THE CONTROL ACCOUNT

THE CONTROL AUDIT

Dear Control Group Member,

Welcome to The Control Audit!

This is a top to bottom look at the state of your financial control right now.

You'll be able to vet your current investments…

Your current tax strategy…

Some estate planning filters to run your current situation through…

Prompts to rethink the goals you're trying to reach with your Control Account…

You'll get a 9-part filter to run all of your investments through to see if they give you maximum control over your returns…

And much more.

It's all part of a four step process I recommend for everyone to regain control of their financials, their future and their freedom:

Step #1 Get Clear: Start by gaining clarity, conviction, and direction on where you want to head. For example, if money weren't an issue, what would you do with your life? This is the first imperative step that most people miss. Start by gaining clarity, conviction, and direction on where you want to head. The answer to this question becomes the metric to guide the rest of the process; without it, nothing else matters.

Step #2 Track: Next, we'll need to develop a clear picture of what's coming in, going out, being saved, and being invested. This means getting organized by tracking your current and projected cash flow. And, developing a clear picture of what's coming in, going out, being saved, and being invested. Remember, garbage in equals garbage out, so try to be as accurate as possible.

It means tracking things like…

Active Income: income that is dependent on your time/work (salaries, bonuses, etc.)

Passive Income: income you make independent of time/work (pension, real estate income, investment income, etc.

As well as your savings and investments in vehicles like…

401k, IRA, pension, business, real estate, brokerage account Tax-free: ROTH IRA, ROTH 401k, HSA, your cash value life insurance

In addition to tracking the forces that affect what you have, like…

Taxes

Inflation

Debt

Lifestyle Investment Loss

Step #3: Strategize. Use the information to answer these five questions about your financial life: We tend to overcomplicate things, but our money can only ever do two things: be saved or be consumed. Do you need to:

1.Make more?

2.Save more (consume less)?

3.Reduce your future lifestyle?

4.Create a better investing strategy?

5. Work longer?

In addition, since your model is dynamic it can factor in how certain life events impact your overall financial picture. Include things like:

Buying a home

Raising children

Paying for college

Starting/selling a business

Receiving an inheritance

Becoming disabled

Dying (literally, morbid, but it's coming for us all.)

These questions, along with every other financial decision, can and should be modeled.

You can always make your life easier by using a spreadsheet, financial calculator, or software to model various scenarios.

I have amazing projects in the work as part of *The Control Group* to have different amazing tools for you. They're in development right now and I can't wait to share them all with you.

Step #4 Optimize Control: Finally, take everything you're doing now and figure out a better way to use your resources. Optimizing control just means to make the best or most effective use of your talents, situations, opportunities, connections, knowledge, money, and other resources.)

So, we'll be looking at everything you're doing now and figure out a better way to use your resources.

Specifically, we'll do some work to analyze these three areas:

Income: in what ways can you increase your active and passive income? What time and effort is required to do so?

Consumption: are there ways to eliminate inefficiencies in your consumption, such as through tax planning, debt restructuring, or cutting expenses?

Investing: are you best maximizing your wealth through saving and investing?

Now, the goal of *The Control Group* is to help you with all four steps over the course of your membership.

I believe control is the #1 issue of our day.

Now, more than ever before Control Freaks in Washington D.C.,Wall Street, Big Tech, Big Pharma and many of the other "Bigs" are trying to control more and more aspects of our lives.

And with the rise of technologies like Central Bank Digital currencies, I believe they'll have the tools to grab nearly complete control unless we take a stand.

I plan on helping you do just that -- take control of your finances, your freedom and your (and your family's) future -- by sharing ongoing conversations with my network… making introductions to professional services so you can protect yourself… sharing investment trends and opportunities… developing tools you can use to optimize your life… and so much more.

This Control Audit is long.

There are countless questions in here.

The point isn't to intimidate you. Or to overwhelm you.

The point is to get you thinking critically about how much control you have right now vs. how much control you can still reclaim.

If I achieve my goal here, you'll go through this thinking "Man, I have a lot of work to do!" And the truth is, I do too. We all do. Taking control of our freedom and future takes work.

But I promise you it's the most worthwhile work you'll ever do.

We have a moral obligation to ourselves, our family, our businesses, our employees, our neighbors, and future generations to maximize our potential and be a force for good.

We cannot do that if we cede control.

So, understand this is just the beginning.

Let's get into it with an adaptation of the age-old serenity prayer…

God, grant me the serenity to accept the things I cannot control, courage to control the things I can, and wisdom to know the difference.

Read on for your Version 1 of the Control Audit. (Expect updates to this in time, too. Just like you might have operating system updates on your cell phone.)

I'm excited for you.

And I appreciate the chance to serve you.

In liberty,

Peter Coyne

Your Cashflow Checklist

There are 3 areas in your life where you can improve your cash flow.

#1 Income -Increase the money that is coming in today

#2 Assets - Have better investing and saving strategies

#3 Consumption - Optimize how you buy what you buy throughout your life.

Let's start with income…

Make a list of all your incoming cash flow now and in the future.

This could consist of salaries, side hustles, rental income, investment income, social security, pensions, trust income, etc.

Right Now	Anticipated in Future

Now, do a SWOT analysis of your current and future income and cash flow:

Strengths	Weaknesses

Opportunities	Threats

Next, let's look at assets…

What specific results do you want from your savings and investing activities?

On a scale of 1 to 10 how confident are you in getting the results you want?

1 2 3 4 5 6 7 8 9 10

Why did you just give yourself this rating? Be specific.

Below are 9 ideal benefits you can use when comparing which asset fits with the results you want. Circle the answers for your biggest investments to see how many benefits you get from each:

1	**Low Risk**	Yes	No
2	**Liquidity**	Yes	No
3	**Growth**	Yes	No
4	**Cash Flows**	Yes	No
5	**Leverageable**	Yes	No
6	**Private**	Yes	No
7	**Tax Deductible**	Yes	No
8	**Tax Deferred**	Yes	No
9	**Tax Free Access**	Yes	No

Now let's cover consumption. Remember what you learned in the Opt-Out Protocol. Every dollar we don't save and/or invest for the future is consumed. Consider this: Once you spend a dollar you don't just lose the value of that dollar, you lose what that dollar could have done for the rest of your life.

Below is a consumption checklist -- it covers all the places your dollars get "consumed." You'll want to know your consumption because later, when I introduce you to the team that can help you set up your Control Account and more, knowing this information will help them optimize what you buy and recover cash flow.

Taxes

Do you have a tax plan?

☐ **Yes** ☐ **No**

Here is a list of potential tax benefits you might be able to take advantage of depending on your answer…

Deferral - Does it make sense to postpone your tax? Deductions - Are you best utilizing tax deductions?

☐ Yes ☐ No ☐ Unsure

Tax Credits - Are you best utilizing tax credits?

☐ Yes ☐ No ☐ Unsure

Entity structure - is your business set up the best way?

☐ Yes ☐ No ☐ Unsure

Giving - Do you have a strategy to help you best give money?

☐ Yes ☐ No ☐ Unsure

Estate planning - Do you have the best estate legacy plan?

☐ Yes ☐ No ☐ Unsure

Mortgages

Ask yourself these questions…

1) **Can you be more efficient with how you buy your home?**

☐ Yes ☐ No ☐ Unsure

2) **Can you increase cash flow through mortgage efficiencies?**

☐ Yes ☐ No ☐ Unsure

3) **Can you leverage the value of your home to increase cash, reduce risk, and decrease the overall debt drag on your cash flow?**

☐ Yes ☐ No ☐ Unsure

Debt

Do you have debt?

☐ Yes ☐ No

What kind of debt do you have, how much and at what interest rate?

Type of Debt	Amount	Interest Rate

Do you have the best strategy to pay off debt?

☐ Yes ☐ No ☐ Unsure

Protection & Insurance

How often do you conduct an audit of your coverages?

Answer:

Have any major life events happened since you put your current coverage in place?

Disability Insurance	☐ Yes	☐ No	☐ Unsure
Health Insurance	☐ Yes	☐ No	☐ Unsure
Critical Insurance	☐ Yes	☐ No	☐ Unsure
Long Term Care	☐ Yes	☐ No	☐ Unsure
Life Insurance	☐ Yes	☐ No	☐ Unsure
Auto Insurance	☐ Yes	☐ No	☐ Unsure
Home Owners	☐ Yes	☐ No	☐ Unsure
Umbrella Insurance	☐ Yes	☐ No	☐ Unsure

Lifestyle Spending

Do you have a system for tracking your money/spending?

