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Retirement Millionaire

How to Instantly Increase the Power
of Your Retirement Savings by 300%



Stansberry & Associates
Investment Research

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It's the most fascinating financial product I've ever seen.

I was investing my college money 30 years ago. I spent years with trading geniuses at Goldman Sachs. I've lived in the world's three biggest financial hubs. And now that I work for one of the world's largest financial publishers, I'm surrounded by new investment ideas every single day.

But this spring, in Florida, I found the most fascinating financial product I've ever seen. It has to be... because it addresses the biggest fear most every American has: That late in life, our health will fail and we'll run out of money, ending up sick and destitute.

Just consider: Medicare reports 30% of all health care dollars are spent in the last 12 months of life. And 401(k) behemoth Fidelity Investments reports 65 year olds will need \$225,000 for health care before they die. The Center for Retirement Research pegs the figure at \$105,000.

Please don't count on Obama or Washington to pay your bills and hold your hand while you die. Medicare doesn't cover everything you'll need (long-term care, for instance).

And worse, it lowers your chances to die with dignity.

Bureaucrats are worried about budgets not your quality of life... And they aren't any good at managing budgets, so payouts and benefits rarely match patient needs. Most of us are going to need a pile of cash or the ability to easily tap assets to make ends meet. How much probably depends on your health and family history.

If you already have a little cash for emergencies – and you should – I've found a way to at least quadruple the value of your cash overnight.

This product will allow you to safely move rainy-day money from one type of savings to another and guarantee the care and comfort you want should your health turn sour. And if you remain healthy until passing, you still keep your savings (and can pass them on to your children).

Annuities and Long-Term Care

The investment I'm talking about is called Asset-Based Care (ABC). It's a brand new insurance product – it didn't exist before November 1, 2009. That's not a typo... ABCs have only been on the market for little more than a year. Despite their relative newness, ABCs are safe, liquid, and yield more than most certificates of deposit (CDs) at your local bank.

Essentially, an ABC is an annuity on steroids.

You can find all kinds of annuities on the market. But in essence, they are insurance products that guarantee income for a holder's lifetime (or periods like five or 10 years).

For example, I could pay \$10,000 at age 50 in exchange for a payment of \$50 a month until I die. If I lived to 80, I'd receive \$18,000 (30 years x 12 months/year x \$50) from that initial \$10,000.

However, the details vary. You can buy annuities with a single, lump-sum payment or extend your principal across multiple payments. Annuities can pay at fixed or variable rates, and you can opt for deferred or immediate payouts.

As I said at the outset, Medicare doesn't pay for long-term care like nursing homes. You have to use up your personal assets and declare yourself broke before Medicaid will cover it... even then, not all costs are covered. Worse, statistics say about 50% of us will need nursing home care at some point in our lives. And it's not cheap. A nursing home can cost about \$78,000 a year, and even in-home care can run \$35,000 a year.

Insurance companies offer policies designed to cover these costs. But conventional policies are expensive and the application process is burdensome. For example, a 70-year-old male might pay close to \$3,000 a year for \$4,000-a-month of benefits. And the benefits last for only three years, which adds up to only \$144,000 of benefits. And that's if you can actually get insured at age 70. Most policies require full underwriting, including physicals, blood tests, etc...

And remember, it's only 50-50 you'll even use that policy. It's a coin flip. You could easily spend \$60,000 of your money for nothing except a little peace of mind. If you don't go to a nursing home (or similar facility), the insurance company keeps your premium. It's a "use it or lose it" proposition.

But ABCs are different. You keep everything. Let me explain...

How to Leverage Your Cash Safely

The ABCs combine annuities with long-term-care insurance. Here's what you get:

- Long-term tax-deferred growth of savings
- Long-term care benefits
- A meteoric increase in the value of your benefits
- Retain all money if you don't use the long-term care (LTC) benefit
- The ability to pass on the money to your heirs

Here's how ABCs work: Imagine you're 74 years old and have \$100,000 in four different certificates of deposit (CDs) with credit unions all earning 1.5% to 2.5%. The CDs are simply contracts that pay a fixed amount of interest over an agreed upon term. You pay taxes on the interest, and your heirs get the money on your passing.

