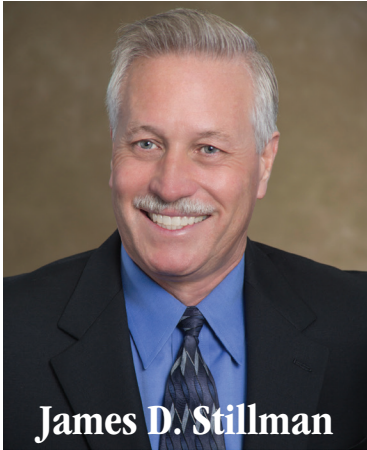


Between the Beacons

Charting Your Course to Retirement

Is This The Perfect “Investment” That Nobody Knows About?



James D. Stillman

Time and again we hear folks complain about how tired they are of banks paying virtually no interest on savings, checking accounts, and CDs. Same thing could be said of bond yields. Everyone needs a certain amount of money safe and liquid, but it's been difficult to make a reasonable rate of return on that money in the current financial environment.

Over this past decade there has been a war declared on senior savers and conservative investors alike. Fortunately, that's starting to change, but it's still tough to get a good return on safe or fixed income strategies.

Well, some time ago the insurance industry came up with a very attractive alternative that virtually nobody knows about! Imagine an account with the following benefits:

- Your principal is safe and guaranteed a minimum return (subject

to the claims paying ability of the company)

- Your account is fully liquid at all times (100% access to your account)
- You have a very reasonable expectation to earn 6% - 8% average return over time.
- No income tax on earnings until you withdraw your money. Much like an IRA plan, the earnings are tax deferred
- Increased tax-free transfer to your beneficiaries at death (they pay no income tax at all)
- Long-term care benefits

Wow! That sure sounds like a pretty nice list of benefits for you to enjoy. But like anything else, there has to be some strings attached, right? Well, you would be correct. There are a few strings attached. First, what I've just described is a type of life insurance called “Single Premium Life, option C”. You make one single deposit and you can't add money to it after that.

Because it's life insurance, the first string is that you must be insurable to some degree. Now, you don't have to be an Olympic athlete to qualify. You just need to be insurable. Ratings do not really matter much with this type of plan, nor do they affect returns in any meaningful way. They simply impact how large the death benefit has to be to qualify under life insurance tax laws.

The second string is that there is no guarantee on how much interest you

might earn from year to year, other than the guaranteed minimum (usually around 3%). You may earn 3% one year and 20% the next. Indexing strategies are used to determine the rates of return each year, and once money is credited it cannot be lost. Over time, after expenses, you can reasonably expect to earn between 6% - 8%, but it could be higher. Over the past 20 years, the average annual rate of return has been between 7% - 8% with this type of policy.

The final string is that you do have some cost of insurance expenses each year (after all, it is life insurance). In this type of plan, they are minimal, but none the less they are there.

Sample - \$100,000 deposit, 60 year old male, standard non-tobacco rate. The death benefit would be approximately \$250,000 (tax free to heirs). You could expect to earn an annual internal rate of return after expenses of 6% - 8%. Your cash value is always 100% liquid (no surrender charges), if you die your heirs collect the \$250,000 income tax free, and you can use up to 95% of the death benefit for long-term care if ever needed (tax free). What the heck else do you want?

When all is said and done, given today's low interest rate environment and market volatility, these new hybrid life insurance plans are becoming a very popular alternative to keeping “dead money” in the bank. We consider it another asset class that simply is not used enough and should be. You owe it to yourself

Chart Your Course to Retirement

Thursday May 10th &
Tuesday May 15th



Chillfire Bar & Grill - Denver



6:30pm

(doors open at 6:00pm)

REGISTRATION REQUIRED TO ATTEND

Call 704-660-0340 or email
kelly@jdswealthmanagement.com

to learn more about this little used “investment” strategy.

At JDS, everything we do is designed to take the worry out of your retirement. If you'd like to set up a visit to discuss your retirement and get your own *Chart Your Course Retirement Plan*, then give us a call.

And remember: *The purpose of the money dictates where you put it!*

Until Next Month,
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