A Plan for Wealth

Retire With $309,159 of ANNUAL Income

Learn How to Accelerate Your Savings Through Double Compound Interest

By Rob Minton

Preface

In this book, you'll learn a two-step retirement savings strategy designed around the magic of compound interest. This new approach to retirement savings can double, triple, or even quadruple your annual retirement income.

In fact...

If you have $60,000 to invest today, you'll be able to retire with $21,099 of annual income in 10 years, or if you can wait 20 years, you'll enjoy $61,831 of annual income!

If you have $120,000 to invest today, you'll be able to retire with $42,199 of annual income in 10 years, or if you're able to wait 20 years, you'll enjoy $123,663 of annual income.

If you have $180,000 to invest today, you'll be able retire with $63,298 of annual income in 10 years, or if you're able to wait 20 years, you'll enjoy $185,495 of annual income.

If you have $240,000 to invest today, you'll be able to retire with $84,398 of annual income in 10 years, or if you're able to wait 20 years, you'll enjoy $247,327 of annual income.

If you have $300,000 to invest today, you'll be able to retire with $105,497 of annual income in 10 years, or if you're able to wait 20 years, you'll enjoy $309,159 of annual income.

This retirement income may not seem possible at first pass. However, once you understand the plan for wealth outlined in this book, you might be pleasantly surprised at what is possible.

The key will be to keep an open mind and consider the possibilities.

Lets get started.

HOW YOU CAN RETIRE WITH $309,159 OF ANNUAL INCOME

A Plan For Wealth

What is your plan for retirement? I'll bet I know what it is...

Get a good job, work your tail off, save 10% to 15% of each paycheck, and in 40 or 50 years you'll have enough to finally "retire."

On the surface, this plan makes sense. This is why we've all fallen for it. However, if you think accurately about this, you'll realize this plan may *not* be the best approach.

The reason why is because this plan was designed by financial planners and mutual fund companies. These financial planners and mutual fund companies make a significant amount of money off of this plan through fees and commissions as you continue saving each and every month throughout your working years.

Your retirement plan is not free. One way or another, you're paying these companies commissions or management fees each and every year. **The more you save and invest through their plan, the more they'll make.**

If you have $200,000 saved and they take 2% of this each year, they'll pocket $4,000 of your money EACH year. In 10 years, they'll collect a total of $40,000 from your savings.

If you have $500,000 saved and they take 2% of this each year, they'll pocket $10,000 of your money EACH year. In 10 years, they'll collect a total of $100,000 from your savings.

If you have $1,000,000 saved in your 401k plan and they take 2%, they'll pocket $20,000 of your money EACH year. In 10 years, they'll collect $200,000 from your savings.

Now multiply these amounts by everyone you work with and think about how profitable this plan is for the financial planners and mutual fund companies. This is why they have large, beautiful offices. They are profiting handsomely off of your hard work and your retirement

savings.

In most cases, these fees are invisible to you. The reason why is because they are deducted from the income generated by the investments inside your retirement account. If the true return of the mutual funds and other investments in your retirement account is 9% this year, they'll subtract their fees and the amount you capture will only be only 6 or 7%, which is less than the actual return. This happens regardless of how well your investments perform. They always get to collect their fees.

The longer they can keep you saving in your retirement plan, the more money they'll make off of you. This is why these companies recommend working until you're 65. You work for 40 years, they profit for 40 years. You trade away your precious life while they profit with every paycheck you collect.

Please understand this approach to retirement IS designed for their benefit, not yours. Your retirement account is their asset.

Consider the following excerpt from Time Magazine:

"The fund company T. Rowe Price advises a multiple of 12 times final pay, while Fidelity calculates that a multiple of eight times pay will do the trick. All the firms use slightly different assumptions. But you can see that they are in the same ballpark and, more importantly, that it's a big park."

"Looking at it another way, BTN Research estimates that, assuming 5% average annual investment returns, for every $1,000 of monthly income you want over a 30-year retirement, you need $269,000 in the bank. Let's consider that same household making $75,000 a year. To replace the commonly recommended 80% of income in retirement — or $60,000 in this case — the household would need $5,000 a month. In this calculation, this household's number is $1.35 million, or 18 times final pay."

For someone making $75,000 a year, "their" retirement plan requires you to build up a retirement fund of $1,350,000 so that you'll be able to collect 80% of your annual income when you retire.

Your $1,350,000 retirement plan will hopefully provide you with $60,000 a year or $5,000 a month in retirement. If you're not able to hit this $1,350,000 benchmark at retirement age, you'll retire with significantly less income.

It is time to question their plan.

A Better Approach to Prepare for Retirement

Instead of following the plan suggested by the financial community, we will create our own plan designed around the magic of compound interest. Albert Einstein once referred to compound interest as the 8th wonder of the world and we are going to use this magic to our advantage.

Compounding is a simple investment strategy in which you put your money in an investment that pays income. At the end of the year, you take the income you collected and reinvest it with your original stake. Now your income earns a return as well. The next year, you'll collect even more income. Then you'll reinvest that larger income, and so on.

Compounding is slow and boring at first. But gradually, the income you earn grows and your reinvestments increase. And the longer you allow your money to compound, the more it grows.

