



Pre-Retiree Wealth Building Presentation- Whole Life

Think of this presentation as a story in chapter format. Chapter 1 is defining the purpose, Chapter 2 is defining the problem, Chapter 3 is defining solutions, and Chapter 4 is Implementation leading into the Cornerstones Calculator. You're going to help the client understand the wealth building concepts that are being discussed, and then show them how you can apply their own numbers to these concepts with the Cornerstones Calculator. All of these chapters are important to do in order. You don't want to go from one chapter to the next without making sure the concepts discussed in the current chapter are understood. This especially applies to Chapter 2. It is imperative someone recognizes the problem before going onto the solution. There are key phrases and transitions that are very important to utilize when giving the presentation. These key phrases and transitions are underlined and bold in the following script. You'll also see some italicized text/notes in areas of the script that explain the philosophy behind what the script is saying.

Chapter 1: Defining the Purpose

SLIDE 01

Hello and welcome to the wealth building cornerstones presentation.

SLIDE 02

Wealth building begins with annual savings. After that, the question is "how do we allocate our annual savings efficiently to hopefully get maximum results?" Economically, three areas are defined for allocation. One is for short term wealth building and the other two are for long term wealth building.

SLIDE 03

The short term wealth building are liquid assets, things like checking accounts, savings accounts, money markets and so forth for your emergencies, opportunities, security, and just overall peace of mind. **The question then is how do we economically define what these two long term areas are for wealth building? And the only way we would be able to answer that question is if we asked this question.**

SLIDE 04

What is the underlying premise for all long term savings anybody does?

SLIDE 05

Why are we giving up current enjoyment of our income?

SLIDE 06

The answer is to have an income stream in retirement.

SLIDE 07

It only makes sense then to understand how retirement income streams work so that we can direct the savings we are doing today in ways that potentially gives us the highest income when we retire.

SLIDE 08

In other words, how retirement income streams work economically define how to allocate our savings today. The sooner we get on an efficient path, the greater impact we have on the results.

SLIDE 09

Think of it like climbing a mountain. Is the objective to get to the top of the mountain?

SLIDE 10

Or is it really getting to the top of the mountain, and then making it back down safely? This is similar to our financial lives. Getting up the mountain is our pre-retirement/accumulation phase and getting back down is our retirement/distribution phase.

SLIDE 11

The key is that this is one continuous journey. There are two rates that make up everyone's retirement income stream later on and both are equally important. Their accumulation rate: getting up the mountain and the other is the distribution rate, getting back down safely. Knowing how retirement income streams work and then how distribution rates work, is the basis for understanding how to save money in pre- retirement.

SLIDE 12

In other words, understanding how retirement incomes streams work defines how to pack your bag in Pre-Retirement. If we don't have an understanding of how retirement incomes streams work in pre-retirement, we have no rhyme or reason as to how to allocate our savings today.

SLIDE 13

If you were going to climb a mountain would you get a guide? What if the guide said to you that they were pretty sure they can get you to the top of the mountain but they weren't sure how you were going to get back down? Would you use that guide or find a different one?

We're going to go through a short exercise and transport you to the top of the mountain. You're a retiree entering retirement. **There are typically two questions that go through people's minds at this point: 1) How much money do I need to live on? 2) How much can I withdraw without running out of money? So everyone starts to do some mental gymnastics at this point to try to justify the amount of income they want to pull from their assets as being sustainable. Many people's first mental stop for this is what we'll call a constant rate of return theory, which we'll discuss further momentarily.**

At the top of the mountain, it is critical to observe some rule changes that exist. In pre-retirement we were putting money into our assets and in retirement we are now pulling money out of our assets, so we're changing the dynamics of our money one-hundred eighty degrees. This causes a problem which is...

Chapter 2: Defining the Problem

SLIDE 14

How retirement assets react to fluctuating interest rates when money is being withdrawn for income. Let's look at an example of this.

SLIDE 15

What we have here is a person entering retirement with a million dollars, wanting to pull one hundred thousand dollars per year of retirement income to live on, which is ten percent of the initial value. The way they might justify being able to do this is by thinking they could earn a return on average, equal to or greater than, the ten percent they are pulling out which in this case is fourteen point eight four percent. And if they earn this fourteen point eight four percent constantly every single year, you can see their account grows even as they pull income out, to the point where it is close to fifteen million dollars thirty years into retirement. But, are we going to be able to earn that average yield constantly, every single year or are we going to get all of the ups and downs along the way? We're going to get all of the ups and downs. So, where does this 14.84% come from?

