Prosperity Roadmap – Guided Presentation Script

Welcome to the Prosperity Roadmap, the absolute best IUL presentation tool in the industry. The PRM consists of a 'Core' report as well as 15 'Supplemental' reports. While you'll us the Core report in all your presentations, you'll use the Supplemental reports on an 'as needed' basis. What does that mean?

As you perfect the art of 'reading' your prospect, you'll get better at understanding which prospects want to know what time it is versus those who want to know 'how the watch is made.' You'll discover this through the questions they ask, the responses they give, and the body language they display. The Supplemental reports elaborate on the components of the core report and are therefore situationally appropriate.

So for example, if a prospect asks questions about the cost of the plan – or offers feedback that they've 'heard' that cash value insurance is an expensive way to buy insurance, you'll want to pull out the Supplemental report on the Cost of a Fortune Builder Wealth Plan and review it with them.

The supplemental reports are important – and you should know exactly what each one says so that you can reinforce your solution as questions arise. But the key in the sales process is to strike the right balance between providing enough information for your prospect to make a thumbs up or thumbs down decision on your proposed solution; without overwhelming them with more information that they need (or can absorb) in arriving at that decision.

This document is meant to serve as a discussion guide as you walk your prospect through the customized solution you have prepared for them. This presentation (and the accompanying reports) will result in a closing ratio approaching 100% if – and only if – you use it properly. There are four requirements to achieve the best results:

1. Use the Prosperity Roadmap *only* when it has been 'set-up' properly – meaning it follows a well-executed 'pain' meeting; and it is the result of the prospect's request for you to design a proposed solution for them.

2. Be sure to set upfront contracts at the beginning of your discussion. If you are unclear on what an upfront contract is, how and when to set one, and how to refer back to them along the way to keep the sale on track, watch the training videos on upfront contracts in the back office.

3. Make it conversational. This isn't a one-way presentation, but rather what we call a 'guided-discussion.' In order for it to be used to its best purpose, questions - stop along the way to be sure the concepts are clear – use the 'trial close' questions sprinkled throughout so you can be relatively certain you're moving toward the conclusion you desire.

4. Incorporate the right Supplemental reports – in the right situations so that your prospect has all the information they need to arrive at a completely informed decision and so they can do so with conviction.

To use this document, pay attention to font usage. Scripted language is *italicized* and non-italicized font is used for instruction. Call-out boxes are used to highlight additional information that may help you with a particular presentation element.

Setting up the Meeting

You'll want to start your meeting by getting a 'temperature check' since your last meeting, and seeing what questions they have from the 'pain' meeting. So before even turning to page one (with only the cover page showing), ask some of these questions:

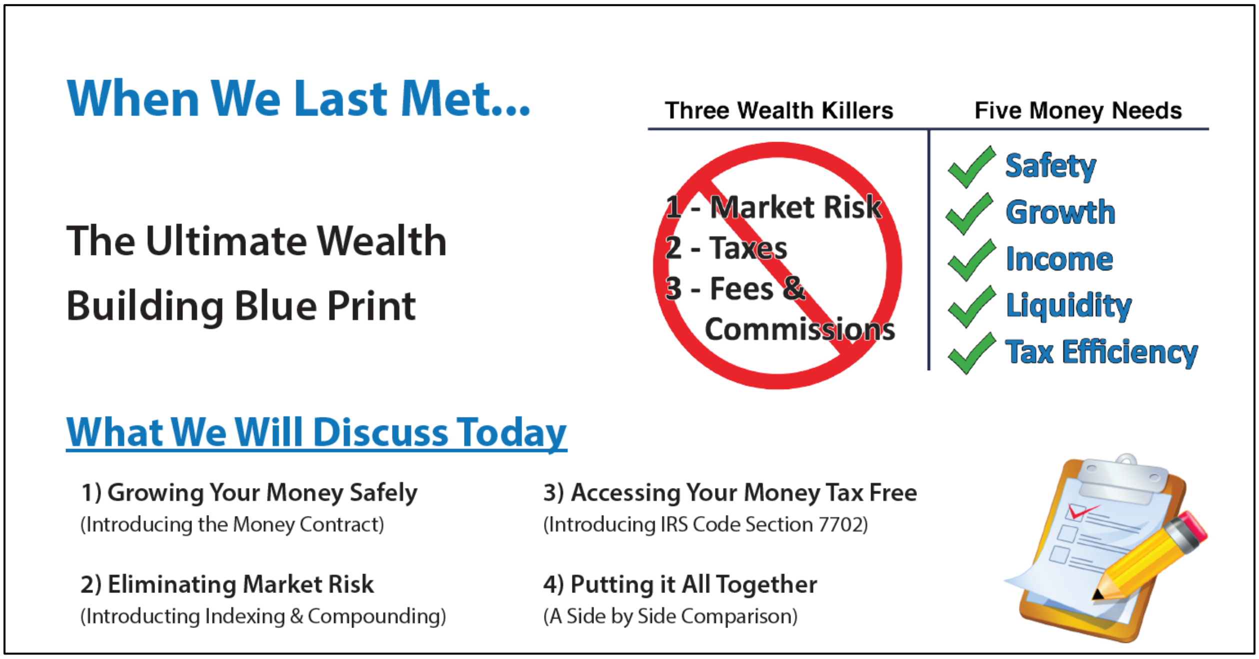
> *"Before we get started, I know we covered some new – and pretty interesting information in our first meeting – what kinds of things have you been thinking about since then?"*
>
> *"Have you thought about or talked among yourselves about any of the information we covered?"*
>
> *"Have you researched any of the information we covered?"*
>
> *"Have you talked to any of your advisors or planners to get their take on things?"*
>
> *"What kinds of questions do you have before we get started?"*
>
> *"Are there things you'd like to be sure I cover today so that your time is well invested?*

Still – before opening the report - introduce this meeting by outlining the agenda and setting your upfront contract.

> *"Great. I really appreciate you inviting me back – and I'm really excited about what I have to share with you. Let's talk for just a moment about our meeting today. When we scheduled this, I mentioned that we'd need about 90 minutes – are you still good until ___________ o'clock?"*
>
> *"I prepared what we call a Prosperity Roadmap that will guide our discussion today. We'll probably spend 45-60 minutes going through this material which will outline what I've put together for you."*
>
> *"I'm probably going to have more questions for you along the way – and I want you to be sure and stop me when you have questions because I want to be sure you understand everything I'm sharing with you – does that sound fair?"*
>
> *"What we're trying to get to when we get done going through this report is a decision as to whether you think the plan I'm sharing with you meets your objectives – and you want to move forward to the next stage. If you do, we'll spend the rest of our time starting*

that process. If you don't, we'll end early and you can get back to what you're doing. Does that sound like a reasonable plan?"

"Is there anything else you want to be sure we accomplish today?"



When We Last Met...

The Ultimate Wealth Building Blue Print

Three Wealth Killers	Five Money Needs
1 - Market Risk	✓ Safety
2 - Taxes	✓ Growth
3 - Fees & Commissions	✓ Income
	✓ Liquidity
	✓ Tax Efficiency

What We Will Discuss Today

1) Growing Your Money Safely
(Introducing the Money Contract)

2) Eliminating Market Risk
(Introducting Indexing & Compounding)

3) Accessing Your Money Tax Free
(Introducing IRS Code Section 7702)

4) Putting it All Together
(A Side by Side Comparison)

Next, you'll want to reconnect the prospect to the concepts in the Ultimate Wealth-Building Blueprint which they should have agreed would frame the outcomes they wish to achieve with their money, and introduce the PRM report.

"So I want to start out just by making sure we're still on the same page. When we wrapped up our last meeting, we talked about what we called the Ultimate Wealth Building Blueprint. It summarized the goals you wanted me to use in designing the solution you asked me to put together for you."

We talked about your desire to eliminate the Three Wealth Killers if at all possible – Market Risk, Taxes, and Fees & Commissions – because we spent some time understanding just what a devastating impact they can have on your money. Are those still in line with your thinking?"

"Great. Now we also said that if we could eliminate the Three Wealth Killers, we'd want to put the Five Money Needs in their place, so we could be sure your money benefitted from Safety, Growth, Income, Liquidity, and Tax Efficiency – all at the same time. I assume that's still a good set of outcomes you'd like to achieve if possible?"

"Okay – that's good news – because that's exactly how I've constructed your Prosperity Roadmap. As we go through this, I'll refer back to each of the Wealth Killers and Money Needs so you can hold me accountable to the outcome set you wanted me to try and achieve for you."

"So here's what we're going to cover today:

- *We're going to talk about my recommendation for how you grow your money safely. To do that – I'm going to introduce you to the concept of a Money Contract.*

- *Next, we'll talk about how we'll not only lock out any market risk – but how – in doing so – your money will benefit from uninterrupted compounding – which as you'll see – is critically important. If Einstein calls compound interest the 9th Wonder of the World – we need to participate – and I'm going to show you exactly how to do so.*

- *One of your biggest goals was see if there was a way to be able to grow your money tax-deferred, but then take it out tax-free. There is a way – and it relies on IRS Code Section 7702. I promise I won't get into a bunch of IRS code – but this is one you'll want to know about because it's perhaps the most powerful piece of tax code you'll ever encounter.*

- *Finally, I'm going to show you exactly what I'm proposing – and I'm going to put it alongside other kinds of alternative plans – including the path you're on at present so you can see what your outcomes will be based on some assumptions for different kinds of plans.*

Ready to go? Any other questions before we dive in?

Introducing the concept of the Two-Bucket Strategy

"Okay. The first thing I want to share with you is that we've looked high and low, and cannot find one single product – or strategy – or account type that will allow us to accomplish all your objectives. That probably isn't news to you – or you would have found it on your own by now."

The Fortune Builder Wealth Plan's Two-Bucket Strategy

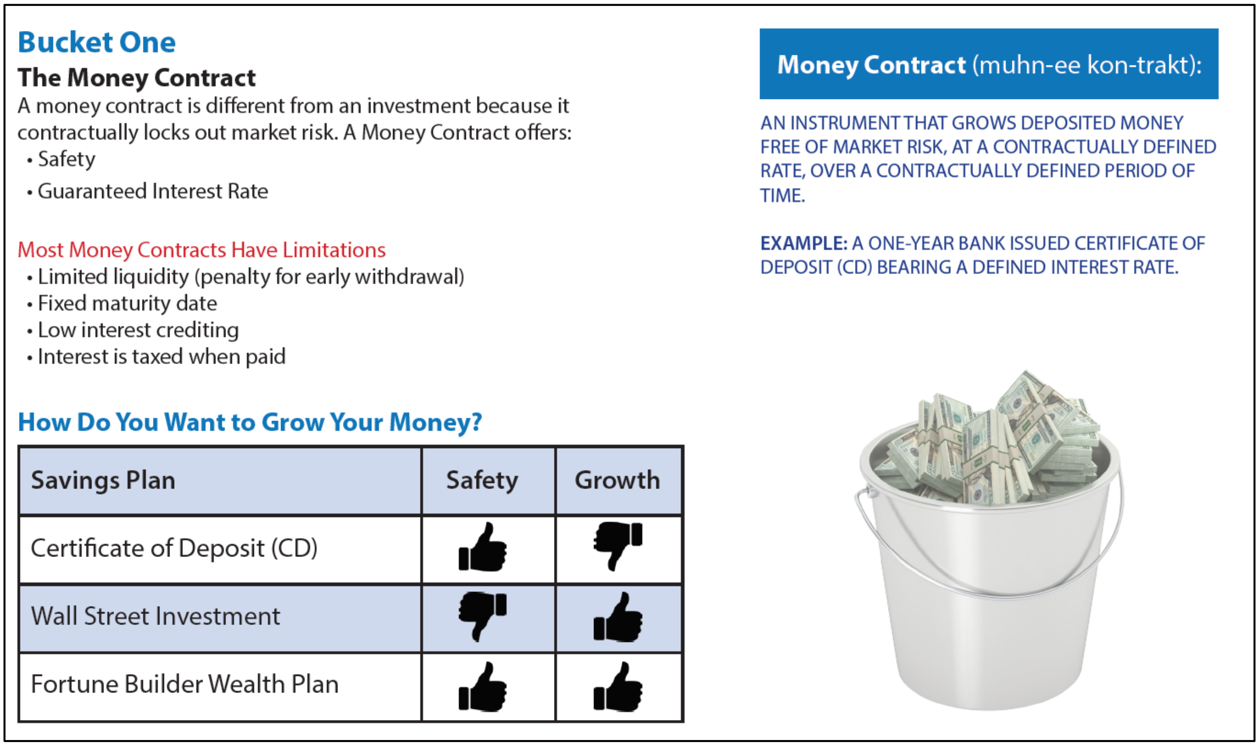
- No single product will accomplish all your goals
- Our combination gets you as close as you can get
- Interaction between the two buckets creates powerful outcomes

"So what I've constructed for you takes what I call a 'two-bucket' approach. One bucket accomplishes some of our objectives – the other bucket accomplishes the others – so that together, we get you as close to the outcomes you wanted as we possibly can."