The key to success with compounding is threefold:

1. The amount of income you collect from your investments
2. The frequency and timing of the income earned
2. The length of time you compound your savings

Depending on your current age and the amount of money you have saved for retirement right now, you may be able to retire in with..

$105,497 of <u>annual</u> income in 10 years

or if you have more time before retirement

$309,159 of <u>annual</u> income in 20 years

To maximize the compounding of our retirement savings to provide this annual income, we will implement a two-step plan. The two steps are designed to increase the annual return you receive allowing your savings to compound at an accelerated pace.

Double Compound Interest – *The Secret to Wealth*

In order to double, triple, or quadruple your retirement income, we'll have to use double compound interest on your retirement savings.

Double compound interest is available if we consider two different investments and use each investment strategically. We'll use one investment to create income to be reinvested into the second investment.

By layering these two investments on top of each other, we'll set our savings up for double compound interest.

One of the keys to double compounding is the amount of income and the frequency of income payments from the first investment. We need an investment that pays income frequently and at higher rates. This income will then be reinvested for the second layer of compounding.

To illustrate how double compounding will work for you, let's assume you have $60,000 to invest and you stumble across an opportunity to buy an investment that will provide you with $600 a month of income. You can live off this $600 of monthly income, or you can reinvest it into another investment. In either case, you'll have $7,200 of income for every year you hold this first investment.

Now this first investment isn't a passive investment. You'll have to work a little bit each month to manage this investment. For the most part, your time managing this investment will be about an hour or two a month. Once every year or two, you may have to work 30 to 40 hours to manage this investment.

However, because of the attractive income available, the time invested to manage this investment is definitely worth it, as you'll soon see.

On average, this first investment will provide you with annual income in 11 to 15% range. After acquiring this investment, we'll setup a system where this income will be reinvested into a second investment, which we'll get to in a minute.

Before we move on to the second investment, let's work through the details of the first investment.

Investment One: A Single-Family Rental Property

A single-family home is our first investment because this investment will provide you with attractive monthly income. This monthly income will then be reinvested into investment number two and you'll watch your retirement savings grow through double compound interest.

In today's market, you can buy a nice single-family home in Lake County, Ohio for around $50,000 to $60,000. Here is a home one of my client's is in the process of acquiring:

Residential	MLS: **3645592**	Status:	**Active**	List Price:	**$59,900**
980 E 347th St, Eastlake, OH 44095				Sold Price:	
Area:	**1107**	Twp:		List Date:	**08/13/14**
Subtype:	**Single Family**	Subdiv:	**Stevens Blvd Est**	List Date Rec:	**08/14/14**
Parcel ID #:	**34-A-011-P-00-072-0**	County:	**Lake**	Pending Date:	
				Off Mkt Date:	
Open House:				Closing Date:	
				Contingent Dt:	
				Exp. Date:	
Directions:	**Vine St to Stevens Blvd. to East 347th**			DOM/CDOM:	**166/166**
				$/SqFt:	**$44.30**

This is a 4-bedroom home listed for sale in Eastlake near North High School. The asking price is $59,900. Believe it or not, this foreclosure doesn't need very much work. The home is on a nice lot and has a two-car garage.

My client is paying the full asking price of $59,900 for this home. This home will rent for $1,095 per month because it offers four bedrooms.

From this monthly rental income, he will deduct property taxes of $242, homeowners insurance of $50 per month, and he will also budget another $200 a month for ongoing maintenance and repairs.

Total Monthly Rent	$1,095
Property Taxes	($242)
Homeowners Insurance	($50)
Repairs & Maintenance	($200)
Net Monthly Income	**$603**

Once this home is rented, my client will enjoy $603 of income each and every month. Yes, he will have to manage this rental property, but it is definitely worth it when you consider the return on investment. His return on investment, after deducting taxes, insurance, and maintenance will be 12%. We can determine this by

dividing the net annual rental income of $7,236 by the $59,900 purchase price.

In most month's, all he'll have to do is deposit the monthly rent check and save for the property's future expenses. After depositing the $1,095 rent check, he'll move $492 from his checking account into a savings account. This $492 will be held for future taxes, insurance, and maintenance expenses.

In other months, he may have to call a plumber, or a handyman to make a repair or two at the home. These repairs will be paid out of the maintenance expense fund he has been accumulating each month.

And every few years, the tenants will move out of the home. He may have some cleaning, painting and new carpeting to install. He'll also have to advertise the home and show it to new prospective tenants. Once he finds a new qualified tenant, he'll put the home back on autopilot and continue following our plan for wealth.

With this single family home investment, this client will have $603 a month of income. He could use spend this money each month, or he can reinvest it. This client is in his 30s and is looking to increase his income in retirement, so he'll reinvest this monthly income and will have a lot more income in retirement.

<u>Investment Two</u>: A Low Cost *Small Cap* Stock Index Fund

Below is a screen shot of the Vanguard Small Cap Index Fund. This is a low cost index fund focusing on small cap stocks.

