Special "Cliff-Notes" Release

Momma's Secret Recipe for RETIREMENT SUCCESS

The Truth About Risk, The Stock Market, Fees, & Annuities

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With Other Leading Professionals From Around The World

INTRODUCTION

BY DAN AHMAD & JIM FILES

The team of national financial experts who wrote this book collectively have over 425 years of experience helping people just like you plan for a successful retirement focusing their efforts on one single goal: ***helping the clients they meet with have a safe, secure, worry-free, and very enjoyable retirement***. We spend every day working with retired people and those nearing retirement, collectively called "retirees", helping them make the best decisions about their money to have a successful retirement. Now retired, or soon to face retirement, you have a completely different financial picture and view of your money than you did 20 years ago.

What is a successful retirement?

Our definition for a successful retirement is, ***"Guaranteeing you will never run out of income for as long as you live and you never suffer a devastating stock market loss like 2008 ever again."*** It's that simple, if you accomplish these two (2) things, you will have an extremely high probability of retirement success, and you can stop worrying about your money.

We wrote this book because we believe in:

- What many think to be impossible.
- Challenging the status quo.
- Uncovering and exposing the truth.
- Leading, not blindly following.
- Coaching and guidance.
- Oversight of all things financial.
- Giving the power back to the people.
- That if you're the kind of person who wants to take control over your finances, we can help you restore order and change your life.

- Helping you attain your own version of ***financial freedom.***

The concept of financial freedom seems so simple, yet many people can't define it. That's because it means so many different things to different people, it's personal to each and every one of us. Which of the following definitions of financial freedom speaks to your heart?

- ❖ Knowing, feeling, enjoying, regardless of markets, politics, or the economy, I'll be just fine.
- ❖ It's about redefining my own vision of retirement, my happiness, my safe harbor.
- ❖ It means I no longer feel embarrassed about my Financial IQ—I'm feeling in charge.
- ❖ It means never having to worry about running out of money, or feeling guilty about spending it.
- ❖ Accepting that we deserve to live the best retirement our dreams can imagine.
- ❖ Improving our lives by not having to worry about our money anymore.
- ❖ It's knowing with 100% certainty that someone has my back and my family's back, at all times.
- ❖ It's about having the confidence to keep taking trips of a lifetime, over and over again.
- ❖ Knowing that honesty, thoughtfulness, and my happiness designed the plan for my future.
- ❖ It is knowing our family's future is totally secure.
- ❖ Changing our lives, taking back control, restoring order, feeling better.
- ❖ Is like a crystal ball telling of a beautiful future, without fear or anxiety.

We guided others just like you to change their lives by helping to:

1. Expose the true risk you're taking, not the risk you've been told, and to know for certain what will happen if things go south. <u>NEVER</u> be in a position to experience another 2008-type stock market loss again.
2. Eliminate the need to watch the stock market every minute of every day, by reducing volatility. Use your time for better stuff.
3. Protect, not lose what you've worked so hard for. Try to make money

but don't take excessive risks. Protect and grow your assets.
4. Eliminate your fear of running out of money. Create dependable income that is guaranteed for life.
5. Uncover the total fees you pay—both direct and indirect (the hidden fees).
6. Understand and then learn to manage your income taxes.
7. Rely on yourself to remain financially independent for life.
8. Feel free to spend money—without guilt and worry.
9. Express needs and establish goals, if any, that you have for beneficiaries.
10. Require complete transparency. Don't accept not understanding your money any longer. Demand everything, all details, in writing.
11. Stop worrying about your money.

We've titled this book *Momma's Secret Recipe For Retirement Success* because creating a successful plan for retirement seems just as elusive, just as mysterious, just as secret, as that favorite recipe *Momma* used to make that one heavenly dish. *Momma* never gave up the recipe, so no one else was able to replicate her success. Many retirees and pre-retirees feel this same way about planning for retirement because they all think someone has the secret recipe for retirement success, but it is hidden. Over the years they have tried different ingredients (investments), they have tried different restaurants (brokerage firms), they have tried different cooks (advisors), and they have even tried searching endlessly for the recipe on their own (internet searches, seminars, listening to financial shows on talk radio), and still they come up empty.

We will lay the secret recipe out for you in a way that will let most of you understand your money for the first time in your life. We will educate you on the truth about the stock market, risk, fees, written plans, and the one secret ingredient you are not sure if you should add to your own retirement recipe: *fixed index annuities with income riders*. Many of the subjects discussed in *Momma's Secret Recipe For Retirement Success* will be completely new information to you. Much of the information will correct inaccurate data you have been given and heard for years. But all of this information is accurate and vital to your financial well-being for a safe and secure retirement.

By reading *Momma's Secret Recipe For Retirement Success* you will learn how important it is to:

- Know exactly how much risk you have in your portfolio right now, meaning how much you could lose if the stock market crashed. You need to have a risk test performed on your portfolio the same way you would have your heart checked out with a cardiac stress test.
- Minimize portfolio volatility and losses, pinpoint the amount of risk you really want to take, create your perfect allocation to match your desired risk level, ensuring you never go through another 2008 stock market crash again.
- Use multiple conservative asset strategies to help you meet your specific financial goals.
- Provide the opportunity to earn competitive rates of return without exposing your assets to excessive risks.
- Obtain full disclosure in writing detailing your plan advantages, disadvantages, costs/fees, how each asset works, and how you will use each asset as part of your overall comprehensive plan.
- Know how much income you will receive throughout your retirement, what income is guaranteed, and what income is "maybe income" (not guaranteed). Create a written retirement income plan to guarantee you won't run out of money for as long as you live by outlining a step-by-step process, a virtual roadmap for you to follow to maximize your retirement success.
- Audit your current fees and learn what are the true "direct costs" you are paying as well as expose the "indirect costs (hidden fees)" you didn't know you were paying. Manage and reduce your fees.
- Manage your income taxes by calculating the total annual income taxes you will pay, your effective tax rate, and the amount of net after-tax income you will have to spend every month.
- Design and implement a plan to achieve your goals for your beneficiaries.
- Understand if you are like 90% of the retirees and pre-retirees we have interviewed:
    - You will lose a large amount of your portfolio in the next stock market crash.
    - You don't have your assets positioned correctly for safety and income.
    - You are not guaranteed to recover quickly, or at all, after the next stock market crash.
    - You will not earn 10% in the stock market every year.
    - You are probably not paying 1% in total fees, you are likely paying 3% or more per year.

