

401(K) + COLLEGE FINANCING

# CAN MY 401(K) HELP ME PAY FOR COLLEGE?



**PREPARED AND PRESENTED BY**

MICHAEL GIFFIN, CLU, CHFC, PRESIDENT

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# THE 401(K) TRUTH

Let's look at the 401(k) and determine how it became the retirement vehicle of choice for most Americans. In 1974 regular pension plans covered over 70% of all full-time employees. They were the norm and most pension plans didn't require the employee to contribute, understand the stock market, figure out how long they were going to live or how much to leave their spouse.

But why? Because the 401(K) was designed as a supplemental option. Executives, who on a percentage basis, were not covered, as well as the non-executive groups. It enabled those executives to defer a portion of their income and pay taxes on it when they retired. Thus, the 401(k) provision, designed to be a supplemental executive benefit for highly paid workers, was never intended to be a retirement vehicle for all American workers.



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# THE 401(K) TRUTH

Over a very short time, the government, the I.R.S., and Wall Street sold the American workers on the fact that they were better off in the new 401(k) plans than they were in the old school guaranteed pension plans.

Who still has the traditional guaranteed pension plans? Government workers, elected officials, state workers, large unions, and some major corporations. The rest of us are stuck with the new 401(k) plan with its restrictions, rules for accumulation, rules for distribution, how you are and are not allowed to leave your money to your spouse, children, and grandchildren.

We have been sold on the fact that you can deduct your deposit from your tax bill for each dollar you put into your plan. Is this true?

No, it is not a deduction as you have been told, it's simply a tax deferral. Your money grows tax-free. Is this really true? No, you pay taxes when you take the money out or at least your beneficiaries do. My employer matches my contribution, it's free money. No, only until you need it, then it's all taxable.



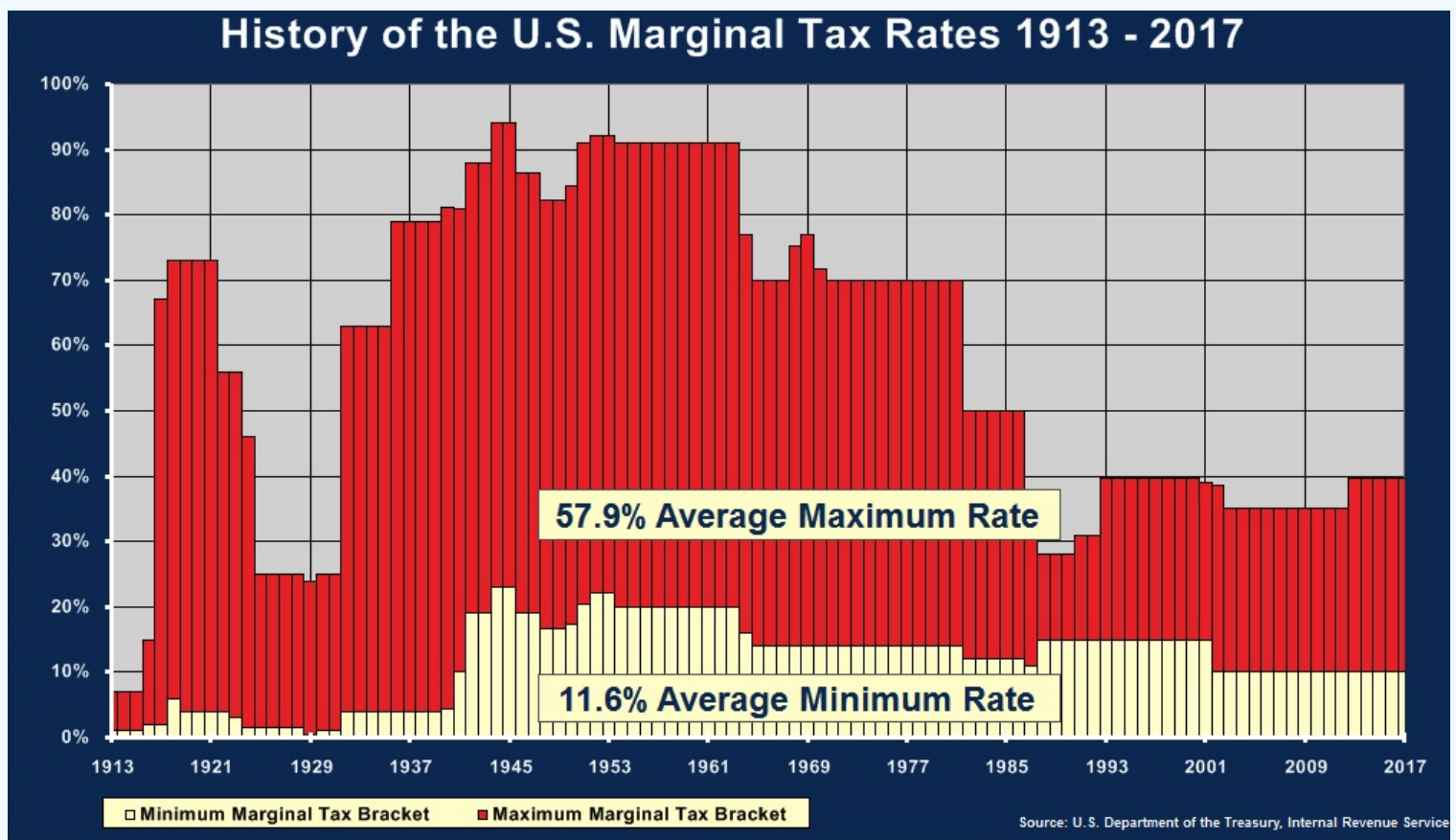
The ugly truth,.. is that the 401(k) is a **lousy idea, a financial flop, a rotten repository for our retirement reserves.**