This small cap index fund will be our second investment and has been selected for the following reasons:

1. The fund management fees are extremely low when compared to actively managed mutual funds. Most managed mutual funds charge investors 1 to 2% in fees annually. This Vanguard Small Cap Index Fund only charges a management fee of .24 saving you a significant amount of money over time.

2. Since the fund owns over 1,400 different stocks, your investment into the fund shares will be diversified. Buying an index fund will protect you from a major long-term loss when compared to buying single stocks.

3. "Small Cap" stocks have historically out performed the overall market adding a great deal to your future retirement income.

A “small cap” index fund is defined by Investopedia as:

“Stocks with a relatively small market capitalization. The definition of a small cap can vary, but generally it is a company with a market capitalization of $300 million to $2 billion.”

As a group, small-cap stocks outperform the market consistently over time by an average of 1.7% annually. This is an undeniable fact and the reason is because these smaller companies are typically undervalued.

Economist Eugene Fama and Kenneth French found:

One dollar invested in 1990 in small-cap stocks would be worth $30.52 today. A dollar invested in large-cap stocks would have only grown to $12.05.

Taking a longer view, $1 invested in 1926 would be worth $5,203 in large cap stocks, $236,497 in small cap stocks.

The difference in return between small cap stocks and large cap stocks is significant over time and this is why we’ll reinvest our monthly rental income into a low cost small cap stock index fund. We don’t plan on touching this investment for a minimum of 10 years.

The small cap index fund we’ll use is the Vanguard Small-Cap Index Fund (NAESX). This low-cost index fund has averaged 10.8% annually since inception and this is the rate of return we’ll be using in our calculations. In the picture included above, you probably noticed the fund averaged 16.7% annually for the last 5 years. We won’t use this higher rate of return and will instead use the fund’s 10.8% return since it was started.

This means our $603 monthly rental income has the opportunity to compound at 10.8% annually over the next 10 to 20 years. Obviously, this return isn’t guaranteed, but it is based upon long-term historical returns.

This monthly investment into the Vanguard Small Cap Index Fund is where the magic will happen for your retirement. Your monthly rental income today will provide for your retirement tomorrow.

The home detailed earlier would provide you with $603 per month, or $7,236 annually. If you invested this $7,236 in 2015 into the Vanguard Small Cap Index Fund and averaged 10.8% annually, you would be able to withdraw $21,099 annually starting 10 years from now. Yes, annually. Or if you had 20 years until retirement, you could enjoy $61,831 annually.

Stop for a minute and think about how powerful this can be for your future. ONE year of $7,234 of rental income today becomes $21,099 in 10 years, or $61,831 in 20 years.

If you keep your single family home and continuously reinvest the monthly income into this small cap index fund, you'll be able to collect $21,099 annually for life starting 10 years from now.

Here's how:

$7,235 rental income invested in 2015 becomes $21,099 in 2025
$7,235 rental income invested in 2016 becomes $21,099 in 2026
$7,235 rental income invested in 2017 becomes $21,099 in 2027

Who would think $60,000 of retirement savings today could actually provide us with $21,099 annually for life starting 10 years from now?

How is this possible?

Well, the main reason this is possible is because you'll be utilizing double compound interest with your $60,000 investment.

The $60,000 single-family home will provide you with an average annual return of 12% and the low-cost small cap stock index fund will add another 10.8% bringing your average long-term annual return on investment to 22.8%.

Every single share you purchase of the Vanguard Small Cap Index Fund will be paid for by the tenants living in your rental home. This means your tenants will be funding your retirement with each rent check they send to you.

Please understand this is not the case with the financial plan suggested by the financial community. The financial community will advise you to invest in high-cost managed mutual funds. These funds will eat a large portion of your savings over time through their management fees.

Even worse, you'll lose out on the double compounding of your savings forcing you to save a great deal more money through your working years. This is why you'll need to save $1,350,000 in order to be able to retire.

The reason we are able to generate such attractive retirement income starting in just 10 years is because we are compounding our savings through two investments at 22.8%.

If you were to simply do as the financial planning community suggest, you're savings will only compound at 6 to 7% annually after their fees are deducted from your returns.

By sticking with the plan suggested by the financial community averaging 7% annually, your $60,000 investment would only be worth...

$120,579 in 10 years
$242,324 in 20 years

This doesn't sound too bad until you realize that once you spend this $120,579 it's gone. It isn't replenished the next year because their financial plan isn't self-funding by the rental income.

In 10 years following their plan you can withdraw the $120,579 for your living expenses, but what will you do in year 11?

Can you see the difference?

Once you acquire the single-family home, your future retirement is self-funded by the income collected from the tenant. You use your current retirement savings to buy the rental home and then your tenants fund your annual income in retirement.

Without this self-funding asset, you're forced to save a great deal more money out of your paychecks. This is because you're funding your entire retirement yourself and the mutual fund companies are getting rich off of your labor.

A Case Study on How to Create $309,159 Of Annual Retirement Income

STEP ONE: Use your current retirement savings to acquire 5 single-family homes for cash. These homes will provide monthly income to reinvest for your future retirement.

These 5 single-family homes are the key to this entire plan as they provide the accelerated compounding for our savings. The reason why this is possible is because of the extremely attractive house prices in Northeast, Ohio.

