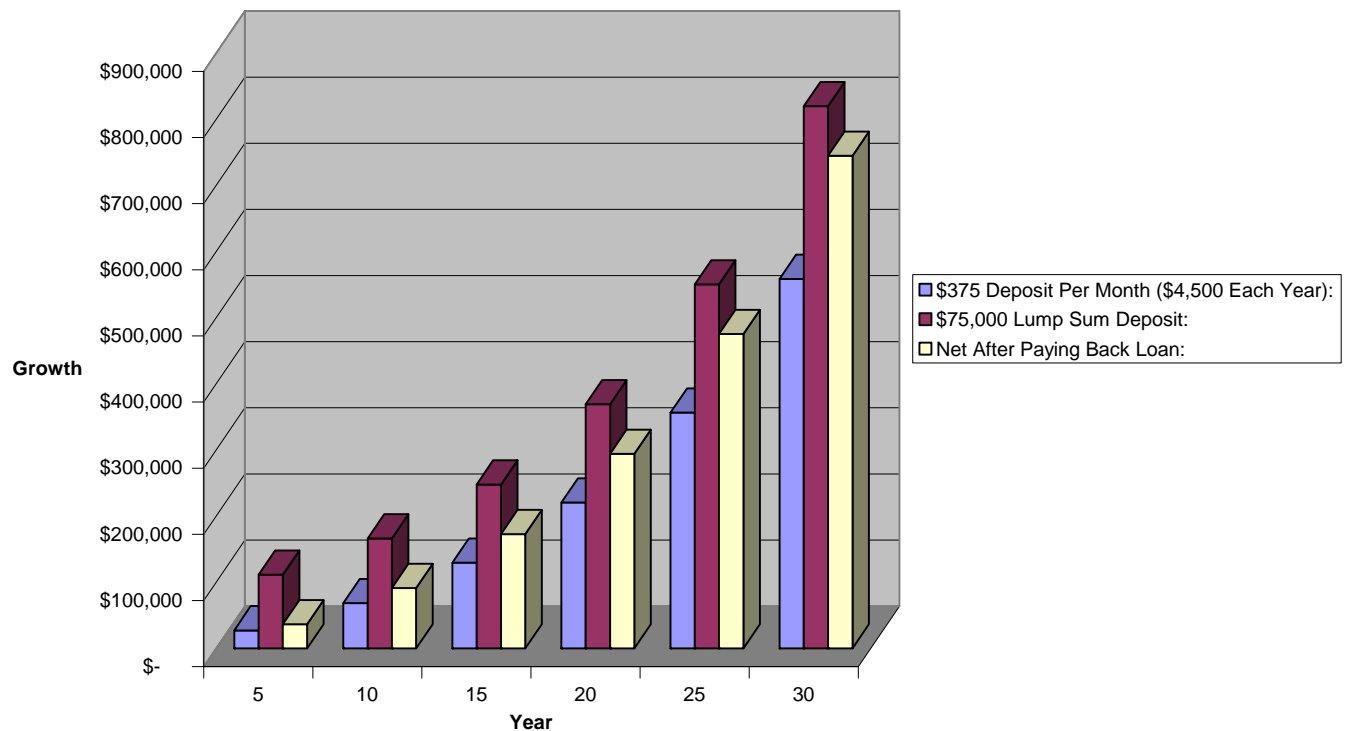
Arbitrage simply put, is the spread of money. You live with arbitrage every day. For example; your bank pays you 3% for your deposits and turns around and loans it out at 6%. The 3% “spread” is profit and arbitrage to the bank. The sad part is that sometimes they loan your money right back to you at a profit. Discover how you can create your own banking system and build tremendous wealth, just as banks do, by contacting the specialist that sent you this package or attending a Retirement TRACS Seminar Event in your area.

Let’s look at the example in key concept number two. You still borrow money at 6% in a simple interest environment but this time you put your money in a nice safe tax-deferred compounding environment that will credit you with 8% consistently. You now have a 2% spread or arbitrage.