"When we put the two together and you see how they interact with one another, I think you'll see a very powerful set of outcomes emerge – which is exactly my goal for you."

> *"Let's talk about the first bucket. It's what we call a Money Contract. Is that a term you're familiar with?"* It typically won't be. *"Well you may be familiar with bank CDs. Those are a particular kind of money contract – have you had any experience with bank CDs or do you know how they work?"*

You want the prospect to identify that 1) they are protected/insured so that they can't lose money, 2) they earn an interest rate, and 3) they usually lock money up for some period of time and are subject to penalty if withdrawn before the maturity term. In your discussion about bank CD's – you may need to prompt the prospect so that they understand all three aspects.



Bucket One

The Money Contract

A money contract is different from an investment because it contractually locks out market risk. A Money Contract offers:

- Safety
- Guaranteed Interest Rate

Most Money Contracts Have Limitations

- Limited liquidity (penalty for early withdrawal)
- Fixed maturity date
- Low interest crediting
- Interest is taxed when paid

How Do You Want to Grow Your Money?

Savings Plan	Safety	Growth
Certificate of Deposit (CD)	👍	👎
Wall Street Investment	👎	👍
Fortune Builder Wealth Plan	👍	👍

Money Contract (muhn-ee kon-trakt):

AN INSTRUMENT THAT GROWS DEPOSITED MONEY FREE OF MARKET RISK, AT A CONTRACTUALLY DEFINED RATE, OVER A CONTRACTUALLY DEFINED PERIOD OF TIME.

EXAMPLE: A ONE-YEAR BANK ISSUED CERTIFICATE OF DEPOSIT (CD) BEARING A DEFINED INTEREST RATE.

> *"So Money contracts are distinguished from 'investments' because they are not subject to market risk. In fact, the word 'contract' itself means that the outcome is either guaranteed – or at least a contractual definition of the outcome is put in writing. Oftentimes, older people will keep money in CDs because of their safety feature, along with the fact that there is a guarantee that a certain interest rate will be credited."*

"But bank CDs are far from perfect because they:

- *Offer limited liquidity and usually charge a penalty if you need to get at your money before the fixed maturity date.*
- *They also (at least in this low interest rate environment we've been in for nearly 10 years now) pay lousy interest rates, and*
- *The interest that is paid – is taxable to the CD owner the minute it is credited.*

"Now on the other end of the risk-reward spectrum is the stock market. As you know, the stock market offers absolutely no safety or protection of principal at all – but its appeal is that it offers much higher earnings potential." "

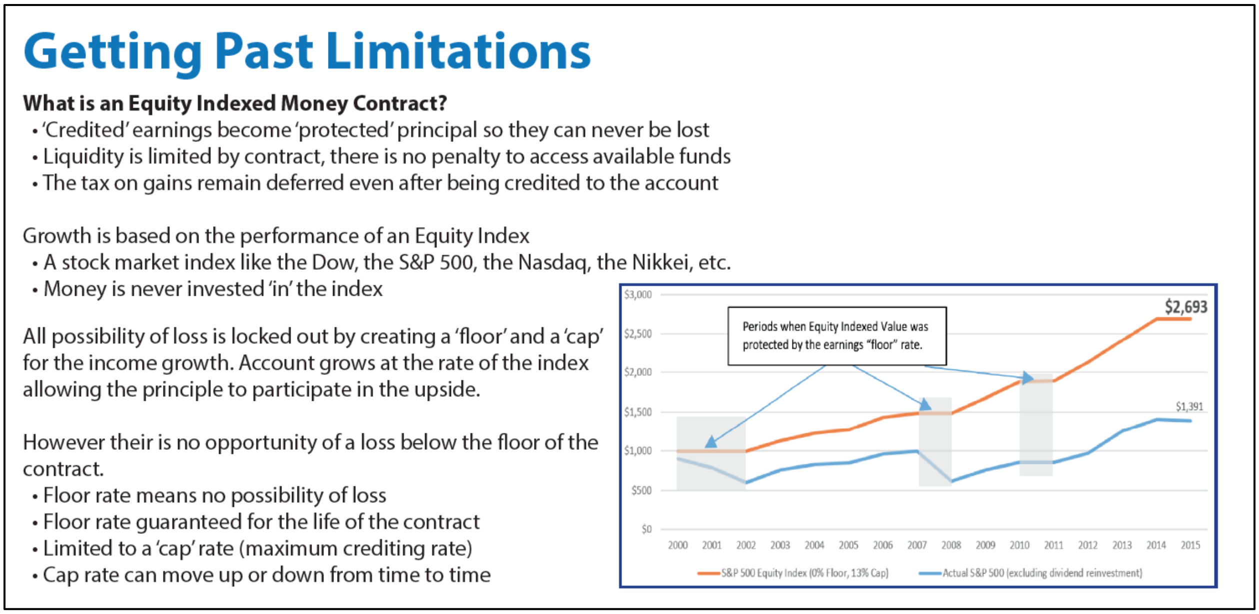
Is that pretty consistent with how you see things – or what your experience has been?"

"So we tend to like the safety aspects of bank CDs – but not the growth potential. We love the growth potential of the stock market, but the risk it imposes on our money scares the heck out of most people. So what we look for is a Money Contract that has the safety features of a bank CD – but offers the upside growth potential of the stock market."

Introducing Equity Indexing

"Thankfully, bank CDs are not the only kind of Money Contract out there – so we use a Money Contract that gives us a really nice blend – and it's called an Equity Indexed Money Contract. It works much like a bank CD with a few exceptions:

- *It does have a fixed interest rate crediting option like the interest rate on a CD. However, the fixed rate option on our Money Contract is several times the interest rate on a typical bank CD. Currently, our Money Contract fixed rate option is paying interest at ____ %.*
- *Like a CD, there is a penalty for early access to your money, but you can actually get to the majority of the money in our Money Contract at any time without penalty. I'll go over the specifics if you like what you see and we get into a bit more detail.*
- *From a safety point of view, these Money Contracts protect investor's money as well - and in some cases better than bank CDs,*
- *That's about where the similarities end – and the kind of Money Contract we're talking about begins to get really interesting.*
- *First, when interest is credited to our Money Contract, it is not taxed until it's taken out – so it preserves it tax-deferred status as long as you may wish. That's a huge advantage. A bank will send you a 1099 for the interest earned on a CD the minute the interest is credited – and that creates a tax liability.*
- *But the bigger difference is in the alternative crediting options it offers – and that's where the term equity-indexed comes into play.*



Getting Past Limitations

What is an Equity Indexed Money Contract?

- 'Credited' earnings become 'protected' principal so they can never be lost
- Liquidity is limited by contract, there is no penalty to access available funds
- The tax on gains remain deferred even after being credited to the account

Growth is based on the performance of an Equity Index

- A stock market index like the Dow, the S&P 500, the Nasdaq, the Nikkei, etc.
- Money is never invested 'in' the index

All possibility of loss is locked out by creating a 'floor' and a 'cap' for the income growth. Account grows at the rate of the index allowing the principle to participate in the upside.

However their is no opportunity of a loss below the floor of the contract.

- Floor rate means no possibility of loss
- Floor rate guaranteed for the life of the contract
- Limited to a 'cap' rate (maximum crediting rate)
- Cap rate can move up or down from time to time

$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
$2,693
$1,391
Periods when Equity Indexed Value was protected by the earnings "floor" rate.
S&P 500 Equity Index (0% Floor, 13% Cap)
Actual S&P 500 (excluding dividend reinvestment)

- *You have the option of having interest credited to your Money Contact balance based on the performance of an equity index – like the Dow, the S&P 500, the Nikkei, and several others.*

- *While your money is never invested **in** the index, the performance of the index determines the rate of interest that is credited to your Money Contract. That gives you an opportunity for significantly higher earnings.*

- *So imagine the equity index you choose goes up by, say 10%. Your Money Contract account would be credited with 10% interest!*

- *Now because we know that markets sometimes go down - that brings up the obvious question, 'how does a money contract keep my money safe?'*

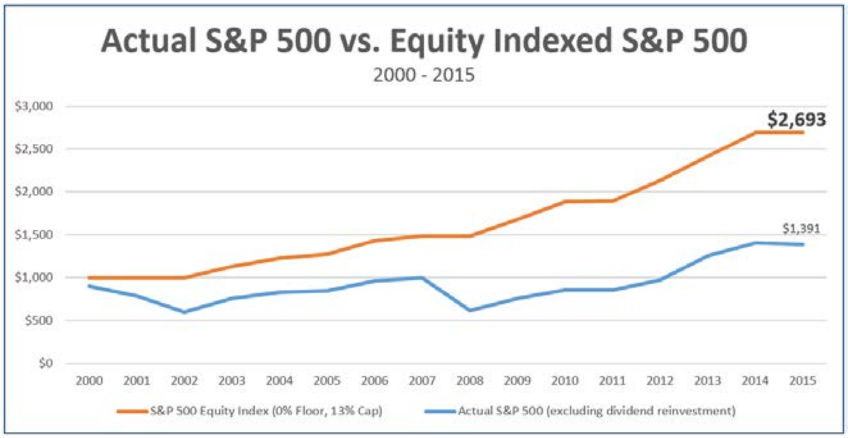
- *This kind of Money Contract has an earnings floor that is guaranteed. The floor earning rate on the Money Contract I've used to build your plan is ______%. That means the money in your Contract can never lose value – ever – due to market fluctuations – and that's what allows us to accomplish our first goal of locking out market risk.*
  - *The floor rate is guaranteed for the life of the contract.*

- *Now to get the protection of the floor rate, there is a bit of a tradeoff. The money contract also has an earnings 'cap' – a rate your earnings will never exceed.*
  - *The "Cap" rate for the plan I've put together for you is _____%.*
  - *This Cap rate can move up or down from time to time.*

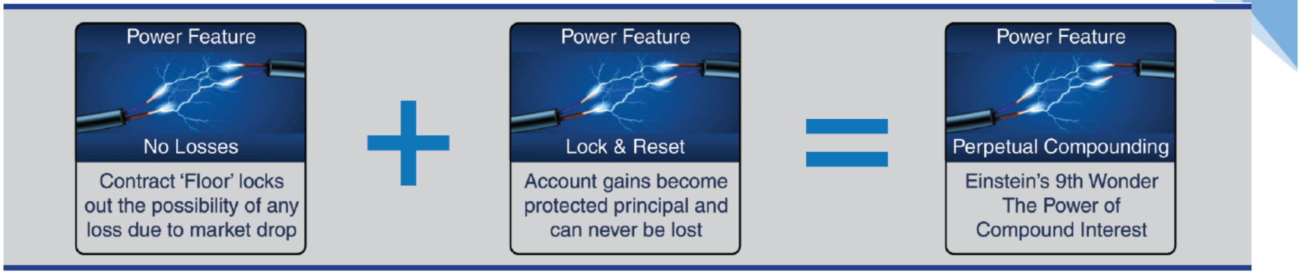
“Let’s take a look at the power of this equity indexing option. What you see on this chart is a comparison of what would have happened over the last 15 years – from 2000 through 2015 in the market. The blue line is the actual S&P 500 performance over that time. The orange line shows how an equity-indexed money contract with a 0% floor and a 13% cap would have performed over the exact same period of time.”

“Not only can you see that the Equity Indexed Money Contract produced nearly double the amount of money as the market itself, but it would outperform the market in almost any 15 or more year period in the history of the stock market we might choose.”

- *Turns out – it’s much more critical to lock out losses than it is to capture gains in those years that exceed the cap rate – and you can absolutely see it here.*
    - *If you look at 2000, 2001, and 2002 – all of which were down years in the market – you see the floor protecting the balance so the Money Contract balance doesn’t participate in the market’s losses*
    - *You see the same thing happen again in 2007 and 2008 – when the market takes a dive, but the Money Contract doesn’t. In fact, look how long it takes the blue line to reach $1,000 – its 2007 starting point – a full 5 years, in 2012.*
- *So as you can see - the real impact of losses is the amount of time it takes to make them up – and all the while, your money is gaining no ground at all.*



“The other real advantage of the kind of Money Contract I’m recommending – and this one can’t be overstated - is that when earnings are credited to your Money Contract they become part of the principal balance and are immediately and permanently protected from any possibility of future loss.”



Power Feature
No Losses
Contract 'Floor' locks out the possibility of any loss due to market drop

+

Power Feature
Lock & Reset
Account gains become protected principal and can never be lost

=

Power Feature
Perpetual Compounding
Einstein's 9th Wonder The Power of Compound Interest

"We call this the 'lock and reset' feature and it's hugely valuable. No market-timing – no guessing when to take profits, or re-enter the market – just know that once credited, your earnings can never be lost."

