

# 10 BEST KEPT SECRETS TO BUILDING WEALTH<sup>®</sup>



GLOBAL VIEW CAPITAL<sup>®</sup>  
A D V I S O R S

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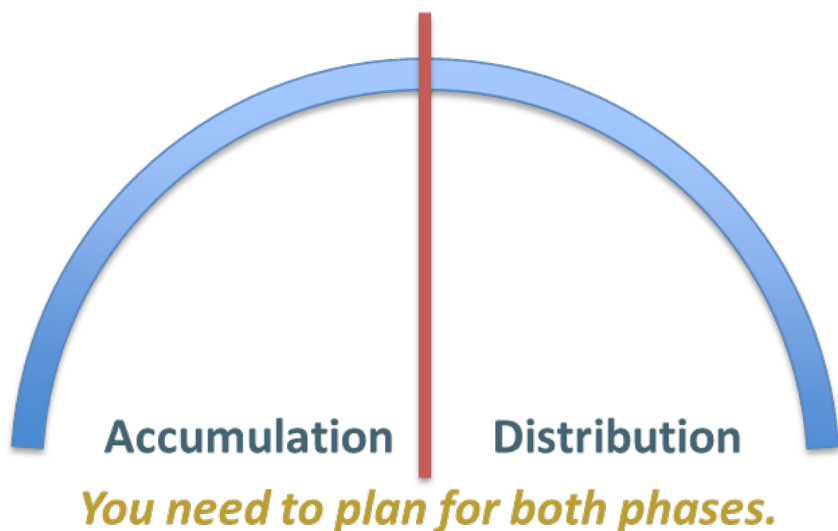
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# WHY?

One of the best pieces of advice you can receive about **WHY** to create wealth is that until you are financially free, you aren't really free. Why? Because financial freedom buys you **TIME** and with **TIME** you can discover and experience **what you really want out of life**.

As an investor you have the power to make a conscious decision to forgo some of your spending today in exchange for spending later to buy **YOUR LIFESTYLE**.



In order to get ahead  
you can't just make  
money, you have to  
understand money.

J. Paul Getty

## What is your Financial Independence Number (FIN)?



# PAY YOURSELF FIRST



In Babylon lived two men that both made the same income...

**The most powerful wealth building tool you have is your income.**

Saving a portion of what you earn for yourself and investing it is a powerful way to create wealth. It's simple but not easy until you discover that it's the engine that will drive your wealth machine.

**Watch the Richest Man in Babylon video!**

## WAYS TO FIND & SAVE MONEY

### Manage Expenses

- Raise deductibles on auto & homeowners policies
- Raise deductibles on health insurance and start an HSA account
- Drop Private Mortgage Insurance (PMI) when home equity exceeds 20%
- Restructure high interest debt into tax-deductible low-interest debt
- Cancel credit life insurance on mortgage, car loans and credit cards

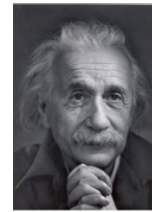
### Existing Resources

- Reposition low-interest savings
- Reposition contributions to mutual funds or brokerage accounts
- Last year's tax refund

### Increase Income

- Earn tax deductions by starting your own business
- Adjust your W-2 allowances to receive tax refund early

