



**WSB  
Financial  
Foundation  
Educational  
Program**

**Workbook**

*A National Campaign for  
Financial Literacy*

*Is money controlling you?*

*Or do you control your money?*

*With this Financial Foundation*

*Educational Program, you will learn how to:*

- ❖ *Make money work better for you*
- ❖ *Find and save more money*
- ❖ *Understand investments and build wealth*
- ❖ *Protect and preserve your money.*

*You can become your own Money Manager.*

*You can learn the habits of successful people.*

## WSB Financial Workshop

### WSB Financial Foundation Educational Program

#### WORKSHOP SCHEDULE

Location / Financial Education Center:

\_\_\_\_\_

\_\_\_\_\_

Trainer: \_\_\_\_\_

Phone: \_\_\_\_\_

		DATE	TRAINER SIGNATURE
<b>ORIENTATION:</b>	MEMBERSHIP BENEFITS	_____	_____
<b>WORKSHOP 1:</b>	INCREASE CASH FLOW DEBT MANAGEMENT	_____	_____
<b>WORKSHOP 2:</b>	BUILDING A STRONG FINANCIAL FOUNDATION PROPER PROTECTION	_____	_____
<b>WORKSHOP 3:</b>	BUILDING WEALTH ASSET ACCUMULATION	_____	_____
<b>WORKSHOP 4:</b>	RETIREMENT PLANNING WEALTH PRESERVATION	_____	_____
<b>WORKSHOP 5:</b>	BUILDING A BUSINESS IN THE FINANCIAL INDUSTRY	_____	_____

*Master the basics in 30 days!*

## Personal Data

Name: \_\_\_\_\_ M / F      DOB: \_\_\_\_\_

Spouse: \_\_\_\_\_ M / F      DOB: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_ Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Mobile: \_\_\_\_\_

Email: \_\_\_\_\_

Occupation: \_\_\_\_\_ Company: \_\_\_\_\_

Spouse occupation: \_\_\_\_\_ Company: \_\_\_\_\_

## Family Data

Dependents you are providing for (children, parents, grandchildren, etc.)

Name	Relation	DOB	Age
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____



### Our



### ission

To build and protect wealth for families. We want to help people move from financial insecurity to financial independence.

### Our



### ision

To build a new industry with one million business associates worldwide and revolutionize the financial services industry to help resolve the consumer's dilemma—lack of understanding, planning and support.

*Do it right. Do it with pride.*

INCREASE  
CASH FLOW  

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DEBT  
MANAGEMENT

## Financial Goals Worksheet

Category	My Goals	What I'm Doing to Reach My Goals	Where I Need Improvement
Cash Flow Management (income vs. expenses)			
Short-Term Spending/Savings Goals (buying a home, car, etc.)			
Retirement Savings			
Family Savings (college, legacy, etc.)			
Tax Management*			
Net Worth			
Income Protection (planning for a decrease in income)			
Family Protection* (planning for premature death)			
Estate Transfer* (planning to reduce estate tax liability)			

\*Neither WFG nor its representatives offer tax or legal advice.

## Cash Flow - What you will learn in Class 1:

It isn't about how much money you make, but how much you \_\_\_\_\_!

Here at WSB, we know that money isn't the greatest wealth, \_\_\_\_\_ is.

What you will learn in Class 1:

- ❖ Discover \_\_\_\_\_ that you did not know you had.
- ❖ Cost of \_\_\_\_\_ \$6.60 a day.
- ❖ Learn where your money is going.
- ❖ Understand some misconceptions in defining \_\_\_\_\_ and \_\_\_\_\_.
- ❖ Know the \_\_\_\_\_ of being a business owner.
- ❖ See the potential of \_\_\_\_\_ money with WFG.

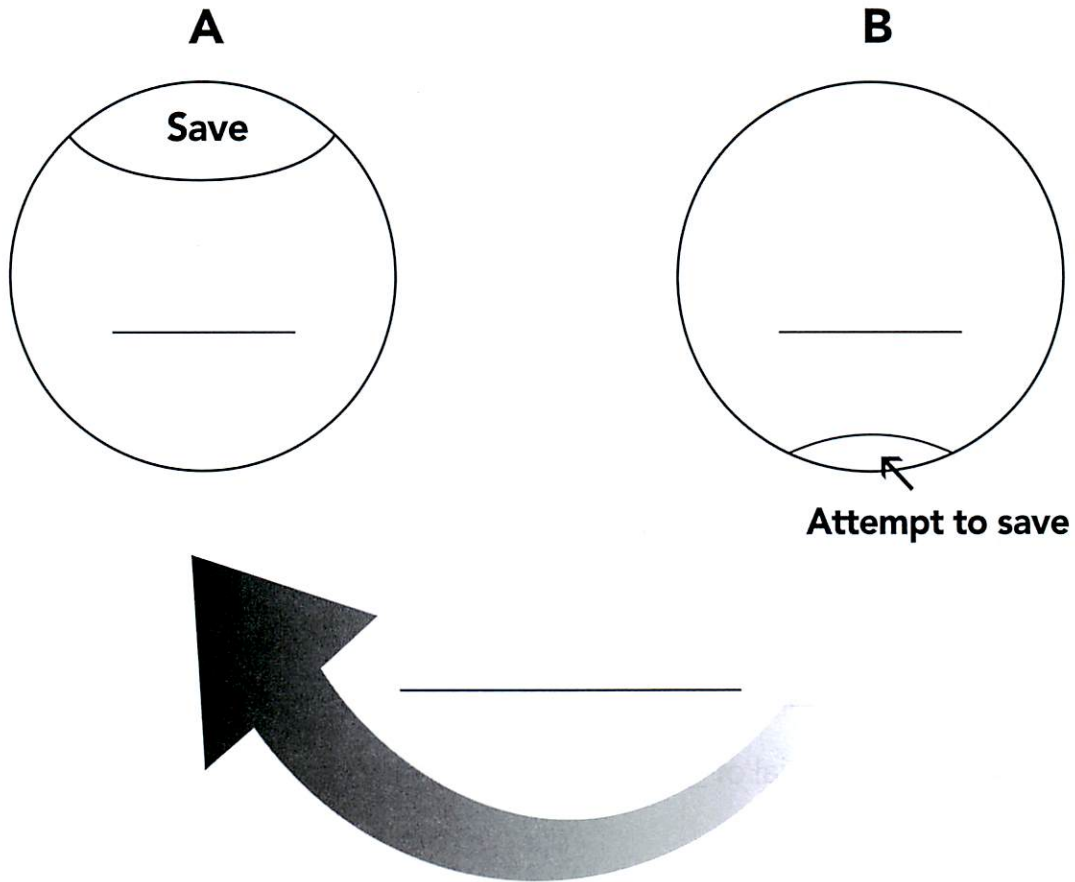
There are only 2 ways to increase your cash flow:

1. \_\_\_\_\_

2. \_\_\_\_\_



## People Live in Either Circle:



**A: INCOME  $\Rightarrow$  SAVE  $\Rightarrow$  INVEST = WEALTH**

**B: INCOME  $\Rightarrow$  DEBT  $\Rightarrow$  SPEND = BROKE**

Let's find the ways to \_\_\_\_\_ .

*Pay yourself first!*



## Areas to Re-Evaluate to find \$ to Save

### Possible Monthly Savings

1. Increase Federal tax refunds (increasing your deductions puts more in your monthly check)
  - ❖ Check with your HR/payroll dept. \$\_\_\_\_\_
2. Eliminate or reduce premium cable or satellite to basic level \$\_\_\_\_\_
3. Consider larger deductibles on auto, RV, trailer, homeowners, collision insurance policies
  - ❖ Check out \$1,000 deductible \$\_\_\_\_\_
4. Reduce number of lattes/alcohol/cigarettes each month \$\_\_\_\_\_
5. Cancel extras on cell phone (data, features)
  - ❖ Corporate discounts \$\_\_\_\_\_
6. If you have over 20% equity in home, eliminate PMI insurance premium \$\_\_\_\_\_
7. If you own a cell phone, cancel regular land line \$\_\_\_\_\_
8. Cancel or lower accidental death and dismemberment policies \$\_\_\_\_\_
9. Credit line on auto, appliances, cycles, trailer
  - ❖ Items you finance \$\_\_\_\_\_
10. Eat out early - Choose happy hour menus \$\_\_\_\_\_
11. Re-evaluate your property & casualty insurance on a regular basis \$\_\_\_\_\_
12. Take sack lunch 2-3 days per week \$\_\_\_\_\_
13. Cancel gym membership you don't use; find alternate ways to exercise \$\_\_\_\_\_
14. Cancel magazine subscriptions on automatic renewal \$\_\_\_\_\_
15. Organize errands and carpool with others \$\_\_\_\_\_
16. Do own chores \$\_\_\_\_\_
17. Keep warmer/cooler house \$\_\_\_\_\_

- |   |          |
|---|----------|
| 18. Use coupons (for groceries and dining out)  | \$ _____ |
| 19. Own your own business (for tax deductions)  | \$ _____ |
| 20. Consider buying used cars   | \$ _____ |
| 21. Play free video games   | \$ _____ |
| 22. Cut down on online subscriptions  | \$ _____ |
| 23. Avoid ATM fees, checking and savings accounts fees,<br>overdraft charges, bounced checks, money orders, etc.        | \$ _____ |
| 24. Reduce gas and parking costs. How much could you save by carpooling,<br>walking, biking or taking public transport? | \$ _____ |
| 25. Cut down on shopping (clothes, gadgets)   | \$ _____ |
| 26. Spend less on gifts for family and friends  | \$ _____ |
| <b>Your Total: \$ _____</b>   |          |

## Wants Vs Needs: Cash Flow is a Decision

Potential monthly amount to save and apply to debt: \$ \_\_\_\_\_

## Take Control of Your Cash Flow

Cost of wasting vs. investing \_\_\_\_\_ per day earning 10% annually:\*

10 years = \$42,074

20 years = \$151,204

30 years = \$434,263

*\*This is a hypothetical example for illustrative purposes only and is not intended to represent any specific investment. This example does not consider any costs associated with investing*



# Determine Where My Money Is Going

## Monthly Cost of Living Worksheet

Income for Month of \_\_\_\_\_

### Taxes

Federal \_\_\_\_\_

State \_\_\_\_\_

Local \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Net Income After Taxes

My Salary \_\_\_\_\_

Spouse \_\_\_\_\_

Part-time Business \_\_\_\_\_

Other Income \_\_\_\_\_

**Total** \_\_\_\_\_

### Less

Tithe/Charity - (10%) \_\_\_\_\_

Savings - (10%) \_\_\_\_\_

Retirement - (10%) \_\_\_\_\_

**Net spendable**

**income** \_\_\_\_\_

### Savings & Investments

Savings \_\_\_\_\_

Emergency Fund \_\_\_\_\_

Stocks, Bonds \_\_\_\_\_

Real Estate \_\_\_\_\_

Retirement \_\_\_\_\_

Pension \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Housing

Mortgage/Rent \_\_\_\_\_

Property Taxes \_\_\_\_\_

Home insurance \_\_\_\_\_

HOA dues \_\_\_\_\_

Electricity \_\_\_\_\_

Gas \_\_\_\_\_

Water \_\_\_\_\_

Waste disposal \_\_\_\_\_

Internet \_\_\_\_\_

Telephone \_\_\_\_\_

Cable TV \_\_\_\_\_

Gardening \_\_\_\_\_

Housekeeping \_\_\_\_\_

Repairs/

Maintenance \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Food

Groceries \_\_\_\_\_

Eating out \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Transportation

Car payment \_\_\_\_\_

Gas \_\_\_\_\_

Insurance \_\_\_\_\_

License/

Registration \_\_\_\_\_

Repairs/

Maintenance \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Health

Insurance \_\_\_\_\_

Medications \_\_\_\_\_

Doctor \_\_\_\_\_

Dentist \_\_\_\_\_

Optometrist \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Insurance

Life \_\_\_\_\_

Disability \_\_\_\_\_

Long Term Care \_\_\_\_\_

Final Expense \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Personal

Cell phone \_\_\_\_\_

Clothing \_\_\_\_\_

Cosmetics and

toiletries \_\_\_\_\_

Barber, salon \_\_\_\_\_

Cigarettes, alcohol \_\_\_\_\_

Laundry, dry cleaning \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Family

Child support/

Alimony \_\_\_\_\_

Day Care/

Babysitting \_\_\_\_\_

Classes/Sports/

Clubs \_\_\_\_\_

Other \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### School

Tuition \_\_\_\_\_

Materials \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Recreation

Books, newspapers,

magazines \_\_\_\_\_

Club memberships \_\_\_\_\_

Movies, sport events,

concerts \_\_\_\_\_

Sport and hobby

equipment \_\_\_\_\_

Tech equipment \_\_\_\_\_

Online

subscriptions \_\_\_\_\_

Video games \_\_\_\_\_

Vacations \_\_\_\_\_

Parties \_\_\_\_\_

Continuing

education \_\_\_\_\_

Pets: food, Vet,

grooming \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

### Debts

Credit cards \_\_\_\_\_

Student loans \_\_\_\_\_

Other \_\_\_\_\_

Other \_\_\_\_\_

**Total** \_\_\_\_\_

**Other** \_\_\_\_\_

### Income vs Living Expenses

**NET SPENDABLE INCOME** \_\_\_\_\_

— **TOTAL LIVING EXPENSES** \_\_\_\_\_

**SURPLUS OR DEFICIT** \_\_\_\_\_

**CASH FLOW**

## Determine Your Assets / Liabilities / Net Worth

What is an Asset? \_\_\_\_\_

What is a Liability? \_\_\_\_\_

What is Net Worth? \_\_\_\_\_

	Assets	Liabilities	Net Worth
<b>Real Estate</b>			
1st Mortgage			
2nd Mortgage			
Line of Credit			
Rentals			
<b>Cars, Boats</b>			
<b>Liquid Assets</b>			
Checking			
Savings			
Money Market			
Stock Options			
Bond Funds			
CDs			
<b>Qualified Money</b>			
401(k)			
457			
IRA			
Pension			
Retirement			
Annuity IRA			
403(b)			
Roth IRA			
<b>Non-Qualified Money</b>			
Annuity			
Life Insurance Cash Value			
<b>Children - 529 Plan</b>			
<b>Other Debts</b>			
Credit Cards			
Student Loans			
<b>Total</b>			
<b>Net Worth (Assets minus Liabilities) =</b>			

## Getting Out of Debt

- ❖ Living debt free is a less \_\_\_\_\_ way to live.
- ❖ Just imagine the day when you had no \_\_\_\_\_ or payments and think about how much simpler life was.
- ❖ If you could use your income for building financial independence, how much \_\_\_\_\_ would life look and feel with no financial stress?

### Example:

Credit Cards	Debt	Interest rate	Monthly interest*
Dept. Store	\$1,500	22%	\$27.50
ABC Bank	\$1,250	17%	\$17.71
OTP Finance Co	\$500	19.5%	\$8.13
Store H	\$250	15%	\$3.13
	<b>\$3500</b>		<b>\$56.47</b>

\*Interest rate divided by 12 months multiplied by the amount of debt. Figures are used for illustration purposes only.

## What is your credit card debt situation?

Credit Card	Amount Due	Interest Rate	Monthly Interest*	Minimum Payment	Typical Monthly Payment	Target Date Paid in Full
<b>Total</b>						

\*Interest rate divided by 12 months multiplied by the amount of debt. Figures are used for illustration purposes only.



My strategy for reducing credit card debt includes:

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In the US, the average family owes \_\_\_\_\_ in credit card debt.\*

The objective is for a person to get out of debt and begin living within their income means.

What can a family do? \_\_\_\_\_ them!

There are 2 good ways to freeze a credit line:

Contact the creditor and ask them to freeze the \_\_\_\_\_.

Take the credit cards out of your purse or wallet and \_\_\_\_\_.

Once a credit line is paid off, it is a good idea to close the account. True or False

Why?