- *Here's why this is so important. Einstein called 'Compound Interest' the Ninth Wonder of the World. But compound interest can only happen when there are no losses. So with the lock and reset feature, you benefit from uninterrupted earnings and get to leverage Einstein's Ninth Wonder of the World unlike any other kind of plan you might consider.*

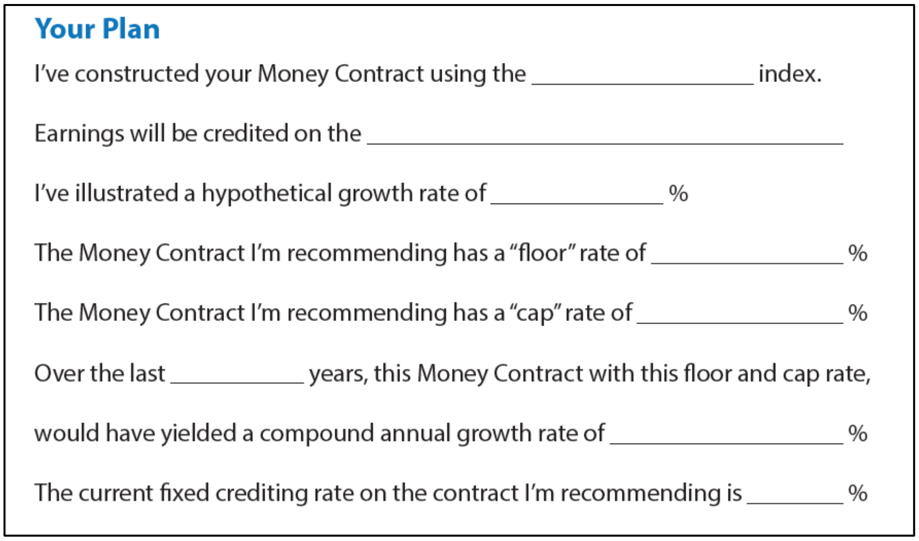
So if we were to boil it all down, the Reader's Digest version of the value of equity indexing is that:

- *The floor locks out any possibility of loss due to market fluctuation,*
- *Couple that with the lock and reset feature which means that our credited gains cannot ever be lost, and*
- *We achieve uninterrupted compounding – Einstein's Ninth Wonder of the World.*

So an Equity Indexed Money Contract

- *Gives us the benefit of choosing either a fixed interest rate applied to our money that is typically several multiples of what a bank CD would offer,*
- *We can even blend the two – put part of the money in the fixed rate account, and part in the equity indexed account,*
- *And we can change our mind from time to time per the terms of the contract.*

"Let me tell you specifically about the money contract I'm recommending – and in a few minutes, I'll show you how it performs.



Your Plan

I've constructed your Money Contract using the __________________ index.

Earnings will be credited on the _______________________________________

I've illustrated a hypothetical growth rate of ______________ %

The Money Contract I'm recommending has a "floor" rate of _______________ %

The Money Contract I'm recommending has a "cap" rate of _________________ %

Over the last ___________ years, this Money Contract with this floor and cap rate,

would have yielded a compound annual growth rate of ___________________ %

The current fixed crediting rate on the contract I'm recommending is ________ %

- *While your Money Contract gives you the option of several different indexes to choose from, I've illustrated this report using the ____________________ index. We can certainly change this if you decide to move forward and want to look at other options, but this is not only a good starting point, it's where I end up with most of the clients I work with.*

- *In the outcomes I'll share with you in a minute, I've used a hypothetical growth rate of _____%.*

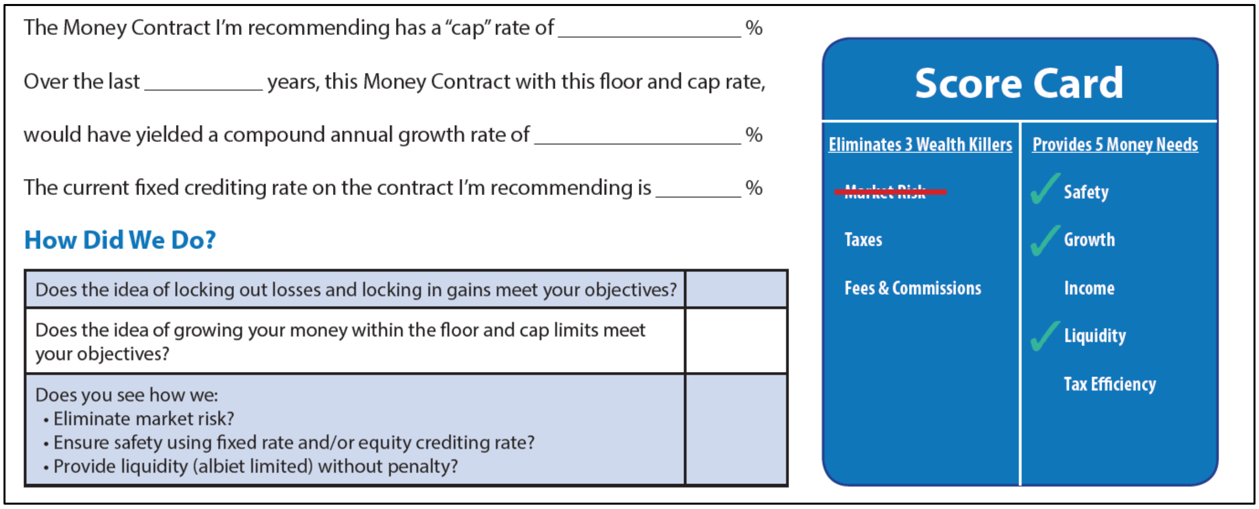
- *The Floor rate on the Money Contract I'm recommending is ______%, and*

- *The Cap rate is _____%*

- *Applying these floor and cap rates, this Money Contract would have performed at a rate of _______% over the last ______ years – so you can see I'm showing you rather conservative numbers*

- *Finally, the fixed rate option for this Money Contract is currently _____%. Whatever that rate is at the time a new Money Contract goes into effect, it is guaranteed for the life of the contract.*

"What questions do you have?"



The Money Contract I'm recommending has a "cap" rate of ________________ %

Over the last ___________ years, this Money Contract with this floor and cap rate,

would have yielded a compound annual growth rate of ___________________ %

The current fixed crediting rate on the contract I'm recommending is ________ %

How Did We Do?

Does the idea of locking out losses and locking in gains meet your objectives?	
Does the idea of growing your money within the floor and cap limits meet your objectives?	
Does you see how we: • Eliminate market risk? • Ensure safety using fixed rate and/or equity crediting rate? • Provide liquidity (albiet limited) without penalty?	

Score Card

Eliminates 3 Wealth Killers	Provides 5 Money Needs
~~Market Risk~~	✓ Safety
Taxes	✓ Growth
Fees & Commissions	Income
	✓ Liquidity
	Tax Efficiency

"Does the idea of locking out market losses and locking in gains meet your objectives?"

"Do you think that the idea of growing your money within the floor and cap limits would help you achieve your growth goals and achieve them more reliably with less anxiety?"

"So I just want to revisit our Blueprint objectives before we move on:

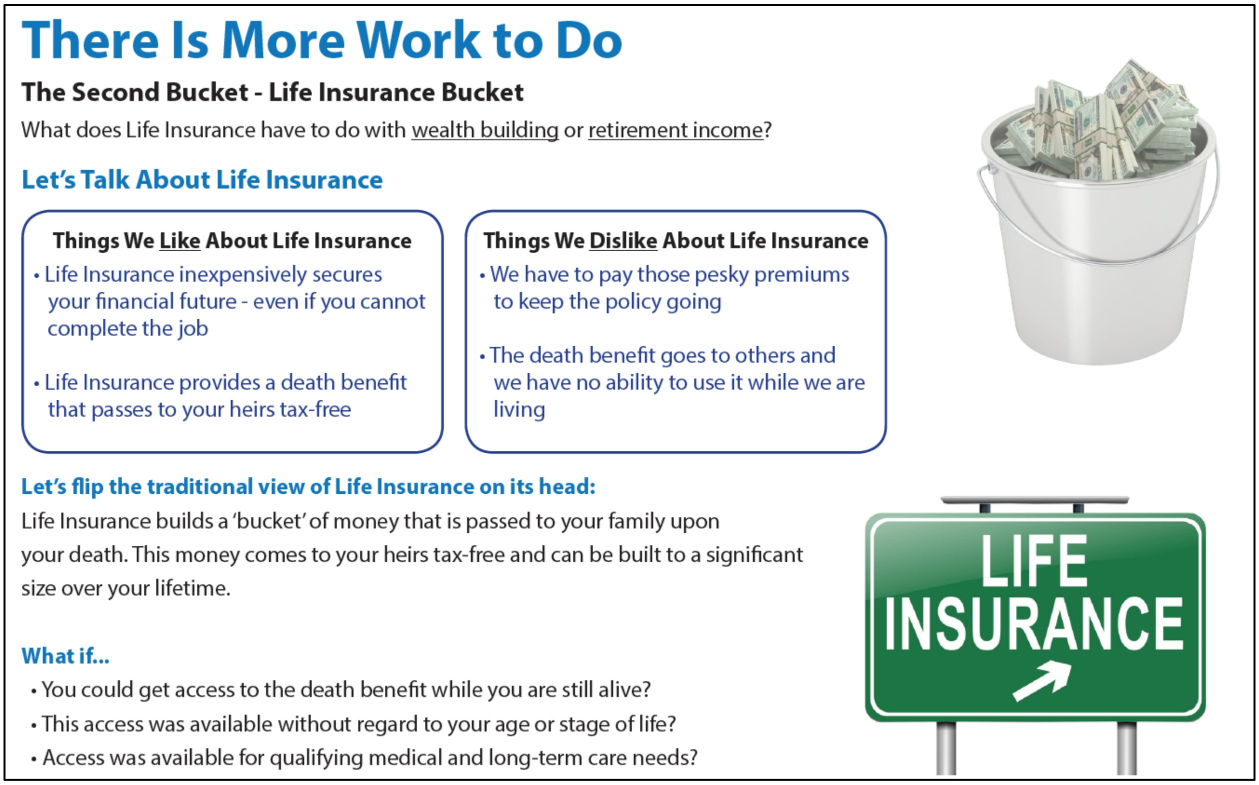
- *Can you see how we've eliminated market risk – one of the Three Wealth Killers?*
- *Can you see how we've ensured Safety – one of the Five Money Needs?*
- *Can you see how equity indexing ensures the Growth of your money – another of the Five Money Needs?*

"So with Bucket One – the Money Contract – are you okay checking off the elimination of market risk, the assurance of safety, as well as the assurance of growth of your money as well as addressing the liquidity feature?

Introducing Bucket Two – the Life Insurance Account

"Excellent. Now it would be nice if we could stop here, but because we haven't checked off all the boxes yet – we still have some work to do – so let's move on to the second bucket in our two-bucket plan."

"The second bucket is a life insurance account."



There Is More Work to Do

The Second Bucket - Life Insurance Bucket

What does Life Insurance have to do with wealth building or retirement income?

Let's Talk About Life Insurance

Things We Like About Life Insurance

- Life Insurance inexpensively secures your financial future - even if you cannot complete the job
- Life Insurance provides a death benefit that passes to your heirs tax-free

Things We Dislike About Life Insurance

- We have to pay those pesky premiums to keep the policy going
- The death benefit goes to others and we have no ability to use it while we are living

Let's flip the traditional view of Life Insurance on its head:

Life Insurance builds a 'bucket' of money that is passed to your family upon your death. This money comes to your heirs tax-free and can be built to a significant size over your lifetime.

What if...

- You could get access to the death benefit while you are still alive?
- This access was available without regard to your age or stage of life?
- Access was available for qualifying medical and long-term care needs?

"At our last meeting, we talked about the Three Failure Traps – the three ways we could fail to reach our financial objectives. One of those was premature death – not a fun subject – but a reality. We talked about how life insurance was the only way we could ensure that the job of securing our family's financial future was completed if we weren't here to do it ourselves. So it's a must have for that reason. The insurance benefit also has the advantage of being paid tax-free, which can be another huge benefit."

"But there are two things most people don't like about life insurance. Any guesses what those could be?"

We want them to identify 1) that they don't get any benefit from the money and 2) that nobody likes making premium payments.

"Right – nobody likes paying premiums, and of course the benefit goes to others – not to you." Besides, you're probably asking yourself what in the world life insurance has to do with building wealth and retirement income, right?"

