

The “Ultimate Roth Strategy”

Maximum Wealth With Maximum Security

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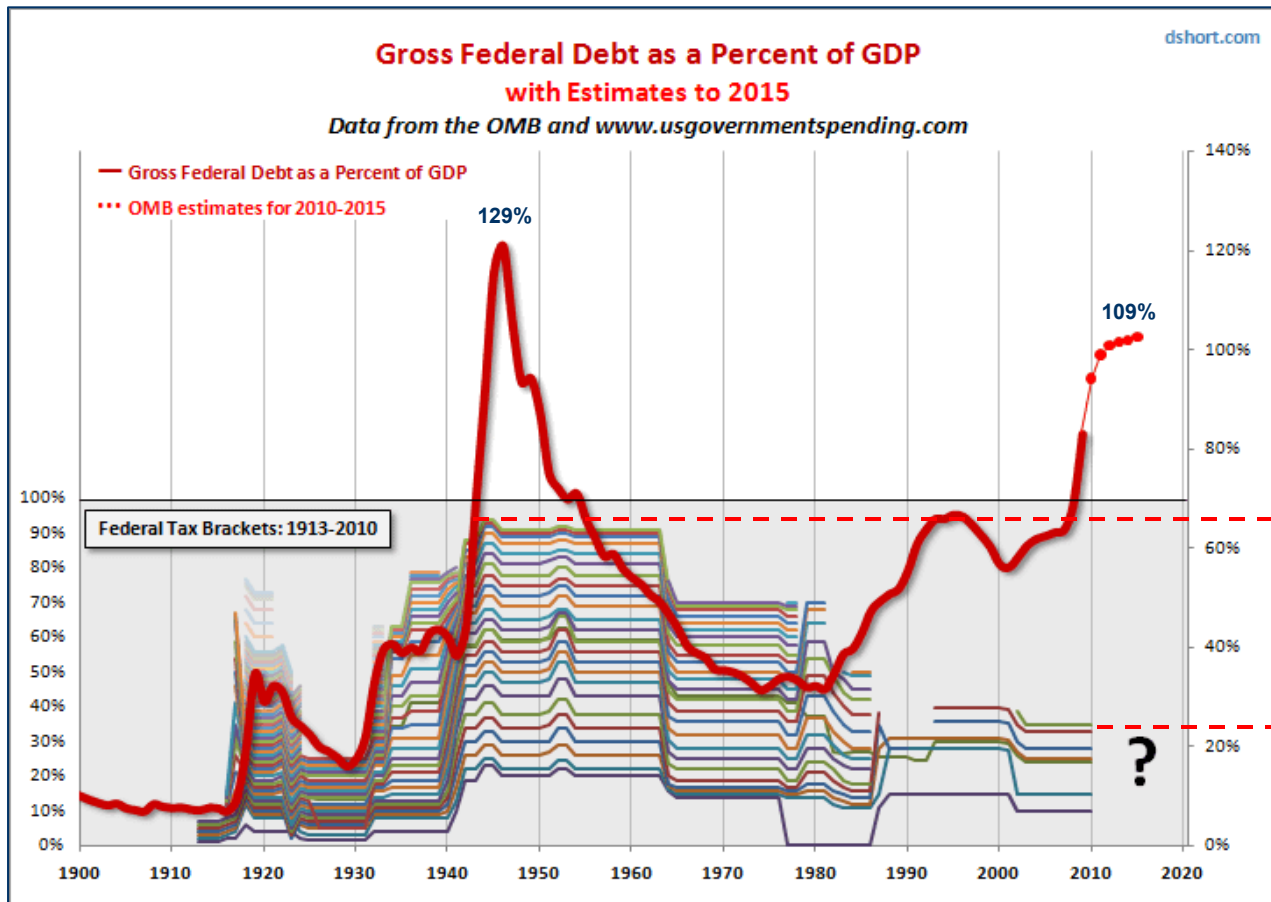


Over time, as government spending has risen, so have taxes.

- Especially during times of war and recession
 - World War I in 1917
 - The New Deal program in 1933
 - World War II from 1941-1945
 - *The “Economic Crisis” of 2008 & 2011??*
- As public debt skyrockets, someone will have to pay for it

As government spending rises, so do taxes.