☐ Yes ☐ No ☐ Unsure

If yes, what system?

Future Life Events

Here is a list of popular big purchases. Do you have a plan to best pay for these activities?

Emergencies	☐ Yes	☐ No
Kids	☐ Yes	☐ No
Cars	☐ Yes	☐ No
Education	☐ Yes	☐ No
Wedding	☐ Yes	☐ No
Vacations	☐ Yes	☐ No

The Control Account Checklist

In this checklist, we'll guide you through the three crucial steps towards structuring the most efficient life insurance policy:

> **Coverage:** First, you need clarity on your traditional life insurance questions to determine the appropriate death benefit for your situation.
>
> **Contract:** Next, you need to strategically design your policy to maximize its living benefits, in addition to the death benefit. Are you properly leveraging beneficiary assignment, settlement options, overfunding strategies, and policy riders?
>
> **Company:** Lastly, once you've determined what coverage you need and how to design your contract strategically, you need to find a particular type of insurance company to sponsor your policy.

Let's start with Coverage:

Coverage

The Control Account at its core is specially designed life insurance, so you must understand the amount of coverage you need for your unique situation. Here are some questions to answer in relation to coverage:

What do you currently have in place to support your loved ones financially?

Emergency Funds	$
Retirement Savings:	$
Life insurance through work	$
Other	$

Do you have the right amount of coverage (if you were to die, would you leave your family with the lifestyle you want them to have)?

☐ Yes ☐ No ☐ Unsure

Are your financial needs covered in the event of your death?

Mortgage	☐ Yes ☐ No ☐ Unsure
Bills	☐ Yes ☐ No ☐ Unsure
Child care	☐ Yes ☐ No ☐ Unsure
Business expenses	☐ Yes ☐ No ☐ Unsure
College tuition	☐ Yes ☐ No ☐ Unsure

Legacy	☐ Yes ☐ No ☐Unsure
Other	☐ Yes ☐ No ☐Unsure

Next, let's look at the contract…

Contract

The power of the "The Control Account" is in its design. Here are few things to consider when structuring your policy:

Do you understand the different types of insurance?

☐ Yes ☐ No ☐Unsure

Do you have the right kind of policy for you?

☐ Yes ☐ No ☐Unsure

Do you have any areas of exposure within your current policy?

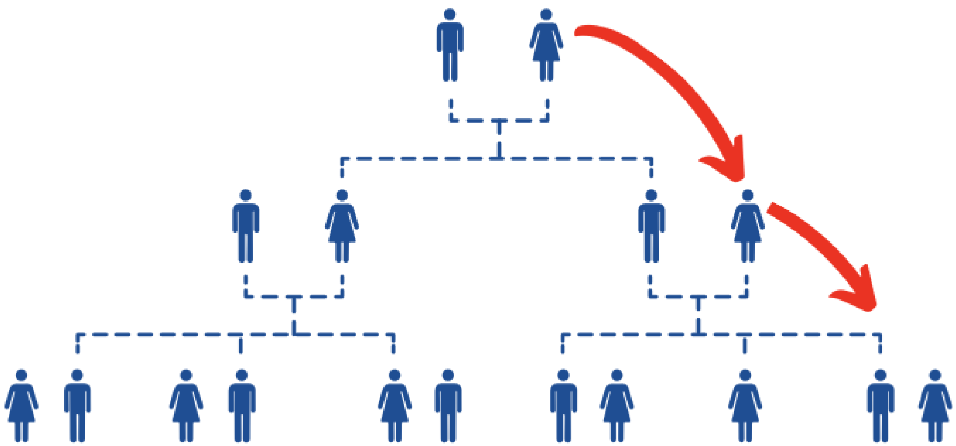
☐ Yes ☐ No ☐Unsure

Do you have the proper beneficiary assignment with your policy?

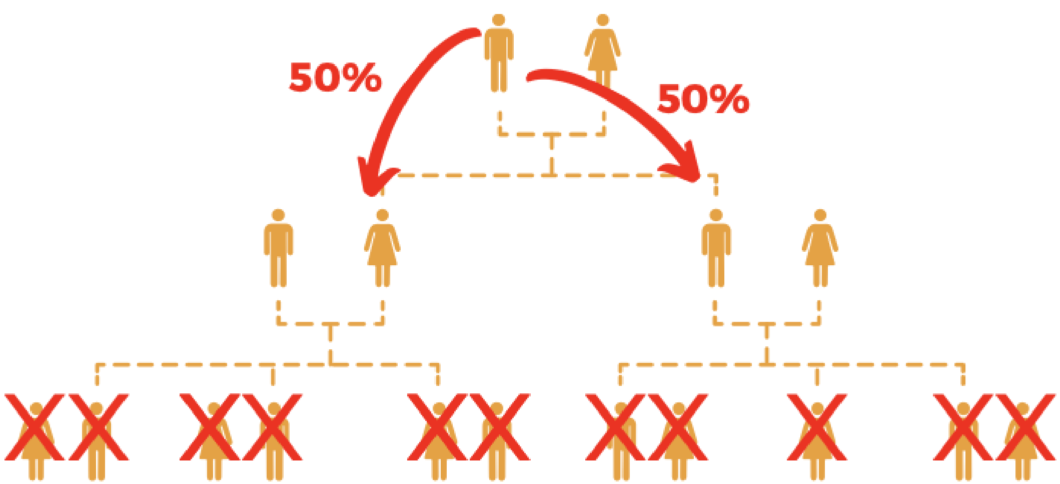
☐ Yes ☐ No ☐Unsure

For context on that last question about beneficiary assignment. Here are two concepts to understand…

The first is called, **"per stirpes."** Which means that if any of your beneficiaries aren't alive at the time of your death, the beneficiary's descendants take what their deceased parent would've taken. Here's how that looks:



The second term is called "**per capita**." That means all living beneficiaries will receive an equal share; a share won't be created for deceased members. Here's how that looks:



Do you have settlement options defined on your death benefit?

☐ Yes ☐ No ☐ Unsure

What is it?

☐ Lump-sum payment

☐ Interest income (also known as interest-only)

☐ Interest accumulation

☐ Fixed period

☐ Fixed amount

☐ Life income (also known as life-only or life annuity)

Do you understand how convertible term insurance works?

☐ Yes ☐ No ☐ Unsure

Are you familiar with the various strategies for over-funding life insurance depending on your circumstances and goals?

Front loading with a lump sum?	☐ Yes ☐ No ☐ Unsure
The use of "term riders"?	☐ Yes ☐ No ☐ Unsure
Using a flexible PUA (paid up addition)?	☐ Yes ☐ No ☐ Unsure

Shortening premium terms?	☐ Yes ☐ No ☐ Unsure

Do you understand the different benefits of riders in these types of insurance contracts?

Waiver of Premium?	☐ Yes	☐ No	☐ Unsure
Accelerated benefit riders?	☐ Yes	☐ No	☐ Unsure
Chronic Illness riders?	☐ Yes	☐ No	☐ Unsure
Child policy rider?	☐ Yes	☐ No	☐ Unsure
Buying more life insurance?	☐ Yes	☐ No	☐ Unsure

Next, we'll look at the topic of insurance company:

Company

When it comes to choosing a life insurance company, you have dozens of options. Don't make a decision based solely on initial price quotes alone. These are "must- haves" when it comes to choosing a life insurance company, depending on what you're trying to accomplish. Here are a few questions to audit your current knowledge & situation:

What kind of insurance company are you currently using? (Check any that apply)

- ☐ Mutually-owned?
- ☐ A multi-billion dollar company?
- ☐ An A-Rated insurance company?
- ☐ Well-established? (100-plus year history)

- ☐ Dividend-paying?

The next thing we need to look at is the strategy you're trying to use life insurance to accomplish…

Strategies

Do you know what type of control you're trying to get out of your insurance policy? Knowing what strategy will determine how and if can be structured properly by a professional. Here are a few of the different strategies:

Strategy	Use Case
Control Your Compounding While Using $$	Receiving compound interest and using your money simultaneously. That way you don't interrupt lifetime compounding by using your money. Or, let your money compound unused.
Smooth Out Market volatility	Helps you avoid withdrawing retirement funds during a market dip (so you're not drawing capital on top of losses)
Pension Maximization	Opting for the highest possible annuity payout for your spouse's lifetime while using life insurance for the other spouse's income.
Reverse Mortgage	Convert a portion of your home equity into cash to put towards life insurance.
Annuities & Life Insurance	Using your life insurance death benefit to increase annuity payment options while covering the initial principle.
Dividends on Cash Value	Supplementing your retirement income with your insurance policy's dividends.
529 Plan Alternative	Using insurance to have increased flexibility for funding your children's education.