By the end of year twenty after paying off the loan and paying yourself back for every single loan payment your pure profit (“free money”) is \$136,340 and by year thirty your pure “free money” is \$406,786. That’s almost a half a million dollars in free money. Are you starting to get the picture here? What if you borrowed this money at 6% from your home equity? Now the payments are tax deductible to boot! And this is just the tip of the iceberg.

Key Concept #4 – A lump sum deposit will always grow larger than periodic payments

Lump Sum vs. Periodic Payments



	5	10	15	20	25	30
\$375 Deposit Per Month (\$4,500 Each Year):	\$ 27,554	\$ 68,605	\$ 129,764	\$ 220,883	\$ 356,635	\$ 558,885
\$75,000 Lump Sum Deposit:	\$ 111,738	\$ 166,473	\$ 248,019	\$ 369,510	\$ 550,513	\$ 820,180
Net After Paying Back Loan:	\$ 36,738	\$ 91,473	\$ 173,019	\$ 294,510	\$ 475,513	\$ 745,180

8% assumed return

Let's now assume you understand the previous key concepts. In this chart I am showing you how a lump sum deposit will *always* out perform a series of periodic payments assuming you get the same rate of return (regardless of the return).

In our above example I have borrowed \$75,000 of equity from my home and deposited it in a tax-deferred (free) account. Understand that you cannot make that kind of deposit in your IRA or Qualified account but we can turn to our "Family Insured Banking System" to provide us with this benefit. Let's assume you are in the 30% combined Federal and State marginal tax bracket. To service this loan from your equity at 6% interest-only it would cost you \$4,500 per year. This, by the way, happens to be the maximum you can contribute to an IRA account (if you are 50 or older).

If you contribute to an IRA your true costs of deposits, after tax deductions is \$3,150. Because you were able to take a tax deduction for the deposit, it really only feels like \$3,150 at the end of the year. Now consider, if you are paying \$4,500 per year to service this loan, you get to enjoy the same exact tax deduction and your year-end out of pocket expense is the exact same as your IRA deposit of \$3,150. Same benefit, same money, but different results.

Look at the chart; after paying back the \$75,000 loan in year five you are still ahead of the game by \$9,184 (Net after paying back loan \$36,738 minus \$375 deposit per month growth of \$27,554). By year 15 you are ahead by \$43,255 and by year 30 you are up a whopping \$186,295. Which makes more sense?

There are many additional benefits to putting this lump sum in your “Family Insured Banking System” as well. First and foremost, you can tap your money at any time without paying taxes. Perhaps the biggest advantage is that you can borrow from your plan as well, and as you read on, you will see that this will simply explode your retirement account.

Key Concept #5 – A Tax FREE Retirement Stream Will Blow Away a Taxable Retirement Stream Every Time...

I have a question for you; when would you rather pay taxes, on the seed to grow an apple tree or on the harvest of the apples the tree produces? Keep in mind it only takes one little 1¢-seed to grow thousands of 50¢ apples. Sadly, most Middle Americans choose to pay taxes on the apples and not the seed.

Your “Qualified Retirement Accounts”, IRA, 401(k), SEP, 412t etc...essentially allow you to skip paying taxes on the apple seed but when it is time to harvest the apples, in your non-earning years, you get to pay taxes on every bite you take! And your beneficiaries will be taxed on all the left over apples! You also lose the ability to accelerate your money. **NO CONTROL!**

Taxes and debt are the two great American wealth destroyers and we can show you how to take control of both of these problems at our seminar or personal presentation.

Key Concept #6 – You are probably losing hundreds of thousands of dollars in opportunity costs.

Have you ever bought a car with cash? Keep in mind that you had to save to have enough money to buy a car with cash. Could it be you made a mistake buying with cash? Remember key concepts number one and two.

