Episode #332 - Become an Elite Producer With This IRA Move

Hello, my name is Sal Mendoza and welcome back to Money Script Monday. Today, we're going to be talking about how to become an elite producer with this amazing IRA move. Let's set the stage, the largest wave of baby boomers are retiring this year at almost 11,000 a day, or 4 million a year and this will continue until 2030. Here is the staggering part. They control over $27 trillion in retirement assets. $27 trillion. Yes, they call this group the silver tsunami. The opportunity to be of service is incredible and staggering at the same time.

Let's go ahead and consider the situation. When you're with a client, you're always going to be talking about if someone has excess qualified dollars, or if there's some inherited wealth coming into their picture. If they want to pass some money on to the next generation. Maybe some Roth conversions because of the sunset provision in 2026. Or which I believe is the biggest part here, is the future needs for extended care. Why is that so important? Well, I think statistically that one of the most important parts that's happening right now is long term care needs as we get older.

The stats tell us this, if you're 65, there is a 70% chance that you're going to need some kind of long-term care assistance. For those that fall into that 70% category, you will need assistance between three to four years and 20% of those people will need it for six years or more. That's pretty staggering, right? This is why it's so important that we definitely consider purchasing this insurance. I believe it is probably the most important insurance you'll ever buy. More than a mortgage and more than a car.

The question is, how do we fund this? When we look over here at the asset wheel, what we look for is the opportunity to fund asset-based long-term care using qualified or non-qualified money. When we're in front of a client, we're always going to have different pockets of money as it will. It's just like an assessment form. Where is the money at? Whether it's mutual funds, checking, annuities, IRAs, or qualified life insurance, stocks, and bonds, what we're looking for is that opportunity. Usually when you're looking at an assessment form, when you get down to this IRA section, that's usually the largest chunk. Why? Someone has been working for 20 or 30 years and they've been putting money away in their 401K/IRA. So those accounts usually are, $700,000 - $900,000 because the baby boomers, once again, control $27 trillion and a lot of that is in qualified monies, typically in 401K's or IRA's.

What we're looking for and we're planning for besides lifetime income and maybe some death benefit and some other areas, is let's prepare and plan for long term care. I don't know about you, but I know in my community there's three massive buildings that have cropped up over the last past five years for assisted living. That's how big the need is for people who are over 65 and that's 70%. Here's a way that we can help with some of the costs because it's very expensive. Here's a move where an agent sent me over the assessment form.

Both clients were 60 years old. They're going to retire in five years. Most of their income is covered, but what they don't have is this asset based long term care. What we did was we went ahead, and we peeled off $200,000 from their $800,000 bucket of IRA money. We use an annuity that turns into a whole life and that annuity gives off a 25% bonus. 25% of $200,000 is a $50,000 bonus. Altogether, you have $250,000 now in that annuity. This is all in one product by the way, just built into two different phases.

Now we’re going to feed the whole life product. We're going to move $250,000 over a 10-year period, $25,000 a year, each year for the next 10 years. What's going to happen is we're going to have a whole life and that whole life product does two things. One, it has an immediate face amount of $267,000, but even more importantly, it has an LTC rider on it. Here's the kicker, if they never use that long term care rider, that will blossom and transfer tax free to the kids. But if they ever do need the long-term care, they'll have $16,000 joint or if only one uses it, it can have $8,000 per year. Here's the best part about it. It's forever. It's guaranteed never to stop paying. Whether they live to 85 or 105, and that is pretty significant.

At the end of the day, what we find here is this incredible opportunity. There is a silver tsunami of clients we call baby boomers who control $27 trillion in retirement assets. By asking a few different questions, we can get into the asset wheel and when we get into the asset wheel, whether it's qualified or non-qualified, we have the ability to put that into an asset based long term care so that they're protected if they are that 70%. They won't have to withdraw lots of money from their other assets because here's the last part. Depending on the state and the service that you need, it's going to cost today between $27,000 a year and $115,000 a year. That's a staggering amount of money, especially if you need that for the next three to four years and if you're that unlucky, 20% where you need six years or more and you wanted private home care, it could be $100,000 a year. That is a staggering amount of money.

We want to be sure that we provide that insurance so that people, when they retire, feel safe. If you want to send me over a case, let us design that, I have collateral material, I have illustration software, videos. Feel free to reach out to me or your FSR to talk about asset based long term care planning for your clients. Thank you.