A nice single-family home in Lake County, Ohio will rent for $1,000 to $1,100 per month. We'll deduct $250 from this rental income to pay for the property taxes and homeowner's insurance. In addition, we'll deduct another $150 to $250 a month for repairs and maintenance. The net rental income remaining from each home will be around $600 per month.

Five similar single-family homes would provide $3,000 a month of net rental income. We'll reinvest this monthly income to compound our savings further.

In our area, someone can acquire an income-producing single-family home generating $7,200 of annual *net* rental income for around $60,000. A portfolio of *five* of these single-family homes would generate $36,000 of annual investment income.

Here are few examples of these single-family homes that meet the criteria in this plan:

Home #1: $600 of NET monthly income

Residential	MLS: **3608275**	Status:	**Active**	List Price:	**$56,900**
30233 Royalview Dr, Willowick, OH 44095				Sold Price:	
Area:	**1103**	Twp:		List Date:	**04/13/14**
Subtype:	**Single Family**	Subdiv:	**Golfview 01**	List Date Rec:	**04/14/14**
Parcel ID #:	28-A-039-A-00-036-0	County:	**Lake**	Pending Date:	
				Off Mkt Date:	
Open House:				Closing Date:	
				Contingent Dt:	
				Exp. Date:	
Directions:	**W of E 305th, S of Lakeshore Blvd**			DOM/CDOM:	**75/75**
				$/SqFt:	**$47.42**

This is a 3-bedroom home that recently sold on Royalview Drive in Willowick. The asking price for this home was $56,900. Single-family homes in this area rent in the $995 to $1,095-per-month range. The

monthly taxes and insurance for this home would average $300 and we would set aside another $100 a month for maintenance expenses. The net income from this home each month would be around $600 per month providing $7,200 annually.

Home #2: $620 of NET monthly income

Residential MLS: **3633865**
324 E 323 St, Willowick, OH 44095
Area: **1103**
Subtype: **Single Family**
Parcel ID #: 28-A-045-B-00-096-0
Open House:
Directions: **Off Lakeshore Blvd, Just East of Vine St.**

Status: **Sold**
Twp:
Subdiv:
County: **Lake**

List Price: **$69,000**
Sold Price: **$64,000**
List Date: **07/05/14**
List Date Rec: **07/07/14**
Pending Date: **09/29/14**
Off Mkt Date: **09/29/14**
Closing Date: **10/17/14**
Contingent Dt:
Exp. Date:
DOM/CDOM: **87/87**
$/SqFt: **$62.81**

This is a 4-bedroom home in Willowick recently purchased by one of my clients. The purchase price was $64,000. This home is rented to a great family for $1,020 per month. The monthly taxes and insurance for this home total $250. In addition, the investor allocates another $150 a month towards repairs and maintenance. After factoring in these expenses, this investor collects $620 of net income each month.

Home #3: $615 of NET monthly income

Residential MLS: **3632267**
188 Courtland Blvd, Eastlake, OH 44095
Area: **1107**
Subtype: **Single Family**
Parcel ID #: 34-B-025-C-00-037-0
Open House:
Directions: **Located south off of Lake Shore Blvd.**

Status: **Active**
Twp:
Subdiv: **Willoway Beach**
County: **Lake**

List Price: **$58,100**
Sold Price:
List Date: **06/30/14**
List Date Rec: **07/01/14**
Pending Date:
Off Mkt Date:
Closing Date:
Contingent Dt:
Exp. Date:
DOM/CDOM: **29/29**
$/SqFt: **$46.48**

This 3-bedroom, 2-bath home is on Courtland Boulevard in Eastlake that another client has recently acquired. This home will rent for $995-per-month. The monthly taxes and insurance are $285 and the investor is budgeting $100 a month for maintenance expenses. The net income per month after expenses is $615 for an annual income $7,380.

Home #4: $650 of NET monthly income

Residential	MLS: **3652344**	Status:	**Contingent**	List Price:	**$59,900**
674 Bayridge Blvd, Willowick, OH 44095				Sold Price:	
Area:	**1103**	Twp:		List Date:	**09/07/14**
Subtype:	**Single Family**	Subdiv:	**Bayridge**	List Date Rec:	**09/10/14**
Parcel ID #:	28-A-043-M-00-021-0	County:	**Lake**	Pending Date:	
				Off Mkt Date:	
Open House:				Closing Date:	
				Contingent Dt:	**12/10/14**
				Exp. Date:	
Directions:	**off N. Marginal Rd.**			DOM/CDOM:	**129/129**
				$/SqFt:	

This a 4-bedroom home for sale in Willowick with an asking price of $59,900. This home will rent for $1,050 each month. The monthly taxes and insurance are $250. We'll subtract another $150 a month for maintenance and repairs and we can see this client will collect $650 per month of net income.