- You cannot take 5%-6% out of your portfolio every year without a high probability of running out of money.
- You are not paying 35% or more in federal taxes. The typical retired couple with $150,000 of annual gross income is only paying 12% in federal taxes.
- You have not been adequately rewarded for the risk you have taken in the stock market.
- The stock market has lost an average of -39.5% every seven (7) years since 1929.
- It's OK to spend your money now. It's not OK to wait to enjoy your retirement until some later date.
- A large portion of your losses were probably caused because you were taking far more risk than you thought.
- Your assets are incorrectly positioned in "asset accumulation mode" and they should have been transitioned into "asset preservation and income distribution mode."

If you learned all of these things, you would know what's necessary to have a successful retirement, you would know *"Momma's Secrets."* As a bonus, we have included a special section exclusively discussing a powerful secret ingredient for your own recipe for retirement success: *fixed index annuities with income riders.*

Should you spend a few hours of your day reading this book? Our biased opinion is of course you should. This book is a collaborative effort of 21 of some of the top retirement income planners and professionals in the United States today. The book discusses what retirees, just like yourself, want when planning for retirement. Usually, when you get any type of financial advice, you are just receiving one person's point of view. Whether that advice is good or bad, it still leaves you as a consumer in a vulnerable position. The data and opinions in this book should carry far more weight and be exponentially more beneficial for you, because you are receiving a financial education from 21 experts, not just one.

“CLIFF NOTES”- THE BOTTOM LINE

BY DAN AHMAD & JIM FILES

If you are like most people, finances are a foreign language, and you may not like dealing with your money. One reason is that you have received so much conflicting information from so many sources, it can’t help but being confusing. Do you remember Cliff Notes? Didn’t you just love them? Up front, right now, we are going to give you all the answers buried in this book, “Cliff Note”-style. We’re going to tell you all the secrets up front. You’ve never been told or learned most of the information we are going to give you right now. But this information is vitally important to your long-term financial security. We respect your time, so after reading this section, if you are not convinced to read the rest of the book, don’t waste your time, just give it to someone else who is retired or nearing retirement.

Here are the key points, the Cliff Notes of Momma’s Secret Recipe For Retirement Success:

1. Retirees want, but are not getting, seven (7) things from their money including:

    a. Guarantees they won’t run out of money for as long as they live.

    b. Avoiding all large stock market losses and never experiencing another 2008 again.

    c. Maximizing their income during retirement without getting killed with taxes.

    d. Earning acceptable rates of return without taking excessive risks, not losing what they have.

e. Understanding and reducing the total fees they are paying both direct and indirect (hidden).

f. Knowing what they can potentially leave their beneficiaries after using their assets for income.

g. Having their entire plan in writing.

2. If you don't know how much money you can safely take out of your assets for income, how long your money will last, how to guarantee you won't run out of money, how to protect your assets against Stock Market volatility and losses, how much income tax you will pay on your income distributions, how much you will lose in the next stock market crash, if it's OK to start using some of your money, what your total fees are and how you can reduce them, and what's going to happen if you or your spouse pass away, <u>*you are basing your entire plans for retirement on hope and luck.*</u>

3. "Riding out the stock market" doesn't work. Between 2000 and 2018 the S&P 500 Index only increased by an average of 2.85% per year before fees. This is because the stock market lost approximately -50% from 2000-2002 during the Technology Bubble, made +100% just to recover, then lost approximately -50% again from 2007-2009 during the 2008 Financial Crisis, and then made +100% again by 2013 just to break even.

4. During the 2008 Financial Crisis between October 9, 2007 through March 5, 2013 which is a period of 5½ years, the Dow Jones Industrial Average Index increased by 0.10% per year before fees.

5. If you suffer a -35% or larger loss like what happened twice in the last 20 years, you only have a 61.1% probability of getting back to even over any 5-year time period, meaning you have a 39.9% chance not only that you won't make any money, but you won't even get back to even.

6. Starting in 1996, there are nine (9) 15-year time periods ending 2018. In all nine (9) 15-year time periods, the S&P 500 Index averaged an annual compounded increase of just 4.17% before fees.

7. From January 2000 through 2018, the S&P 500 Index increased by an average annual 2.85%, the Dow Jones Industrial Average increased by an average annual 4.06%, and the NASDAQ increased by an average annual 2.61%, with all these increases calculated before any fees.

8. A -50% loss requires a +100% recovery gain just to break even, a -40% loss requires a +67% recovery gain, a -30% loss requires a +43% recovery gain, a -20% loss requires a +25% recovery gain, while a -10% loss only requires a +11.1% recovery gain and a -5% loss only requires a +5.3% recovery gain.

