Kim: So, we welcome Todd Langford. One, two, three.

Todd Langford: Thank you. Thank you. Okay. I want to address Mark's question just a minute ago. So, the calculation on the deduction of what you get to take as an additional deduction is going to be based on the IRS Tables of what, the charity you actually made. So, what they're going to do is they're going to calculate, okay, you should have gotten X amount per year as income based on your mortality tables, assuming the IRS's rate for discount, and that's going to be subtracted off of the value of the gift to see what you actually gave. And then you get to write that off. Does that make sense?

So, let's say that, actuarially, you were going to get $100,000 a year for 20 years. And let's say the present value of that based on the IRS discount table was that it took a million two to push off that $100,000 a year for 20 years. If you have $4 million, the million two would come off of that, so you would actually get a deduction for $2.8 million. Does that makes sense?

All the rest of it is all … yep. And, yeah, we'll look at that. So, any depreciation you've taken, any additional capital gains, all that disappears.

Okay. So, if we can get-

Kim: Do you have your screen?

Todd Langford: Oh, there they are.

Kim: Yep.

Todd Langford: Okay. So, we've got a bunch of stuff in here already, and I'm going to go over it fairly quickly. Like Kim said, we're not trying to teach anything about true concepts. We want to teach the idea of what's potential here with the CRT. So, I'm going to go through these assets quickly as to what we put in her. So, we've got an individual. He is a real estate investor. Now, if he's a real estate investor, and a lot of them are interesting because they'll say, "You know, life insurance is a great tool for the average guy, but me? I'm not an average guy. I don't do a deal unless it's at least 25%. So, this stuff doesn't really work for me. It works for the average guy."

But what we're talking about really is the cash portion of what they have, aren't we? Because if they are successful real estate guys and not like Eric was talking about yesterday. They happen to get lucky and think they're wizards. If they're long-term real estate investors and they're successful, then they have a huge amount of cash laying around doing nothing because they have to guard against vacancies, capital expenditures on replacing roofs, whatever else. So, they've got all that cash sitting around, and that's really what we're talking about. Where do you store your cash?

In this example, he's got $250,000 sitting in cash and he's adding $60,000 a year, which is part of the income coming off his real estate. If we look at the real estate, number one there, then what we're seeing here is, he's got a $4.5 million building currently. He's had it for nine year. It grew by about a million dollars, which is a 3% growth over this timeframe. He's got $9,000 in property taxes annually, $1,250 in property insurance, and he's got maintenance of $25,000. Now, out of that $25,000, part of that is a $100,000 salary that they're paying him. So, he's taking a salary, as well as the additional income off the property. So, he's taking a salary of $100,000 which we'll look at in just a minute. And his gross income is $90,000. He's got a business office. He's renting out office space.

If we go to … Let's go to his income. So, his earned income. He's making $100,000. Again, that was his salary from the real estate. We have it inflated, taxed, and FICA and Medicare on it. His wife is a teacher, making $63,000 a year and actually, that's also increasing with time. We've got him self-employed you can see, so again, he's going to pay both ends of the FICA. Now, let me ask you something just real quick while we're on that. How much FICA does a W-2 employee pay? 15%, right? I mean, technically, it's 6.4 or whatever that differential is. But whenever anybody hires anybody, they hire them knowing that they're going to have an expenditure of whatever that FICA is, correct? So, really, it's money that didn't go to the employee because the employer paid it, but … Right? Okay. So, they just collected it for the IRS really.

All right. We see that their current benefit at normal retirement age, which it calculates at 67, so they would have $30,552 on him. $22,268, they're going to defer that, take 70, and the calculator then will calculate what they actually take. So it'll calculate that increase or decrease depending on what that timeframe is.

All right. Let's go to the tax advantage account. Put money in qualified plans. $54,000 a year. Maxing out what he can put in. Assuming a growth in this case of 4% a year.

Kim: Growth at six?

Todd Langford: Sorry. Well, the growth on the account at 6% a year, but his increase, sorry, at 3% a year. So, he's probably not increasing that growth, assuming, again, that the IRS limits moved that rate as well. And so, we can see the growth there in his qualified money.

And then let's look at the expenses. So, on the expenses, we can fill this out completely or just, if they have an idea, put in a single number under the miscellaneous. We've got this filled out. So, he's got $189,890 a year currently in expenses, and that's going to grow based on 3% inflation to this, out into the future. Actually, we are only going to run this out to age 69 first. And when we do that, it's $332,973 with no increase in what those other expenses are. So, in

other words, no additional expenses. Just the inflation increase on his current ones.

If we go to number two on the expenses, and it's just a place. I need to add an education piece in here, but this was a way that I could just put education. Two kids, four years, $40,000 a year over the next eight years. So, we've got that in the timeframe from 50 to 57. And then, after age 69, if we look at a third one. So, I went ahead and pushed that forward. This one's going to start at $342,000. Again, that's the same as the $240,000 is today. And it's going to grow out to the end of our timeframe to have an end total of $965,000.

Now this is interesting to me because most people have no idea why they run out of money during the retirement phase. This is going to go … So, this is a timeframe from now 'til age 105. The expenses are going to go from $240,000 to $965,000 if we can keep inflation at 3%. That is not additionals because of the fact that now we've potentially got more health costs or anything else. So, that's not even added into this. This is just his current expenses, increased by 3% over this timeframe. It's a huge nut to overcome. So, when people say, "Hey, my parents were really dumb. They worked all the way 'til they were 65. There's no way I'm working that long." Tell me how that's going to work out?

What's that? Yeah, we've got some graph stuff, but we'll leave it alone.

All right. So, you see the overall picture. And so, when we carry this out … And what I'm going to do is, I'm going to go into the summary because what we did was, we sold … Actually, before you do, Kim, sorry. What we did was, we sold his real estate at age 70 under the traditional fashion. So, this basically is his plan. You know, Kim doesn't like the word plan but this is his plan and we're going to look at our strategy in a minute.

All right. So, under his plan, if we look at the stocks and mutual funds. We sold the real estate. We had to pay taxes on … And actually, in the real estate we had deferred depreciation, depreciation he's already taken, plus the million dollars of gain he's already taken. So, all that's embedded in here. When he sells it, he gets $6 million moved over to his mutual funds. Go back to the real estate for just a minute. And what we see is, if you scroll down, he sold an $8 million dollar piece of real estate so that he can use $6 million, 'cause there's $2 million worth of taxes and deferred depreciation, capital gains there. Makes sense?

Okay. So, now let's go to the summary. So, what we see in the summary, pulling income off the different assets, we have … Over here on the far right, we have total net cash flow, annual living expenses, and we have, any extra gets flowed over into a prosperity flow through account. So, just to keep you from having to hit the numbers exactly every year, it takes any differences and just pushes them over into another account so that it can pull them off again in low years, so we can keep all that the same all the way down.

