



CORE FINANCIAL CONCEPTS

Creating Wealth
for Families





TAKE CONTROL OF YOUR MONEY

▶ Pay Yourself First

- Put yourself and your family before any other obligations that you have.

▶ Earn Additional Income

- To speed up your success, consider part-time work and build a second income.

▶ Adjust Your Lifestyle

- Understand the difference between your “wants” and your “needs.”
Set priorities and develop a disciplined budget plan.

▶ Avoid The Credit Trap

- Avoid the pitfalls of “plastic money.”
Buy only what you can afford and pay with cash.

▶ Change Your Thinking

- Change your financial paradigm by changing the way you think about money.

6 STEPS TO FINANCIAL SECURITY



1

INCREASE CASH FLOW

Earn Additional Income
Manage Expenses



2

DEBT MANAGEMENT

Consolidate Debt
Eliminate Debt



3

EMERGENCY FUND

Save 3-6 Month's Income
Prepare for Unexpected Expenses



4

PROPER PROTECTION

Protect Against Loss of Income
Protect the Family Assets



5

BUILD WEALTH

Outpace Inflation
Active Money Management



6

PRESERVE WEALTH

Avoid Probate
Reduce Taxation



FINANCIAL PRIORITIZATION

Start from the bottom and work your way up.

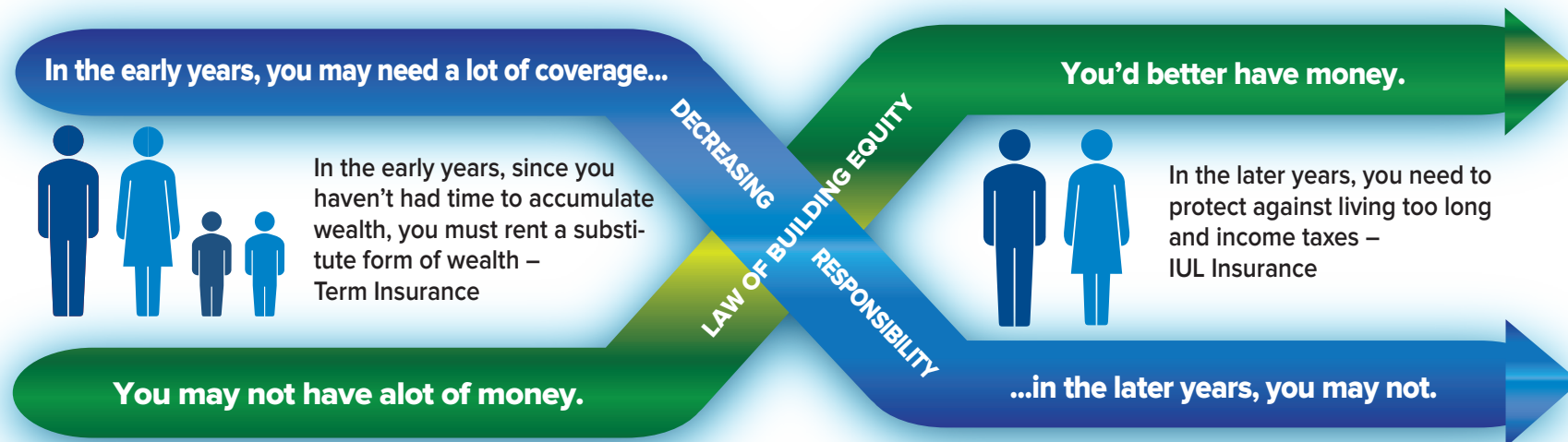


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THE WEALTH FLOW FORMULA

Your Needs Change Over Time



Today – Protect Income

1. Young children
2. High debt
3. House mortgage

A loss of income would be devastating.

