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Retirement Millionaire

Free Money Without Working or Investing



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Free Money Without Working or Investing

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I love loopholes.

I used to think only attorneys, politicians, or investment bankers could take advantage of the sorts of things I'm about to share with you – things like tax avoidance, early IRA withdrawals, and interest-free loan loopholes.

But after years on Wall Street and befriending some of the top bankers, lawyers, and investment advisors in America, I can tell you that the world is full of loopholes... opportunities to take money back from the government or even tap some of the value of your home while you live in it.

Don't worry... you won't be obliged to any Wall Street scam artist or Washington scum by following my advice.

Your only obligations will be to your own financial freedom... You see, by following the herd, most folks miss out on my *Retirement Millionaire* "free money" opportunities.

My associates and I have found ways for you to extract free money out of your home... and get extra money from Social Security you didn't know existed. We've also uncovered a loophole that allows you to start withdrawing your money from your IRA today, without penalty. And how about converting plain old air into cash?

I'll show you how to do all this and more.

None of these opportunities require the help of a lawyer. But they are true loopholes in a system designed to screw the little guy. So please don't tell anyone else. The more folks find out about these loopholes, the more likely they'll be shut down by Washington.

Here are the details...

If You Own a Home, These Next Two Techniques Are for You...

The first two opportunities show you how to use your home to raise a substantial amount of extra cash.

Both allow you to live in your home until you die. Of course, everyone's situation is different, but if you're one of the thousands of retirees who is running low on cash, these could be perfect for you...

No. 1 – Share Your Future Wealth and Get Cash Today

I've discovered a remarkable company in San Diego, called EquityKey, that can help you live your retirement dream. It actually has patents pending on its product and services. The patents let it do

something unique with your home. It actually offers large sums of cash in exchange for an option on your real estate. Let me explain...

If you are between 65 and 85, EquityKey will pay you a lump sum today in exchange for a share of the future appreciation of your property. Essentially, in exchange for its cash today, you agree to split the profits with EquityKey when you sell your house. The upfront cash is like the premium you get for selling an option. You can do whatever you want with the cash, and the home remains yours forever.

Whether you own a home or commercial property, these folks can help you.

From a recent article in *U.S. News and World Report*:

Gladys Tully, 72, got \$106,000, and used the money to pay down part of the principal of her mortgage and remodel her bedroom and bathroom, without giving up her passions: painting, the large garden and orchard on her property, and a hiking trip to Europe every year.

I'm not talking about a first or second loan on the property. In fact, it's technically not even a lien. I spoke with Matt Rosen, an EquityKey regional manager, and he said every state's laws are a bit different, but most record the transaction on the deed as "a memorandum of option." So you owe EquityKey nothing – no monthly payments or interest charges – and it has zero control over what you do with the house *until you sell it*.

Again, you're essentially selling an option to split half of the appreciation on your home. In exchange for this option, EquityKey pays you a lump sum.

The best part is that you get to keep all of the current equity you have in your home and only sell away one-half of the future appreciation. EquityKey takes some of the risk of owning real estate from you. It recoups the money it pays you now through future long-term growth in the property.

The company will pay a single owner 15% of the current property value in exchange for 50% of the future price increase on the property. If you and your spouse want to, you can tap as much as 30% of the current value in exchange for giving up 100% of the future upside. This means if you have a home worth around \$600,000 and you have \$300,000 in equity (meaning you owe \$300,000 on the property), EquityKey will give you either \$90,000 or \$180,000 (for one or two owners, respectively) based on the value. As long as you have more equity in the property than 15%, the deal is nearly done.

The company is currently taking applications. From the time you apply, the process takes about 120 days to close. Because it buys insurance on you, a health screen and physical is required (note: failing to qualify for EquityKey's term-life policy will scuttle the deal). Also, the company currently buys "options" in only these states: Arizona, California, Connecticut, Florida, Massachusetts, Maryland, Nevada, New Jersey, New York, Oregon, Washington, Illinois, and Virginia, as well as the District of Columbia. The company plans to be in six more states next year.

By the way, the large Belgian bank, KBC Financial, recently purchased the three-year-old company – although there is new talk of the company going private again. Regardless, none of this affects you.

The key is, there are no risks... and no catches.

