

Investment Comparison

This chart shows a managed mutual fund substantially outperforming the S & P 500 Index over the period from the beginning of 2000 until the end of 2010. Numerous index funds would approximate the performance of the index. Surprisingly, an investment netting only 5% compounded over the same period would have been even better. If you are looking for excitement and subject matter for cocktail conversation, then the stock market is the place to invest. (File: Technique Book; Investment & Tax Planning/MDRT Index; 4000.00)

Risk and Reward

As a general rule, better results require taking greater risk. This graph reflects that thinking. People could argue forever about the relative placement of the various investments. (File: Technique Book; Investment & Tax Planning/MDRT Index; 4000.00)

Risk and Reward (Key Considerations)

This combines the graph with a list of critical factors that should be considered in the decision-making process. (File: Technique Book; Investment & Tax Planning/MDRT Index; 4000.00)

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Key Considerations When Investing

This page, without the Risk and Reward graph, is intended to provide you with discussion points for a conversation or presentation about investing. (File: Technique Book; Investment & Tax Planning/MDRT Index; 4000.00)

Financial Planning Without Life Insurance

This page is an attention getter. It is intended to make you think. Life insurance should be the foundation of virtually all financial plans. No one has a lease on life or on good health. Without life insurance, your dreams will probably die when you do. (File: Technique Book; Overview/MDRT Index; 3900.00)

Financial Planning Without Life Insurance (Commentary)

This helps explain why life insurance makes sense. Life insurance is a commonsense cash cushion. Cash is always king. (File: Technique Book; Overview/MDRT Index; 3900.00)

The Power of Compound Interest

Compound interest is a powerful factor over the long haul. What if you don't have a long period of time? That's why life insurance makes sense. (File: Technique Book; Investment & Tax Planning/MDRT Index; 4000.00)

Random Thoughts on Life

This page presents a collection of thoughts about life in general. (File: Technique Book; Miscellaneous/MDRT Index; 5000.00)

Investment Comparison

This chart compares the actual results for the Investment Company of America, one of the oldest and largest mutual funds, with the S&P 500 Composite Index. Investment X represents the results if one were able to achieve a 5% compounded rate of return.

Stocks will have ups and downs...not necessarily in that order. The general trend is up...except when it isn't. The years 2000-2010 have been a difficult time for most investors.

		Investment Company of America		S&P 500 Index		Investment X	
Year		Annual Total Return*	\$100,000 Original Investment	Annual Total Return*	\$100,000 Original Investment	Annual Total Return	\$100,000 Original Investment
1	2000	+ 3.8%	\$103,800	- 9.1%	\$90,900	+ 5.0%	\$105,000
2	2001	- 4.6%	99,025	- 11.9%	80,083	+ 5.0%	110,250
3	2002	- 14.5%	84,667	- 22.1%	62,385	+ 5.0%	115,763
4	2003	+ 26.3%	106,934	+ 28.7%	80,289	+ 5.0%	121,551
5	2004	+ 9.8%	117,413	+ 10.9%	89,040	+ 5.0%	127,628
6	2005	+ 6.9%	125,515	+ 4.9%	93,403	+ 5.0%	134,010
7	2006	+ 15.9%	145,472	+ 15.8%	108,161	+ 5.0%	140,710
8	2007	+ 5.9%	154,055	+ 5.5%	114,110	+ 5.0%	147,746
9	2008	- 34.7%	100,598	- 37.0%	71,889	+ 5.0%	155,133
10	2009	+ 27.2%	127,960	+ 26.5%	90,940	+ 5.0%	162,889
11	2010	+ 10.9%	141,908	+ 15.1%	104,672	+ 5.0%	171,034
Original Investment		\$100,000		\$100,000		\$100,000	
Value in 11 Years		\$141,908		\$104,672		\$171,034	
Effective Rate of Return		3.23%		0.42%		5.00%	

*Source: Investment Company of America Guide, 2011 Edition.

RISK and REWARD



As a general rule, one must take greater risk to achieve greater reward. Specific investments do not necessarily adhere to this generalization.

