



PARADIGMLIFE

GROWTH | INCOME | LEGACY

THE PERPETUAL WEALTH STRATEGY

For Businesses and Business Owners

*Charting a Path to
Wealth Outside of
Wall Street*



HERE'S THE REALITY

Current Retirement Plans are Failing!

For decades, America has relied on Wall Street. We've been conditioned to do it! It starts when we're kids; in grade school actually, where we're all taught that our economy, jobs, families, and retirement can't survive without Wall Street's financial brilliance. We're taught by using pretend money or stocks that we can earn and invest in order to buy things (candy and toys) from the pretend classroom bank. We've all done it, right? This conditioning continues through high-school, college and eventually the first, career job where we all get introduced to the corporate 401(k) retirement plan. Some of us may choose to become small business owners and because we don't know any better, we once again rely on Wall Street for the administration of our employee, 401(k), retirement programs. The tie of small and medium businesses to Wall Street has become a very lucrative enterprise, not only for Wall Street, but for the Federal Government as well; leaving the financial future of millions of hard-working American men and women (as well as their employers) in jeopardy.

Would you be surprised to know that it hasn't always been this way? Fortunately for all of us, there is an alternative to the 401(k) and I'm guessing you'll be shocked to learn that it's been around for over 150 years and it's still going strong today! Over the decades, it's gone by a few different names; we call it The Perpetual Wealth Strategy.

To truly understand the power, importance, and effectiveness of The Perpetual Wealth Strategy, we should take a quick look at the history of pension and retirement plans which were designed to keep an employee for life, reducing the need to constantly be hiring and re-training. One of the biggest issues a business owner has to contend with is employee retention. At its core, it's a fantastic practice. For employees, the promise that if you committed your career to one employer you would receive a paycheck for the rest of your life! Who wouldn't want that? However, pension plans proved to be too expensive and risky to the long-term well-being of a business.



This risk existed because the employer guaranteed income to the employee even after they stopped working. This required companies to stock pile money which could no longer be used to promote the growth of the business. In addition, the improvement in health care was prolonging the average lifespan, requiring money to be paid out much longer than originally thought. Both of these factors hurt the business world significantly. That said, the business owners still needed an incentive to keep employees longer. So... What was the solution?

WALL STREET TO THE RESCUE

The Perfect Retirement Solution... or is it?

When the traditional retirement pension plan no longer proved feasible to the long-term stability of a business, the 401(k) became the ideal choice for business owners. Why was the 401(K) so popular? Simply put, it shifted all of the risk to the employee. Sadly (for the employee), the 401(k) was never designed to be a retirement plan! It was originally meant as a year-end bonus program for executives. “401(k)’s were never designed as the nation’s primary retirement system”, said Anthony Webb, a research economist at the Center for Retirement Research. “They became that as a historical accident”.

A benefits consultant named Ted Benna (who is now considered to be the father of the 401(k) was the first to realize the provision could be used as a retirement savings vehicle for all employees. In 1981, the IRS clarified that 401(k) plan participants could defer regular wages, not just bonuses and the rest is history. Ted Benna has been frequently quoted saying: “I have created a monster”. The 401(k) came at the perfect time as pensions started to weigh heavily on the long-term plans of businesses. It seemed to make all the sense in the world! Fortunately for



Wall Street, the idea dug roots, the money started flowing in and hasn’t stopped since.

At the end of 2014, the US retirement system held just shy of 25 trillion dollars of assets. 401(k) structures make up almost \$7 trillion of that. The monstrous figures have given US financial services enormous power to market and lobby their way into every business and industry. They’ve created a compelling idea that the 401(k) is the ideal retirement play, for both the small and medium business owners, as well as their employees. Unfortunately for both, the 401(k) has turned out to be a disaster. When you factor in accounting fees, inflation, and stock market volatility, the actual returns on typical 401(k) plans are almost always much lower than advertised. See figures 1 and 2 on the next page.

If the average employee wants to retire on \$50,000 per year, for 20 years, they must grow a sum equal to \$1.25 million. Right now, the average employee saves less than 3% of the wages into a 401(k) and the average balance for those over the age of 55 is only \$150,000.

