



# **Creating Interest with Napkin Presentations**

# **Napkin Presentations**

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## **Napkin Presentations: Creating Interest**

- Master these napkin presentations and two stories
  - Out in the real world, you can't check your notes or carry a presentation 24/7
  - Learn them and teach them to your team
  - Get good as asking questions, write down client questions, "I'll cover that when we get back together"
  
- Most people don't want to sit down with you
  - You have never given them a reason to
  - They have to think it is a good investment of their time
  
- Let people see the value you bring to them
  - Do a napkin presentation, then look at watch
  - "I really don't have a lot of time to get into it right now, but let me do this. Let me give you my card, give you a little bit of information. What we'll do is I'm going to be in your area next week. Why don't I pop by and I'll show you a little bit more information."
  
- Finances come up in conversation everywhere
  - 📖 If finances don't come up in conversation, make them come up
    - Ask people a ton of questions.
    - Try to recruit them and create some interest.
      - ★ What do you do?
      - ★ How long have you been doing it?
      - ★ Do you like it?
      - ★ What do you like best about it?
      - ★ What is one thing you would change if you could?
    - When someone asks you what you do, don't answer like this
      - ☛ "I work in financial services."
      - ☛ "I work for a division of Citigroup, Primerica"
    - Correct answer about what we do:
      - ☺ "Well basically what I do is I work for a company that teaches people things that mortgage companies, investment companies and insurance companies don't want people to know, because it would put them out of business."
      - ★ "Like what?"
      - ★ Now give one or two napkin presentations that would interest them (you just asked them a ton of questions and should know which ones will spark the most interest).
      - ★ Now they want to set an appointment with you.
        - ☞ They usually just won't say it, so lead into it.
        - ☞ "You know what. Why don't I pop by. I have a few more of these things I want to show you. But I'm really busy right now."
        - ☞ Set the appointment. Give two choices: "How does \_\_\_\_day or \_\_\_day work for you?"
  
- When you fish, bait the hook, then reel them in.

KISS: Keep it Short and Simple: Remember, if you don't help them, nobody else is

## Which Presentation Do I Use?

Here is a quick summary of each presentation and which aspect of the business it covers. You should always be able to use one or two of these if you are in the right market.

Remember, people do not want to talk about debt, because they already had the fun spending the money.

No one wants to talk about insurance. It is the responsible thing to do, but no one gets excited about croaking and leaving a few hundred thousand to their family.

People want to focus on investing, it is the most fun, but often the most confusing, which is why there are so many more presentations on investing. There are three big concepts which are the most important things that people need to know when it comes to investing: the Elevator story, the Clock story, and the Cow story.

We tell them in stories because people understand them a lot better.

<u>Protection</u>	<u>Debt</u>	<u>Investment</u>	<u>#</u>	<u>Name</u>
X			1	<b>House Story</b> <ul style="list-style-type: none"> <li>Explains what we do and ways we do it</li> <li>Helps client understand why first proposal is insurance</li> </ul>
X			11	<b>Theory of Decreasing Responsibility</b> <ul style="list-style-type: none"> <li>Simplified way to show coverage is only needed for short time</li> </ul>
X			12	<b>Bank A, Bank B</b> <ul style="list-style-type: none"> <li>Use this <b>before</b> they know you are talking about insurance</li> <li>Illustrates four funny banking rules</li> <li>Addresses “Insurance with Investment” area of concern</li> </ul>
	X		2	<b>Biweekly Payments</b> <ul style="list-style-type: none"> <li>An extra payment a year = cut 6 to 8 years off loan</li> <li>Be assumptive. They are already doing it, right? Isn’t everyone?</li> <li>Everybody has heard of it but no one understands</li> <li>“Dollarize it” - Give it meaningful impact \$\$\$</li> </ul>
	X		3	<b>First Payment at Closing</b> <ul style="list-style-type: none"> <li>Cuts off 12 to 18 months of mortgage</li> <li>Use with Biweekly to make 30 year a 20 year</li> </ul>
	X		4	<b>Ice Cream Story</b> <ul style="list-style-type: none"> <li>Eat cone not ice cream; Pay principle, not interest</li> <li>Our company shows you how to eat differently</li> </ul>

<u>Protection</u>	<u>Debt</u>	<u>Investment</u>	<u>#</u>	<u>Name</u>
		X	5	<b>Elevator Story</b> (Diversification) <ul style="list-style-type: none"> <li>• Be diversified to be less risky</li> <li>• Stock VS Mutual Fund</li> <li>• Mutual Fund = lower risk for you and family</li> </ul>
		X	6	<b>Clock Story</b> (Long Term Approach to Investing) <ul style="list-style-type: none"> <li>• Don't be short sighted, Keep long term focus</li> <li>• Four basic parts of market cycles</li> <li>• We have seen many cycles in our lifetime</li> <li>• Most people buy high and sell low</li> </ul>
		X	7	<b>Cow Story</b> (Dollar Cost Averaging) <ul style="list-style-type: none"> <li>• Continue to invest regardless of what is going on with the market</li> <li>• All that matters is that you buy more cows</li> </ul>
		X	8	<b>Roth IRA</b> <ul style="list-style-type: none"> <li>• If everyone understood them, everyone would have one</li> <li>• People don't understand fancy terms</li> <li>• They understand fewer taxes</li> </ul>
		X	9	<b>Rule of 72</b> <ul style="list-style-type: none"> <li>• Not in the "makeover" presentation</li> <li>• Take the extra step to show people</li> <li>• Explains how money grows faster at higher rates of return</li> <li>• "Dollarizes it" by giving example of newborn with \$1000 investment in CD vs. mutual fund</li> </ul>
		X	10	<b>CD story</b> (Certificate of Depreciation) <ul style="list-style-type: none"> <li>• Plainly shows why CDs are not a good investment</li> <li>• Illustrates net losses after taxes and inflation</li> </ul>