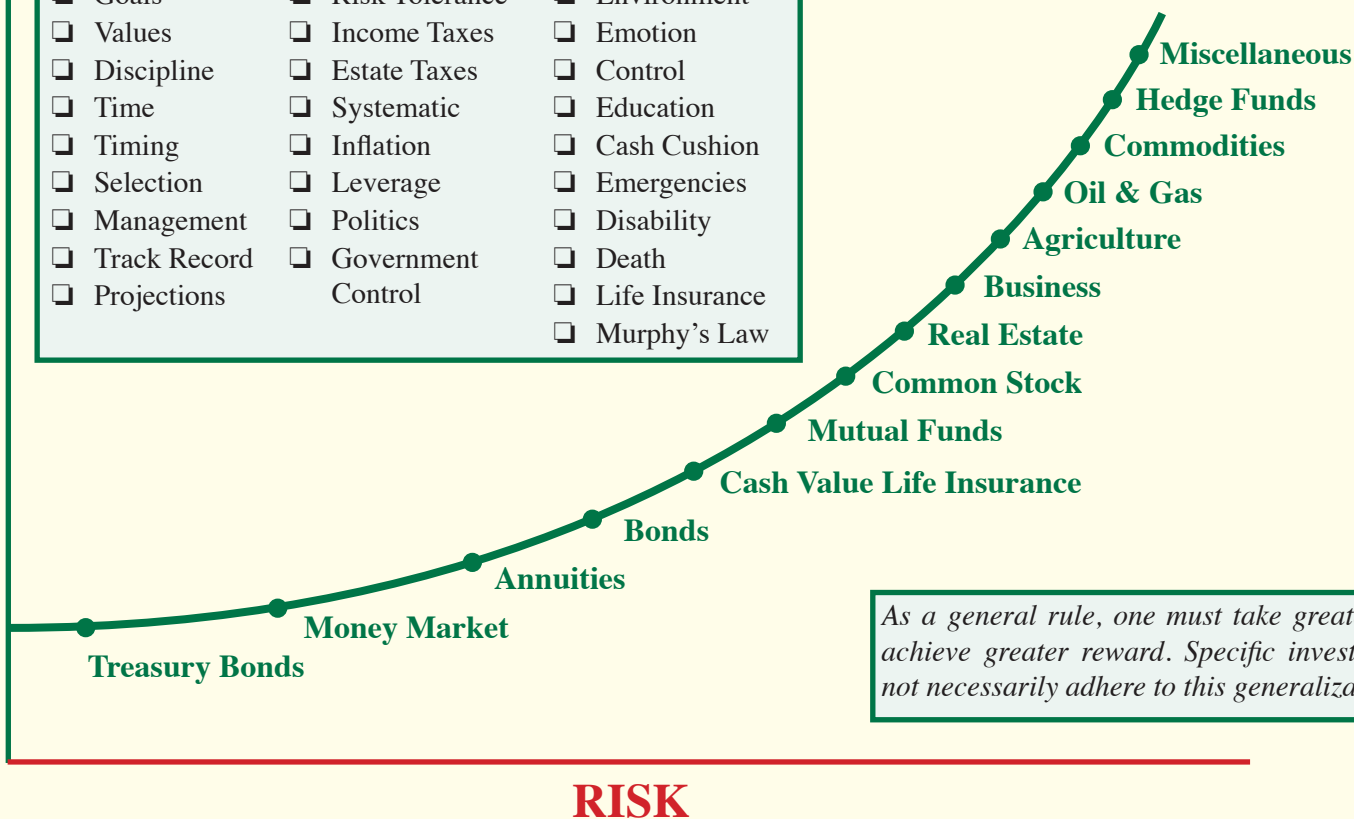
*After-tax return

RISK and REWARD

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Key Considerations When Investing

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|---------------------------------------|---|---|
| <input type="checkbox"/> Age | <input type="checkbox"/> Cost | <input type="checkbox"/> Climate |
| <input type="checkbox"/> Health | <input type="checkbox"/> Liquidity | <input type="checkbox"/> Interest Rates |
| <input type="checkbox"/> Family | <input type="checkbox"/> Diversification | <input type="checkbox"/> Weather |
| <input type="checkbox"/> Goals | <input type="checkbox"/> Risk Tolerance | <input type="checkbox"/> Environment |
| <input type="checkbox"/> Values | <input type="checkbox"/> Income Taxes | <input type="checkbox"/> Emotion |
| <input type="checkbox"/> Discipline | <input type="checkbox"/> Estate Taxes | <input type="checkbox"/> Control |
| <input type="checkbox"/> Time | <input type="checkbox"/> Systematic | <input type="checkbox"/> Education |
| <input type="checkbox"/> Timing | <input type="checkbox"/> Inflation | <input type="checkbox"/> Cash Cushion |
| <input type="checkbox"/> Selection | <input type="checkbox"/> Leverage | <input type="checkbox"/> Emergencies |
| <input type="checkbox"/> Management | <input type="checkbox"/> Politics | <input type="checkbox"/> Disability |
| <input type="checkbox"/> Track Record | <input type="checkbox"/> Government Control | <input type="checkbox"/> Death |
| <input type="checkbox"/> Projections | | <input type="checkbox"/> Life Insurance |
| | | <input type="checkbox"/> Murphy's Law |