Home #5: $625 of NET monthly income

Residential	MLS: **3661804**	Status:	**Active**	List Price:	**$65,000**
1163 Cherokee Trl, Willoughby, OH 44094				Sold Price:	
Area:	**1108**	Twp:		List Date:	**10/17/14**
Subtype:	**Single Family**	Subdiv:	**Arrowhead Beac**	List Date Rec:	**10/20/14**
Parcel ID #:	27-B-055-A-00-023-0	County:	**Lake**	Pending Date:	
				Off Mkt Date:	
Open House:				Closing Date:	
				Contingent Dt:	
				Exp. Date:	
Directions:	**Lake Shore - South on Cherokee**			DOM/CDOM:	**88/88**
				$/SqFt:	

This 3-bedroom home is on Cherokee Avenue in Willoughby with an asking price of $65,000. This home will be rented at $975 per month. The monthly taxes and insurance are $200, and we'll budget $150 for maintenance and repairs. After subtracting these expenses, the investor acquiring this home will enjoy $625 a month of net income.

If an investor were to buy these five homes at full asking price, they would have to invest $308,900. However, the homes didn't sell for full asking price. The actual total purchase priced paid for the five homes was $269,900

Each home did require an additional investment to get it ready to show to prospective tenants. This investment included painting, carpeting, and other cosmetic improvements. On average, this additional investment was $5,000 per home adding $25,000 to the total amount invested.

The total investment, including the fix up costs, for all five homes was $294,900. This investment will generate net monthly income of $3,110 and an annual net income of $37,320. Remember, this net income is *after* deducting taxes, insurance, and ongoing maintenance expenses.

The annual return on investment is 12.6%.

NOTE: Although you would be buying these homes below value, it is important to consider you're not acquiring these five homes for appreciation. Our return on investment is based off of the rental income and doesn't include any appreciation whatsoever.

In fact, the value of the homes has no impact on our plan. The home values can stay the exact same for the next 10 to 20 years and we'll still have a great deal more income in retirement.

Even better, since we aren't using mortgages to buy these homes, we'll never have to worry about interest rates, or a monthly mortgage payment.

Finally, our $294,900 investment into these 5 homes is protected by homeowners insurance. If Hurricane Sandy comes back to visit again and damages one or more of your homes, you'll be able to make a claim against your insurance and this will protect you from financial loss.

Where else can you find an investment protected by insurance that provides a 12% annual return on investment without the use of leverage?

Step Two: Use $3,000 of net monthly income from your 5 homes to dollar-cost average into a the Vanguard Small Cap Index Fund

Each month you'll manage your 5 single-family homes collecting the rent and paying the various expenses. At the end of each month, you'll log into your account and place an order to buy $3,000 more shares of the Vanguard Small Cap Index Fund. Or simply setup an automatic transfer each month and have the funds automatically invested without lifting a finger.

Be sure to set your Vanguard Small Cap Index Fund to automatically reinvest all dividends into additional shares of the fund. This way, the dividends paid by the fund will automatically purchase additional shares compounding your wealth further.

This monthly reinvestment of the rental income into the Vanguard Small Cap Index Fund is what financial planners refer to as "Dollar-Cost Averaging."

Dollar-Cost Averaging is defined by Investopedia as:

"The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high."

Dollar-cost averaging automatically makes us better investors.

It forces us to buy more shares when the fund share price is lower and protects us by buying fewer shares when the fund share price is higher.

By dollar-cost averaging our monthly rental income into shares of the low-cost small cap index fund, we are actually adding another loss prevention strategy into the plan because we'll buy fewer shares at higher prices.

Small cap stock index funds are volatile and this is because small cap stocks themselves are volatile. They tend to fluctuate in price a great deal during the short-term. We'll actually benefit from this volatility through our monthly dollar cost averaging.

When the stock market crashes again, and it will most certainly crash again, you'll have an incredible opportunity to maximize your wealth. Your monthly rental income will provide monthly cash for you to use to accumulate additional shares of our low-cost small cap index fund at depressed prices. Each additional share we accumulate during the next crash will provide additional dividends to us.

The BIG Challenge...

The big challenge someone following this plan faces is to simply stick to the plan. This isn't as easy as it may sound because numerous distractions will appear over the next 10 to 20 years.

The stock market is sure to suffer one or more significant declines during this time frame. It will be hard to continue reinvesting the rental income each month when everyone is in panic mode.

BROOKLYN DAILY EAGLE

And Complete Long Island News

WALL ST. IN PANIC AS STOCKS CRASH

Attempt Made to Kill Italy's Crown Prince

Hollywood Fire Destroys Films Worth Millions

High Duty Group Gave $700,000 to Coolidge Drive

The news will scare us further with headlines like, "Wall St. in Panic As Stocks Crash." We will have got to stay committed to our plan throughout all of this knowing we are accelerating our wealth and will own many more shares of our low-cost small cap index fund when the crash ultimately ends and the market rebounds.

This is actually where this long-term plan provides the most value to us. We can sit back and not panic **because our shares of the Vanguard Small Cap Index Fund were not purchased with our money.**

Our fund purchases were paid for by our rental real estate. Some may view the small cap index fund as "house money." We didn't purchase this fund directly with our retirement savings. Instead we compounded our rental income into the fund shares and therefore won't have the same feeling of loss.

This is extremely important because we will have a tendency to panic when we see our hard earned savings disappear. It is hard to continue following a plan when it *feels* like you're losing money. We can avoid this panic knowing we aren't losing our savings. In fact, we've setup a plan using our retirement savings to accelerate our wealth accumulation in each and every future market crash.

