

5 THE TOP FIVE **SECRETS** TO BUILDING **WEALTH**



AS TOLD BY THE **TOP 25%**

“The Top Five Secrets to Building Wealth As Told By the Top 25%”

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Opening Statement

Dear Friend,

When you're about to make a financial purchase - or any buying decision for that matter - where is the first place you typically go to do research? Your answer might be the Internet or TV or Radio or any other media outlet.

The financial advice that is distributed in these outlets are typically traditional methods that are targeted to a certain demographic, but the question really becomes: are you that demographic?

You may consider yourself quite normal, but you may find out that the amount of income you make is actually uncommon.

Shockingly, the Top 25% of Americans make +\$79,000/year. This is defined as "uncommon income". And these individuals are paying 86% of the government's revenue - also known as taxes.

The Top 25% don't have a cash flow problem. They have a tax problem.

So those media outlets you would use to do your research target the bottom 75% of the population because they want to get the most amount of books sold or shows watched.

So with an uncommon amount of income, you must seek out uncommon financial advice. And this e-Book is a great start.

Please read over this carefully and along the way, if you have any questions, feel free to contact me at the information provided at the end of this e-Book.

Thinking the best for your financial future,

Denver Nowicz
President - WealthForLife
WealthForLife.net

Secret #1: Higher Taxes Are Coming

If I were to ask you if you think tax rates will be lower, stay the same, or go up over the next few years, what would you say? Most likely, you would think tax rates will either stay the same or hopefully be lower in the future.

And why wouldn't you? Aren't Americans experiencing some of the highest tax rates ever to happen in history? At least, that's what we hear within the media outlets and the political parties.

But the truth may actually shock you...

Federal income tax rates were established in 1913. This was due to offset the lost revenue from the reduction of tariff duties. At that time, the top marginal tax rate was 7%.

This means that if you made \$100, \$7 would go towards the government. Pretty low compared to today's rates, isn't it?

And then World War I happened.

Due to the increase in government expenditures for the costs of war, tax rates increased to 67%. In 1918, top marginal tax rates were as high as 77%. After the war concluded, tax rates dropped to approximately 25%.

During the years followed, The Great Depression hit America and then we once again went into war: World War II. This forced the government to increase tax rates once again. In 1944 and 1945, the top marginal tax rate was at the highest rate that has ever been historically recorded at an unprecedented level of 94%!

This means that if you made \$100, \$94 would have gone to good ol' Uncle Sam!

After those years, Americans have experienced ups and downs during The Cold War Era and events thereafter.

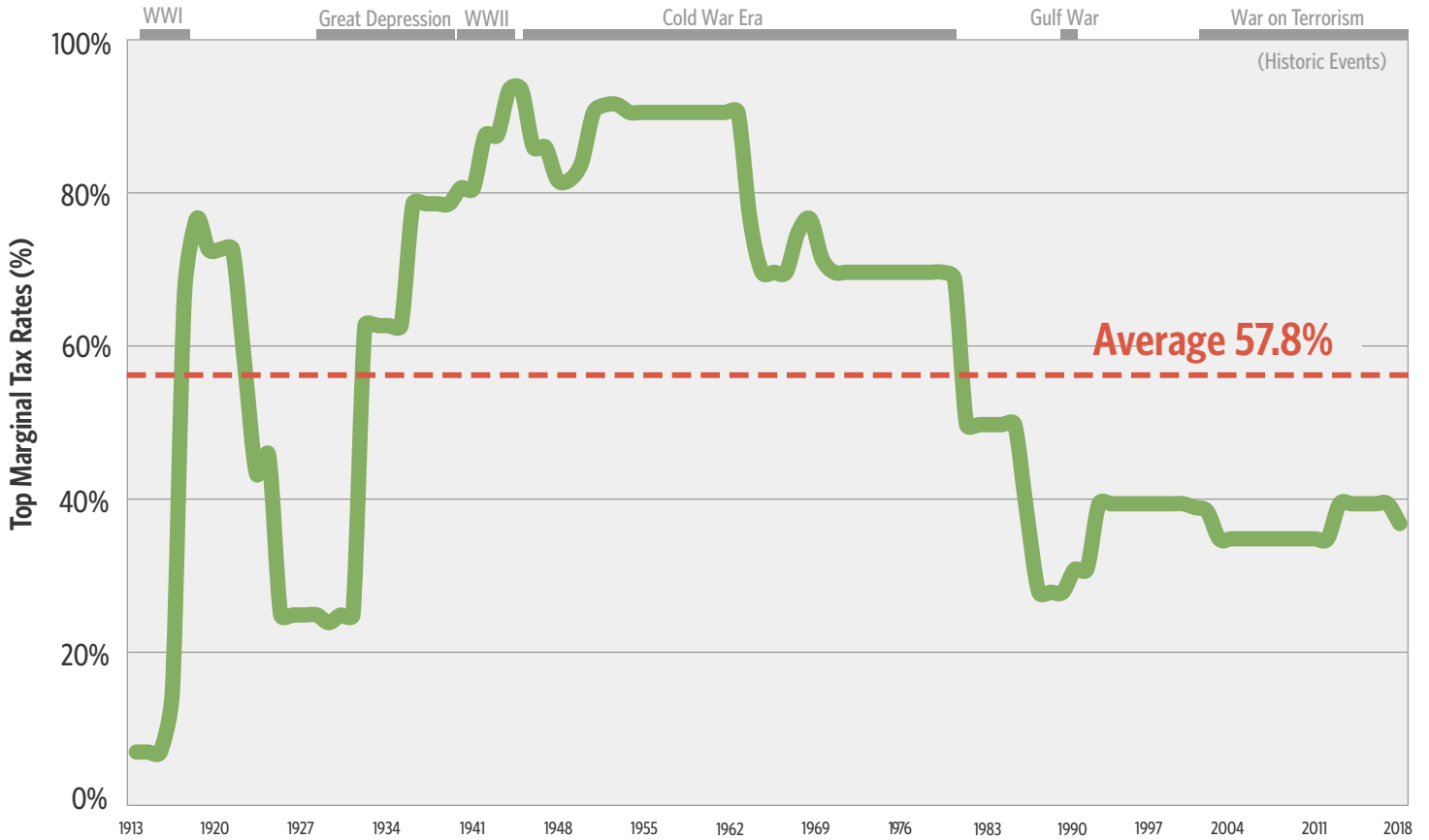
To the right is a graph illustrating the top marginal income tax rates from 1913-2018. The one trend you can notice after World War II is that tax rates have actually declined steadily.