Tomorrow – Protect Wealth

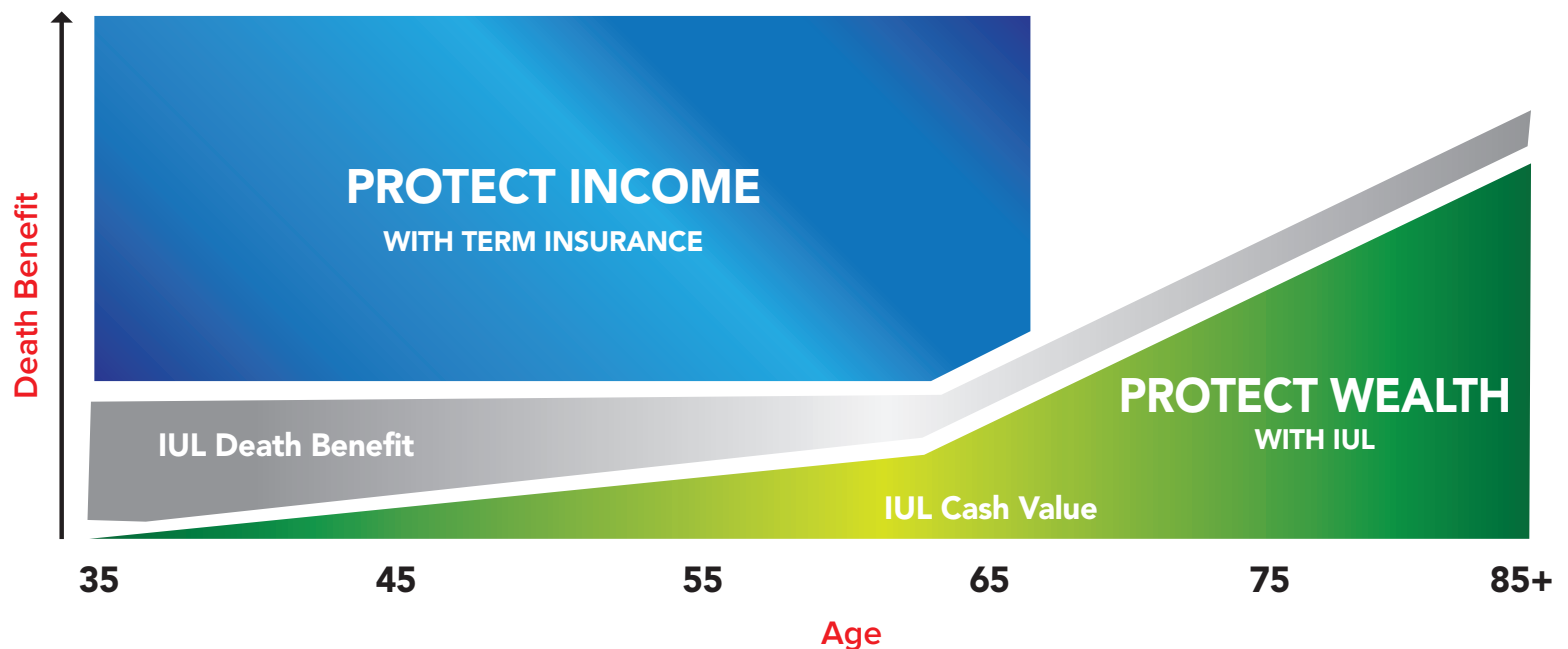
1. Grown children
2. Lower debt
3. Mortgage paid

Tax-free lifetime income needed.



BUY TERM & THE REST IN PERM

- High face amount term coverage during the early years.
- Tax-Free cash value accumulation.¹
- Accelerated Living Benefits on both Term & IUL –
“Life Insurance You Don’t Have to Die To Use.”²
- Income-tax free withdrawals, loans at any age.¹



¹ Subject to IRS regulations (<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleF-chap79-sec7702.pdf>) and insurance policy conditions & restrictions.

² Subject to insurance company and product availability. Check with your licensed representative for details.



LIFE INSURANCE & YOUR INSURABILITY

“Ensure” Your “Insurability” Now

Simple Life Insurance Needs Calculation **D.I.M.E. Method**

Example of a Hypothetical Case Client 1

D EBT	\$75,000	Includes credit card, auto loans, student loans.
I NCOME	\$750,000	\$50,000 per year income replacement for 15 years.
M ORTGAGE	\$275,000	Current mortgage balance.
E DUCTION	\$480,000	\$60,000 per year for a 4-year school; 2 children.
TOTAL:	\$1,580,000	Life Insurance Face Amount Needed.