## Stories

### **Financial Doctor**

- Analogy of Medical Doctor vs. Primerica Financial Doctor
- We are different because we are client focused not product focused
  - We listen and make diagnosis
  - We study situation and make plan of attack for each family's goals
  - We are different because we are there in bad times, when you need us most

### **Driving Directions**

- Analogy of driving car without directions to living financial life without plan
- Without directions you may never get there or may arrive very late
- We are different because we help set plan and help you follow it, not focus on product sales
- We give finance a human touch

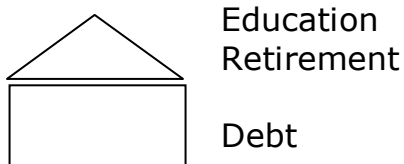
## Napkin Presentation #1: House Story

Mr. and Mrs. Client, When I'm putting together a financial plan, it is just like I'm building a house. And pretty simply when I build a house, there's three basic parts of the house.

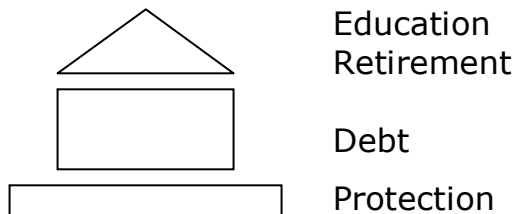
The base of the house is the debt,



The top of the house is the retirement and education,



And the foundation is the protection.



So when I put together a financial plan to help your family reach their goals, I'm going to tell you, I'm going to build it just like a house.

First and foremost, I'm going to build a strong foundation, so I'm going to make sure your family is properly protected.

Then what I'm going to do is I'm going to focus on your debt and get it under control and get you on track to become debt free.

Then I'm going to spend a majority of my efforts focusing on retirement and education.

But it is pretty simple: You have to have a strong house to have all your finances in order.

We could just focus on debt and retirement, but if something happened to someone in your family, you wouldn't be in good shape now would you?

**Napkin Presentation #2: Biweekly Payments**

Well I'm sure you are making biweekly payments on your mortgage, right?

Has anybody ever told you that if you pay biweekly on your mortgage it will cut 6 to 8 years off the back end of your mortgage?

Let's just say for example, take 8 years, 8 years times 12 months of payments, that's 96 payments you don't have to make. And let's just say your mortgage payment is \$1000. 96 times 1000 is \$96,000 worth of payments you don't have to make.

$$8 \times 12 = 96$$

$$96 \times \$1000 = \$96,000$$

Well let me explain to you the way it works, because maybe you've heard of biweekly before, but maybe nobody has ever explained to you why it's beneficial.

How many months are there in a year? 12

How many weeks are there in a month? 4

Well, if you multiply 12 times 4, that's 48, isn't it?

$$\begin{array}{r} 12 \\ \times 4 \\ \hline 48 = 52? \end{array}$$

Well you and I both know that there's 52 weeks in a year.

What happens is there's months like January that have a few extra days in them. Those extra few days' times 12 months actually add up to be an extra 4 weeks in a year.

So what happens is, it's pretty simple. Let's just say your mortgage payment again is \$1000 and your paying \$1000 a month for 12 months, so at the end of the 12 month time period you've paid \$12,000. Right?

$$\begin{array}{r} \$ 1,000 \\ \times 12 \\ \hline \$12,000 \end{array}$$

Now, if you pay \$500 every other Friday, so you just cut your mortgage payment, whatever it is, and you cut it in half, and you pay it every other Friday, which is 26 times, because half of 52 weeks in a year is 26, right? So if you pay \$500, 26 times that adds up to be \$13,000.

$$\begin{array}{r} \$ 500 \\ \times 26 \\ \hline \$13,000 \end{array}$$

So when you come down to it, you are making an extra full payment toward principle a year on a mortgage just by doing that, on the average loan you are going to cut 6 to 8 years off the loan.

## **Napkin Presentation #3: First Payment at Closing**

You have probably refinanced your home or purchased your home recently, right?  
(WFA)

One of the benefits they sold, is they said “Great, we’re going to refinance your house, we’re going to close on your house today, and you are not going to have to make any payments for the next 30 or 45 days, so you get the first month off. Then we’re going to send you that payment book in the mail and you’re going to start paying on top of it.”

So one of the biggest things that a lot of people don’t know is if you take that first month off, it costs you 12 to 18 thousand dollars worth of interest. (Pause and wait for response “What are you talking about?”)

Well, don’t get me wrong, it was nice to have that one month off, but if you had made your first payment at closing or made your first payment a double payment, every single penny of that money would have gone straight toward principle. So what would end up happening here is to cut 12 to 18 months off the loan. Let me explain:

Let’s just say that your mortgage payment is \$1000. And lets just say that in the beginning about \$50 is going toward principle monthly, \$650 toward interest, and the remaining \$300 lets just say is going toward taxes.