"Well I want to turn life insurance completely upside down for a minute and see what you think. Here's what I mean. What if we could…

- *Access the death benefit during our lifetime rather than only at death?*
- *What if we could get at that money regardless of our circumstances or stage in life?*

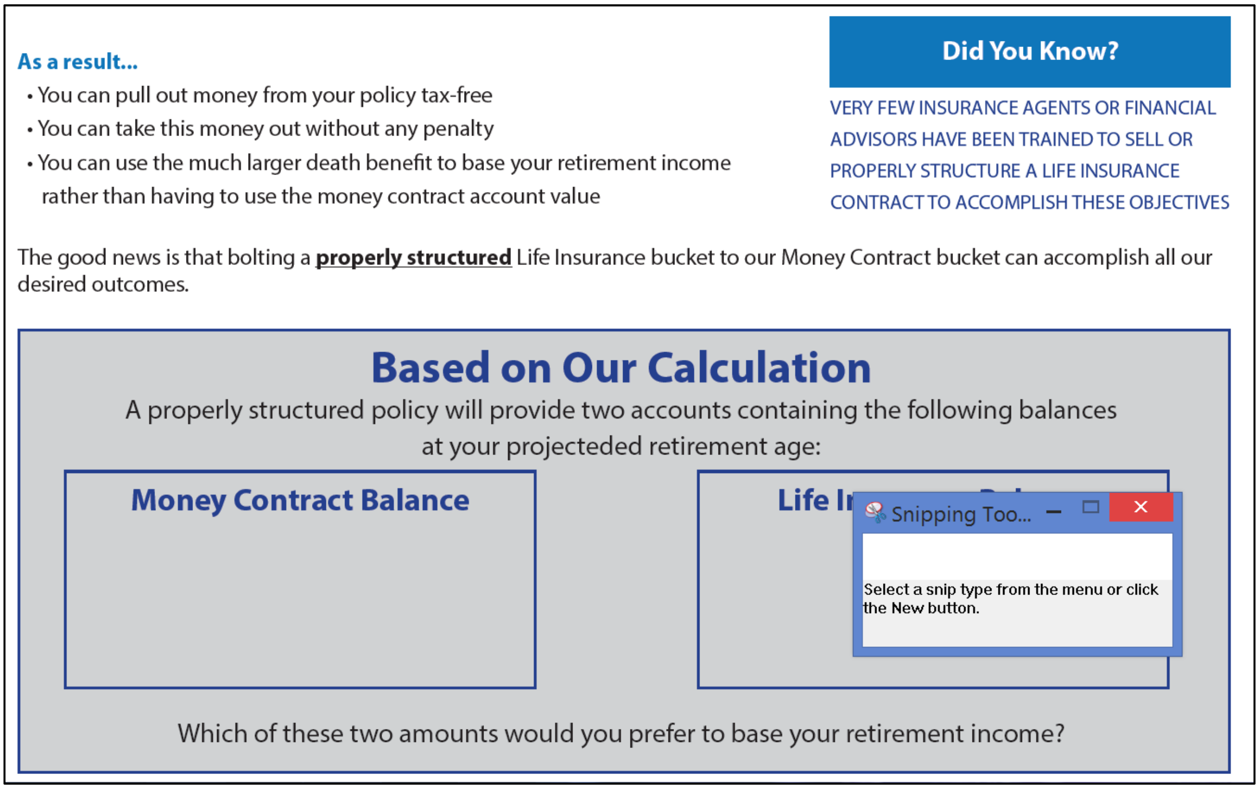
- *What if the money from the death benefit could be taken out tax-free* ***and*** *penalty free at any time?*

- *What if we could base our retirement income on the (larger) insurance benefit rather than the (smaller) Money Contract balance – and have more retirement income as a result?*

- *What if we could access even more of the insurance benefit if needed for certain medical or long-term-care type needs?*

"Here's why I ask. If we could do all of that – then we would be able to check off ***all*** *of our remaining objectives except one (Fees). And if we can do that, we will have accomplished a goal set no Wall Street plan or account or instrument could ever accomplish."*

"The good news is that when PROPERLY STRCUTURED, the kind of life insurance we specialize in can absolutely accomplish all these things."



As a result...

- You can pull out money from your policy tax-free
- You can take this money out without any penalty
- You can use the much larger death benefit to base your retirement income rather than having to use the money contract account value

Did You Know?

VERY FEW INSURANCE AGENTS OR FINANCIAL ADVISORS HAVE BEEN TRAINED TO SELL OR PROPERLY STRUCTURE A LIFE INSURANCE CONTRACT TO ACCOMPLISH THESE OBJECTIVES

The good news is that bolting a **properly structured** Life Insurance bucket to our Money Contract bucket can accomplish all our desired outcomes.

Based on Our Calculation

A properly structured policy will provide two accounts containing the following balances at your projecteded retirement age:

Money Contract Balance

Life In

Select a snip type from the menu or click the New button.

Which of these two amounts would you prefer to base your retirement income?

"Has your insurance agent or any other financial advisor ever shown you how this works – and how it can work for you?"

> *"Unfortunately, that doesn't surprise me. The reality is that only about 1% of insurance agents know enough about this kind of life insurance to be able to put the kinds of plans together that we do every day; and because the fee structure*

> *in this kind of life insurance is so low, financial advisors almost never talk about it because they don't want to take the pay cut."*

"Anyway, I want you to see how we can create these outcomes, and how – as a result – we can check off your remaining goals."

"First, how do we get money out of a life insurance death benefit tax-free?"

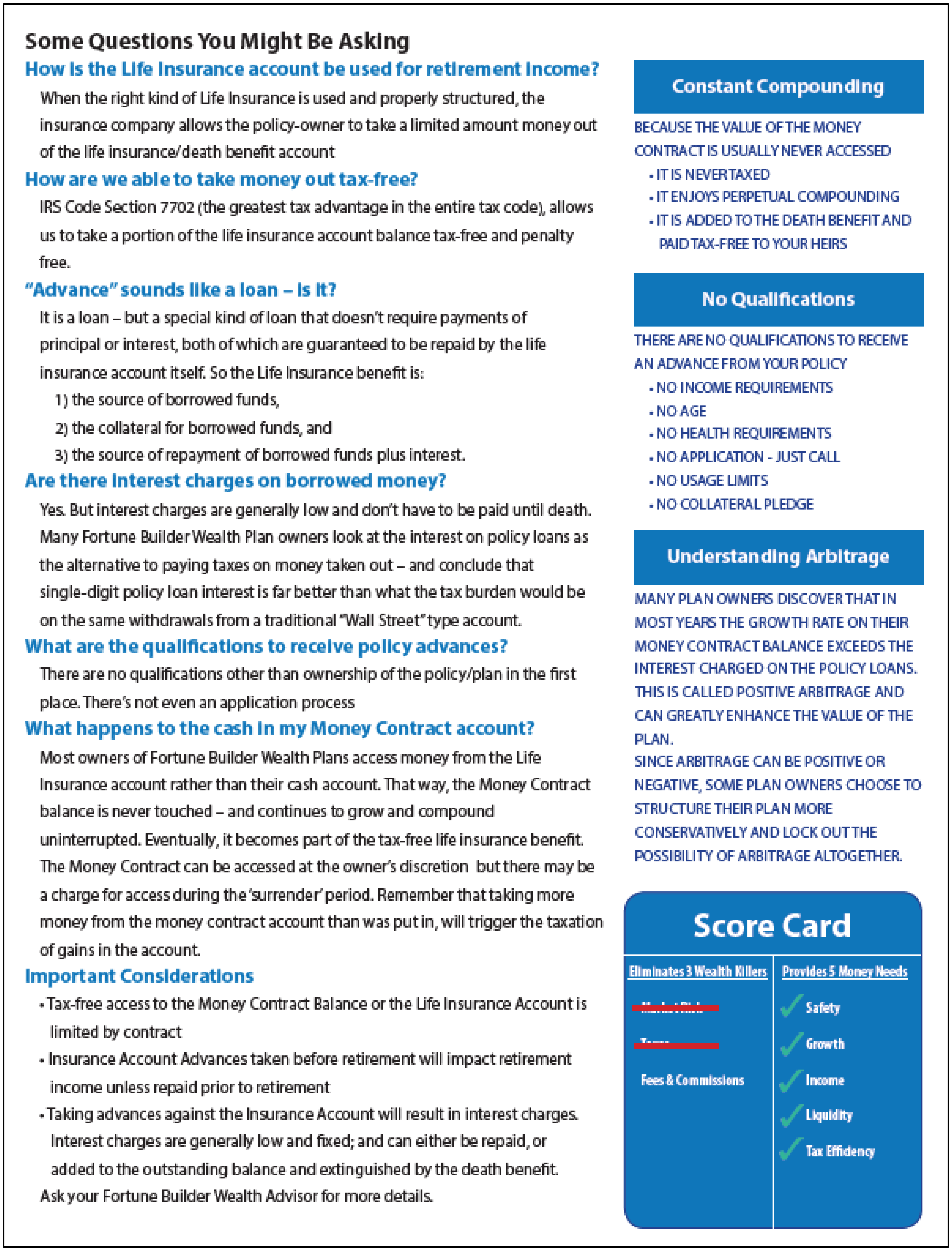
"Well, thanks to IRS Code Section 7702 – perhaps the last, greatest advantage for people like you and I in the entire tax code, we can do exactly that. Remember, all life insurance death benefits pass income tax free – and section 7702 lets us access at least some of that money during our lifetime. There are some limitations, but it's a fabulous feature – and it's what gives us tax-free access to the insurance account value anytime we want."

"I'm going to show you how we can take a series of advances on the death benefit to provide consistent, reliable retirement income. So it's the death benefit that becomes our source of retirement income."

"Later, we can talk about other ways and reasons for taking lump-sum advances for various life needs – but for now, let's just talk about using this plan for retirement income."

"If we take that income from the Life Insurance bucket, we never touch the Money Contract balance - so it's never taxed. That means the Money Contract balance benefits from uninterrupted compounding – it just goes up and up in value over the course of your lifetime. We never touch it. And because the Money Contract bucket and the life insurance bucket are bolted together as part of the same overall contract – IRS Code Section 7702 allows the Money Contract balance to be added to the insurance benefit – and the whole thing passes on to your heirs tax-free."

"This is really important stuff – so I want to make sure I'm being clear because I can get a little excited about this and go too fast. Are there any parts I've glossed over that you'd like more clarification on so far?"



Some Questions You Might Be Asking

How is the Life Insurance account be used for retirement income?

When the right kind of Life Insurance is used and properly structured, the insurance company allows the policy-owner to take a limited amount money out of the life insurance/death benefit account

How are we able to take money out tax-free?

IRS Code Section 7702 (the greatest tax advantage in the entire tax code), allows us to take a portion of the life insurance account balance tax-free and penalty free.

"Advance" sounds like a loan – is it?

It is a loan – but a special kind of loan that doesn't require payments of principal or interest, both of which are guaranteed to be repaid by the life insurance account itself. So the Life Insurance benefit is:

1) the source of borrowed funds,
2) the collateral for borrowed funds, and
3) the source of repayment of borrowed funds plus interest.

Are there interest charges on borrowed money?

Yes. But interest charges are generally low and don't have to be paid until death. Many Fortune Builder Wealth Plan owners look at the interest on policy loans as the alternative to paying taxes on money taken out – and conclude that single-digit policy loan interest is far better than what the tax burden would be on the same withdrawals from a traditional "Wall Street" type account.

What are the qualifications to receive policy advances?

There are no qualifications other than ownership of the policy/plan in the first place. There's not even an application process

What happens to the cash in my Money Contract account?

Most owners of Fortune Builder Wealth Plans access money from the Life Insurance account rather than their cash account. That way, the Money Contract balance is never touched – and continues to grow and compound uninterrupted. Eventually, it becomes part of the tax-free life insurance benefit. The Money Contract can be accessed at the owner's discretion but there may be a charge for access during the 'surrender' period. Remember that taking more money from the money contract account than was put in, will trigger the taxation of gains in the account.

Important Considerations

- Tax-free access to the Money Contract Balance or the Life Insurance Account is limited by contract
- Insurance Account Advances taken before retirement will impact retirement income unless repaid prior to retirement
- Taking advances against the Insurance Account will result in interest charges. Interest charges are generally low and fixed; and can either be repaid, or added to the outstanding balance and extinguished by the death benefit.

Ask your Fortune Builder Wealth Advisor for more details.

Constant Compounding

BECAUSE THE VALUE OF THE MONEY CONTRACT IS USUALLY NEVER ACCESSED

- IT IS NEVER TAXED
- IT ENJOYS PERPETUAL COMPOUNDING
- IT IS ADDED TO THE DEATH BENEFIT AND PAID TAX-FREE TO YOUR HEIRS

No Qualifications

THERE ARE NO QUALIFICATIONS TO RECEIVE AN ADVANCE FROM YOUR POLICY

- NO INCOME REQUIREMENTS
- NO AGE
- NO HEALTH REQUIREMENTS
- NO APPLICATION - JUST CALL
- NO USAGE LIMITS
- NO COLLATERAL PLEDGE

Understanding Arbitrage

MANY PLAN OWNERS DISCOVER THAT IN MOST YEARS THE GROWTH RATE ON THEIR MONEY CONTRACT BALANCE EXCEEDS THE INTEREST CHARGED ON THE POLICY LOANS. THIS IS CALLED POSITIVE ARBITRAGE AND CAN GREATLY ENHANCE THE VALUE OF THE PLAN.

