

# The Perpetual Wealth System

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*For Businesses & Business Owners*

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**Charting a Path to Wealth  
Outside of Wall Street**



PARADIGMLIFE.

## The Realities of Today

### *Current Retirement Plans are Failing!*

Corporate America has relied on Wall Street for decades, starting with the Initial Public offering to the commercial paper markets that assist in short term financing, all the way to the administration of the predominant company retirement plan, the 401(k).

Small Business Owners and their employees also rely on Wall Street for the administration of their respective retirement plans. The tie of small to medium business to Wall Street has created one of the most lucrative opportunities for Wall Street and for Washington DC, leaving the financial future of Americans and their employers in jeopardy.

It wasn't always that way, and fortunately, there is an alternative to the pension benefits and 401(k) benefits, and it has a 150 year win ratio that is still holding strong today. This Perpetual Wealth System for Business provides liquidity, stability and certainty to a failing retirement services industry.

To understand the power of The Perpetual Wealth System, it is important to review the history of retirement benefits given to employees. Pension and Retirement plans were designed to keep an employee for life, reducing the need to constantly be hiring and re-training. For employees, the promise that if you committed your career to one employer you would receive a paycheck for the rest of your life after you retired was compelling. However, pension plans proved to be too expensive and risky to the long term well-being of a business.

This risk existed because the employer guaranteed income to the employee even after they stopped working. This required the need to stock away money that couldn't be used to fund the growth of the business. In addition, the improvement in health care was prolonging the average lifespan, requiring money to be paid out longer than anticipated. Both of these factors hurt the business world significantly, but employers needed to incentive employee retention. So, what was the solution? Where's the Money Going?

## Wall Street to the Rescue

### *The Retirement Solution... or is it?*

When the traditional pension plan no longer proved feasible to the long term stability of a business, the 401(k) became the ideal choice. It shifted the all the risk to the employee. The odd thing is, the 401(k) was never designed as a retirement plan. Originally, it was meant for executive end of the year bonuses.

*"401(k)s were never designed as the nation's primary retirement system,"* said Anthony Webb, a research economist at the Center for Retirement Research. *"They came to be that as a historical accident."*

A benefits consultant named Ted Benna realized the provision could be used as a retirement savings vehicle for all employees. In 1981, the IRS clarified that 401(k) plan participants could defer regular wages, not just bonuses, and the plans began to proliferate.<sup>1</sup>

And proliferate it did. The advent of the 401(k) came at the perfect time as pensions started to weigh heavily on the long term plans of businesses. It seemed to make all the sense in the world. Fortunately for Wall Street, the idea dug roots and the money started flowing in and hasn't stopped.

At the end of 2014 the US retirement system held just shy of 25 Trillion dollars of assets.<sup>2</sup> 401(k) structures make up almost \$7 Trillion of that.<sup>3</sup> The monstrous figures have given US financial services an excess of power to market and lobby their way into every business. They have created a compelling idea that the 401(k) is the ideal retirement play, for both the small and medium business owners, as well as their employees. Unfortunately, for these business owners and their employees, the 401(k) has turned out to be a disaster. After accounting for fees, which range from 2-3.25% of the account balances, stock market volatility and inflation of 2-3%, the actual returns are much lower than advertised. See Figures 1 and 2 on the next page.

If the average employee wants to retire off of \$50,000 per year for 20 years they must amass a sum equal to \$1.25M.<sup>4</sup>

Right now, the average employee saves less than 3% of the wages into a 401(k) and the average balance of a 401(k) for those over the age of 55 is only \$150,000.<sup>5</sup>

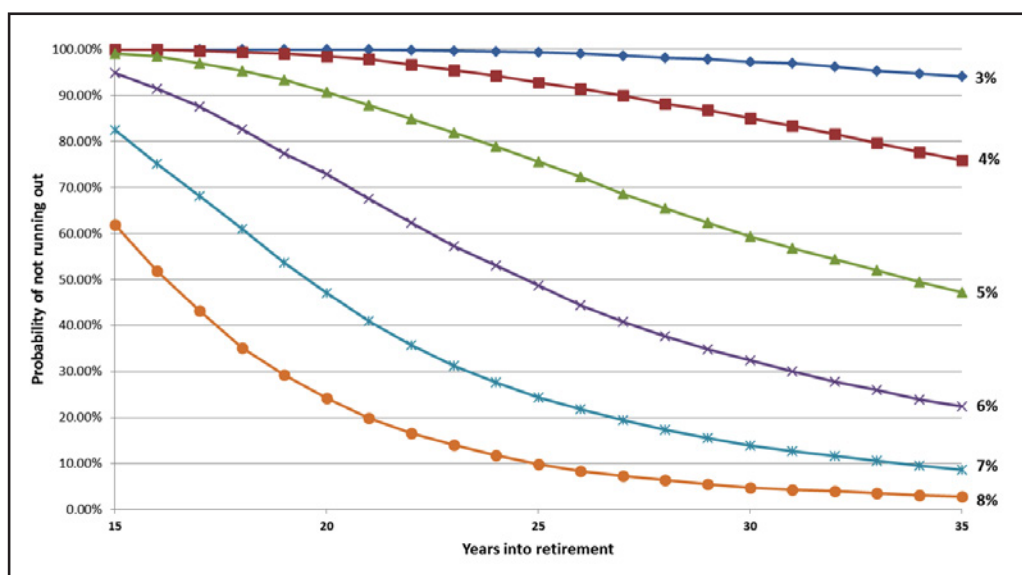
**FIGURE 1:**

S&P 500  
 1985-2014  
 Avg. Return: 7.54%  
 Fees: 2.5%  
 Inflation: 2.5%  
 Net Return: 2.5%