9. If you're a moderate investor you must be willing to lose between -20% and -39% of your assets.

10. The current bull stock market is over nine (9) years old.

11. There have been 13 severe bear stock markets since 1929 that average a -39.5% loss.

12. This means on average every seven (7) years there is an average -39.5% loss in the stock market.

13. As of October 2018, we were historically more than two (2) years overdue for a large stock market loss.

14. If you are a 55-year old couple, based on history you will go through five (5) more -39.5% stock market losses in your lifetimes. If you are a 60-year old couple you will suffer through four (4) more -39.5% losses. If you are a 65-year old couple you will also suffer through four (4) more -39.5% losses. A 70-year old couple can plan on battling through three (3) more -39.5% losses during their lifetimes. A 75-year old couple can plan on limping through two (2) more -39.5% losses, and an 80-year old couple can also plan on struggling through two (2) more -39.5% losses during their lifetimes.

15. If you have $1,000,000 and earn +50% and then lose -50%, your portfolio value is only worth $750,000 as you have just lost -$250,000.

16. Riding out the stock market through big losses gets you nowhere. Riding out the stock market simply means riding the stock market down. From 2000 through 2018, if you rode out the stock market, as represented by the S&P 500 Index, and you received returns equal to the S&P 500 Index, your assets would have grown at an average annual compounded rate of just 2.85% before fees were deducted.

17. If you started with $1,000,000 in 2000 and rode out the stock market through 2018, received returns equal to the S&P 500 Index, and paid 3% per year in total fees – like the average American is paying without even knowing it – your $1,000,000 would have been reduced to $963,890 by the end of 2018 without you taking any income from your portfolio.

18. If you started with $1,000,000 in 2000 and rode out the stock market through 2018, received returns equal to the S&P 500 Index, paid 3% per year in total fees, and took out $50,000 of income per year, you would have run out of money, had $0 left, by March 2013.

19. If you have a $1,900,000 portfolio and suffer a -55.2% loss that was common during the 2008 Financial Crisis stock market meltdown, you would have lost -$1,048,800 leaving only $851,200 left in your portfolio. The $851,200 remaining in your portfolio would have to earn +123.2% just to recover back to the original $1,900,000 value, assuming you didn't take out any income and you didn't pay any fees.

20. The typical retiree believes they are paying only 1% in total fees per year, when they really could be paying 3%, 4%, or even 5% in fees every year without even knowing it. If you own a variable annuity you could be paying up to 6.5% per year in fees.

21. If you have $1,000,000 of assets, paying 3% in fees could cost you $551,415 over a 15-year time period.

22. The "Safe Income Withdrawal Rates," which is the percentage of income you can withdraw from your portfolio during retirement and have a high probability your income won't run out, has steadily decreased over the years. In the 1980s, the financial industry thought the "Safe Income Withdrawal Rate" was 6%, then in the 1990s it

dropped to 5%, then in the 2000s it dropped to 4%, and now in the 2010s it stands at 3%. There is some discussion in the financial industry that this 3% rate could drop to 2.5%.

23. *Momma's Secret Recipe For Retirement Success* has seven (7) steps in the recipe.
    We created *The 7 Rules To Live By For Retirement Security* to include:

    a. Avoid large losses – use the "5% to 10% Rule."
    b. Minimize fees.
    c. Significantly reduce volatility.
    d. Earn a reasonable rate of return.
    e. Manage taxation.
    f. Generate "certain income" from your assets that is guaranteed to last for as long as you live, not "maybe income" that could end at any time.
    g. Have a written retirement income plan.

24. There are two (2) stages of money in retirement planning:
    a. Stage 1 – Asset Accumulation while you're working. Growth is very important and you don't worry as much about risk, needing income for life, or safety and liquidity.
    b. Stage 2 – Income Distribution and Asset Preservation when you're retired. You must shift your focus to first guarantee lifetime income, liquidity and safety, and growth is less important.

25. The "3-Bucket Safe Money Approach" will allow you to control your assets the way you want to by:

    a. Placing a portion of your assets into the *guaranteed lifetime income bucket* that will protect your assets against all stock market losses and provide you income for as long as you live.
    b. Placing a portion of your assets into the *liquid/safe bucket* that will protect your assets against all stock market losses and be completely liquid for access.
    c. Placing a portion of your assets into the *growth bucket* for the opportunity for a higher rate of return focusing on risk reduction.

26. Fixed index annuities with income riders will protect your assets against all stock market losses—if the stock market crashes -50% you will receive a 0% return that year. In addition, they:

    a. Provide you with income guaranteed to be paid to you for as long as you live.
    b. May allow you to start drawing income immediately.
    c. Continue to pay your income for as long as you live (even if you use up all of your principal).
    d. Guarantee you will not lose any of your past or current gains from future stock market losses.
    e. Provide the opportunity for competitive rates of return based on a low-risk asset.
    f. May provide the opportunity for future increased income that is guaranteed for your lifetime.
    g. Typically carry low total fees of approximately 1%.
    h. Pass 100% of remaining assets to your beneficiaries when you pass away.

    Some of the negatives are (a) you can't take 100% of your funds out for a specific time period without a surrender penalty, (b) you will not get stock market rates of return, (c) you will pay a fee, and (d) you can't place 100% of your money into this type of plan.

27. Liquid/Safe assets are placed in the bank and will be available for any purpose and will be protected against all stock market losses. You should continue to add money into the bank every month during retirement. The biggest negatives are that you will not earn a high rate of return and guarantees may be capped at certain FDIC limits.

28. Growth assets are typically needed as a crucial part of a proper asset allocation model for both retirees and pre-retirees. You can potentially reduce your risk of loss from large stock market losses by using risk mitigation models such as Stop Losses.

29. From 2000 through 2018, a period of 18 years, if you invested \$1,000,000 in 2000 and received annual stock market rates of return equal to the S&P 500 Index, by December 31, 2018 your \$1,000,000 would have grown to \$1,705,632 and you would have gone through two (2) separate time periods that saw the stock market lose approximately -50%.

