

The Client: Michael Cena, 40

- Needs at least an expected annual income of \$200,000 (pre-tax) for 25 years to retire comfortably.

The Solution: Leveraged Wealth Creation

At 40, Michael's appetite for risk had lessened as his time horizon was shortened substantially. Because of this, he was looking at many options that were likely to produce lower returns than he might have hoped to earn. Narrowing down his options, Michael found himself considering two: a more traditional savings vehicle and a program his advisor had introduced to him – Leveraged Wealth Creation.

Assuming he would earn a conservative rate of return in his retirement years, Michael expected he would need to have a "nest egg" of \$2,959,728 by age 65.

Looking at the traditional savings product, Michael assumed an annual return rate of 3% - at this rate, Michael would have to save \$78,815 after tax dollars each year in order to fully fund his future income expectations. Looking at it on a pre-tax basis, this meant that Michael would have to allocate \$131,358 every year for the next 25 years to meet his goal.

Over the coming 25 years, this meant Michael would be putting away \$3,283,942 pre-tax dollars in order to meet his future income goals if he used the traditional product.

The problem for Michael was clear: starting with nothing and using a traditional product offering meant that his money would have to work very hard to get him where he needed to be.

Examining the Leveraged Wealth Creation program, Michael found a somewhat different situation. With a Leveraged Wealth Creation program, Michael found that he could meet the same future lump sum amount (\$2,959,728) by putting away \$899,102 today earning 6% in a principal protected financial product offering downside protection and the opportunity for significant, market-indexed gains.

Using the Leveraged Wealth Creation program, Michael's firm would take out a simple interest-only commercial loan – one for which he was not personally liable. The firm, in turn, would service the loan with monthly payments of \$4,495 for an annual total of \$53,946. This meant that the total allocation over the subsequent 25 years was only \$1,348,653. Comparing the two options for funding his retirement income needs, the differences were very clear and compelling.



Michael's retirement income requirement for 25 years: \$200,000

Total required lifetime
using traditional savings:

\$3,283,943

Total required lifetime
using Leveraged Wealth Creation:

\$1,348,653

Total lifetime savings using Leveraged Wealth Creation:

\$1,935,290

Looking more closely at the program, Michael found there were several aspects of it that appealed to him in addition to there being no personal guarantee.

- The program utilizes insurance products from highly rated insurance and annuity carriers that have been carefully examined by the lender to insure minimal risk for the client's portfolio.
- The program is secure for the lender, who relies on collateralization from both the insurance product and the business' commitment.
- The program utilizes principal protected, indexed insurance products that gain value when the markets increase, but do not lose value when the markets declined.
- Lastly, the program provides for the return of funds put into it if Michael should have to terminate his participation early*.

Michael's program was designed in such a way that he could pay back the loan and earning enough to fully fund his future income needs from his insurance product. Michael still ends up paying far less over the next 25 years than he would have if he went with the traditional savings option he was considering.

Michael chose the Leveraged Wealth Creation program. He made this choice because his future income needs would be met, he would be protected from downside loss in the markets and he would be able to put his business to work funding his future personal financial needs. The combination of these factors made Leveraged Wealth Creation the clear choice for Michael.

With Leveraged Wealth Creation, Mr. Cena structured a funding strategy for his future income needs that would net a lifetime savings of nearly 60% - \$2,000,000 compared to using the traditional savings method.

**Scott W Burch, RIA
626-421-7685**

*Return of all paid in funds is not guaranteed and may be subject to early withdrawal fees and other costs which can significantly reduce or eliminate earned gains. This case study is based on an actual client. Individual results may vary. Copyright 2012, all rights reserved. For use by independent agents.

TOP 10 REASONS TO CHOOSE LEVERAGED WEALTH CREATION

For over 15 years, leveraged wealth creation programs have been providing a broad range of business owner, physician and high net worth clients with access to funding for their life insurance and annuity needs through our lending affiliates. Maintaining relationships with a wide range of top-rated carriers, we provide considerable expertise in structuring customized leveraged wealth creation programs to meet the needs of most any qualified client.

1. No personal guarantees

Leveraged wealth creation program loans do not require personal guarantees, relying instead on collateral within the product funded and, when necessary, outside collateral.

2. Expertise

Our team members have over 170 years of combined insurance knowledge and 15 years experience structuring lending strategies to meet the personal and professional planning needs of business owners, physicians, medium-to-high net worth individuals and entrepreneurs.

3. Loan servicing flexibility

Leveraged wealth creation programs offer clients the ability to make interest payments on a current basis, defer interest indefinitely or switch from one payment option to another as circumstances warrant.

4. No recurring, trust or legal fees

There are no annual origination, maintenance, trust or legal fees required to set up a Leveraged wealth creation program.

5. 48 hours to a preliminary offer

In most circumstances, upon receipt of the completed loan underwriting form, we can provide you client with a rate offer in as little as 2 business days.

6. Highly competitive rates

Variable, capped-variable or fixed rates are all available with our programs.

7. Streamlined annual review *(no follow-up underwriting)*

Through our preferred partners, we provide a comprehensive annual update of your program, without additional underwriting.

8. Financing of existing policies or refinancing of loans from other lenders

We have the necessary flexibility to refinance existing loans or provide financing for in-force policies.

9. Broad range of carriers accepted

We work with a large pool of top-rated carriers which makes finding the right product for you easier.

10. Low minimum loan size

Loan sizes can range from a minimum of \$200,000 to an uncapped maximum customized to the needs of any qualified entity.

Scott W. Burch, Registered Investment Advisor

Sage Investment Group
2500 E Foothill Blvd, Suite 115
Pasadena, CA 91107
626-421-7685



Please contact us for the most current information. Nothing in this document constitutes an offer to finance.

Information on this document subject to change without notice.