

Lowering Taxes White Paper:
Living a “Guaranteed Tax-Free” Retirement

While it is theoretically possible to live a Guaranteed Tax-Free retirement in theory, in reality it is highly improbable.

Challenge No. 1: First, as with all financial jargon, we must define the two terms that are bring used: guarantee and tax free. According to our “Color of Money” chart (covered in more detail in our “3 Diversi-Pied” white paper):

Assets that you may own that you may consider to be “guaranteed” may actually be not *truly* guaranteed. There is only one asset that is truly guaranteed, and those are assets issued only by the U. S. Government -- which include Treasury bills, notes, and bonds. You see, only the US Government can print money, so only the assets they issue are truly guaranteed. Most other assets that you may deem as guaranteed are really assets that are backed by the credit worthiness of the specific financial institution that offers the instrument. Most assets owned by people that think the asset is guaranteed, are typically assets that are backed by a bank, insurance company, or other financial institution. NOT the US Government. So the term used here as “guaranteed” is not really *truly* 100% guaranteed

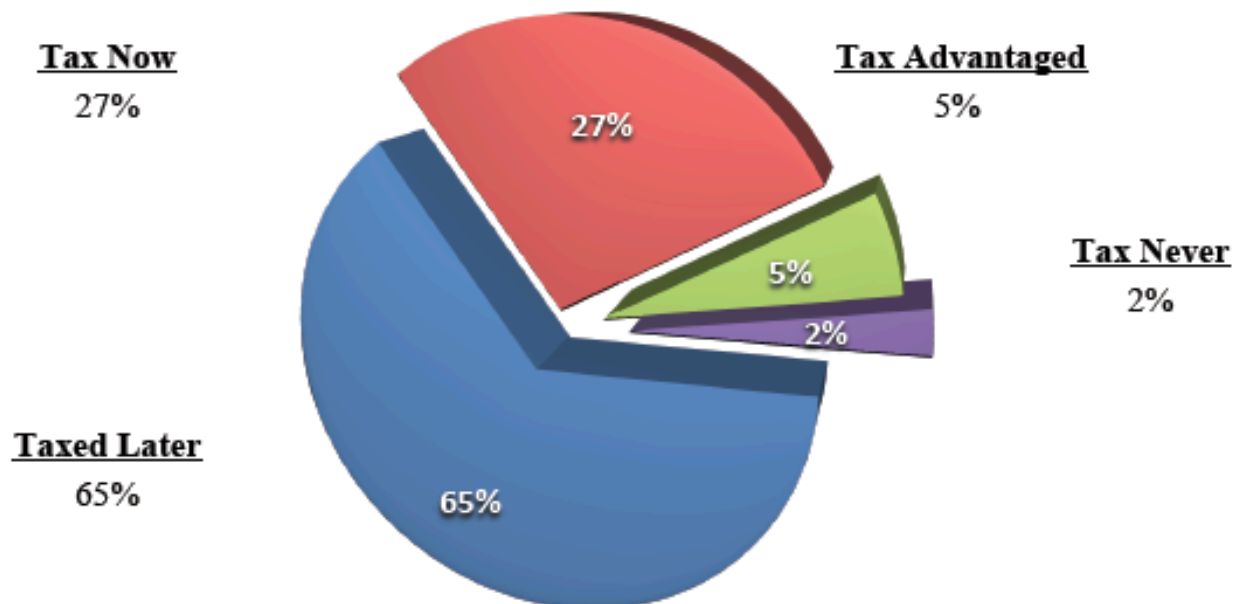
Assets that are “Tax Free” may include (if structured properly) personal real estate, Municipal Bonds, Roth IRA, HSA, Life Insurance, and 529 Plans. Again, as defined by our “Color of Money” chart (covered in more detail in our “3 Diversi-Pied” white paper): Real estate and Municipal Bonds are defined as assets that are not guaranteed. The other 4 tax free vehicles must be funded with assets that are backed by the credit worthiness of the specific financial institution for you to consider them “guaranteed”. Also, three out of the four tax free vehicles have IRS funding contribution limitations, so you even if you wanted to transfer all your assets into these vehicles, it may not be legal to do so.

Challenge No. 2: In order to have all of your assets in a tax-free scenario you would have to take distributions from your existing tax deferred assets and convert them all into “tax never” assets. Aside from the contribution limitation problems mentioned in #1 above, the client must be willing to incur substantial negative Federal, State , and local income taxation in this transfer process. Typically, when given the option to pay taxes now or pay taxes later, most people will elect to pay taxes later.

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By (3) Taxation

As of 9/30/15



Challenge No. 3: If you even were to position all of your assets into Tax-Free vehicles, you would be in a position of having a majority of “your eggs in one basket”, which if we advised you to do so, would obviously be a breach of our fiduciary responsibility.

Challenge No. 4: While there exists the ability to reduce your income tax liability, even if you are taking RMD’s (see the “Grey Color of Money” chart covered in more detail in our “3 Diversi-Pied” white paper), (1) Grey money is NOT guaranteed, and (2) they can certainly reduce your tax liability, but to actually eliminate your tax liability would be extremely difficult (although theoretically possible).

If you would like more information on how to live a “almost guaranteed” and “mostly tax free” retirement, we give workshops to help educate people navigate the road to and during retirement, and that includes reviewing the tax advantaged vehicles that can be incorporated into your desired income solutions while not straying from our 26 years of experience and Fiduciary responsibility to our clients.

MANY know “What” the problem are -- WE know the “HOW” to solve them AND can help you get your financial house in order.

Important Disclosures: Every investor should familiarize themselves with rate of return rules and calculations. The information above is as of the date of this document and should be used for informational and educational purposes only. The document generated we believe is accurate and reliable, based upon information provided by the prospective customer. Conservativemoney LLC does not provide professional legal or accounting services. We highly recommend that you contact and employ a qualified professional who is license, bonded, and insured in the specific area of their expertise