So what happens is ... don’t get me wrong again, it was nice to have that month off but if you had made your first payment at closing or your first payment a double payment, every penny of that money would have gone toward principle. So immediately the amount you owed would have been reduced by \$1000.

Well, how many times does a \$50 principle payment fit inside of \$1000? That’s twenty times. Well if you do the first payment at closing or the first payment a double payment, it cuts the first 12 to 18 months off the loan, so instead of starting at payment number one on your schedule of payments, you are starting at payment, lets say 19. So you cut 18 months of payments off the loan; 18 months times \$1000, that’s \$18,000 worth of payments you don’t have to make, which is huge.

### **Tip:**

If you use **Napkin Presentation #2: Biweekly payments** along with this presentation, you can add the following conclusion:

“So between Biweekly payments and first payment at closing, you can pretty much turn a 30 year loan into a 20 year loan overnight, which is huge. There is no other company that will do that.”

## Napkin Presentation #4: The Ice Cream Story

I don't know if anyone has ever explained to you the way a mortgage really works, but it is actually very similar to eating an ice cream cone.

(Draw an ice cream cone with two or three scoops)



How do you normally eat your ice cream? (WFA)

What most people do is they lick the ice cream at the top, they lick it, and then eventually they get down to the cone, they bite the cone and they eat the cone.

Well, the way a mortgage works is the ice cream is the interest. The ice cream is the interest and the cone is the principle. And that is how you reduce how much you owe. A lot of times what happens is you have to eat through all that ice cream, all that interest, before you ever get down to the principle. And that is why you are in debt for 30 years and your mortgage isn't paid off for such a long time.

Well what I'm going to do when I put together my loan and what my company does is we teach you how to eat your ice cream differently. What we are going to do is bite off the bottom of the cone. And what we are going to do is bite off the bottom of the cone and start to eat the bottom, so eat the principle and try to avoid as much of that interest as possible. Now when you bite off the bottom of the cone, doesn't some of that ice cream leak through the bottom of the cone? So you are still eating some of the interest, but what ends up happening is we're going to knock out that principle as quickly as possible. We're going to eat that ice cream cone as quickly as we can, because what happens when the ice cream cone is gone? The ice cream falls down to the ground, it melts and you never have to pay it.

So one of the things we are going to do when you are doing a mortgage with me and my company, is we teach you a different way to eat your ice cream. Sound Good? Fantastic.

### **Tip:**

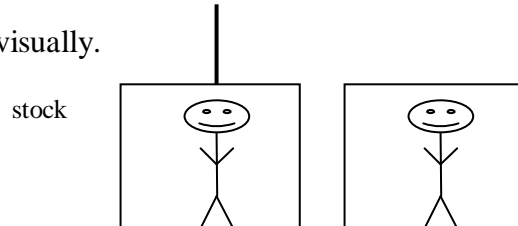
Draw at least two scoops of ice cream on ice cream cone because the ice cream should be at least the same size as or slightly larger than the cone so your audience gets the impact that the interest on the loan is as much as or slightly more than the amount borrowed, even though you never say it in words.

## Napkin Presentation #5: The Elevator Story

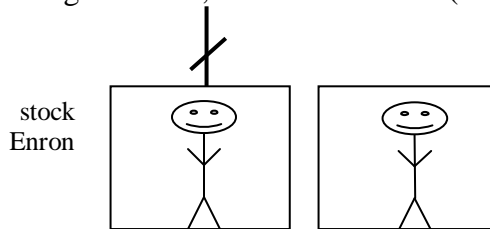
A lot of people are confused by the stock market, the way it works, things like that. I'm going to teach you all the things you need to know in the stock market in the next 5 to 10 minutes to be able to be wealthy and financially independent.

Do you know the difference between a mutual fund and a stock?

(Yes or No) Well, let me just go through and show it to you visually.

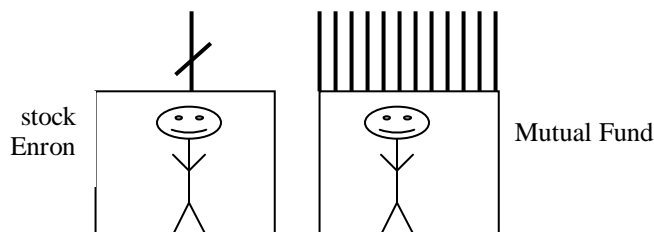


Lets just say the elevator on the left is Microsoft (Write "Microsoft" below word "Stock"). What happens is there is one cable holding this elevator up. And if Microsoft does well, the elevator gets pulled up, right? If Microsoft does poorly, Microsoft goes down. Microsoft goes under, no more elevator. (Draw line through elevator cable)



Well it is very aggressive to invest in individual stocks, and the reason why is simple. Great you can make a lot of money and you can do very well, but also you can lose everything just as quickly. So investing in stocks is very, very aggressive.