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\*CNN, "Controlling Your Personal Debt," CNN Money, 2012  
<http://money.cnn.com/magazines/moneymag/money101/lesson9/>



The average family spends about \_\_\_\_\_% of their income on taxes and about \_\_\_\_\_% on servicing debt.\*

What's the true cost of debt? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

To use the Rule of 72, divide 72 by the \_\_\_\_\_. The result is the number of years it takes for debt or investment to double.

$72/4 =$  \_\_\_\_\_       $72/8 =$  \_\_\_\_\_       $72/12 =$  \_\_\_\_\_

If a credit card has an interest rate of 18%, how long will it take before the borrowed amount doubles? \_\_\_\_\_

\*Kelly Phillips Erb, "Higher or Lower: How Do You Think Your US Tax Burden Compares to Other Countries?" Forbes 18 April 2014. <http://www.forbes.com/sites/kellyphillipserb/2014/04/18/higher-or-lower-how-do-you-think-your-u-s-tax-burden-compares-to-other-countries/>

All figures are for illustrative purposes only and do not reflect an actual investment in any product. Additionally, they do not reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. The Rule of 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return. The performance of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation.

## Is There Another Way?

Apply the principles of \_\_\_\_\_.

Debt rollup starts by increasing \_\_\_\_\_ flow from principles learned in Class 1.

Attack the \_\_\_\_\_ debt balance first.

Write down your current debt accounts and begin to think about your own debt rollup plan.

Account Name	Balance	Interest Rate	Monthly Payment

### *Are we creatures of habit?*

Here at WSB we believe that it is important to create good habits by getting out of debt AND saving money.

# 1

## WSB Financial Workshop

List 5 emergencies where an emergency fund could help a family:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Step 1: Start by saving \$\_\_\_\_\_.

Step 2: Increase to \_\_\_\_\_ times monthly income.

Step 3: Increase to \_\_\_\_\_ times monthly income.

Three good options to consider for emergency funds are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### Final Thoughts

Would you be willing to be \_\_\_\_\_ with \_\_\_\_\_ and live the rest of your life debt free?

Cash is \_\_\_\_\_. Maybe it's time for you to perform "\_\_\_\_\_" surgery on most of your credit cards.

Buy things that you \_\_\_\_\_, not what you \_\_\_\_\_.

Who are you working for?

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Who will benefit the most from your hard earned money? \_\_\_\_\_



## With Savings, a Person Can Walk Tall

The state of your savings does have a lot to do with how tall you walk. Your savings affect the way you stand, the way you walk, the tone of your voice, your physical well-being and your self-confidence.

A person without savings is always running. He or she must. She must take the first job offered, or nearly so. She sits nervously on life's chairs because any small emergency throws her into the hands of others. Without savings, a person must be too grateful. Gratitude is a fine thing in its place. But a constant state of gratitude is a horrible place in which to live.

A person with savings can walk tall. He may appraise opportunities in a relaxed way, have time for judicious estimates and not be rushed by economic necessity. A person with savings can afford to resign from his job if his principles so dictate. And for this reason, he will never need to do so. A person who can afford to quit is much more useful to his company, and therefore more readily promoted. He can afford to give his company the benefit of his most candid judgements.

A person with savings can afford the wonderful privilege of being generous in family and neighborhood emergencies. She can take the level stare of any man, woman, friend, stranger or enemy. That ability shapes her personality and her character.

The ability to save has nothing to do with the size of income. Many high-income people spend it all, darting through life like minnows. But as the dean of American bankers, J.P. Morgan, once advised a young broker: "Take waste out of your spending; you'll drive the haste out of your life."

If you don't need money for college, a home or retirement, then save for self-confidence. And with the self-esteem and peace of mind that comes from having savings, walk tall through life.

*Quote attributed to A. F. Bannerman. Copyright World Financial Group, Inc. Printed in the USA. 1690/7.06 [http://www.wfg-online.com/global/docs/your\\_savings\\_flyer.pdf](http://www.wfg-online.com/global/docs/your_savings_flyer.pdf)*



## How Do We Increase Cash Flow?

We know that one way to increase cash flow is to spend less. Another aspect of increasing cash flow is to earn more.

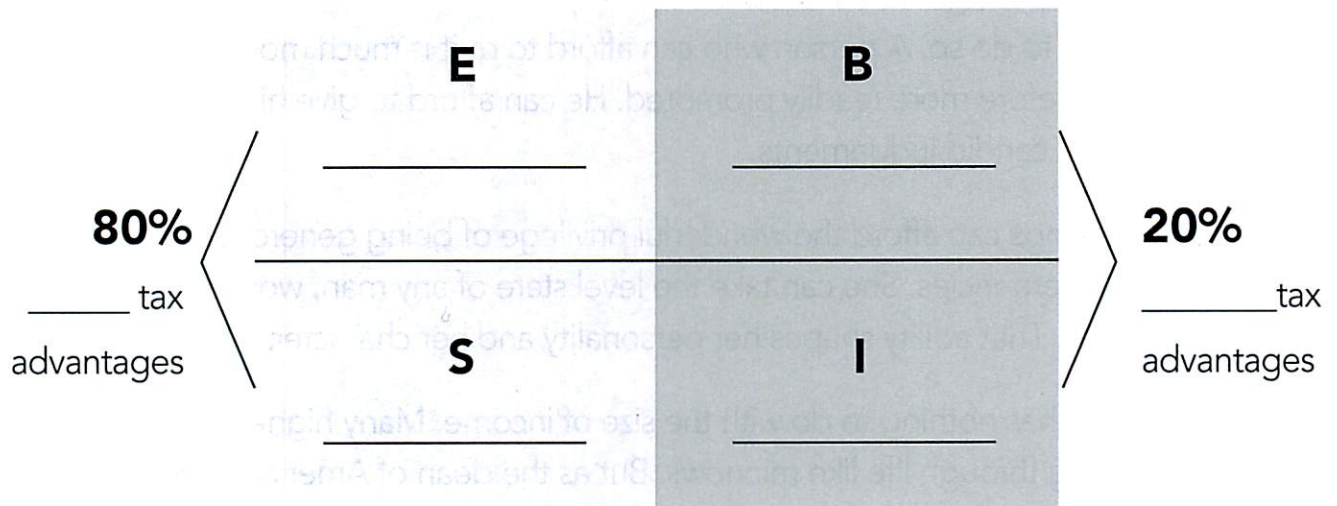
How do we accomplish that?

Be a business owner

### Understand the cash flow quadrant

Robert Kiyosaki, author of *Rich Dad's Cash Flow Quadrant*, makes distinctions on how money is generated.\*

You have a \_\_\_\_\_. You own a \_\_\_\_\_ and people work for you.



You \_\_\_\_\_ a job. \_\_\_\_\_ works for you.

Which of these would you rather be? \_\_\_\_\_

**REMEMBER: MONEY IS TIME.**

\*Source: Kiyosaki, Robert. *Rich Dad's Cash Flow Quadrant* 2nd Ed.

Tax and/or legal advice not offered by World Financial Group, Inc., or their affiliated companies. Please consult with your personal tax professional or legal advisor for further guidance on tax or legal matters.

## The World Financial Group Opportunity

Start a part-time business!

Help one family per month!

Potentially earn an extra \$1,000 per month\*

What would an additional \$1,000 per month do for you?

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### Tax breaks of being a business owner

Deduction Possibilities:

Home Office

Office Supplies

Furniture

Other Equipment

Software and Subscriptions

Mileage

Travel, Meals, Entertainment & Gifts

Insurance Premiums

Retirement Contributions

Social Security

Telephone Charges

Put the extra savings in your pocket!

*\*Many people have experienced various levels of success with World Financial Group. However, individual member experiences may vary. This statement is not intended to nor does it represent that any current member's individual results are representative of what all participants achieve when following the World Financial Group system.*

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## Become Your Own Money Manager

You can \_\_\_\_\_ and \_\_\_\_\_ in the financial industry.

Moving toward wealthier habits:

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Financial independence is not a dream. It's a decision.

Continue tracking your spending habits for one more week.

Finish your own debt rollup plan.

## What You Learned in This Class

Did we help you find ways to increase your cash flow?

\$200/month in an investment returning 10% annually equals \$434,263 over 30 years!\*

Wow! Yes, it requires commitment and discipline, but it is feasible for all!

You can never have true freedom without financial freedom!

What did you learn that could help you increase your cash flow?

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 \$ \_\_\_\_\_  


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 \$ \_\_\_\_\_  


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 \$ \_\_\_\_\_  


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 \$ \_\_\_\_\_  


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 \$ \_\_\_\_\_

\*All figures are for illustration purposes only and do not reflect an actual investment in any product, nor do they reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. Actual results may vary substantially from the figures in the example.

**Homework:**

- ❖ Sit down with your Trainer to go through your Personal Financial Strategy.
- ❖ Have you utilized our membership discounts so you can put more money into your pocket?
- ❖ Read pages 1 to 15 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

- ❖ Commit to introduce one person this week: \_\_\_\_\_



BUILDING A  
STRONG FINANCIAL  
FOUNDATION  

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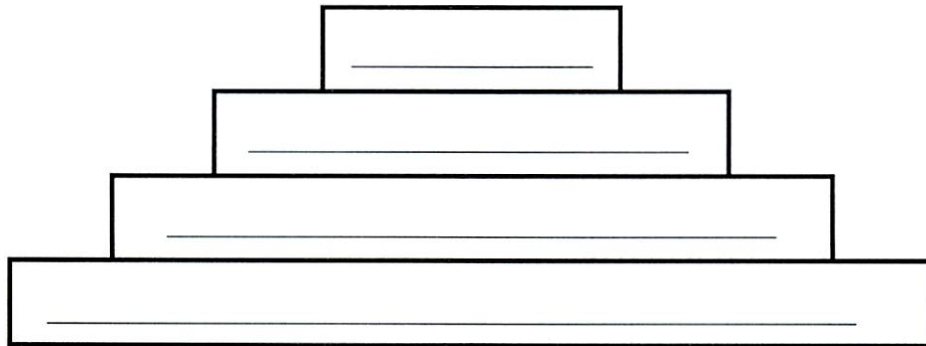
PROPER  
PROTECTION

**In this workshop, we are going to discuss:**

- ❖ How to have a strong \_\_\_\_\_.
- ❖ The relationship between \_\_\_\_\_ wealth and \_\_\_\_\_ your responsibility.
- ❖ Do I need \_\_\_\_\_ insurance?
- ❖ If so, \_\_\_\_\_ should I have?
- ❖ Different \_\_\_\_\_ of life insurance.
- ❖ How to choose the most \_\_\_\_\_ insurance product for your \_\_\_\_\_.

**Your Challenges:**

- ❖ To \_\_\_\_\_ your family for:
  - Your \_\_\_\_\_.
  - Your \_\_\_\_\_.
  - Your \_\_\_\_\_.
- ❖ To \_\_\_\_\_ your liabilities and get out of debt \_\_\_\_\_.
- ❖ Dealing with constant \_\_\_\_\_ in your job, career, or business.
- ❖ Living a \_\_\_\_\_ life without adequate \_\_\_\_\_.

**Complete the Financial Foundation below:**

Like building a \_\_\_\_\_, you must build it from the \_\_\_\_\_.

Without a strong foundation, everything you have may not last.

Discuss the priorities of Financial Foundation.

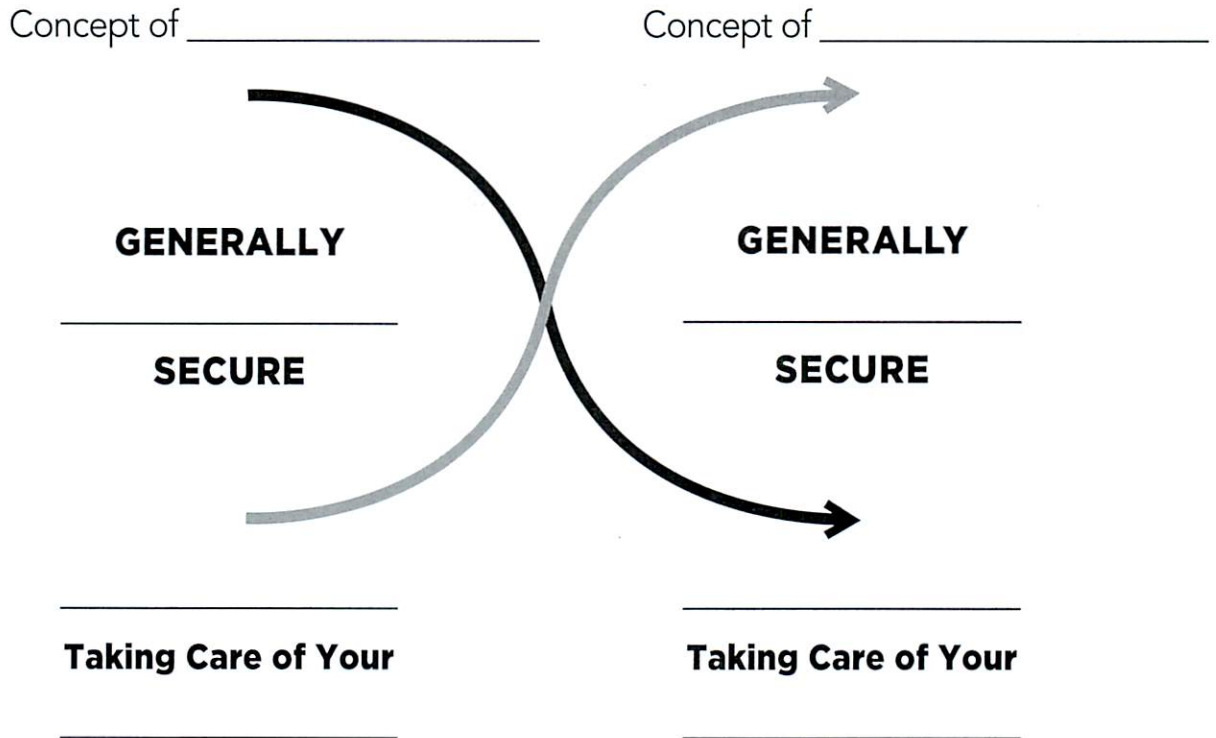
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**X-Curve\***

Please label the X-Curve below:



Circle the correct answer:

- |  |      |       |
|--|------|-------|
| If you are a joint account holder on a credit card, you are liable for the debt if your co-signor passes away. | True | False |
| According to the responsibility curve, you have more responsibilities when you're older.                       | True | False |
| If your children are minors, they will not receive life insurance proceeds until 18 years old.                 | True | False |
| When you make minimum payments on your mortgage, you will pay more in interest.                                | True | False |
| You should have a high amount of protection when you are older.  | True | False |

*\*This concept theorizes that a person's responsibilities generally decrease and wealth generally increases.*



ello! I am your life insurance policy.

*You and I have similar purposes in this world. It is your job to provide food, clothing, shelter, schooling, medicine, and other things for your loved ones. You do this while I lie in your safe deposit box. I have faith and trust in you. Out of your earnings will come the cost of my upkeep. At times, I may appear insignificant to you— but someday (and who knows when) you and I will change places.*

*When you are laid to rest, I will come alive and do your job. I may provide food, clothing, shelter, schooling, medicine, and other things your family will continue to need—just as you are doing now. When your work and labor are done, mine will begin. Through me, your hands can carry on. Whenever you feel the price you're paying for my upkeep is burdensome, remember that I can do more for you and your family than you will ever do for me. If you do your part, I will do mine.*

*Sincerely yours,*

*Your life insurance policy*



## The DIME Method\*

You can calculate how much life insurance protection your family needs.

	You	Spouse
<b>D</b> _____	_____	_____
<b>I</b> _____	_____	_____
<b>M</b> _____	_____	_____
<b>E</b> _____	_____	_____
<b>Total</b>	_____	_____

Are you properly protected? Enter the value of the items below (for you and your spouse, write the total DIME method you did above). Then write how much you are currently protected.