## THE RULE OF 72

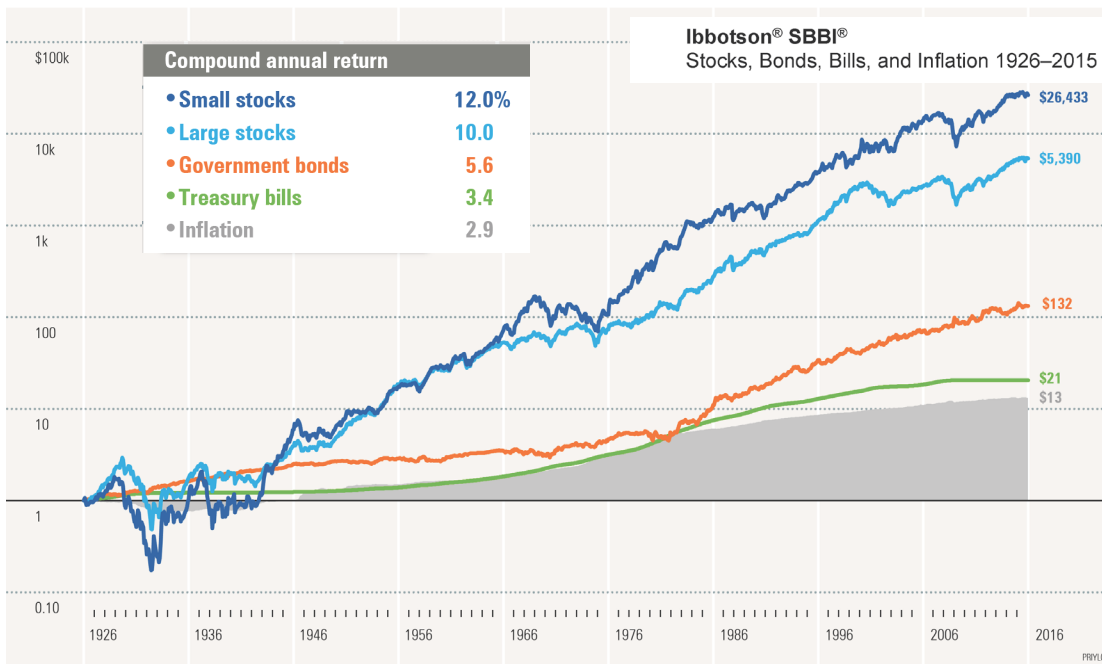


*"Compound Interest is the Eighth Wonder of the World"*  
Albert Einstein

**6 Years**  
12 ) 72

Divide 72 by the interest or rate of return on your investment to discover the number of years it takes for your money to double.

Age	2%	Age	4%	Age	8%	Age	12%
<b>Doubles every 36 yrs</b>		<b>Doubles every 18 yrs</b>		<b>Doubles every 9 yrs</b>		<b>Doubles every 6 yrs</b>	
29	\$10,000	29	\$10,000	29	\$10,000	29	\$10,000
		47	\$20,000	38	\$20,000	35	\$20,000
				47	\$20,000	41	\$20,000
				56	\$80,000	47	\$80,000
						53	\$160,000
						59	\$320,000
<b>65</b>	<b>\$20,000</b>	<b>65</b>	<b>\$40,000</b>	<b>65</b>	<b>\$160,000</b>	<b>65</b>	<b>\$640,000</b>



Where Do I Find the Opportunity for Compounding Wealth?

Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.



# THE HIGH COST OF WAITING

TIME can be your **worst enemy** or **greatest ally**.

No matter where you are in life, the key to building wealth is to begin saving now. The sooner you begin, the less money you will need to put aside to achieve your Financial Independence Number (FIN).

**Put TIME to work.  
Get started NOW!**

Investor 1		Age 25	
26	\$5,000	46	\$0
27	\$5,000	47	\$0
28	\$5,000	48	\$0
29	\$5,000	49	\$0
30	\$5,000	50	\$0
31	\$5,000	51	\$0
32	\$5,000	52	\$0
33	\$5,000	53	\$0
34	\$5,000	54	\$0
35	\$5,000	55	\$0
36	\$0	56	\$0
37	\$0	57	\$0
38	\$0	58	\$0
39	\$0	59	\$0
40	\$0	60	\$0
41	\$0	61	\$0
42	\$0	62	\$0
43	\$0	63	\$0
44	\$0	64	\$0
45	\$0	65	\$0