30. From 2000 through 2018, a period of 19 years, if you invested $1,000,000 in 2000 and received annual rates of return up to a maximum (CAP) of 6% based on stock market rates of return equal to the S&P 500 Index, but never had to suffer any losses, by December 31, 2018 your $1,000,000 would have grown to $1,909,687. The lesson here is that it may be far more important to protect your principal against large stock market losses than trying to earn the highest rates of return.

31. If you invested $1,000,000 in 2000 and received annual stock market rates of return equal to the S&P 500 Index, took out $50,000 of income per year, and paid 0% per year in fees, your entire portfolio would have been depleted to $0 by 2018.

32. If you invested $1,000,000 in 2000 and received annual stock market rates of return equal to the S&P 500 Index, took out $50,000 of income per year, and paid 1% per year in fees, your entire portfolio would have been depleted to $0 by 2016.

33. If you invested $1,000,000 in 2000 and received annual stock market rates of return equal to the S&P 500 Index, took out $50,000 of income per year, and paid 2% per year in fees, your entire portfolio would have been depleted to $0 by 2014.

34. If you invested $1,000,000 in 2000 and received annual stock market rates of return equal to the S&P 500 Index, took out $50,000 of income per year, and paid 3% per year in fees, your entire portfolio would have been depleted to $0 by 2012.

35. The +117% gain of the S&P 500 Index over 3½ years from May 22, 1996 until December 31, 1999 was completely erased by the -54% loss of the S&P 500 Index over 9+ years from December 31, 1999 until March 9, 2009.

36. Stop-Loss strategies on stock market assets can potentially reduce the severity of a large stock market loss. A Stop-Loss strategy does not eliminate losses.

37. No one is born with a "money gene." You really are not confused about your money, and it's not that you don't understand your plan, it's that you don't actually have a plan. You need everything about

your money and your plans for retirement in writing. You need a comprehensive written retirement income plan that includes a complete retirement income projection showing exactly how much income you will receive every year of your retirement, where your income sources will come from, the risk you are taking, the fees you are paying, an income tax analysis, a beneficiary analysis, and all the details about your plan in writing.

38. There are four (4) parts to a comprehensive written retirement income plan:
    a. Retirement income projection: *income analysis* + *risk analysis* + *fee analysis.*
    b. Income tax analysis.
    c. Beneficiary asset transfer analysis (legacy plan).
    d. Full plan details.

39. A hypothetical case study shows assets of $1,600,000 were allocated to increase annual income by $60,000. The case study included $56,000 of joint guaranteed lifetime income.

40. A hypothetical case study shows assets of $1,600,000 were allocated to reduce loss risk by 80%, and reduce recovery gain needed by 90%.

41. A hypothetical case study shows assets of $1,600,000 were allocated to reduce annual fees by $32,000, saving over $984,000 in fees from age 65 through age 85.

42. A hypothetical case study shows gross annual income increasing from $78,000 to $138,000 with an effective federal and California combined income tax rate of 15%. This means a total of 15% income tax was paid on their $138,000 of gross annual income.

43. If you are 65 and had $1,600,000 of retirement assets, took out approximately $60,000 of income per year from your assets, earned a 4% annual rate of return, had taken out over $1,370,000 of income by age 85 when you passed away, you would leave over $1,530,000 to your beneficiaries after you had taken out all that income. The lesson is that you may not have to earn a high rate of return to achieve your financial goals.

44. The "full plan details" of a comprehensive written retirement income plan should include all the plan advantages, disadvantages, costs/fees, what you are doing, why you are doing it, when/how each asset will be used, and the step-by-step process you will use to meet your goals.

45. A 2nd Opinion about your money will tell you either your current plan is on track to meet your goals or that there are steps you need to take to increase your probability of retirement success. You need to know this information now, not ten (10) years from now.

46. On the website of the Securities and Exchange Commission (SEC), the first paragraph of the SEC's definition of an annuity is:
An annuity is a contract between you and an insurance company that is designed to meet retirement and other long-range goals, under which you make a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to you beginning immediately or at some future date.

47. An annuity policy is a legally-binding enforceable written contract. Every single thing the annuity company promises you, all guarantees, fees, and everything about how your annuity works is given to you in writing. Mutual funds, portfolio managers, advisors, and brokerage accounts don't do this.

48. Annuities, and their ancestors, are some of the oldest financial instruments in history, believed to date back as far as 225 A.D. – then called *"annua"* which is translated as "annual stipends."

49. Annuities first came to the United States in 1759, even before the first "market for stocks" was started by 24 brokers in 1792.

50. In the 1700's, it is believed some of the most prominent annuity buyers included Benjamin Franklin, George Washington, and Beethoven.

51. In modern times, a few notable purchasers of annuities are believed to include Winston Churchill, Babe Ruth, Charles Schulz, Jane Austin, Ben Stein, Ben Bernanke, and Shaquille O'Neill.

52. We have found most people spend more time planning their vacations each year than on planning for their retirement.

53. To receive $100,000 per year of income throughout a 30-year retirement, you will need a lump sum of $2,040,108 based on a hypothetical 6% annual earnings rate and 3% inflation rate.

54. From 1971 to 1981 the average inflation rate per year was nearly 7.5%, meaning the cost of your goods and services would double in a decade. At age 60, an inflation rate of just 3.5% per year would require your income to double by age 80.

55. A single premium immediate annuity is one of the oldest types of annuities where you pay a lump sum to an insurance company, and they pay you income guaranteed for a single or joint life or for a specified time period. The guaranteed income payments are not affected by stock market volatility or losses. There is no opportunity for growth as this type of annuity is meant for one thing and one thing only: income. Once the insurer has your funds, you almost always lose control of your asset moving forward, except for the guaranteed payments you receive.