Where do you think taxes will go?



The gap between tax rates and government spending as a % of GDP is at historic highs

109% GFD
vs
35% Top MTR

94% Top MTR

35% Top MTR

?

Background questions....

- Question #1 – Are you someone who wants to receive **tax-free income** during retirement?
- Question #2 – Are you someone who wants/needs to save more per year than what a Roth IRA allows?
- Question #3 – Are you someone who needs to **update your current life insurance policies** to maintain death benefit protection **AND** grow **tax-free retirement income**?
- Question #4 – Would you have been happy to earn a **tax free** rate of return over the last 10 years of **7.28%?***
- Question #5 – **Would you like to eliminate risk of loss due to downturns in the stock market?**

* 10 yr period ending 3-31-2010 (S&P 500 @ -2.45% APY over same time period). This summary is for illustrative purposes and does not represent, reflect, or guarantee future or past performance.

If you answered yes to two or more of the previous questions, then....

The
“Unlimited Roth Strategy”
will likely serve you very well!
Consider....

Where is the “best” place to build retirement wealth?

- **Diversification**
- Having said that, this presentation will focus on the **proper use of cash value life insurance** to build a **tax favorable retirement nest egg.**

Why Life Insurance?

- Why not stocks and mutual funds?
- The answer is simple:
 - 1) Stocks and Mutual Funds have NO downside protection.
 - 2) They are also tax-hostile and very expensive.

Mutual Fund Performance

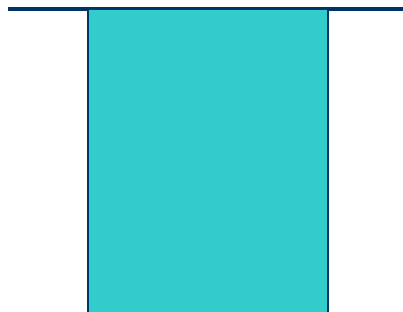
“The sad truth of the matter is, that over time the vast majority – approximately **80% - of all mutual funds underperform** the overall stock market.”

The Motley Fool

Mutual Funds Provide No Downside Protection

Legg Mason Value Fund	(54.6%)	
Templeton Developing Markets Fund	(53.9%)	2008 Results*
Fidelity Magellan Fund	(49.4%)	
Schwab Yield Plus Fund	(35.4%)	
T. Rowe Price Retirement 2010 Fund	(26.7%)	

S&P 500



-37.0%



*Source: Morningstar.com

Investors and their advisors may chase the wrong funds

From 1984-2002 the S&P 500 Index averaged over 12% per year. The average mutual fund annually averaged under 10%, but because of switching to so-called “hot funds”, the individual investor managed an annual return of just 2.7%. DALBAR associates (“Law of Averages”, 2003).

Funding life insurance to build wealth for retirement

- **Policy design is critical.**
- Funding the policy over 5-7 years (or more) is ideal to minimize costs and maximize cash value and growth.
- Cash in a LI policy **grows tax free*** and can be **removed tax free**** in retirement.

*(No capital gains or dividend taxes on gains)

** (No income taxes when removed in retirement with a proper design)

What type of Life Insurance?

- **Wealth accumulating life insurance** specifically designed to maximize principal protected, market linked, **tax-free** cash flow in retirement.
- **Equity Indexed Universal Life (EIUL)** insurance.

EIUL continued

- **Annual minimum return guarantee every year** while still allowing the cash value in the policy to grow at **market rates** every year.
 - **Growth** pegged to the S&P 500 (or other index) every year.
 - **Principal protection** (no downside due to negative market returns).
- From 3-31-2000 to 3-31-2010 the S&P 500 returned a **-2.45%** APY* while EIUL using a MSC** strategy returned **7.28%** APY in a **tax-free** environment.