If you add up all of the tax rates and calculate the average, you will come to the conclusion that the average top marginal tax rate is 57.8%. We are currently sitting at 37%.

We're all aware that we have been through several wars over these last few years, yet tax rates haven't really gone up at all. But historically, whenever there was a war, taxes would go up to offset the costs.

Which leads us to the outrageous amount of debt we all owe as a nation. The debt has been slowly building up, but over these last few years - specifically, during the recent wars - it has gone up a monumental amount and continues to do so with no end in sight.

THE TOP MARGINAL INCOME TAX RATES: 1913-2018



A great resource for you to check out is the U.S. Debt Clock website. It keeps a current tally of the national debt as well as many other expenditures including the amount of debt per taxpayer, Medicare budget, and the total interest paid.

I would tell you where we currently stand as a nation in debt, but the number increases so much every day that it might be better for you to review it yourself.

Please visit www.usdebtclock.org for the latest information about the debt we all owe.

Some day at some point, Uncle Sam will come knocking on your door and asking you to pay for your “fair share”. And even if taxes stay the same, your three largest tax deductions are likely to disappear during retirement: mortgage interest, child credits, and qualified plan contributions.

So the real question then becomes: how are the Top 25% building their wealth?

The answer is simple: they recognize that taxes are likely to be higher in the future and are preparing accordingly.

They are reviewing the options they currently have available and are looking towards financial vehicles that can reduce - or completely eliminate - the amount of taxes that they pay, and will pay during their retirement.

Secret #2: Longevity Must Be Considered

Americans are living longer, healthier lives. According to a recent government report, for someone 65 years of age, the Centers for Disease Control and Prevention (CDC) estimate that men have about 18 years of life left and women about 20^{1/2} years.

But this is just the average. I'm sure you know someone that is 85+ years of age.

The wealthy are aware of these statistics and strengthening their financial portfolio in preparation for a longer life so that their retirement income can last 20, 30, even 40+ years.



The Employee Benefit Research Institute just released a study stating that only 22% of the population are very confident about having enough money for a comfortable retirement. And the #1 financial concern among consumers remains year after year to be the ability to afford a comfortable retirement.

Don't become a part of this statistic.

The wealthy are maximizing the amount of income they will receive during retirement by making sure they are efficiently using and saving their money as well as determining the optimal retirement age to receive the most out of their Social Security.

Secret #3: Protection > Accumulation

The wealthy understand that it's not about experiencing the highest gains, but rather receiving a portion of those gains; while protecting the amount of wealth they already have.