I recommend a look at their website www.equitykey.com or talking to:

Hali Vermillion
EquityKey
8880 Rio San Diego Dr., 4th Floor
San Diego, CA 92108
Direct: 619-400-8960|Customer Service: 866-928-1068

If you live in a different state than the ones that EquityKey does business or if you don't want to give away the future upside in your real estate, you can use my second free-money tip to get cash from the home you live in...

No. 2 – Cash-Out Your Home Now

This next free-money technique was once thought to be dangerous for the elderly. In truth, the problems have been cleaned up and it's now a perfectly safe tool. Most people of retirement age still scoff at the idea of a reverse mortgage because of the stories from the early 1980s.

But not my friend Loretta in Minneapolis. She told me her story just last summer:

Loretta had just turned 69, and her three boys were concerned. She had told them over and over what she wanted to do, but they just didn't believe it was true.

At the time, Loretta felt trapped. She had lived alone in her house for 16 years. Between the interest-only mortgage and her car loan, she felt "smothered." So Loretta was literally tapping into her personal goldmine.

It turns out the Federal Housing Administration gave her money that she will never have to pay back while she's alive. You can do the same. And depending on where you live there may be a fortune waiting for you to tap. If you live in an average home, you can easily get \$200,000. If you are in a "major" city, \$362,790 awaits you.

The money she got "gave her a new life," Loretta said.

Today, Loretta loves life. She works part time for a small, boutique company called Gentle Transitions. The job involves packing up elderly people as they move to smaller living spaces. She then helps them unpack in their new place on the second day. A big smile came across her face as she told me how happy and peaceful her life is.

The best part: *She can live in her house until she dies, without ever paying a penny to the bank.*

If you feel like Loretta once did – stuck financially, but with a home almost paid off – the reverse mortgage will help you safely tap into that wealth. Here's how it works...

In a typical mortgage, you obtain a loan for the purchased real estate and then slowly over the life of the loan pay it back to the bank. The reverse mortgage works exactly the opposite. We get the bank to pay us while our health is good, and we don't have to pay it back until we die. This is the sort of deal I like to uncover for readers.

Most lenders offer four types of reverse mortgages, but the Home Equity Conversion Mortgage (HECM) and the Proprietary (aka Home-Keeper) are the two I recommend. They are both insured by federal agencies and thus have lower costs.

Before you apply for these loans, the U.S. government requires you to meet with an approved independent counselor. The counselor explains all the costs, features, and the pros and cons of receiving these loans. This law stems from unscrupulous practices back in the late 1970s and early 1980s when some lenders took advantage of the elderly.

Today, these practices are outlawed. The lender can't kick you out, and he certainly can't own equity.

Who Can Get These Loans?

The loan requirements are simple and easily met.

You must:

- Be at least 62 years old.
- Own the property with little or no balance on your mortgage.
- Live in the home as your primary residence.
- Receive approval from a reverse mortgage counselor (that simple face-to-face meeting where they make sure you understand what you're doing).

The amount you can get from your home is based on your age, the value of your home, current interest rates, and whether you "roll" your closing costs into the loan.

Generally, the older you are, the more valuable your home, and the lower the interest rates, the more money you receive. For example, if your house is worth \$400,000 and you're 65, you can get \$168,000. If you are 85, you can get \$300,000.

Once you are approved, you can receive your loan money in several ways. You can take the money as a lump sum, a stream of payments, a line of credit, or a combination of the three.

If you establish a line of credit, the available credit grows automatically over time. In fact, it grows at 0.5% over the interest rate they charge you.

For example, you can get a reverse for \$200,000 today, but take out only \$100,000 now. Over 10 years, your \$100,000 remaining line of credit could grow again to \$200,000.

Then guess what? You take out another \$100,000 at age 78 to pay for, say, a world cruise with your wife and family. This again leaves the same \$100,000 to grow some more... Can you imagine another cruise at age 88? I can!

Of course, interest accrues on the first and second \$100,000 payments, but you don't have to pay them back while you're living in your home. Isn't this amazing? So whatever you do, don't tap the full line of credit initially and watch your credit line grow over time.

If you decide to do a reverse mortgage, your heirs might protest at first, but explain to them that all you're doing is borrowing against money you've already saved over your lifetime.

It's your money. And you can do anything with it you wish.

Is the Reverse Mortgage for You?

If you are older than 62 and own your home, then you absolutely must look at how a reverse mortgage improves your lifestyle. The questions you must ask are simple ones:

- Is there a special trip or large ticket item I've waited my lifetime to have?
- Could I face cash flow problems in the next few years?
- Am I worried about inflation and not having enough money 15 years from now?