Using Life Insurance Loans In Retirement	This uses tax-free policy loans in retirement instead of taxable retirement distributions.
Charitable Remainder Trust	Donating to a qualified charity with a partial tax deduction while producing a retirement income stream.
3 Generation Legacy Waterfall	Passing on generational wealth via life insurance in a trust.
Senior Settlement	Selling an existing life insurance policy to a third party for a one-time cash payment.
Viatical	This is for terminally ill people who want to sell their life insurance policy at a discount for cash.

If any of these strategies seem like a good fit for you or something you want to explore. Make a note, and when you talk to the professional team I introduce you to in *The Opt-Out Protocol*, you can talk to them about the pros, cons and feasibility of using the strategy given your specific circumstances.

The more information you can share with them about your current situation, your goals and your means right now, the better they can make suggestions to you.

Next we're going to look at a checklist to assess your current investments. Keep in mind that insurance, which we just covered, and specifically The Control Account, should NOT be considered an investment. We're going to look specifically at investments next…

A Checklist to Assess Your Investments

People tend to overcomplicate the money-making process, but it's pretty simple.

There are only two ways to accumulate wealth:

#1 Earned income

#2 Investment income

Obviously, since earned income can only get you so far, having a plan to rake in substantial investment income is crucial.

It's not uncommon for people to feel overwhelmed when they think about investing their money.

A recent study showed that 39% of adults have no money invested in the stock market. When asked why, 56% said they didn't have the resources, and 32% said they didn't understand stocks.

Meanwhile, I read that over half (53%) of Americans don't believe their savings and investments will last if they live to be 90 years old.

Something is wrong here. This is the consequence of being out of control.

Some of the common questions that stump people are…

What are the best investments?

How much should I invest?

Is it worth it to take on any risk at all with my money?

These questions can be tough to answer, but luckily we have a list of some helpful hints that will make your investing experience a little easier.

In this checklist, we'll cover:

Asset Classes: What are the different types of assets you can invest in, and what are the potential benefits and risks associated with each?

Retirement Plan Types: What type of plan will provide the maximum tax benefit for you? What if you're self-employed or a business owner? And lastly, what are the rules for each plan?

Investment Fund Types: You have thousands of funds to choose from--mutual funds, index funds, exchange-traded funds--all with different fees, risks, and objectives. How do you know where to put your money?

Seven-Deadly Investing Sins: What mistakes do investors make most frequently, and how do you avoid them?

Let's dive in starting with asset classes:

Asset Classes

	Upside	Downside
Stocks ***Represent the ownership of a fraction of a company. Shares of stock entitle their owner to a portion of the company's assets and profits.***	-- Gains if stock sold above purchase price -- Dividends -- Potential for higher return than other investments Liquidity (quickly converted to cash).	Potential to lose entire initial investment volatility due to company performance, sentiment Competition with more experienced traders Market risk (also known as systematic risk)
Stock Options ***Derivatives of stocks that let you control stock for an amount of time at defined prices.***	-- Bigger potential returns on investment than stocks. -- Gives you leverage. -- Often requires less capital than buying the stock outright. -- Quantified and known risk.	-- Harder to understand than buying stocks. -- Volatile -- There is a shot clock on "being right" with your investment -- Takes extra financial education.
Bonds/Fixed Income ***Loans from an investor to a borrower such as a company or government. The borrower uses the money to fund its operations in exchange for interest paid to the lender.***	-- Typically less price volatility than stocks -- Consistent payments -- Considered less risky - paid first in the event of liquidation --Bonds have transparent bond	-- Historically lower return than stocks -- Less liquid compared to stocks -- Interest rate risk (if rates go up, bond values go down)

	ratings	
Cash & Equivalents ***Short-term commitments of temporarily idle cash; they have high credit quality and are highly liquid (easily convertible back into cash). These include treasury bills, commercial paper, marketable securities, money market funds, and short-term government bonds.***	-- Highly liquid/accessible -- Potential to outearn a bank deposit account -- Less risky than stocks or bonds -- Gives you optionality to take advantage of new opportunities.	-- Very low interest relative to stocks and bonds -- Possible deposit minimums -- Lost opportunity costs -- Inflation eats away at your money.
Real Estate ***Investment real estate is real estate that generates an income or is used for investment purposes rather than as a primary residence.***	-- Predictable cash flow Tax breaks (like depreciation) -- Inflation hedge Portfolio diversification -- Gives you leverage (down payments + loans and options to refinance in future depending on interest rates.)	-- Lack of liquidity -- Unpredictability of the real estate market -- May need to be a landlord -- Potential negative cash flow after expenses -- Different tenant laws per state.
Commodities *Essential goods used in commerce, usually in the form of natural resources or agricultural goods, that are often used as inputs into other processes. Examples of commodities include cows, corn, oil, and precious*	-- Low/negative correlation to stocks/bonds (portfolio diversification) -- Inflation hedge (e.g., gold holds value well) -- Can produce high returns (*if*	-- Highly volatile (e.g., oil prices went negative during Covid due to decreased demand) -- Not income generating -- Typically less liquid than stocks or bonds

metals.	you're looking at them as investments.)	
Other Derivatives ***Besides stock options, there are other financial contracts that derive their value from an underlying asset, such as commodities, currencies, bonds, or interest rates. Besides stock options, forwards and swaps are the most common forms of derivatives.***	-- Can be used to hedge risk -- Leverage can create magnified gains -- Access to unavailable markets (e.g., interest rate swap providing better rate than direct lending)	-- Highly volatile -- Extremely difficult for individuals to value -- Can be speculative -- Can be complex and require lots of financial education.
Crypto ***Virtual currency in which transactions are verified and records maintained by a decentralized system using cryptography.***	-- Bitcoin touted as a store of value immune to government manipulation, censorship -- Designed to be deflationary, can act as inflation hedge -- Decentralized (doesn't rely on bank or institution) -- Markets open 24/7 worldwide	-- Highly volatile with sharp price fluctuations -- Possible to lose money forever if keys/passcodes are lost -- Susceptibility to scams and "pump and dump" schemes
Crowdfunding *Equity in private companies (not referring to "rewards based crowdfunding" like Kickstarter.*	-- Some opportunities require very little starting capital. -- Massive upside potential. -- Allow you to get in on the ground floor of companies that are impacting and changing the	-- Some opportunities might require you to be accredited which can be a barrier to entry if you don't qualify. -- Less transparency than public markets (like stocks.) -- Little liquidity (there are some

	world. -- In some, but not all cases, the investments can cash flow.	secondary markets but no guarantees. Holding periods could be 5-7 or longer.) -- Usually requires going public or being acquired to generate a return on your investment.

So these are the different types of asset classes.

Over the course of the next 12 months, we're going to be talking to experts in each asset class to learn more about them and the biggest opportunities they see in each.

Next we're going to look at the different retirement plans as a definition before we go on to audit each of these…

Retirement Plans or "Tax Wrappers"

Ok… so let's compare the different retirement plans now.

Pay close attention to the different limitations and tax status of these. That way you can compare them to the different options available to you. Watch the limits of contributions, how the taxes are treated, and what happens when you try to access the money before a specific date within each of these different plans.

