

Retirement Millionaire

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\$250,000 Could Be Sitting in Your Desk

Dear *Retirement Millionaire* subscriber,

Nate Gibson threw away \$250,000 in 2004.

I'm not talking "throw away" like an ex-girlfriend saying you're "throwing away something special." And I'm not talking "throw away" like a virtuoso pianist "throwing her career away" to go save poor children in Africa.

Nope, Nate literally threw away \$250,000... He waded up a quarter-million bucks and chucked it in the trash.

You see, Nate was utterly clueless the "security" he threw out was worth a substantial amount of money to a small group of powerful investors. And you need to know his story because you might be tempted to do the same thing very soon. You too could have a stash of wealth in your sock drawer and not even know it.

The story began almost 100 years ago (1911) when the U.S. Supreme Court decided these documents were worth something. Justice Oliver Wendell Holmes wrote this type of security "has become in our days one of the best recognized forms of investment and self compelled saving." Today, few people know about the secret market for these assets – *although millions of everyday folks own them.*

The security I'm talking about is life insurance. The standard policy you probably have right now can generate substantial income for you *while you're still alive.*

The Supreme Court's 1911 ruling essentially deemed life insurance a security. So policies can be traded, just like a stock or a bond. In fact, a "secondary" market for selling these securities has blossomed. Nearly \$12 billion worth of this stuff was sold in 2008, this up from \$240 million in 2002.

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- The Fiber You're Eating May Be Deadly
- Make Money in Your Pajamas?

Dr. David Eifrig

This month, I'll show you how to tap into that secret market.

Some estimates show Americans hold at least \$100 billion worth of life insurance policies. My good friend Nate was one of them. But sadly, he told me about how he and his wife took two of these and just simply "threw them away" five years ago. The more I looked into their story, the more I realized the mistake he made... He walked away from a great way to get free money.

How the Life Settlements Market Could Bring You Millions

The market I'm talking about is the "life settlements" market. A life settlement is simply the sale of a life insurance policy. The seller (the original policy holder) gets cash upfront. The buyer gets the payoff from the policy when the covered person dies.

In my friend Nate's case, he had two life insurance policies that were about to expire. Instead of continuing the coverage, he let them lapse – and that's where he made his big mistake. You see, although those policies seemed worthless to him, people in the life settlements business would have paid him big money for them. He and his wife had kept these policies in his dresser drawer. When I looked at copies of his old policies, I cringed. I estimate he literally threw away about \$250,000.

That's when I realized we were on to something special for the *Retirement Millionaire* reader. I started researching it further and quickly discovered this market could bring millions to the right people. Here's the story..

The ideal candidate for a life settlement is 65-70 years old with less than 15-20 years of life expectancy. (To check out your life expectancy, go here: <http://www.annuityadvantage.com/lifeexpectancy.htm>.) The average 70-year-old man, for example, has an expectancy of 13.27 more years. A 70-year-old woman, 15.72.

For the purpose of selling your policy, it's actually worth more to you the worse your health. The life insurance policy has value depending on several other factors, too.

- Joint survivorships are the most valuable, followed by term policies. Variables are the third-most valuable, and whole-life holds the least value.
- The lower the "cash surrender" value the better. (Some policies "bank" a portion of the premiums you pay, so if you cancel the policy you get back some of the value you have built up over the years... This is the policy's "cash surrender" value.)
- Loans against the policy reduce the value of the policy.
- Lower premiums are worth more than higher ones.

[Note: If you're unfamiliar with insurance terms – like the difference

between "term" and "whole-life" policies, check out this site: <http://www.insure.com/articles/interactivetools/glossary/glossary.jsp>. It will help you. Just type the term into the white search bar and hit "go."]

The amount you receive from selling your policy is a percent of the death benefit amount. It varies depending on personal circumstances, but you can receive anywhere from 20% to 65% of the death benefit. This means if you have a million-dollar term policy, you could get as much as \$650,000 by selling it.

Some people with less than two years to live, say with a known terminal illness, can get even more... But I don't recommend doing this unless your circumstances are very unusual. These policies are known as "viaticals," which comes from the Latin "preparations for a journey." Emotions run high once someone receives a medical death sentence and the person's estate or family is set to receive the full amount relatively soon. In these cases, cash needs could easily be met with a loan against the policy as opposed to cashing out early with a life settlement. Why settle for less than you're about to get relatively soon?