Figure 1:

S&P 500

1985-2014

Avg. Return: 7.54%

Fees: 2.5%

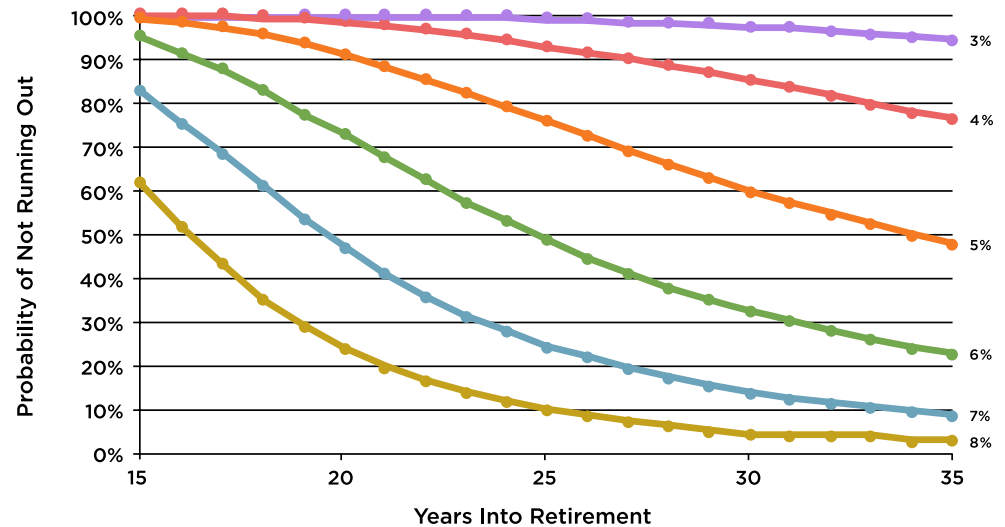
Inflation: 2.5%

Net Return: 2.5%

Year	Beg. of Year Acct. Value	Earnings Rate	Annual Cash Flow	Interest Earnings	End of Year Acct. Value
1985		26.33%	10,000	2,633	12,633
1986	12,633	14.62%	10,000	3,308	25,941
1987	25,941	2.04%	10,000	732	36,673
1988	36,673	12.40%	10,000	5,786	52,459
1989	52,459	27.25%	10,000	17,020	79,479
1990	79,479	(6.56%)	10,000	(5,867)	83,613
1991	83,613	26.30%	10,000	24,623	118,235
1992	118,235	4.46%	10,000	5,725	133,960
1993	133,960	7.06%	10,000	10,157	154,117
1994	154,117	(1.54%)	10,000	(2,526)	161,591
1995	161,591	34.11%	10,000	58,531	230,121
1996	230,121	20.26%	10,000	48,657	288,779
1997	288,779	31.01%	10,000	92,646	391,424
1998	391,424	26.69%	10,000	107,120	508,545
1999	508,545	19.51%	10,000	104,171	619,715
2000	619,715	(10.14%)	10,000	(63,848)	565,867
2001	565,867	(13.04%)	10,000	(75,091)	500,776
2002	500,776	(23.37%)	10,000	(119,361)	391,415
2003	391,415	26.38%	10,000	105,895	507,310
2004	507,310	8.99%	10,000	46,524	563,834
2005	561,834	3.00%	10,000	17,221	591,054
2006	591,054	13.62%	10,000	81,860	682,915
2007	682,915	3.53%	10,000	24,457	717,372
2008	717,372	(38.49%)	10,000	(279,935)	447,437
2009	447,437	23.45%	10,000	107,288	564,725
2010	561,725	12.78%	10,000	73,465	648,190
2011	648,190	(0.00%)	10,000	(21)	658,169
2012	658,169	13.41%	10,000	89,573	757,742
2013	757,742	29.60%	10,000	227,261	995,003
2014	995,003	11.39%	10,000	114,467	1,119,480

Figure 2:

Probabilities of not
running out of money,
at various retirement
income withdrawal rates.



Results may vary over time and each time the simulation is run. IMPORTANT: The projections or other information generated about the likelihood of various investment outcomes are hypothetical in nature and may not be used to predict or project investment results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results. These simulations have been run using a 50/25/25 portfolio of S&P 500 Total Return Index (w/GFD Extension)/USA 5-Year Government Note Total Return Index/Down Jones Corporate Bond Return Index, respectively from 1927-2013; and assume 1.5% total annual portfolio expenses. Each annual withdrawal is adjusted by an inflation rate of 3%. Historical Data Source: Global Financial Data, Inc., All Rights Reserved, Used With Permission.