**10 Year Total Investment**  
**\$50,000**

Investor 2		Age 35	
26	\$0	46	\$8,453
27	\$0	47	\$8,453
28	\$0	48	\$8,453
29	\$0	49	\$8,453
30	\$0	50	\$8,453
31	\$0	51	\$8,453
32	\$0	52	\$8,453
33	\$0	53	\$8,453
34	\$0	54	\$8,453
35	\$0	55	\$8,453
36	\$8,453	56	\$8,453
37	\$8,453	57	\$8,453
38	\$8,453	58	\$8,453
39	\$8,453	59	\$8,453
40	\$8,453	60	\$8,453
41	\$8,453	61	\$8,453
42	\$8,453	62	\$8,453
43	\$8,453	63	\$8,453
44	\$8,453	64	\$8,453
45	\$8,453	65	\$8,453

**30 Year Total Investment**  
**\$253,590**

Investor 3		Age 45	
26	\$0	46	\$24,277
27	\$0	47	\$24,277
28	\$0	48	\$24,277
29	\$0	49	\$24,277
30	\$0	50	\$24,277
31	\$0	51	\$24,277
32	\$0	52	\$24,277
33	\$0	53	\$24,277
34	\$0	54	\$24,277
35	\$0	55	\$24,277
36	\$0	56	\$24,277
37	\$0	57	\$24,277
38	\$0	58	\$24,277
39	\$0	59	\$24,277
40	\$0	60	\$24,277
41	\$0	61	\$24,277
42	\$0	62	\$24,277
43	\$0	63	\$24,277
44	\$0	64	\$24,277
45	\$0	65	\$24,277

**20 Year Total Investment**  
**\$485,540**

**\$1,500,000**

Source: Calculated by Global View Capital Management.

All figures are for illustrative purposes only calculated at a hypothetical rate of return of 10% and do not reflect an actual investment in any product. They do not reflect the performance risks, expenses or charges associated with any actual investment. The performance of investments fluctuates over time, and as a result, the actual time it will take an investment to compound in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation. Please note that high risk has been historically associated with high returns.

# DEBT MANAGEMENT

One of the biggest destroyers of wealth is debt – a silent plague that can rob you of your wealth and your ability to build it. There are two kinds of debt; one that can be leveraged to increase wealth, the other robs you of wealth. Know the difference!

## GOOD DEBT vs. BAD DEBT



**Borrow  
to  
Invest**

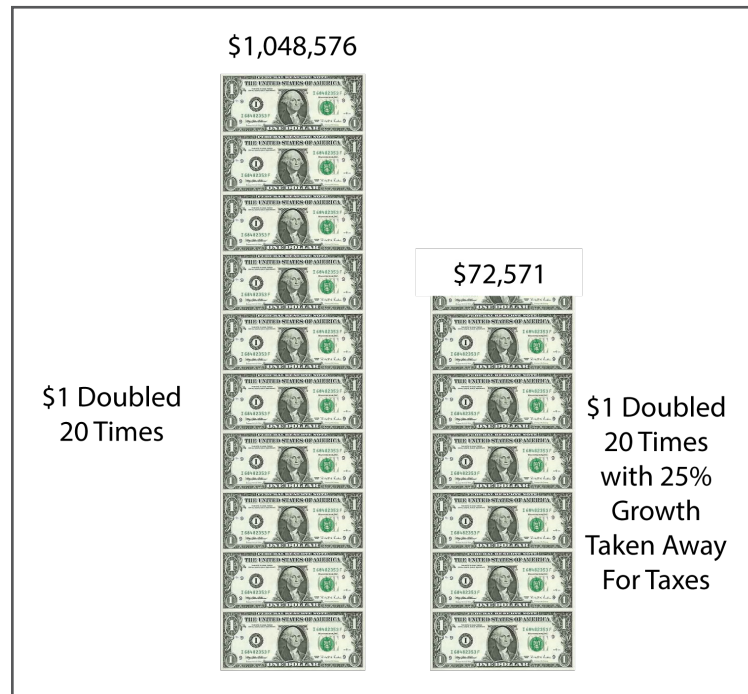
**Borrow  
to  
Spend**

## STRATEGIES TO ESCAPE THE DEBT TRAP

- Don't buy a bigger house than you can afford - use the 2.5x annual income rule
- Don't buy a fancy car to impress the Jones
- Don't take expensive vacations
- Get your student loan ratio under control
- To accelerate credit card payments start by paying off smallest balance first and cascade savings into to the next card and then the next card, etc.
- Restructure high interest debt into tax-deductible low-interest debt

# THE EFFECTS OF TAXATION

Besides debt and procrastination, one of the greatest enemies to building and maintaining wealth is taxation. What tax bucket you chose to deposit your money can make a huge difference?