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*After-tax return

Key Considerations When Investing

- Age
- Health
- Family
- Goals
- Values
- Discipline
- Time
- Timing
- Selection
- Management
- Track Record
- Projections
- Cost
- Liquidity
- Diversification
- Risk Tolerance
- Income Taxes
- Estate Taxes
- Systematic
- Inflation
- Leverage
- Politics
- Government Control
- Climate
- Interest Rates
- Weather
- Environment
- Emotion
- Control
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- _____
- _____

*Financial planning,
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Most people either have an estate tax problem or an estate size problem. If you have not had time to accumulate substantial assets, you may have an estate size problem. It would therefore make sense to have life insurance. When you have had the time to build a large estate, the problem has transitioned into an estate tax problem. Again, it makes sense to have life insurance. The Titanic is a metaphor representing your estate. Without life insurance, it will probably sink. Moving other assets around, without acquiring adequate life insurance, would therefore be like rearranging deck chairs on the Titanic.

In some situations, it might be more appropriate to use words other than “financial planning.” For example, any of the following might better make the point, depending on the circumstances:

- Multigenerational Wealth Management
- Lifetime Income Planning
- Investing
- Estate planning
- Estate tax planning
- Asset allocation

The Power of Compound Interest

\$100,000 One-Time Investment						\$10,000 Annual Investment					
Years	Annual Compound Rate of Return					Years	Annual Compound Rate of Return				
	0%	3%	5%	7%	10%		0%	3%	5%	7%	10%
10	\$100,000	\$134,392	\$162,889	\$196,715	\$259,374	10	\$100,000	\$118,078	\$132,068	\$147,836	\$175,312
20	100,000	180,611	265,330	386,968	672,750	20	200,000	276,765	347,193	438,652	630,025
30	100,000	242,726	432,194	761,226	1,744,940	30	300,000	490,027	697,608	1,010,730	1,809,434
40	100,000	326,204	703,999	1,497,446	4,525,926	40	400,000	776,633	1,268,398	2,136,096	4,868,518
How Long Will it Take to Accumulate \$1,000,000?						Annual Investment Required to Accumulate \$1,000,000					
Annual Investment	Annual Compound Rate of Return					Years	Annual Compound Rate of Return				
	0%	3%	5%	7%	10%		0%	3%	5%	7%	10%
\$5,000	200 Years	65 Years	49 Years	40 Years	31 Years	10	\$100,000	\$84,690	\$75,719	\$67,643	\$57,041
10,000	100 Years	47 Years	36 Years	30 Years	25 Years	20	50,000	36,132	28,802	22,797	15,872
15,000	67 Years	37 Years	30 Years	25 Years	21 Years	30	33,333	20,407	14,335	9,894	5,527
20,000	50 Years	31 Years	25 Years	22 Years	18 Years	40	25,000	12,876	7,884	4,681	2,054

These numbers are purely hypothetical. They are for illustrative purposes only and are not intended to represent any specific investment or to imply that any specific investment will achieve the results shown.

Random Thoughts on Life

- Never underestimate the power of a smile.

- Optimism opens opportunities and overcomes obstacles.

- “There’s always room at the top.”
Daniel Webster

- Procrastination is like a stack of bricks that gets taller every day. Ultimately it gets to the point where you can’t lift it anymore.

- Stay busy. An idle mind is the devil’s workshop.

- Taking notes is an expression of hope over experience.

- Integrity means doing the right thing when you know nobody will find out even if you don’t.

- Self-discipline is essential to self-respect.

- It pays to open your mind before opening your mouth.

- It’s not just what you say...but how you say it that counts.

- Leaders say, “Follow me.” They don’t take a vote. They listen to advice...but they make the final decision.

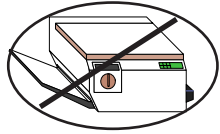
- “A wise man listens to advice.”
Proverbs 12:15

- Make calls...not excuses.

- Focus on how much you can help...not on how much you can make.

The ultimate master key to life, happiness, and success is to focus on first things first.

Caveats, Comments and Options



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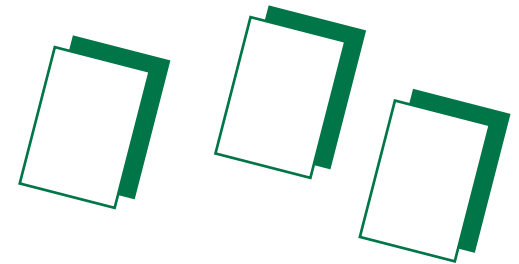
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Ideas. If you are willing to share your ideas with others, please send them to Howard Wight, 1330 Jones Street, Suite 404, San Francisco, CA 94109, fax them to (415) 922-9740, or call him directly at (415) 776-6022.



Filing

Technique Book Section	MDRT Index
Overview	3900.00
Financial Data	2600.00
Investment & Tax Planning	4000.00
Estate Planning	2500.00
Business Planning	1400.00
Executive Benefits	2400.00
Insurance Planning	4400.00
Disability Income	100.00
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