	Value	Coverage
Car		
Home		
You		
Spouse		

*\*The DIME Method is only one method to help determine a client's insurable need.*

## How to Buy Life Insurance

### Cost Per \$1,000

Mary is 40 years old and smokes cigarettes. Based on her DIME method, she wants to buy a \$500,000 life insurance policy. Please calculate her annual premiums.

Age	COI/1,000*	\$500k Policy	Annual Premium
40	\$2.00		
41	\$2.15		
42	\$2.35		
43	\$2.60		
44	\$3.00		

Circle the items that are NOT factored into insurance rate premiums:

*Driving record*

*Past health issues*

*Eye color*

*Height*

*Religion*

*Prescribed medications*

*Auto racing*

*Family history*

*Riding a bike*

*Hair color*

*Tobacco use*

*Weight*

Draw a line to match the rate classes to the correct description:

*Preferred Elite*

*2x Above Rate*

*Preferred*

*Minor Health Issues*

*Standard*

*3x Above Rate*

*Preferred Smoker*

*25% – 500% more*

*Smoker*

*Healthy*

*Table Rated*

*Optimal Health*

*\*Hypothetical for illustrative purposes only.*

## How Insurance Premiums Are Generally Determined

### MUST QUALIFY – NEED TO BE IN GOOD HEALTH

#### Rates are based on:

Height

Weight

Health issues – past and present

What medications you're on

Use of tobacco

Family history

Driving record

Criminal record

High risk activities (Scuba diving, auto racing, mountain climbing, etc.)

#### Rate Classes

Preferred Elite = optimal health

Preferred = healthy

Standard = some minor health issues

Preferred Smoker = 2x above rate

Smoker = 3x above rate

Table Rated = 25% to 500% more



## Types of Life Insurance

### Term Life

( \_\_\_\_\_ + \_\_\_\_\_ )

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ year

### Permanent Life

( \_\_\_\_\_ + \_\_\_\_\_ )

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Also called

\_\_\_\_\_

Please draw the 4 pictures that illustrate the premiums of each term policy.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

ART: Annual Renewable Term

Premium goes up every \_\_\_\_\_ year.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

5 Year Level Term

Premium goes up every \_\_\_\_\_ years.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

10 Year Level Term

Premium goes up every \_\_\_\_\_ years.

1 10 20 30 40

20 Year Level Term

Premium goes up every \_\_\_\_\_ years.



**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 30-Year-Old Client**  
**PREFERRED PLUS NON-SMOKER**

Sex: MALE  
 Age: 30  
 Face Amount: \$500,000  
 Underwriting Class: PREFERRED PLUS NON-SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

---

Base:	\$250.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

---

**Summary of Premiums**

Year	Age	Guar. Premiums
1	30	258
2	31	258
3	32	258
4	33	258
5	34	258
6	35	258
7	36	258
8	37	258
9	38	258
10	39	258
11	40	258
12	41	258
13	42	258
14	43	258
15	44	258
16	45	258
17	46	258
18	47	258
19	48	258
20	49	258
21	50	4,325
22	51	4,655
23	52	5,130
24	53	5,646
25	54	6,306

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 30-Year-Old Client**  
**STANDARD NON-SMOKER**

Sex: MALE  
 Age: 30  
 Face Amount: \$500,000  
 Underwriting Class: STANDARD NON-SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

---

Base: \$475.00  
 Waiver of Premium(s):  
 Accidental Indemnity:  
 Childrens Insurance Rider:

---

**Summary of Premiums**

Year	Age	Guar. Premiums
1	30	491
2	31	491
3	32	491
4	33	491
5	34	491
6	35	491
7	36	491
8	37	491
9	38	491
10	39	491
11	40	491
12	41	491
13	42	491
14	43	491
15	44	491
16	45	491
17	46	491
18	47	491
19	48	491
20	49	491
21	50	4,325
22	51	4,655
23	52	5,130
24	53	5,646
25	54	6,306

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 30-Year-Old Client**  
**PREFERRED SMOKER**

Sex: MALE  
 Age: 30  
 Face Amount: \$500,000  
 Underwriting Class: PREFERRED SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

---

Base:	\$845.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

---

Summary of Premiums		
Year	Age	Guar. Premiums
1	30	873
2	31	873
3	32	873
4	33	873
5	34	873
6	35	873
7	36	873
8	37	873
9	38	873
10	39	873
11	40	873
12	41	873
13	42	873
14	43	873
15	44	873
16	45	873
17	46	873
18	47	873
19	48	873
20	49	873
21	50	7,983
22	51	8,597
23	52	9,557
24	53	10,718
25	54	11,843

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 50-Year-Old Client**  
**PREFERRED NON-SMOKER**

Sex: MALE  
 Age: 50  
 Face Amount: \$500,000  
 Underwriting Class: PREFERRED NON-SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

Base:	\$1,095.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Summary of Premiums		
Year	Age	Guar. Premiums
1	50	1,131
2	51	1,131
3	52	1,131
4	53	1,131
5	54	1,131
6	55	1,131
7	56	1,131
8	57	1,131
9	58	1,131
10	59	1,131
11	60	1,131
12	61	1,131
13	62	1,131
14	63	1,131
15	64	1,131
16	65	1,131
17	66	1,131
18	67	1,131
19	68	1,131
20	69	1,131
21	70	34,056
22	71	37,230
23	72	41,544
24	73	46,059
25	74	50,847

All products may not be available in all jurisdictions.



**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 50-Year-Old Client**  
**STANDARD NON-SMOKER**

Sex: MALE  
 Age: 50  
 Face Amount: \$500,000  
 Underwriting Class: STANDARD NON-SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

---

Base: \$1,710.00  
 Waiver of Premium(s):  
 Accidental Indemnity:  
 Childrens Insurance Rider:

---

**Summary of Premiums**

Year	Age	Guar. Premiums
1	50	1,765
2	51	1,765
3	52	1,765
4	53	1,765
5	54	1,765
6	55	1,765
7	56	1,765
8	57	1,765
9	58	1,765
10	59	1,765
11	60	1,765
12	61	1,765
13	62	1,765
14	63	1,765
15	64	1,765
16	65	1,765
17	66	1,765
18	67	1,765
19	68	1,765
20	69	1,765
21	70	34,056
22	71	37,230
23	72	41,544
24	73	46,059
25	74	50,847

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy**  
**20 Year Level Term for a 50-Year-Old Client**  
**STANDARD SMOKER**

Sex: MALE  
 Age: 50  
 Face Amount: \$500,000  
 Underwriting Class: STANDARD SMOKER  
 Substandard Rating:  
 Flat Extra Rating: 0.00  
 Flat Extra Period: 0  
 Payment Mode: MONTHLY PAC

*Premium Breakdown*

Base:	\$4,730.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

**Summary of Premiums**

Year	Age	Guar. Premiums
1	50	4,882
2	51	4,882
3	52	4,882
4	53	4,882
5	54	4,882
6	55	4,882
7	56	4,882
8	57	4,882
9	58	4,882
10	59	4,882
11	60	4,882
12	61	4,882
13	62	4,882
14	63	4,882
15	64	4,882
16	65	4,882
17	66	4,882
18	67	4,882
19	68	4,882
20	69	4,882
21	70	54,438
22	71	60,460
23	72	65,842
24	73	71,910
25	74	78,525

All products may not be available in all jurisdictions.

**Example: A TYPICAL IUL INSURANCE POLICY****Flexible Premium Adjustable Life Insurance with an Index Account Option for a 70-Year-Old Male Non-Tobacco Client****Numeric of Summery**

Valued Client				Monthly Premium:				\$2,537.50
Male Age 70 Non Tobacco				Death Benefit Option:				Level
Riders: None				Initial Face Amount:				\$500,000
Year	Premium Outlay	Guaranteed Assumptions		Non-Guaranteed Midpoint Assumptions		Non-Guaranteed Assumptions		
		Cash Surrender	Death Benefit	Cash Surrender	Death Benefit	Cash Surrender	Death Benefit	
5	\$30,450	\$9,264	\$500,000	\$45,256	\$500,000	\$83,765	\$500,000	
10	\$28,890	0	0	\$77,258	\$500,000	\$194,249	\$500,000	
20	\$28,890	0	0	0	0	\$675,111	\$793,370	

**20 Year Term**

Based on the \$500,000 Life Insurance examples from pages 32 to 38, fill out the premium amounts below:

1.

Rate Class	\$500,000	Total Paid In:
Preferred Plus	\$_____ per month*	\$_____
Standard	\$_____ per month*	\$_____
Preferred Tobacco	\$_____ per month*	\$_____

Male Age 30 \_\_\_\_\_ &gt; Age 50

2.

Rate Class	\$500,000	Total Paid In:
Preferred Plus	\$_____ per month*	\$_____
Standard	\$_____ per month*	\$_____
Preferred Tobacco	\$_____ per month*	\$_____

Male Age 50 \_\_\_\_\_ &gt; Age 70

Total Paid in 40 Yrs Preferred = \$\_\_\_\_\_

Total Paid in 40 Yrs Standard = \$\_\_\_\_\_

3. Male Age 70 - Convert to standard rate IUL = \$\_\_\_\_\_/month = \$\_\_\_\_\_/year\*

\*This is for illustrative purposes only.

## Advantages and Disadvantages of Term Insurance

### Circle the correct answer:

The insurance company will guarantee renewal after the term ends.	True	False
Term insurance has low net cost.	True	False
Term insurance is a good option if you want it for 20 years or less.	True	False
Term insurance has flexible premiums. You can skip payments without the policy lapsing.	True	False
Future term insurance renewal rates are lower.	True	False

### Group Term

- ❖ Benefit is \_\_\_\_\_ to \_\_\_\_\_ times salary.
- ❖ Don't need to qualify.
- ❖ Inexpensive.
- ❖ Typically \_\_\_\_\_ when you leave employment.

### Accidental Death & Dismemberment (AD&D):

Inexpensive but \_\_\_\_\_ a \_\_\_\_\_ value

### Think about your situation. Answer these questions:

Should you buy a life insurance policy with the rest of your life in mind? \_\_\_\_\_

How long will you live? \_\_\_\_\_

Will you want or need it in your senior / retirement years? \_\_\_\_\_

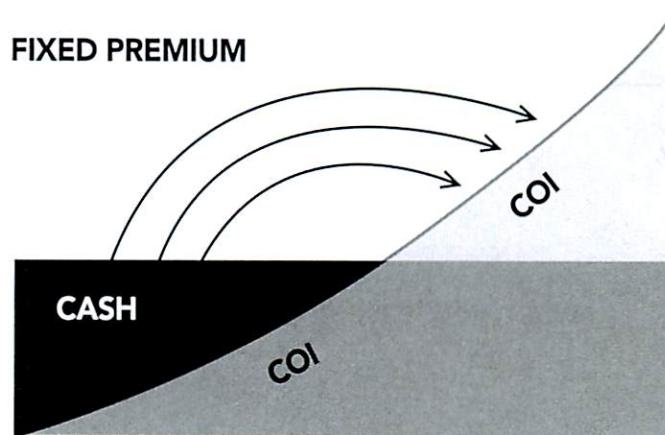
Will you need life insurance to pay estate taxes? \_\_\_\_\_



## Cash Value Life Insurance

### Whole Life

- ❖ \_\_\_\_\_ level premium for \_\_\_\_\_.
- ❖ Cash available by \_\_\_\_\_ only.
- ❖ Low \_\_\_\_\_ interest rate.
- ❖ Sometimes pays a \_\_\_\_\_ (not guaranteed) which can be used to \_\_\_\_\_, \_\_\_\_\_, or \_\_\_\_\_.
- ❖ \_\_\_\_\_ flexible of all Permanent Life Insurance.



### Whole Life Illustration

Please answer the following questions based on the "Table of Guaranteed Values."

At the end of policy year 20, how much cash value does this client have? \_\_\_\_\_

At year 13, if this client wanted to use her paid-up insurance option, how much would she be covered for? \_\_\_\_\_

This client is 30 years old. At the end of policy year 10, she decides to use the extended insurance option. At what age would the policy last until? \_\_\_\_\_ days

## Alternatives to Cash Value

### TABLE OF GUARANTEED VALUES

End of policy year	Cash value	Paid-up Insurance or Extended Insurance			End of policy year
			Years	Days	
1	*****	***	**	***	1
2	*****	***	**	***	2
3	\$200.00	\$1,200	0	332	3
4	1,000.00	5,700	4	161	4
5	1,800.00	9,900	7	164	5
6	2,800.00	14,800	10	170	6
7	3,700.00	18,900	12	232	7
8	4,700.00	23,100	14	253	8
9	5,700.00	27,000	16	130	9
10	6,700.00	30,700	17	268	10
11	7,800.00	34,400	19	53	11
12	8,900.00	37,900	20	131	12
13	10,000.00	41,100	21	116	13
14	11,200.00	44,500	22	66	14
15	12,300.00	47,200	22	247	15
16	13,400.00	49,700	23	13	16
17	14,500.00	52,000	23	101	17
18	15,600.00	54,100	23	148	18
19	16,800.00	56,300	23	197	19
20	18,000.00	58,400	23	203	20
Age 60	31,900.00	75,000	20	341	Age 60
Age 65	40,300.00	81,100	18	231	Age 65

\*This table assumes premiums have been paid to the end of the policy year shown. These values do not include any dividend accumulations, paid-up additions, or policy loans.

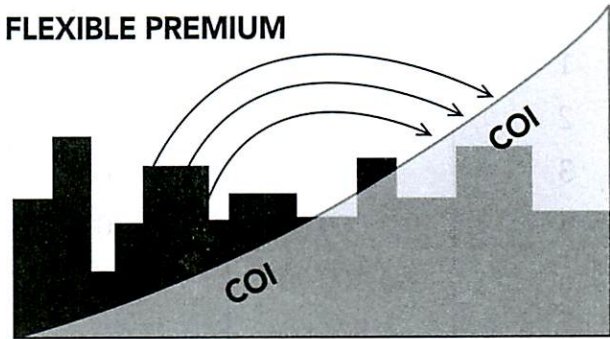
## Cash Value Life Insurance

### Universal Life

List the 4 things that will happen throughout our life:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

**FLEXIBLE PREMIUM**



**\$100 - \$200 - \$300**

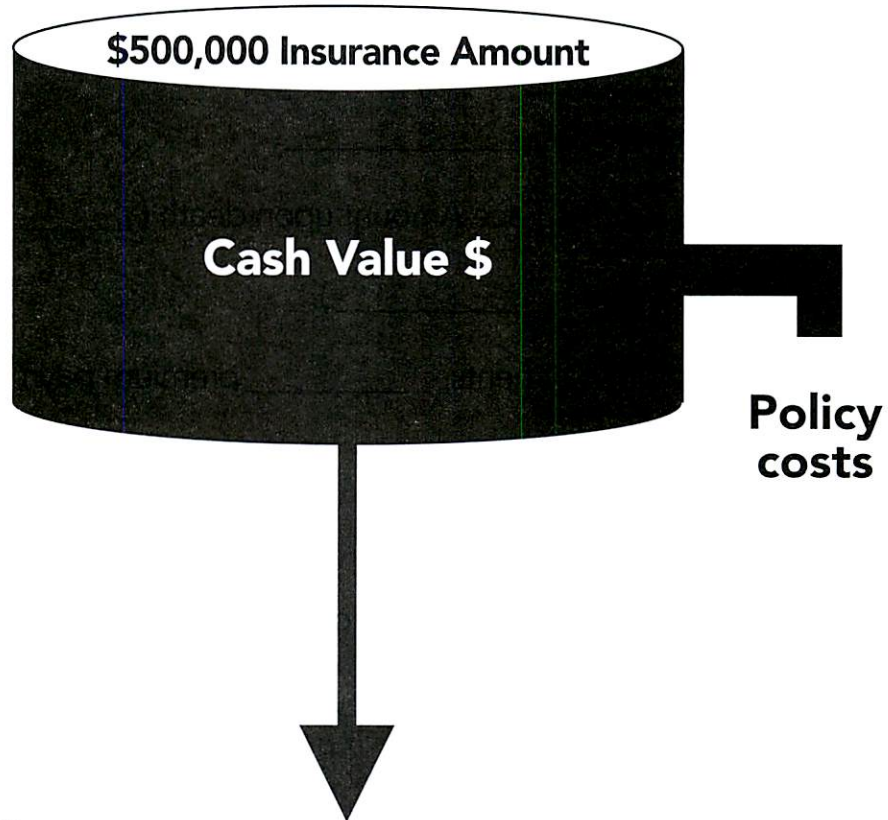
**What are your typical options?**



Safe  
Liquid  
Guaranteed Rate of Interest  
Low Yield

Opportunity for Growth  
Outpace inflation  
Ownership  
Risk

\$100 - \$200 - \$300 Premium



Fill in the blanks below:

**Guarantee**

**Index**

**Investment Options**



\_\_\_\_%

\_\_\_\_%

\_\_\_\_%

\_\_\_\_%



**Universal Life**

**Choose from the words below to fill in the blank.**

*Surrender   Amount   Vary   Level   Stop   Increasing   Skip   Can   Long Term Care*

Increase or Decrease insurance \_\_\_\_\_.