56. A fixed deferred annuity requires a lump sum or periodic payments to an insurance company with contributions guaranteed to grow at a stated rate, but may grow at an even higher current rate. The insurance company will pay you guaranteed income or your principal plus interest at some time in the future, meaning your income benefit is deferred. Your principal and income are not affected by stock market volatility or losses. There are special types of fixed deferred annuities called "multi-year guaranteed annuities", "MYGA" for short. MYGA's are very similar to a CD, but have additional benefits. MYGA's provide a fixed rate of return guaranteed for a set number of years, for example "4% guaranteed for 5 years." Most fixed deferred annuities do not have a front-end load and do not assess annual fees, but almost all of them will assess a surrender charge for a specific time period for premature withdrawals.

57. A variable annuity "VA" is considered a "security" in the same way stocks and mutual funds are, because the entire variable annuity value can decrease, meaning you can lose principal from market

volatility and losses. With a variable annuity, you pay the insurance company a lump sum of money, and the insurance company allows you to allocate your money into one or more subaccounts, which are kind of like higher fee mutual funds. Your subaccounts will increase or decrease each year providing you a gain or loss for the year. You have a potentially higher upside with potentially higher risk. Most variable annuities do not have a front-end load, but total annual fees can reach as high as 6.5% per year, every year. Variable annuities seem to be responsible for the majority of the controversy and bad press on annuities. Ken Fisher's infamous "I Hate Annuities" campaign originally targeted, and focused on, the negative aspects of variable annuities.

58. When an advisor makes a blanket statement like, "All annuities are bad and they are the worst things for you," it almost always means the advisor is uneducated about all the different types of annuities available in the marketplace, and/or can't legally sell annuities, and/or simply prefers to sell other things, and/or is not looking after the true best interests of his/her clients.

59. A $550,000 hypothetical CD that was earning 5% paid $27,500 per year, or $2,292 per month, income. A 1% CD rate, closer to current rates, would only produce $5,500 per year, or $458 per month, of income, an income loss of $22,000 per year, or $1,834 per month.

60. Some fixed index annuities with income riders can provide guaranteed lifetime income starting immediately, meaning you put money in today and your income starts next month, and will be paid to you every month for as long as you live, even past age 100, regardless of stock market losses and volatility.

61. The life insurance industry has provided financial protection to millions of American's unlike any other financial services sector. This protection includes periods of time during horrific wars, depressions, recessions, deadly worldwide epidemics, stock market crashes, inflation, and deflation. During the Great Depression, life insurance companies provided the financial bedrock for Americans when more than 10,000 banks failed. Many people are surprised to know that the insurances companies of the United States bailed out the banking industry during this time, not the federal government.

It's reported Babe Ruth used annuities in 1934 when he retired to create $17,500 of guaranteed annual income, which is $300,000 per year in today's dollars. When Babe died, his wife Claire was able to continue living a comfortable lifestyle on a guaranteed income provided by another annuity he had set up to protect her. No one has ever lost $1 of guaranteed principal, income, or death benefit in a fixed annuity or fixed index annuity with an income rider due to the stock market crashing, the economy collapsing, or insurance companies failing. Even if the annuity was purchased the day before the Great Depression, and before the stock market crashed -90%, no guaranteed annuity principal was lost, no guaranteed income payments were lost, and no guaranteed death benefits were lost.

62. Stockbrokers always like to state the stock market has earned +10% per year since 1900. Sounds great, but they forget to tell you that this is before fees, and more importantly, that since 2000 the S&P 500 Index has only increased by approximately +2.85% before fees. No one reading this was alive in 1900, but most of us have lived through the volatile stock market between 2000 through 2018.

63. There are four (4) basic but important questions you need to be able to answer about your portfolio: (1) how safe is the portfolio if the stock market crashes, (2) how much income can be generated and is it guaranteed for life, (3) what is the potential rate of return of the portfolio, and (4) how liquid is the portfolio?

64. From 1979 through 2008, a period of 30 years, the stock market averaged a 7.23% annual increase. If you had $1,000,000 and took annual income distributions of $50,000 (5%), you would have run out of money during the 30-year time period because of what is called "sequence of returns," simply meaning your financial success is predicated by the luck of when the different annual growth rates in the stock market actually happen and when you take distributions.

65. If you take $120,000 of income distributions from a hypothetical $3,000,000 portfolio for 10 years, and in the first year you lose -50% (like 2000-2002 and 2007-2009) and then earn +12% the next nine (9) years from years two (2) through ten (10), meaning you lost -50% and then made +108%, at the end of ten (10) years your $3,000,000 would have been reduced to $2,053,770 not accounting for fees or income taxes.

66. A "stretch IRA strategy" using a fixed guaranteed annuity with an income rider may allow your beneficiaries to take distributions of your inherited IRA over their entire lifetime, reducing the income-tax burden on your IRA.

67. The typical retired couple, who increases their gross annual income from $100,000 to $200,000 thinks they will get killed in income taxes, but in reality they usually won't. They will pay an estimated 14.69% effective federal income tax rate on their $200,000.

68. The income that is guaranteed to be paid to you for as long as you live from a fixed index annuity with an income rider cannot be reduced or terminated by the insurance company unless you take excess withdrawals from your plan. This means you can take the maximum income amount guaranteed by the insurance company for your life and it can't be changed because it is a legally-binding enforceable written contract. *Hypothetical example*: Let's assume you are married and buy a fixed index annuity for $3,000,000 that pays you a joint guaranteed lifetime income benefit of $150,000 per year. The insurance company has to continue to pay you and your spouse $150,000 per year for as long as at least one of you is living, even if past age 100. Your income cannot be reduced or terminated for any reason including stock market crashes, even if your account reaching a value of $0, and all remaining assets in the plan when you die are passed on to your beneficiaries.