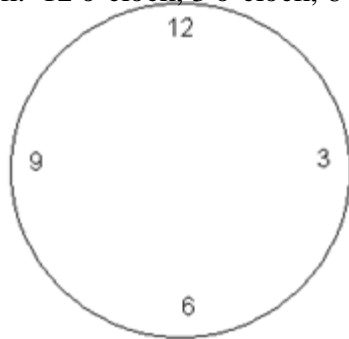
Where another investment you can invest in is mutual funds. What a mutual fund is, (draw about 20 lines on right elevator), is a professional money manager and they are managing billions of dollars and they choose what companies to buy and sell. So what a mutual fund does is there is all these cables holding the elevator up. (Draw little stick figures in elevator on right.)



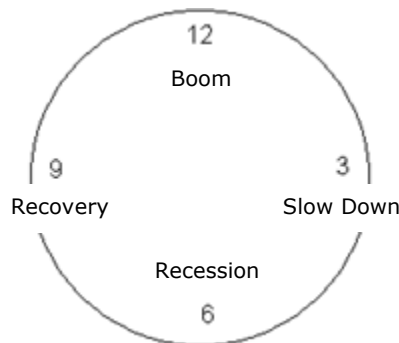
Well what elevator would you be more comfortable getting into with your kids. Because you can see here in a mutual fund, some of the cables can break and the market can go down, we know that, but what ends up happening is you are never going to lose everything, does that make sense? Fantastic, so of course you would get into the elevator on the right with your kids in a mutual fund? Great, well that's the same thing we're going to do with the savings program I'm going to help you with.

**Napkin Presentation #6: The Clock Story**

The stock market has always worked in cycles. There is basically four parts to the cycle. Just like a clock, there are four parts to a clock: 12 o'clock, 3 o'clock, 6 o'clock, and 9 o'clock.

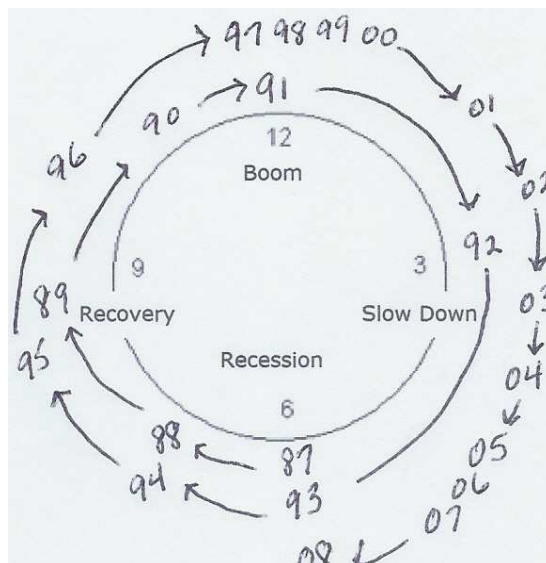


And you have lived through many of these cycles. 12 o'clock is the boom, that's when everything is going great (write "Boom" by the 12), 3 o'clock is the slow down, that's when things aren't so good, 6 o'clock is the recession, and 9 o'clock is the recovery.



And you have lived through many of these cycles in your lifetime. Lets go back to 1987, it was 6 o'clock, wasn't it? Cause the stock market crashed, the market was horrible. But then what happened in the late 80's was the market recovery, 88, 89 90, 91 there was a boom.

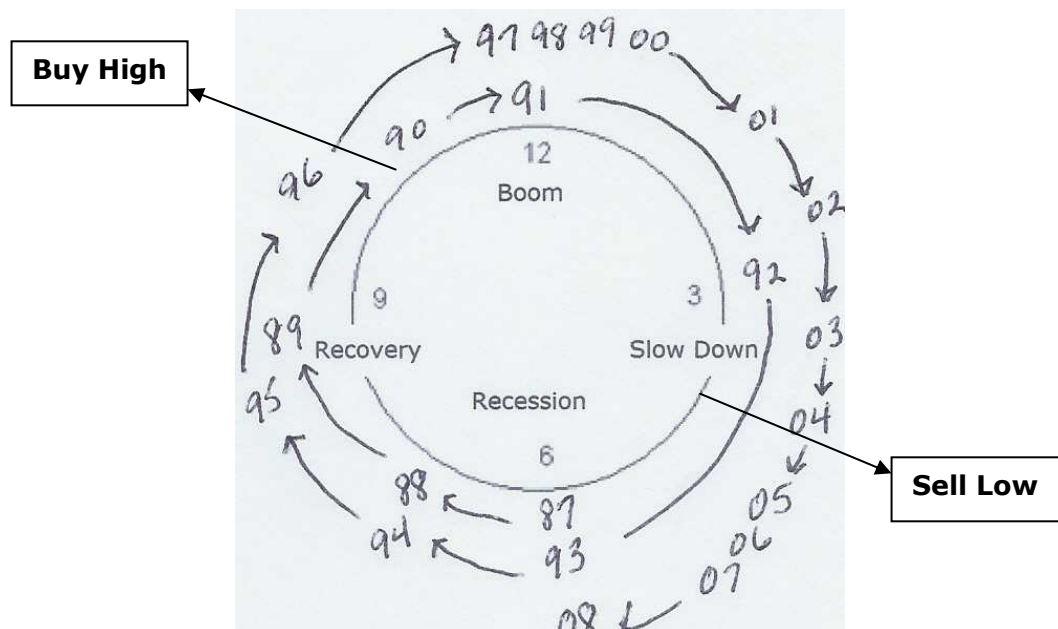
Then 1992 and 93 came around and we had another recession. Then in the mid-90's it recovered, so 94, 95, 96, then in the late 90's there is a boom 97, 98, 99, 2000. Then it slowed down again.