Design policy so it pays just the Face Amount upon death ( \_\_\_\_\_ ) or pays the Face Amount plus your Cash Value ( \_\_\_\_\_ ).

Can \_\_\_\_\_ premium payments, \_\_\_\_\_ premium payments or, after a period of time, \_\_\_\_\_ paying premiums.

\_\_\_\_\_ add multiple insureds.

Can add a \_\_\_\_\_ benefit for an additional fee.

Decreasing % penalty for early \_\_\_\_\_ up to 15 years.

**What is NOT considered a policy cost in UL?**

<i>State Premium Tax</i>	<i>Management Fees</i>	<i>Cost of Insurance</i>	<i>Printing Cost</i>
<i>Postage</i>	<i>Policy Fee</i>	<i>Mortality Expense</i>	<i>Unit – per thousand</i>

Whole Life policies are required to disclose costs and charges.   True   or   False

**Tax Advantages of Cash Value Life Insurance**

Tax Free \_\_\_\_\_

Tax Deferred \_\_\_\_\_

Tax Free \_\_\_\_\_

Tax Free \_\_\_\_\_

**Formula 10/20\***

A simple rule to calculate what you need:

If you \_\_\_\_\_, you'll need 10 times your income to protect your family.

If you \_\_\_\_\_, you'll need 20 times your income for your retirement.

Example: If you earn \$50k/year:

How much protection would you need? \_\_\_\_\_

What would be your retirement need? \_\_\_\_\_

\*<http://blogs.wsj.com/moneybeat/2014/01/31/retiring-on-your-own-terms>

## Managed Growth

### Winning the Money Game

<hr/>	<hr/>
<hr/>	<hr/>

When making financial decisions, you should ask these questions:

Can it potentially \_\_\_\_\_ to achieve my goal?

Is it \_\_\_\_\_ enough?

Does it have \_\_\_\_\_?

Does it have \_\_\_\_\_?

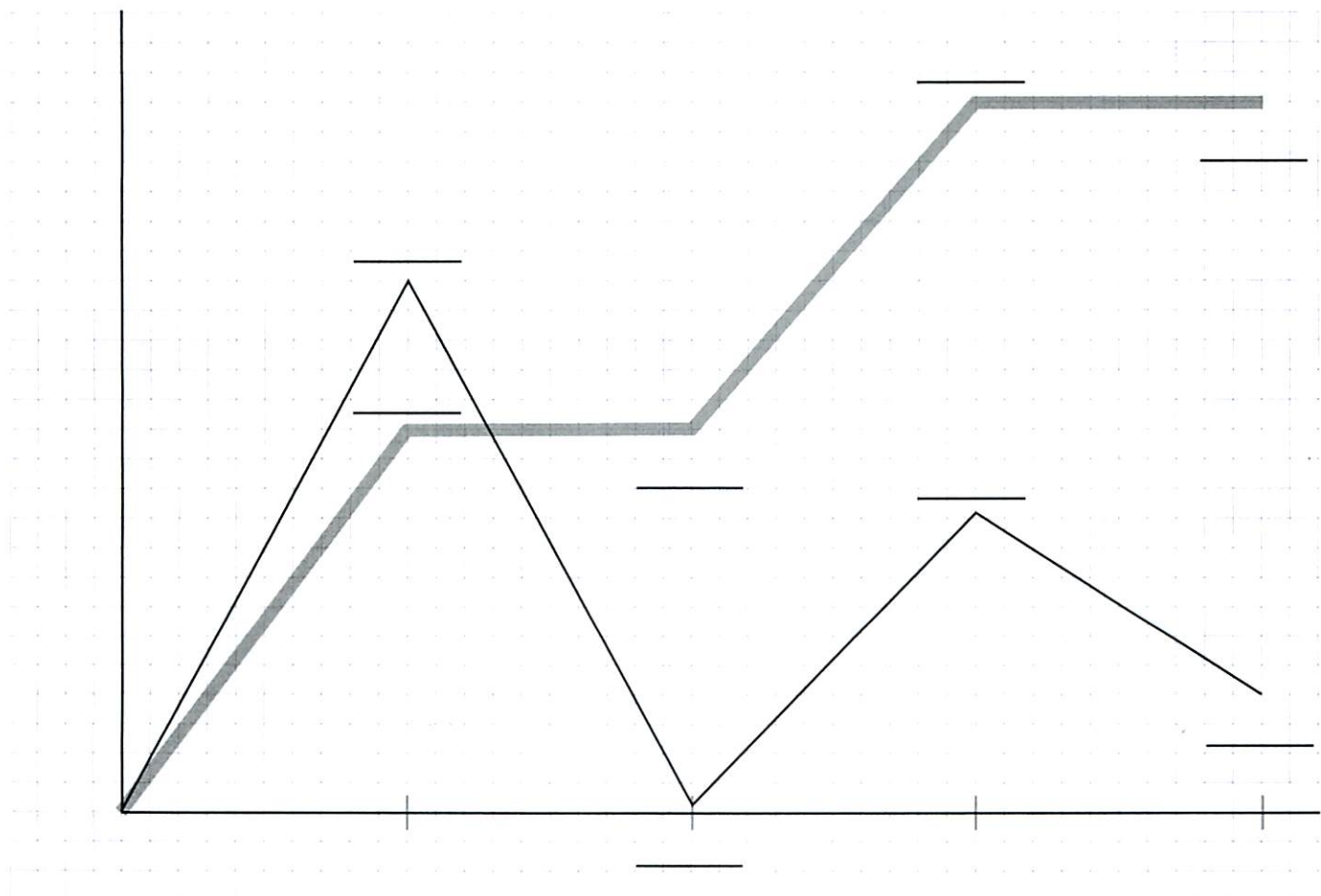
## The Index Universal Life Strategy Concept

### The limits of Cap and Floor:

For example: The cash value of an IUL is based on a market index with a 13% Cap and 1% Floor. With a \$100 premium payment, determine what the value would be after 4 years.

No Cap or Floor	Rate of Return	13% Cap and 1% Floor
	+ 18%	
	- 15%	
	+ 10%	
	- 5%	

Create graph and fill in values.





## Summary of Life Insurance

Based on what you have learned, mark the boxes that describe the insurance policy with an (X).

	Term	Whole Life	Universal Life	Index Universal Life	Variable Universal Life
Tax Free Death Benefit					
Access to your money					
Fixed Premium					
Flexible Premium					
Guaranteed Minimum Interest Rate					
Market Participation					
Tax Deferred Growth					
Tax Free Loans					
Tax Free Withdrawal					
Has a Cap Interest Rate					
Has a Minimum Floor					

## The Power of Choices

Through World Financial Group, Inc. (WFG) affiliated companies and Crump Life Insurance Services, a WFG associate offers the power of choice to clients, by representing well-known providers and products, that allows them to find a solution based on a client's needs.

### **Indexed Universal Life (IUL)**

American General  
Genworth  
VOYA Insurance and Annuity Company  
John Hancock  
Nationwide  
Pacific Life  
Prudential  
Transamerica Premier Life Insurance Company

North American Co.

Pacific Life  
Protective  
Prudential  
Transamerica Life Insurance Company

John Hancock USA

Lincoln Benefit Life  
Nationwide Insurance Enterprise  
Pacific Life  
Protective Life  
Prudential  
Transamerica Life Insurance Company  
William Penn Life

### **Variable Universal Life (VUL)**

VOYA Insurance and Annuity Company  
Nationwide Insurance Enterprise  
Pacific Life  
Transamerica Premier Life Insurance Company

### **Whole Life/Final Expense**

American General  
Columbian Mutual  
Gerber Life  
MetLife Investors USA  
Nationwide  
Pacific Life  
Penn Mutual  
Protective  
Transamerica Life Insurance Company

### **Universal Life**

American General  
Banner  
Genworth Financial  
VOYA Insurance and Annuity Company  
John Hancock Life Insurance  
Lincoln Financial (Money Guard)  
Nationwide Insurance Enterprise

### **Term Life**

America  
Banner Life Insurance Company  
Genworth Financial  
VOYA Insurance and Annuity Company

*Consider the investment objectives, risks, charges and expenses of a variable annuity or variable universal life insurance policy carefully before investing. Read the prospectus for this and other important information. The value of subaccounts will fluctuate and are subject to loss. Please contact your TFA Representative for a prospectus for these products.*

*Associates must be properly licensed, registered and/or appointed to sell products from all providers listed. Only WFG associates who are Registered Representatives and/or Investment Advisor Representatives of Transamerica Financial Advisors, Inc. can offer investment products and/or investment advisory services.*

*Companies listed maintain current selling agreements with World Financial Group Insurance Agency, Inc. (WFGIA) or its subsidiaries and/or Transamerica Financial Advisors, Inc. (TFA) or have products available through Crump Insurance, a leading brokerage agency. Transamerica Life Insurance Company, Transamerica Financial Life Insurance Company, Transamerica Financial Advisors, Inc., World Financial Group Insurance Agency, Inc. and World Financial Group, Inc. are affiliated companies.*

*Company products available through Crump Life Insurance Services.*

*The city and state locations of these companies are: Transamerica Life Insurance Company, Cedar Rapids, Iowa; Pacific Life Insurance Company, Newport Beach, California; VOYA Insurance and Annuity Company, Des Moines, Iowa; Nationwide Life Insurance Company, Columbus, Ohio; Prudential Annuities Distributors, Inc., Shelton, Connecticut.*

## What Is Best for Me?

If I have little money but want to protect my wife and 3 kids, I should buy \_\_\_\_\_.

If I want long term growth with my life insurance, and I understand the market risk, I should buy \_\_\_\_\_.

If I want a life policy with long term growth but don't want to lose money, I should buy \_\_\_\_\_.

If my parents have health issues, but I want them to have some coverage, I should buy them \_\_\_\_\_.

## Homework:

- ❖ Sit down with your Trainer to evaluate the insurance needs of your family.
- ❖ What insurance plan do you currently have in place? When was the last time someone reviewed it with you? \_\_\_\_\_
- ❖ Read pages 23 to 48 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?
  1. \_\_\_\_\_
  2. \_\_\_\_\_
  3. \_\_\_\_\_
  4. \_\_\_\_\_
  5. \_\_\_\_\_
- ❖ Commit to introduce one person this week: \_\_\_\_\_



BUILDING WEALTH  
—  
ASSET  
ACCUMULATION



## Building Wealth

Circle the main concepts for this class:

*Rate of Return*

*Inflation*

*Taxes*

*Mutual Funds*

*Variable & Fixed Annuities*

*Emergency Fund*

*Active & Passive Management*

*Social Security*

*Children's College / Future*

*Term Insurance*

## The Wealth Formula\*

	_____
+	_____
+/-	_____
-	_____
-	_____
	_____
=	_____

\*This is a concept/goal developed by World Financial Group (WFG) for illustrative purposes only. In no way does this statement offer, guarantee, or otherwise imply any financial gain or reward as a result of joining WFG. The term "wealth" is subjective and must be defined on an individual basis.

## Cost of Waiting

### INVESTING EARLY VS WAITING LONGER

Mr. Start Early invests \$3,600 per year for 7 years in a 8% tax-deferred account.

Mr. Wait Longer starts investing \$3,600 per year for 17 years  
in a 8% tax-deferred account, 7 years later than Mr. Start Early.

*\*For illustration purposes only.*

#### MR. START EARLY

Age	Yearly Contribution	Total Accumulation
25	\$3,600	\$3,888
26	\$3,600	\$8,087
27	\$3,600	\$12,622
28	\$3,600	\$17,520
29	\$3,600	\$22,809
30	\$3,600	\$28,522
31	\$3,600	\$34,692
32	\$ -	\$37,467
33	\$ -	\$40,465
34	\$ -	\$43,702
35	\$ -	\$47,198
36	\$ -	\$50,974
37	\$ -	\$55,052
38	\$ -	\$59,456
39	\$ -	\$64,212
40	\$ -	\$69,349
41	\$ -	\$74,897
42	\$ -	\$80,889
43	\$ -	\$87,360
44	\$ -	\$94,349
45	\$ -	\$101,897
46	\$ -	\$110,048
47	\$ -	\$118,852
48	\$ -	\$128,361

**Total Contribution**

#### MR. WAIT LONGER

Age	Yearly Contribution	Total Accumulation
25	\$ -	0
26	\$ -	0
27	\$ -	0
28	\$ -	0
29	\$ -	0
30	\$ -	0
31	\$ -	0
32	\$3,600	\$3,888
33	\$3,600	\$8,087
34	\$3,600	\$12,622
35	\$3,600	\$17,520
36	\$3,600	\$22,809
37	\$3,600	\$28,522
38	\$3,600	\$34,692
39	\$3,600	\$41,355
40	\$3,600	\$48,552
41	\$3,600	\$56,324
42	\$3,600	\$64,718
43	\$3,600	\$73,783
44	\$3,600	\$83,574
45	\$3,600	\$94,148
46	\$3,600	\$105,567
47	\$3,600	\$117,901
48	\$3,600	\$131,221

**Total Contribution**

How much more money did Mr. Wait longer have to invest  
to catch up to Mr. Start Early? \_\_\_\_\_

## The Rule of 72

### Practice Example:

$72 / 2 = \underline{\hspace{2cm}}$	$72 / 6 = \underline{\hspace{2cm}}$	$72 / 10 = \underline{\hspace{2cm}}$
Money doubles every <u>      </u> years	Money doubles every <u>      </u> years	Money doubles every <u>      </u> years
<b>Age</b> <b>2%</b>	<b>Age</b> <b>6%</b>	<b>Age</b> <b>10%</b>
29      \$10,000	29      \$10,000	29      \$10,000
	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>
	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>
65 <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>

### Answer the questions based on your calculations:

What is the difference between 6% and 10% at age 65 =                                 

What happens at 10% if I stop 8 years too soon or start 8 years too late?

What are you earning on your savings?                                 

Between 10% versus 6%, what is the effect of taxes?                                 

If you put \$100,000 into an account, and in 9 years it guarantees to double to \$200,000, what is your rate of return?

- a) 4%    b) 50%    c) 2%    d) 8%

If you ignore paying the balance on one of your credit cards, and the APR is 18%, in how many years will your debt balance double?