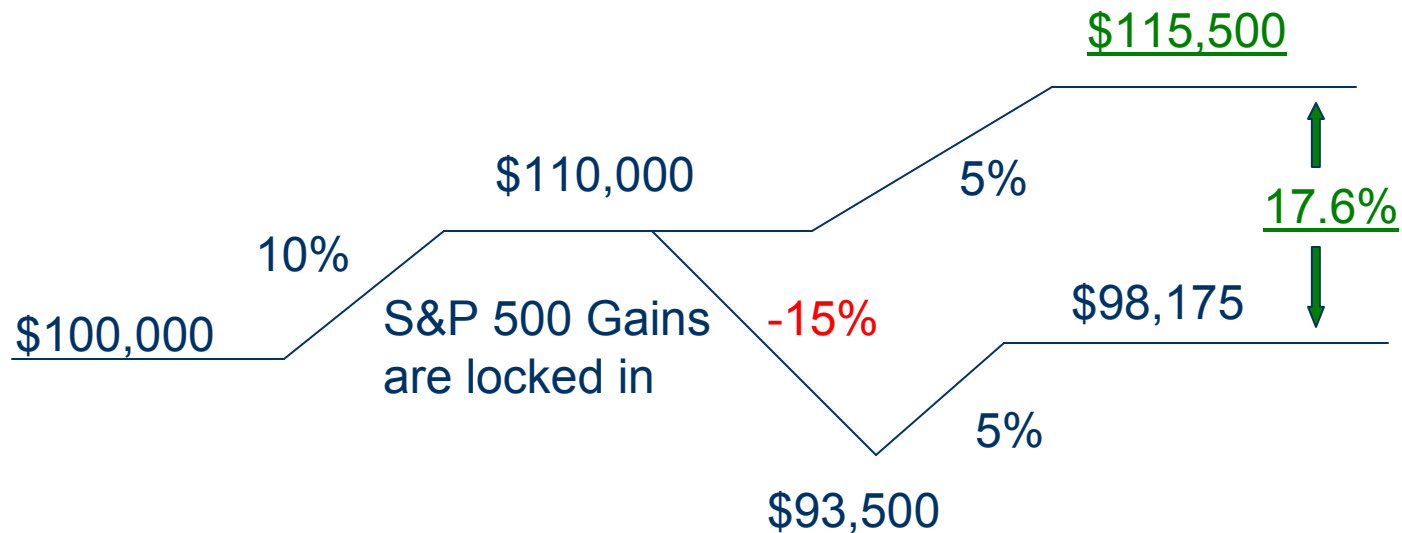
* Excludes dividends

** Monthly sum cap

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Protective Wealth Building

EIUL locks in the gains in up years and does not participate in down years.



Nothing is for free

- Because of the contractual guarantees, EIUL policies take away some of the upside potential of the policies with caps or limits on the growth.
 - Caps vary per company and crediting method
 - Double digit returns are still possible

EIUL (continued)

- The premiums allocated to cash growth in an EIUL policy are used to purchase income producing bonds.
- Income from the bonds (which varies) is used to purchase options in a stock index (such as the S&P 500 index).
- In up years, the options pay off and provide positive returns in the EIUL policy.

Continued

- An EIUL policy is a “supplemental retirement” plan for those who:
- Do not like their stock portfolios tanking with the market.
- Do like
 - Locking in gains;
 - Upside growth pegged to indexes which out-perform most mutual funds;
 - An “Unlimited Roth” concept/strategy
 - No annual taxes on growth; and
 - No taxes when removing money from the policy in retirement.

Summary

- Again, a diversified wealth building strategy is always the best way to build wealth.
- If you want to build “Maximum Wealth with Maximum Security,” you should allocate money to a properly designed EIUL policy with the following characteristics
 - **No Downside Risk** due to market volatility
 - **Strong upside growth** potential pegged to the S&P 500 index
 - **Annual reset feature locks in interest gains**
 - **Tax-free growth** and **tax-free retirement cash flow**
- Do not forget about the **death benefit!!**

What about you?

- Would you have been happy to earn a **tax free** rate of return over the last 10 years of **7.28%?***
- Would you have been happy to earn a **tax free** rate of return over the last 20 years of **9.67%?****
- **With no risk of loss due to downturns in the stock market?**

* 10 yr period ending 3-31-2010 (S&P 500 @ **-2.45%** APY over same time period)

** 20 yr period ending 3-31-2010 (S&P 500 @ 6.37% APY over same time period)

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Maximum Wealth with Maximum Security

- Lock out losses
- Lock in gains
- Leverage the growth
- Mitigate taxes
- Make it last