When we scroll down, what we see is at age 101 … Actually, at age 100, he's effectively out of money. The only thing he has left at that point is his personal residence, which was put in as real estate too. So they could pass the residence at that point in time, but they have no more income. And you can see, look what it takes in income in those last years. We're up to, obviously, since had $989,000 worth of expenses, that's the nut we have to cover.

But when we look at this all the way out, that real estate deal, because of the way he had to sell it, ended up with just supplying roughing 30 years of income and then they could pass the house. But I don't know what they're going to do for income at that time, outside of what they have in Social Security.

Click on the cash flows, Kim, there in the middle.

So, we can see here where the money is flowing from each of the other assets, so it gives us a table so we can see. We still do have our earned income and Social Security column going, but $118,000 isn't doing much to an $832,000 expense. Make sense? Everybody good? Got it now? Okay.

So, let's look at the alternative. What if we were able to do a charitable remainder trust with the real estate instead? Now, one of the things that Rick said that I think is really critical and that is, you also want somebody ... it's not just for the tax advantage. I mean, that can be a huge benefit, we'll see. But the reality is, we want somebody that's charitable, right? They get to now make a charitable gift. This should be a positive thing for the fact that they're able to make the charity, which is what they want to do anyway.

Obviously, the issue, like he said was, the problem of the wealth replacement trust for the heirs, right? We have disinherited the family unless we have that wealth replacement trust available when this goes away to send to the heirs.

So, let's look at what we did. So, if you go down [inaudible 00:12:02] two, on the ordinary taxable. Where before he was flowing $60,000 in ... just click on ordinary tax- Oh, you're there.

Kim: [inaudible 00:12:10] just a little bit. Okay, where am I going?

Todd Langford: Ordinary taxable.

Kim: Thanks.

Todd Langford: All right. So instead of putting $60,000 a year in there, we're pulling $13,000 a year out. What that does is, if we look at life insurance, number one, it allows us $43,717 premium for him and life insurance two, a $30,000 premium for her. So we do a pay down on the $250,000 that was sitting in cash. Does he still now have access to that cash and those things he was concerned about? Vacancies, capital expenses, those kind of things? Yeah. 'Cause we've got money we can

access, but now we're earning more than 1%, if we find a place we could get 1% on liquid dollars, right?

All right. So, we've got a death benefit that's growing. We've got cash that's growing at a better rate. Now, let's look at what our options are on the real estate. So, if you go to the real estate. And we have the same money and tax advantage. So, he's still putting his $54,000 a year into his qualified money. But here on the real estate, when we scroll down, because we selected a charitable remainder trust ... And what I did with this one was the CRUT. So, I did it with, I think, with a value.

So, click on the charitable remainder trust, Kim. Click on it again. All right, so in here, we started it at 70. We started our income at 70, which we could defer or not. So we have the ability to do that. We did an income as a percentage of the assets, so in other words a CRUT. And the years for the income, we did 51 years. And then we can do the calculations on the IRS discount rate and the mortality age so that it would figure out what our current deduction is.

Kim: Make that box big for a minute or no?

Todd Langford: No, I wouldn't do that.

Kim: Okay.

Todd Langford: Okay. And then, how long we want to spread that deduction. And I chose four years. You can spread the deduction currently six years, right Rick? Isn't that right? Yeah, current plus five. So, right now, you can take the deduction you get for being charitable, but you can spread it over up to six years.

All right. Why did we do four years? Well, we'll look at that in just a minute. So, go ahead and just hit save. Not that. Go back.

Kim: Sorry. Get it back?

Todd Langford: Yeah. There you go. Okay. All right. So, now what happens is, when we sell the real estate, $8 million goes to the investment, rather than before we had $6 million. Why? Because we got rid of $2 million of tax in the form of deferred depreciation and capital gains. Make sense so far? Okay.

Now, if we look at our mutual funds, you'll notice we don't have anything in there until later, which was just some excess money that we were pulling off. So, where did this 600 come from? Go up to the tax advantaged.

So, this is what I chose to do. And that was, since we took that charitable deduction, I accelerated the distribution of the qualified money over a four-year timeframe and used the charitable deduction to offset that. So, now we have actually empowered, we've taken a hugely taxable asset. So, the charity has

done a couple of things so far. It's allowed us to get rid of capital gains and deferred depreciation and it's given us a charitable deduction so we can make our qualified plan tax free in effect. Make sense?

So, we pulled all of that out over a four-year timeframe, and we pushed that over into regular mutual funds 'cause that's what the guy was doing anyway. Not necessarily that we would do that, but that's where we parked it. If we go over to the mutual funds, we'll see those. And then there's where it gets dumped in, and now we've got an income stream to be able to pull it off of there.

All right. So, let's look at the CRT up there, and it'll just show us what's going on actually in the charitable remainder trust. So, when we shifted that over, there's the $7 million that went in. We see the income. We see based on what we were pulling out, the value of the account is dropping. There's still going to be quite a bit left to the charity in this case. We could be more aggressive with the amount of money we pull out, but we didn't. We just pulled this amount out.

Now, we also see some taxes here. You know, we talked about, well, wait a second, the charity doesn't pay any taxes. Where'd that come from? The individual has to pay tax on any gain that occurred that he took or she took. Does that make sense?

So, in other words, let's say we had a million dollars, we earned 10%. There's $100,000 of taxable value. If we took $50,000 as income, then we would pay tax on $50,000. If we took $100,000, we would pay tax on 100. If we took $200,000, we would pay tax on 100.

Yes. Ordinary income. Does that make sense? Yep.

Because we only pay tax on whatever the earnings were on the account. Okay? And again, only on what we took. If the account earned 100 and we took 50, we don't pay tax on 100. We only pay it on the 50 that we took.

Yes? It is. Yeah.

Kim: Repeat the question please.

Todd Langford: Is that LIFO? Is that last in, first out? Yes it is. So, last in is going to be the interest earned that year. First out. Okay?

All right. Everybody with me? Any questions so far? Okay, so let's look at the end. Let's look at the summary.

All right. So, now in the summary, if we scroll down, we see a pretty different picture here. And understand, these expenses are going through the roof. But rather than 100, we've gotten to 102. That doesn't seem ... well, we did all that

for two. Understand we've done a couple of other things though. We have also been charitable, have we not, that we couldn't have been before. So, before we ran out of money with no charitable. Here, we're still passing $7 million roughly to the charity. There's another piece.

Look at the value of the net worth at that point in time. So, on here, it shows $12,224,000. So, that's more than just the house that's worth six million at that point, isn't it? There's another $7 million worth of cash value there. Could we use that? For income? To carry on if we wanted to? Understand, the other person was out of money at that point time completely 'cause all they had left was the house. Here, we've got an extra $7 million in cash value.