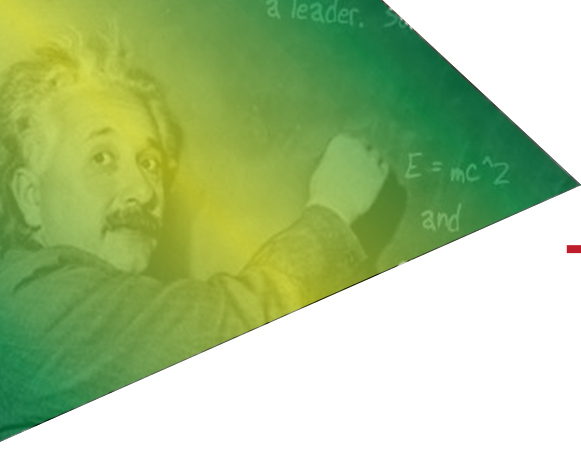
Most people insure their homes, cars, smartphones, and health, but few people have enough life insurance to protect their loved ones.

Are You Insurable?

Heart Disease Facts

- In the United States, someone has a heart attack every 40 seconds.
- Heart disease is the leading cause of death for both men and women. More than half of the deaths due to heart disease in 2015 were in men.
- About 630,000 Americans die from heart disease each year.
- Heart disease is the leading cause of death for people of most ethnic groups in the United States.

Source:
https://www.cdc.gov/dhdsdp/data_statistics/fact_sheets/fs_heart_disease.htm



THE RULE OF 72

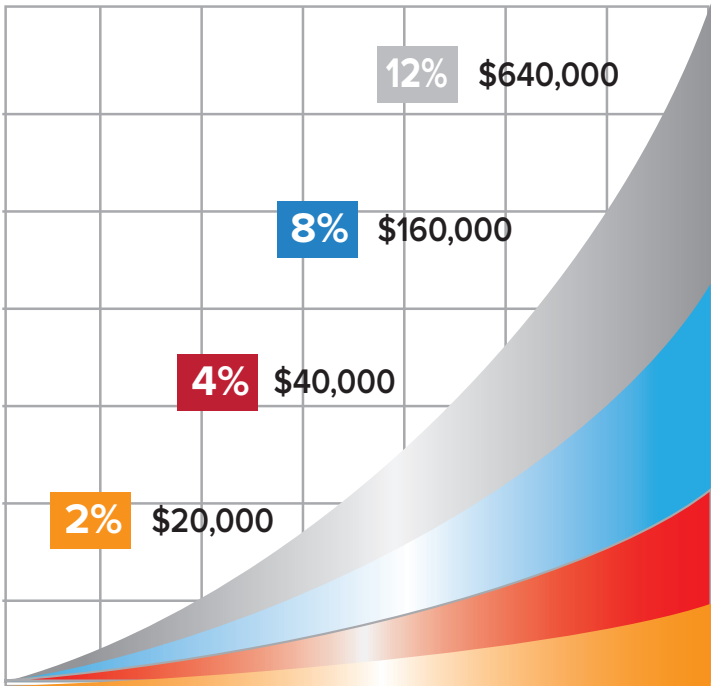
THE MAGIC OF COMPOUND INTEREST

Divide 72 by the interest rate to estimate the number of years it takes for your money to double.

2%		4%		8%		12%	
29 \$10,000		29 \$10,000		29 \$10,000		29 \$10,000	
65 \$20,000		47 \$20,000		38 \$20,000		35 \$20,000	
		65 \$40,000		47 \$40,000		41 \$40,000	
				56 \$80,000		47 \$80,000	
				65 \$160,000		53 \$160,000	
						59 \$320,000	
						65 \$640,000	

The Magic of Compound Interest
\$10,000 - Lump Sum Investment¹

The Person With The Most Doubles
Will Win!!!



¹The Rule 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return. The performance of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation. All figures are for illustrative purposes only and do not reflect an actual investment in any product.

WHEN DOES 50% COST YOU 100%?

Losses Hurt You More Than Gains Help You

If you have invested in the market, you have probably been subject to stock market fluctuations, but how do those negative fluctuations affect your long-term savings? Common sense would lead you to believe that if you lost 50% this year and you gained 50% next year, then you would be back to even, right? **Wrong.**

	Start Value	Rate of Return	Gain/Loss	End Value
Year 1	\$1,000	-50%	-\$500	\$500
Year 2	\$500	+50%	+\$250	\$750

You began in Year 1 with **\$1,000** and lose 50% in the market. As you can see, in Year 2, you start out with only **\$500**. A 50% gain on **\$500** is only **\$250**, leaving you with an end value of only **\$750**. So even though the **Annualized Total Return** is 0%, the **Actual Average Return** after 2 years is **-25%**! In order to get back to even in the above example, you would need to a gain of **100%** in Year 2!!!