Here's how this might look over the next 10 to 20 years, if the last 20 years are any guide for the future:

Month 1: You invest $3,000 of your monthly rental income into the Vanguard Small Cap Index Fund. This investment turns into 8,791.46 over the next 10 years and $25,763 over the next 20 years.

Month 2: You invest $3,000 of your monthly rental income into the Vanguard Small Cap Index Fund. This investment turns into 8,791.46 over the next 10 years and $25,763 over the next 20 years.

Month 3: You invest $3,000 of your monthly rental income into the Vanguard Small Cap Index Fund. This investment turns into 8,791.46 over the next 10 years and $25,763 over the next 20 years.

Month 4: You invest $3,000 of your monthly rental income...

At the end of the 12 months, your $36,000 of net rental income from your 5 single-family homes will be reinvested into this low cost small cap index fund. The fund will pay dividends each year, which will automatically be reinvested into more fund shares.

You're investments will be diversified across many industries and you'll be protected from financial wipeout as you're not selecting individual stocks.

In fact, according to USnews.com:

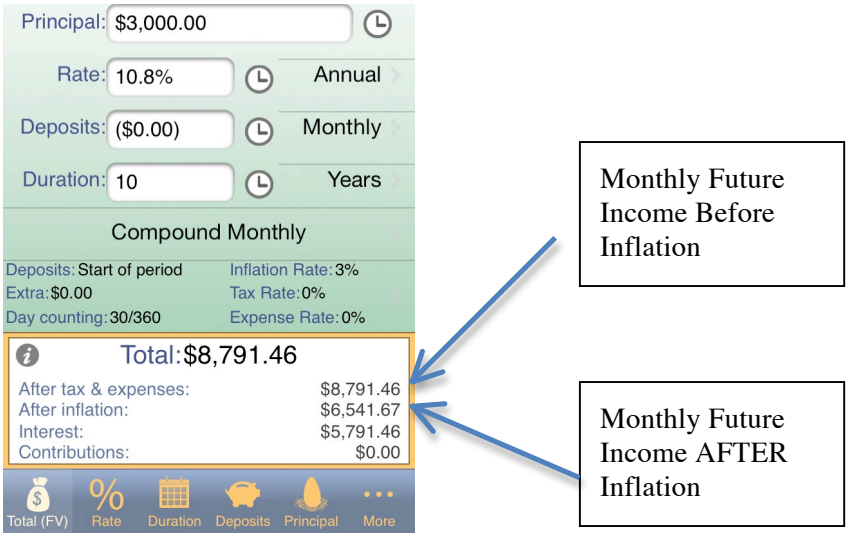
As of January 07, 2015, the Vanguard Small Cap Index fund has assets totaling almost $50.47 billion invested in 1,497 different holdings. Its portfolio consists primarily of small-sized companies and tracks the CRSP US Small Cap index, an index designed to include firms with market capitalizations in the bottom 2-15 percent of the overall market. Some of its largest holdings are in the financial, consumer goods and industrial sector. The fund's top holdings include Salix Pharmaceuticals, Foot Locker, Harman International Industries, Cooper Cos. and Gannett Co.

Like many small-cap funds, this one provides a great deal of diversification, and has delivered on the expectation that small-cap stocks can outperform their less-volatile large-cap peers over the long term. The Vanguard Small Cap Index fund has returned 7.37 percent over the past year and 20.37 percent over the past three years.

Volatility does remain a risk for small-cap funds. The level of volatility (measured at 20 percent) is higher than what is observed in large-cap funds. Also, compared to actively managed small-cap funds, index funds can experience higher volatility as they always remain fully invested. **Still, long-term returns have been solid. The Vanguard Small Cap Index fund has returned 16.71 percent over the past five years and 9.00 percent over the past decade.**

You'll indirectly own 1,497 different small cap companies. Your ownership of these companies will increase each and every month as you reinvest the income from your rental properties.

Every month you're planting a wealth building seed using the income from your 5 rental homes. Each monthly wealth building seed will compound into your future retirement income. If you put this plan into place this year and retire in 10 years, you're monthly income in retirement will look like this:

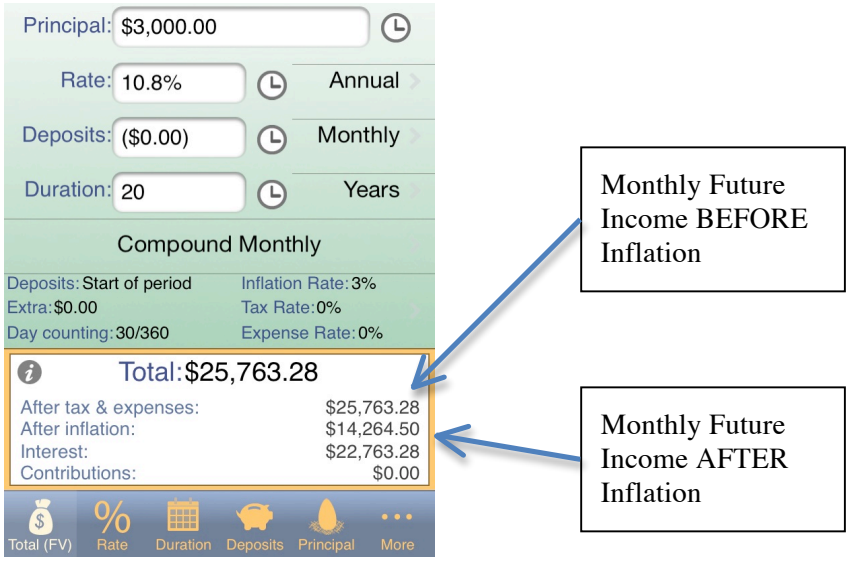


Your $3,000 monthly investment into the Vanguard Small Cap Stock Index fund will turn into $8,791.46 in 10 years. *(If we figure inflation at 3%, which is on the high side, you'll have $6,541 in today's dollars each month.)*

Stop and think about this...

One month's worth of rental income today from your 5 single-homes becomes $8,791.46 in ten years. You can retire in 10 years and you'll have $8,791.46 a month of income.

Or if you can work for another 20 years after setting up this plan, you're monthly income in retirement will look like this:



If you reinvest $3,000 of income from your rental properties EACH month now, you'll be able to enjoy $25,763.28 EACH month in twenty years. *(If we figure inflation at 3%, which is on the high side, you'll have $14,264 in today's dollars each month.)*

Over the course of your first 12 months following this plan, the $36,000 of rental income you reinvest will grow into $105,497 in ten years and $309,159 in twenty years, if the last twenty years are any guide for the next twenty years. With each additional year, your net worth compounds significantly as the income from your properties buys more shares of the Vanguard Small Cap Index Fund.

You simply continue this process again the following year buying an additional $3,000 of the Vanguard Small Cap Index Fund with each passing month...

Month 13: You invest $3,000 of your monthly rental income into the Vanguard Small Cap Index Fund. This investment turns into 8,791.46 over the next 10 years and $25,763 over the next 20 years.

Month 14: You invest $3,000 of your monthly rental income into the Vanguard Small Cap Index Fund. This investment turns into 8,791.46 over the next 10 years and $25,763 over the next 20 years.

Month 15: You invest $3,000 of your monthly rental income...

Because your 5 single-family homes provide monthly income, this process repeats itself each year providing you with another $105,497 of future retirement income every 10 years and $309,159 of future retirement income every 20 years, if you have more time before you retire.

The $36,000 rental income invested in 2015, will turn into $309,159 in 2035.

The $36,000 of rental income invested in 2016, will turn into $309,159 in 2036.

The $36,000 of rental income invested in 2017, will turn into $309,159 in 2037.

The key to this plan is the reinvestment of the monthly net rental income. As long as you keep your homes rented reinvesting the income, you'll compound this income into your future retirement income.

If you really think about this plan for wealth, you'll see it is the same plan Warren Buffett has used to become one of the richest men in the world. *This wasn't his original plan*. His original plan was to buy stocks dirt cheap hoping to resell them at a higher value. This would be similar to buying a run down home fixing it up and reselling it at a higher price.

He modified his original plan as he lost money in various stocks and began buying great businesses at fair prices. These great businesses were Geico Insurance, General Re, National Indemnity, Wesco Financial, See's Candies, Scott Fetzer Companies, Borsheim's Fine Jewelry, and others.

He used the income generated from these great businesses as an investment fund to acquire new businesses and new shares of stock in other great businesses. This process has continued for years compounding his wealth massively over time.

Since we may not have enough capital to buy a great cash generating business 100% like Buffett did, we'll use real estate as our cash-generating tool. We'll focus on compounding the monthly income into more shares of the low-cost small cap index fund and we'll watch our wealth multiply over time.

How will your retirement be using this plan as compared to the financial community's plan?

This plan for wealth will provide you with $8,000 to $9,000 of monthly income in 10 years and $20,000 to $30,000 of monthly income in 20 years. The financial community's plan will provide you with $5,000 of monthly income after working for 40 plus years.

This plan for wealth only requires $300,000 of your savings to acquire 5 single-family homes for cash. The financial community's plan requires you to save $1,350,000 throughout your career.

With this plan for wealth, you'll reduce the amount of money you have to save for retirement by $1,150,000 and you'll retire with 300% more annual income.

Once you have this plan in action reinvesting the income from your single-family homes each month, you won't have to save another penny for retirement.

Your tenants will take over the heavy lifting for you funding your future retirement. This means you'll be able to stop your 401k contributions increasing your net take home pay.

If you're currently saving 10 to 15% of your salary, you'll have an instant 10 to 15% raise. You can use this extra income for annual vacations, to make additional payments on your mortgage, or to help pay for your children's college education.

There are two main reasons why this plan for wealth provides such dramatic changes in your future retirement.

You are investing your savings in a way to take advantage of double compounding. This is not the case for the plan recommended by the financial community. With this plan for wealth, your $300,000 invested into the 5 single-family homes provides you with 12% of annual income. This income is being reinvested into the small cap index fund averaging another 10.8%.