IF YOU HAD TO PAY TAXES ON ONE OF THESE THREE PHASES, WHICH WOULD YOU CHOOSE?

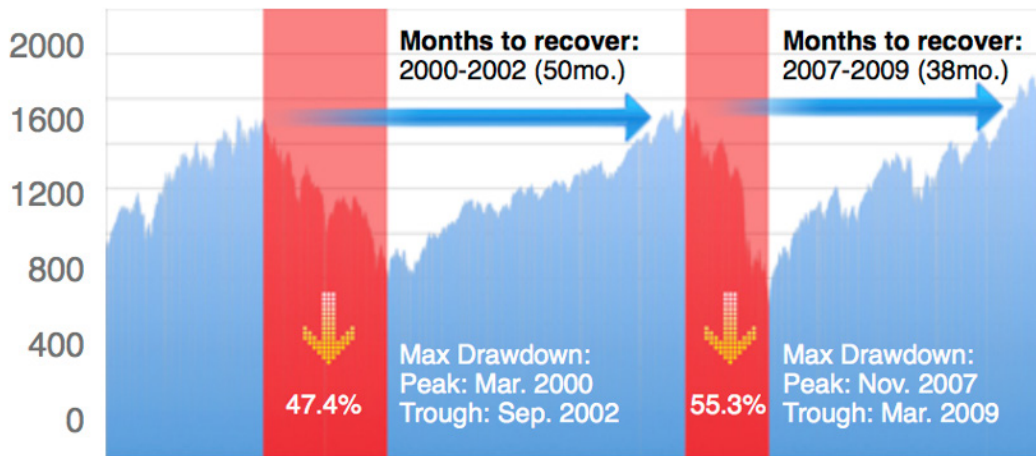


Accumulation Phase			
Deductable Contribution?	No	Yes	No
Tax Credit for Contribution?	No	Yes	Yes
Earnings Tax-Deferred?	No	Yes	Yes
Distribution Phase			
Income Taxable?	Yes	Yes	No
Subject to Pre-59 <sup>1/2</sup> Penalties?	No	Yes	Yes
Required Minimum Distributions at Age 70 <sup>1/2</sup> ?	No	Yes	No
Transfer Phase			
Income taxable at death?	No	Yes	No
Counts toward estate taxes at death?	Yes	Yes	Yes



## BUY & HOLD

Investing in the market entails risk, understanding drawdowns is essential to a successful investment strategy. Most people invest with a “Buy & Hold” approach, meaning that they ride along with the market highs and lows.