When you work with a Retirement TRACS specialist, you have three choices when buying your next car. Let’s assume you want to buy a \$30,000 car (used or new, it doesn’t matter). You can:

1. Pay cash
2. Finance
3. Become your own banker and earn 12%, or more, on the money you use to buy your next car

You have to make a decision to pay cash or finance. Remember that if you pay cash you would have to save money for a period of time to be able to do this. As an example, you would have had to put \$464.06 away each month to be worth \$30,000 in five years at a rate of return of 3% (and pay taxes on the earnings to boot).

Your second choice is to finance the car. You can finance a \$30,000 car @ 6% for five years. Your payment will be \$579.98 per month. Your total payment over five years equals \$34,798.80

If you financed and put your \$30,000 to work for you and could have received a 6% return (same as you were being charged to finance) in a tax-deferred compounding environment, your \$30,000 would have grown to \$40,146.77. You would have had a gross gain of \$5,347.97 (\$40,146.77 minus the cost of financing of \$34,798.80)

The difference lies in simple interest vs. tax-deferred compound interest with NO arbitrage. Your opportunity cost in this scenario is \$5,347.97. If you chose to pay cash your \$30,000 does not have the opportunity to grow and at the end of five years you are left with a depreciated car worth maybe \$15,000. This is a 50% loss on your money and we, as Americans, just accept this as part of living. So, if you only had two choices to buy a car, pay cash or finance, financing seems to be the better route if you can earn even a tame 6% safely in a tax-deferred compounding account.

What you will discover by attending our seminar or sitting down with a Retirement TRACS specialist for a free one-on-one consultation is that you have had a third choice all along. **STARTING YOUR OWN "FAMILY INSURED BANKING SYSTEM®"**

Imagine now that you have created a plan that will allow you to borrow money, earn interest on the borrowed money and create arbitrage. If you could have earned 2% on the borrowed money, paid yourself back just like you would have made payments to a finance company, then your net gain would have been \$8,109.15.

- Monthly payment is \$566.14 total of \$33,968.40 over five years
- \$30,000 would grow to \$42,077.55 in five years
- Net gain of \$8,109.75

And now the plot thickens...

In reality the gain in your retirement account would be \$42,077.55 because you *recaptured the purchase price of the car*. Every time you write out a check for your car payment, it goes to your retirement account. The power lies in the difference between tax deferred compound and simple interest, arbitrage and having a banking system.

The typical American way would be to buy a car, pay cash or finance, and be left with nothing to show for it but a \$15,000 depreciated car, over a 50% loss on your money (money slipping out the back door). All that money would be gone forever (no, not gone, just repositioned into the finance company or bankers pocket).

Our way gives you more than a 12% return on your money. You have recaptured every dime you spent on the car (\$33,968.40 over five years), you have a gain in your plan to \$42,077.55 AND you still have an asset worth \$15,000 that you can sell to repeat the process all over again. The return on your money for buying a depreciating car is 13.6%.

Have you ever heard of anyone building wealth by actually buying a car for their own purpose? Are you getting 13.6% returns in your retirement account consistently? You can build a substantial retirement account just by purchasing your large ticket items the Retirement TRACS way. Imagine if your family has two or more cars.

Imagine using this same principal for college education, or a home, or a vacation, or....?

Are you seeing the possibilities?

If it does this well by using your plan to purchase a “depreciating item” what can you achieve by buying appreciable goods or investments? Meet us and find out.

Key Concept #7 – Understand the reality of money!

I am big on questions so let me ask you another. Do you think Bill Gates, Donald Trump or Warren Buffet invest their hard-earned money in mutual funds? Do you think they have IRA's or 401(k)'s? Do you think that they have their homes paid off? If you answered yes to these questions then we have a great deal more to discuss. The real answer is “NO”. Rich people do not invest and build wealth like you and I. Why are so many Americans fixated with mutual funds? You probably said earlier that you are interested in a predictable retirement. If you are then why is your money tied up in an arena that has so much volatility when you could be earning nice safe returns of 10-25-50% or more year in and year out?