Over time your $300,000 retirement fund will compound at 20% to 23%.

The plan suggested by the financial community is to invest into managed mutual funds. These managed mutual funds will only compound at 6 to 7% annually. This is because of the fees charged by the mutual fund company.

The second reason this plan for wealth is possible is because the real estate market crash in 2008 has opened up the doors for some fantastic real estate investments. Most people incorrectly think these deals are long gone. Fortunately for us, they aren't and you still can acquire nice homes in our area at attractive prices.

Single-family homes today can provide annual return on investments in the range of 10 to 14%. This is not the same in other areas of the country.

As an example, I just reviewed a list of foreclosures for sale in Orange County, California. The lowest priced property offered was a 3-bedroom condo available for $339,000. This condo would only rent for around $1,800 a month. From this rental income an investor would have to subtract taxes, insurance, and condo association fees leaving very little net income.

The truth is we are actually very lucky to have lower home prices higher rent rates in our area. We can lock in a great deal of wealth by buying homes at these attractive prices and using the income to fund our small cap index fund purchases.

As we come to the end of this plan for wealth, you're either in agreement with this approach to saving for retirement, or your not. This approach to retirement isn't for everyone and may not be appropriate for you based on your personal situation.

<u>This Plan for Wealth IS for:</u>

- Investors who have money to invest. You'll need to have a minimum of $60,000 to acquire your first single-family rental home.

- Investors who have funds in an IRA that they would like to use to acquire properties for cash. **You can actually buy homes**

inside your IRA and reinvest the monthly income inside the same IRA deferring your taxes along the way.

- Investors who are decisive and can take action quickly. These homes typically do not stay on the market for long and you'll need to be able to move quickly.

- Investors who are focused on long-term income and financial freedom.

<u>This Plan for Wealth is NOT for:</u>

- Investors who are unable to buy homes for cash. A mortgage will consume the majority of monthly rental income and will also add a considerable amount of risk. The approach outlined here is actually very conservative and has been designed to minimize risk.

- Investors looking to get rich flipping properties quickly. The idea behind this approach is to buy these properties and hold them for life using the monthly income as an investment fund to provide your future retirement income. You can't compound home flips.

- Investors who are concerned with the day-to-day market value of their investments. Our focus is on creating a lifetime of monthly *income*. We aren't concerned with day-to-day price changes.

If after reading this, you think this plan for wealth is a good fit for you, I may be able to help you acquire your single-family homes.

I'm a licensed real estate broker and have invested in commercial real estate, apartment buildings, single-family homes, condos, and mobile homes. In my 22-year journey as a real estate investor, I've made countless mistakes and actually teetered on the verge of bankruptcy due to mortgages on investment properties.

The plan outlined in this book is my personal plan for wealth. I am using this plan myself. I currently collect $6,972 per month in rent checks. The properties have no mortgages, so the majority of this income, after paying property taxes, insurance and maintenance expenses is reinvested each month.

My journey may be of value to you because I'll help you sidestep costly mistakes as you set this plan up for yourself. I can also help you screen tenants and lease your homes to qualified families.

The fee for my service is $3,500 for each home you acquire and this fee is typically paid by the seller of the property. I expect to help you make $7,000 to $8,000 annually with every investment property you buy. In fact, I'm confident I can help you quadruple your future retirement income.

If you meet the criteria above and would like to talk to me personally about setting this plan up with one, or more single family rental homes, fill out the short application here:

http://www.DividendRealEstate.com/application

Don't worry, it's simple and unobtrusive. I just need to know a little about you and your goals.

Once I have your application, I'll setup a phone appointment where we can discuss getting started.

Best,

Robert Minton
Platinum Real Estate

P.S. Real estate investing is not risk-free. You can lose money depending on your skills as an investor. Our risk of loss is reduced dramatically by the lower prices we're pay for homes. In addition, we reduce our risk further by eliminating mortgages and by investing into a diversified index fund.

P.P.S. Please discuss this strategy with your professional advisors, including your attorney and your Certified Public Accountant. You may be able to structure this entire plan inside a Self-Directed IRA to defer taxes.

Notes:

1. The appreciation of the homes is not a consideration in this plan. Although you would still own the homes and would still be collecting monthly income in retirement, you won't have any need to every sell your homes. In fact, you may consider leaving your 5 homes and the monthly income to your heirs.

2. Taxes and inflation are costs you'll have to absorb with this plan as you would with any other investment. These costs are real and significant.

3. The future values of the Vanguard Small Cap Index Fund were calculated using an average annual return of 10.8%. Future returns may be significantly better, or worse. Past performance is no guarantee for future performance. Your actual results may be better, or worse, than projected.

4. I am not a certified financial planner. My CPA license has been "inactive" for many years. I am using this plan myself, but strongly suggest you discuss this plan with your professional advisors to make sure it is appropriate for you.

5. You can lose money with any investment. This plan minimizes this risk of loss through the diversification of investments.

6. Over time, you will have turnover and evictions in your 5 rental homes. Vacancy related expenses have not been factored into these numbers. You may only be able to invest $1,000 to $2,000 in a given month if you have a vacant home or two.