Year	Beg. Of Year Acct. Value	Earnings Rate	Annual	Interest	End of Year Acct. Value
			Cash Flow	Earnings	
1985		26.33%	10,000	2,633	12,633
1986	12,633	14.62%	10,000	3,308	25,941
1987	25,941	2.04%	10,000	732	36,673
1988	36,673	12.40%	10,000	5,786	52,459
1989	52,459	27.25%	10,000	17,020	79,479
1990	79,479	(6.56%)	10,000	(5,867)	83,613
1991	83,613	26.30%	10,000	24,623	118,235
1992	118,235	4.46%	10,000	5,725	133,960
1993	133,960	7.06%	10,000	10,157	154,117
1994	154,117	(1.54%)	10,000	(2,526)	161,591
1995	161,591	34.11%	10,000	58,531	230,121
1996	230,121	20.26%	10,000	48,657	288,779
1997	288,779	31.01%	10,000	92,646	391,424
1998	391,424	26.69%	10,000	107,120	508,545
1999	508,545	19.51%	10,000	101,171	619,715
2000	619,715	(10.14%)	10,000	(63,848)	565,867
2001	565,867	(13.04%)	10,000	(75,091)	500,776
2002	500,776	(23.37%)	10,000	(119,361)	391,415
2003	391,415	26.38%	10,000	105,895	507,310
2004	507,310	8.99%	10,000	46,524	563,834
2005	563,834	3.00%	10,000	17,221	591,054
2006	591,054	13.62%	10,000	81,860	682,915
2007	682,915	3.53%	10,000	24,457	717,372
2008	717,372	(38.49%)	10,000	(279,935)	447,437
2009	447,437	23.45%	10,000	107,288	564,725
2010	564,725	12.78%	10,000	73,465	648,190
2011	648,190	(0.00%)	10,000	(21)	658,169
2012	658,169	13.41%	10,000	89,573	757,742
2013	757,742	29.60%	10,000	227,261	995,003
2014	995,003	11.39%	10,000	114,476	1,119,480

**FIGURE 2:**

Probabilities of not running out of money, at various retirement income withdrawal rates.



Results may vary over time and each time the simulation is run. IMPORTANT: The projections or other information generated about the likelihood of various investment outcomes are hypothetical in nature and may not be used to predict or project investment results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results. These simulations have been run using a 50/25/25 portfolio of S&P 500 Total Return Index (w/GFD Extension)/USA 5-Year Government Note Total Return Index/Down Jones Corporate Bond Return Index, respectively from 1927-2013; and assume 1.5% total annual portfolio expenses. Each annual withdrawal is adjusted by an inflation rate of 3%. Historical Data Source: Global Financial Data, Inc., All Rights Reserved, Used With Permission.

## The Perpetual Wealth System

### *A Better Solution*

For a business owner, the Perpetual Wealth System for Business combines a uniquely designed participating insurance policy as the primary funding vehicle for retirement. The ownership of the plan can be the business, as a key person structure, or the individual business owner, or both. The policy is structured through a mutual insurance company, who guarantees financing against the accumulated balance at **anytime** for **anything**. This financing can be used for business purchases such as equipment, technology and marketing without having to rely on banks.

Employee plans can be structured through IRS code 162, giving the business owner deductions similar to the 401(k) without having to provide the benefit to 100% of the employees, as required by 401(k)'s. In addition, the structure of a Cash Bonus plan for other employees has been shown to create incentive for employees to remain committed to their employer. These plans don't accumulate a percentage for the employee, but can be held in the employer account and earn interest and dividends for them, as well as provide capital for the guaranteed financing feature mentioned above.

The Perpetual Wealth System for Business also accommodates for buy sell agreement funding, stock redemption funding, as well as key person insurance funding. When retirement day occurs, part or all of the accounts are converted to the Perpetual Wealth System Legacy structure which provides a paycheck for life, which is guaranteed by highly rated insurance companies.

## Conclusion

There are over 12 ways to design the Perpetual Wealth System for Business to accommodate the ideal incentive plan for business owners, executives, and employees. Contact us today at 1.800.870.8670 or [paradigmlife.net/business](http://paradigmlife.net/business) for a no obligation consultation. We will walk you through the steps to take that will turn your business retirement plan around.

## Contact Us

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**Guaranteed  
money to use  
*anytime*  
for *anything*.**