SINCE ARBITRAGE CAN BE POSITIVE OR NEGATIVE, SOME PLAN OWNERS CHOOSE TO STRUCTURE THEIR PLAN MORE CONSERVATIVELY AND LOCK OUT THE POSSIBILITY OF ARBITRAGE ALTOGETHER.

Score Card

Eliminates 3 Wealth Killers	Provides 5 Money Needs
~~Market Risk~~	✓ Safety
~~Taxes~~	✓ Growth
Fees & Commissions	✓ Income
	✓ Liquidity
	✓ Tax Efficiency

"Great. Now when I use the word 'advance' to describe the income draws we take from the Life Insurance account – you may be thinking that sounds a lot like a loan – and it is -

so we're actually borrowing against the Life Insurance Account's death benefit. And when we hear 'borrow' we naturally think of interest rates and payments. But this is where the insurance company does us a series of additional huge favors:

- *First, they'll add the interest cost to the loan balance and we don't have to make any payments,*
- *Next, the insurance company guarantees that the loan balance – including all the interest we may owe over our lifetime – will be paid back from the death benefit itself – way down the line. We never have to find other assets to repay the loan balance.*
- *Here's what that all means. The insurance benefit serves as…*
  - *The source of the advances (retirement income),*
  - *The source of the interest we'll owe on those advances,*
  - *The primary collateral for the advances, and*
  - *The sole source of repayment of those advances – including accrued interest – and it's all guaranteed*

"So when we want to take an advance against the life insurance account, we simply inform the company how much money we want – and where to send it."

- *There are no qualifications,*
- *There are no income requirements,*
- *There are no employment, age, or health requirements,*
- *There is no application,*
- *There are no limitations on what the money can be used for,*
- *There is no tax on the money we take out as advances,*
- *And there are no other assets or collateral required to back up the loan*

"The contract limits how much of the insurance account can be accessed, but the limitations are generous and more than adequate to provide most people far more retirement income than they could otherwise imagine. We'll look at that for you specifically in just a minute."

"Again – stop me if I'm going too fast – I want to be sure you're taking all this in because I'm pretty sure no one has ever shown you anything like this before – so any questions so far?"

"Let's talk for a moment about the interest rate charged on these advances. The interest rates are quite reasonable – and they almost don't matter since the insurance company assures us that the death benefit will be sufficient to cancel all debt. Again I'll show you the interest rate in a minute, but the point is we almost don't have to worry about or even consider the interest charges as a result."

"Now we mentioned that we typically never touch the cash. We just let it compound – we keep deferring the taxes on the growth. Here's another very special feature of that Code Section 7702. The accumulated cash in our Money Contract turns gets added to the tax-free insurance benefit at death. Think about the power of that for a moment. The Money Contract balance grows tax-deferred – then gets added to the life insurance death benefit where it passes on tax-free! Can you imagine a better deal than that?"

"Now that often raises the question, – what if I want to get at the cash?"

Talking about taking money from the Monet Contract Balance – and Arbitrage

"Well – the good news is that you can. And just like accessing advances against the insurance benefit – you can do so at any time – and without any pomp and circumstance. Here's what you need to know about doing so however:

1. *For the first several years of the contract, there is a 'surrender' charge for getting at your money. The surrender charge means that some of the money is available right away, but not all of it. These are long-term plans – typically for retirement, so we only want to put long-term money in them. If we do so, the surrender penalty is a non-issue because as the plan ages, the surrender charge fades away to zero and is truly a non-issue.*

2. *Second, if we take out more than what we've put in – we're taking out gains rather than principal – and we'll have to pay taxes on those gains. Since one of our goals is to not pay taxes ever again, this is another reason to take money we may need from the insurance account, not the Money Contract account.*

3. *Finally, if we take money out of the Money Contract account, it cannot grow and compound. When we leave it in – it can. If we want all the benefit of compounding – we're much better off taking advances against the Life Insurance account if we need money rather than the Money Contract Account.*

"And that leads to another benefit of this kind of plan – called arbitrage."

You may want to make some 'margin' notes to draw this out on the Prosperity Roadmap since it is an important concept to understand – and most people are 'visual' learners. To do so, simply make two columns showing $50,000 in each. Label the first column "Money Contract" and the second column, "Life Insurance."

On the next 'row' – show taking out $50,000 from each account. On a third row, write down minus $3,000 as the forfeited gains on the $50,000 taken from the money contract account – which would have otherwise grown at 6%.

Similarly, write down minus $2,500 as the interest charged on a $50,000 advance from the life insurance account. Finally, write down +$500 and circle it. This is the 'positive arbitrage' created by borrowing from the Life Insurance Account versus taking a withdrawal from the Money Contract Account.

"I know that's a fancy word – and it may seem a little scary, but it's really rather simple. Let's say we want to take $50,000 out of our plan. If we take it out of the Money Contract account (which, as we just said, we probably would never do), there's $50,000 less in there to benefit from equity indexed growth. If our money contract was growing at 6%, then we'd lose out on $3,000 of growth each year, which is 6% on that $50k we took out."

"If we took the $50k out of the Insurance Account instead – and left the $50k in the Money Contract, the we get our $3,000 of growth on the Money Contract Account. "

"Now we know that there will be an interest charge on the $50,000 advance we take on the Life Insurance account. Let's say the interest rate is 5% - so our insurance account is dinged for $2,500 of interest.

As you can see – when we earn $3,000 of interest credits on the Money Contract, and our Insurance account is reduced by $2,500 in interest charges – we net an extra $500 that year – and every year we do that. "

"That's called arbitrage – and it's as simple as the difference between two interest rates – one you pay, and one you earn."

"The beauty is that if you think about it, what this means is that you earned an extra $500 on the $50,000 you took out of your plan! And that's another reason our plan generates so much income for you in retirement compared to any other kind of plan you might consider."

"Any questions about how arbitrage can work in your Fortune Builder Wealth Plan?"

"Now before we leave the subject, we have to talk about the reality that sometimes arbitrage can be negative. If we only earned the floor rate of zero in that year we took the $50,000 out – then our insurance account would be reduced by $2,500 on the money we advanced, and there would be no earnings on the Money Contract to offset it."

If you used the suggested 'margin' explanation, you'll want to cross off the minus $3,000 of earnings that would have accrued to the Money Contract balance and turn it into a zero. To complete the point, cross off the +$500 positive arbitrage figure, and turn it into a negative $2,500 – the result of interest charged on the advance in the context of no gains on the money contract account.

"In the plan I've put together for you, I assume we'll benefit from 1% positive arbitrage over time – which is pretty safe – and as we said, will result in more income for you. But some people aren't comfortable with the whole subject of arbitrage – so we can easily exclude arbitrage from your plan – positive or negative – by making an adjustment to your plan."

"I'm not going to ask you how you feel about that right now, but we'll talk about it more when we get into some of the numbers so you can see all the plusses and minuses – is that okay? Do you have any questions about arbitrage at this stage?"

"Now each year when we get together to review your plan, this is one of the subjects we'll talk about – and we can change our minds as often as the contract allows – which is at least annually. I've got a whole report on how arbitrage works which I'm happy to leave with you if you want to learn more."

Talking about Fees

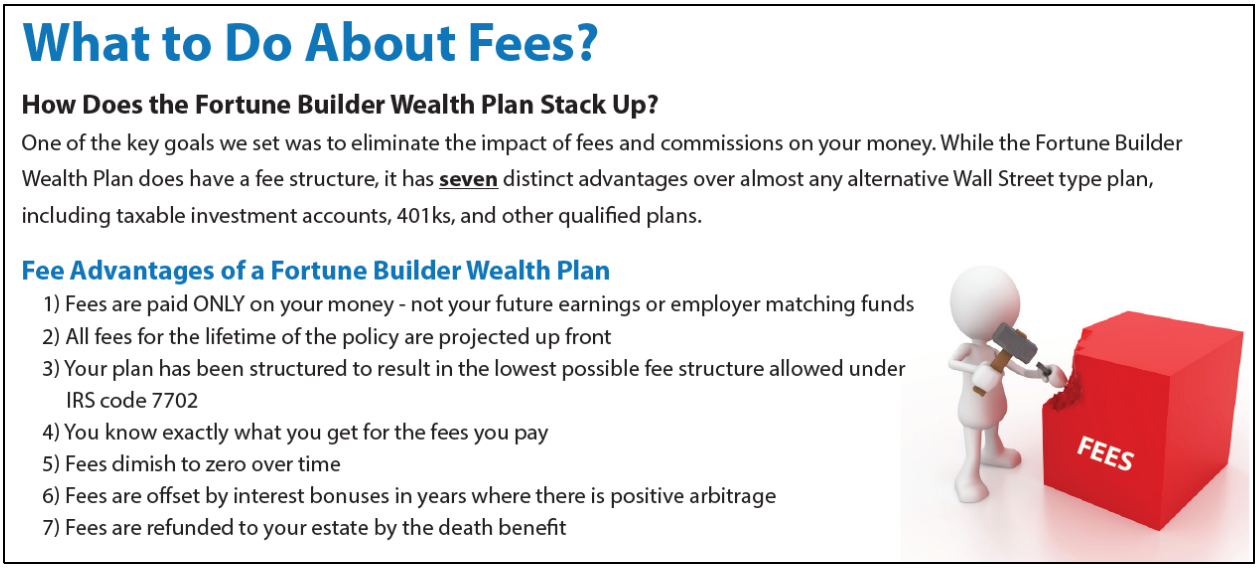
"Can you see how Bucket Two – the Life Insurance Account – allows us to check off all the other goals we set out to accomplish – with the exception of Fees – which we're going to cover next?"

- *We had already locked out market risk through the Money Contract*
- *We had ensured safety and growth through the Money Contract also*
- *We talked about liquidity – or access to our money – through our ability to take withdrawals from the Money Contact (which we would probably never do for the reasons we identified) and from the Life Insurance Account – which is normally going the be our preferred account for liquidity*
- *Now – the Life Insurance Account has also shown us how to eliminate taxes from the equation – and in terms of the Five Money Needs – you can't get much more tax-efficient than tax-free – forever.*

"Are you with me?" "Comfortable with what we've covered so far?" "Is this starting to sound like something that might be interesting for you and your money?"

"Great. The only goal we haven't checked off yet is the elimination of Fees from the equation – and that's what we want to spend a couple of minutes on before we wrap up."

"Let me give you the bad news first. We can't avoid fees altogether. That's probably not a surprise to you. But there's also good news when it comes to fees in the plan we're talking about here. In fact, the Fee Structure of the Plan I put together for you offers seven distinct advantages over the fee structure in almost any other kind of investment or account you're using – or might consider using.



What to Do About Fees?

How Does the Fortune Builder Wealth Plan Stack Up?

One of the key goals we set was to eliminate the impact of fees and commissions on your money. While the Fortune Builder Wealth Plan does have a fee structure, it has **seven** distinct advantages over almost any alternative Wall Street type plan, including taxable investment accounts, 401ks, and other qualified plans.

Fee Advantages of a Fortune Builder Wealth Plan

1) Fees are paid ONLY on your money - not your future earnings or employer matching funds
2) All fees for the lifetime of the policy are projected up front
3) Your plan has been structured to result in the lowest possible fee structure allowed under IRS code 7702
4) You know exactly what you get for the fees you pay
5) Fees dimish to zero over time
6) Fees are offset by interest bonuses in years where there is positive arbitrage
7) Fees are refunded to your estate by the death benefit

- *First – the Fortune Builder Wealth Plan charges fees only on your money – not your future earnings, not Uncle Sam's portion of your account, not on matching funds that an employer may add to an account – just your deposits. That in itself represents a huge reduction in the lifetime fee structure of this plan.*

- *Second, I can run a special report if you decide you want to move forward – that projects all the lifetime cost of our plan to the penny – so you can see for yourself. I don't know anyone in the Wall Street world who either could – or would give you that kind of information.*

- *Third, the way we construct these plans results in the lowest fees possible for you. We do that by depressing the Life Insurance account to the lowest level we can. It is the life insurance account that drives most of the cost of the plan, so by lowering it to the lowest level allowable under Code Section 7702, we – by definition – ensure that the cost structure for your plan is as low as it can be.*

  In fact, if we lowered it – literally – one more dollar, it would no longer qualify under IRS Code Section 7702 – and we'd lose 100% of the tax benefits of the plan. So the life insurance benefit is as low as it can go, which means the cost is as low as we can make it given the rate at which you want to save.

- *Fourth - would it be fair to say you have no idea what you're paying in the plan you're in now? If that's true, then it is also impossible to know what you're getting for whatever money you are paying – agree?*

  Well in our plan, you can know exactly what you're paying – and exactly what you get for your money. You get…

  - *A tax-free Life Insurance benefit,*

- *Tax-free to retirement income,*
- *Penalty-Free access to money whenever you want it,*
- *Uninterrupted Compounding,*
- *The Elimination of market risk on 100% of your money,*
- *And a handful of living benefits we haven't even talked about yet*

So unlike any plan you've ever seen – whether it's a 401k, an IRA, a managed money account, or whatever - we can see exactly what value you get for what dollars you spend.