It has always worked in cycles, you can go back to 1900.

But here is the problem with most people when it comes to investing. Most people buy at 11 o'clock and they sell at 4. They say, "You know what, the market has been up, it's been up, it's been up, now is a good time to buy." But you know what, it's the worst time to buy because you just missed out on all that growth. Alright? It really is the worst time to buy.

And most people sell at 4 o'clock, and they say, "You know what, my quarterly statement has been down for the last 5 quarters, I can't take it any more. I'm moving it all to cash or bonds or CDs or something like that." And that is one of the worst possible things you can do.





So instead of doing what you should be doing is buying low and selling high, you're buying high and selling low and that just becomes a vicious cycle and you never get to where you want to be.

### Transition to #7: Cow Story



Well if I could show you a way to make these cycles work to your advantage, is that something you would be interested in?

**Napkin Presentation #7: Cow Story**

Let's say I give you a call on the phone one day and I say, "I got this unbelievable investment. We're going to buy some cows." And you say, "Welcome to Chicago, there's no cows around here." We both laugh, but wait a second, it sounds like I know what I'm talking about. I've got this great investment. We're going to buy some cows. I need you to invest \$500 with me, \$100 a month for the next 5 months.

\$500 invested @ \$100/month				
Month	\$ invest	\$ per 	# of 	
1				
2				
3				
4				
5				

So the first month you invest \$100, the price of cows that month is \$100, so how many cows did you buy? One.

\$500 invested @ \$100/month				
Month	\$ invest	\$ per 	# of 	
1	100	100	1	
2				
3				
4				
5				

The next month, you invest the same \$100 and there is mad cow disease in Europe, the market goes down. Things aren't going so well, so the price of cows goes down to \$50. That month you buy two cows.

The next month, you invest the same \$100 and Oprah goes on TV saying that she is not going to eat meat anymore. So the market tanks, it goes all the way down to \$25. You see this and you are mad. You call me on the phone and say, "Why am I investing with you? I'm losing all this money. But finally I convince you to calm down, stay the course and you agree. So you invest and that month, you invested \$100, the price of cows is \$25. So how many cows do you buy? Four.



Then the next month you invest your \$100 again. Mad cow disease doesn't make it to the US so it is going to be okay. The market starts to recover and it goes back up to \$50. But you are still mad because you think you are losing all this money. And that month you buy two cows. You say, "You have one more month and I'm done. I'm never going to invest with you again."

The next month you invest your same \$100. Oprah goes on TV, says she's sorry, she's not a vegetarian any more. The market is okay, it recovers and it goes up all the way to \$100. So you invest your \$100 and you buy one cow.

As soon as you see it goes back up to \$100, you immediately call me on the phone and say, "I want my \$500 back, I'm never going to invest with you again. I now have gray hairs because of you."

And I say, now lets take a look at this Mr. or Mrs. Client, you have invested \$500 with me (total it up) and the price of cows today is \$100 and you have 10 cows.

If you multiply that out you have \$1000. You put in \$500 and now you have \$1000. I doubled your money.

\$500 invested @ \$100/month				
Month	\$ invest	\$ per 	# of 	
1	100	100	1	
2	100	50	2	
3	100	25	4	
4	100	50	2	
5	100	100	1	
		\$100	X 10	= \$1000 out

You see what happens when it comes to investing, it doesn't matter if in your entire life your investment ever goes above the most expensive price. All that matters is that as time goes on, you buy more cows.

**Cow Story Supplement, the Walmart Glass:**

(Tip: Whenever you are on an appointment, always accept a glass of juice or water. Pick up glass in the air.)

Lets say for example you bought this glass at Walmart and it was \$4. So you bought this glass at Walmart for \$4 and tomorrow you go into Walmart and this same exact glass is on sale for 10 cents. What are you going to do? You're going to stock up, aren't you? If there is a limit of 10, you go in one line, the kids go in another line, so you each can get 10 each. I don't know if you guys do that. My family does that, but whatever. So you'd stock up, you'd buy a bunch of them wouldn't you? Absolutely.

So, how come when it comes to buying your groceries or glasses or clothes or whatever, you look for what is on sale, but when it comes to the largest sum of money you are ever going to have in your entire life, your retirement, you buy everything full priced and overpriced.

The reason why is simple, Mr. And Mrs. Client, is you don't have somebody like me. See the advantage of having somebody like me is I'm going to be there for the good times and the bad times and I'm going to be able to help you going through that.

(Use the glass and tell the story because it always helps to hit home).

**Napkin Presentation #8: Roth IRA**

Here’s the deal. Nobody understands the Roth IRA. If everyone understood them, everyone would have one. Nobody understands how great they are, so let me show you.

Let’s just say for example you are investing in a 401K, and you put \$1000 in your 401K. Well that money is pretax, isn’t it? So you haven’t paid taxes on that money today. So that money is pretax. That money grows, and lets say you never add another dime. And your \$1000 grows to be \$10,000. Well there is \$9,000 worth of growth in between, isn’t there? Absolutely, so what ends up happening there is when you go to retire and take that money out, you’ve never paid taxes on the original \$1000 you put in, you didn’t pay taxes on the \$9,000 in between. So when it comes down to it and you get to retire and take that money out, you’re going to pay taxes on all 10 grand. So you’re going to walk away with lets say about \$7,500. So that is the 401K.