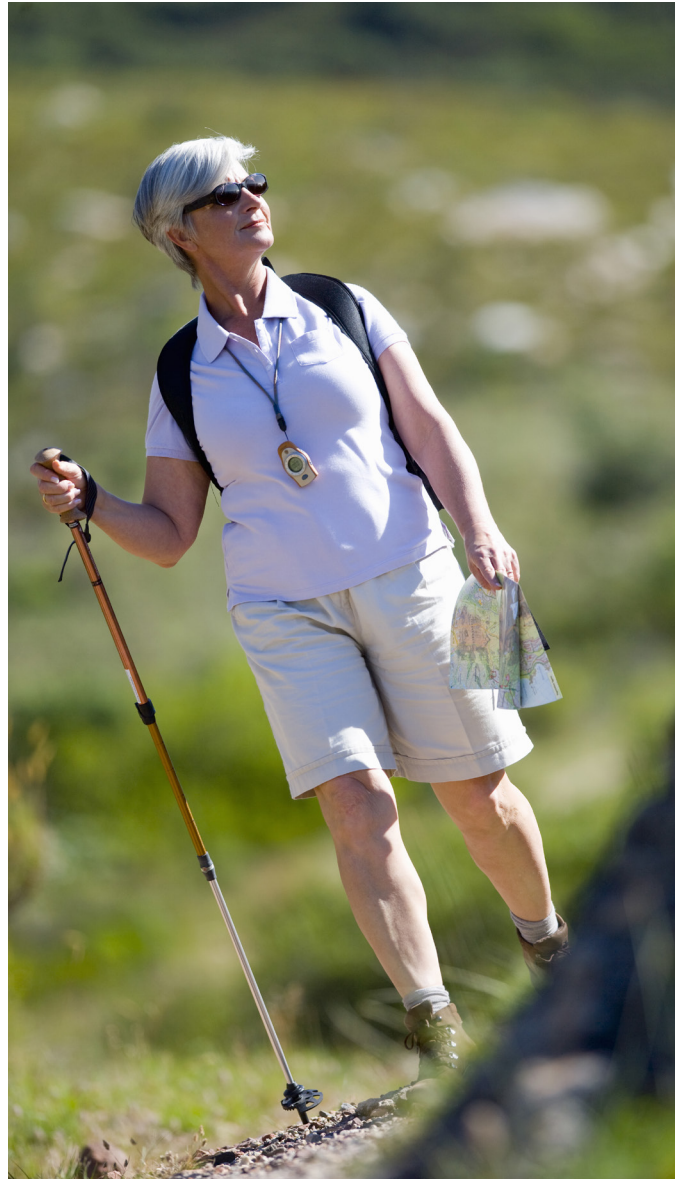
THE PERPETUAL WEALTH SYSTEM

A Better Solution

For a business owner, the Perpetual Wealth Strategy combines a uniquely designed participating insurance policy as the primary funding vehicle for retirement. The ownership of the plan can be the business, as a key person structure, or the individual owner, or both! The policy is structured through a mutual insurance company, which guarantees financing against the accumulated balance at anytime for anything. This financing can be used for business purchases such as equipment, technology, and marketing without having to rely on banks.

Employee plans can be structured through IRS code 162, giving the business owner deductions similar to the 401(k) without having to provide the benefit to 100% of the employees, which is required by 401(k) plans. In addition, the structure of a cash bonus plan for other employees has been proven to create incentive for employees to remain committed to their employer. These plans don't accumulate a percentage for the employee, but can be held in the employer account and earn interest and dividends for them, as well as provide capital for the guaranteed financing feature mentioned above.

The Perpetual Wealth Strategy also accommodates for buy and sell agreement funding, stock redemption funding, as well as key person insurance funding. When retirement day occurs, part or all of the accounts are converted to the Perpetual Wealth Strategy "Legacy Plan" which provides a paycheck for life which is guaranteed by highly rated insurance companies. guaranteed by highly rated insurance companies.



CONCLUSION

There are over 12 different ways to customize the Perpetual Wealth Strategy and become the ideal incentive plan for business owners, executives, and employees. Contact us today at paradigmlife.net for a free, no obligation consultation. We'll walk you through the steps you'll need to take to turn your business retirement plan around!

Contact Us info@paradigmlife.net 1.800.870.8670 paradigmlife.net/business