So, one of the things we did, just to take a quick look. What if we did a reverse mortgage at that point in time and used the life insurance policy to cover it so that we still passed the house value to the heirs? Would that be beneficial to the heirs? Not having a house that they're going to have to try to get rid of in nine months to fall under the IRS guidelines because they're living in a different state from where their parents were and the house is going to be a hassle to deal with?

So, now the kids have the choice, don't they? Because if they get the life insurance, they could choose whether they want to keep the house or not 'cause they could buy the house back from the reverse mortgage company, or they could just let the house go and keep the life insurance proceeds. It's a difficult thing for the person who doesn't have the life insurance to back it up, agreed?

All right. So, let's look at number three. So, if we did a reverse mortgage based on taking the money starting at age 85, and we can get about typically about 6% of the asset value per year, tax free, then now this is taking it down to 116, so an extra 16 years, and they get to still pass the value of the house to the heirs. Make sense?

Could they, if they got to this point, and said, "You know, I know, we really did plan on leaving money to the heirs, but we do need to still eat," could they ... because what is that $6 million at that point in time? What's that? It's the cash value that's backing up the house. Could they then actually start taking income off the cash value directly if they wanted to to continue that process? So now they're totally flexible, they've got an extra 17+ years of income again that's working on an increasing scale to keep up with inflation and beating those costs that are killing most people through that retirement phase. Make sense? Questions? You all can go out and do it now, right?

But what I want to get across is, do you see the overall value with the numbers? Rick, do you have any questions on what's there? Look reasonable? Okay. No? Okay.

Kim: And that is asset flow. Everybody up, everybody up. Up, up, up, up, up. Up, up.

Todd Langford: So, now we need-

Kim: We're going to have a discussion.

Todd Langford: Right. We just need a few minutes.

Kim: Okay.

Todd Langford: Like 10, 15 minutes? How long did you want the discussion?

Kim: So, here's what I'd like to do. I'm going to have you get into groups of three or four, just right at your tables. So, like two give or take for each little table. And just talk about the idea of the charitable remainder trust, the idea of what you saw here in the asset flow calculator. Some of you own truth concepts, some of you don't. Anybody can get it 10 days for free, including clients. Including clients. Ten days for free. I say that all the time. Most clients are never going to do it, but knowing that they can is such an awesome reduction of disconnect between them and you. 'Cause they can go get the cool [inaudible 00:22:53] that you are showing them stuff on.

So, we're going to discuss. We're going to have ... let's go with three minutes each times four is 12 minutes. And so, let's do 12 minutes on the knowledge of the music people. And what I would like to do is have every three minutes, just have a little bit of noise so that everybody gets to talk. So, you guys can all jabber at each other or you can have one person talk, and then one person talk, one person talk, whatever. And that's how we're going to just really get the learning that we just had about the whole charitable remainder trust and maybe how we might use asset flow in our work drilled down into our brain deeper.

So, before we start that, let's handle Wade's question and then we'll get in groups of three or four.

Wade: Excellent. Thank you guys. Not about calculators, but the appreciated assets. Businesses.

Todd Langford: Yep.

Wade: All right. That was not noted here. We're all business owners. This could all apply to us in that context, but also the clients we work with in that sale. So, I thought that was critical that we point that out.

Todd Langford: Yep. Absolutely. Great. Thanks.

Kim: Absolutely.

Todd Langford: And maybe what we want to do after the discussion is, if there are any questions, 'cause maybe that'll generate some-

Kim: Sure.

Todd Langford: And then we can go to the mic just for a few minutes-

Kim: Absolutely.

Todd Langford: Just to answer those and make sure everybody gets it. Because it is a pretty, pretty deep idea, but at the same time, it's fairly simple if you just step back from it a little bit.

Kim: Okay. So, 12 minutes on the speaker clock please and you can do your 12 minutes up on the screen as well. Everybody stand up. Get in groups of three or four. Have a great discussion. Go.

May I have 25 minutes on the speaker clock again, please?

Todd Langford: Actually, before you do that-

Kim: Yeah. Questions?

Todd Langford: Yeah.

Kim: Yeah.

Todd Langford: Yeah.

Kim: Go ahead.

Todd Langford: So, did that generate any questions that need to be answered around ...

Kim: So, go to the microphone if you would.

Speaker 4: Yeah, this is where I wake up every morning and realize I know nothing, so thank you. I mean, honestly, the thing with the CRT, it's just one of those on the to do list that I think, especially with clients that have a substantial amount of real estate, but it's one of those things when you're getting trained, you ask the audience, do you have questions? So it's like, well everyone either understands it perfectly or it's at such a high level for me right now that I wouldn't even know where to begin, but I do appreciate it because this is just one more thing that I have to ... So, what would this be time management wise? Is this studying the product?

Kim: Strategy.

Speaker 4: Strategy, okay. I just want to get clarity. Good. Thank you.

Kim: Gary?

Gary: So, we're both engineers and I completely agree. Last year, if you remember, my feedback was, what the heck is this thing? Todd, you didn't start with any context.

Todd Langford: I know. I didn't this year. I was going to make you come to the microphone and give context except that it sounded like you had already arranged with Kim to do a ... hold court.

Gary: Right. And you better be sitting there to by the way. That's the reason I came to the mic is to try to provide a little context-

Todd Langford: Good.

Gary: But first of all, provide a disclaimer that Gary does not know everything about that calculator. I want to have a conversation with other people at the table to also gain value from that. But being an engineer like yourself, my head blew last year. And I know you were there last year so it probably blew twice, right? Like mine. It's like a, you know being an implementer, it's like walking into Jay Leno's garage and just my mind exploding because I want to touch every one of them and spend a day with each one.

So, that's not good for implementers when you do this. And people who are not implementers-

Todd Langford: How many people in here are implementers besides Gary and I?

Kim: So this is Colby number four. You're five or above? Interesting.

Todd Langford: Cool.

Gary: So you like to use tools. We just introduced a thousand tools in one calculator. So, that's the challenge for us. But people who don't like tools and won't use tools, that's just even worse. So, I think on the ... where I see this with context is that it provides you the opportunity to have ongoing conversations with clients. We had a discussion at my table, would you use this to prepare for client meetings? And I wouldn't, unless you want to have just like five clients all year 'cause it is a lot of time.

And we have something similar at Paradigm Life that I dig into and spend a lot of time on. And all the clients that have forced me to go to that path to make the initial sale, I have not sold to one of those people. And the main thing was because I hadn't connected with the individual and gotten their mind on board with it. And just using more calculators. Even when I did prove to them that it's

far better this way, it didn't matter. They weren't going to buy. That was the initial thing. They weren't going to buy. Trent's looking at me like, "You waste a lot of time dummy." But he's right. I did.