Now next is a Roth IRA. Let’s say for example you put that same \$1000 into a Roth IRA. Now bear in mind that it costs you a extra few hundred dollars today to put in that \$1000 cause you don’t get the tax break today. So it cost you a little bit extra to do that, but you agree. So you put in the \$1000 and you put it in the same investment that your 401K is in and that \$1000 grows to be \$10,000. So again there is \$9000 worth of growth in between. But the advantage of the Roth is when you retire, go to take that money out, that \$1000 has already been taxed and that \$9,000 in between is tax free. You never pay taxes on it. That’s unbelievable. So when you get to retirement, you walk away with 10 grand! Which is better?

	401K	Roth IRA
\$ in	\$1,000	\$1,000
Grows to	\$10,000	\$10,000
Taxes	\$2,500	\$0
\$ @ retirement	\$7,500	\$10,000

**Tip:**

There is not one of your clients who qualify who should not be invested in a Roth Ira. Now it is clear. Now they understand. Don’t talk about tax deferred growth or compound anything, none of that junk. Your clients don’t understand it. They do understand less taxes, which is huge

**Napkin Presentation #9: Rule of 72**

Have you ever heard of the rule of 72? Well all it basically tells you is how quickly your money can grow and double. So what it basically is if you take the number 72 and you divide it by the interest rate on your investment, it tells you how many years it will take for your money to double.

So lets just use a CD as an example. What do CD's average now? About 1, 2 percent? Well let's just use 3 percent. So you have a CD and let's just say it is averaging 3 percent. So what you do is you divide the number 72 by 3. Well 72 divided by 3 is 24. Well that means if I put in \$1000, 24 years later I'm going to have \$2000. Not too good, huh?

Well lets just use 12 percent, the stock market has averaged 12 percent over the past 25 years in mutual funds. So if you take 72 and divide it by 12. Your money is going to double every 6 years, which is so much faster.

**(Don't stop here! You must dollarize to make an impact.)**

By the way, do you know anybody who has a new baby, or has just had a baby? Great.

**(Draw out on page top to bottom) 0, 6, 12, 18, 24, 30, 36, 42, 48, 54, 60, 66**

Let's just say your friend had a choice. Your friend had a choice to put away \$1000 for their baby when he/she was born (use baby's name). So you have \$1000 and you have two investment options. (Write headings "CD" and "Mutual Fund") So you put in your \$1000. Now on the CD, that \$1000 your friend put away, when that child turns 24 they are going to have \$2000. When the child is 48 they're going to have \$4000. And by the time the child is 66, they'll probably have somewhere about \$7000 or \$8000. Which isn't too bad from a \$1000.

Well let's say your friend was smart and they talked to you. They talked about investing in a mutual fund. Well your \$1000 is going to compound every 6 years. So at age 6, you're going to have \$2000. At the age of 12, you're going to have \$4000. At the age of 18, your going to have \$8000. At the age of 24, \$16,000. At the age of 30, \$32,000. At the age of 36, \$64,000. At the age of 42, \$128,000. At the age of 48, \$256,000. At the age of 54, \$512,000. At the age of 60, \$1,024,000. And at the age of 66, 66 years old, that \$1000 would have grown to be \$2,048,000! From \$1000! Can you believe that?! That is unbelievable!

<b>Age</b>	<b>CD</b>	<b>Mutual Fund</b>
0	\$1,000	\$ 1,000
6		\$ 2,000
12		\$ 4,000
18		\$ 8,000
24	\$2,000	\$ 16,000
30		\$ 32,000
36		\$ 64,000
42		\$ 128,000
48	\$4,000	\$ 256,000
54		\$ 512,000
60		\$1,024,000
66	\$7,000	\$2,048,000

But here is the deal. Nobody is telling people this stuff. CD's are selling at an all time high today because nobody is helping your friends, your family, the people you love. Nobody is talking to them about not investing in CD's. Do you know what CD stands for? Certificate of depreciation. Not certificate of deposit, certificate of depreciation. Who do you care about that needs to know this?

**Napkin Presentation #10: CD Story**

Let's say you have \$10,000 invested in a CD. So you have \$10,000. What are CD's giving you at your bank, 1, 2, 3%? Let's just use 3%. So after your money has been in a CD for a year, your \$10,000 would have \$300 worth of growth.

Now you have \$10,300. But what is funny is, you made \$300, so doesn't the IRS, doesn't Uncle Sam want some of your money. So what you are going to do is, you are going to spend at least 25% of that money on taxes. So you have to subtract \$75 of that growth to send off to Uncle Sam.

So now you have \$10,225. That's not too bad at the end of the year, but there is this thing called inflation. Inflation means things get more expensive every single year: a gallon of milk, a gallon of gasoline, whatever. So one of the biggest things I talk to people about is things get more expensive, well inflation going back to 1900 has averaged about 3.8%, so let's just use 4%. So if inflation has averaged 4%, at the end of that year, on \$10,000 you have lost \$400 worth of buying power. You have lost \$400 worth of buying power so that at the end of the year, even though you have \$10,225 in the account, you only have \$9,825 worth of buying power.

So instead of you thinking you have more money, you have actually lost money if you can believe that. That is huge.