If you needed to go to a nursing home, your money would dry up in 18 months (three years if you could use in-home care). Then, you'd have to tap the rest of your assets. And if you outlived those assets, your family would pay for the rest of your care (and decide your fate since they control the purse strings).

Instead, if you bought an ABC plan with that \$100,000, the insurance company places it in an

account with a guaranteed fixed rate of 3%. Your money grows tax-deferred... but you also get long-term care insurance. A small percentage of your account balance pays the insurance.

Your Cash Explodes in Value

At the end of one year, your long-term care accumulated value becomes \$101,070. But should you actually need to tap that value for a nursing home, **the total care benefit explodes to \$404,280.**

You can tap into that total care benefit the moment you are unable to perform your daily living – formally called “activities of daily living.” I’ll tell you exactly what that means in a moment.

In this case, you’d get \$4,211 a month for up to eight years (total payments: \$404,256). Again, that’s from an initial deposit of only \$100,000. This is a true quadrupling of your savings or assets into protection for long-term care. It’s as if you earned 50% a year on your initial investment for eight years.

If you don’t ever use long-term care, your initial deposit is still earning 3% interest. It’s not a use it or lose it deal. In fact, you’re free to use the \$100,000 at any time.

To top it all off: **The money you receive from these policies is tax-free.** Yep, not just tax-deferred but actually 100% tax-free at the federal and state level. This is a true win-win deal.

Here’s a way to shift money from one form of savings (money markets, and CDs) and put it into another (an ABC plan) and make your net worth explode in value and grow tax-deferred and tax-free. I can’t imagine Congress letting this deal stand on the books for long.

Use the Money Any Way You Want

In order to tap the funds for long-term care, a physician must declare the annuitant (that’s you) unable to perform two of the six “activities of daily living” OR has cognitive impairment. These are the six critical activities:

- Eating
- Bathing
- Dressing
- Toileting
- Transferring (this means moving from bed to chair)
- Maintaining continence (this means you’re able to hold your urine or stool)

Cognitive impairment essentially means you have medical documentation of a dementia, including Alzheimer’s.

The beauty of these policies is you can buy them on what’s called an “**indemnity**” basis. This means once a doctor signs off on two of the six or the cognitive impairment, the money is sent to you monthly, no questions asked. The money is yours to pay for home nursing care, flowers, babysitters, or anything else.

This is very different from policies that use a “reimbursement basis” like most long-term care policies.

And in fact you should never consider one of those because you'll spend the rest of your life or your spouses dickering with the insurance company over which bills are covered and which aren't. Don't waste your time. Make sure you get a policy with an indemnity feature.

The Risks Are Covered

Of course with any investment, ABCs come with some risk. But it's the same risk you take any time you buy insurance... Does the company have the ability to pay the claims.

First, in the case of ABC plans, companies are required by state law to keep cash and securities liquid to pay benefits on their policies. Thus, the risk with companies in this business is quite low. Second, you can check out the claims-paying abilities of any insurance company by looking at ratings provided by either Standard & Poor's or A.M. Best.

What to Do Next...

If this sort of policy makes sense to you and you have a pile of savings for a rainy day, I urge you to look into setting up an ABC. Especially if you sense you'll eventually need long-term care.

Qualifying is easy if you're healthy. The application can be done and approved over the phone, unlike the regular LTC plans that require a full underwriting process.

Only a handful of national insurance companies offer them – Genworth and Nationwide among them – but their terms vary. And ABCs are so new some states don't even have these products yet.

One option to investigate is the 137-year-old Indiana-based insurance company State Life. It garnered S&P's fourth-highest (out of 21 possible) rating, and A.M. Best's third-highest (out of 15). And State Life offers one of the better "explosions" of your asset value out there. Your money is safe with companies rated so highly.

Alternately, I recommend giving one guy I trust a call – David Phillips, CEO of Estate Planning Specialists LLC. In fact, recently I met with him in Arizona to discuss ABCs. He specializes in the estate planning business. Feel free to tell him we sent you... and let us know how it goes... 888-892-1102 or e-mail him at david@epmez.com. (I have no financial connection.)

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