If the answer is yes to one or more of these questions, then a reverse mortgage will give you peace of mind.

Retirement Millionaire Tip

One person I trust who can help you get started thinking about reverse mortgages is Matt Martin at Wells Fargo (612-316-3442) in Minneapolis. Give him a call and he can easily help you. I do not get any compensation from him or his bank in any way. Matt is actually certified to do these types of loans in all 50 states. He's also the nice banker Loretta used.

Free Annuity from the Government

If you are currently retired or close to retirement, an obscure government rule could help you boost your guaranteed income by \$12,000 *per year*.

This is NOT an investment. This is free money.

In fact, fellow Stansberry & Associates editor Steve Sjuggereud first wrote about this idea in 2008. I had to share Steve's research with you. It's such an amazing deal.

No. 3 – Free Money from the Feds

Thanks to a little-known opportunity within the U.S. Social Security system, some retirees can boost their monthly paychecks by \$1,000 or more per month. Keep in mind, that's over and above what you may already receive in Social Security payments.

This is 100% legitimate. You don't have to lie about your age or your income.

However, please be warned, there is a catch to this strategy. This is the government, after all. The SSA requires you to meet certain financial conditions before you qualify. And once you learn what these conditions are, you may decide this extra money from Social Security is not for you. But if you qualify, you might find this extra money to be a magic bullet for your retirement.

How Does this Opportunity Work?

As you probably know, you can begin collecting Social Security when you reach 62 years old. But if you begin collecting when you're 62, you'll get less money than if you waited to collect until 65 or 70.

Let me show you an example...

Let's say you're a 70-year-old retiree. You started collecting Social Security benefits when you were 62. Every month, the government sends you a check for about \$1,100.

But if you had waited until the age of 70 to start collecting benefits, you'd be eligible for a monthly check of \$1,720.

That's 56% more money – every single month for the rest of your life. Thanks to this opportunity, you can collect the higher monthly payments.

Here's what you have to do: If you're already collecting Social Security, you can *withdraw* your application to collect benefits, repay all the money the government has sent you so far (interest free), and reapply for benefits from scratch.

Now, you might wonder: If I have to write the government a huge check, how is this worth it? First, this money is paid back *interest free*. And second, this opportunity gives you the absolute cheapest way to get more guaranteed income for the rest of your life.

Let me explain...

Better than Any Annuity

The investment world offers one way to get guaranteed income for as long as you live – it's called an annuity. Annuities are part investment, part insurance. In essence, you put up a chunk of money... then get paid back a set amount every month for the rest of your life. The best annuities – the ones that offer increasing payments – charge extra. The point is: If you want to get more income, guaranteed for life, you can spend a premium on an annuity... or you can spend a heck of a lot less and simply “reset” your Social Security payments.

Let's go back to our hypothetical example. Remember, you're a 70-year-old retiree who started collecting Social Security benefits at the age of 62. Let's say you're married and your spouse also receives about \$1,100 a month from Social Security. Together, you have around \$200,000 in assets, and you each have \$200,000 in your retirement accounts. You've invested in relatively safe securities over the years, and earn around 3% a year after inflation. Now, both of you decide to take advantage of the Social Security do-over. You call your local Social Security office and make an appointment with a representative. You bring in the form SSA-521, which withdraws your previous application, cancels your payments, and restarts your benefits at your current age.

Before the SSA sends you your new, 56% higher payments, it requires you to each pay back your \$94,556. That's how much you've received from Social Security over the past eight years. It may seem like a huge amount (and this option certainly isn't for everyone), but consider this: If you want to increase your

guaranteed monthly income by 56%, or \$620 (\$1,720 less \$1,100), the only other option you have is to purchase a commercial annuity on the market. Stocks, bonds, and mutual funds simply won't give you steady, guaranteed income for life.

So you shop around for an annuity. In order to receive an extra \$620 a month in guaranteed income for life you would need to spend about \$130,000. That's 40% more than the \$94,556 you have to pay back to Social Security. Most annuities cost more... and may not even increase with inflation every year.

In short, you can think of the \$94,556 payment as the price of buying an annual inflation-indexed annuity from Social Security.