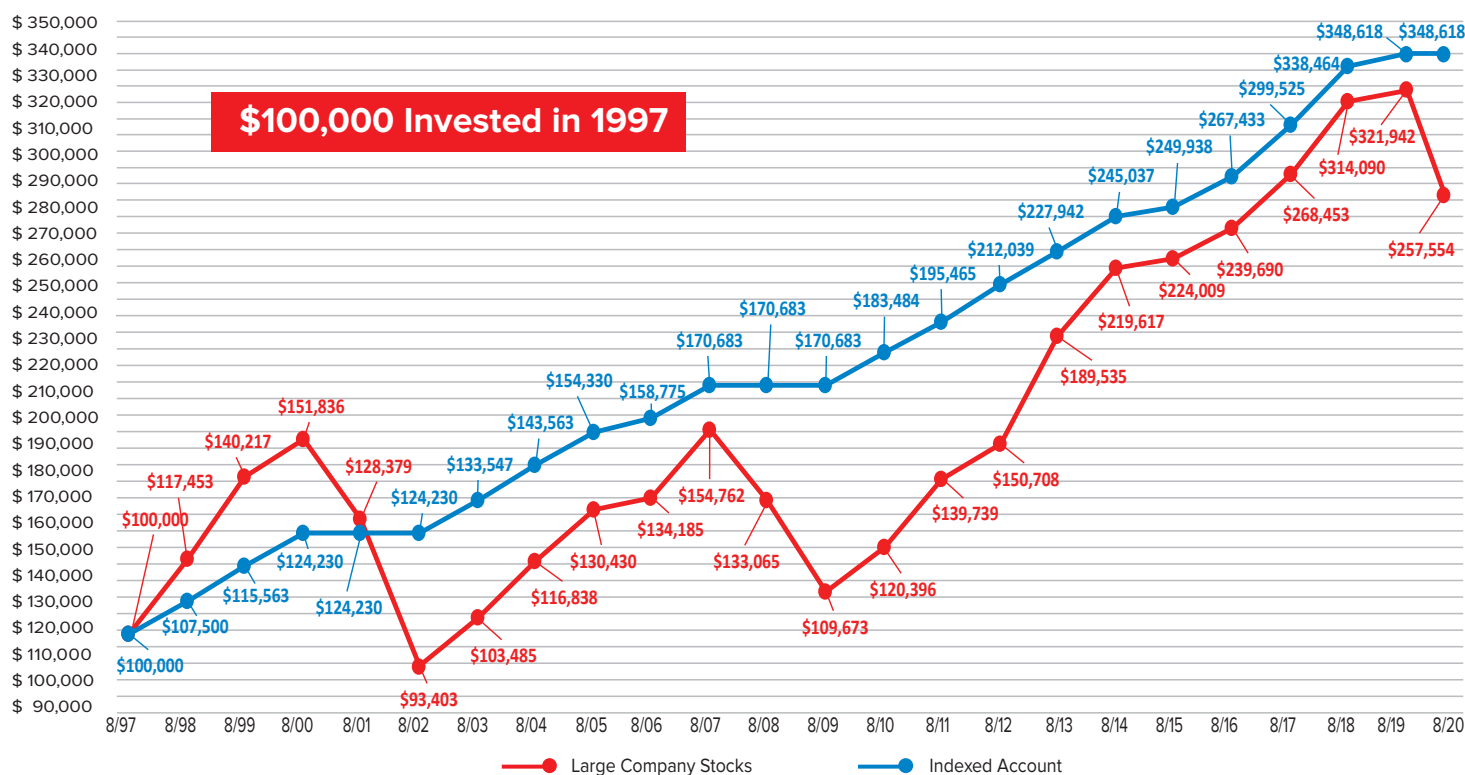
	Start Value	Rate of Return	Gain/Loss	End Value
Year 1	\$1,000	-50%	-\$500	\$500
Year 2	\$500	+100%	+\$500	\$1,000





THE POWER OF INDEXED ACCOUNTS

Participate in the Success of the Market, Zero Losses Guaranteed



- Available within Indexed Annuities and Indexed Universal Life Insurance.