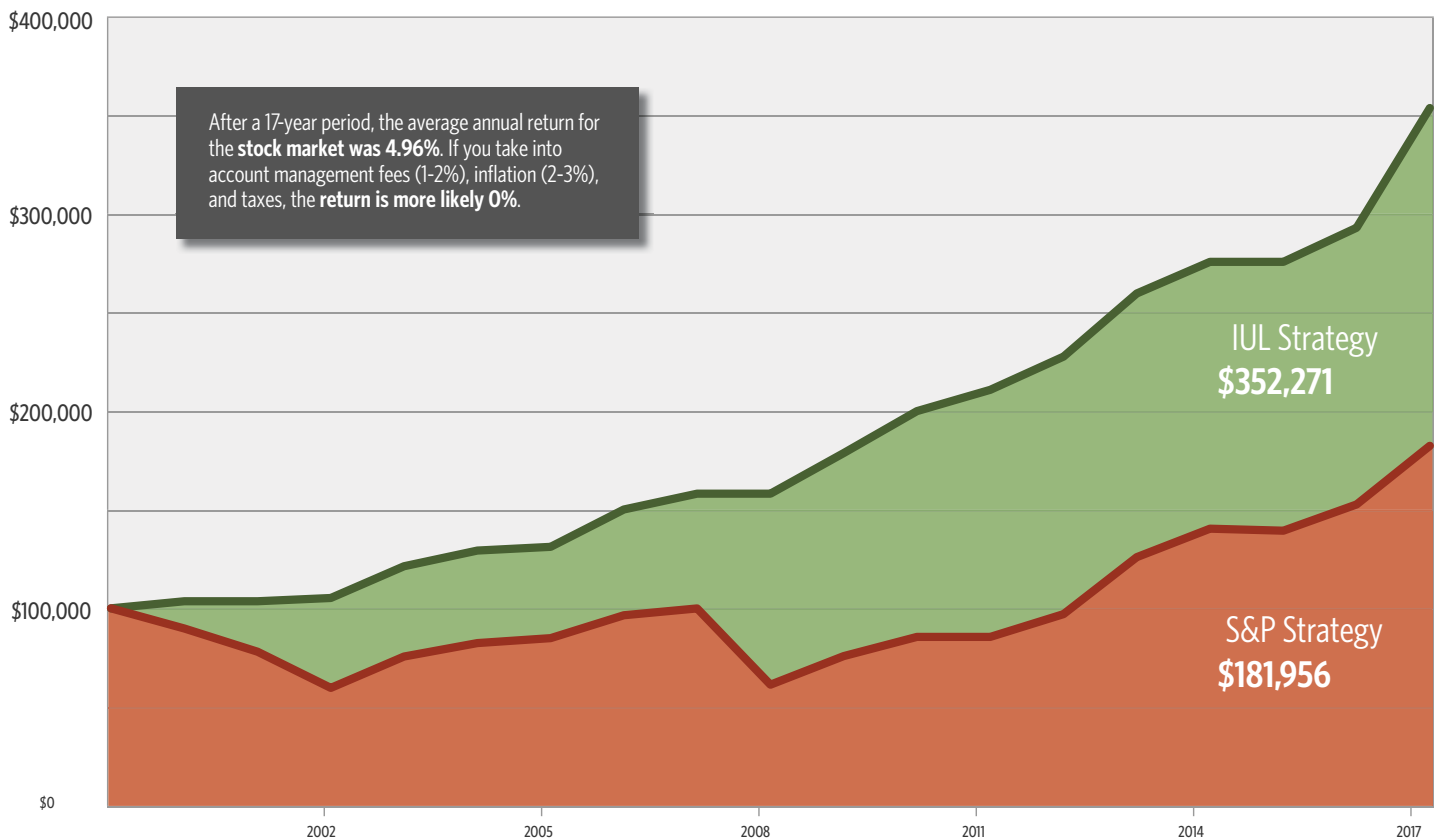
To the right is an example of putting \$100,000 into two accounts: (1) the S&P 500 and (2) a chosen Wealth Strategy. We measured the results over a 17-year period: 2000-2017.

As you can see within the S&P 500 strategy (red line), you expose yourself to stock market volatility. While you received some gains along the way of double digit returns, you also experienced the losses. We all remember 2008.

To expose yourself to all of this risk, the reward should be very high. But as you can see, after 17 years within the stock market, you really only received an average of 4.96% and ended up with \$181,956.