And so I would not use this as an initial thing for a calculator. It's very helpful for you to know in the background that this is going to be better for them and put it into words on how it will be better, but I actually personally am trying to use it for annual reviews. I like the concept or the idea of having this thing around, having created it for them, for the first sale, and then at the annual review when I send my little questionnaire to them and it comes back and they say, "Well, the car blew up and the business didn't go so well and we got an inheritance, so there's been some changes," then I can quickly add that to the asset calculator and say, "Okay, here's where we were headed. Here's now where we're headed."

And I may still not show them, or maybe I'll show them one graph or something like that. But I see it as an ongoing thing, but I don't see it as preparation for every first sale. I think that's a bad plan.

Todd Langford: Sure. I agree. And you're getting questions more and more from clients that just, even though, I mean, they've already purchased and understand and are headed in the right direction, they have this thing in the back of their mind, "Can you just show me, if everything stays the way it is now, even though we're not ... I know it's not going to, what that potentially looks like in the future."

Nope. It's just a strategy. You're right. I mean, it can turn into a plan if you're not careful. That's exactly right. Yeah?

Kim: Go ahead, Tom.

Tom: Todd, in my neophyte mind, I'm a concept guy. I'm not the numbers guy.

Todd Langford: And that's really what I wanted to get across today, was the concept of the CRT.

Tom: I want them to want it and then I know the software's there to confirm the idea or the concept-

Todd Langford: Exactly.

Tom: Strategy that we saw. What I saw there was a way to create a comprehensive macroeconomic strategy for a client. Here's where you are today. Everything is gone. Here's what it's going to look like and here's what it's going to go forward.

Todd Langford: Even though we'll guarantee none of these numbers are going to look like this.

Tom: Well, we know that. Numbers are never going to be guaranteed.

Todd Langford: Right.

Tom: I don't care what anybody says. But if that's what I saw-

Todd Langford: Yep.

Tom: God bless you, man. It's awesome. Awesome.

Todd Langford: Thanks.

Tom: Thank you.

Todd Langford: Thanks.

Randy: Todd, we talked about this yesterday, but-

Kim: Closer to the microphone please.

Randy: To me, it just looks ... This is for our certainty-

Todd Langford: Right.

Randy: More than anything else. Being able to prove a CRT in our heads gives us that conviction, but I also, and Gary made this point, is in the reviews but the follow up in added value. If we're going to go into depth and detail, this is something that we charge people for.

Todd Langford: Yep. And it would easily-

Kim: We'll hear about that this afternoon.

Todd Langford: It would easily validate the fee you're charging if you're charging fees, would it not?

Randy: Absolutely.

Todd Langford: So, yeah.

Speaker 8: Yeah. And piggyback on Randy that I know in [inaudible 00:30:18] that you're only going to do, you know, use the asset flow for people that are paying perhaps a pretty hefty fee for that work to be done. But also, I could see just a huge value in working through this, not just for your own concept, but putting together some sort of case study, whether that's something you do yourself or us. And maybe a white paper that we do moving forward, just to prove the concept and people get the concept and they don't necessarily have to know their exact numbers. Yeah.

Kim: Yep. Looking forward to that.

Speaker 9: So, we do quite a bit of CRTs as a firm and do a lot of teaching on this. So, just to make this really simple, I had my 24-year-old assistant did his first CRT as any transaction strategy with any client. He's never sold a life policy. He's never invested money. He's never done a single thing, except for his first deal was a CRT.

Todd Langford: Wow.

Speaker 9: And I'll explain the story real quick. It's pretty cool. So, he was looking at buying his first home-

Kim: You can take that mic out if that helps you.

Speaker 9: Yeah. So, he was trying to buy his first home and so, he went down a street very similar like Caleb is. He's a little hustler. And he was looking for a duplex, and so he found a row of duplexes in Orlando and started knocking on doors, asking if anybody would sell their duplex. And someone said they guy down the road would probably consider selling it.

So, he came back to the office and talked to us and said, "What do you think I should do here?" So we look out on the property appraisers. We found out when the guy bought it, we figured the guy was renting it. He was renting it. We found out the depreciation. We kind of gave a ballpark depreciated value, what he was going to be dealing with and knew he had capital gains.

So, we said, "Call the guy up. See if he's open to selling." The guy was. So, the deal was if you sell it, it was about a $250,000 property. If he sold it, after real estate taxes, working with a realtor, capital gains, and recapturing the property, he was going to lose about, let's just say $80,000, all right? So, 250 minus 80, we're dropping that number down.

So, we said, "How would you like to be able to sell this property, avoid all recapture, avoid all capital gains, avoid all real estate commissions, and get a fair value that we can offer you on your property." The guy bought it. He went to his CPA. He went to actually his investment advisor, and the guy said, "Hey, I can do this for you." The guy said, "Well, if you haven't brought it to us, why would I do it with you?"

So, he ended up doing the program with us. I think Jonathan bought it for maybe a little over $200,000. I found a fair value and bought it for $200,000. Understand, there's four components of when you do this program. You need a tax preparer. You need someone who understands the tax return, how to do it. You need the attorney to draft the documents, whether on the eyelet or the CRT side. You need an investment advisor, someone's got to ... How are you going to put the money in the CRT? What are you going to do? How are you

going to manage the money? And then fourth, you need the insurance if you're going to wrap it all together.

So, I got to manage the money which is pretty cool. Jonathan doesn't do anything. He just go his house. And so, we prepare the tax return every year for the guy and pretty sweet deal. So it's not that complex. These aren't million plus dollar deals. This is a $250,000 rental property. So, anyways.

Todd Langford: Very cool. Thank you.

Kim: Super cool.

Todd Langford: Yep. Okay. All right. So, if you'll close that.

Kim: Close this?

Todd Langford: Yep. All right. So, again, like Kim said, don't try to learn how we're doing this. We just want to prove some information that kind of floats around. And it has to do with the idea of ... Well, I don't want to spoil what it is so, we'll just-

Kim: But can you set any context maybe? Or no? Maybe afterwards?

Todd Langford: Maybe afterwards.

Kim: Okay.

Todd Langford: Okay. So, what we have, we've got a ... We'll do a 35-year-old first. We'll do a 70-year-old in a minute if we have time.

Kim: So, this is the diversification calculator for those-

Todd Langford: Yep. So, we're going to use diversification, and we've got a 35-year-old that has a diversified portfolio. He's got $100,000 currently in securities, $100,000 in bonds, and he's adding $30,000 a year overall. So, he's adding $15,000 to the securities side and $15,000 to the bonds.

Kim: Let's get those facts just one more time.