Here's how it looks depending on your age when you "reset" your payments:

Age	Current Annual Payout	New Annual Payout	Increase	Repayment Amount	Return on your repayment
64	\$13,250	\$14,906	\$1,656	\$25,670	6.5%
66	\$13,250	\$16,673	\$3,423	\$49,787	6.9%
68	\$13,250	\$19,072	\$5,822	\$72,630	8.0%
70	\$13,250	\$20,693	\$7,443	\$94,556	7.9%
72	\$13,250	\$20,670	\$7,420	\$115,246	6.4%
74	\$13,250	\$20,273	\$7,023	\$135,170	5.2%
76	\$13,250	\$19,875	\$6,625	\$154,039	4.3%

So if you're 70 years old, you can essentially buy an inflation-indexed "annuity" from Social Security that will return 7.9% a year on your repayment amount, *and* guaranteed for the rest of your life.

How much money you need to pay back depends entirely on your age and personal circumstances. It could be as little as \$20,000 or as much as \$100,000. You need to visit your local Social Security office to find out the details.

You also should consider a few things that make the deal even sweeter...

Taxes and Inheritance

The year you repay your benefits to the government, you can deduct that amount on your tax forms. Simply include the lump sum amount in your itemized Schedule A deductions. Or you can figure out the extra taxes you paid in each past year on the Social Security benefits you received. Add them all up, and take them as a tax credit.

You should choose the option that minimizes your taxes. If you decide to take benefits early with the intent of taking advantage of the opportunity – that is, if you expect to withdraw and restart your benefits – you should fill out, but not file, a separate tax return each year that DOES NOT include your Social Security benefits.

The difference in taxes on this extra return and the actual return you file represents the extra tax payments you'll be able to recover as a credit when you ultimately repay and reapply. Keeping two different tax returns will provide you with documentation for the tax credit.

Talk to your tax professional for more information.

As we mentioned earlier, if you reapply for higher benefits and die, your surviving spouse can receive your higher benefits. However, if you're the primary breadwinner in the family and you die before reapplying for higher benefits, your spouse will NOT be able to take advantage of this opportunity. In other words, widows and widowers can't use this opportunity to boost their deceased spouse's benefits.

If you think this option is for you, here's what you need to do...

What to Do Now

The first thing you need to do is call the SSA's toll-free number: 800-772-1213. Set up an appointment with a representative at your local Social Security office. Then fill out form SSA-521. SSA-521 is a "Request for Withdrawal of Application." You can find it at your local Social Security office.

It asks you for details like your name, Social Security number, address, signature, and so on. And it also asks you to provide a reason for the request. The form lets you check off one of two boxes as the reason. The first is "I intend to continue working." The second is "Other." If you check "Other," you need to provide a reason in the space below the box.

The Social Security Administration requires applicants to provide a reason for the request. Simply say you "want to withdraw your application in order to reapply". The SSA officials I've spoken with say approving this request is routine. No one can deny you the income boost.

Once you write the government a check to repay the full amount, your higher monthly payment should start automatically.

While your application is in process, your Social Security and Medicare payments will be suspended. Although the processing time varies from case to case, it shouldn't take more than three to four weeks for your higher monthly payments to start.

Again, this is the cheapest and safest way to get guaranteed monthly income for life – without worrying about what's going on in the economy or the markets.

I encourage you to look into this option before too many people find out about it... and the government decides to shut it down for good.

How to Tap Your IRA Right Now

Sitting on a pile of IRA money? Want to buy your dream piece of real estate, but don't have a job or enough cash flow? This secret is for you. Some of you may want to retire today, but aren't yet 59.5 years

old. Well, using this little known secret in the IRS code, I can show you how to get your money right now without paying any IRS penalties or fines.

Your broker probably doesn't want you to know about this either. If you start taking your money out of your account, his fees to manage your IRA get smaller. But through an IRS loophole, you can retire today and begin your "Early IRA Distribution" tomorrow. Our method is perfectly legal and simple to do. Even the rationale behind the loophole makes sense.

And you can start taking the money out, pay taxes on it (but no fines or early withdrawal penalties), use whatever you need, *AND* still make regular contributions to a separate IRA if you'd like. Here's how...

No. 4 – One IRS Loophole We Can Be Grateful for

The IRS has a rule called the 72(t)(1) which provides for a 10% tax on early distributions from an IRA before the age of 59.5 years. But if you take out your IRA money, in what the IRS calls "substantially equal periodic payments," for at least five years or until you reach 59.5, then you pay no penalty. All you do is pay regular income tax rates on the income (which you eventually would have anyway).