Here's the thing. Certificates of Deposit are Certificates of Depreciation. CD's are a horrible investment. You know what one thing a CD guarantees you, is you are not going to be able to retire. That's one thing it does guarantee you, and I know that is not your goal Mr. and Mrs. Client.

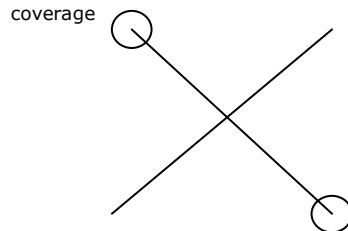
	CD @ 3%	
	\$10,000	invested
+	<u>\$ 300</u>	growth
	\$10,300	total
-	<u>\$ 75</u>	taxes
	\$10,225	account value
-	<u>\$ 400</u>	inflation
	\$ 9,825	= \$175 loss in buying power

## Napkin Presentation #11: Theory of Decreasing Responsibility

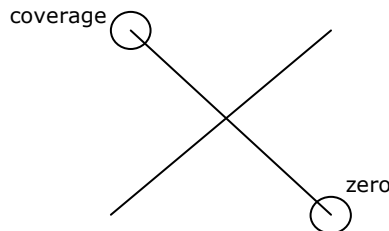
(Draw Big "X" on paper)

Have you ever heard of the Theory of Decreasing Responsibility? It sounds nice, doesn't it? (Wait for laugh)

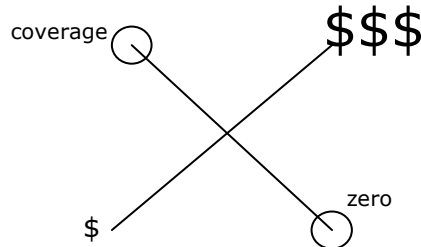
What it basically means in the early years you need a lot of coverage, don't you? You know, it makes sense. You have young children, you have debt, you have a mortgage, you have a lot of responsibility.



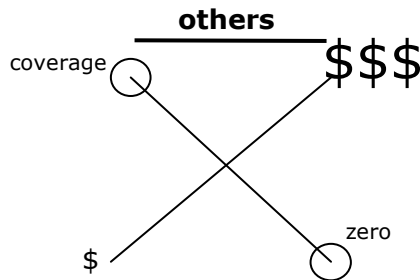
But as time moves on you need less and less coverage because the kids are going to grow up and move out someday, hopefully if you are lucky, right? (Laugh) Your debts are going to be paid down, your mortgage is going to get paid for, so as time goes on, you are going to need less and less coverage.



Whereas in the early years you don't have a lot of money to save, do you? You are just getting started, you're getting your family on your feet, that type of thing. You're starting to save money, buying houses, putting kids through college. But as time goes on, you are saving more and more money so eventually you don't even need life insurance any more. Does that make sense?



Now other companies, if they were to draw a similar graph, they would draw a straight line across, across the top of that. And they would tell you, you need life insurance for your whole life. Have you ever heard that? (WFA)



The reason companies want you to have insurance for your whole life is life insurance companies are the richest companies in the world. Unfortunately, they take advantage of people every single day. But you can see it makes sense you only need the coverage for a certain period of time, don't you? Absolutely!

## **Napkin Presentation #12: Bank A, Bank B**

(Use this if anyone even hints, doesn't even has to say, just hint that they have an investment attached to their life insurance or can take a loan or borrow against their insurance.)

(Don't let them know you are talking about insurance before you start this story or you won't get the results you expect. Go through this story **before** they know you are talking about insurance.)

Let me tell you something. Let's say for example, Mr. and Mrs. Client, you just moved into your home. You are brand new to the area, you're just moving into your home and you are getting comfortable with the area. You get settled in and one of the things you want to do is you decide that you want to bank at a local bank. Your old bank is too far away and you want to find a local bank to bank with.

So what you do, there's two banks in town, Bank A and Bank B. And you are going to choose which bank you are going to bank with. So what you do is, you go to each bank and lets say you get 4 features from each bank, and you are going to choose which bank you are going to bank with based on which one the both of you think is in your best interest.

So what you do is you go to Bank A and they say there is an enrollment fee. To be a member of our bank, you have to be a member of the bank and they keep all your money, they keep every penny of it. So that doesn't sound too good, but that's the fee. They keep everything for the first one to three years.

You go to Bank B and ask if there is an enrollment fee and they say no, it is free. You can bank with them, it doesn't cost anything at all.

Then you go back to Bank A, well number 2 is, what if I want to make some money on my money? They say, okay you can. We're going to guarantee you'll make 1 to 4 percent on your money.

Whereas Bank B says, you know what, we're going to give you someone to work with, and we are going to give you the opportunity to make 8 to 12% on your money.

You go back to Bank A and say, what if I want to take money out of my account? What if I want to take my money out of my account and use it or spend it? Great, you can take the money out, but you have to pay us interest to borrow your money. So you take your money out of the account and you have to pay interest to borrow your own money from the bank, which doesn't sound too good.

Then you go back to Bank B. Well what if I want to take my money out of your bank? It's your money, take it. You can take it any time you want.

You go back to Bank A and say, wait, this isn't looking too good. None of these other features look good. Well, what if something happens to me? What if I pass away, what if I die, what happens to my money. They say well we're going to keep your money. If something ever happens to you we are going to keep your money.