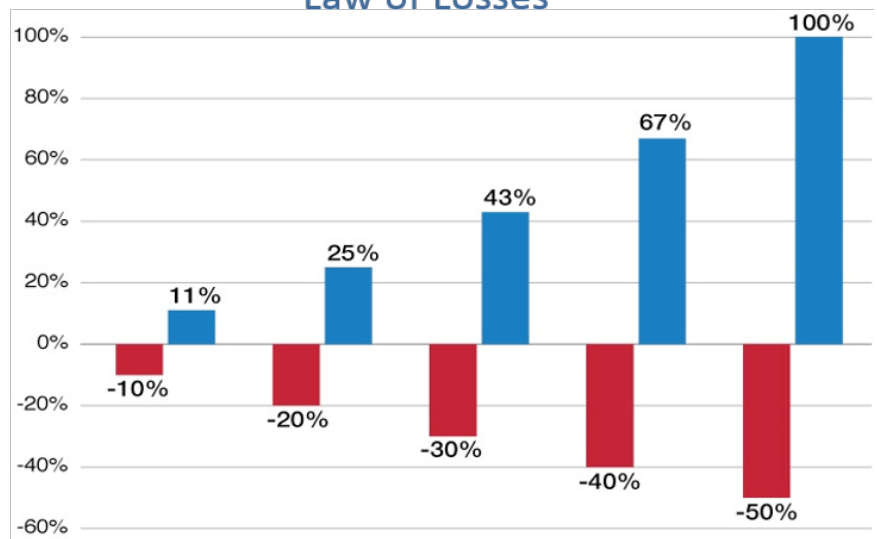


Contrary to a buy & hold passive asset allocation, tactical asset allocation portfolio holdings are adjusted on a continuing basis in response to both market & economic conditions.

Source: Dalbar’s Quantitative Analysis of Investor Behavior “Individual Investors Making Worst Mistakes Than Ever Before.” Financial Services Institute, 4/14/14

QBIA states that the average investor refers to “the universe of all mutual fund investors whose actions and financial results are restated to represent a single investor,” to include small and large investors, as well, as professionally advised and self-advised investors.

### Law of Losses



Source: Calculated by Global View Capital Management.



## Black Swan - Unpredictable events can ravage the financial markets and your portfolio.

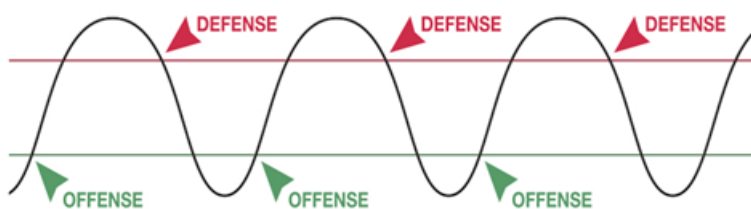
Investing entails understanding market risk and the psychological effect it imposes. When you lose money, the loss registers as pain, the brain can create the impulse to “get out of the market.”

Having downside protection on your portfolio requires a specialized kind of professional money management known as tactical and/or dynamic management. Without it, you will be subjected to “Black Swan” events that are impossible to predict and have historically effected all asset classes negatively.

	Asia, Russian Debt Crisis Jul '98 - Oct '98	2000-2002 Crash Feb '00 - Dec '02	9/11 Aug '01 - Sept '01	Global Financial Crisis Aug '07 - Mar '09
Dow Jones Industrial	-19.09%	-34.05%	-17.86%	-51.83%
S&P 500	-19.18%	-47.44%	-14.75%	-55.31%
S&P TSX	-28.43%	-49.99%	-12.72%	-49.80%
MSCI - EAFE	-24.57%	-51.60%	-16.42%	-61.85%
Merrill Lynch High Yield Bond	-8.71%	-14.32%	-7.18%	-34.99%
MSCI Emerging Markets	-58.60%	-52.78%	-17.31%	-66.06%
DJ UBS Commodity Index	-29.57%	-21.92%	-12.41%	-56.89%
US Dollar Index	-10.09%	-13.93%	-3.39%	-14.18%
PHLX Gold & Silver Index	-55.35%	-37.13%	-13.20%	-68.81%
NYSE Arca Oil Industry Index	-22.44%	-31.62%	-16.21%	-53.30%
FTSE	-20.54%	-40.45%	-6.59%	-66.48%

### Tactical Asset Allocation

Contrary to a buy & hold passive asset allocation, tactical asset allocation portfolio holdings are adjusted on a continuing basis in response to both market & economic conditions.



- Sell** ▼
- Move to Sidelines
  - Stop Loss Orders
  - Money Market Funds
  - U.S. Treasury Bonds
  - Inverse Funds
  - Gold Funds

- Buy** ▲
- Currencies
  - Commodities
  - ETFs
  - Global Markets
  - Tax Management
  - Leveraged Funds



## ADEQUATE INSURANCE

One of the most overlooked elements of portfolio risk management is the failure to have adequate insurance so that if something happens to you, your plan to build wealth can continue on whether you are sick, disabled or die.