- *Fifth, the fee structure in this plan works in the exact opposite way it does in a typical 401k or Wall Street plan. What I mean by that is that other plans tie the fee to the balance in the account. So as the account grows in value, the fee burden grows along with it.*

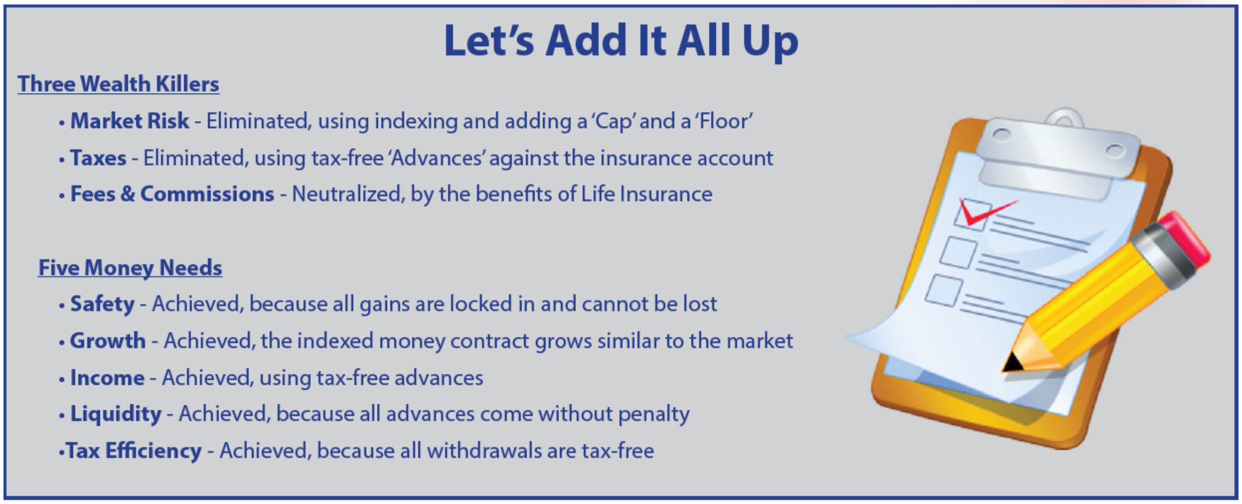
  In the case of our plan, the fee burden starts out higher, but diminishes all the way to zero in the later years. The cross over is usually in the 1-15 year range at which point our plan becomes less expensive overall – and continues to widen the gap in your favor as time goes on.

- *Sixth, this plan offers what's called a 'persistency' bonus. That means bonus interest is credited to the money contract account annually as the plan ages. This bonus is over and above the equity indexed crediting rate you earn – so it has the effect of wiping out the fees – and often more. It's like getting a partial fee refund each year as the plan ages.*

- *Finally, our plan does something any Wall Street plan or Wall Street Advisor would laugh you out of the room if you asked – it essentially refunds your lifetime fees through the tax-free death benefit.*

"The bottom line is this – while we can't avoid or eliminate the fee impact – we can minimize it during your lifetime, and eliminate it when you're gone. Does that sound like a fair arrangement to you? Does it sound like an advantage over the path you're on now?"

Dow the Home Stretch



Let's Add It All Up

Three Wealth Killers

- **Market Risk** - Eliminated, using indexing and adding a 'Cap' and a 'Floor'
- **Taxes** - Eliminated, using tax-free 'Advances' against the insurance account
- **Fees & Commissions** - Neutralized, by the benefits of Life Insurance

Five Money Needs

- **Safety** - Achieved, because all gains are locked in and cannot be lost
- **Growth** - Achieved, the indexed money contract grows similar to the market
- **Income** - Achieved, using tax-free advances
- **Liquidity** - Achieved, because all advances come without penalty
- **Tax Efficiency** - Achieved, because all withdrawals are tax-free

"So based on what we've look at so far – the two buckets – the Money Contract bucket, and the Life Insurance bucket – I want to be sure you see what we've accomplished.

"We set out – at our first meeting – to see if there was a way to accomplish a pretty formidable set of goals based on a new understanding of the devastating impact of Market Risk, Taxes, and Fees on the financial outcome you can expect. In their place, we wanted to ensure that our money benefitted from Safety, Growth, Income, Liquidity, and Tax-Efficiency."

- *Are you comfortable that the Money Contract locks out all possibility of market risk?*
- *How about taxes – do you see how – by taking advances against the tax-free life insurance account gives us tax-free access to your money?*
- *Based on our discussion about fees – do you see how we minimize fees – how we can itemize what you get for the fees you pay, how they diminish to zero over time – and how they are essentially refunded by the Insurance benefit?*
- *Are you okay with the safety of ____________, their track record, and the safety nets the industry maintains overall?*
- *Does the rate of growth – considering all loss possibilities are locked out – seem reasonable given the fixed rate option and the equity indexed floor and cap rates?*
- *Can you see how we generate very robust income for you in retirement?*
- *We talked about access to your money – or liquidity. You can get at a portion of either your Money Contract Money – or your Insurance Account money – any time you want. Is that degree of liquidity adequate for you given that this is a long-term plan?*
- *And we wanted tax efficiency – I'm guessing you've never been shown anything that is more tax-efficient than tax-free – am I right?*

- *Finally – we wanted to see if there was a way to eliminate altogether – the fee burden on your money. And while we couldn't total eliminate it – we did discover a structure that not only limits the fee impact – but essentially neutralizes it altogether by way of the seven advantages we highlighted. Are you comfortable with where we ended up on the Fee and Commission front?*

"So this is the point that a lot of the people I work with are feeling a little overwhelmed – and I get it – I've shared a lot of information with you. The other reaction is that there seem to be a lot of moving parts – and that can be a little intimidating, too."

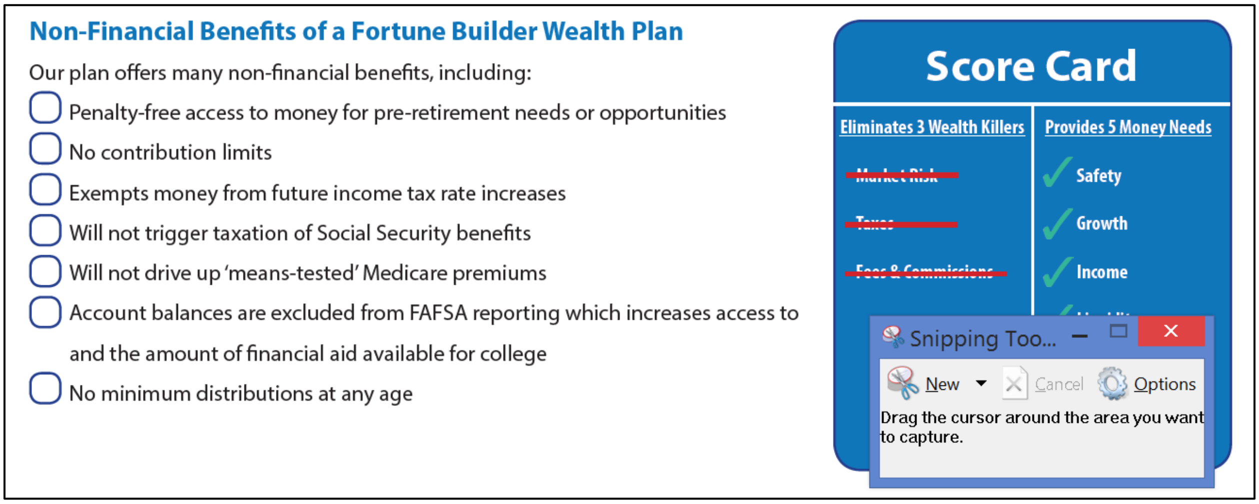
"The good news is that both the Money Contract and the Insurance Account come together in one package – called an Indexed Universal Life Insurance policy. So managing the variables is much easier than it sounds. Because this is a very specialized kind of life insurance, I'm here to sit down with you at least annually – or whenever you want – to talk about adjustments and options that will keep you plan fully tuned to your goals. So both the policy itself, and the way I work with you - take the anxiety out of it."

"Other than annual reviews or other periodic adjustments we may make because of your circumstances, it's a 'set-it-and-forget-it' type of plan. There's much less maintenance – worry – speculation – timing – etc. than a comparable Wall Street-type plan."

"Does that sound manageable to you?"

The Non-Financial Comparisons

"Now I want to show you one more important table before we wrap up here, because not everything is just about the numbers. There are several non-financial characteristics of the various plans that are worth noting. This table highlights those differences. For example:"



Non-Financial Benefits of a Fortune Builder Wealth Plan

Our plan offers many non-financial benefits, including:

- □ Penalty-free access to money for pre-retirement needs or opportunities
- □ No contribution limits
- □ Exempts money from future income tax rate increases
- □ Will not trigger taxation of Social Security benefits
- □ Will not drive up 'means-tested' Medicare premiums
- □ Account balances are excluded from FAFSA reporting which increases access to and the amount of financial aid available for college
- □ No minimum distributions at any age

Score Card

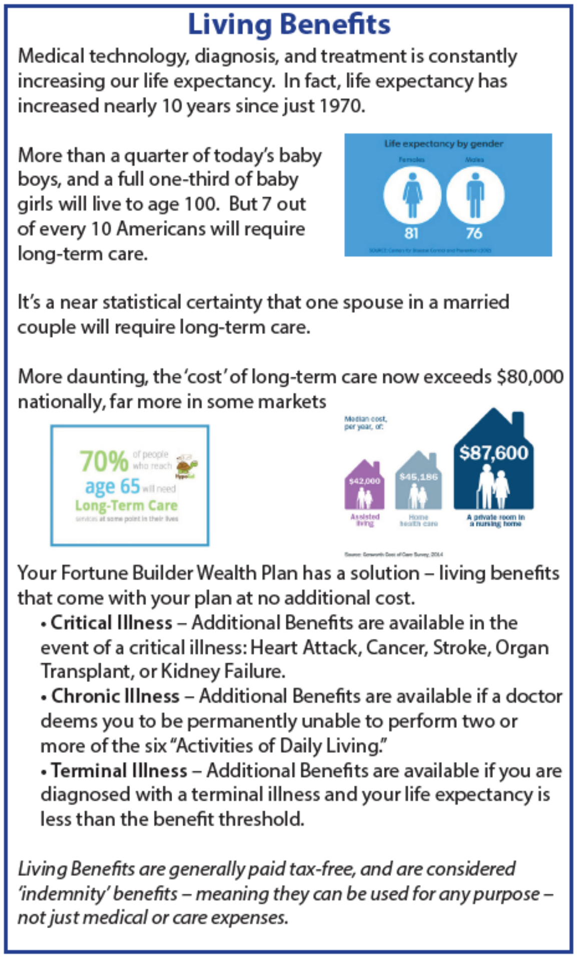
Eliminates 3 Wealth Killers	Provides 5 Money Needs
~~Market Risk~~	✓ Safety
~~Taxes~~	✓ Growth
~~Fees & Commissions~~	✓ Income

Drag the cursor around the area you want to capture.

- *"Not only does our plan generate tax-free AND penalty-free income, but unlike any qualified plan, there are no contribution limits. We can put as much money into our plan as you may wish."*

  - *"Does the idea of being able to put more money into this kind of plan appeal to you in case you are able to do so at some time in the future?"*

- *"When we create tax-free income, we are – by definition – exempt from future tax rates. One of the risks of these other plans we can't quantify is that we don't know what tax rates will be either in your retirement – or at the end of your life. Most think they'll be higher. We don't have to be concerned about that because we've locked out Uncle Sam forever."*
  - *"Do future tax rates concern you with these other kinds of plans?"*
- *"Very few people know that building wealth in a Fortune Builder Wealth Plan as opposed to any of these other plans WILL qualify them for more need-based financial aid when their kids go to college. This can have a substantial impact on a family."*
  - *"Do you see this as something that could benefit you at some point?"*
- *Likewise, all the money in these plans is protected from creditors and from probate – so the asset protection features of our plan are enormous for most people.*
  - *"Have you ever been sued – or had a relative's estate go through probate?"*
- *"There are no Required Minimum Distributions from our plan – so if you don't need income, you don't have to take it – so you never have to pay tax on money you may not need – nor will your heirs pay a penny of income tax on any money you pass on."*
  - *"Is that something that's important to you?"*
- *"Also, the income you take from our plan is not counted against you when the government calculates whether or not your social security benefits are taxable. Income taken from any kind of Wall Street plan can trigger the taxation of your Social Security Benefits."*
  - *"I assume you'd rather get all your Social Security tax-free – rather than having a portion of it taxed?"*
- *"Nor will income from our plan drive your Medicare premiums up. Income from all these other plans will do both – which a lot of people don't know."*
  - *"We're you even aware that Medicare premiums are means tested – in other words, they go up as your income from Wall Street accounts goes up?"*
- *"And maybe one of the most important features of our kind of plan, is that even more of the Life Insurance Account can be accessed in the event of a critical illness – like heart attack, cancer, a stroke, and several others; or for a Chronic illness that would leave you unable to perform 2 or more activities of daily living. Also, in the event of a terminal illness, more of the Insurance account can be accelerated."*



Living Benefits

Medical technology, diagnosis, and treatment is constantly increasing our life expectancy. In fact, life expectancy has increased nearly 10 years since just 1970.