SLIDE 16

It comes from the history of the market, and in this case the history of S & P five hundred from 1970 through 1999. So we see each year, all the annual positive and negative yields during that thirty year period. We add them all up and divide by thirty and we get the average yield of fourteen point eight four percent. So what we are going to do now is take the fluctuating positive and negative annual yields we see here and put them into the same table we were just looking at, paying attention to what happens to our account value as we do this.

SLIDE 17

When we put the annual fluctuating returns into our table, we still have the same average yield over thirty years. But now instead of having close to fifteen million dollars at the end of thirty years, we are down to zero dollars between years thirteen and fourteen. "Why does this happen,?" It's because of the rule change at the top of the mountain, which states that any year you earn less than you pulled out, you just killed off the dollars that are supposed to be earning the returns for you. For example, a great return year is this thirty-seven percent in year six, but the issue is that you're not earning this on that million dollars you started with, you're earning that on the account value at that time, which is substantially less. So if we are at the top of the mountain trying to use fluctuating return assets to provide us retirement income, how would we go about determining what a safe withdrawal rate might be if we can't really use a constant rate of return theory; because I've only shown you one thirty year time frame here and if I were in your shoes I'd be saying, "okay I get it, but how do I know you didn't pick the one thirty year time frame that works this way to stack the deck in your favor?"

and I would say you're right. What you'd have to do is run thousands of simulations throughout history to determine probabilities of not running out of money at various withdrawal rates.

SLIDE 18 *(Ask client(s) to read this slide.)*

The industry has attempted to solve this problem for us to give us some sort of a scientific look at what is possible and they do this through Withdrawal Rate Simulations. Withdrawal Rate Simulations are software programs that use rates of returns for all types of vehicles over the last hundred years to calculate the historic probabilities of running out of money years into retirement based on the withdrawal rate chosen off the beginning asset value. These programs run thousands of simulations for every fifteen, twenty, twenty-five, thirty, and thirty-five year rolling time periods taking into account all types of market conditions and interest rate environments. The results of these simulations are the same no matter who runs them since they are using similar probability software programs and the same past market interest rate data. They are non-guaranteed.

SLIDE 19

Let's take a look at the results of these simulations. This chart shows the historic probabilities of not running out of money years into retirement based on the withdrawal rate we chose off the beginning asset base. **It is important to understand that these are withdrawal rates and not interest rates on your money in retirement. These simulations and curves exist because we are acknowledging that we have to establish our income withdrawal rate before knowing the fluctuating interest rates we will earn on our money.** As an example, let's say you chose an eight percent withdrawal rate. This would put us on the orange line on the bottom. What this is saying is thirty years into retirement, historically I've had about a five percent chance of not running out of money and around a ninety-five percent chance of running out of money. So it doesn't take a rocket scientist to tell us that by lowering our withdrawal rate we'll have a better chance of not running out of money. The financial industry has settled on a three to a four percent withdrawal rate as being a quote "safe withdrawal rate." But even at a four percent withdrawal rate, you still have around a fifteen percent chance of running out of money historically thirty years down the road in retirement.

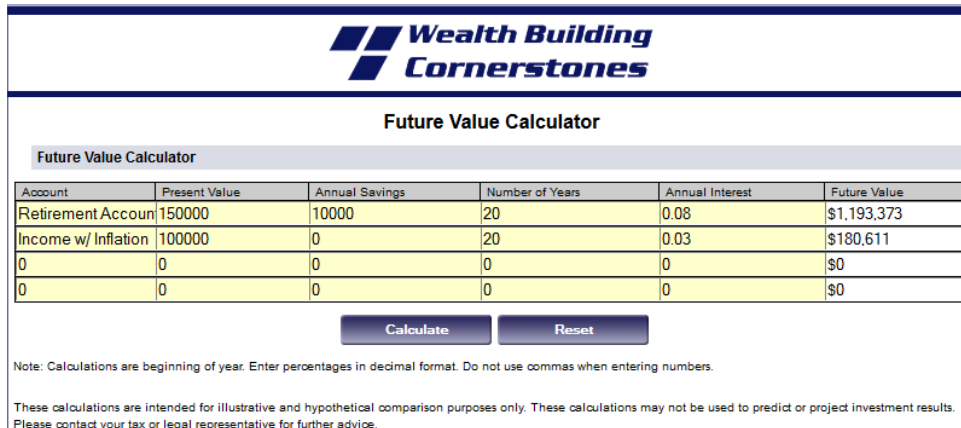
SLIDE 20 *(Use this slide at your discretion and as needed; This slide can be helpful when someone says they would be more "conservative" as a solution to the previous slide.)*