# THE 401(K) TRUTH

Most of our clients and those actively employed today do not realize that 30+ years ago the highest tax bracket for earned income was 28%. Yes, that's right 28% was the highest. We have included a tax chart with 200 years of taxes on earned income.

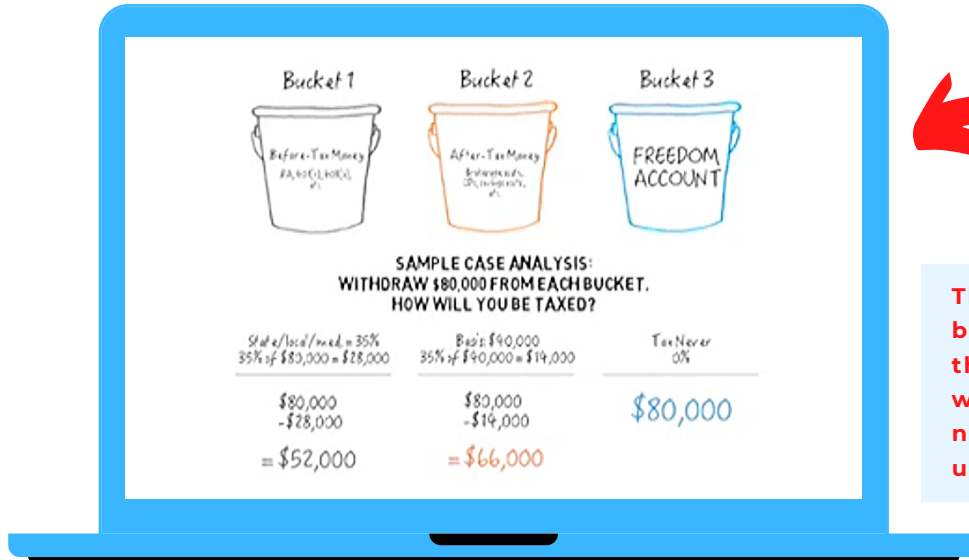
Are we VERY possibly in that same scenario at this time? (01/01/2020) Our annual deficit is currently over one trillion dollars per year. (\$1,000,000,000,000+) And our national debt exceeds 23 trillion dollars. (\$23,000,000,000,000+)



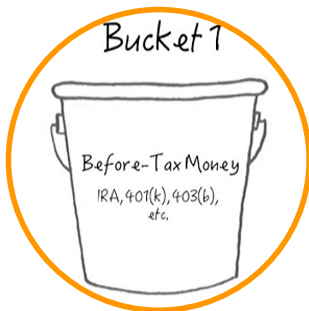
I have fun with our CPA clients asking them, “Did you advise your well-paid executives, doctors, and business owners to put the maximum amount allowable by law to get a tax deduction, only to have that money withdrawn at a 37-41% rate?” Are you aware, your clients from those days can sue you for malpractice? Business owners 30 years ago put their money away at 28% and took it out at 39.5%.