- The Cash Value is linked to the performance of a stock market index.

- You receive a percentage of the market when it is positive.

- Since there is a **guaranteed zero-loss floor**, you are locked in at 0% when the market is negative.

Which one makes you feel more secure?

The chart above reflects the actual historical 1-year point-to-point returns of the S&P 500 from August 1997 to August 2020. It also reflects what the hypothetical annualized current non-guaranteed index parameters for the 1-Year Index Accounts could be over the same period. Past performance is not indicative of future performance. Actual performance may vary, perhaps materially, from the performance set forth herein. For hypothetical and illustrative purposes only.

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THE HIGH COST OF WAITING

You Can Pay Now... Or You Can Really Pay Later!



START TODAY		
AGE	YEARLY CONTRIBUTION	TOTAL ACCUMULATION
25	\$3,600	\$ 3,888
26	\$3,600	\$ 8,087
27	\$3,600	\$ 12,622
28	\$3,600	\$ 17,520
29	\$3,600	\$ 22,809
30	\$3,600	\$ 28,522
31	\$3,600	\$ 34,692
32		\$ 37,467
33		\$ 40,465
34		\$ 43,702
35		\$ 47,198
36		\$ 50,974
37		\$ 55,052
38		\$ 59,456
39		\$ 64,212
40		\$ 69,349
41		\$ 74,897
42		\$ 80,889
43		\$ 87,360
44		\$ 94,349
45		\$101,897
46		\$110,048
47		\$118,852
48		\$128,361
TOTAL CONTRIBUTION		\$25,200

Save \$3,600 per year for 7 years in an 8% tax deferred account.

WAIT 7 YEARS		
AGE	YEARLY CONTRIBUTION	TOTAL ACCUMULATION
25	\$ -	\$ 0
26	\$ -	\$ 0
27	\$ -	\$ 0
28	\$ -	\$ 0
29	\$ -	\$ 0
30	\$ -	\$ 0
31	\$3,600	\$ 3,888
32	\$3,600	\$ 8,087
33	\$3,600	\$ 12,622
34	\$3,600	\$ 17,520
35	\$3,600	\$ 22,809
36	\$3,600	\$ 28,522
37	\$3,600	\$ 34,692
38	\$3,600	\$ 41,355
39	\$3,600	\$ 48,552
40	\$3,600	\$ 56,324
41	\$3,600	\$ 64,718
42	\$3,600	\$ 73,783
43	\$3,600	\$ 83,574
44	\$3,600	\$ 94,148
45	\$3,600	\$ 105,567
46	\$3,600	\$ 110,048
47	\$3,600	\$ 117,901
48	\$3,600	\$ 131,221
TOTAL CONTRIBUTION		\$61,200

After 7 years, start saving \$3,600 per year for 17 years in an 8% tax deferred account.

The Longer You Wait....
The Less “Doubles”
You Will Have!

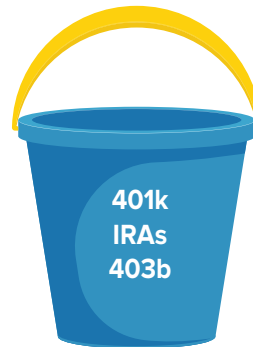
TYPES OF RETIREMENT INCOME

TAX-NOW



- ✓ Put in after-tax dollars.
- ✗ Growth is taxed each year.
- ✗ Included in your estate.

TAX-DEFERRED



- ✗ Put in before-tax dollars.
- ✗ IRS 10% Penalty for withdrawals prior to Age 59 ½.
- ✗ Growth and principal is all taxed at distribution.
- ✗ Contribution limits.
- ✗ Withdrawals of \$44,000 cause 85% of your Social Security to be taxed! ¹
- ✗ RMDs at Age 72.
- ✗ 50% Excise Tax if RMDs not taken.
- ✗ Included in your estate.