The 4.96% return is not including management fees, inflation, and the amount of taxes you pay for when you begin to distribute that money. If we use 1% for management fees (a very conservative number), a 2%

ACTUAL PERFORMANCE OF STOCK MARKET: 2000-2017



* The above returns are the annual point to point returns from the beginning of one year to the beginning of the next year for each year shown. They exclude any fees associated as well as dividends.
** The IUL strategy is using returns from Bloomberg US Dynamic Balance Index I with 0% floor, no cap, and 130% participation rate.

inflation rate (average is 3%), and the remainder for the amount of taxes you pay during distribution, you end up with a number more like a 0% return for your efforts.

And if you ask most people who invested their money between this timeline, that's the number they would likely give you - 0%.

The Top 25% use a certain wealth accumulation vehicle that is linked to the stock market, but isn't directly engaged in the stock market. This way, they are able to participate in some of the gains, but not be effected by any of downside losses.

This is a method called credited indexing.

The wealthy agree to terms within this vehicle that they want to experience the gains of the market without suffering the downside losses. By doing so, they agree that they'll only receive up to a certain amount of the gains and nothing more. They select one of these three options: a participation rate, a cap, or a spread.

Let's say you chose a 15% cap. If the stock market had a 23.5% gain one year, you would have received 100% of the gains up to a 15% cap that year. So you would have received 15%. But when the stock market goes down -38.5%, your wealth account would simply be 0% and not experience any loss. This is one of the most powerful techniques used within this specific financial vehicle used by the wealthy.

The three controlling factors vary and are developed from the financial institutions who offer them. Please consult with me if you would like to learn more about these factors.

Secret #4: Prepare for the Unexpected

The Top 25% are creating what we call “family banks”. They’re setting aside a portion of their financial assets and putting it into a financial vehicle that has a variety of benefits including two significant ones: leverage and wealth transfers.

Let’s first go over leverage. This is the ability to purchase items using a financial institution’s money. The wealthy do not spend their own money, but rather use their money as collateral and have the financial institution pay for their items. They take out a favorable loan (the keyword here is “favorable”) and pay back the amount of money owed; while their money continues to grow considerably because of the incredible power of uninterrupted compound interest.

By leveraging their wealth, they are able to pay for any unforeseen expenses that they might not have otherwise been prepared for.

The next benefit the wealthy receive within this preferred financial vehicle is called wealth transfers. This means the money that gets passed along to children and heirs if something should happen to that person.

Generally, most financial vehicles are exposed to the government when it’s time to transfer wealth to the heirs. When this time comes, Uncle Sam is owed his portion. Most transfers include a considerable amount of taxes owed to the government and results in less money being given to the heirs.

Think about it: if something should ever happen to you, do you want your money going to Uncle Sam or your family?

The wealthy understand this and use a financial vehicle that protects them from the government. When they pass away, their wealth is directly given to their children - tax free. Also called a “death benefit”, this strategy has been used for hundreds of years to safeguard their wealth and keep it within the generations to follow.

Secret #5: Seek Guidance from a Team of Trusted Advisors



According to the 2015 Retirement Confidence Survey, workers who have done a retirement savings needs calculation tend to report higher savings goals, as well as more likely to feel very confident about affording a comfortable retirement.

Can you generate a retirement savings needs calculation by yourself? Of course you can. Do the Top 25% do it alone? No.

The wealthy analyze who they are as a person and what their strengths and weaknesses are. From there, they outsource their weaknesses to a team of trusted advisors who specialize in those areas. This allows for maximum efficiency as they work on the things they're good at.

The Top 25% are made up of many different individuals. Some are business owners while others are executives and some are teachers.

While there is no specific occupation or demographic that can define the Top 25%, they all understand one thing: they cannot be knowledgeable and good at all things. For the business owner, their focus is spent on making their business grow.

**To handle all of the taxes, legal, and financial concerns,
this is simply too much for one person to do.**

The wealthy seek guidance from a team of trusted advisors. Individuals that they can depend upon to make the necessary decisions to protect and grow their wealth as well as help them calculate the amount of savings they need to have a comfortable retirement.

So where do you begin to look for a team of trusted advisors? Reading this e-Book is one for starters.

**Another important factor to consider when looking for trusted advisors
is determining their allegiance and independence.**

Most advisors represent one company with a handful of products. If you meet with them, no matter what your situation may be, they will offer you one of their products. This might not always be in your best interest because they represent a financial institution - not you.

You need to look for an independent advisor who represents many financial institutions so that they are able to design a custom plan tailored to your specific financial situation. They represent you - not a financial institution.

**Discover more secrets used by the wealthy and find out which
financial vehicle they prefer over all other alternatives!**

- Give us a call or send an email at the below information -

Phone:

Email:

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