Let's dive in…

	Contribution Limit	Tax Status	Withdrawal Rules

401(K) ***A retirement savings plan that employers offer. Contributions are automatically withdrawn from employee paychecks and invested in available fund options.***	For 2023, 401(k) contribution limits for individuals are $22,500, or $30,000 if you're 50 or older.	Tax-deferred	10% penalty tax younger than 59 1⁄2 unless: -- The employee dies or is disabled. -- The employee reaches age 591⁄2. -- The employee experiences a specific hardship as defined under the plan -- The plan is terminated
Traditional IRA ***A type of individual retirement account in which the contributions are made before taxes are paid. In retirement, the owner pays income tax on withdrawals from a traditional IRA.***	The annual contribution limit for 2023 is $6,500, or $7,500 if you're age 50 or older	Tax-deferred	10% penalty tax if withdrawn before age 59 1⁄2, with exceptions; required minimum distributions begin year after year you turn 72
Roth IRA ***An individual retirement account in which money put in is taxable but grows tax-free, and withdrawals in retirement are tax-free.***	For 2023, the total contributions you make each year to all of your traditional IRAs and Roth IRAs can't be more than: $6,500 ($7,500 if you're age 50 or older)	Tax-free	10% penalty tax if withdrawn before age 59 1⁄2, with exceptions; no required minimum distributions

SEP IRA ***A Simplified Employee Pension IRA is a traditional IRA for self-employed individuals and small-business owners.***	The contributions you make to each employee's SEP-IRA each year cannot exceed the lesser of: 25% of compensation, or. $66,000 for 2023	Tax-deferred	10% penalty tax if withdrawn before age 59 1⁄2, with exceptions; required minimum distributions begin year after year you turn 72
Simple IRA ***Stands for savings incentive match plan for employees and is a retirement plan for small businesses with fewer than 100 employees. It is often considered the small business version of a 401(k) but easier to set up and administer than 401(k)s.***	The annual SIMPLE IRA contribution limits in 2023 are: Under age 50: $15,500. Age 50 and older: $19,000	Tax-deferred	10% penalty tax if withdrawn before age 59 1⁄2, with exceptions; additional 15% penalty tax in first two years of participation; can't borrow like with 401(k)
Solo 401(k) ***Essentially a one-person 401(k) plan for self-employed individuals or business owners with no employees, where the individual contributes as the employee and employer.***	-- In 2023: $22,500, or $30,000 if you're 50 or older. -- Can't contribute if you have employees but can "hire" spouse. -- Employers must contribute on employees' behalf in an amount equal to their own. -- Eligible employees are	Tax-deferred or tax-free (Roth contributions permitted)	10% penalty tax if withdrawn before age 59 1⁄2, with exceptions; required minimum distributions begin year after year you turn 72

	age 21+, employed past three of five years, earned at least $600 -- Can be combined with a traditional IRA or a Roth IRA		

Next, let's take a look at the different types of investment funds.

Just like in the past two sections, this will just lay a foundation for auditing where you stand, understanding all your options, and help you craft a control plan for yourself with the team I'll be introducing you to at the end of The Opt-Out Protocol.

Investment Fund Types

Index Fund	A type of mutual fund or exchange-traded fund whose holdings match or track a particular market index, such as the Standard & Poor's 500 Index (S&P 500).
ETF	An exchange-traded fund is a basket of securities that track an index (like the S&P 500), sector (like U.S. Technology), commodity (like gold), or particular asset, and trades on an exchange like a regular stock.
Mutual Fund	Mutual funds are investments that pool money from investors to purchase stocks, bonds, and other assets. The aim is for the fund managers to create a diversified portfolio beyond what the average investor can build on their own or buy themselves.
Hedge Fund	Hedge funds are investment arrangements where professional fund managers invest a pool of money contributed by pre-qualified investors. They tend to have stricter shareholder requirements, more aggressive trading strategies, less regulation, and higher performance-based fees.
Target Date Fund	A target-date fund is a class of mutual funds or ETFs that changes their asset allocation to maximize returns for

	predetermined time frames. They are often used as the default fund option in retirement plans, using the employee's estimated retirement date as the target.
Money Market Fund	A fund that invests in various short-term securities such as government bonds or bank certificates of deposit.

Now that we have the basics out of the way, we'll look at the seven deadly sins of investing and how to avoid them.

Let's dive in…

The Seven Deadly Investor Sins

#1 Ignoring lost opportunity costs: Any time you decide to save or spend your money somewhere, you're essentially saying "no" to all other options. When you spend a dollar, you're giving up the lifetime earning potential of that dollar.

Here are a few questions to audit, therefore…

Have you calculated the combined rate of return of ALL your assets?

☐ Yes ☐ No ☐ Unsure How

Do you have a large amount of cash sitting in a bank account earning very low interest?

☐ Yes ☐ No ☐ Unsure

Have you calculated the opportunity cost of paying down low-interest debt (like paying extra on a mortgage) vs. investing?

☐ Yes ☐ No ☐ Unsure How

Are your current investments maximizing the efficiency of your savings?

☐ Yes ☐ No ☐ Unsure

Are you factoring in inflation when projecting future investment performance?

☐ Yes ☐ No ☐ Unsure How

#2 Paying excessive fees: A 2% investment fee might seem like a small price to pay.

But when you compound what you could've earned on that 2% over time, the impact is massive.

Just take a look…

Here are a few questions to audit right now in light of this concept…

What are your all-in fees?

What is the expense ratio?

What are your funds' marketing costs (12B-1 Fee)?

What are the custodian fees?

What's the front-end load?

What is the back-end Load?

What are the commissions?

What are the account maintenance fees?

What are the advisory fees?

What are the trade fees?

What are the statement fees?

If you're not sure of these answers, this is potentially problematic. And as you can see by the chart above, getting control of the fees you're paying and making sure you're being efficient with the money you're already investing is critically important.

Getting answers and options for reducing these fees could not only pay for your Control Group membership many times over, but leave a tidy sum in your pocket over time.

#3 Tax inefficiencies: Taxes are inevitable but partially avoidable with the right investment strategies. Ensure you're not overpaying on your investment gains.

First, we'll look at those retirement accounts or "Tax Wrappers" that we covered above with the following audit questions…

Are your investments in tax-sheltered accounts? (IRAs, 401(k)s, HSAs, etc.) Do tax laws limit your contributions?

☐ Yes ☐ No ☐ Unsure

Have you considered other tax- advantaged accounts?

☐ Yes ☐ No ☐ Unsure

If you are self-employed or own a business, do you have the most advantageous retirement account for your situation?

☐ Yes ☐ No ☐ Unsure

Do you expect to be in a higher tax bracket in the future?

☐ Yes ☐ No ☐ Unsure

Have you considered how economic and political factors may increase taxes in the future?

☐ Yes ☐ No ☐ Unsure

Should you be making pre-tax or post-tax investments?

☐ Yes ☐ No ☐ Unsure

Are you leveraging life insurance for tax-free investment growth?

☐ Yes ☐ No ☐ Unsure

Are you eligible for and benefit from a Health Savings Account (HSA)?

☐ Yes ☐ No ☐ Unsure

Next, we need to audit your capital gains and losses…

Are you paying short-term capital gains over long-term?

☐ Yes ☐ No ☐ Unsure

Do you use investment losses to offset your investment gains (tax-loss harvesting)?

☐ Yes ☐ No ☐ Unsure

Does your portfolio benefit from the tax advantages of real estate investments?

☐ Yes ☐ No ☐ Unsure

Are you invested in funds with a low turnover to avoid excess capital gains?

☐ Yes ☐ No ☐ Unsure

Do you know if you should invest in municipal bonds to reduce your federal and state tax liability?

☐ Yes ☐ No ☐ Unsure

#4 Not knowing your risk tolerance: Do you know how much are you willing to lose for the potential to gain X?

Asking this simple question can prevent you from making risky bets. And most people don't really know the answer. They're either just allured by the potential upside of an investment. Or, they exit out of panic or emotionally.

Here are some audit questions to know where you stand…

Do you have clearly defined investment goals?

☐ Yes ☐ No ☐ Unsure

What is your goal? (Save for retirement? Accumulate wealth? Pay down debt? Save for college? Create consistent income? Save for a short-term goal?)

Are you currently invested in assets that carry an amount of risk that coincides with your investment goals?

☐ Yes ☐ No ☐ Unsure

Have you completed a research-based risk assessment to identify your risk tolerance?

☐ Yes ☐ No ☐ Unsure

What amount of potential upside are you willing to sacrifice for the safety of a particular outcome?

☐ Yes ☐ No ☐ Unsure

#5 Investing with Emotion: This plays into the last sin. Are you an investor who invests purely on emotion instead of logic? This tends to lead to buying high and selling low.

Here are a few audit questions to check yourself…

Do you make investment decisions based on greed and/or fear?

☐ Yes ☐ No ☐ Unsure

Do you understand what constitutes a bull market vs. a bear market?

☐ Yes ☐ No ☐ Unsure

Do you buy based on others ' euphoria when you hear about investments from news stories, social media, friends, co-workers, or family?

☐ Yes ☐ No ☐ Unsure

When your investments see sharp decreases in value, do you tend to panic sell?

☐ Yes ☐ No ☐ Unsure

#6 Failing to Diversify: You've heard the term "don't put all your eggs in one basket." This is the foundational principle of diversification and helps mitigate risk while increasing potential upside.

Here are some more audit questions to vet the structure of your investing. Let's break them into a section for the three big asset classes we covered above.

Stocks:

Are you diversified across sensitive, cyclical, and defensive stocks?

☐ Yes ☐ No ☐ Unsure

Do you have a variety of company sectors in your portfolio?