This month, I spoke with two advisors who work with families and individuals to help them determine whether a life settlement makes sense. The stories they shared about recent sellers brought tears to my eyes.

One guy, R.L., was 68 years old with a \$1 million, 10-year term policy that was rolling over into its 11th year with a renewal offer. The offer increased his annual premium to \$30,000 a year from the \$8,000 a year he paid previously. He couldn't afford the new amount and didn't think insurance was that important to him anymore. Around this same time, his doctor told him he had Stage IIIB lung cancer and three years to live.

He was still relatively active and felt pretty good, so he and his wife decided to spend the money now while they could enjoy things together. They converted the policy to permanent coverage – something most term policies allow you to do – and then sold it. They got \$640,000 and tucked a large chunk of that away for her, but spent the next year traveling the world together arm in arm.

Another person, S.G., was 80 when her Alzheimer's worsened so she needed full-time, in-home care. Her husband decided to cash in the \$1.5 million, whole-life policy with a cash-surrender value of only \$72,000. He sold it for \$535,000 and now uses it to pay her \$4,000-a-month nursing bill. When he initiated his life settlement, he told his financial advisor he needed the money now "for health care expenses and if she dies in the next few years I'll still have a large amount of money left over. My kids are doing OK, and they'll eventually get my insurance money, but I need financial help right now."

One question you should ask yourself is: Why should I execute a life settlement? There are many reasons:

- Your premiums have gotten too expensive to keep paying.

- You're divorced or your spouse has died, so the intended beneficiary has changed.
- You need to pay for expensive health care.
- You want to eliminate premiums and purchase a smaller policy.
- You want financial security today.
- You want to salvage a lapsing policy (like Nate should have done).

By the way, be sure to get full disclosure of how much your insurance broker is making. Arizona, California, Florida, New York, Virginia, and Illinois require complete and full disclosure. The brokers I met said they take the greatest of 6% of face value or 30% of the amount over the cash-surrender value, but I suspect they might negotiate these prices.

After all, those rates mean they got \$60,000 for helping R.L. and \$93,600 for S.G. I think if I were to ever do one of these, I'd negotiate a rate of 3%-4% of face value with a maximum fee of \$20,000-\$25,000 for any amount greater than \$500,000. The paperwork is the same, and the broker doesn't take any risk in setting these up. So why should they get so much of your money? (Don't tell them I said so, please!)

You might wonder who makes the markets in these securities. Large financial companies (with insurance experience) like Berkshire Hathaway, General Electric, and many large insurers pool these policies together and resell them to other big investors looking for a reliable rate of return. Many of these pools of securities provide 10%-12% internal rates of returns to their investors, and of course, all of the policies eventually pay off.

One other thing you should know, and it's a little creepy. Once you complete a life settlement, the company will assign you a "tracking agent," who literally keeps tabs on you until you die. For obvious rea-

Is Your Fiber Supplement Killing You?

Most doctors will tell you that fiber supplements are good for you and can help ward off colon cancer. But be careful, this is hardly gospel truth.

In fact, one study using a common fiber supplement, psyllium, actually found an *increase* in precancerous colon tissue – called polyps. And the whole idea that fiber fights cancer comes from old (1971) circumstantial evidence from Africa.

Fiber does offer some verified benefits – mostly helping to regulate blood-pressure and normalize bowel movements. So to keep things moving and improve your health in other ways, make sure you get your fiber from your regular diet, NOT in a supplement.

Specifically, you should eat lots of raw fruits, vegetables, whole grains, and beans. Some great sources of healthy fiber are: apples, oranges, root vegetables, pinto beans, oatmeal, berries, rye bread, pears, popcorn, and brown rice.

sons, the company wants to know when it can collect on your policy – heck you’ve sold the policy and already have your money so you don’t care anymore. But they do, and that means a periodic phone call or an e-mail to make sure you’re still kicking. Don’t worry, they’re highly regulated and can’t harass you.