TAX-ADVANTAGED



- ✓ Put in after-tax dollars.
- ✓ No IRS 10% Penalty for withdrawals Prior to Age 59 ½.
- ✓ Growth is 100% tax-free.
- ✓ No contribution limits.²
- ✓ Withdrawals do not cause Social Security to be taxed.
- ✓ No RMDs or Excise Tax.
- ✓ Does not count against you for Financial Aid for college.
- ✓ Not included in your estate
- ✓ Tax-Free Income.²

¹<https://www.fool.com/knowledge-center/how-to-calculate-provisional-income.aspx>

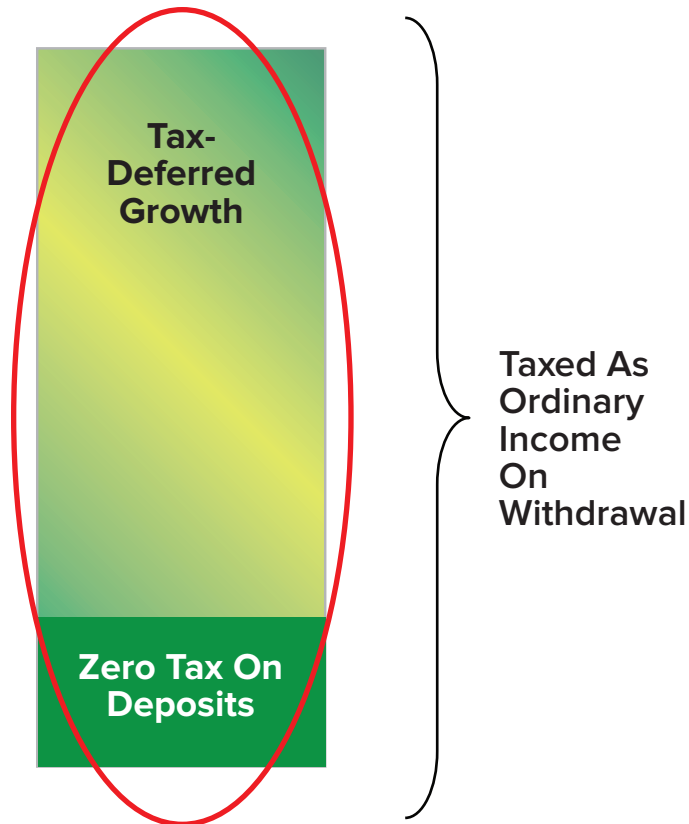
²Subject to IRS regulations (<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleF-chap79-sec7702.pdf>) and insurance policy conditions & restrictions.



TAX-DEFERRED VS. TAX-ADVANTAGED

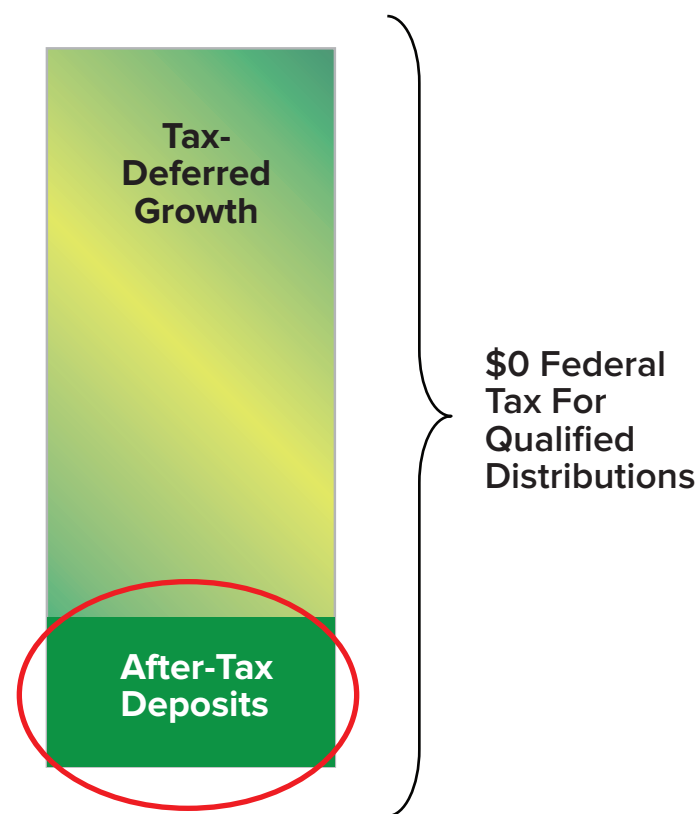
TAX-DEFERRED

401k, IRA



TAX-ADVANTAGED

Life Insurance, Roth IRA





ACCELERATED LIVING BENEFITS

Life Insurance That You Don't Have To Die To Use

- We are more likely to get sick before we die.
- A Chronic, Critical or Terminal Illness could devastate your retirement savings.
- Beyond 100 days, Medicare pays \$0 for Long-Term Care services.¹