☐ Yes ☐ No ☐ Unsure

Does your portfolio contain stocks from a diverse group of company sizes/market capitalization?

☐ Yes ☐ No ☐ Unsure

Do you have an appropriate mix of growth, value, and income-oriented stock?

☐ Yes ☐ No ☐ Unsure

Does a large portion of your portfolio consist of a few individual stocks?

☐ Yes ☐ No ☐ Unsure

Bonds:

Does your portfolio integrate bonds from various issuers (Treasurys, municipal bonds, corporates, etc.)?

☐ Yes ☐ No ☐ Unsure

Are you diversified across bond rating/credit quality following your risk tolerance?

☐ Yes ☐ No ☐ Unsure

Do you hold bonds with varying maturity terms?

☐ Yes ☐ No ☐ Unsure

Are you aware of how bond ratings and durations affect default and interest rate risk, respectively?

☐ Yes ☐ No ☐ Unsure

Alternative Investments:

Do you hold investments that typically negatively correlate to traditional asset classes (real estate, gold, cryptocurrency, etc.)?

☐ Yes ☐ No ☐ Unsure

Is your percentage of alternative assets proportionate to your risk tolerance?

☐ Yes ☐ No ☐ Unsure

#7 Investing without Understanding: There's little chance of meeting your investment goals if you're simply following popular opinion rather than using data to make informed decisions with your money. Here are critical questions to vet about your investment approach…

Do you ask "What objective am I trying to achieve with this investment" before deploying your resources?

☐ Yes ☐ No

Do you ask "Do I understand how this investment works?" before investing?

☐ Yes ☐ No

Do you ask "What are the risks of this particular investment, and am I willing to take those risks?" before investing?

☐ Yes ☐ No

Do you ask "How much do I realistically expect to earn on this investment?" before investing?

☐ Yes ☐ No

Do you ask, "How long do I expect to hold this investment?" before investing?

☐ Yes ☐ No

Do you ask, "When and why would I sell this investment?" before you invest?

☐ Yes ☐ No

Do you ask, "What are the costs/fees associated with making this investment?" before investing?

☐ Yes ☐ No

Do you ask, "Does this investment fit with the investments that I already own?" before investing?

☐ Yes ☐ No

Do you ask, "How do I *feel* about buying this investment?" before investing?

☐ Yes ☐ No

Do you ask, "What is the expertise and/or motivation of the person recommending this investment?" before investing?

☐ Yes ☐ No

In answering those questions, you need to flip those Seven Deadly Investing Sins (the sins of ceding control) into Seven Investing Virtues of well analyzed and planned investments (the virtues of taking control in the ways you can to fulfill your potential by optimizing your money.)

Now, let's look at some general investment portfolio audit questions…

General Investment Portfolio Audit

Do you have all investments property documented and organized somewhere?

☐ Yes ☐ No

What annualized rate of return are you/your advisor basing the success of your financial plan on?

☐ Yes ☐ No ☐ Unsure

Are you happy with the current performance of your investments?

☐ Yes ☐ No ☐ Unsure

Do your investments properly reflect your values and fit into your overall financial plan?

☐ Yes ☐ No ☐ Unsure

Do you know the person responsible for generating the returns of your investments?

☐ Yes ☐ No ☐ Unsure

Do you have enough knowledge about the markets you are in to know when to exit if certain indicators are triggered?

☐ Yes ☐ No ☐ Unsure

Do your investments produce consistent cash flow?

☐ Yes ☐ No ☐ Unsure

Have you applied risk mitigation/management strategies to your investments?

☐ Yes ☐ No ☐ Unsure

Do you fully understand the economics of your investments?

☐ Yes ☐ No ☐ Unsure

Have you minimized the expenses of your investments to include: administrative fees, legal fees, fund manager fees, account fees, etc.?

☐ Yes ☐ No ☐ Unsure

Do you know exactly how your investments will benefit you now and in the future?

☐ Yes ☐ No ☐ Unsure

Do you have clarity and peace of mind because you are confident in what you are doing with your investments?

☐ Yes ☐ No

Do you have a strategy to deal with market fluctuations?

☐ Yes ☐ No ☐ Unsure

Do you have a reason other than the potential rate of return that you invested in your current positions?

☐ Yes ☐ No ☐ Unsure

These questions should all be giving you a sense for where you are at right now.

Don't worry if you're answering no or unsure right now to a lot of these questions. Knowing where you stand and being honest is the first step in correcting any problem.

And over the course of our journey together in *The Control Group*, I'm going to be bringing you lots of different contacts, strategies, tools, introductions and solutions for everything we're auditing here.

For now, let's keep going.

We're going to audit your tax situation next.

There's typically a lot of room for improvement here. Let's dive in…

We're going to look at different categories of tax-payers. So feel free to go to the section that suits you. But it's worth looking through each, because you'll see hints buried in these questions for what may or may not be possible in each category.

Let's start with the self-employed since this could dramatically impact your tax situation.

The IRS defines "self-employment" as "carrying on a trade or business as a sole proprietor or independent contractor, or participating in a partnership that carries on a trade or business."

If you own a business or receive 1099 income from your employer, you likely qualify as self-employed. You may be surprised by what activities may pass the self- employment test.

If you're 100% sure you don't make self-employment income, feel free to skip ahead to the "All Taxpayers" section.

If you're not sure… here are a few questions to know…

Sell homemade goods or crafts? (Etsy, Shopify, Popup Shops)

☐ Yes ☐ No

Rent out your home or space in your home for >2 weeks of the year? (Airbnb, VRBO)

☐ Yes ☐ No

Drive for a rideshare company or food delivery service? (Uber, Lyft, Doordash, Grubhub)

☐ Yes ☐ No

Profit from content writing, creating logos, taking photos, performing live?

☐ Yes ☐ No

If yes, we'll now ask some questions to audit whether or not your self-employment income is optimally structured from a legal and tax perspective…

Are your personal assets protected from all potential debts, claims, liens, and lawsuits?

☐ Yes ☐ No ☐ Unsure

Are you strategically minimizing the amount of self-employment tax you pay?

☐ Yes ☐ No ☐ Unsure

Does your business adhere to local, state, and federal compliance laws?

☐ Yes ☐ No ☐ Unsure

Do you know whether filing as a sole proprietorship, partnership, S corporation, LLC, or C corporation is most advantageous?

☐ Yes ☐ No ☐ Unsure

Next, we'll ask some self-audit questions whether or not you might be taking full advantage of tax-breaks for the self-employed. Ultimately, my contacts will tell you that smart tax planning starts with understanding the pros and cons of specific entity structures…

Do you have tracking and bookkeeping systems to facilitate business expense tracking?

☐ Yes ☐ No

Are you familiar with the nuanced rules surrounding the most common business deductions? (mileage, meals and entertainment, home office deduction, etc.)

☐ Yes ☐ No ☐ Unsure

Are you properly recognizing depreciation for property, machinery, equipment, furniture, etc.?

☐ Yes ☐ No ☐ Unsure

Do you know which items are 100% tax-deductible?

☐ Yes ☐ No ☐ Unsure

Next up, let's look at the "All Taxpayers" category…

These questions are geared toward getting you thinking about whether you're being as proactive as you can be with your taxes (in control) or reactive with your taxes (out of control.)

In large part, this isn't typically all your fault if you're being reactive. There's a big problem in the professional tax world. The majority of CPAs and tax software programs focus on the past, not the future. Having a team and a forward-looking approach can save you thousands in taxes. Again, identifying this and making changes can pay for your Control Group membership AND then some, depending on your situation.

Are you proactively, before the tax year ends, looking at strategies that you could incorporate to save taxes?

☐ Yes ☐ No

Do you have a defined tax plan or strategy?

☐ Yes ☐ No ☐ Unsure

Does your accountant or tax prep software suggest ways to save on taxes going forward?

☐ Yes ☐ No ☐ Unsure

Do you know which tax bracket you're in and how much income you can make before hitting the next one up?

☐ Yes ☐ No ☐ Unsure

Are you cutting your paychecks short because you're withholding too much?

☐ Yes ☐ No ☐ Unsure

Next, let's ask a few questions to get you thinking about whether or not you might've paid too much in taxes in past years. If you're answering these questions and thinking "uhhh… yeah I might've"... don't sweat it. There's a chance with the right team in your corner that money might not be gone forever. If you made a mistake involving filing status, income, deductions, or credits, you can file an amended return on Form 1040X within three years of the date you filed your original return. Here are two questions you can ask yourself to get a sense…

Have you reviewed previous years' tax returns with someone other than your current accountant to see if there's a possibility to amend returns and recapture overpayment of taxes?