The IRS allows you to determine the amount using one of three different methods:

- Required Minimum Distribution method (RMD)
- Fixed Amortization method
- Fixed Annuitization method

Essentially, the methods look at tables to estimate your life expectancy and apply an interest rate to the IRA balance. The methods provide a dollar amount that you may pull out every year.

A *Forbes* article shows how a chiropractor, Alfonse DeMaria, took \$700,000 in his IRA and converted it to a \$3,000-a-month income stream. He bought himself a six-bedroom home with 269 acres in rural New York to enjoy now with his family. "My kids and I can start enjoying the house now rather than 25 years from now, and it will still be here then, too," he said.

The different IRS methods give slightly different amounts, so the best choice may vary depending on your needs. Here's an example straight from the IRS, although I've simplified it a bit (that IRS code is kind of dense in places):

Mr. B is 50 years old and has \$400,000. In the first year:

- The RMD method will give him \$11,695.91.
- The Fixed Amortization method would allow \$23,134.27.
- The Fixed Annuitization method allows for \$22,906.88.

As you can see, the amounts vary. Please carefully consider each method. If you take out more earlier, you'll have less later and vice versa. By the way, the IRS tables and math are not that difficult. Regardless, I urge you to seek more advice from a tax accountant or financial planner if you are unsure about what to do.

And don't worry about changing your mind. Say you start with one method, the RMD, and find you

need more money later, the IRS allows you to change your method one time. So you could switch to one of the fixed methods in later years and take out more when you're older.

One of the questions I always hear is "How long do I do this?" The answer is five years, or until you turn 59.5, whichever comes *last*. So if you start this at age 48, you must continue for another 11.5 years. If you started at age 57, you would need to continue until 62 years of age.

If you just lost your job and are thinking about an early retirement, this secret really helps provide a source of income. If you have a large sum of money in your 401(k) and looking for another job isn't appealing, consider retiring early. It's quite simple to do. Just roll the money over to a self-directed IRA and start taking it out using this method. Perhaps you don't need that much income? Consider rolling your 401(k) into two different IRAs. Keep one growing and start the 72(t) withdrawal process in the other. Again, this is perfectly legal and simple. Happy retirement!

More Free Money from the Government

My friend Paul has some land in Maine. He is one of the few doctors I know who understands investing well. For years, he has taken his extra cash and bought land in North Carolina and Maine. His plan has always been to harvest trees – beautiful old hardwoods. He sells some of them and makes gorgeous furniture from the others. But his latest venture intrigued me the most...

No. 5 – Let the Wind Provide Free Money for Your Retirement

I couldn't believe what I was hearing. Paul was putting up a wind turbine on a ridge on his land and was going to sell it back to the utility company. The numbers looked great.

The turbine cost about \$1 million installed. But most states offer rebates and incentives to do this sort of green energy project, and Maine is no exception. A state rebate of \$100,000 plus a 35% rebate of total project cost cut Paul's costs to \$550,000. A small business loan financed the deal for 15 years at 3%, for a monthly cost of \$3,800. Let's add some other maintenance and insurance and round it up to \$4,000 per month. Now let's look at the income.

The windmill generates about 1 million kilowatt-hours per year, and the utility will pay him about 6 cents per kWh. This brings in about \$60,000 a year, or \$5,000 per month. But it gets better. The IRS allows for a tax credit of 1.8 cents per year for wind-powered energy. This is a tax credit of \$18,000, or \$1,500 per month.

With the tax benefit of the credit and the positive cash flow from the wind-power, he'll net about \$2,500 per month cash from the one windmill. If the neighbors don't mind, I think he'll put up several of these over the next few years. Not bad income for his coming retirement: \$30,000 per year tax-free on land that was basically worthless.

Notice that what makes the math work for him is the tax incentives and benefits. It's not often the various government agencies come together and present great investment opportunities like this one. My guess is the government will hatch more of these unique opportunities in the future. I plan to watch for them and promise to share what I find with you so you can improve the quality of your retirement and live a richer life.

Let's recap the unique opportunities for free money in this report:

- Sell an option on the future appreciation of your home and collect free money.
- Let the government give you a large chunk of money today for the equity you've taken a lifetime to build. Live your dream in retirement, and don't pay a cent until you die.
- Retired and need more income now? Reset your Social Security and boost your income today... and even take out a free loan from the government.
- Tap your IRA before retirement age and don't pay a dime in penalties or fines to the IRS – our secret IRA loophole.
- Let the government pay you to produce electricity from your land – at a profit.

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