So before you let an old life insurance policy lapse, consider a life settlement. Or if your cash-surrender value is low and you want more money, talk with your insurance or financial adviser.

If you truly need (or want) the money and your kids raise hell, tell ‘em where to stuff it. *You gave them life, love, and a roof over their heads.* As far as I’m concerned, that’s all you owe them. This is your money. So it’s your decision, and you deserve to be happy.

I recommend giving two guys I trust, John Yaker or Chuck Lewis, a call. I don’t have any financial connection to either of these guys. However, after talking with them, I believe both are honest and interested in doing what’s right. Their reputations rest on it, and the law requires them to be your fiduciary.

If you talk to either of them, please let me know how the experience was. Feel free to tell them we sent you.

- **John Yaker in Baltimore: 410-327-9550**
- **Chuck Lewis in New York: 212-843-8989**

How to Earn a \$100,000 a Year at Home

I always wanted a job I could do in my pajamas. Walking around the house in PJs and a robe, sitting in front of a sunny window in early spring with a cup of warm Panamanian coffee... mmm... What could be much better than getting paid to do it?

Before you start thinking it’s not possible, I can tell you it is. I’ve met these folks and I’ve experienced parts of their lifestyle. Granted, as an editor of a newsletter called *Retirement Millionaire*, I have to get out a little bit and can’t stay in my pajamas all day. But let me tell you about these people...

People often ask me what I’m reading. Here’s what’s stacked on my nightstand right now:

- *Red Hot Lies* by Christopher Horner. I can’t put this book down. I’ve completely marked it up. It’s easily the most marked book I’ve ever created. If you ever wondered whether global warming is real or another politicized waste of taxpayers’ money, read this book. But I’ll warn you, be sure and take an aspirin, for the anger-induced heart attack to follow.

- *Buffettology* by Mary Buffett and David Clark. This is the simplest story written about Warren Buffett and his investing secrets. And hey, it’s unauthorized from his ex-daughter-in-law. Inside information doesn’t get much better than that.

Imagine a job with no deadlines... no fear of getting fired... and no meetings with people sucking up to the boss. Even better, you can work anywhere – at your local coffee shop, for example.

This is a job where you work as your own boss. You make your own schedule. And most importantly, you never have to leave home. This is the life of a copywriter – a job that offers benefits most people only dream about.

What exactly is a copywriter?

Copywriters write the words used to market a specific product or service. Yep, they write ads. Typically, copywriters work within the realm of direct marketing. This means their ads go directly to people and ask for a specific action. Think of infomercials or direct-mail catalogs.

Unlike typical advertising campaigns, copywriters aren't asked to build brands, either. A copywriter's job is to write an ad or sales letter with the sole purpose of getting a sale. This gives copywriters the flexibility to write about almost anything. For example, a copywriter can write an ad for an alternative health product as easily as he can for a travel book.

Copywriting requires no formal training. And you don't need prior experience in any particular field. As long as you learn about the product or service being sold and put together reasonable sentences, you can be a copywriter.

What's so good about copywriting?

Unlike other jobs, you get paid repeatedly for the work you did just once. Let's say you write a sales letter for a vitamin supplement kit that costs \$100. As a copywriter, you get a small percentage – technically known as a "royalty" – of whatever profit your letter generates. If you were commissioned for 5% of total sales and your letter generated \$50,000, you'd collect a \$2,500 royalty check. If it generated \$100,000, you'd collect \$5,000.

But here's the best part... Let's say the business likes the results of your letter and sends it out to more people the following month. This time, your letter generates \$200,000 for the company. For you, it means a \$17,500 royalty check over two months for a sales letter that may have taken you only a few weeks to write.

The reason you get paid so much as a copywriter in direct marketing is because you can easily measure the results of an ad. If you created a new TV commercial for a company like Toyota, you would have no accurate way of measuring how your ad boosted company sales over any period of time. But with direct marketing, a company can determine exactly how

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well your copy performs and pay you based on these results. Also you can negotiate advances of \$1,000, \$2,500, or \$5,000. This is in addition to the royalties you collect.