☐ Yes ☐ No

Are you taking advantage of ways to defer your tax liability?

☐ Yes ☐ No ☐ Unsure

Alright, after this it's best to start asking questions about deductions and credits to find out if you're taking full advantage of what the government allows you to. The 2022 standard deduction (for taxes being filed this year in 2023) is $12,950 for single filers and those married filing separately, $25,900 for joint filers. Here are some questions that could tip you off to areas of tax-savings opportunities…

Have you searched for tax credits you might qualify for?

☐ Yes ☐ No

Do you qualify for the higher child tax credit under the American Rescue Plan?

☐ Yes ☐ No ☐ Unsure

Are you making charitable contributions in a tax-efficient manner?

☐ Yes ☐ No ☐ Unsure

Are you utilizing a Health Savings Account?

☐ Yes ☐ No

After this, the next area to do a self-audit on is the taxes you're paying on your investments. One of my contacts says that for most people, tax on retirement savings is the number one wealth eroder. But he says it doesn't have to be the case. Ask yourself these questions…

Do you have an exit strategy (from a tax perspective) for your retirement plans, stocks, real estate, or other investments?

☐ Yes ☐ No ☐ Unsure

Have you harvested capital losses to offset capital gains in your taxable accounts?

☐ Yes ☐ No ☐ Unsure

Do you have a liquid emergency fund, so you don't have to draw money from a taxable account for unexpected expenses?

☐ Yes ☐ No ☐ Unsure

Have you converted your traditional IRAs to Roth?

☐ Yes ☐ No ☐ Unsure

Are you set up to minimize estate taxes in the future?

☐ Yes ☐ No ☐ Unsure

Are you taking advantage of the numerous tax deductions available to rental property owners?

☐ Yes ☐ No ☐ Unsure

Now, let's ask some proactive questions.

Did you know that the tax code has been changed or amended over 5,000 times in the last ten years?

Yeah…

So, play along with me for a second and assume the government will assert MORE control over your money in the future. How sure are you that you're keeping up with the changing tax-landscape and are prepared for changes that tax you more? Here are some questions to ask yourself…

Will you be in the top marginal tax rate that will go from 37% to 39.6% in 2025?

☐ Yes ☐ No ☐ Unsure

Will your long-term gains and qualified dividends be taxed as ordinary income?

☐ Yes ☐ No ☐ Unsure

Will your unrealized gains be taxed at death?

☐ Yes ☐ No ☐ Unsure

Will your 1031 exchanges be limited?

☐ Yes ☐ No ☐ Unsure

Will your pass-through income be subject to the 3.8% net investment income tax?

☐ Yes ☐ No ☐ Unsure

These questions should have your wheels turning on the tax front.

Again, don't despair if you feel overwhelmed or behind the eight-ball. That's one of the missions of The Control Group. To bring you the contacts and the information to help you get control of your taxes, your finances and your future.

Next, let's look at real estate and home-buying…

Let's start with primary home purchases.

Primary Home Purchases

Home buying can be one of the most emotionally involved purchases you ever make.

After all, it is where you'll eat, sleep, and live.

Here are some essential things to consider in the process…

Financial advisors, real estate experts, and loan officers will tell you to make a down payment of at least 20% down on a house. But there are cases where that might not make sense.

How much do you have saved for a down payment?

$

Have you done the math on the optimal amount of financing vs. cash payment?

☐ Yes ☐ No ☐ Unsure How

What is the opportunity cost of locking up a large portion of capital/net worth in your home? (rather than investing or saving those funds)

☐ Yes ☐ No ☐ Unsure

What's the spread between what you'd reasonably earn in interest vs. pay in interest?

☐ Yes ☐ No ☐ Unsure

The next question to audit is, how much house you can afford/should target buying. A lot of times I look around at friends or acquaintances and wonder if they ever asked these questions. It's sad to say, but one of the biggest blunders people make when buying a home is biting off more than they can chew. Mortgage lenders will often offer a bigger loan than what should be considered comfortable, so you should come prepared with a specific number based on these questions:

How much is your down payment?

$

What are your monthly obligations? (think child care, car loans, credit card debt, student loans, alimony, etc.)

Child Care	$
Car Loans	$
Credit Card Debt	$
Student Loans	$
Alimony	$
Other	$

Does your annual household income comfortably cover your mortgage payments, property taxes, HOA fees, homeowners insurance, etc.?

☐ Yes ☐ No ☐ Unsure

Have you factored in how much your closing costs will be?

☐ Yes ☐ No ☐ Unsure How

Do you know your closing costs? (They typically range from 2% to 5% of the loan amount.

☐ Yes ☐ No ☐ Unsure

Do you know if the seller could pay for a portion of the closing costs?

☐ Yes ☐ No ☐ Unsure

Do you have money available for moving and move-in expenses?

☐ Yes ☐ No ☐ Unsure

Have you priced out renting a truck or moving service?

☐ Yes ☐ No ☐ Unsure How

Have you priced out any immediate upgrades, furnishes or repairs needed?

☐ Yes ☐ No ☐ Unsure

How much will you pay in property taxes?

$

Will you have to pay HOA or condo fees?

☐ Yes ☐ No ☐ Unsure

How much will you pay for homeowners' insurance?

$

Homeowners' insurance is required by law, therefore not a "hidden" cost. However, "acts of God" (floods, hurricanes, earthquakes, etc.) may not be covered in your policy, which can be a nasty surprise. Have you checked?

☐ Yes ☐ No ☐ Unsure How

Are the roof, HVAC system, electrical system, and plumbing in good shape? (These often get overlooked but can result in costly repairs.)

☐ Yes ☐ No ☐ Unsure

Next, let's look at some questions to see if you're absolutely getting the best price possible. Most people avoid this work because it's "tedious." But do you want to take control or be controlled? If you want control, you need to grab it by doing everything you can. And these questions can save you tens of thousands of dollars in the long run…

Have you done everything to improve your credit score? (Your credit score is relied upon heavily during the loan approval process and when determining your mortgage interest rate.)

☐ Yes ☐ No ☐ Unsure

Have you explored all mortgage options available to you? (A variety of mortgages are available with varying down payment and eligibility requirements.)

☐ Yes ☐ No ☐ Unsure

Have you compared mortgage rates and fees? (Once you're clear on the type of loan you're seeking, request mortgage estimates from multiple lenders to see how they compare.)

☐ Yes ☐ No ☐Unsure

Are you eligible for first-time homebuyer assistance programs? (Many states and some cities and counties offer first-time homebuyer programs.)

☐ Yes ☐ No ☐Unsure

Have you applied for a preapproval letter from your lender? (A preapproval letter shows home sellers and real estate agents that you're a serious buyer and can give you an edge over home shoppers who don't have one.)

☐ Yes ☐ No

Do you have a knowledgeable real estate agent that you trust? (An excellent real estate agent will scour the market for homes that meet your needs and guide you through the negotiation and closing process.)

☐ Yes ☐ No ☐Unsure

Next, let's look at what's called "The Mortgage Matrix"...

The Mortgage Matrix

There are many more mortgage types than the well-known "30-year" fixed and "15-year" fixed. We've saved you a ton of Google searching by laying them out here.

Mortgage Type	Interest Rate	Monthly Payment	Best For
30-year Fixed	-- Higher than 15-yr. -- More interest paid --Never changes	-- Lower than 15-yr.	-- Low monthly payment -- Longer time frame -- Flexibility to add to payment

15-year Fixed	-- Lower than 30-yr. --Less interest paid -- Never changes	-- Higher than 30-yr	-- Lower total interest --Pay off/build equity fast --Common for refinancing
Adjustable Rate	-- Fixed first, then adjusts --Initial lock: 1, 5, 7, 10 yr	"Teaser rate" lower initial monthly payments than fixed	-- Short-term mortgage -- Believe interest rates will be lower in future
Interest Only	-- Adjustable rate -- 3 to 10 yr. Intro rate then converts	Lower initially Only interest, no principal	-- Discipline to pay off principal -- In home short-term -- High monthly cash flow
Jumbo	-- Fixed or adjustable --Potentially higher rates --Higher closing costs	-- 10% or more down -- High monthly payment	-- Higher-priced homes -- 700+ credit score (generally) -- Above traditional loan limits
VA	--Low interest rate --No mortgage insurance	No down payment minimum	-- Military service members -- Veterans

USDA	-- Low interest rate	Low or zero down payment	-- Buyers in rural/suburban area -- Low income and low credit
FHA	-- Requires mortgage insurance	Down payment as low as 3.5%	-- Credit score as low as 500 -- Modest income

*(**IMPORTANT DISCLAIMER**: Statements regarding interest rates, interest payments, monthly payments, down payments, credit scores, etc., being "higher," "lower," "fixed," "variable," etc. should not be construed as guarantees, as these variables differ on a case by case basis.)*

OK, that's a good audit for primary housing decisions.