### What Will Happen to You?

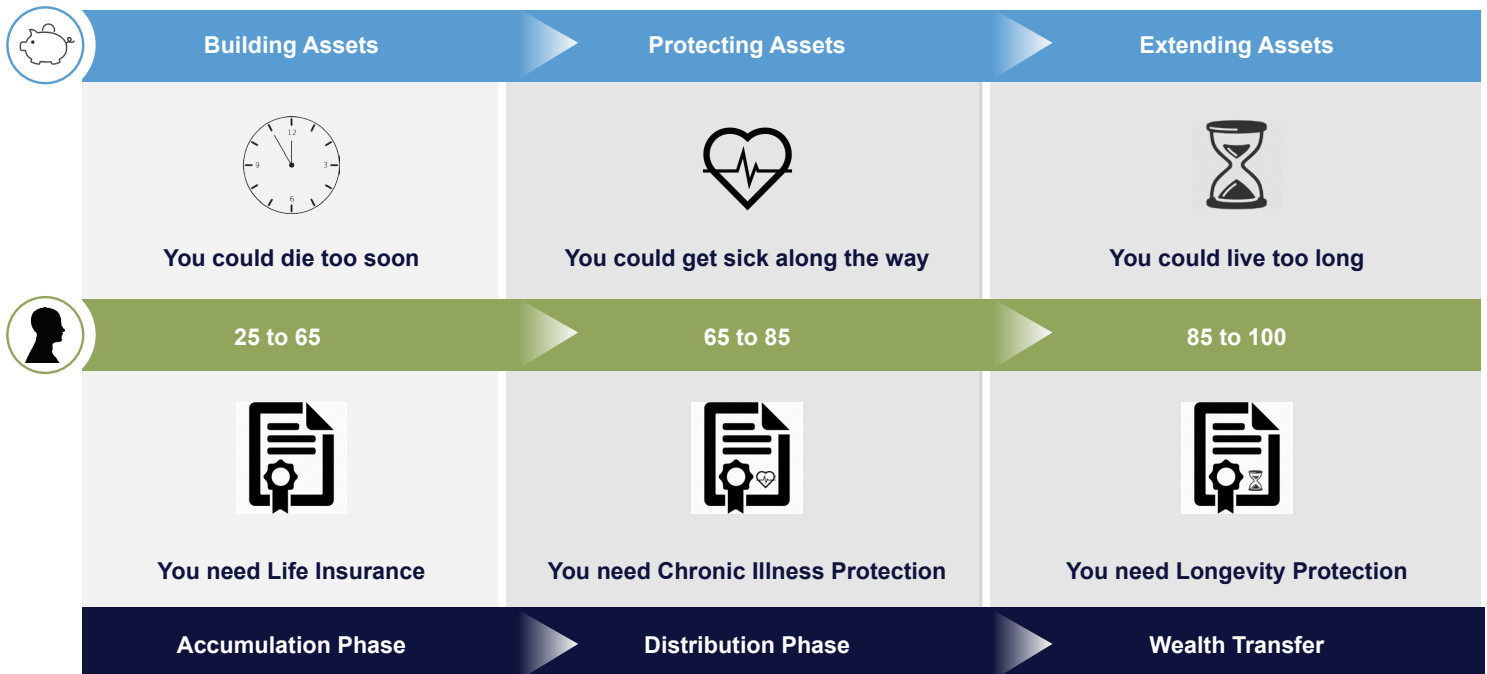
<p><b>Die too soon</b></p>	<p><b>Live too long</b></p>	<p><b>Get sick along the way</b></p>
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Earlier in life there are three major risks, but they tend to get smaller over time.

- Income replacement due to loss of a spouse
- Cost of college savings for children
- Paying off the mortgage and other debts

As we get older, other risks emerge and they tend to become more daunting over time.