If it sounds too good to be true... it's not. Just ask 38-year-old Sean McCool of Knoxville, Tennessee. I met Sean a few months ago. For several years, he worked in a variety of fields from construction to financial sales. All the while, he generated an extra \$30,000 a year, on average, by writing copy for various businesses... including a local home-improvement company, a construction company, a discount magazine (coupon book), a water-treatment system company, and an ink-and-toner franchise.

Sean said: "Not one of these projects took more than a day to write, yet I made an average of \$1,000 on each one. The best part is, I see my kids leave for school in the morning and am always at home when they get back."

Or look at Dennis Rome of New Orleans, Louisiana. Dennis ran a successful computer consulting business for more than 15 years. But as the 1990s wore down and the market began to change, Dennis wanted something more. He wasn't a writer, and the only thing he'd ever designed was a family newsletter every Christmas. He decided to learn about copywriting. Today, just two years later, 100% of his income is from copywriting.

If becoming a copywriter intrigues you, here's what to do:

Step 1 – Dip your toes into finding out more about the copywriter's life. A few free e-mail blogs cover the topic exclusively. I recommend you try John Ford's *Copywriter's Roundtable*. This free e-letter offers great tips on copywriting. Visit <http://copywritersroundtable.com> for more info.

And also sign up to receive *Bencivenga Bullets*. This is a free monthly e-mail that offers tips for boosting response rates in direct mail and online copywriting campaigns. Visit <http://bencivengabullets.com>.

Step 2 – Take a look at the following books (you can find them all at your library). They will teach you what copywriting is all about:

Scientific Advertising by Claude Hopkins: This business classic covers everything from headlines and mail-order marketing, to advanced subjects like negative advertising and how to test an ad campaign.

John Caples' *Tested Advertising Methods*: This great read explains what direct marketing is... how it works... and how it can make you rich.

Ogilvy on Advertising by David Ogilvy: Written by the "father of advertising," this book offers great commentary on the business.

Bob Blys' *Copywriters Handbook*: This step-by-step guide will help you understand what copy is and the basics of how it works.

Step 3 – If you're still interested, look into the American Writers And Artists Association's (AWAI) Accelerated Program for Six-Figure Copywriting. This program teaches you some of the best techniques to

writing successful copy. We actually use this program in our own publishing business here at Stansberry. Visit www.awaionline.com for more details on this course. The price is \$507. (We do not receive commission for mentioning AWAI.)

Don't misunderstand me, it's hard work and takes a lot of practice. But you can learn the skills no matter what previous experience you have and no matter your age. Most importantly, it is a job you can do from home that requires very little start-up capital. If someone you know has just lost his job, you have my permission to pass a copy of this issue along. It could be a huge help.

Again, you'll need to dedicate at least a few hours a day, and you'll need a computer and e-mail access. So if you're retired, this might be a great way to earn some income in your free time. If you're still working, don't quit your day job until you actually earn enough money to make it worth your while.

Either way, I hope these three steps help you decide whether copywriting is for you. Personally, I'm thinking about trying my hand at a little copywriting for one of my friend's wineries.

Next Time

I hope you enjoyed your second issue of *Retirement Millionaire*... and I hope you take advantage of the opportunities I've shared. I think you'll find *Retirement Millionaire* unlike any publication you receive today. Be sure and check in your files for any old insurance policies that may be lapsing. You could be living with a goldmine in your drawers. And if you're sitting at home in your pajamas wondering how to make some extra cash, consider copywriting.

As I write this issue, the S&P 500 stock index is enjoying its biggest one-month increase (around 12%) since 1987. Does that alter my recommendation from last month of "avoid stocks right now"? No way. Stocks still aren't cheap. This rally is like your kid coming home proud that he received all Ds instead of Fs. Remember... a bear market rally is often better than the real thing. I'll have more thoughts on the stock market in my next update.

Next month, I'm starting my travel research to uncover ways to take advantage of geography... so-called "geo-arbitrage" – the act of earning and saving money in a wealthy area of the world, then going to a cheap part of the world to make that money go three... four... or even five times farther than it would normally go. I'm going to begin my hunt in the U.S. If you've found a great place to retire where things are inexpensive, safe, and the local government pays attention to you... please let me know.

Here's to our health, wealth, and a great retirement.



Dr. David Eifrig Jr., M.D.