Protect Your Lifetime
Savings from Expenses
Resulting From:

**Chronic Illness
Critical Illness
Terminal Illness**

Annual Median Cost of Long-Term Care²



**NURSING HOME
(PRIVATE ROOM):**
\$102,204



**NURSING HOME
(SEMI-PRIVATE ROOM):**
\$90,156



**ASSISTED LIVING
FACILITY:**
\$48,612



**ADULT DAY
HEALTH CARE:**
\$19,500



**HOMEMAKER
SERVICES:**
\$51,480



**HOME HEALTH
AIDE:**
\$52,620

¹ <https://www.medicare.gov/Pubs/pdf/10153-Medicare-Skilled-Nursing-Facility-Care.pdf>

² Genworth Cost of Care Survey 2019: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>.

Accelerated Living Benefits availability and features vary by provider. Check with your licensed representative for details.

THERE ARE ALWAYS “REASONS” NOT TO INVEST

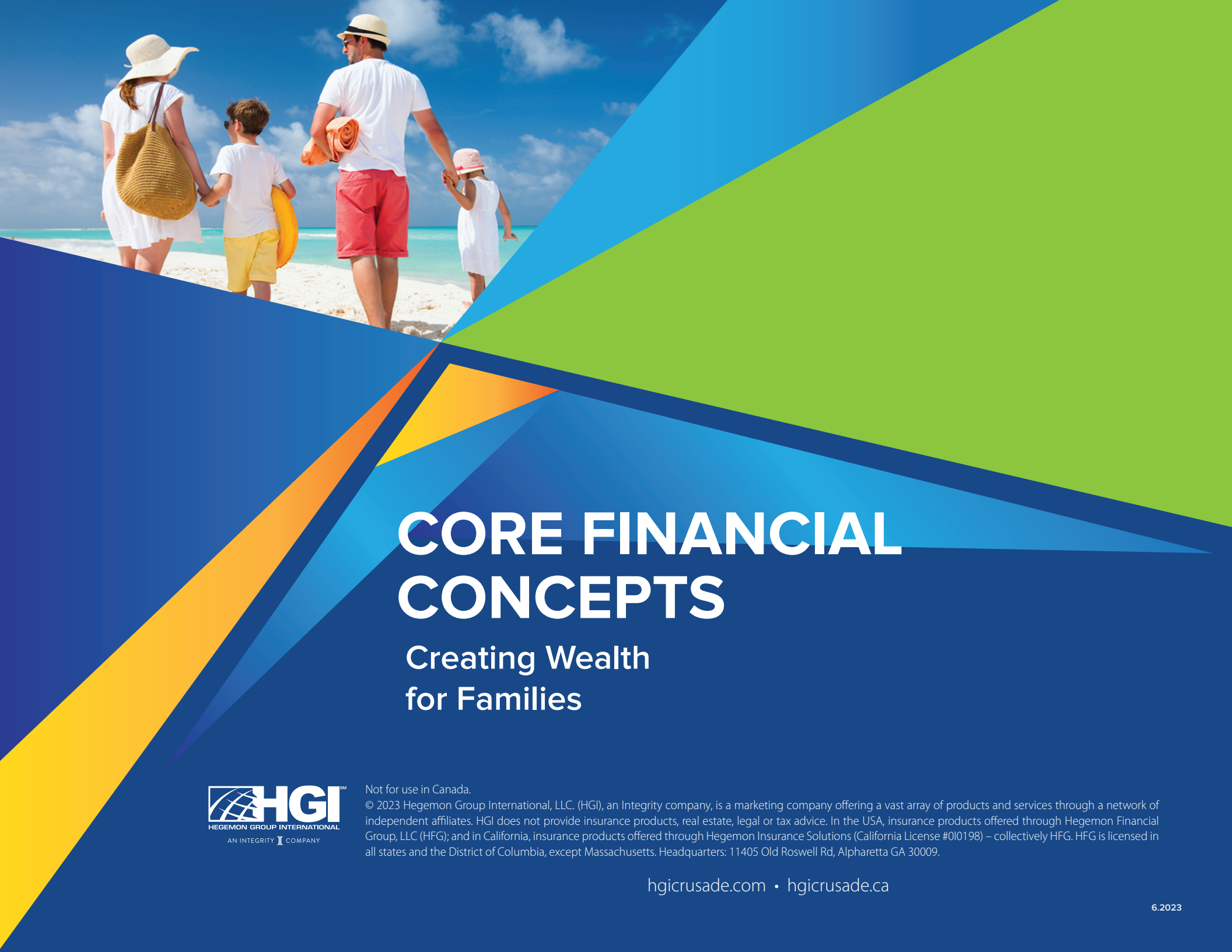
History is full of events that could have prevented the boldest of investors from planning their financial future. It's time to decide which would make more sense – Starting your investment plan today or putting it off until the economic and conditions are just right. Remember, “Now is always the hardest time to invest.”