Whereas Bank B says if something ever happens to you, your family is going to get your money.

	<u>Bank A</u>	<u>Bank B</u>
1	Enrollment Fee 1 to 3 years	No Fee
2	Guarantee 1 to 4 %	Opportunity 8 to 12%
3	Borrow and Pay	Take it, it's yours
4	Die = Bye Bye \$	Family gets \$

Well no brainer Mr. And Mrs. Client, where are you going to bank, Bank B.

Well right now you are currently banking at bank A with your current life insurance policy. (Wait for stunned silence or "What are you talking about?")

All four of these features are inside of your current life insurance policy and I can show you that. (If they believe you or not, get the policies, tab them and show them. If someone is skeptical, it doesn't matter. Just get the policies. Without the policies you have nothing.)

(This is the best way to sum it up and answer area of concern "But I have an investment...")  
Insurance and investments don't go together. It is like oil and water. They don't mix. They weren't made to go together.

You have car insurance, don't you? (WFA)

Well, do you have an investment attached to your car insurance? (WFA)

Do you have health insurance? (WFA)

Do you have an investment attached to your health insurance? (WFA)

What about home owners insurance, you have home owners insurance, don't you? (WFA)

Is there an investment attached to it? (WFA)

Well, how come in all the other different types of insurance that you have in your life you don't have an investment attached? Well if you don't have it with all those other insurances, why does it make sense that it is with your life insurance? (WFA)

Here's the deal, a lot of people, unfortunately, that these policies are sold to people because what ends up happening is they just make a ridiculous amount of money. The commission is so much higher on these policies and unfortunately that is why it's sold.

But let me go through your policies, I'll collect them from you. I'll pop by the house and collect them from you and we'll go from there, fair enough?

## **Napkin Presentations Story #1: Financial Doctor**

We are just like a financial doctor.

I am just like your doctor. When you go to a doctor, do you walk into your doctor's office and say, "I'm sick. This is the medicine I need. Prescribe me this."

No. You don't know what to do. The reason you're seeing a doctor is because they have the knowledge and they are going to help you.

So we are just like that. We are financial doctors.

When you go into your doctor's office, you go in there and they do a checkup before they do a diagnosis. They run some tests, run some blood work, whatever. Then they come back, tell you what's wrong, and how to fix it, don't they?

Well, that's the same thing that we do is we are financial doctors. We're financial doctors in the fact that when we start to sit down with someone the first time is when we collect information. We do a financial checkup. We collect information and find out a little bit about what they are doing, how they are doing and why they are doing it. Then we go back and we make a diagnosis. We study it, put together a plan and then we come back with a plan of attack on how to get their finances on track, and help that family reach their goals and dreams.

One of the things I love about this company, what we do is we are there for the good times and the bad times. A lot of companies, when it comes to your money, they only want to be there in the good times, don't they. They only want to be there when everything is going all right. Well hey, you really don't need somebody, when it really comes down to it, in the good times.

You know, just like your doctor. Did you wake up this morning and say, "Hey, you know what? I feel great today. I'm going to call my doctor and let him know." Absolutely not! You call your doctor when you are sick, when your throat hurts, when your head aches, whatever when something is wrong with you.

Well that's the same thing is, you know what, I'm going to be there for the good times to help your family reach your goals. But really when the market goes down, things go wrong, that's when I'm going to be here most. You know, God forbid, if something happens to your family, somebody gets sick, you're faced with something, I want to let you know that I'm going to be there. And I'm going to be there in the good times and the bad times. That is what makes me just like a doctor except that I'm the financial doctor.

## **Napkin Presentations Story #2: Driving Directions**

(Explains what we do for clients and how we do it)

Well let's just say for example say you wanted to go from your house to my office. My office is on the north side of Chicago, in Deerfield on Lake-Cook Road. And let's just say for example you live in Buffalo Grove, which isn't too far away.

So let's say you are brand new to the area. You are brand new to the area. You moved from out of state. You don't have a map. You don't know the area. You don't know any of the major roads. You just know you have a house in Buffalo Grove and you know my office is on Lake-Cook Road in Deerfield, but you don't know how to get there. And let's just say it takes 20 to 30 minutes to get there normally in traffic or whatever, and you give yourself an hour.

But the problem is you don't have a map. You don't have directions. You don't have a clue where you are going. So what ends up happening is you just get in the car and start driving. You don't ask directions. You just start driving. You even give yourself an hour. But even with that, double the extra time, do you think you're ever going to make it to my office?

Probably not.

You're most likely not going to make it to my office. And the reason why is you don't have directions. If you ever do make it to my office you're going to make it late, but I guarantee you're not going to make it on time.

Well just picture that as your financial life and all your different goals. Everybody knows where you are at today, right? You know where your house is and you know where you are at today.

And everyone knows when they want to retire, when they want to get out of debt, they want to make sure their family is protected, send their kids to college. They know all that. They know when they want to do it, but the problem is they don't know how to get there.

What I do when I work with people is I provide them with driving directions to reach their financial goals. I show them how to get from where they are to where they want to be. And no company is ever going to do that. Most companies just want to sell you a product and be done with you.

One of the things that I love about this company is I'm going to show you how to get driving directions to reach your financial goals. And I'm going to help you get from point A to point B. How's that sound?