The other component you can adjust when you run these simulations is the mixture of invested assets you have. You can run anywhere between one hundred percent stocks to one hundred percent bonds. The fifty/fifty stock bond split is what we were looking at in the previous chart, and is generally one of the best performing throughout history. The bottom line is that the industry has basically settled on a three to four percent withdrawal rate off of invested assets being a quote "safe withdrawal rate."

SLIDE 21 *(Take your time on this slide. This slide is perhaps one of the most important, if not the most import slide of Chapter 2 for client interaction. It is imperative to have the client internalize what the default path means for them and the problem on this path before going onto Chapter 3.)*

As we said before, withdrawal rate simulations are really an attempted solution for pulling income from your investments in retirement. Why is it an attempted solution? **Withdrawal rate simulations might**

solve the issue of running out of money, but they create another issue being that a three to four percent retirement income rate is often not a feasible solution as it will be very difficult to build the amount of assets necessary to have an adequate income stream in retirement. Because you'd need \$1,000,000 to get \$30-40,000/yr of retirement income. Think about it, to create \$100,000/yr of retirement income you'd have to have \$3,000,000-\$4,000,000 in your retirement accounts. HOW FEASIBLE DOES THIS DEFAULT PATH SOUND FOR YOU? (Pause here and get response from client) See, the problem isn't really what's attainable for asset amounts, it's the withdrawal rate we set ourselves up for.*(show a future value calculator example with numbers close to their own if needed here at your discretion to further cement the issue of the default path. See example below showing a calculation for the future value of their retirement account and what their inflation-adjusted income needs to be in the future, the problem is that 3-4% of \$1,193,373 isn't \$180,611.)*



**Wealth Building
Cornerstones**

Future Value Calculator

Future Value Calculator

Account	Present Value	Annual Savings	Number of Years	Annual Interest	Future Value
Retirement Account	1500000	10000	20	0.08	\$1,193,373
Income w/ Inflation	100000	0	20	0.03	\$180,611
0	0	0	0	0	\$0
0	0	0	0	0	\$0

Note: Calculations are beginning of year. Enter percentages in decimal format. Do not use commas when entering numbers.

These calculations are intended for illustrative and hypothetical comparison purposes only. These calculations may not be used to predict or project investment results. Please contact your tax or legal representative for further advice.

SLIDE 22

Bottom line is that seven to thirteen percent income rates will most likely be needed to achieve adequate income in retirement.

SLIDE 23

The question is how do you do that without the fear of running out of money?

SLIDE 24 *(This whole presentation, Chapters 1-4, is designed to be done in one meeting, however, this is a good slide to stop at if you would like to split this presentation into two meetings. You've defined the problem and given them hope for solutions. If you do split this presentation into two meetings be sure to review Chapter 2 with them at the beginning of the next meeting before going into Chapter 3.)*

Because if I'm on these curves, trying to pull seven to thirteen percent, my chances of making it without running out of money does not look good.

Chapter 3: Defining Solutions

SLIDE 25

There are two areas for long term wealth building and one of these areas are retirement assets. Things like your 401k's, IRA's, mutual funds and so forth. But as we just saw, retirement assets by themselves have a big issue getting down the mountain. This tells us that you have to have another asset that is

uncorrelated to and has different attributes than your retirement assets. These two assets interact with one another to create the ability to take higher income rates safely.

SLIDE 26

So the question is, “what is this other asset?” Well, think of these two assets for long term wealth building as oceans. The retirement assets we listed earlier sit inside the same ocean meaning there’s no rule that says my 401k’s, mutual funds, real estate, businesses, etc..can’t all go down in the same year. So again the question is what is this other asset? What asset is uncorrelated to...

SLIDE 27

...has different attributes than the ocean of retirement assets.