Year	Historical Event	Year	Historical Event	Year	Historical Event
1934	Depression	1962	Cuba Missile Crisis	1990	Persian Gulf War
1935	Spanish Civil War	1963	Kennedy Assassinated	1991	Fall of Berlin Wall
1936	Economy Still Struggling	1964	Gulf of Tonkin	1992	Los Angeles Riots
1937	Recession	1965	Civil Rights Marches	1993	Health Care Reform
1938	War Clouds Gather	1966	Vietnam War Escalates	1994	Fed Raises Interest Rates Six Times
1939	War in Europe	1967	Newark Race Riots	1995	Dow Tops 5,000
1940	France Falls	1968	USS Pueblo Seized	1996	Dow Tops 6,000
1941	Pearl Harbor	1969	Money Tightens - Market Falls	1997	Hong Kong Reverts to China
1942	Wartime Price Controls	1970	Cambodia Invaded- Vietnam Spreads	1998	Asian Flu
1943	Industry Mobilizes	1971	Wage Price Freeze	1999	Y2K Scare
1944	Consumer Goods Shortage	1972	Largest U.S. Trade Deficit Ever	2000	Tech Bubble Burst
1945	Post-War Recession Predicted	1973	Energy Crisis- Gas Lines	2001	Terrorist Attacks on USA
1946	Dow Tops 200 - market too high	1974	Steepest Market Drop in Four Decades	2002	Corporate Accounting Scandals
1947	Cold War Begins	1975	Clouded Economic Prospects	2003	Invasion of Iraq
1948	Berlin Blockade	1976	Economic Recovery Slows	2004	Interest Rates Rise
1949	Russia Explodes A-Bomb	1977	Market Slumps	2005	Gulf Hurricanes
1950	Korean War	1978	Interest Rates Rise	2006	North Korea Tests Nuclear Missiles
1951	Excess Profits Tax	1979	Oil Prices Skyrocket	2007	The Chinese Correction
1952	U.S. Seizes Steel Mills	1980	Interest Rates At All-Time High	2008	The Global Financial Crisis Begins
1953	Russia Explodes H-Bomb	1981	Steep Recession Begins	2009	U.S. Unemployment Rate Exceeds 10%
1954	Dow Tops 300 - market too high	1982	Worst Recession in 40 Years	2010	BP Oil Spill
1955	Eisenhower Illness	1983	Market Hits New Highs	2011	The European PIGS
1956	Suez Crisis	1984	Record Federal Deficits	2012	Falling Off the U.S. Fiscal Cliff
1957	Russia Launches Sputnik	1985	Economic Growth Slows	2013	Boston Marathon Bombing
1958	Recession	1986	Dow Near 2000	2014	Ebola Outbreak
1959	Castro Seizes Power in Cuba	1987	Record-Setting Market Decline	2015	The Paris Attacks and U.S. Mass Shootings
1960	Russia Downs U-2 Plane	1988	Iran Hostage Crisis	2016	Oil Prices
1961	Berlin Wall erected	1989	October “Mini-Crash”	2017	North Korea Ballistic Missile Launch
				2018	US Government Shutdown
				2019	North Korea Tensions
				2020	Coronavirus Pandemic

What is your reason?

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