69. The happiest and healthiest retirees are those with the highest level of fixed monthly income sources such as pensions, Social Security, and annuities. Many reports have highlighted this data including a recent study by Towers Watson.

70. Income tax planning is very important during retirement. Gross income is not important, net income after income taxes is important, it's what you really have to spend. With our national debt increasing from $5.7 trillion in 2000 to $21 trillion in 2018, and with the soaring expenses of Social Security, Medicare, Medicaid, interest on the national debt will eventually take up 92 cents of every tax dollar. This could push the need for higher income tax rates.

71. Four (4) of some of the biggest risks you will face during retirement

include (a) market volatility risk, (b) retirement income plan risk, (c) income tax risk, and (d) longevity risk. Wall Street-type traditional investments typically cannot reduce all of these risks. A fixed index annuity with an income rider can help you reduce, and in some cases potentially eliminate, these risks.

You have just been given the facts, the bottom-line answers, the secrets about your money from some of the top financial professionals specializing in retirement planning in the nation who have over 425 years of combined experience. How do you honestly feel after reading the "Cliff-Notes" of what's in this book?

1. You may feel shocked because no one has ever told you these things, in fact they have probably told you the opposite!

2. You may feel scared because you now know the truth and you may have based the fate of your financial success during retirement on misinformation, bad advice, or simply lies.

   OR

3. You may feel like some lucky people, you may feel exhilarated, you may feel very interested in learning about your money, you may feel that very warm ray of hope, because your eyes have been opened to what has really been happening to your money all these years. Many retirees and pre-retirees we meet with have told us they have always had feelings about their money that things just didn't seem right, what they were told by their advisors didn't feel comfortable and didn't answer their questions, and what was happening to their money year-after-year just didn't make sense.

Our job is to help you for the first time in your life understand your money so that you no longer have to worry about it. We have just given you the summary, now we will provide you all the supporting data to prove all of the above statements.

DISCLOSURE

BY DAN AHMAD & JIM FILES

The content within this book is for educational and information purposes only and does not constitute any solicitation, recommendation, promotion, endorsement or offer by others, of any particular security, other investment products, annuity product, transaction, investment, or service. In addition, it is not intended to give you specific retirement planning, annuity, life insurance, tax, investment, real estate, legal, estate, accounting, or financial advice. It is not intended to show you how the strategies presented can specifically apply to your own retirement planning, annuity, life insurance, tax, investment, estate, accounting, or financial position, but rather to offer an idea of how these principles generally may apply. There is no representation about the suitability of the information presented.

Any and all opinions, commentary, news, research, analyses, website content, or other information contained within is informational only and does not constitute advice. Any opinions, views or information regarding financial strategy expressed are those of each contributing author, and as such, are just his/her individual opinion, and have not been verified. Views and opinions are subject to change without notice.

Co-authors are not liable for any loss or damage, including without limitation, any loss of principal, any loss of income, which may arise directly or indirectly for individuals use of, or reliance on, such information. Do not implement any of the ideas or strategies discussed in this book without the help of qualified financial, tax, estate, and legal advisors.

Nothing is directly or indirectly guaranteed by anything in this book. Past performance is not a guarantee of future results. Your results will be different and could be higher or lower. Reasonable measures have been taken to review information. However, all such information is provided "as is" without warranty of any kind. The information contained herein is subject to change after print date. There is no representation about the suitability of the information presented. The text, charts, and graphs should not serve as the sole determining factor for making investment decisions.

S&P 500 Index data, Dow Jones Industrial Average (DJIA) Index data, and NASDAQ Index data used for educational purposes only. Past performance is not a guarantee of future results. The hypothetical analysis is based on assumptions, and nothing is directly or indirectly guaranteed. Your results will be different and could be higher or lower. You cannot invest directly into the S&P 500 Index, Dow Jones Industrial Average (DJIA) Index, and NASDAQ Index. Unless noted, illustrative numbers are shown without income taxes taken into consideration. S&P 500 Index data, Dow Jones Industrial Average (DJIA) Index data, and NASDAQ Index data from Yahoo Finance and/or www.1stock1.com, and are shown without dividends, and without any fees or costs. When someone says the stock market has always earned a specific rate of return, such as "10%", it does not mean you will earn this rate, it typically doesn't include any deductions for fees, and does not mean you would earn this every year because of annual return volatility. When we use the term "stock market" we will be referring to the S&P 500 Index unless stated differently.

Losses and recovery gains illustrated are hypothetical and for educational purposes only. Your results will be different and could be higher or lower. Based on the type of investor you think you are, you could lose more or less than the amounts discussed. The loss amounts discussed are baselines and are not maximum loss amounts. You could suffer through more or less large losses during your lifetime than what is discussed. Your losses could be more than -40% or less than -40%. The Golden Rule Of 5% To 10% does not guarantee against loss, nor does it guarantee you will never lose more than 5% to 10%, it serves as a planning methodology used to set potential loss parameters into your plan. In Chapter 12, the S&P 500 Index data is presented without any fees or cost, with 3% fees, and with 3% and 4% Income, your results could be higher or lower. Your income sources could be higher or lower. Your deductions could be higher or lower. Your taxable income could be higher or lower. Your income taxes could be higher or lower. Your net after-tax income could be higher or lower. Your monthly expenses could be higher or lower. Your net income available for savings per month could be higher or lower. Verify your tax position with your tax professional.

