

Episode #178: 5 Ways to Earn Money in a Volatile Market

Video Transcription

Hello, everyone. My name is Michael Clemente. First, I want to say thank you for attending today's "Money Script Monday" video. It's a very special thank you though because right now we are in January of 2021, and I have never heard more people thankful and ready to put 2020 behind us. Just forget about it. Rightfully so. COVID-19 global pandemic, nationwide civil unrest, nationwide protests, all leading up to an election. All of these things are adding stress. We're watching the 24-hour news cycle, and you check your retirement accounts. You check how they are doing, and all you see is ups and downs and volatility more than we've seen in any recent years. Again, I want to say thank you for attending today because this video is specifically for you. It is for people who want to earn money in a volatile market. We are going to go through five simple steps, five tips that you can incorporate today in your plan to help earn money in all the stressful time. Let's get it started.

The first tip that we have for you is incorporating fixed indexed universal life and fixed indexed annuities, and these are insurance products. Rightfully so, because right now we know mortality is at an all-time high. People are dying because of COVID-19 and many other reasons. We want to make sure that one, your family is taken care of so if anything were to happen, they have the capital to sustain their standard of living, but it also gives you the benefit of living. It gives you lifetime income payments. It gives you access to tax-free income all the way into life expectancy and takes care of your long-term care needs. I'm going to start calling the fixed indexed universal life and fixed indexed annuities, IULs and FIAs for short.

We are going to get into our next tip, and that's going to be taking advantage of your 0% floor. When I say fixed index, I don't mean investment- investment meaning all the stock market gains incorporating the losses. What if I were to tell you that there are products out there that can take advantage of the gains, but we're going to pull you out as soon as it dips below zero, so you experience none of the losses. If this were 10, 15 years ago, I would think you're talking crazy to me. Today, that is a very much so reality. These products are indexed to the market. They are resembling the gains and giving you zero losses. It gives you the mindset knowing that zero is your hero. When your friends are talking about losing money on their investments and the stocks they have, you know that you have a portion of your retirement accounts completely safe from that. Zero will always be your hero. I'm going to stress that the most.

The next tip we have is minimizing your taxes in retirement. One thing people don't know, the biggest bill, one of the biggest bills you have to face in retirement is taxes on your qualified and retirement accounts. Your 401(k)s, IRAs, any tax-deferred accounts, whatever your tax bracket is. At that moment when you access it, that tax bracket, that portion goes to Uncle Sam and the remainder goes to you. If you were to take out a loan, you take out a \$1 million loan and you ask, "What's my interest rate going to be? When do I have to pay you back and how much do I have to pay interest on it?"

Like I said, you can pay me 30 years down the road, you can pay me when you're 65. I'm not going to tell you your interest rate right now. I'll tell you that when you're 65 and you're probably going to have to pay more because you'll have more money. That doesn't sound like the best deal. Fixed indexed universal life grows your money tax-deferred, but the access to the income is all tax-free loans. When that time happens and you have passed away, your death benefit is accessed to your family completely tax-free. You want to make sure that you're incorporating that tax-free bucket, not many people talk about. Make sure you are asking those questions. The next tip we have for you is upfront interest bonuses. They say the best things in life are free. Friendship, memories, love, and free money. On the FIA side and the IUL side, there's upfront bonuses up to 15% to 20%. That is free money. No questions asked. On the FIA side, your interest bonuses can range from 175% all the way to 250%. No matter what happens when you're earning money, you can get more money on top of that by the insurance carrier. Please, please take advantage of that. There's not many products out there that are giving away free money just by using these insurance products.

The last tip we're going to talk about today is volatility-controlled indexes. Versus a regular index and a volatility-controlled index, regular index is just your stock, just focusing on one. Volatility-controlled index are comprised of two different portions, typically stocks and bonds portfolios. The companies out there, the insurance companies, they're forecasting volatility and gains and losses from every day, down to every hour, down to every minute. When they see more volatility coming in on the stock's portfolio, they're going to take that and move it over to the bonds portfolio and vice versa so that when we look at the typical S&P is down 11%, you're still earning between 3% and 6%. It's giving you a peace of mind knowing that even though it's down right now, I'm still getting gains. I'm still getting the gains and moving myself forward to a happier retirement. I know we've talked about five simple tips that are going to help you earn money in a volatile market. I encourage you and urge you to make an appointment with your financial advisor and ask how you can incorporate some of these tips into your portfolio. This is a special thank you for attending today, for taking time out of your day and learning. My name is Michael Clemente, and we'll see you next week.