The answer is because nobody has shown you the alternatives - where the rich invest. We will not only show you where to put your money but we will explain in great detail how it works and how to protect yourself. I have never, ever made less than 10% on my money. I have never, ever lost any principal. And I was making 12% or more on my money during the most recent stock market crash. Better yet I was able to accelerate my money and build great wealth by using my money as a banking system. Sound too good to be true? Invite us to your home or visit a specialist at an upcoming seminar event to learn more.

A recent study by LIMRA (life insurance marketing resource association) concluded that the average 401(k) lost 40% of its value at the beginning of the decade. What kind of return do you need just to get back to even? You will need to have a gain of 67% just to get back to your starting point. If you could earn 10% a year it would take you 6.7 years to just get back to square one.

Despite what we are all led to believe, you cannot, and will not beat the market. Active money management (think mutual funds) loses almost 85% of the time over stock market returns (S&P 500 index). Sure, you may get lucky occasionally, just like you may get lucky in real estate, but how predictable are those wins? The truth is that over time you will probably lose just like you were gambling in Vegas.

A better bet is to find an environment where you can earn a nice steady 10-12% return, consistently and predictably. Let's take a look:

You invest \$100,000

S&P 500 Returns January to January*	Growth	Steady 12% Growth	Growth
35.20% - 1996	\$135,200	12%	\$112,000
23.61% - 1997	\$167,120	12%	\$125,440
24.69% - 1998	\$208,382	12%	\$140,493
30.54% - 1999	\$272,023	12%	\$157,352
8.85% - 2000	\$296,097	12%	\$176,234
-1.93% - 2001	\$292,247	12%	\$197,382
-17.26% - 2002	\$241,805	12%	\$221,068
-24.29% - 2003	\$183,070	12%	\$247,596
32.19% - 2004	\$242,001	12%	\$277,308
4.43% - 2005	\$252,722	12%	\$310,584

*S&P 500 Index, not reinvesting dividends.

Which one was safer and more predictable? The answer is obvious, isn't it? The truth is that this was during the greatest bull market in history where the average investor only gained 2.6% a year on average. Why? Because most investors panic and change lanes. If you insist on being in the market, simply diversify into indexed mutual funds and stay the course. However, my way is better. It is important to note that even if you were only able to obtain a 10% safe, reliable, consistent rate of return (easily done) that your \$100,000 would have grown to \$259,374. This is amazing considering the returns outlined in the S&P column above.

You see returns of over 25% several times (and many of you may have mutual funds that periodically have returns in this range). How is it that an average rate of return over these ten years is 11.60% and yet a 10% steady return beats it? The answer is simple; the losses come from your total amount and you need a higher return to break even, it's the losses that hurt you! What if you could get stock market returns and never be impacted by the losses? In other words, what if your money was credited with the gains of the S&P but if the market goes down your principal locks in and does not deplete? Your \$100,000 would have grown to \$408,750 if this were the case. Believe it or not, we can show you how to achieve this.

Now imagine that the 12% growth column was in a tax-free environment. If you continued to earn 12% and are now ready to "bleed" or live off the account you could pull out \$37,270 a year, forever and never pay one dime in taxes. If your \$252,722 gain was in a qualified account or IRA and you pulled out this same \$37,270 you would owe about \$11,181 in taxes (if you were in the 30% tax bracket) giving you a net of \$26,089. Which would you prefer? Which do you deserve? To match the same net withdrawal of \$37,270 you would have to withdraw \$53,242 in a 30% taxable environment. I submit to you that your growth account above will deplete much earlier than your tax-free environment. Remember that it is not how much we accumulate but how much we keep that counts.

On top of that, because your market account is volatile, there is no guessing whether or not you can pull out this predictable amount of money each year. Your IRA will run out of money before our account, hands down every time.

The question is where can you get a predictable 10% - 12% return year in and year out? The answer is that we will show you. We can show you how to get these returns or better safely but you better meet us with an open mind and a willingness to learn. The truth is that we show you where the rich invest.

Key Concept #8 – There Are Different Levels of Assets (investments) and Liabilities

It may be hard for you to believe but there are actually good expenses, debt and losses. Good Expenses, Good debt and good losses generally mean additional cash flow or retirement income for you!