Todd Langford: Yep. So the first one, we've got two pages that we can put in on the diversification. On page one, we're going to put in as securities. So, we've got $100,000, adding $15,000 a year in savings.

Kim: Sorry, Todd, do the facts of the clients again, please.

Todd Langford: The whole thing?

Kim: Yeah.

Todd Langford: Okay. So, he's got $200,000 total.

Kim: 35 years old.

Todd Langford: 35 years old.

Kim: Adding 15k.

Todd Langford: Adding 30k.

Kim: 30k.

Todd Langford: Yep. Okay. So what we're doing is, we're putting $100,000 in the securities, plus $15,000 a year. And he was going to definitely beat the S&P, as everybody is. So, let's use the S&P with dividends, and we're going to go back 85 years and we're going to use the last 85 'cause we're going to pull forward that far in a minute. It's not that I'm picking a particular time. I'm actually using all of the last 85 years of the S&P.

Kim: Minus 85, you said?

Todd Langford: Right. 2018 minus 85. So copy that. Change it from fixed up there. And for the timeframe, Kim, let's put ... Oh, you did. 35 years. Okay. And he's 35 years old. All right. So at the end of this timeframe, if he does what the S&P did, he'll end up with $15 million without taxes or management fees. So, let's put a point a half management fee on it. And let's put a blended income tax rate. We're going to use 25%. Some of it's going to be a capital gain. Some of it's going to be the regular, ordinary income. And now what we see is, that went from $15 million down to $4 million. Pretty substantial difference for just, what? 26.5 points?

Adding 15 here and then we're going to 15 to the bonds, for a total of 30. Good question. All right. So let's do this now. Oh, that's what I ... What happened in 2008 when people lost tons of money in the market? Did they get a tax deduction when April 15th came around the next year? Or did they end of paying taxes actually on those losses because of the deferred capital gains?

Right now, the way the calculator's doing, it's actually giving them credit for that. They should be paying tax in those years. What we're going to do is, we're going to turn off the tax credit for losses and this sis going to be actually less tax than they actually probably would have. Just saying, in the down years, they didn't pay any tax. Make sense? Okay.

So, now what we see is, we see the total of the $3 million at the end of the timeframe. Okay. So now, let's go over to the bonds. So, number two. So we'll put in the same roughly, $100,000 there, $15,000 a year. We're going to have the bonds earning 3%. Management fee of a point and half.

Now, let me ask you something. Why does the bond portfolio exist in the overall portfolio? To reduce risk. So what does that say? That says you really don't believe the securities side, does it not? I mean, why else would you have that bond anchor if you believe the securities were going to do what they were going to do.

Speaker 10: I believe it's for the advisor to save his job.

Todd Langford: The first word you were going to say was probably right. Yeah. All right. So, the bonds are going to earn $853,000. Let's put in income taxes now. We'll use the same 25%. Some of them are going to be munis so they don't pay any tax. Some of them are going to be at full taxable income rates. And let's also give them $800,000 worth of term insurance.

Kim: Did I turn the taxes on on the first one

Todd Langford: I'm not sure.

Kim: I'll go look in a minute.

Todd Langford: Yeah. Okay. So, let's pull in some life insurance values that we have. So, pull in that first one. We'll use it in a minute. And pull in the 30-year term insurance.

Kim: If we have time, we'll go over this case study twice.

Todd Langford: Okay. Close that. And let's cancel the term at 64. Are they going to keep the term past the 30 years? What are those level term premiums going to go to? 20 times? That's an interesting thing and it's something that'd be very difficult to get across to your clients, but just something for you to understand just quickly and if you have more questions about it, ask me later.

When they design the level term policy, it's actually, the premiums are lower than the mortality costs. Does that make sense? How can they do that? They can do that because they know the risk is going to be clipped 30 years from now. So they can undercharge for the mortality costs, knowing that's going to go away. So, when the premium goes to 30 or 40 times in that 31st year, is that an excessive premium design just to force people off the risk? No. That is the actuarial cost of catching up with that undercharged term curve. Does that make sense?

The reason I think it's important for you to know, and like I said, that'd be a very difficult thing to get across to your client, but when we have life insurance death benefit included in our whole life policy, that is the value of that death benefit. It's not just the level term insurance cost. It's whatever that had to jump to to stay on that mortality curve. Does that make sense? Okay.

All right. So, here we have-

Kim: Okay. We're good.

Todd Langford: All's good.

Kim: Yep.

Todd Langford: All right. So, we end up with $736,000. Go over to the both. And let's look what our total is. So, here we have $4.6 million over this timeframe. Now, the portfolio is going to obviously get out of line, and we had $3.9 million in our equities and only $800,000, are we going to rebalance the account ever year? Yeah, to keep that 50/50 split in this case.

So, go ahead and click on the rebalance right there. And it takes our $4.6 million down to $3.5 million. So we basically lost a million dollars just for the rebalance portion. Like I said, that's the anchor of those bonds. Questions so far?

Okay. So, what if we could buy life insurance with the bond portfolio? Wouldn't that be really shifting a like asset for a like asset? What's life insurance company buying? What's a large portion of their portfolio? Bonds, right? So, that could be our safe asset. So, let's go over to the bonds. So, go to number two. And let's buy $22,000 a year worth of that life insurance we were just looking at. Since that bought $849,000 of death benefit, could we get rid of the term insurance and still have the same protection that he currently has? All right. So, let's turn on the term recovery. And now let's go over to the both and let's see what happened.

Wow. We moved up to $4.3 million. We got rid of that loss that he had just a minute ago on the bond side, didn't we? And if we look at the chart, I think it'll be a little easier to see.

Speaker 11: Todd, why is it $22,000 over the premium?

Todd Langford: 'Cause that's what we decided to do. No, the $22,000, if we turn off the rebalance, that would be close to a pay down on the bond side. And what the computer does is, whatever we have in there and we're shifting over, it knows … when it does the rebalance, it uses the cash value plus anything left in the other asset as that asset on the transfer, as far as deciding how much of it is going. So, as more and more we build on the cash value side, the less and less we actually have in bonds over there to be that balanced portion of the portfolio.

Yep?

Speaker 12: How do you account for the cost of capitalization [inaudible 00:43:12] cost of insurance?

Todd Langford: It's all in here. All we're doing-

Kim: Repeat the question please?

Todd Langford: Yeah. The question was, how do we account for the capitalization of the life insurance policy? We did it by basically, we're pulling $22,000 off of that bond portfolio, so that's what's buying. We're just doing a shift of that asset.

Speaker 12: [inaudible 00:43:30]

Todd Langford: Yep. Yep. The cash value is based on that $22,000, and the account is dropping in value by losing that $22,000 every year. Now, what we see here is the account-

Kim: Hold on. Where's the account losing $22,000?