Next, let's audit your debt situation…

The Debt Audit

"Debt"--it's a four-letter word that can invoke feelings of fear, shame, and even desperation.

The majority of people perceive all debt as "bad" and even some personal finance gurus suggest avoiding all debt at all cost.

The wealthy don't view debt in terms of "good" or "bad", but as a leverage point for controlling capital. In my work with Robert Kiyosaki, Grant Cardone and so many others, I constantly heard about using debt to become wealth. But most people use debt for consumption instead of for building wealth.

Debts are not inherently “good” or “bad”, but should be thought of in terms of positive and negative cash flow.

Purely for example’s sake, a car loan could cost you thousands of dollars in interest OR, assuming you could get under 2% interest on an auto loan, you could put your money to work elsewhere earning 5 - 7% interest. So, it all depends.

This checklist is your starting point for eliminating non-productive debt and leveraging productive debt, through a four-step process:

Step #1 Organize
Who do you owe money to? What do you owe it for? How much do you owe? Answer the big-picture questions first before drilling down to each debt.

Step #2 Analyze
Crunch the numbers to determine which of your debts are putting money back in your pocket and which aren’t. It would help if you also analyzed your attitudes, behaviors, and feelings toward debt.

Step #3 Prioritize
The “shotgun approach” doesn’t work too well here. Determine which debt-payoff method works best for your situation and prioritize accordingly.

Step #4 Take Action
Finally, take action! Strategically pay off your debts, avoid missing future payments, and spend intentionally to avoid adding new debt.

Let’s start with auditing your organization…

Before you can do anything else, you need to see all of your debts in one place. You may need to log in to or create an online account with your lender.

List out all of your debts: Credit cards Student loans Auto loans Medical bills Personal loans

	Lender	Amount	Min. Payment	Full Monthly Payment	%	Terms
Credit Cards						
Student Loans						
Auto Loans						
Medical Bills						
Personal Loans						
Other						

Analyze

This step has two parts:

1) Analyzing your debts from a numerical perspective and…

2) Analyzing your debts from a behavioral perspective.

Are your debts a positive or negative leverage point?

Leverage is the use of borrowed money (debt) to finance the purchase of assets.

You do so with the expectation that the income or gain from the new asset will exceed the cost of borrowing…

Here's an illustration…

GOOD DEBTS

Debts that put money back into your pocket. In general, this includes things like

Mortgages | Business Loans | SOME 0% Loans

BAD DEBTS

Debts that do NOT put money back into your pocket. Typically, this could include things like

Credit Cards | Auto Loans

Have you identified which of your obligations are "good" debts and which are "bad"?

☐ Yes ☐ No ☐Unsure

If you have "bad" debts, have you reflected on how you ended up in this situation?

☐ Yes ☐ No ☐Unsure

What was this money used to purchase? Did this purchase move you, your family, and/or your business towards your hopes and dreams or away from them?

☐ Yes ☐ No ☐Unsure

Have you honestly reflected on what your core attitudes, behaviors, and feelings are towards debt?

☐ Yes ☐ No ☐Unsure

In this reflection, did you identify any attitudes, behaviors, or feelings that are keeping you from achieving your "return on result"

☐ Yes ☐ No ☐Unsure

Are you committed to taking extreme ownership of your finances?

☐ Yes ☐ No ☐Unsure

Prioritize

Here is where you have to be very strategic with your debt. What debts should you pay off first?

Should you order them by interest rate, balance, or cash flow impact?

Are you familiar with each debt repayment strategy and how each works?
☐ Yes ☐ No ☐Unsure

Do you understand the pros and cons of each debt repayment strategy?
☐ Yes ☐ No ☐Unsure

Have you strategically chosen a debt repayment strategy appropriate for your situation?
☐ Yes ☐ No ☐Unsure

Have you created a Cash Flow Scorecard to determine the efficiency of each of your debts?
☐ Yes ☐ No ☐Unsure How

Take Action

You've got this! Your future self will thank you for having the discipline to regain control of your capital. No matter what your strategy is, stick to it!

Do you have a clearly defined debt repayment timeline that includes dates and amounts?
☐ Yes ☐ No ☐Unsure How

Do you have a plan for obtaining funds to repay your debts?
☐ Yes ☐ No ☐Unsure How

Have you considered a secured loan for debt consolidation?
☐ Yes ☐ No ☐Unsure How

A single monthly payment can help you chip away at your debt faster. And if you make all your payments on time, your credit will improve. If you're paying a HIGHER INTEREST RATE on your loans than you're receiving on your investments, have you considered cashing out your investments to pay off debts?
☐ Yes ☐ No ☐Unsure How

Have you considered how you could use debt to create positive leverage and put money back into your pocket?

☐ Yes ☐ No ☐Unsure How

OK, that covers a debt-audit pretty well.

We're going to look a lot more at credit and debt as part of The Control Group. Too many people can't take control of their lives because of credit and debt issues. I will be talking to lots of contacts for strategies to help you reign in your debt, improve your credit score, and use debt to acquire assets in a responsible way.

Next, let's audit your wealth protection strategies…

The Term Insurance Checklist

Google search "life insurance," and you are bound to come across multiple threads debating which is better: term vs. permanent life insurance.

The truth is, one isn't "better" than the other.

That's like saying buying a home is "better" than renting a home. At its core, life insurance is about protecting your #1 control asset: YOU.

In this checklist, we give you all the questions you should be asking about term life insurance, including:

Term vs. Permanent Insurance

What is term life insurance? What is permanent Life Insurance? What are the pros and cons of both term and permanent life insurance?

Convertible Term

What is convertible term life insurance and what does it accomplish?

Coverage

How much life insurance do you want?

Contract

When you factor in term lengths, riders, settlement options, beneficiary assignments, etc., there are countless ways to structure your policy. Which structure allows you to get the results you desire?

Company

There's no shortage of life insurance companies. How do you pick a carrier, and what should you expect in terms of pricing?

Let's start with Term vs. Permanent…

Term Life Insurance	Provides coverage for a specific time period--generally 1, 10, 15, 20, or 30 years. It's a lot like signing a lease agreement for an apartment, where both parties agree upon the benefit and price for a certain amount of time. Most companies will continue to offer you insurance past that term, but the price will most likely change. If you die within your term, your beneficiaries will receive the agreed-upon tax-free benefit. If you do not die, the policy lapses and has no remaining value.
Permanent Life Insurance	An umbrella term for insurance policies that consist of a death benefit and a savings portion, or cash value. There are two primary types of permanent insurance: whole life and universal life. **Whole Life Insurance** is designed to cover you for your "whole life," hence the name. It has

	guarantees, a cash value that can grow tax-free and can be paid up before you die. **Universal Life Insurance** is built on the term life frame and is combined with a growth account designed to offset the insurance price. These policies can accumulate cash value and have certain guarantees.

Term Life Insurance	Permanent Life Insurance
Pros: -- Easy to understand -- Lower premiums -- Term flexibility -- Convert to permanent insurance	**Pros:** -- Cash value -- Tax-free growth -- Maintain control of capital --Lifetime coverage -- Cost recovery of premiums
Cons: -- No cash value -- Loss of capital control -- Lost opportunity cost	**Cons:** -- More complex -- Higher premiums

Now let's look at convertible term insurance…

As mentioned above, most people approach this as an either/or decision, but it certainly is not.

Remember, there are three key questions to ask yourself when considering where to put your money for maximum control:

1) What result do you want?

2) What tool does that thing? And

3) What is the most efficient way to get from point A point B?

Convertible term insurance grants its holders greater flexibility in achieving their desired results.

Convertible term insurance is a particular type of term insurance that allows you to switch to any currently offered permanent policy without going through the health qualification process again.

If you already have convertible term insurance, here are some audit questions to ask yourself…

Is this a company from which you would want to buy a permanent life product?
☐ Yes ☐ No ☐Unsure

What are the conversion guidelines per your policy?
☐ Yes ☐ No ☐Unsure

Can you convert to any product?
☐ Yes ☐ No ☐Unsure

Next, let's look at what's called Human Life Value.