- a) 2      b) 3      c) 4      d) 5



**Average Cost of Living<sup>\*,\*\*</sup>**

	1970s	1990s	2013
New Home	\$23,450	\$123,000	\$289,500
New Car	\$3,400	\$16,950	\$31,352
Loaf of Bread	25 cents	70 cents	\$1.98
Wages	\$9,400	\$28,960	\$44,321

**TODAY'S \$100**

What your \$100 will do in the next 20 years (assuming the inflation rate is 3%):

Years From Now	Purchasing Power Decrease	Increased Inflation Amount to Equal \$100
5	\$86	\$116
10	\$74	\$134
15	\$64	\$156
20	\$55	\$181

\*<http://www.tradingeconomics.com/united-states/inflation-cpi>

\*\*<http://www.thepeoplehistory.com>



## The Effect of Taxes and Inflation on Your Purchasing Power

### Exercise 1:

If you save	\$100
At a bank that returns 1% interest	+ _____
You pay tax at 15%	- _____
(combined Federal & State tax)	_____
Net after tax	_____
Inflation is 3%	- _____
Actual return after tax & inflation	_____

### Exercise 2:

If you save	\$100
Under your mattress (0% interest)	+ _____
You pay tax at 10%	- _____
(combined Federal & State tax)	_____
Net after tax	_____
Inflation is 3%	- _____
Actual return after tax & inflation	_____

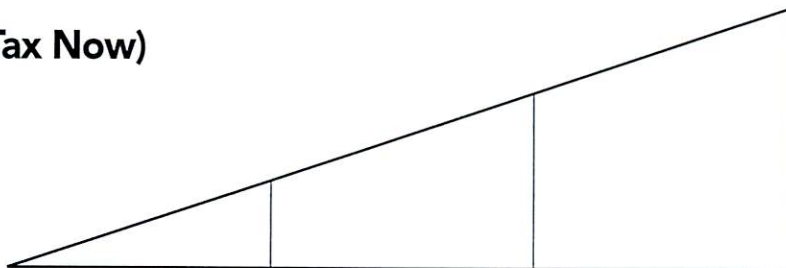
## Taxes

Circle the typical tax treatment of the listed accounts.

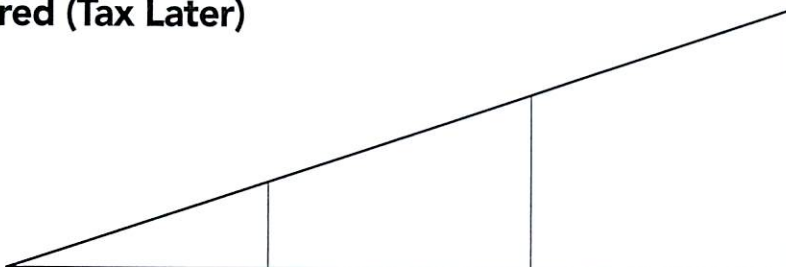
Roth IRA	Tax Now	Tax Later	Tax Advantaged
Stock	Tax Now	Tax Later	Tax Advantaged
Annuity	Tax Now	Tax Later	Tax Advantaged
401(k)	Tax Now	Tax Later	Tax Advantaged
Checking	Tax Now	Tax Later	Tax Advantaged
Cash Value Life Insurance	Tax Now	Tax Later	Tax Advantaged
Mutual Fund	Tax Now	Tax Later	Tax Advantaged
IRA	Tax Now	Tax Later	Tax Advantaged
529 College Savings	Tax Now	Tax Later	Tax Advantaged

Shade the triangle according to the tax effects:

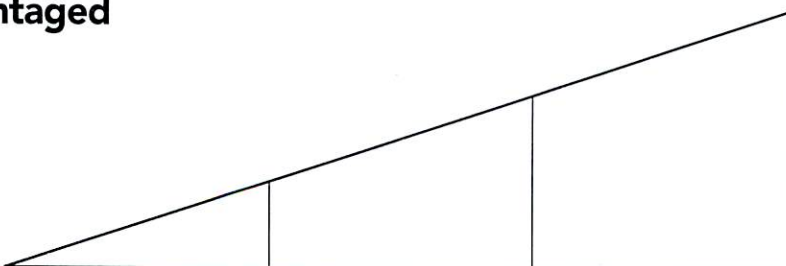
### Taxable (Tax Now)



### Tax Deferred (Tax Later)

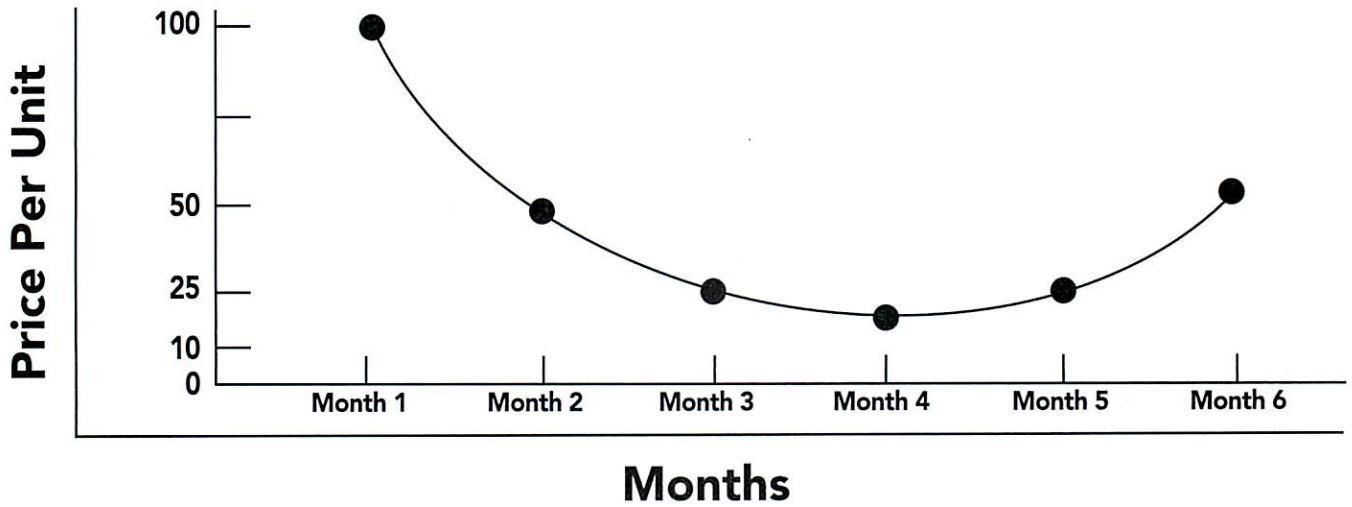


### Tax Advantaged



## Dollar Cost Averaging\*

Alex's mom loves him so much, she saves \$100 for him every month. Assuming she uses the Dollar Cost Averaging strategy, fill out the chart below to determine the Total Contribution, Average Price per Unit, and Total # of Units Accumulated.

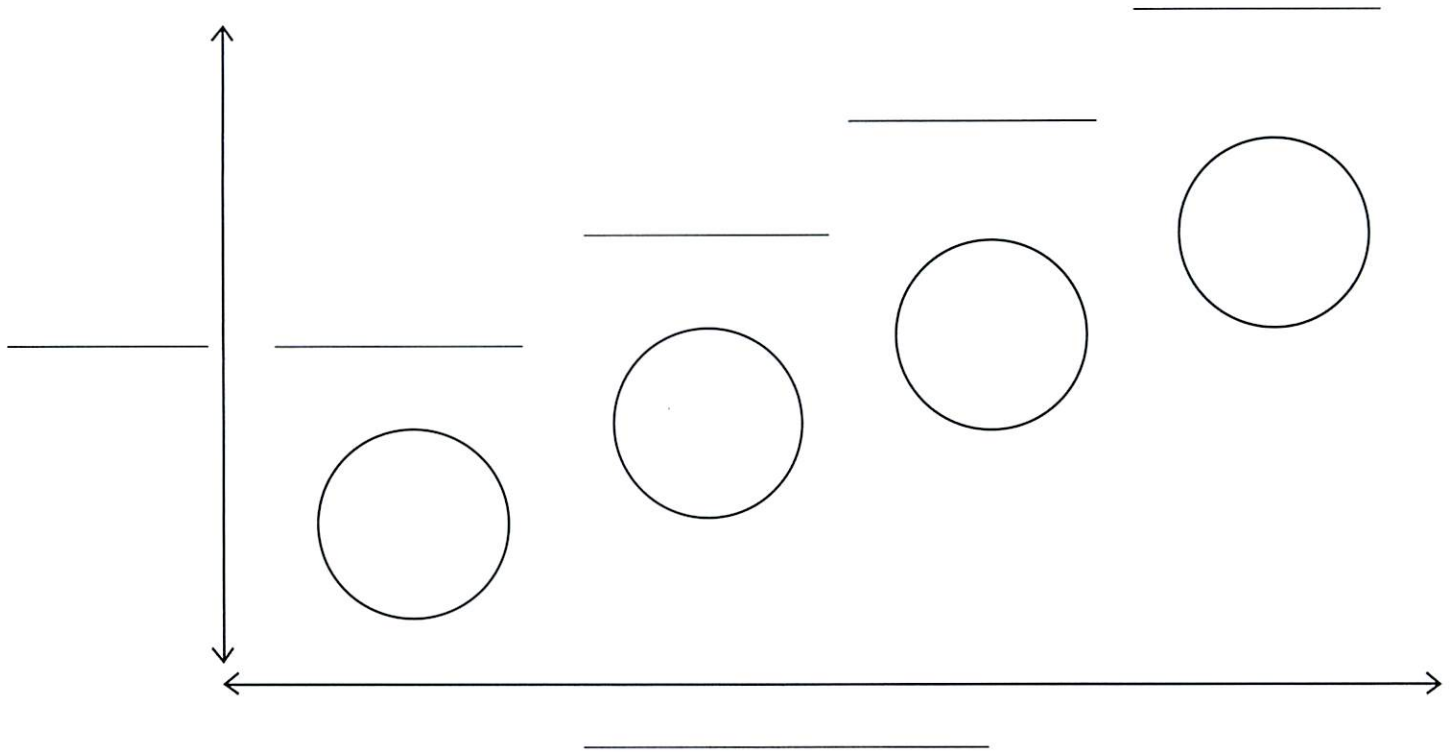


	Monthly Contribution		Price Per Unit		# of Units Accumulated
Month 1		÷			
Month 2		÷			
Month 3		÷			
Month 4		÷			
Month 5		÷			
Month 6		÷			
	<b>Total Contribution</b>		<b>Avg. Price Per Unit</b>		<b>Total # of Units Accumulated</b>

\*These graphics depict a mathematical model of Dollar Cost Averaging. This is a hypothetical example for illustrative purposes only and does not reflect an actual investment in any product, nor does it reflect risks, expenses or charges associated with any actual investment. Actual results may vary substantially from the figures in the example. Dollar cost averaging is a long-term strategy which does not assure a profit nor protect against a loss in a declining market. Investors should carefully consider their ability to continue regular purchases through periods of low price levels.

## Examples of Asset Allocation

Fill in the chart below:



## Can You Handle the Loss?

Fill in the right side of the column:

Potential Portfolio Investment Loss	Gain Required to Get Back to Even
-10%	
-20%	
-30%	
-40%	
-50%	
-60%	



## Mutual Funds

What is a Mutual Fund?

A \_\_\_\_\_ of money invested for you by an investment firm.

Mutual funds invest in a variety of instruments like \_\_\_\_\_, \_\_\_\_\_,  
or government securities.

A mutual fund hires someone to \_\_\_\_\_ the money.

Mutual funds potentially \_\_\_\_\_ the risk by purchasing a diversity of stocks,  
bonds, and other assets.

How do you calculate Net Asset Value?

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Emotional investing most likely leads to:

a) Higher returns   b) Lower returns   c) The same returns   d) None of the above

## Passive vs Active Management

Circle which strategy the description is associated with:

Buy and hold strategy	Passive	Active
Holds assets in response to the market and economic conditions	Passive	Active
Holds assets for an extended period of time	Passive	Active
Holds assets regardless of market condition	Passive	Active
Generally has higher costs and fees	Passive	Active
In theory, defends against down markets	Passive	Active
Generally has lower expenses and tax efficiency	Passive	Active

## Saving For Your Children's Education

Do you know the costs of raising a child until 18 years of age?\*

Average \_\_\_\_\_

What are the costs to send a child to college?\*\*

Type of Tuition	4 Year Tuition in 2013	Tuition & Fees in 2031
Private	\$129,700 (US only)	_____
Public	\$38,300 (US only)	_____

College debt reached \$1.2 Trillion, surpassing credit card and auto debt totals. In 2015, the average student graduated with over \_\_\_\_\_ in student loans.\*\*\*

If the tuition at a Private University in 2015 costs \$40,000 a year, assuming tuition currently increases by 6% every year, how much will one year of tuition cost in the year 2033?

- a) \$80,000      b) \$100,000      c) \$120,000      d) \$240,000

\*<http://money.cnn.com/2014/08/18/pf/child-cost/>

\*\*The College Board ([www.savingforcollege.com](http://www.savingforcollege.com))

\*\*\*<http://blogs.wsj.com/economics/2015/05/08/congratulations-class-of-2015-youre-the-most-indebted-ever-for-now/>

## How Much You Need to Save

FINRA's College Savings Calculator helps you determine how much you need to save for college depending on your rate of return. For example, if you have 18 years to save for a college that costs \$25,000 a year today, with inflation at 3%, how much would you need to save per month and per year to reach your goal?

Rate of Return	Annual Contribution	Monthly Contribution
2%		
5%		
8%		

## U.S. 529 Savings Plan

Circle the correct answer:

### Advantages:

Earnings and withdrawals to pay for college **will / will not** be taxed.

You, the donor, **stays in / lose** control of the account. This is different from **UGMA/UTMA** where the **parent / child** takes control of the asset once he or she reaches legal age.

Contributions up to **\$14,000 / \$28,000** per individual per year ( **\$28,000 / \$56,000** for married couples filing jointly) will qualify for the Annual Gift Tax Exclusion. Up to \$70,000 (if made over a 5 calendar year period) would qualify for an Estate Tax reduction.

**Disadvantages:**

Contributions **are not / are** tax deductible.

Early withdrawals for any reason are allowed but earnings will be subject to

**capital gains / income** tax plus a **5% / 10%** penalty.

529 Assets will be **counted / excluded** on the FAFSA (Free Application for Federal Student Aid) form.

**College Funding**

Financial Aid Formula:

Cost of Attendance (COA)	_____
– Expected Family Contribution (EFC)	_____
= Need	_____



**Find the college terms and circle them in the box:**

C	O	L	L	E	G	E	A	X	Y	T	E	G	H	W
M	I	R	E	D	V	C	A	Q	S	A	F	R	G	Y
Z	X	C	V	B	N	G	M	A	S	D	F	J	L	Q
W	E	R	T	Y	U	R	I	O	P	M	Z	X	C	V
B	S	C	H	O	L	A	R	S	H	I	P	S	N	M
A	A	S	D	F	G	N	H	J	K	S	L	Q	W	E
P	R	T	Y	U	I	T	O	P	A	S	D	F	L	K
P	J	H	P	O	I	S	U	Y	T	I	R	E	P	W
E	U	O	L	J	G	D	A	Z	C	O	B	M	R	Q
A	T	E	Q	N	V	X	S	F	H	N	K	Q	E	A
L	Z	F	W	S	X	E	D	C	R	F	V	T	P	G
B	Y	A	H	N	U	J	E	M	I	K	L	O	A	P
U	Y	F	M	T	N	R	V	S	T	X	W	Z	R	Q
L	I	S	O	P	A	Q	A	Z	S	X	S	W	A	E
Y	N	A	H	T	B	G	R	E	V	A	C	D	T	F
J	M	K	U	I	L	P	O	A	Q	B	Y	N	I	Y
D	F	C	O	I	W	E	V	B	F	H	U	M	O	T
S	K	I	L	L	A	S	S	E	S	S	M	E	N	T

ADMISSION

APPEAL

FAFSA

GRANTS

ESSAY

SCHOLARSHIPS

SKILL ASSESSMENT

PREPARATION

COLLEGE

**Homework: #3**

- ❖ Sit down with your Trainer to understand how you can implement these concepts.
- ❖ Meet a College Consultant with your son or daughter to learn what you both can do to prepare for college.
- ❖ Read pages 6 to 21 and 51 to 68 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

- ❖ Commit to introduce one person this week: \_\_\_\_\_

RETIREMENT  
PLANNING  

---

WEALTH  
PRESERVATION

## Workbook 4: Retirement & Wealth Preservation

Fill in the blanks to find out what you will learn in class 4:

*Fixed, indexed, and variable annuities*

*Estate Planning*

*Income*

*Medicare*

*IRAs and retirement plans*

*Long Term Care*

- ❖ What sources of \_\_\_\_\_ you will have for retirement
- ❖ Understanding key differences among \_\_\_\_\_
- ❖ How \_\_\_\_\_ work
- ❖ What is my plan for \_\_\_\_\_?
- ❖ Does \_\_\_\_\_ cover all of my costs?
- ❖ \_\_\_\_\_ is not only for the wealthy



## Retirement and Wealth Preservation

### The Good News

Average American Life Expectancy\*

Age \_\_\_\_\_ for men

Age \_\_\_\_\_ for women

### The Bad News:

Most people are \_\_\_\_\_ for their retirement.