***In what universe does that make any sense?***

# THE ENSPHERE 3 BUCKET STRATEGY



These three buckets represent the three places we can put money now and for future use.



## Before-Tax Money

- All of this money can be deducted from current taxes, but only if you are going to be in a lower tax bracket when you withdraw funds.



## After-Tax Money

- Money accumulated here is **not** deducted going in.
- Taxes must be paid as earned in the bracket that you are in at the time of withdrawal.
- **No** forced minimum withdrawals from the government.
- Can be more tax-friendly than Bucket 1.



## Freedom Account

- The money you deposit in this fund is not deductible going in, but it does accumulate tax-free! Yes you read this right, tax-FREE!

# IS YOUR FINANCIAL STOOL BALANCED?

Is this your approach to your Retirement? Two major legs to a three-legged stool. Need an image of a three-legged stool? The first leg is a 401(K) account designed by the government, monitored by the I.R.S. and managed by advisors & wall street who you pay a substantial percentage to, whether your account goes up or down!

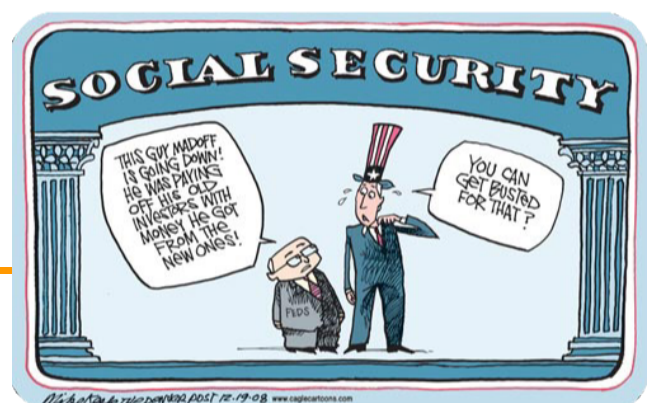
And less we forget your Social Security account is one of the other legs. Are you aware of a guy named Bernie Madoff, who scammed thousands of clients out of billions of dollars by using an age-old scam called a Ponzi scheme?

A **Ponzi scheme** is simply paying previous investors with the current investor's money. The money taken in from investors today is paid out as dividends to previous investors. In today out tomorrow. Do you know of another trillion-dollar investment program in Washington where we all have to participate or be subject to federal prison?



**Correctamundo!!! Social Security!!!**

The third leg of the stool is your tax-never account. That is the account that you'll create with your non-conventional advisor. You can set aside as much money as you think you can afford at various intervals designed by you and your non-conventional advisor. Not Uncle Sam. All that money in your account grows at an excellent, competitive, safe rate, compounding into the future with NO required minimum distributions or penalties for using your money before age 59 1/2.



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# GET STARTED WITH US

HERE IS WHERE YOUR RETIREMENT PLANNING AND YOUR COLLEGE PLANNING TOGETHER CAN MAKE A MAJOR DIFFERENCE IN YOUR FAMILY'S FINANCIAL LIFE.

## WANT TO KNOW HOW?

All you need to do is, if you are in our website, follow the prompts and get on our advisors schedule. If you are not on your website, go to [www.enspherecps.com](http://www.enspherecps.com), sign up and get started.



If you need help, one of our associates will be happy to help you get started!



A big project involves overseeing a lot of moving parts, oftentimes from different people. To have a successful rollout, project managers rely on a well-crafted project plan to ensure objectives are met on time and on budget.

A project plan is a formal approved document which is used to define project goals, outline the project scope, monitor deliverables, and mitigate risks. It must answer basic questions like what is the purpose of the project, what activities are involved, who will be responsible for what, and when is it expected to be completed? It is not to be confused with the Gantt chart.

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# WHO WE ARE

THE ENSPHERE WAY



**MICHAEL GIFFIN**  
FOUNDER, CEO

Here at Ensphere, we pride ourselves in putting the "why" we do what we do, in the forefront of our mission.

By successfully partnering with families around the country, we can greatly enhance their lives through providing products and over 40 years of experience to positively impact their financial wealth.

## FOOD FOR THOUGHT

Conventional Wisdom once proclaimed the Earth was **FLAT!**

**"TRUTH IS FIRST DENIED,  
THEN IT IS OPPOSED,  
THEN IT BECOMES  
SELF-EVIDENT."**



# THANK YOU FOR READING



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