Todd Langford: Well, you can't ... This is on the both. We've got both accounts there. So, go to number two. And what we're going to see is, see what happens to our bond portfolio? It goes from $100,000 … Why did it go to $120,000 the next year? Well, the reason it went to $120,000 next year-

Kim: Show me where. Sorry, I'm not finding-

Todd Langford: That's all right. On the left. Asset value beginning of the year.

Kim: Thank you.

Todd Langford: Okay, so we have a $100,000 the first year. We pull out $22,000 to go to the life insurance, but in that year our equity's earned quite a bit, so they had to dump off some value back to the bond side, so that's why we have $120,000 that year.

Speaker 11: Because you're rebalancing.

Todd Langford: Right.

Speaker 12: I know you're rebalancing, but in terms of [inaudible 00:44:25].

Todd Langford: Absolutely. And see what happens-

Kim: Todd, please repeat the question.

Todd Langford: Okay, so the question is, whenever we have a policy like this, we know up front there is going to be a cost for doing that, and there is, absolutely. If we look at our cash value, we took $22,000 of the asset from the bond and we've shifted it to be $11,000. Make sense? Okay.

All right. So, now we see your … Let's look at the chart.

Kim: So, on both?

Todd Langford: Yeah. So, on asset value … So, this is what it looks like on asset value. And to answer your question, are we going to be a little bit behind the bond portfolio because of what happens to the life insurance policy up front? And what we can see is, see our redline is no life insurance, blue line is the life insurance included. And you can see, we are behind at the front, but then it walks away from it as it goes out in time. And if we look at it from the standpoint of the heirs, number two there, then we can see, this is how the heirs are protected across that time. So, that's the death benefit versus the net asset value if death were to occur at any of those points. Make sense? Good so far?

All right. But let me ask you something. What's more important, net worth or cash flow? Cash flow. What does everybody focus on? Net worth. Okay. So, what we're going to do is now, we're going to shift gears. And from age 70, we're going to start pulling money off the account. So, go back. Close this. Just, nope, nope, nope. Just close the chart. And let's go to number two. Actually, let's change the timeframe. Let's go 85 years, and let's turn off the transfer. Let's go to number two. You're there. That's where I need you to turn off the transfer.

Kim: Oh, sorry.

Todd Langford: That's all right.

Kim: Do it again?

Todd Langford: No. Just do it there. Yeah. Now let's go to number one. And what we need to do is, at age 70, let's start pulling $150,000 out of this one.

Kim: Right here?

Todd Langford: Yep. Click there again. Go up to 70. Up to 70. Okay. Let's put in …

Kim: Right there. Yeah?

Todd Langford: There you go. Minus $150,000. So, we're going to shift gears from putting money in to pulling $150,000 a year out. Now, at that point in time, are we going to also have to stop putting money into our bonds? That's when the $15,000 going to stop over there too, so go to number two. And go down and turn off the $15,000 a year at age 70. Go down again.

Kim: Yeah?

Todd Langford: Yep. Zero. So, everybody understand what we have so far? We've got $15,000 going into the investment out to age 69, starting in 70, we're going to start pulling $150,000 out. When we do that and we go over to the both, then what we see down there is some red numbers. And let's see where it ran out. So, if we scroll down … We ran out at age 105. Basically, at 105, we're out of money.

Depleted both bond portfolio and the equities portfolio at that point in time. Everybody with me so far?

What happens if we shift the money to life insurance? So, go to number two. Turn the transfer back on. And let's go look at that.

Kim: Both?

Todd Langford: Yep. Now when we scroll down … rather than 10- where'd we run out before? Turn off the transfer and turn it back on right here, Kim. So, now we've run out roughly the same place.

Kim: Do I have something wrong?

Todd Langford: Yeah, you've got something ... Go back and let's look at number one.

Kim: One?

Todd Langford: Yep. We have taxes, net. What do we have on both, on number two? Turn on the turn premium recovery. Why is that off? Nope. Turn it off. Or, sorry, it's on.

Speaker 12: [inaudible 00:49:29]

Todd Langford: We're not supposed to 'cause we shifted. We went from $15,000 in to $150,000 coming out, further down the road.

Kim: It shows that up at the top, but I changed it down below.

Todd Langford: Make sure that's all coming out. All that's good. Go back over to the both. We did the transfer. Should be $106,000, but I know why. So, we extended it about a year, but we have more value at that point in time than we had in the other one. So, there's part of the differential. So, in other words, what we did was, we added a year of income, but we also, rather than having him completely out of money, we've got the life insurance cash value there of $3.7 million that we didn't have before, that we could then start pulling off of or whatever else, correct? We got the death benefit, we got the coverage, we extended the time.

But that's not really … What killed this account? What killed this account, a big part of it was, when we have a negative and we have to pull money out. Most fund managers will tell you that if they could dictate when somebody takes money out of an account, they could greatly increase the value of the account. But it's the weirdest thing. People have to eat every day. They can't make a decision not to pull out income to eat on when the market's down.

But what if we had a volatility buffer, a life insurance policy that we could lean on in the times when the market's down, so that we're only pulling money out

of the market when the market's up? Would that change the value of the portfolio? Seems like it might some, right? Let's see how much.

So, pull in the other life- go to number two. So, I've run an illustration where, on the down years, it pulls $150,000, pays the tax, pulls it down to basis, and then continues to pull it out after the basis, but pulls out enough to pay tax, so they get a net $150,000 a year. So, I just ran that with my illustration software.

Kim: Age 70, right?

Todd Langford: Everybody understand that?

No, 35.

Kim: Okay.

Todd Langford: Okay? I'm liquidating. I'm not taking a loan and building a loan in the life insurance policy. Instead, I said let's just see what happens if we just liquidate in those years. Again, we can liquidate down to basis, and then we have to pull out more than the $150,000 so we have enough to pay the tax and still net $150,000, right? Good?

Okay, so now go to both, and when we scroll down, holy cow. We pulled $150,000 a year out all the way to 120 and we have $11 million to pass. So, we went from running out of money at age 100 to keeping the $150,000 all the way out to 120 and passing $11 million. If we live longer than that, do we have a source of money we could pull from with $11 million sitting there. It makes a drastic different not pulling money out of the market when it's down. I have looked at this every different way because my initial thought was there is no way this could be because, if we add up the years there … Scroll left a little bit. How many years out of this timeframe we pulled out of the life insurance instead of out of the market?

Kim: One, two, three, four, five, six, seven, eight, nine, ten.

Todd Langford: So, we pulled a million and a half out of the life insurance policy, and it shifted us from running out of money and zero to having … actually in the equities, there's still how much money? Click on number one. Scroll down. Keep going. There's $5 million still in equity. So, we either run out at 100, or we can take a million and a half from a life insurance policy over that timeframe and end up with still $5 million in the equities, plus the life insurance death benefit and cash value. Does that make sense?