Retirement has less to do with reaching age 65. It has to do with \_\_\_\_\_ saved.

### What are your sources of Retirement Income?

	Amount	%
Social Security	_____	_____
Company Pension	_____	_____
Savings	_____	_____
IRA	_____	_____
401(k)	_____	_____
Spouse's Pension	_____	_____
Home Equity	_____	_____
Part Time Work	_____	_____
Other	_____	_____

If your current income is \$60k per year, how much would you need for retirement according to the 10/20 Rule?

\_\_\_\_\_ x 20 = \_\_\_\_\_

\*<http://www.wsj.com/articles/rising-u-s-lifespans-spell-likely-pain-for-pension-funds-1414430683>

## Traditional IRA vs Roth IRA

	Traditional IRA	Roth IRA
Tax Deduction on Contribution		
Requires Minimum Distribution		
Earnings		

## Tax Deferred vs Tax Advantaged

Two types of retirement plans:

Defined \_\_\_\_\_ plan

Defined \_\_\_\_\_ plan

In 401(k) plans, you will receive a fixed payout at retirement.

True or False

Pension plans are a Defined Contribution Plan.

True or False

Your company is required to contribute to your Defined Contribution Plan.

True or False

Pension plans are growing more popular with companies.

True or False

In 2015, if you are 52 years old, your maximum IRA contribution is \$6,500.

True or False

A catch-up contribution is an increased contribution for younger workers.

True or False

Name 4 Advantages of 401(k), 403(b), 457 Plans:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## Retirement savings contribution limits have increased

Some of the contribution limits for various retirement savings accounts increased from 2014 to 2015, along with the catch-up contributions allowed for savers over age 50. Here's what changed\*:

Account type	2014 Contribution Limit (Catch-Up)	2015 Contribution Limit (Catch-Up)	% Increase
<b>IRA</b>	\$5,500 (\$1,000)	\$5,500 (\$1,000)	0%
<b>401(k)/403(b) - Elective deferrals</b>	\$17,500 (\$5,500)	\$18,000 (\$6,000)	2.9% (9.1%)
<b>401(k)/403(b) -Total (Including employer)</b>	\$52,000	\$53,000	1.9%
<b>SIMPLE IRA</b>	\$12,000 (\$2,500)	\$12,500 (\$3,000)	4.2% (20%)
<b>SEP IRA</b>	\$52,000	\$53,000	1.9%

It's also worth mentioning that the 2015 limits will carry over into 2016. For example, if you have an IRA, you'll be allowed to contribute up to \$5,500 (\$6,500 if you're over 50) for both the 2015 and 2016 tax years.

\*<http://www.fool.com/retirement/general/2015/12/23/heres-how-retirement-saving-changed-in-2015.aspx>



## Rollover Chart\*

		Roll To							
		Roth IRA	Traditional IRA	Simple IRA	SEP IRA	Governmental 457(b)	Qualified Plan1 (pre-tax)	403(b) (pre-tax)	Designated Roth Account (401(k), 403(b) or 457(b))
Roll From	<b>Roth IRA</b>	YES <sup>2</sup>	NO	NO	NO	NO	NO	NO	NO
	<b>Traditional IRA</b>	YES <sup>3</sup>	YES <sup>2</sup>	NO	YES <sup>2</sup>	YES <sup>4</sup>	YES	YES	NO
	<b>SIMPLE IRA</b>	YES <sup>3</sup> , after two years	YES <sup>2</sup> , after two years	YES <sup>2</sup>	YES <sup>2</sup> , after two years	YES <sup>4</sup> , after two years	YES, after two years	YES, after two years	NO
	<b>SEP IRA</b>	YES <sup>3</sup>	YES <sup>2</sup>	NO	YES <sup>2</sup>	YES <sup>4</sup>	YES	YES	NO
	<b>Governmental 457(b)</b>	YES <sup>3</sup>	YES	NO	YES	YES	YES	YES	YES <sup>3, 5</sup>
	<b>Qualified Plan1 (pre-tax)</b>	YES <sup>3</sup>	YES	NO	YES	YES <sup>4</sup>	YES	YES	YES <sup>3, 5</sup>
	<b>403(b) (pre-tax)</b>	YES <sup>3</sup>	YES	NO	YES	YES <sup>4</sup>	YES	YES	YES <sup>3, 5</sup>
	<b>Designated Roth Account (401(k), 403(b) or 457 (b))</b>	YES <sup>3</sup>	NO	NO	NO	NO	NO	NO	YES <sup>6</sup>

1 Qualified plans include, for example, profit-sharing, 401(k), money purchase and defined benefit plans.

2 Only one rollover in any 12-month period.

3 Must include in income.

4 Must have separate accounts.

5 Must be an in-plan rollover.

6 Any amounts distributed must be rolled over via direct (trustee-to-trustee) transfer to be excludable from income.

\*[http://www.irs.gov/pub/irs-tege/rollover\\_chart.pdf](http://www.irs.gov/pub/irs-tege/rollover_chart.pdf)



# 4

## WSB Financial Workshop

Employees of public schools, universities, hospitals and tax exempt organizations 501(c)(3) are eligible to participate in:      a) 401(k)      b) 403(b)      c) 457

Can a federal employee participate in a 457 plan?      Yes   or   No

Can an employee make contributions to a SEP IRA?      Yes   or   No

Can an employee make contributions to a SIMPLE IRA?      Yes   or   No

Name some potential benefits of Rollover IRA:

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Can you rollover a Traditional IRA into a Roth IRA?      Yes   or   No

Can you rollover a Roth IRA into a Traditional IRA?      Yes   or   No

Can you rollover a SIMPLE IRA into a SEP IRA?      Yes   or   No

Can you rollover a SEP IRA into a SIMPLE IRA?      Yes   or   No

Name 3 Types of Annuities:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

The S&P 500 may better reflect the US economy than the Dow Jones because:

- a) The S&P 500 tracks the performance of 500 companies versus the Dow Jones Industrial Average's 30 companies.
- b) The S&P 500 represents a greater cross section of the US economy.
- c) All of the above

How much money can you put into an annuity?

- a) \$5,500 per year / catch up \$6,500
- b) \$2,500 per year
- c) \$53,000 per year
- d) No limit

Contributions in annuities grow tax deferred. However, annuity distributions are \_\_\_\_\_

- ☐ Taxable   ☐ Tax Advantaged

Investment Performance of Annuities:

- |                            |                                     |   |
|----------------------------|-------------------------------------|---|
| ❖ Fixed, Indexed Annuities | <input type="checkbox"/> Guaranteed | <input type="checkbox"/> Not guaranteed |
| ❖ Variable Annuity         | <input type="checkbox"/> Guaranteed | <input type="checkbox"/> Not guaranteed |

Bill is 58 years old and considering an annuity with a 10% bonus and a 10 year surrender charge period. Should he buy it?

- a) Yes      b) No      c) Find an annuity with a shorter surrender charge period

## Immediate Annuity

You give a \_\_\_\_\_ to the insurance company in exchange for a series of \_\_\_\_\_.

Mary puts \$200,000 in an annuity. It accumulates a \$100,000 gain, resulting in a total value of \$300,000. So Mary decides to take out \$150,000 at age 60. How much tax will she pay at a 30% tax bracket?      a) \$50,000      b) \$60,000      c) \$45,000

Tony is 65 and wants to retire. He chooses lifetime income with 20 years period certain option. He dies at 73. How long will his spouse continue to receive payments?

- a) 20 years      b) 12 years      c) Nothing. Payments end at his death.

## Long Term Care (LTC)

There is a strong possibility people will need LTC.

People over 65 years of age: \_\_\_\_\_ out of 10 people.\*

People between the ages of 18 and 64: \_\_\_\_\_ out of 10 people.\*\*

To qualify for LTC, list 6 daily activities that you cannot perform:

- |          |          |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

## LTC Is Getting Costly\*\*\*

Home Health Aide: \$21 per hour	\$_____ annually
Homemaker Services: \$19 per hour	\$_____ annually
Assisted Living Facility: \$110 per day	\$_____ annually
Adult Daycare Center: \$69 per day	\$_____ annually
Nursing Home (Semi-private room): \$209 per day	\$_____ annually
Nursing Home (Private room): \$233 per day	\$_____ annually

When buying a life insurance policy with LTC, it is possible that you may qualify for life insurance coverage but not for LTC. True or False

Risk of developing Alzheimer's Disease\*\*\*\*

Over 65: 1 in \_\_\_\_\_ people

Over 85: 1 in \_\_\_\_\_ people

If you have few assets and live on Social Security benefits, should you buy LTC? Yes or No

\*[http://www.longtermcare.gov/LTC/Main\\_Site/index.aspx](http://www.longtermcare.gov/LTC/Main_Site/index.aspx)

\*\*[http://www.longtermcare.gov/LTC/Main\\_Site/Paying/Costs/Index.aspx](http://www.longtermcare.gov/LTC/Main_Site/Paying/Costs/Index.aspx)

\*\*\* The costs for these services are based on national averages. American Association of Long-Term Care Insurance, 2012, AALTCI

\*\*\*\*[https://www.alz.org/downloads/facts\\_figures\\_2012.pdf](https://www.alz.org/downloads/facts_figures_2012.pdf)



## Medicare Has 4 Parts

Part A is insurance for \_\_\_\_\_.

Part B is insurance for \_\_\_\_\_.

Part D is insurance for \_\_\_\_\_.

Part C is insurance for both \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ is also usually included.

## Apply for Medicare

If your birthday is in the month of May, when is your Initial Enrollment period?

- a) May to November
- b) April to July
- c) February to August

If you fail to enroll in the Initial Enrollment period, you can still enroll during the General Enrollment Period from: \_\_\_\_\_ to \_\_\_\_\_.

Say you are over 65, still working, and have health insurance from your employer. If you terminate your employment in May, when is the window for your Special Enrollment Period?

- a) May to November
- b) April to July
- c) February to August

Medicare Supplement is also called MediGap because it covers the \_\_\_\_\_ that Medicare does not cover in Part A and Part B such as deductibles, copay, coinsurance and travel outside the US.



Medicare Supplement pays for basic Dental care and Vision.

True or False

Benefits of Medicare Supplement/MediGap plans differ from one insurance company to the next.

True or False

Which Medicare Supplement Plan provides the most coverage?

a) Plan A

b) Plan G

c) Plan F

Medicare Part C is also called \_\_\_\_\_.

When it comes to Medicare insurance:

If you think of PPO, you think about \_\_\_\_\_.

If you think of HMO, you think about \_\_\_\_\_.

Which typically costs more?      a) Medicare Supplement      b) Medicare Advantage

Average lifetime health care costs for a couple during retirement are \_\_\_\_\_.

Including Dental, Vision, copays, and out of pocket expenses, the cost is \_\_\_\_\_.\*

Can you get Medicare Supplement coverage while retiring and living overseas?

Yes or No

Will Medicare Advantage cover you if you travel outside the plan's network or out of state?

a) Yes      b) No      c) Depends on plan

Do all Medicare Advantage plans have the same coverage like MediGap?      Yes or No

**MEDICARE SUPPLEMENT PLANS****MEDIGAP**

<b>2015 Medicare Supplement Plans</b>										
<b>Medicare Supplement Benefits</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>F</b>	<b>G</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>
Medicare Part A coinsurance hospital costs up to an additional 365 days after Medicare benefits are exhausted	x	x	x	x	x	x	x	x	x	x
Medicare Part B copayment or coinsurance coverage	x	x	x	x	x	x	50%	75%	x	x***
First 3 pints of blood	x	x	x	x	x	x	50%	75%	x	x
Part A hospice care coinsurance or copayment	x	x	x	x	x	x	50%	75%	x	x
Skilled Nursing Facility (SNF) care coinsurance			x	x	x	x	50%	75%	x	x
Medicare Part A deductible		x	x	x	x	x	50%	75%	50%	x
Medicare Part B deductible			x		x					
Medicare Part B 'excess charges'					x	x				
Foreign travel emergency coverage (up to plan limits)			80%	80%	80%	80%			80%	80%
Medicare Part B preventative care coinsurance	x	x	x	x	x	x	x	x	x	x
							Out of Pocket Limit**			
							\$4,940	\$2,470		

## Rethinking Your House

Moving to a smaller home after retirement provides some potential advantages. List 5:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Estate Planning\*

Estate planning is the process of determining the distribution of your \_\_\_\_\_ upon your death. It also covers the management of your \_\_\_\_\_ in the event of incapacity.

Everyone has an estate. List 6 items you own that are considered part of your estate:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

*\*WFG does not offer estate planning services.*



## Basic Estate Preservation

Everyone needs basic estate planning. You don't have to be wealthy to be affected by estate planning issues. Use this as a simple guide to get started. Consult with an attorney for advice on legal issues!

- 1. Make a will.** Who would you want your property to go to if something happens to you? If you have minor children, name a guardian in the event something would happen to you and your spouse.
- 2. Consider a trust.** If you hold your property in a Living Trust, your estate would not have to go through probate court, which is an expensive and time-consuming process. Ask your attorney if it makes sense in your case.
- 3. Make health care directives.** Every hospital has forms you can get called "Advance Directives." The purpose is to protect your wishes should you not be able to make decisions for yourself. You will have the chance to name someone else to make decisions on your behalf if you cannot. Don't put your family through the agonizing process of wondering what you would want. Do this right now: today!
- 4. Create a fiduciary power of attorney.** With a durable power of attorney for your finances, you can give a trusted person the authority to handle your finances properly if you become incapacitated or unable to do it yourself. This does not have to be an attorney, just someone you trust.
- 5. Protect your children's property.** You should name an adult to manage any money and property your minor children may inherit from you. It can be the legal guardian you name, or someone else.
- 6. File beneficiary forms.** Naming a beneficiary for your bank accounts and retirement plans make the account "automatically payable" upon your death to that beneficiary, without passing through the probate process. In most states you can register your investment accounts to transfer to a beneficiary upon your death.