Human Life Value is a term used to describe your maximum financial potential. . When I say you are your greatest control asset, I'm not just being mushy. Your ability to earn an income today and in the future is your greatest financial asset. And how well you control all of that determines your freedom and fulfillment.

Protecting that matters, too. So you need to ask, how much life insurance do you want to ensure the lifestyle of your loved ones is secure?

Death benefit calculations vary widely, so here are some tips on calculating the right amount for your desired results. And remember, the team I'm going to introduce you to will help you out with all of this. I'm just trying to get you thinking seriously and honestly about all of this…

Have you calculated your human life value number?

☐ Yes ☐ No ☐Unsure How

What do you currently have in place to support your loved ones financially? (e.g., emergency fund, retirement savings, life insurance through work)

Do you have the right amount of coverage (if you were to die, would you leave your family with the lifestyle you want them to have)?

☐ Yes ☐ No ☐Unsure

Are your financial desires covered in the event of your death (i.e., mortgage, bills, child care, business expenses, college tuition, legacy, etc.)?

☐ Yes ☐ No ☐Unsure

Next, we'll cover policy structure and auditing that…

Not all insurance contracts are created equal, which is why it is crucial to understand all of your options and whether or not they help you achieve your desired result.

Do you understand the different benefits of riders in these contracts? ("*Waiver of premium?" "Accelerated benefit riders?" "Chronic illness riders?" "Child policy rider?" "Guaranteed insurability rider?"*)

☐ Yes ☐ No ☐Unsure

Do you understand how your hobbies could affect your health underwriting?**

☐ Yes ☐ No ☐Unsure

Do you have the proper beneficiary assignment with your policy?

☐ Yes ☐ No ☐Unsure

Does your estate plan match the beneficiaries on your current life insurance plans?

☐ Yes ☐ No ☐Unsure

Do you have settlement options defined on your death benefit that provide your loved ones the results you desire for them?

☐ Yes ☐ No ☐Unsure

Next, we'll look at some audit questions to ask of the insurance company you're using…

Company Structure

Not all insurance contracts are created equal, which is why it is crucial to understand all of your options and whether or not they help you achieve your desired result.

Here are some questions to ask…

Is your insurance company:

A multi-billion dollar company?

☐ Yes ☐ No ☐Unsure

An A-Rated insurance company? Well-established? (100-plus year history)

☐ Yes ☐ No ☐Unsure

Historically reliable in paying out death benefits?

☐ Yes ☐ No ☐Unsure

Next, we're going to look at auditing your income and how it's being protected…

Over 1-in-4 of today's 20-year-olds will be out of work for at least a year due to a 12 disability.

One year of being totally disabled could wipe out up to 10 years of savings.

Again, you are your greatest control asset.

Without you, your whole financial model can be thrown entirely out of whack.

Income protection prevents this from happening.

Income protection, or disability insurance, provides a weekly or monthly cash benefit to the policyholder when they cannot work due to an illness or injury.

Imagine you have a money machine in a room in your home that, every month, prints an amount of money equal to your monthly income. If the machine breaks, it has no spare parts and cannot be repaired. How much would you pay to insure this money machine? By the way, the money machine is you.

So, what is the likelihood of suffering an illness or injury that prevents you from supporting your family? According to these statistics, it's pretty high:

- We're five times more likely to become disabled than die.
- 90% of long-term disability claims are caused by illness, not accidents.
- 37 million Americans are considered disabled, which is about 12% of the population.
- 5.6% of Americans in the workforce will experience a short-term disability every year.

LIKELIHOOD OF BECOMING DISABLED BY AGE [4]

AGE	CHANCES OF BECOMING DISABLED*	AVERAGE LENGTH OF DISABILITY (YEARS)
25	58%	2.1
30	54%	2.5
35	50%	2.8
40	45%	3.1
45	40%	3.2
50	33%	3.1
55	23%	2.6

*Chances of becoming disabled for 3 months or longer before age 65.

Many people falsely assume that income protection only comes in handy in the case of a freak accident. In reality, 90% of long-term disability claims are caused by illnesses that prevent a person from working.

The Two Types of Income Protection

First, you should understand that there are two types of income protection:

> **Short-term disability insurance** typically protects a more significant portion of your income than long-term disability--sometimes up to 70%--for a term anywhere between 3-6 months.

Long-term disability insurance usually pays 40-70% of your income over more prolonged periods: 5, 10, 20, or even until retirement age.

	PREGNANCIES	MUSCULOSKELETAL DISORDERS affecting the back and spine, knees, hips, shoulders, and other parts of the body	INJURIES fractures, sprains, and strains of muscles and ligaments	DIGESTION DISORDERS such as hernias and gastritis	MENTAL HEALTH ISSUES including depression and anxiety	CANCER
THE MOST COMMON REASONS FOR SHORT-TERM DISABILITY CLAIMS	25%	20%	7.5%	7.8%	7.7%	×
THE MOST COMMON REASONS FOR LONG-TERM DISABILITY CLAIMS	9.4%	29%	9%	×	9.1%	15%

How would disability affect you?

PROBABILITY-WEIGHTED FINANCIAL IMPACT FROM DISABILITY

AGE	CHANCES OF BECOMING DISABLED*	AVERAGE LENGTH OF DISABILITY (YEARS)	MEDIAN HOUSEHOLD INCOME**	POTENTIAL FINANCIAL IMPACT***
25	58%	2.1	$70,283	$85,605
30	54%	2.5	$70,283	$94,882
35	50%	2.8	$88,858	$124,401
40	45%	3.1	$88,858	$123,957
45	40%	3.2	$92,221	$118,043
50	33%	3.1	$92,221	$94,342
55	23%	2.6	$75,686	$45,260

*Chances of becoming disabled for 3 months or longer before age 65 (Simply Insurance)
**Median household income in the U.S. in 2019, by age of householder (Statista)
***Methodology: Average length of disability in years multiplied by median household income; multiply total by chances of becoming disabled. Numbers are estimates based on averages. Your situation will vary depending on these variables.

So…

What should you look for in an income protection plan?

I grew up watching G.I. Joe with my brothers. And the show had a saying at the end: *"Knowing is half the battle."*

Once you know the potential implications of an injury or illness to your financial model, you can make an informed decision on how you want your strategy to be structured.

Here are some basic audit questions to ask yourself when making these determinations…

Do you have a short-term or long-term disability policy?

☐ Yes ☐ No ☐Unsure

Is your policy individual or employer-sponsored?

☐ Yes ☐ No ☐Unsure

What is your tax liability on the monthly benefit?

Do you know how long your benefit period is?

☐ Yes ☐ No ☐Unsure

Do you know how long you would have to wait before you are eligible for benefits (also called an elimination period?

☐ Yes ☐ No ☐Unsure

Do you have an elimination period consistent with minimizing premiums per how long you can survive without an income?

☐ Yes ☐ No ☐Unsure

Is your policy noncancellable?

☐ Yes ☐ No ☐Unsure

Is your policy guaranteed renewable?

☐ Yes ☐ No ☐Unsure

Are benefits paid if you are unable to complete the duties of your own occupation?

☐ Yes ☐ No ☐Unsure

Are benefits paid if you are unable to perform the main duties of your own occupation but could perform duties in another line of work?

☐ Yes ☐ No ☐Unsure

Are benefits paid only if you cannot complete the duties of any occupation for which you are reasonably qualified by training, experience, and education?

☐ Yes ☐ No ☐Unsure

Can you receive a benefit if you are unable to earn a specified percentage of your salary?

☐ Yes ☐ No ☐Unsure

Is the policy benefit a percentage of your regular income or a flat amount?

☐ Yes ☐ No ☐Unsure

How long are the benefits for disabilities from mental illness or substance abuse?

Do you have a cost of living rider to assist with the effects of inflation?

☐ Yes ☐ No ☐Unsure

Do you have a future purchase option to ensure that you can buy more disability insurance if you have a higher income in the future regardless of health or injury?

☐ Yes ☐ No ☐Unsure

Do you have a residual rider to cover partial disability?

☐ Yes ☐ No ☐Unsure

Do you have a return-to-work or rehabilitation provision?

☐ Yes ☐ No ☐Unsure

Do you have a hospice care benefit?

☐ Yes ☐ No ☐Unsure

Does your policy suspend premiums during periods of unemployment? Do you have a catastrophic disability rider?

☐ Yes ☐ No ☐Unsure

Do you have a student loan protection rider?

☐ Yes ☐ No ☐Unsure

Do you have a retirement protection rider?

☐ Yes ☐ No ☐Unsure

Do you have a social insurance substitute rider?

☐ Yes ☐ No ☐Unsure