How can you beat that? What's more important, the cash flow or the net worth? So, we exceeded both, but what we have to understand is the value of that could be hugely impactful if we had that volatility buffer where we're only pulling money when it's advantageous rather than all the way through. Now, did

I pick a specific time in the marketplace to do this? No, I just picked the last 85 years. And it worked out. Questions on that?

Speaker 12: Are you just doing this for commission?

Todd Langford: That is a ... Absolutely, can't you tell? All I did was help me. I mean, how do you have that kind of impact for your clients. Who knows what's going to happen over that timeframe? See, this really understates what might be typical. Is it possible that because we have the life insurance, there might be other years when it might not be … You know, this is still going up and we're pretty sure it's going to continue to go up, so let's not liquidate some of that asset. Maybe we just lean on the life insurance policy another year. And on those cases, could we not potentially, rather than liquidating it, maybe we borrow against knowing we're going to wait until next year to pull that out of the equities. What kind of impact could that make if we've got some stock that's on a huge run up? But we've got that flexibility. Because the one thing we know absolutely is that everything is going to change over the next 85 years, agreed?

So, if that's true, why would we put our clients in a place where it's locked up and they can't make changes for what's going on? So I think one of the best things that we can offer our clients is options. The ability to move, as we know all of this other stuff is going to move. Have we done that with life insurance? Absolutely. And we still protected the asset. Okay?

So, as is usually the case, well, yeah, this worked great on a 35-year-old. What about on a 70-year-old? Is it possible we could buy life insurance on a 70-year-old?

Speaker 12: I've got a 73-year-old. Can we do that?

Todd Langford: Well, no, 'cause I have life insurance values on a 70-year-old. All right. So, let's get-

Kim: Can you put 10 minutes on the speaker clock, please?

Todd Langford: Let's get another diversification. We'll just open up a new one.

Kim: Okay.

Todd Langford: All right. Well, you closed that one anyway.

Kim: Oh, you meant new that way.

Todd Langford: Yep.

Kim: I did new this way.

Todd Langford: Mm-hmm (affirmative). Well, now we can't go back to that one, but that's all right.

Kim: Do you need a file?

Todd Langford: No. File in there.

Kim: Okay. You're good?

Todd Langford: Yep. All right. So on this one, we've got a 70-year-old with $3 million, wanting $100,000 of income. So, we've got a million and a half in equities, a million and a half in bonds. And we're going to look at the last 50 years of the S&P with dividends. So, let's go out 50 years. That gets him out to 120. Present value of a million and a half. No savings. Change it from fixed to variable, and let's go to the market and let's pull in the last 50 years of the market. So, equal 2018 minus 50.

Let's go ahead and add a point and a half management fee. And income taxes of, we'll do the same 25%. So, we're not going to have any term insurance on this one either on the bond side, so go to number two. Let's put a million and a half there. Savings rate of three. Sorry, nothing there, yeah. Three. Management fee of a point and a half, 25% taxes. Okay.

Based on not pulling any money out, if we go to the both, and automatically rebalance, we're going to turn $24 million into $17 million. So the rebalancing only cost us $7 million. Again, why do you have that bond portion? 'Cause you know the equity's portion … I mean, you don't think the equity's portion will make it?

All right. Let's look at number two and let's buy some life insurance. So, what we're going to do is again shift some money from the asset. We're going to shift $100,000 a year from the bonds into a life insurance policy. If we go to the transfer, let's add, load life insurance values. Let's add our … do our, the next one down, 10k with $37,000 a year coming out. So, we'll just skip the first part.

Kim: We've got more time. Do you want to do it?

Todd Langford: Sorry, nope. All right. So, did we turn off the tax credit for loss on number one? Okay. Now, let's look at our-

Kim: Hold on. I haven't transferred. $100,000?

Todd Langford: Yep. And let's look at the both. All right. So, with no money out, rather than $17 million, we'd have $20 million. What about from an estate planning standpoint, Rick? Would it be helpful to have life insurance? Is it an easier asset to push off into a trust? So, we could actually make more of the $20 million that passed versus the $17 million that we had in the other scenario. But again, they're

going to derive income. If we're looking at $100,000 a year -- turn off the transfer, and let's go pull out $100,000 a year.

Kim: Turn it off on two?

Todd Langford: Yeah. And go to one. Let's pull $100,000 a year out.

Kim: Right away?

Todd Langford: Yep. Just put up at the top on the savings, you can just put minus 100 up there if it's easier. Scroll down. Okay. At age 119, we're going to be a little nervous seeing our $3 million go to $9 million-

Kim: $900,000.

Todd Langford: Wondering what's going to happen. What's that?

Kim: $900,000.

Todd Langford: I mean to $900,000. Sorry. That's a long way from the 17 we saw a minute ago. It's amazing what $100,000 a year can do in a market that's supposedly earning an average of 11.4% isn't it? How $100,000 eats the $3 million account up over that timeframe. If we go to both, so we see we've got $1.9 million total with everything. Let's turn on the transfer.

Kim: On two?

Todd Langford: Yep. And what we're going to do again is, when the market is down, we're going to pull money from where? The life insurance cash value. And what I mean is, were going to take it from the life insurance policy, not against, right? When we scroll down, now we have $2.3 million. We pulled out the money all the way through. Oh sorry, go to both. This was just on the life insurance side. Sorry. So, now we have $4.9 million to pass, rather than $900,000, all because we have had that volatility buffer and we bought it on a 70-year-old. And I think what happens is, many times in business, we think, and you'll hear it from clients, "Man, I wish I'd done this a long time ago. I'm 70 years old now. The life insurance, I'm going to take a huge ding." As long as they're healthy, the growth curve is pretty similar to a 35-year-old. It's going to be a little different, but if you've got the same timeframes, it's about the same. And so, what you can see is, it has a huge benefit, even for somebody that gets already to that distribution phase without the life insurance.

So, it doesn't work just on a 35-year-old or a 40-year-old or a 50-year-old. We can use it on all our clients. And if we get Rick involved in handling some of this, we could even make that that much bigger. Does that make sense? Questions on that or about what it says? Yes?

Speaker 12: The automatic rebalance just pulls that out in a couple of years, is that what you're doing?

Todd Langford: What it does is-

Kim: Repeat please.

Todd Langford: So the question was, what does the rebalance do? What it is does is, anytime either of the side of the portfolio is out of balance with the other, so whatever we choose as our balance ration, whether it's 50/50 or 40/60 or whatever it is, here we add a 50/50 split in equities and bonds, so when we tell it to automatically rebalance, if the equities get above the bonds, then it shifts money over to the bond side and vice versa.