SLIDE 28

It’s whole life assets. Why? Well, whole life assets have different attributes than the items listed in the retirement assets, but they are also uncorrelated to the short term fluctuating returns of our retirement assets. Our retirement assets over on the left side could go down by twenty percent in a given year. And the whole life assets, by way of the contract, are guaranteed to actually go up in that same year. So there is no short term correlation and they have entirely different attributes than the retirement assets.

SLIDE 29

Let’s take a look at the insides of the Whole Life Assets so that we understand how the different attributes work. When someone purchases a whole life asset they have guarantees. They have a guaranteed Death Benefit, a guaranteed premium and a guaranteed cash value. These are items that a company cannot change on them by contract. So when somebody purchases a whole life contract in the beginning, they have all protection. And as they keep paying premiums and the cash value now starts to build, and the rule is that the cash value has to equal the death benefit at maturity.

SLIDE 30

The only non-guaranteed portion of whole life are the future annual dividends and these dividends can be used in different ways throughout the life of the policy upon request. They can be used to grow the policy, reduce premiums, or take them as cash. After dividends are paid, they are guaranteed so only future dividends are non-guaranteed. In pre-retirement we want to be using the dividends to grow our whole life assets along with our retirement assets.

SLIDE 31

When we do this, think of the dividends as an annual step-up on the guaranteed death benefit and the guaranteed cash value of the previous year. In year one, if I receive a thousand dollar dividend, let’s say that purchases an additional five thousand dollars on our behalf of death benefit. Now, after year one, my guaranteed death benefit is no longer a million dollars, it’s a million five thousand because I’ve received that dividend. In any given year where I receive a step-up on the death benefit, I have to receive a proportional step-up on the cash value guarantee because they have to equal one another at maturity. Future dividends are non-guaranteed because they can’t tell you exactly what they’ll be years

down the road. The longer we own a whole life asset, the more guaranteed it becomes. Meaning if I'm age sixty five or seventy, and have received dividends, that have gotten me to the dotted lines at those points, then those spots on those dotted lines are now my new guaranteed points because I have received all those past dividends. Only future dividends are non-guaranteed. And so the two big attributes in retirement that we have to utilize from the whole life assets with our retirement assets to get high income rates are both the death benefit and the uncorrelated cash values.

SLIDE 32

The key is how these two cornerstones, retirement assets and whole life, work together now and in retirement to create the ability to get much higher income rates.

SLIDE 33

The key to taking income rates in the range of seven to thirteen percent from your retirement assets is to get yourself off the curves of the withdrawal rate simulations.

SLIDE 34

We have to be able to position ourselves so that we are not relegated to the probabilities that these curves produce because at high withdrawal rates, those probabilities are not good.

SLIDE 35

There are two ways to position yourself to get off these curves. One is to position yourself to use a retirement income tool that has nothing to do with fluctuating interest rates. And the second is to disrupt the primary assumption of the curves being that you have to take your income from that pot of money every single year.

SLIDE 36

The interaction of these two cornerstones provides three main options to choose from at the time of retirement to get you off the curves of the withdrawal rate simulations. One is called covered retirement assets, the second is called volatility buffer, and the third is called diversified retirement income. Note, you are not locking into which option or options you will want to utilize in the future today. The mere fact that you have these cornerstones built together gives you the ability to choose from one, or combine the options together at the time of retirement for income. So let's go through each of these three options.

SLIDE 37 *(Ask client(s) to read this slide.)*

Option one: covered retirement assets. A covered retirement asset is one that is accompanied by an equal amount of whole life death benefit. Similar to how most government entities provide retirement pensions to their employees, covered retirement assets lay the foundation for self-made pensions in retirement. This is accomplished through the interaction of a retirement income tool that is unrelated to the curves of the withdrawal rate simulations called an income annuity or self-made pension, and your whole life death benefit. Under this option the interaction of your retirement assets and whole life death benefit gives you the ability to create a guaranteed retirement paycheck for life historically in the

range of seven to thirteen percent from the assets you've built, while at the same time providing perpetuation of retirement income for a spouse and or a legacy for your heirs. The closer you get to having the same amount of retirement assets and whole life death benefit at retirement time the more covered assets you have and the higher your retirement income can go. This option gets you off the curves of the withdrawal rate simulations by using a tool that has nothing to do with fluctuating interest rates.