Good Expense: Paying someone to help quadruple your retirement account or save you taxes. Does it really matter what "fees" or "loads" you will pay if you quadruple your retirement in doing so?

Good Debt: Properly manage home loan or debt taken out that helps you create arbitrage. Mortgage on rental properties.

Good Losses: Losses or expenses that you can "write off" and reduce your tax liability. Depreciation in real estate is a good example. Business owners have a wide range of tax

deductions. I would like to point out that depreciation on real estate, in my opinion, is not as great as it would seem on the surface in most cases.

To be sure there are also different levels of assets or investments. I have called these the "Four Levels of Assets:

Dead Assets – These assets provide you with no growth or rate of return. They are assets that the American public does not even realize can be turned into a gold mine. A good example would be a car that is paid off or, the most glaring, home equity. Home equity has no rate of return, is not safe and is not liquid. The average American can build a retirement empire by putting one of these largest assets to work for them. Another great strategy, if you have no equity, would be to simply finance your home in an interest only loan and conserve, or save, the payment difference each and every month. Although I don't believe you should ever have your primary home paid off, this is a great way to accelerate your home loan payoff, remain liquid and keep your equity safe from lawsuits. If you do nothing else you should meet one of my specialists to understand this concept and learn how properly managing your home loan will explode your wealth.

Barely Breathing Assets – Certificates of Deposit, Bonds, Money Market Funds, why bother? You are losing out to inflation everyday. People do this for the safety and liquidity but imagine this. You can move a \$100,000 CD (or any amount) into an environment that will double your estate value, provide you with a better rate of return and provide you with long term care protection; all in a safe and liquid environment! And you have access to your money at anytime without penalty.

Life Support Assets – These are assets or investments that are alive and looking good one day, and dead or losing money the next. Kind of remind you of the stock market or real estate market. Yes you can get unbelievable returns but at what expense. Did you feel any anxiety in 2002, 2003 or 2004? I bet you did. Just ask those folks at Enron.

Alive and Partying Assets – This is where the rich play and I think it is Middle America's turn. These investments provide predictable rates of return, are safe and liquid and stock market fluctuations have no bearing on the outcome.

Understanding different levels of investments and costs can make you very wealthy. Stop thinking in terms of costs and it will open up a whole new world of opportunities. Everything bares costs. If I could show you where to find \$100,000 in five minutes by giving you a map, how much would you be willing to split with me? Let's see, free money, what is it worth to you? Don't worry, we can show you where to find the pot at the end of the rainbow and there is no fee involved!

Key Concept #9 – Beware of the "Back Door Effect"...

The average American that I am talking with, will spend over one million dollars in his or her lifetime on debt alone. This includes housing, credit cards, car purchases, furniture, vacations, etc. Couple that with taxes and you can easily chew up 65 cents of every dollar you earn. This is criminal.

The truth is that while most of you are sitting in front of your computers watching your investments, talking to CFP's, tax advisors, attorney's, attending seminar after seminar, and

probably hearing the same old propaganda, changing investments, more money is sneaking out your back door than you could ever dream of building your retirement account to.

In other words, you are chasing returns rather than looking closer to home and it is costing you a fortune regardless of your current age.

This sobering fact was reported in the January 2004 issue of Bottom Line Tomorrow: From 1984 through 2002, according to a study done by Dalbar, Inc., a leading market research firm: "The average investor earned only 2.6% annually, even less than the inflation rate of 3.1%. Main reason: Investors "chase performance" by buying the best-performing investments of the past few months—after their hot run is over. Then when they find themselves in a low performing investment, they do it again. With each switch they incur extra expenses."

In other words, when you factor in inflation, the average investor actually *lost* money during the longest-running bull market in history! Couple that with debt and taxes and how can anyone expect to get ahead of the game?

We can show you how to slam the "back door" shut forever and we can start as early as tomorrow. All you have to do is attend an upcoming seminar or call to schedule a free one-on-one consultation with the specialist that sent you this information package.