Speaker 12: I get that, but what about the insurance?

Todd Langford: The insurance is considered, 'cause we put it on the number two, so the cash value of the insurance is considered part of the bond portfolio, so it uses that in the analysis.

Trent: More of a comment. Both ages, 35 and 70. You demonstrated that if they started at 35, they have a whole lot more options throughout their life-

Todd Langford: Absolutely.

Trent: When it's in place.

Todd Langford: Yep.

Trent: You also demonstrated it works at age 70, but what you really told them was, no matter what happens to the economy, this is not an either/or discussion.

Todd Langford: Right.

Trent: It's an and discussion.

Todd Langford: Absolutely.

Trent: And the only way you can have an and is through the power of acknowledging what these guys are learning with you. The 70-year-old, he says, "I really wish I had done this earlier."

Todd Langford: Right.

Trent: Okay? "I really wish I had done this earlier." You said that, "I really wish I had done this earlier." Well, what are you going to say 10 years from now-

Todd Langford: Right.

Trent: If you haven't done it yet?

Todd Langford: Right. Good question.

Trent: So, if we can move through this, we could also talk to him in a way about how would you like to never suffer through another down market again.

Todd Langford: Yep.

Trent: And so we're discussing ways to mitigate the risk as close to zero as possible so that we can maneuver our own personal economies the way that the economy would work.

Todd Langford: Yep.

Trent: You go way beyond the market risk and you addressed it a little while ago, was there's market volatility, there's health risks, health concerns later, where you don't have to go liquidate an account to get the benefit. Some of those insurance policies would provide some of that money without withdrawing from the account with some of the riders.

Todd Langford: Absolutely.

Trent: We also, if you add that insurance early enough, you're also protecting from maybe legislation, from contract law, to where we might be protected or grandfathered in if rules change somewhere else in there. So, you're addressing 9, 10, 12 different risks that people don't normally see.

Todd Langford: Right.

Trent: And don't hear about. Who else is protecting you from these losses? And by the way, why didn't your other advisors share this with you?

Todd Langford: His trusted advisors for the last 30 years. He should have done this at 40.

Trent: Right. Do they not know how to do this stuff? We know how to do this. Do they? Or do they not just care enough about you?

Todd Langford: Yep.

Trent: So, if we're in that position, no matter where you're at in the conversation, without drowning them with all the numbers, that you know the numbers, but you know more about how the flow of it all works in their favor.

Todd Langford: Yep.

Trent: You can't lose that scenario.

Todd Langford: Nope.

Trent: If you came in and said, let me show you what I got-

Todd Langford: Right.

Trent: You're going to have an argument, because 12 is much greater than four, right?

Todd Langford: That's right. Yep. That is not the point. This is a backup.

Trent: Great job.

Todd Langford: Good. Thanks. So, to add-

Kim: Do you want to answer this question?

Todd Langford: Oh, sorry.

Speaker 14: Quick practical question.

Todd Langford: Yes?

Speaker 14: Are you going to show this to a- How am I getting from, I know this and you've shown this, or I've shown this to myself, how am I getting from Point A to Point B?

Todd Langford: Great question. So, there's a couple of things.

Speaker 14: Paralysis is going to happen, I think. I mean, it's compelling.

Todd Langford: Right. There's a couple things here and it goes partially to what Trent was saying too, and that is, the information as to why we'd want to do this needs to come away before we get to the numbers. All this does, and the software should be considered this all the time, it is a tool to support what we're talking about, our message. It should not be the message, okay? This is not going to do it. We need to talk about all those other pieces, the risks we've gotten rid of and everything else. And by the way, it does work out mathematically, okay? We could print out the final and just say, "Here's the different between the two," and not go through all that with the client.

My point in doing this was just to show you guys that this is a huge, huge benefit. That when we ideally say, "Oh well, you know, you have life insurance and you could lean on that as a volatility buffer," these are the numbers. This is the kind of difference it makes. It means going with our 35-year-old from running out of money at 102 to having income all the way out to 120 and

leaving $11 million. That is a drastic, drastic difference. I don't want you to know how necessarily to do this right now. I want you to understand that it works and why it's important to do what we do.

You know, to add to what Trent said a minute ago, and that was talking about the risks, he mentioned health a little bit. What degree do you think stress has in our health? You know, it's been proven that almost all of our health issues come from stress. How much stress are people under because all of their money is in equities and they're watching what's going on in the marketplace every day wondering if they're going to be able to eat or not? How stressful is that? What does that do to life expectancy versus, in this scenario when they know they've got a hedge against that risk, and they don't have to sweat it? What does that change in their life that you can't measure? How high is up? Okay? Yes?

Speaker 15: So, I've been a pilot for 25 years. When I first started flying, I used to do fuel calculations to figure out how much I needed to get to the destination, 'cause of course every gallon of fuel you could take, it takes more energy to get there and stuff. But then, nothing ever worked like I thought when I got up in the air-

Todd Langford: A little more wind or a little less.

Speaker 15: I mean, nothing ever worked like I planned it. So, then I've gone through this mental gymnastics about, okay, where's the nearest airport? Am I going to need to stop or aren't I? And my trip was not as enjoyable.

Todd Langford: Sure.

Speaker 15: Now, I just fill the tanks. I mean, who cares about the extra burn. Just fill the tanks. You know?

Todd Langford: Perfect analogy. That's great. Huh?

Speaker 16: There's actually an article in this month's issue-

Kim: Thanks, Julianne.

Speaker 16: There's actually an article in this month's Journal of Financial Service Professionals about longevity insurance increasing longevity, meaning-

Todd Langford: Oh cool.

Speaker 16: Annuities, guaranteed cash flow streams, and the evidence is clear that there's a connection.

Todd Langford: That's fabulous.

Speaker 16: They're trying to figure out-

Todd Langford: To what degree?

Speaker 16: But, like, who cares?

Todd Langford: Right. Fill the tanks.

Speaker 16: Yeah.

Todd Langford: Yeah, that's great. And that brings up another point. He talks about the annuities. Could we at any point in time, knowing that we had that life insurance to protect the family, could we convert some of this to annuity so that even takes more of the stress out of here potentially? I mean, all those are options. We don't know at that point in time what that's benefit's going to be, but if we've got the options to be able to move with whatever's available, then it definitely increases our opportunity to have less stress, get rid of the risks and have a much more enjoyable lifetime. Make sense? Okay? Any more questions? All right.

Kim: All right. So, lunch is where? Say it again? Arches? Okay. And we have about an hour and 20 minutes. We'll start back here at 1:30 sharp. And before we go to lunch, we need to give a serious PEM thank you to Todd. Everybody up.

Todd Langford: Thank you.