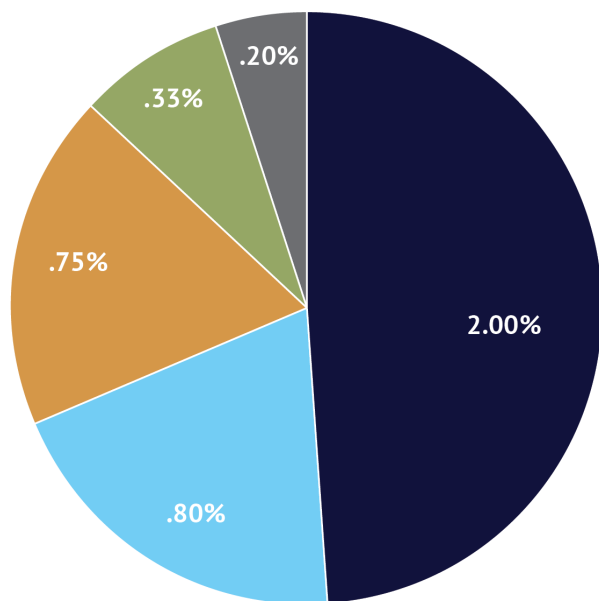
- Outliving your money
- Rising costs of health care
- Reduction in social security and/or pension due to loss of a spouse



# ADVICE

Studies have shown having an advisor to help develop and monitor a plan can produce better results over time. Some of the key factors have to do with managing expectations, staying focused on outcome rather than short-term market volatility with personalized advice through life events.

## THE REAL VALUE OF ADVICE IS ESTIMATED AT 4.04%



- Behavioral mistakes individual investors typically make
- Tax aware planning and tax location investing
- Planning costs and ancillary personal services
- Basic cost of robo-only advisors without a human
- Annual rebalancing of investment portfolios to risk-profile to reduce market risk

Source: "Value of an Advisor" study for 2017; Brad Jung, Russell Investments.

## YOUR WEALTH FORMULA



# DISCLOSURES

- Secret #1** This is a conceptual/goal developed by Global View Capital Advisors (GVCA) and is for illustrative purposes only. In no way does it offer, guarantee or otherwise imply wealth and is subjective. The concept of wealth must be defined on an individual basis.
- Secret #2** Suggested ways to Find & Save Money is not an exhaustive list, these are just some of the strategies that can be deployed. Before taking and action, clients should review such strategies with the appropriate professional legal, tax and financial adviser.
- Secrets #3** All figures are for illustrative purposes only and do not reflect an actual investment in any product. They do not reflect the performance risks, expenses or charges associated with any actual investment. The Rule of 72 is a mathematical concept that approximates the number of years it would take to double the principal at a constant rate of return. The performance of investments fluctuates over time, and as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation. Please note that high risk has been historically associated with high returns; although, past performance is not indicative of future results.
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- Secret #5 & #6** Tax and legal advice are not offered by GVCA. Please consult with your personal tax professional or legal advisor for further guidance on tax or legal matters.
- Secret #7** Calculated by GVCM with start date of January 1998 through December 2013 using the S&P 500 Price Index. Max Drawdown is the percentage drop from the highest level of equity to the lowest level (peak to trough) and months to recover. The S&P 500 Price Index is unmanaged and not available for direct investment. The index returns do not reflect any management fees, transaction costs, expenses or taxes.
- Secret #8** Research by Nassim Nicholas Taleb, a New York Times best-selling author, describes a Black Swan as a highly improbable event with three principal characteristics: it is unpredictable; it carries a massive impact; and after the fact, we attempt to concoct an explanation that makes it appear less random and more predictable than it was.
- Chart calculated by GVCM using data from AdvisorGuide, LLC, the research firm founded by David H. Morton. David Morton is also a Global View Capital Management portfolio manager. In December 2015, GVCM acquired a 51% ownership stake in AdvisorGuide, LLC. The indices are unmanaged and not available for direct investment. These indices do not reflect any managed fees, transaction costs, or expenses.
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