- 7. Consider life insurance.** If you have children or a home, you may owe significant debts or taxes when you die and life insurance may be a good idea. You can provide for all your debt and taxes to be paid as well as leave some income to your children's guardian to provide for their care and college expenses.
- 8. Understand estate taxes.** If you and your spouse together own assets worth at least \$1 million, you may want to consider taking steps to reduce the estate taxes due upon the second spouse's death. Discuss tax-free gifting, or other kinds of trusts and insurance planning with your attorney and financial advisor to solve this problem.
- 9. Cover your final expenses.** This is another area that life insurance may make the most sense for, rather than a prepayment plan that may be unreliable in the future.
- 10. Make final arrangements** according to your wishes regarding burial or cremation, and keep this with your advance directives and other important papers.
- 11. Protect your business.** If you own a business, you should have a succession plan. If you own a business with others, you should have a buy-out agreement. It is never too early to do this planning. Have this discussion with your financial professional.
- 12. Store your documents.** The executor or attorney that you have appointed will need to have access to the following documents. Keep them together in a safe place.
  - Will
  - Trust
  - Real estate deeds
  - Certificates for stocks, bonds, annuities
  - Information and statements for all retirement accounts, mutual funds or other investment accounts.
  - Information on all debt: mortgages and loans, credit cards, utilities and unpaid taxes
  - Information on any funeral or final expense plans, and all insurance policies and advance directives

## Basic Estate Preservation Worksheet

1. To ensure that my property will go to whom I choose when I die, I can create a simple \_\_\_\_\_.
2. To avoid the probate process, I can consider a \_\_\_\_\_.
3. I would not want my family to have to try to figure out what my wishes are if I became unable to make decisions for myself, so I can fill out \_\_\_\_\_.
4. I can give authority to a trusted person to manage my accounts and my finances if I am unable to by signing a \_\_\_\_\_.
5. To protect my children, I will name a \_\_\_\_\_.
6. To make sure all my investment accounts would go to the persons I specify, I can register and frequently update my \_\_\_\_\_.
7. To protect my children, their education and cover my debt, I will evaluate the correct amount of \_\_\_\_\_.
8. If my total estate is over \$1 million, I may be subject to \_\_\_\_\_.
9. I can direct that a portion of my life insurance proceeds goes to pay for \_\_\_\_\_.
10. To ensure my final expenses are handled according to my wishes, I will keep this instruction in a \_\_\_\_\_ along with my other important papers and will.
11. If I own a business, I need a \_\_\_\_\_ plan. If I have a partner in the business, I need a \_\_\_\_\_.
12. All my important documents: trusts, wills, agreements, insurance, debt, retirement and investment accounts, and any CDs or annuities need to be kept together, and in a \_\_\_\_\_.

*Tax and/or legal advice not offered by World Financial Group, Inc. or their affiliated companies. Please consult with your personal tax professional or legal advisor for further guidance on tax or legal matters.*

## Have a Plan of Action:

Increase your \_\_\_\_\_.

Spend\_\_\_\_\_. Save \_\_\_\_\_.

Reduce your \_\_\_\_\_ and \_\_\_\_\_.

Understand how \_\_\_\_\_ works.

Have a clear \_\_\_\_\_.

Have a life of \_\_\_\_\_.

Embrace \_\_\_\_\_ and expect to \_\_\_\_\_.

Find something to believe in and put your life to work for it.

## Homework: 4

- ❖ Sit down with your Trainer to see if you are on track toward your retirement goals.
- ❖ Evaluate your needs for health care during retirement and what plan would be best for you.
- ❖ When was the last time you updated your wills and/or trusts? \_\_\_\_\_
- ❖ Read pages 48 to 50 and 68 to 86 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

- ❖ Commit to introduce one person this week: \_\_\_\_\_



BUILDING A BUSINESS  
IN THE  
FINANCIAL INDUSTRY



## What you will learn in class 5:

- ❖ Find something to \_\_\_\_\_ in, and put your life to \_\_\_\_\_ for it
- ❖ The new \_\_\_\_\_ for the financial industry
- ❖ A proven successful \_\_\_\_\_
- ❖ \_\_\_\_\_ the world
- ❖ Making \_\_\_\_\_ in financial industry
- ❖ Be part of something big: \_\_\_\_\_

## Do You Know What You Want?

What motivates you to go after your goals every day? What gives your life purpose? List 5 reasons why you want to change your future and your family's future.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

If the reason is strong enough, you will find the way.

## Own Your Future

At WFG, you can create a \_\_\_\_\_ and a \_\_\_\_\_ where you are in \_\_\_\_\_. While helping others \_\_\_\_\_ and \_\_\_\_\_, you are doing the same for yourself and your family.

As a WFG member associate, you are:

Your own \_\_\_\_\_.

In charge of your \_\_\_\_\_ and your \_\_\_\_\_ future.

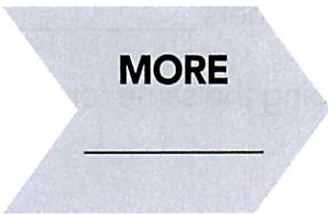
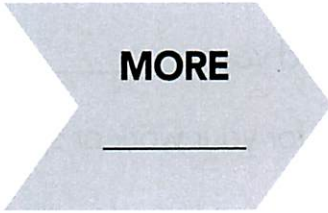
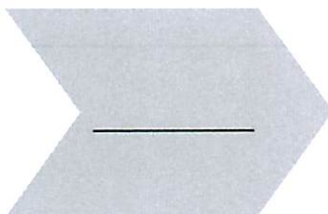
Able to set \_\_\_\_\_ for your work or spend time with your family.

Build a \_\_\_\_\_ as big as you want based on your \_\_\_\_\_.

Take advantage of our revolutionary \_\_\_\_\_ and take charge of \_\_\_\_\_.

## Building a New Industry

### THE HUGE MARKET

<b>Financial Crisis</b> <hr/> <hr/> <hr/>		<b>People in Crisis</b> <hr/> <hr/> <hr/>
<b>High Level of Frustration</b> <hr/> <hr/> <hr/>		<b>System Builder</b> <hr/> <hr/> <hr/>
<b>The Current Industry</b> <hr/> <hr/> <hr/>		<b>The New Industry</b> <hr/> <hr/> <hr/>

These are probably the most \_\_\_\_\_ of \_\_\_\_\_ and \_\_\_\_\_ in the history of the world as well as the \_\_\_\_\_.

Everyone needs to build and rebuild

\_\_\_\_\_  
 \_\_\_\_\_

Right \_\_\_\_\_, right \_\_\_\_\_, right \_\_\_\_\_.

## Vision of a New Industry

The old industry is \_\_\_\_\_. We're the new \_\_\_\_\_ of the new \_\_\_\_\_ industry.

### OLD INDUSTRY

### NEW INDUSTRY

<b>Employee / Agent</b>	_____
<b>Career Glass Ceiling</b>	_____
<b>Limited Territory, Income</b>	_____
<b>Usually Have Quotas</b>	_____
<b>Focus on Sale</b>	_____
<b>Closed System</b>	_____

At WFG, you can:

- a) Be an Independent Contractor.
- b) Be a Financial Professional.
- c) Build a Business.
- d) All of the Above

In the first 6 months with WFG, you can build in:

- a) Your own city
- b) Your state
- c) Max 3 states
- d) No territory limit

The people who brought you in and are above you are sometimes called your upline. In WFG:

- a) You cannot make more money than your upline.
- b) You cannot build bigger than your upline.
- c) You cannot achieve a higher position than your upline.
- d) You can make more money, build bigger, and get a higher promotion than your upline.



What does WFG's "open system" mean?

- a) You can choose many products and services from different provider companies.
- b) You can build anywhere.
- c) You can work with anyone and are not limited to working only with your "manager" or "upline".
- d) All of the above

## The Integrity of Our System

We don't make \_\_\_\_\_ recruiting people.

Everybody gets an equal \_\_\_\_\_ to join.

We practice what we \_\_\_\_\_.

J: \_\_\_\_\_

O: \_\_\_\_\_

S: \_\_\_\_\_

If you recruit 10 new members per month, you will not receive a recruiting bonus.

True or False

You can make money even if you have nobody joining you.

True or False

J.O.S. (Join - Own - Share) means you:

- a) Recommend products and services but you don't own them yourself.
- b) Recommend products and services that you own.

## We Believe and Participate

We join because...

We can see the \_\_\_\_\_ to help us save money.

We receive \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

We have \_\_\_\_\_ to critical information, products and services.

We're \_\_\_\_\_. We have the know how to do the business the way we \_\_\_\_\_ to.

It's easier to do the business when you \_\_\_\_\_ and when you have \_\_\_\_\_.

## Do It Right. Do It With Pride.

Who are considered your warm market?

\_\_\_\_\_  
\_\_\_\_\_

In the warm market, you have what the industry doesn't, our \_\_\_\_\_ relationship.

## A Proven Successful System

"First we Train the \_\_\_\_\_ and then we Build the \_\_\_\_\_."

**MEMBER**

**MEMBER**

**MARKETING  
DIRECTOR**

**SYSTEM  
BUILDER**

You are in the business for \_\_\_\_\_ but not \_\_\_\_\_.

Our Trainers are with you \_\_\_\_\_.

We provide \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

We help you to get the appropriate \_\_\_\_\_ in all states in the US and all approved \_\_\_\_\_ in Canada.

## A Proven Track Record\*

On average, we currently pay over \$\_\_\_\_\_ in commissions every week to our \_\_\_\_\_ in the US and Canada.

Over \_\_\_\_\_ of our associates have earned over \$100,000+.

Many people make good \_\_\_\_\_ income, and many others make it a \_\_\_\_\_ business career.

How long can you get help from the Trainers?

- a) First 6 months
- b) One year
- c) Until you become MD
- d) As long as you have the need and they are available

I don't know anybody in Canada, but I brought in a member from Texas who brought in a member from Toronto. Can I build and make money in Canada? Yes or No

People can earn a major six-figure income with WFG and still be part-time. True or False

There are many products and services that I'm not knowledgeable about. If I am properly licensed and I ask other Trainers to help my clients, do I get some commission? Yes or No

*\*Many people have experienced various levels of success with World Financial Group. However, individual member experiences may vary. This statement is not intended to nor does it represent that any current member's individual results are representative of what all participants achieve when following the World Financial Group system.*

*\*\*In the United States: World Financial Group, Inc. (WFG) is the paymaster of any compensation to associates from WFGIA and TFA. In Canada: World Financial Group Canada Inc. (WFGC) is the paymaster of any compensation to associates from WFGIAC and WFGS. Pursuant to the terms, rates and/or schedules established by WFGIA, TFA, WFGIAC and/or WFGS. Compensation terms, rates and/or schedules for products sold or referred through WFG or WFGC are established by WFG or WFGC, respectively. WFG, WFGC, WFGIA, TFA, WFGIAC and WFGS reserve the right to change their respective compensation terms, rates and/or schedules at any time.*



If I want to make sales in other states, I need to:

- a) Pass the licensing exam of that state.
- b) Get a non-resident license with that state without taking a new test.

Can I build over 1,000 member associates in all 50 states in the US and all provinces in Canada?    Yes   or   No

## **New Business Model For The Financial Industry**

- 1. Entrepreneur
- 2. No Quotas
- 3. Unlimited Income
  - ❖ Build Direct
  - ❖ Build Indirect
  - ❖ Build Together
- 4. Open System

Being an Entrepreneur means:

- a) You can make a lot.
- b) You can make nothing.
- c) You have no salary.
- d) All of the above

Which licenses require small annual quotas to keep your license?

Insurance licenses      Securities licenses

When you refer a member to a Trainer in a different state with the MAP program, how much commission would you get from the referral member?

- a) 50%
- b) 25%
- c) 75%



Can you make arrangements with out-of-state Builders to build your team members for you? Yes or No

Captive agents typically work for one company or agency, can only sell their company's products, are limited within their designated territory, and are usually required to meet quotas. True or False

## Travel The World

If you meet the appropriate requirements, you can:

- a) Qualify for WFG's annual Hawaii Trip and other trips around the world.\*
- b) Qualify for WSB's international destinations sponsored by your leadership team.\*\*
- c) Organize your own trip for your team.
- d) All of the above

*\*In order to qualify for participation in contests, and to receive prizes and awards, an individual must have an active membership in and be in good standing with World Financial Group, Inc., World Financial Group Canada, Inc. and their affiliates.*

*\*\*These sales contests were sponsored by Independent Contractor of World Financial Group, Inc. (WFG) and or World Financial Group Canada, Inc. All points are generated through the sale of products and services offered through WFG-affiliated companies.*

## Advancement Guidelines<sup>1</sup>

### ASSOCIATE (Level 10)<sup>2</sup>

- **3 - 3 - 30**

*(Recruit 3 new associates and observe your field trainer complete 3 non-securities sales calls in 30 days.)*

OR

- 20,000 net points in a rolling 3 months

### MARKETING DIRECTOR (MD - Level 17)<sup>3</sup>

*Rolling 3 Months*

- 3 direct associates
- 5 Life-licensed associates in downline
- 40,000 base shop net points

### SENIOR MARKETING DIRECTOR (SMD - Level 20)<sup>3,4</sup>

*Rolling 3 Months/Rolling 12 Months*

- 10 licensed associates in downline  
*(6 must be life licensed)*
- 3 direct legs (1 direct leg must be an MD - Level 17)
- Rolling 3 months: 75,000 base net points<sup>5</sup>/ OR  
Rolling 12 months: 225,000 base net points<sup>5</sup>
- \$35,000 or more in rolling 12-month cash flow<sup>5</sup>/ OR  
\$20,000 or more in rolling 6-month cash flow<sup>5</sup>

### EXECUTIVE MARKETING DIRECTOR (EMD - Level 65)<sup>6</sup>

*Rolling 6 Months*

- 3 direct SMD legs<sup>7</sup>
- 500,000 base thru 1<sup>st</sup> net points<sup>5</sup>

*Rolling 12 Months*

- 3 direct SMD legs<sup>7</sup>
- 750,000 base thru 1<sup>st</sup> net points<sup>5</sup>

### CEO MARKETING DIRECTOR (CEO MD - Level 70)<sup>6</sup>

*Rolling 6 Months*

- 6 direct SMD legs<sup>7</sup>
- 1 million base thru 1<sup>st</sup> net points<sup>5</sup>

*Rolling 12 Months*

- 6 direct SMD legs<sup>7</sup>
- 1.5 million base thru 1<sup>st</sup> net points<sup>5</sup>

### EXECUTIVE VICE CHAIRMAN (EVC - Level 87)<sup>6</sup>

*Rolling 6 Months*

- 9 direct SMD legs<sup>7</sup>
- 1.5 million base thru 1<sup>st</sup> net points<sup>8</sup>

*Rolling 12 Months*

- 9 direct SMD legs<sup>7</sup>
- 2.25 million base thru 1<sup>st</sup> net points<sup>8</sup>

(The following disclosures pertain to the information above.)

1. World Financial Group's Compensation System and Advancement Guidelines are subject to change at any time. Unless otherwise specified, advancement and compensation guidelines are for all WFG associates.
2. Advancement requires approval of direct upline SMD.
3. Advancement requires approval of direct SMD and CEO MD.
4. Exchange leg only occurs once upon advancement to SMD.
5. No more than half (1/2) Net points can be personal and one-half (1/2) or less Net points can be from any other leg for SMD advancements. For EMD & CEO MD advancements, no more than half (1/2) Net points can be personal and only one-half (1/2) or less can be from any other leg or your own base shop.
6. Points/Legs earned through Base Shop Standard of Excellence will not count toward advancements. Advancements to EMD require the associate to be dually licensed.
7. An exception advancement to Level 20 will not count as a leg toward an upline's Executive Level advancement until that Level 20 associate fulfills all the published SMD requirements.
8. No more than one-third (1/3) of Net points can be personal and one-third (1/3) or less Net points can be from your own base shop or any other leg.

(The following disclosures pertain to information on page 94.)

9. The 100% Table varies from the Basis Points due to rounding.
10. This example only applies to fixed TPLUC products that pay 125 to the field.
11. Meeting the minimum requirements does not guarantee inclusion in the Base Shop Pool.
12. For bonus pool payout information, please go to WFG-online.
13. Pool compensation is subject to change at any time without prior notification.
14. Percentage of total pool dollars.
15. To participate in the Super Base and Super Team bonus pools the associate must be securities licensed.

Many people have experienced various levels of success with World Financial Group. However, individual member experiences may vary. This statement is not intended to nor does it represent that any current member's individual results are representative of what all participants achieve when following the World Financial Group system.



## We Have A Great Building Compensation System

### BASE SHOP

Title	Fixed: TPLIC	Based on 100% Table <sup>9</sup>	
	Basis Points <sup>9,10</sup>	Fixed: Other	Variable
Training Associate <sup>6</sup>	30	25	25
Associate	45	35	35
Marketing Director	62	50	50
Senior Marketing Director	80	65	65

### GENERATIONAL OVERRIDES

Level	Fixed: TPLIC	Based on 100% Table <sup>9</sup>	
	Basis Points <sup>9,10</sup>	Fixed: Other	Variable
1 <sup>st</sup> Generation	17	12	10
2 <sup>nd</sup> Generation	8	6	5
3 <sup>rd</sup> Generation	5	4	3
4 <sup>th</sup> Generation	3	3	2
5 <sup>th</sup> Generation	2	1.5	1
6 <sup>th</sup> Generation	1	1	.5
<b>Total Generation Override</b>	<b>36</b>	<b>27.5</b>	<b>21.5</b>

### SUPERVISORY OVERRIDES

Position	Variable
Branch Office Supervisor	1.25
Branch Office Manager	5.5
OSJ Manager	1
<b>Total Supervisory Override</b>	<b>7.75</b>

(Supervisory Overrides on variable business only.)