SLIDE 38

Visually, this is how this works. On the left side, in pre-retirement, we put all of our savings towards building retirement assets only. We have all of our savings directed to building retirement assets, like a 401k for example. Let's say that that savings could create one unit of money for us, call it a million dollars. When we get to retirement, we would have a three and a half percent income rate from the withdrawal rate simulations off of that money, which is thirty five thousand dollars a year non-guaranteed. Let's go over to the right side of this page, where instead of putting all of our annual savings in pre-retirement to just building retirement assets, we are now going to split that annual savings between building the cornerstones with the same amount of annual savings. The retirement asset value at retirement time isn't going to be a million dollars, because we've split our annual savings between building the cornerstones. So what we see is fairly representative of what someone might have when they split that annual savings in pre-retirement. We have seven hundred and fifty thousand in our 401k and seven hundred and fifty thousand of death benefit and two hundred and fifty thousand of cash value in whole life. What we are going to look at now is visually how that death benefit can play with the retirement assets to create a self-made pension. What is happening here is the retirement asset is being traded for an income annuity. Historically, that income annuity would generate around a ten percent income rate as an average for a male age sixty-five. That gives you seventy-five thousand dollars a year guaranteed for life. Once you purchase the income annuity, that income stream is guaranteed for life and doesn't fluctuate. At death that income stream stops and that asset base that was traded for income is now gone. If this was a spousal scenario, or a scenario where we wanted to leave some money to a charity or kids, this would not be a good scenario by itself. However, since we have a whole life death benefit of seven hundred and fifty thousand, when that person dies the death benefit of the whole life asset comes in the door to replace the asset that originally created the income stream. So now a spouse would have the option to take that money and recreate an income stream in full or half or whatever they might need. The key is they have the ability to recreate the income stream. Conversely, if this was not a spousal relationship, there would be a pot of money left over to be passed on to a legacy of their choice. The key is while we were living, we get to enjoy much higher income streams that are guaranteed relative to just having retirement assets based on withdrawal rate simulations.

SLIDE 39 *(Have the client(s) read this slide, and highlight the phrase in bold and underlined below. There are only two options for us to get income in retirement, trading or investing. We aren't trying to choose one of these options today and we don't want to pigeon hole ourselves. We want to put ourselves on a path to have the choice between these in the future on the highest spectrum.)*

We just went through option one, which is the covered asset for retirement income. Remember, we are not choosing one of these options until you get to retirement. We are just previewing what these

options are so we understand what we'll have to choose from later on. Let's go to option two, the volatility buffer. **If you choose not to create a self-made pension with your retirement assets for income as discussed in option one, then your retirement assets will need to be invested to create your income.** However, taking income rates in the range of seven to thirteen percent from your invested retirement assets gives you high probabilities of running out of money based on withdrawal rate simulations. The reason this occurs is because a primary assumption of the simulations is that you have to take your income from that pot of money every year, never giving it a break. The key to not running out of money and taking high withdrawal rates in the range of seven to thirteen percent from invested assets is to not always have to withdraw your income from this pot of money after a year in which your asset base did not earn what you were going to pull out. This gives your asset base a volatility buffer year, a chance to recover, and gets you off the curves of the withdrawal rate simulations. After some of the years in which your asset base did not earn what you were going to pull out you would need the ability to withdraw your income stream from a different asset that is uncorrelated to the short term fluctuating returns of your invested retirement assets. The cash values of your whole life assets fit this bill. Having years of retirement income available in the cash values of your whole life assets is vital in retirement if you choose to invest your money to create retirement income. This option would get you off the curves of the withdrawal rate simulations by breaking the primary assumption of the curve being that you have to pull your income from that pot of money every single year. Let's see visually how this works.

SLIDE 40

Visually, we have the same set up. On the left side, without cornerstones, we have a three and a half percent withdrawal rate simulation which gives us an income of thirty five thousand dollars a year from our retirement assets. On the right side we have the cornerstones; retirement assets and whole life assets. Now what we're going to do instead of trading our money to get our retirement income streams, is invest the seven hundred and fifty thousand dollars of retirement assets and pull money off to get our retirement income streams. We are going to pull a higher income rate than what withdrawal rate simulations would normally say is prudent from a probability standpoint because we know we have the ability to also pull income from the cash values of the whole life asset as a volatility buffer. The way this works in this case is we have a ten percent withdrawal, which is seventy five thousand dollars a year. At the beginning of year two I look back on year one's return to see if I earned the seventy five thousand dollars that I pulled out of that asset. If I did not, I would give that asset a break. Then pull the income the next year from the cash values of the whole life asset that aren't as significantly affected by short term interest rate swings and market fluctuations. I do this as many times as I need to, or can, to disrupt the withdrawal rate simulation curves.