Key Concept #10: Starting Your Own Personal Banking System Will Explode Your Retirement Account.

Your retirement account can double, triple or quadruple with no extra money out of your pocket. We can easily show you how to create your own personal banking system and "tax shelter". No need for off shore accounts etc. We want you to borrow from your plan at a minimum to purchase your high ticket items and then be disciplined enough to pay yourself back just like you would be forced to pay a finance company. Remember that you have more flexibility. If you get laid off from work and cannot pay yourself your car payment, simply quit paying until you get back on your feet. You are in total control not the finance company.

As I have clearly shown, recapturing any and all items financed will explode your retirement account even more than investment vehicles yielding 12% or more.

If real estate is your investment of choice your "Family Insured Banking System" will help you achieve your goals more safely and with greater growth.

Becoming a banker is the most important move you will ever make. You immediately begin playing the game in undertow investments from day one when you commit to building a bank.

Key Concept #11: Understand the Power of Leverage

Leverage is associated most often with real estate purchases. You can control \$200,000 with \$10,000 - \$20,000. This can provide you with extraordinary wealth but real estate can be very risky. The banker always makes more money and I can prove it. Leverage is nothing more than using OPM (other people's money) to build wealth and is exactly what the rich have been doing for centuries. We can show you how to leverage your retirement account to accelerate the growth of your money regardless of your current situation.

You must think outside of the box and disregard all the propaganda, half-truths and out-and-out lies that you have heard passed down from generation to generation and from mainstream financial planners and the media. You must treat your retirement account like a business. You are the CEO of that business and we would like to be your General Manager. We can show you what you need to do to live comfortably in your golden years but you must pull the trigger. Is an hour of your time worth seeing if we can double or even quadruple your retirement with no extra money out of your pocket? You cannot afford to ignore this message. Doing so could be the costliest mistake you will ever make.

Key Concept #12 – Overcome Your Fear of New Ideas...

Remember way back at the beginning of this booklet...we established that conventional wisdom is not working. Don't take that too lightly. You may be 52 years old today, have \$700,000 saved up for retirement and if you stop and think about it, you will probably realize it just might not be enough. Saving for retirement continues even into your retirement years, it has to if you don't want to outlive your money. You cannot simply go into a shell and pray for the best. You must be proactive and you must take the time to look at all angles and views. And do it now! Time is your enemy.

To be sure, we do not consider ourselves traditional financial planners. We are more like financial opportunist. The ideas and concepts we present to you work and they work regardless of your current age. You absolutely must have an open mind and be flexible when it comes to retirement planning. Your fears and sitting on the sideline not taking action is costing you thousands in retirement money.

You will encounter road blocks. Your cousins, friends, co-workers, and even your current financial planner will freely offer their opinions and words of caution when you plan the way we do, just accept that now. But take this to heart. Going against the masses is almost always a sure bet. Do you want to continue to be a lemming? Lemming's are birds that just follow one another even right off a cliff. Remember the mad rush in the stock market in the late 90's? What finally happened? Hopefully you didn't get hit too hard. Look at the big lemming effect today. Today, everyone is jumping on the real estate band wagon. Do you think some of these folks are in for a rude awakening? I certainly do.

Ask yourself this question; why is there a bank on every major street corner? Because bankers understand the principals discussed in this report. You must start your own personal banking system to build great wealth, and it's not as difficult as you might think. It may take a few years, but remember it is like starting any successful business. It takes patience and foresight to succeed. We can show you how to succeed but you have to take the first step and take action.

Regardless of your age or current situation I want to strongly encourage you to pick up the phone right now and call the specialist that sent you this information package. The techniques, strategies and simplistic ideas will have you asking "how come nobody showed me this before?" The response is simple; **could it be that 99% of all financial planners, the media and so-called guru's could be wrong?** You decide by calling for a one-on-one personal presentation or go online and register for the next introductory seminar. You'll be glad you did.

Look for your special information package in the mail soon!