"Safe Income Withdrawal Rates" do not guarantee your assets will not run out during your lifetime and do not guarantee your income will last for as long as you live, they are just hypothetical baselines to use as starting points in creating your actual income plan. The Vanguard S&P 500 Index fund and Vanguard Total Bond Market Index fund are used for illustrative purposes only based on the study completed by Beacon Capital Management; your results will be different and could be better or worse, you could lose principal, not make any gains, and your income could run out. Assumptions behind the Monte Carlo simulations in this book may not be accurate or realistic. A Monte Carlo simulation is a risk analysis tool that uses random sampling to build possible outcomes and success probabilities, and should not be considered a fact, but may be considered as a viable tool in understanding your finances. Investment returns may not follow a normal distribution, which may impact the simulation outcome, especially with respect to extreme events. The Monte Carlo simulation does not consider taxation and other important factors that may affect the simulation outcome. Fees are not taken into consideration.

The *7 Rules To Live By For Retirement Security* do not guarantee specific investment results, specific risk reduction or specific income amounts, but rather serve as an educational platform on how you may decide to put your overall plans for retirement together. The Golden Rule Of 5% To 10% does not guarantee against loss, nor does it guarantee you will never lose more than 5% to 10%, it serves as a planning methodology used to set potential loss parameters into your plan. There is no guarantee you will reduce your fees. Your assets may continue to exhibit substantial volatility. You may not earn a rate of return, and you could lose principal value.

Your income sources, deductions, taxable income, income tax rates, income taxes, net after-tax income, and effective income tax rate could be higher or lower. You may be subject to state and/or local income taxes, phase-outs of itemized deductions, alternative minimum tax, business income/expense restrictions, real estate income/expenses restrictions, etc. Marginal income tax brackets and rates pertain to your highest level of taxation on the highest portion of your income. Your effective income tax rate is the single income tax rate you pay on all of your gross income, basically serving as the overall average income tax rate on your total gross income.

The hypothetical analysis is based on assumptions and is not guaranteed. Your return rate results, losses, income taxes, benefits, and/or fees will be different and could be higher or lower. Bank accounts and CD's are guaranteed up to FDIC limits. Your bank and/or CD rates can be higher or lower. Monte Carlo simulations do not guarantee results, returns, income, or success, they are mathematical simulations using historical data. Stock dividends are not guaranteed and could increase, decrease, or cease altogether.

You could lose more or less than -10% in a -10% stop-loss program. After a stop-loss is activated, you will not receive the full upside of the next stock market upside. An extremely volatile stock market could create multiple stop-losses in a short time period causing multiple losses. Your fees could be higher or lower than the hypothetical examples in this book. Your risk reduction could be more or less than the hypothetical examples discussed in this book. Your income could be higher or lower than the hypothetical examples discussed in this book. Risk analysis data is based on 3rd party information. Based on the type of investor you think you are, you could lose more or less than the amounts discussed. The loss amounts shown above are baselines and are not maximum loss amounts. Income tax analysis is based on current federal income tax rates which could change, and your income taxes could be higher or lower. Your written plan should be signed by your advisor.

Any comments regarding fixed index annuities with income riders as safe or secure investments or guarantee of insurance related income refer only to fixed insurance products and do not refer in any way to securities or investment advisory products.

Fixed index annuities with income riders are long-term investments and are not a direct or indirect investment in the stock market and while protecting principal against all stock market losses, will in almost all cases earn a lower rate of return than the stock market in positive stock market growth years, meaning you will not receive full stock market participation. Income riders in a fixed index annuity may provide a specified and guaranteed lifetime income amount and a specified and guaranteed "roll-up rate" that increases the guaranteed minimum withdrawal benefit which increases future guaranteed lifetime income, but is not available in a lump sum. Income riders will typically carry an annual fee of approximately 1%, and your fee could be higher or lower. Principal guarantees, lifetime income guarantees, and guaranteed death benefits discussed are backed by the financial strength and claims-paying ability of the issuing insurance company.

The guaranteed lifetime income amounts referenced in this book are hypothetical and do not pertain to a specific insurance carrier. Your income will be different and could be higher or lower. The hypothetical lifetime income referenced in this book discussing possible annual income increases are not guaranteed to occur, you may receive no raises if the indexes you choose never create index gains in your account.

There are benefits that retirees and soon-to-be retirees can potentially receive from a fixed indexed annuity with an income rider such as guaranteed lifetime income, guaranteed principal, guaranteed returns, and guaranteed growth for income purposes, but have surrender charges and/or penalties, market value adjustments, liquidity limitations, return limits, fees, loads, expenses, loss of bonus, loss of indexed interest, loss of fixed interest, and other disadvantages. The fixed index annuity index concept analysis uses hypothetical index calculations. One hypothetical example used is an annual point-to-point methodology with a 0% floor and 6% annual cap, but others could also be used. Another hypothetical example that discusses increasing guaranteed lifetime income uses a 3% annual cap on potential annual raises. The hypothetical returns for fixed index annuities are not guaranteed but used as a comparison to the stock market to show a lower return potential than the stock market.

There is no guarantee you will earn anything at all in a fixed index annuity. For educational purposes only, examples in this book include a hypothetical annual fixed index annuity income rider annual “roll-up rate”, including a hypothetical 6% annual roll-up rate, yours could be higher or lower. We believe a fixed index annuity with an income rider is appropriate only if the buyer has a current or future need for guaranteed income, and/or wants principal protection, and/or wants protection for beneficiaries. Fixed index annuities with income riders are not appropriate for all individuals or situations. Fixed index annuities with income riders are not FDIC insured, check with your state for state guarantees.

Fixed index annuities with income riders provide an opportunity for tax-deferred growth on non-qualified (non-IRA) assets. Any gains that are distributed from non-qualified plans will be taxed as ordinary income, any principal distributed will be income tax-free. Distributions from IRAs holding fixed index annuities with income riders are fully taxed as all IRA distributions are. Distributions from IRAs and non-qualified plans before 59 ½ can cause an IRS penalty.