More than a quarter of today's baby boys, and a full one-third of baby girls will live to age 100. But 7 out of every 10 Americans will require long-term care.

Life expectancy by gender
Females
Males
81
76
SOURCE: Centers for Disease Control and Prevention (2010)

It's a near statistical certainty that one spouse in a married couple will require long-term care.

More daunting, the 'cost' of long-term care now exceeds $80,000 nationally, far more in some markets

70% of people who reach age 65 will need Long-Term Care services at some point in their lives
Median cost, per year, of:
$42,000
Assisted living
$45,186
Home health care
$87,600
A private room in a nursing home
Source: Genworth Cost of Care Survey, 2014

Your Fortune Builder Wealth Plan has a solution – living benefits that come with your plan at no additional cost.

- **Critical Illness** – Additional Benefits are available in the event of a critical illness: Heart Attack, Cancer, Stroke, Organ Transplant, or Kidney Failure.
- **Chronic Illness** – Additional Benefits are available if a doctor deems you to be permanently unable to perform two or more of the six "Activities of Daily Living."
- **Terminal Illness** – Additional Benefits are available if you are diagnosed with a terminal illness and your life expectancy is less than the benefit threshold.

Living Benefits are generally paid tax-free, and are considered 'indemnity' benefits – meaning they can be used for any purpose – not just medical or care expenses.

"For some people, that means that these plans can take the place of expensive, hard to get long-term care coverage. Best of all, this added protection costs nothing unless you need to access the benefit."

"We know that another reason Wall Street limits their income advice is so there's enough money to take care of you in such an event. We don't limit your retirement income – but we still cover that risk automatically anyway."

"In fact at age 75, your approximate long-term care type benefit would be $X,XXX per month – tax-free – and that should give you huge peace of mind."

- *"Do you see that as the huge benefit it is to the Fortune Builder Wealth Plan?"*

Typically, they'll come back to the retirement income figure for the FBWP. Whatever they identify – agree with it – and keep moving forward.

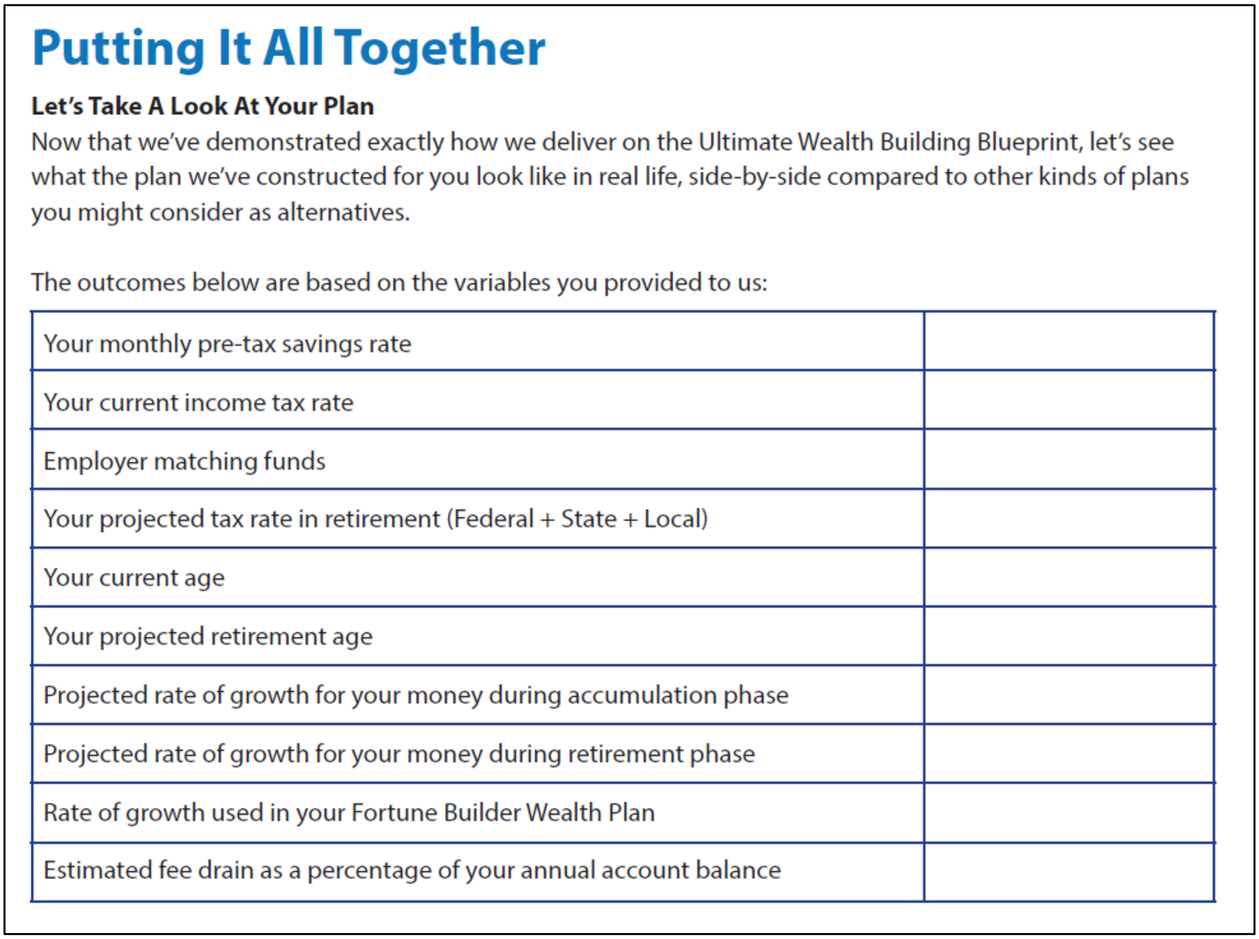
Putting it all Together

"So now that we've checked off all the boxes – are you ready to see what we can make happen in your specific situation?

So what you see here are the input variables I used in putting your customized plan together.

> Go through each of the variables one by one and confirm that they are what the prospect wants to use for their illustration. If your IUL illustration was built using a lower growth rate than the client has chosen for their comparison (due perhaps to the carrier's maximum allowable illustrated growth rate), you can identify this out to the side – saying something like:

> *'I've built my plan using a growth rate of XX%. While this is lower than the rate you wanted me to use/I applied to the other plans, it reflects what I consider to be a more realistic outcome. So I handicapped myself, but I'd rather surprise than disappoint. Besides, I think when you see the results, you'll be see that what I've built for you will still out-perform other plans even using your higher projected growth rate.'*



Putting It All Together

Let's Take A Look At Your Plan

Now that we've demonstrated exactly how we deliver on the Ultimate Wealth Building Blueprint, let's see what the plan we've constructed for you look like in real life, side-by-side compared to other kinds of plans you might consider as alternatives.

The outcomes below are based on the variables you provided to us:

Your monthly pre-tax savings rate	
Your current income tax rate	
Employer matching funds	
Your projected tax rate in retirement (Federal + State + Local)	
Your current age	
Your projected retirement age	
Projected rate of growth for your money during accumulation phase	
Projected rate of growth for your money during retirement phase	
Rate of growth used in your Fortune Builder Wealth Plan	
Estimated fee drain as a percentage of your annual account balance	

"So what we've done here is a straight, mathematical, side-by-side comparison of four different kinds of plans or accounts that you could put that money in – and we project what it will turn into once you retire."

"Obviously, this doesn't consider any of the money you've already saved or grown – if you are encouraged by what we can make happen, we'll talk about that money before we're done – but for now – all we want to do is look forward at your options."

> It is important that you understand this limitation of the Prosperity Roadmap. Its goal is to make a compelling case for what we call 'go-forward' money. It does not – will not – cannot account for money the client may have already accumulated in other kinds of plans – what we call 'rearview mirror' money.
>
> That's not all bad news however. In fact, the best thing that can happen during a sales discussion is for the client to come to an 'ah-ha' moment and ask you what about the money they've already built up in other accounts.
>
> This is a strong buying signal. The prospect has mentally 'bought-in' to your solution, and it already thinking ahead. And while you can't use the Prosperity Roadmap to answer their questions, you can certainly suggest that if the Fortune Builder Wealth Plan is good for their 'go-forward' money – it will also be good for their 'rearview-mirror' money.
>
> I would caution you however – not to get too greedy or complicated. One thing at a time. While it is important to anticipate what the prospect may ultimately wish to do with their rearview mirror money (particularly if they want to add it to your proposed plan), you may be better advised to close one sale at a time. You can always come back at another date with a new 'idea.'
>
> On a similar note, the Prosperity Roadmap can only anticipate a level contribution level over a fixed period of time. It cannot project changing premium contributions – or starts and stops in the contribution flow. Here again – even if the prospect has special circumstances that may be better illustrated with a more flexible and complex tool, the PRM cannot accommodate such situations.

- *"The number one factor most people look at is how much income – after taxes – each plan will generate in retirement. Why? Because that dictates their standard of living, and after all – lifestyle is what retirement is supposed to be about, right?"*

  "As you can see – Our two-bucket Fortune Builder Wealth Plan generates considerably more income than any of the other plans by XX% (or a factor of __X). Now you should know that the first income calculation for the other three "Wall Street" plans is based on what's called Wall Street's 4% rule. Most Wall Street advisors and media pundits and

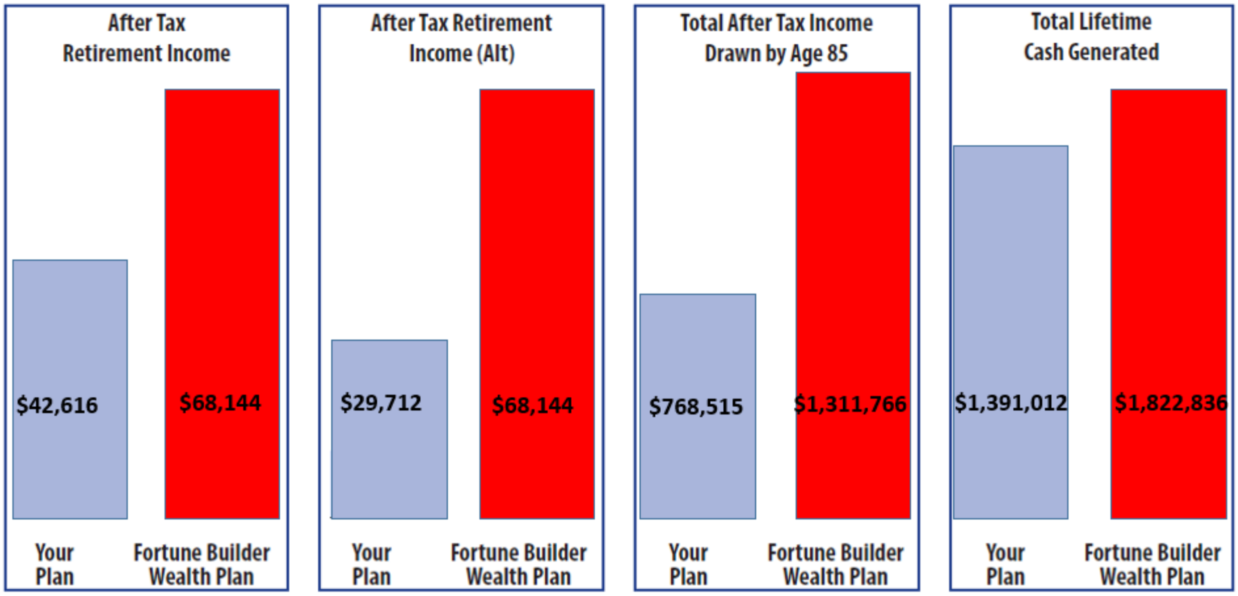
the like suggest that by taking 4% per year out of your retirement account, you are likely to have enough money to last your lifetime – not guaranteed, but highly likely."

"In more recent years, the Wall Street 4% rule has been replaced in many advisory circles by the 2.8% rule – which is reflected in this second line – called 'After Tax Retirement Income - Alternative.' Obviously the 2.8% rule produces even less income if your advisor were in that camp."

"We'll talk more about this later, but our plan doesn't need to anticipate alternative income draw rates – largely because we've locked out all possibility of any market losses. Since Wall Street plans can't do that – it forces the debate among them about how much a client should be advised to draw from their plan on an annual basis – with relative assurance they can maintain that pace without running out of money."

"By the way, the income figure I've calculated for the Fortune Builder Wealth Plan is not guaranteed either, but it does go to age 100 by comparison."