SLIDE 41

Let's take a look at an example illustrating the effectiveness of the volatility buffer when withdrawing high income rates from invested money. To do this we have to look at the results of pulling income from the \$750,000 during a time frame without a volatility buffer first and then compare that to what it would be with the volatility buffer.

SLIDE 42

What we see on the left side, is the beginning retirement asset value of seven hundred and fifty thousand that we were just looking at without a volatility buffer. We are going to be pulling ten percent income from that beginning value which is seventy-five thousand dollars a year every single year during a period that averaged twelve point seven seven percent. When we do this, every single year, we run out of money between years thirteen and fourteen which is fairly consistent with withdrawal rate simulation probabilities at higher income rates. Now let's go over to the right side. On this side we're going to demonstrate the power of the volatility buffer and the cash values of whole life insurance. Again, the same setup. However, after years in the beginning where we did not earn what we pulled out, we are going to give the asset a break and not draw our income stream from that pot. Instead, we'll draw from the cash values of the whole life policy which are not as significantly affected by the short term interest rate swings and market fluctuations. In year two, we look back on year one and we see it had a positive return, but we didn't earn the seventy-five thousand we pulled out that year. Then in year two, instead of pulling our income from this invested money, we pull the income from the cash value of the whole life insurance policy, giving the retirement assets a break and a chance to recover. What we are trying to do is preserve these "workers". Think of all these dollars as your workers. We want these workers to be preserved and that's what the volatility buffer and the cash value of the whole life insurance policy accomplishes. It allows you to do this with the retirement assets that are invested as many times as we can, or need be, and in this case we do it three times based on what we had available in the cash value of the whole life insurance policy. You can see the power of this as far as what happens with the account value. Instead of running out of money between years thirteen and fourteen we now have more money than we started with twenty years down the road. So this is the volatility buffer, option two. Now remember, you are not choosing one of these options until you get to retirement. The mere fact that we built these two cornerstones side by side gives you the ability to choose from or combine these options together at the time of retirement. What we need to be doing today is building these cornerstones together side by side in the proper balances so you have these options available to you in retirement.

SLIDE 43 *(Options 1 and 2 that were just discussed are the most powerful options because they bring the two main financial powers (accumulation and distribution) together; Option 3 can be discussed at your discretion and as needed. Option 3 actually shows that when the two powers are pitted against one another, or used separately, a person ends up in a similar not so favorable retirement income position; but this option also demonstrates the ability to pull income from Whole Life Assets. Ask client(s) to read this slide.)*

This brings us to option three: which is diversified retirement income. This option provides you with the ability to have multiple sources of uncorrelated sources of retirement income to insulate yourself from market fluctuations, interest rate volatility, and income tax rate changes. Your retirement assets can be used as one source of income, and the cash values of your whole life assets can be used as a second source. Income from retirement assets, such as 401k's, are often taxable and short term interest rate sensitive. Income taken from the cash values of your whole life assets, by way of loans, are non-taxable and not short term interest rate sensitive. The respective income streams generated by your retirement assets and whole life assets have little to no correlation to one another, providing stability for overall

retirement income. If option three was the only reason someone was creating whole life assets, as if options one and two previously discussed did not exist, one might wonder if they are building whole life assets with their annual savings at the expense of earning a rate of return with that savings in their retirement assets. Let's run an experiment to measure if this is true, remembering that there are two rates that make up everyone's retirement income, their accumulation rate and distribution rate. When comparing strategies for retirement income you have to take both of these rates into account at the same time, since it doesn't do you much good to have a good accumulation rate but then be relegated to a low distribution rate.