Bonus Annuities may include annuitization requirements, lower capped returns, higher fees, or other restrictions that are not included in similar annuities that don't offer a premium bonus feature.

Stage One (1) of Retirement Planning - Asset Accumulation and Stage Two (2) of Retirement Planning - Income Distribution and Asset Preservation are used to describe different time periods of planning for retirement and the "3 Bucket Safe Money Approach" is the name given to the allocation methodology discussed in this book and do not guarantee specific investment results, specific risk reduction, specific income amounts, but rather serve as an educational platform on how you may decide to view your assets when you are retired and when you are close to retirement; all three have risk, and you can still lose money. None of the information provided guarantees you will make any money, never lose money, or that you will lose less than you have previously. Your assets may continue to exhibit substantial volatility. You may not earn a rate of return, and you could lose principal value. Your return rate results, losses, income taxes, benefits, and/or fees will be different and could be higher or lower. The hypothetical returns discussed for Bucket #1 fixed index annuities and Bucket #3 growth are not guaranteed but used for educational purposes only. There is no guarantee you will earn anything at all in a fixed index annuity. There is no guarantee you will earn anything at all in the growth Bucket #3; growth is not guaranteed, and you could suffer a principal loss.

Any mention of "private pension" is referring to a stream of income that would be paid to you for life and is not part of a formal company-sponsored pension plan and is not covered under the Pension Benefit Guarantee Corporation.

The sale or liquidation of any stock, bond, IRA, certificate of deposit, mutual fund, annuity, or other asset to fund the purchase of an annuity may have tax consequences, early withdrawal penalties, or other costs and penalties as a result of the sale or liquidation. We are not recommending that you buy a fixed annuity of any type or invest your money in any way. The hypothetical returns for the growth bucket are not guaranteed, and you could suffer a principal loss and is used as a comparison to the stock market to show a lower return potential than what the stock market may provide. In Chapter 29, the annual income from assets, cumulative income from assets, portfolio assets remaining, portfolio 4% rate, bank assets remaining, bank 1% rate, real estate assets remaining, real estate 1.5% rate, and total assets remaining are not guaranteed and could all be higher or lower; yours will be different.

Not adhering to minimum mandatory distributions for IRAs and inherited IRAs can result in a 50% penalty as well as taxation. Contributory Roth IRA plans allow income tax-free distributions of funds any time after five (5) years from the date the initial Roth IRA contribution was made. Roth IRA conversions place the five (5) year waiting time period for income tax-free withdrawals on each separate Roth IRA conversion. Talk to your income tax professional before making any IRA or Roth IRA decisions.

The graph titled "Asset Client Owned" does not include all assets available for ownership, it only includes assets the author has encountered in the past. You could own, or could have owned, different assets and your results could be better or worse.

All case studies and examples are hypothetical, and your results could be different. You should seek the advice of a qualified professional advisor regarding your own financial situation.

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Momma's Secret Recipe for RETIREMENT SUCCESS

Featuring

DAN AHMAD, JIM FILES

Dan Ahmad and Jim Files are best-selling authors with Larry King, and have 50+ years of combined experience as lecturers, coaches, innovators, and financial professionals. Nationally recognized as two of the top Financial Advisors working exclusively with retirees, Dan and Jim create comprehensive written retirement income plans to help retirees avoid large losses and guarantee they won't run out of money for as long as they live.

Dan and Jim, Co-Founders of Peak Financial Freedom Group, have presented to over 20,000 attorneys, accountants, financial professionals, and consumers, recently received the 2019 Five Star Professional Wealth Manager Award, and are members of the National Ethics Association, received commendations from the California Attorney General's Office, California State Department of Education, Association of California School Administrators, California Teachers' Association, Faculty Association of California Community Colleges, 17 California State Universities, 66 California Community Colleges, National Network of Estate Planning Attorneys, and California Visiting Nurses Association.

Dan and Jim host the cutting edge "50 Shades of Money" radio show on the award-winning KFBK News Radio 1530 AM, and also on KSTE 650 AM and KHTK 1140 AM taking the "grey areas" out of money. They were promoted in 2015 in a powerful *Forbes Magazine* section titled "California's Financial Leaders," showcased in *USA Today*'s "Game Changers" in December 2018, seen multiple times on ABC, NBC, FOX 40 TV, and created over 150 financial education videos.

Dan and Jim have received over 50 industry awards and serve as one of four "Coaches and Mentors" for Financial Independence Group, one of the Nation's leading financial service firms with over 7000 financial professionals.

Dan has been a Certified Financial Planner™ since 1989, a former Enrolled Agent with IRS from 1987-2016, is an Accredited Tax Advisor, Fellow of the Estate and Wealth Strategies Institute at Michigan State University, Investment Advisor Representative, member of the National Society of Accountants, and is life insurance licensed. Jim has tremendous business experience including taking one of the companies he co-founded public, serving on Executive Management Teams for public companies, specializing in Mergers and Acquisitions, is an Investment Advisor Representative, and has his life insurance license.

Dan and Jim work daily with retirees to help them understand their money by creating comprehensive written retirement income plans to increase their income, create dependable income for life, reduce their risk by avoiding all large stock market losses like 2008, minimize their taxes, reduce fees, earn competitive returns, and efficiently pass assets to beneficiaries.

Dan and Jim have been business partners and best friends for 20 years, both raised locally, work in Roseville, CA and both live in Granite Bay, CA. Dan has been married to his wife Elaine for 25 years, they have two daughters Lexi and Tori. Jim has been married to his wife Tami for 35 years, they have a daughter Kyley, a son Cody, a daughter-in-law Martine, and granddaughters Colette and Elise.

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