### TOTAL POOL CONTRIBUTION

Fixed: TPLIC	Based on 100% Table <sup>9</sup>	
Basis Points <sup>9,10</sup>	Fixed: Other	Variable
9.0	7.5	5.75

**TOTAL**

**125 POINTS**

**100%**

**100%**

#### BASE SHOP POOL<sup>11,12,13</sup> **40%**<sup>14</sup>

- SMDs and Up
- 25,000 base shop net points with 3 or more Recruits; **or**
- 30,000 base shop net points with less than 3 Recruits

#### SUPER BASE BONUS POOL<sup>13,15</sup> **30%**<sup>14</sup>

- EMDs and Up
- 15,000 base shop net points and 100,000 base thru 1<sup>st</sup> net points
- Qualifies on base thru 1<sup>st</sup> Generation net points
- Pays on 1<sup>st</sup> Generation net points
- Base shop qualification exemption for Chairman's Council Members

#### SUPER TEAM BONUS POOL<sup>13,15</sup> **30%**<sup>14</sup>

- EMDs and Up
- 100,000 base thru 1<sup>th</sup> net points and 500,000 base thru 6<sup>th</sup> net points
- Qualifies on base thru 6<sup>th</sup> Generation net points
- Pays on 1<sup>st</sup> thru 6<sup>th</sup> Generation net points

## The WFG Dream

The following examples show how helping a family results in a \$2,775 commission paid to the field, with the commission based on an average Life Insurance Policy sale to a 40-year-old male who is contributing \$185 per month to the policy.<sup>18, 19, 20</sup>

<b>\$106,560</b> <sup>20, 21, 22</sup> <hr/> Produce 5 personal sales/month	<b>\$231,768</b> <sup>20, 21, 22</sup> <hr/> Produce 3 personal sales/month Develop 3 associates who produce 4 sales/month
<b>\$330,869</b> <sup>20, 21, 22</sup> <hr/> Develop 3 Associates who produce 6 sales/month Develop 6 1st Generation SMDs who produce 6 sales/month	<b>\$513,086</b> <sup>20, 21, 22</sup> <hr/> Develop 3 Associates who produce 6 Sales/month Develop 6 SMDs in each of the 6th generations below you Each Generation SMD produces 6 sales/month

This doesn't even include income available to associates from renewals, trails, fees, bonuses, or sales from the diversified product portfolio.

Many people have experienced different levels of success with WFG. However, individual member experiences may vary. This is not intended to, nor does it, represent that any current member's individual results are representative of what all participants achieve when following the WFG system.

<sup>18</sup> Opportunities to build other income may be achieved by qualifying for additional compensation and by qualifying for bonus pools.

<sup>19</sup> Commission amount may vary based on product type and size of purchase.

<sup>20</sup> This is a hypothetical scenario for illustrative purposes only. There is no assurance that these results can or will be achieved. Income is earned from sales of WFG authorized products and services. No income is earned for recruiting. See the current WFG Field Manual for compensation percentages on all diversified product lines. All compensation plans subject to change. Advancement criteria/designations are determined and offered by or through WFG. Personal percentages earned on products may vary based on advancement level with WFG. Assumes WFG Associate contract level of 36%, SMD contract level of 64%, SMD override level of 28%.

<sup>21</sup> Associates of WFG are independent contractors, regardless of field title/designation.

<sup>22</sup> Example assumes all SMD's team members are at the Associate level.



## Recurring Income

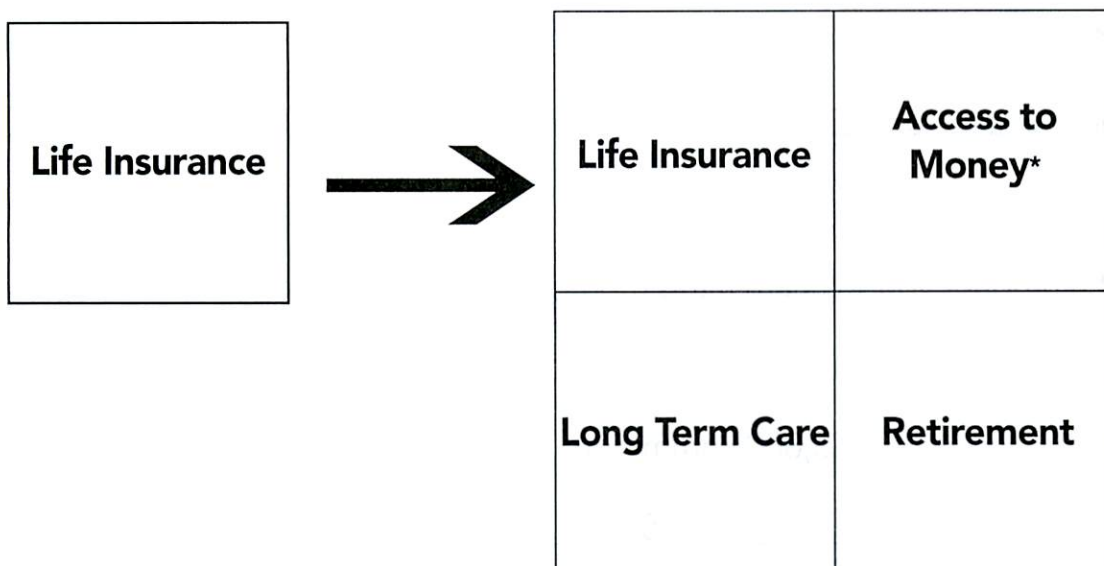
The following chart is an example of the Assets Placed Under Management (APUM) growth and increase in fees paid to an Investment Advisor Representative annually when the APUM grows at a rate of 8%, compounded annually, after 10 and 20 years.\*

Clients	APUM	SMD Recurring Income**	APUM after 10 years at 8% return	SMD annual income at Year 10	APUM after 20 years at 8% return	SMD annual income at Year 20
Client A	\$520,000	\$3,177	\$1,154,213	\$6,447	\$2,561,937	\$12,685
Client B	\$25,000	\$161	\$55,491	\$357	\$123,170	\$793
Client C	\$50,000	\$322	\$110,982	\$714	\$246,340	\$1,585
Client D	\$150,000	\$965	\$332,946	\$2,135	\$739,020	\$4,335
Client E	\$2,500,000	\$12,431	\$5,549,101	\$24,917	\$12,317,007	\$52,632
Client F	\$3,500,000	\$16,526	\$7,768,741	\$34,007	\$17,243,810	\$72,807
Client G	\$75,000	\$483	\$166,473	\$1,071	\$369,510	\$2,311
Client H	\$3,500,000	\$16,526	\$7,768,741	\$34,007	\$17,243,810	\$72,807
<b>TOTAL</b>	<b>\$10,320,000</b>	<b>\$50,591</b>	<b>\$22,906,687</b>	<b>\$103,655</b>	<b>\$50,844,60</b>	<b>\$219,954</b>

\*APUM after 10 and 20 years assumes an 8% annual compounded rate of return net of fees and assumes no taxes, fees or additional contributions. The investment is compounded annually. The chart shown is hypothetical and is not intended to represent a typical case. Both return and principal value of investments will fluctuate over time. It is unlikely that any one rate of return will be sustained over time. Fluctuations in value will affect the income paid to an IAR.

\*\*Recurring income is payable annually at .0099% of the total APUM times the .65% SMD payout. The example shown is hypothetical.

## A Possible Solution For The New Age



### Major Elements of an Index Universal Life (IUL)

- ❖ Various Indexes: \_\_\_\_\_
- ❖ Minimum \_\_\_\_\_ Floor, Maximum \_\_\_\_\_ CAP\*\*
- ❖ Insurance \_\_\_\_\_
- ❖ May offer certain Tax Advantages:
  - Tax \_\_\_\_\_ Growth
  - Tax \_\_\_\_\_ Death Benefit
  - Tax \_\_\_\_\_ Withdrawals and Loans
- ❖ Access to \_\_\_\_\_
- ❖ Can provide a \_\_\_\_\_ rider (additional fees may apply)

A \_\_\_\_\_ concept!

*\*Withdrawals and policy loans can only be made in accordance with policy provisions and if the policy has sufficient value. Loans, withdrawals will reduce the policy value and death benefit. Loans are subject to interest charges. If a policy lapses while a loan is outstanding, adverse tax consequences may result. Policy loans are generally not taxable when taken and cash withdrawals are not taxable until they exceed basis in the policy. Policy owners should consult with their tax advisor regarding their particular situation.*

*\*\*Product floor and cap rates are subject to change and may vary.*

## Income Calculation Practice

### Example 1

Assume your contract is at 65%. You have 3 Trainers at 50% contract. Your override on the Trainers is 15%.

Calculate the amount you will earn if this month you make 3 personal accounts and your 3 Trainers each make 2 accounts.

Assume each account pays \$3,000 commission.

Personal: \_\_\_\_\_ x \_\_\_\_\_ x 65% = \_\_\_\_\_

Override: \_\_\_\_\_ x \_\_\_\_\_ x \_\_\_\_\_ x 15% = \_\_\_\_\_

Total Earnings = \_\_\_\_\_

### Example 2

Assume you override your baseshop at 15%, and you override your first generation SMD at 12%.

Calculate the amount you will earn if this month your baseshop does 20,000 points, and 4 of your first generation SMDs do 15,000 each?

Base \_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_

First Generation SMDS \_\_\_\_\_ x \_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_

Total Override = \_\_\_\_\_

*This is a hypothetical scenario for illustrative purposes only. There is no assurance that these results can or will be achieved. Income is earned from sales of WFG authorized products and services. No income is earned for recruiting. See the current WFG Field Manual for compensation percentages on all diversified product lines. All compensation plans subject to change.*



## The Progress of The Insurance Industry

In the past, life insurance policies focused mainly on what would happen if you

\_\_\_\_\_.

Modern day policies not only have \_\_\_\_\_ benefits but also provide \_\_\_\_\_ benefits.

- ❖ \_\_\_\_\_ protection
- ❖ Build up \_\_\_\_\_ for the long term
- ❖ Can access \_\_\_\_\_ if needed\*
- ❖ Can get distribution for \_\_\_\_\_ need
- ❖ Have \_\_\_\_\_ if facing long term health challenges

## Making Money Through Your Personal Effort

### Table of Potential Commission Earned by Helping A Family's Financial Needs

<i>Product Offered (one account)**</i>	<i>Field Payout</i>	<i>Commision Earned by SMD</i>
Legacy Shield / Netlaw (Estate documents)	\$227	\$193
HIFE CPP (College planning)	\$818	\$675
Medicare Supplement at \$3,000 per year Premium	\$300	\$195
Car Insurance at \$2,500 per year Premium	\$114	\$94
Homeowner's Insurance at \$2,500 per year Premium	\$114	\$94
IUL at \$3,000 per year Target Premium	\$3,000	\$2,400
Index Annuity at \$100,000 Premium	\$6,000	\$3,900
<b>Potential Total Commission Earned</b>		<b>\$7,551</b>

First year payout does not include future renewals. Examples are hypothetical typical transactions.

*\*Withdrawals and policy loans can only be made in accordance with policy provisions and if the policy has sufficient value. Loans, withdrawals will reduce the policy value and death benefit. Loans are subject to interest charges. If a policy lapses while a loan is outstanding, adverse tax consequences may result. Policy loans are generally not taxable when taken and cash withdrawals are not taxable until they exceed basis in the policy. Policy owners should consult with their tax advisor regarding their particular situation.*

*\*\*Results may vary based on product / carrier. This is a hypothetical scenario for illustrative purposes only. There is no assurance that these results can or will be achieved. Income is earned from sales of WFG authorized products and services. No income is earned for recruiting. See the current WFG Field Manual for compensation percentages on all diversified product lines. All compensation plans subject to change.*



## Building Is Simple

### THE SYSTEM FLOW

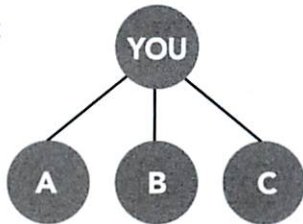


#### 1. MD TRAINEE:

J\_\_\_\_\_ – O\_\_\_\_\_ – S\_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_

#### 2. MD CLUB:



Do \_\_\_\_\_ to become MD Club

\_\_\_\_\_ Associates

\_\_\_\_\_ PFS/Field Training Sales in 30 Days

#### 3. MD (MARKETING DIRECTOR):

Build \_\_\_\_\_ MD Club legs

\_\_\_\_\_ Licensed Agents

\_\_\_\_\_ production

#### 4. MD FACTORY:

Build more \_\_\_\_\_

You become \_\_\_\_\_ and help people become \_\_\_\_\_. The system will build you up and help you grow.

## You Don't Have To Be A Good Salesperson

We invite the person who wants to \_\_\_\_\_.

We sell to the person who wants to \_\_\_\_\_.

We work with the person who wants to \_\_\_\_\_.

## We Have A World Class Platform of Support

WFG is the most powerful \_\_\_\_\_ of support.

WSB is the best building \_\_\_\_\_.

We have a proven success \_\_\_\_\_ system, \_\_\_\_\_ Trainers, and \_\_\_\_\_ leadership.

We are with you \_\_\_\_\_ of the way.

## Become Your Own Money Manager

Part time / \_\_\_\_\_ schedule

Learn how \_\_\_\_\_ works.

Work with a \_\_\_\_\_ to start the business.

Help a few \_\_\_\_\_ / \_\_\_\_\_ to become a member.

Make some \_\_\_\_\_. Build up your \_\_\_\_\_.

## Become A Trainer

Help \_\_\_\_\_ and \_\_\_\_\_ new members.

Build a small \_\_\_\_\_.

Become an MD (\_\_\_\_\_).

Get more knowledgeable in \_\_\_\_\_ and \_\_\_\_\_ building.

Make more \_\_\_\_\_ and build up strong \_\_\_\_\_ in case you want to go \_\_\_\_\_ in the future.

## Building It Big. Become a Builder.

Build a strong team with many \_\_\_\_\_.

Become a better Builder with an \_\_\_\_\_ to more \_\_\_\_\_.

Your part time business income is \_\_\_\_\_ than your current job and income.

Decide to go \_\_\_\_\_. Become an entrepreneur. Follow your \_\_\_\_\_.

## Be Part of Something Big

We want to build a \_\_\_\_\_. We are building a new \_\_\_\_\_ system to replace the \_\_\_\_\_, \_\_\_\_\_ industry.

We want to build a new \_\_\_\_\_ of well-informed \_\_\_\_\_ / \_\_\_\_\_ who understand, have a strategy and an action plan to build a \_\_\_\_\_ future.

Life is short. Don't do it \_\_\_\_\_.

If you want to be \_\_\_\_\_, you must be part of something \_\_\_\_\_.

You will never be free until you have \_\_\_\_\_ freedom.

*M*ake a Wish  
*Have a Dream*  
*See the Vision*  
*Live the Mission*  
*Follow the System*  
*Build a Team*  
*Be Somebody*



*Many thanks to all the team and WFG home office for their contributions to this project. Special acknowledgements go to Alicia Nguyen with assistance from Mike Neumann, JB Nguyen, Carl Meldrum, and Coach Xuan Nguyen.*



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ISBN 978-1-936914-12-8

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Designed by Tammy Luong and edited by Nick Nguyen

[www.worldsystembuilder.com](http://www.worldsystembuilder.com)

**Book price: \$3.00**

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