SLIDE 44

Here is the setup for our experiment. Let's say we have a male, age forty in a thirty percent tax bracket, saving ten thousand dollars a year pre-tax which in a thirty percent bracket is the same as seven thousand a year after tax. Let's assume they can earn a six percent net actual rate of return in a 401k plan or retirement asset after fees, meaning they are probably earning around a seven point seven five percent gross. Let's then assume if they're going to use income from their invested money in retirement pulling a three and a half percent withdrawal rate based on the simulations. What would contributing ten thousand a year pre-tax into a 401k plan, or any retirement asset that is an investment, give you at age sixty-five for retirement income based on the assumptions made above? If we put ten thousand dollars in each year for twenty-five years at six percent, this gives you five hundred eighty-one thousand five hundred sixty four dollars at retirement. If you multiply that by three and a half percent, you have twenty thousand, three hundred and fifty five dollars a year of pre-tax income. Now let's compare that to what contributing seven thousand a year after-tax into your whole life asset would give you at age sixty-five for retirement income based on the assumptions made above. We are going to take the same amount of savings and direct that to whole life assets.

SLIDE 45

What this illustration is showing is seven thousand dollars per year of after tax premium paid until retirement age for twenty-five years. Then at retirement, pulling sixteen thousand, one hundred ninety-five per year of non-taxable loans from the policy for retirement income all the way to age one hundred. The non-taxable whole life asset retirement income of sixteen thousand one hundred ninety five, if we divide by one minus the tax bracket, gives us a pre-tax equivalent income of twenty-three thousand one hundred thirty-six per year, pre-tax equivalent.

So in this example, the whole life asset provides twenty-three thousand one hundred thirty-six dollars per year of pre-tax equivalent retirement income compared to the twenty thousand, three hundred and fifty five dollars per year of pre-tax income from the 401k plan that earned a gross actual rate of return of seven point seven five percent over twenty five years in pre-retirement.

SLIDE 46

Again, the decision for which option, or combination of options, you choose for retirement income is made at the time of retirement. But no matter which cornerstones option you choose, you are much better off than being relegated to an invested retirement asset only strategy for retirement income. So it's vital to have these two cornerstones working together giving you the ability to create much higher,

more secure retirement income streams. The cornerstones also provide you with many pre-retirement benefits along the way. Start building your cornerstones together as soon as possible to allow them both the time to build and grow. The big picture strategies you implement today, directly impact your retirement income later. Time is of the essence.

SLIDE 47

Let's take a moment to review the pre-retirement benefits that you get with the cornerstones as well. What you see here is a comparison between doing retirement assets only, and retirement assets and whole life assets. They both have flexible contributions over time, and then when you do the cornerstones together-retirement assets and whole life assets-, we also get additional pre-retirement disability protection on annual savings, additional immediate death benefit protection, reduced market volatility, increased access for liquidity in pre-retirement, flexible use of money as needed without killing your growth cycle, and provides additional overall asset diversification, among other things when you do the cornerstones together.

SLIDE 48

What we've done is economically defined the three areas of savings. The key is to be building the proper balances in these areas in pre-retirement to create the maximum results in retirement.

Chapter 4: Implementation (Cornerstones Calculator Summary Examples)

SLIDE 49 *(you can show one or both of these Cornerstones Calculator Summary output examples)*

What you see here is an example summary output of our Cornerstones Calculator for a 40 year old couple. This calculator compares the retirement income calculations for building Retirement Assets only and ending up with 3-4% retirement income rates, the salmon color, to the Cornerstones Strategy options of Covered Assets and Volatility Buffer, the blue and green colors, using the exact same assumptions and same amount of savings in each scenario going forward. At our next meeting we can use this calculator to run your own retirement income comparison calculations based on these different concepts and strategies we've just discussed using your current savings. This calculator does two things for us: First it will help us compare the efficiency of the different strategies for you, and second it will give us a marker for what your retirement income might be in the future based on the assumptions made. This will help us determine how you want to be allocating your money today and how much you want to be saving today. To be able to run these calculations though we need to know what you might qualify as for the Permanent Life Insurance, because you can't just get Permanent Life Insurance, you have to be underwritten for it by an insurance company. The underwriting process usually takes between 3-6 weeks. What I'd like to do with you today is get you into the underwriting process by filling out an application to get this process started. You're not buying or committing to anything today, we're just asking the insurance company for an approval on your health rating. Then while this process is going on behind the scenes we can get back together in a week or two to run through your own calculations. How does this sound to you?

SLIDE 50

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