"As you look at those income figures, which one (circle the one) that you'd like to represent your retirement income if you had a choice."



This is where the sale is closed. Hand them a pen – literally. Turn the report around if necessary so it faces them – and ask them to circle the income figure they prefer in retirement.

When they circle the FBWP figure, they will become mentally committed to that number and nothing else will suffice. In fact, they will 'fight' to make that number, their number – no matter what else may come down the pike – or what their incumbent advisor may say – which is exactly what you want them to do!

“Do either the 4% number or the 2.8% number excite you when compared to the Fortune Builder Wealth Plan income figure?”

- *“The next outcome we want to look at is how much money there is in after-tax dollars at the point of retirement. Here, you can see that the qualified plan actually (is closer/comes out a bit better). For most people, this is important – but less important than the income number – because they’re more focused on retirement lifestyle – which is the income figure. How does it strike you?”*
- *“Next, we identify the Life Insurance account balance at retirement. We highlight this of course because unless you own life insurance separately, none of the other plans come with any kind of life insurance benefit – which we consider a key feature of our plan.”*
- *“Now if we take the annual income amounts from the first row, and multiply them by the number of years from the beginning of your retirement, to age 85 – which is approximately life expectancy – we can see how many after-tax dollars you would take out of each plans – in other words – your cumulative lifestyle money by age 85. By the way – we use the more generous 4% income draw figure from the Wall Street type plans for this comparison. Can I assume you’re still most intrigued by the larger number?”*

“Any questions about this side-by-side information?”

“What are you thinking so far?”

“What’s the most important number or comparison on this table for you?”

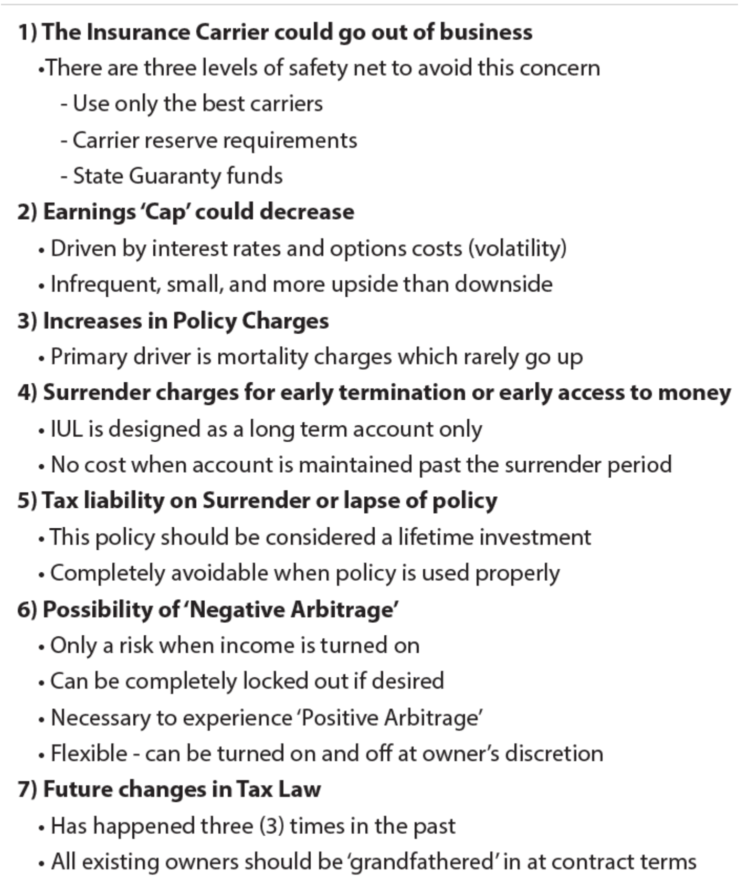
Risks of the Plan

“Now I don’t want to dwell on this next part – but I don’t want to short-change it either. What I usually get at this point is, ‘it sounds too good to be true’ or ‘why haven’t I ever heard about this before’ – have those thoughts crossed your mind?”

“Well – as I said earlier, a very small percentage of the financial community is properly trained and qualified on the products and strategies we’ve talked about here – which is the main reason you may not have heard about this kind of plan.”

“Even the carriers that offer these plans require us to go through additional training that is pretty rigorous before we can represent them in this specialized area.”

“As for too good to be true – this kind of plan is not without risks of its own, and I want you to know about them so you can make a fully informed decision. Most of them we’ve covered already – but I want to summarize for you before we decide what your next steps should be.”



1) The Insurance Carrier could go out of business
- There are three levels of safety net to avoid this concern
  - Use only the best carriers
  - Carrier reserve requirements
  - State Guaranty funds

2) Earnings 'Cap' could decrease
- Driven by interest rates and options costs (volatility)
- Infrequent, small, and more upside than downside

3) Increases in Policy Charges
- Primary driver is mortality charges which rarely go up

4) Surrender charges for early termination or early access to money
- IUL is designed as a long term account only
- No cost when account is maintained past the surrender period

5) Tax liability on Surrender or lapse of policy
- This policy should be considered a lifetime investment
- Completely avoidable when policy is used properly

6) Possibility of 'Negative Arbitrage'
- Only a risk when income is turned on
- Can be completely locked out if desired
- Necessary to experience 'Positive Arbitrage'
- Flexible - can be turned on and off at owner's discretion

7) Future changes in Tax Law
- Has happened three (3) times in the past
- All existing owners should be 'grandfathered' in at contract terms

1. *One of the risks are the surrender charges we talked about earlier. Those apply when you either cancel the plan – or need to take out more money that the plan would otherwise allow during the first several years. Once we're past the surrender period, those charges go away and no longer represent any risk at all. They only apply to either cancellation or excess withdrawals, and as the policy ages, the surrender charge goes down each year, but it is something you need to consider.*

The biggest reason the surrender charge exists is that the insurance company is giving you a lot of benefits from day one – protection from market risk, a tax-free death benefit, etc. The surrender period gives them time to recoup their costs of offering those benefits – and in my view – is a benefit for you.

As I mentioned – these are long-term plans – not short term, 'get-rich-quick' schemes. So I always advise my clients, 'if you're not committed to this for at least 10-15 years – and hopefully for a lifetime – it may not be the right plan for you.' The surrender period on the plan I've put together for you is ________ years – meaning there is at least some charge for terminating the plan within that period."

You've talked about this being a long-term plan for you – are you okay with the idea that there could be a partial penalty for getting out of the plan early?

Does the idea of a surrender charge seem like a reasonable tradeoff for the benefits the plan gives you out of the gate?

2. *We also talked about what happens if you withdraw cash from the Money Contract side of the plan. There could be a tax liability. While money grows tax-deferred – and can convert into tax-free income; if we take it out of the Money Contract side of the plan, there could be a tax liability. This usually isn't an issue unless we have a plan that is 20 years old or so – and has accumulated a lot of tax-deferred growth – and for some reason, the client wants to cancel the plan.*

   For example, if the Money Contract value has grown by $250,000 more than the premium deposits that were put in - and is cancelled – the owner will have an instant $250,000 tax liability.

   This is a pretty rare event because of course the owner always has the option of taking a ton of money out of their plan via the Insurance Account without a tax or penalty – so it's a very small risk – but one I want you to know about.

   a. *Can you foresee this being a risk for you?*
   b. *If – after say 15 years – you had access to 70% - 80% of your cash, would that be enough liquidity for you to be comfortable?*

3. *We also talked about the concept of arbitrage. There is positive arbitrage – when we're earning money on the money contract at a higher rate than we're being charged on advances from the Insurance Account – which is a really good thing and a real benefit to this kind of plan.*

   But in order to have the opportunity of positive arbitrage, we have to assume the risk of negative arbitrage – times when the earnings credited to our Money Contract are less than the interest charged on our Insurance Account advances. Even that's not so bad if it just happens from time to time – as it will. When it can be a real issue is when it happens for several years in a row.

Even when that happens, we can stop the effect of negative arbitrage by making some adjustments to the policy, but on some rare occasions, it can mean a client has to reduce the amount of income they're drawing out of their plan; and in really rare circumstances (in fact, I've never seen it happen even though it's possible) – a client could need to put more money into the policy to keep it from collapsing and triggering that tax liability we talked about. The chances of that are so remote as to be negligible – but again, I want to disclose everything I can think of that could possibly go bad – so I have to mention it.

Now we can't experience either positive or negative arbitrage until you reach a point where you're wanting to take money out of the plan – and even then – we *can make adjustments in the plan to eliminate the possibility of either, but do you have any questions or concerns at this point about the subject of arbitrage?*

4. *Going back to the Money Contract for a minute – let's revisit the idea of the Floor and Cap rates that bracket the growth possibilities of your Money Contract money. We talked about how the floor rate was locked in for the life of the contract – so it can't move. But one risk – again a small one – is that the Cap rate can move from time to time. It's only happened once or twice in the last 10 years or so – but it can happen. Of course it can go either way – and given the current investment climate – my personal opinion is that there's a greater possibility of it going up than down - but it could go down.*

    a. *Does the possibility of the cap rate moving concern you at all – or make the risk of the plan too high for your comfort?*

5. *Next 'risk' is the risk of the internal charges increasing. The projections I'm about to show you are based on current cost levels internal to the plan – but those costs can go up. That said - the number one cost component is the cost of the life insurance amount. Not only have we driven it to the lowest level it can go as we discussed a few minutes ago – but because people are living longer – the cost of insurance has gone down for more than a century. So this risk is one that is far more likely to work in our favor than against us.*

    a. *Does this concern you enough to have a big influence on your decision?*

6. *There is also a risk that the government – in particular – the IRS, could change code section 7702 and those changes could impact the tax-free nature of your plan. Now we have three instances historically where they have done so. The good news is that the changes they made only impacted new plan owners – it had no impact on those who already had their plans in place. They were 'grandfathered' in.*

    a. *But again, it is a risk I feel I need to at least mention. Any questions about that one?*

7. *The last one is probably the one most people have the most questions about – and it's the company backing up the plan. While again – I have to put this in the risk category, I really think it's a huge advantage of our plan.*

    I've used a company called _________________ for your plan. They've been around for ______ years – which means they've survived every financial calamity the world has thrown them – the Great Depression, the Polio epidemic, stock market crashes, world wars, you name it. In fact, far more banks failed in the Great Depression than insurance companies.

Speaking of banks – while insurance companies aren't insured by the government, the fact is their reserve requirements far exceed the banking industry – and each state has guaranty funds that protect plan owners against the failure of any company selling plans in their state.

If that's not good enough, the rating agencies – Standard & Poors, Moody's, A.M. Best, and Fitch – all rate ___________________ at "X" or better. So while the possibility of insolvency exists – it is extremely remote.

Do you have any questions about _____________ that I can answer?"

The Close

Back up to the next-to-last-page with the graphs and outcomes.

"When we started our conversation – I told you that if I didn't think I could help you reach your goals, I'd tell you; and you agreed that you'd be honest with me that if – at any time – you didn't think what I had made sense to you, you would say so. So we're at that time where we have to figure out what's next if anything."

"You can tell me that the plan I've shared with you doesn't meet your needs or doesn't achieve the goals you have for your money or for your retirement. I don't think that's going to be the case, but if it is, that's perfectly okay as I've told you before."

"If however, you think it would make sense for you, let me tell you what our next steps would look like before you answer."

- *"This plan is not automatic – and it's not automatic because of the life insurance component. We have to apply – it could take several weeks to get an offer back from the insurance company – and that offer may or may not be what we want."*
- *"It will likely involve a paramed exam. The insurance company will send a nurse to your home who will do an in-home exam. It will probably involve blood and urine – it will have a bunch of questions about your habits and family history. They may order doctors records, they'll want to know about your lifestyle, prescriptions, and other things."*
- *"Until and unless we get an acceptable offer back from the insurance company, no money changes hands – there are no decisions to make – no commitments – other than the commitment to go through the application process and seek an offer from the insurance company."*
- *"If you want to take that step while you think things through, we'll spend another 15-20 minutes today so I can start that process. If you don't want to do that, were about done."*

"Any questions about the process – or anything else I've not answered or been clear about?"

"So what makes the most sense to you? Should we take that next step and see if we can get an offer for a Fortune Builder Wealth Plan for you?"

Start the application process

"By the way – I have 15 supplemental reports that go along with this proposal that talk about some of these other benefits and comparisons like the Living Benefits, like the impact of Wall Street Accounts on your Social Security and Medicare, like why Wall Street limits your retirement income and lifestyle and forces you to die with more unspent money than you may have wished.

"I don't want to overwhelm you, but I can give you any or all of these just for the asking. In fact, here is a list and description of each – just say the word."

You may develop a preference for 2-5 reports which you find to be common objections or unspoken questions that occur in the majority of cases. As such, you may decide to include these reports all the time – identifying them as such when you pass them out. These are tools. Use them when they are helpful – hold them back when not needed.