

TAKE CONTROL OF YOUR FINANCIAL FUTURE

The Secret to Achieving Financial Independence
So You Can *Make Work Optional*



Lauren A. Gidley, AIF®

Take Control of Your Financial Future

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Take Control of Your Financial Future
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Dedication

To my beloved husband, Jamie,
and our wonderful children, Emelie and Jonathan.
You are my gifts from God.

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Introduction

You endure stock market crashes. You put up with low interest rates on your savings. You are forced to pay taxes which are likely going higher. You have to deal with unexpected expenses. Even job loss. You try to save enough to achieve financial independence, but these obstacles—and so many more—get in your way. Conventional methods like investing in a 401(k) to retire on someday no longer seem to work. Millions of people have lost hope of maintaining their lifestyle after they stop working. Even professionals with careers can't see how they will ever be able to step away. The pathway to financial freedom seems murky and filled with challenges.

If this is you, I have good news for you. You CAN get to the point in life where work becomes optional. If you can invest, there are strategies to achieve financial independence that are predictable, guaranteed for life, potentially tax-free, and are protected from the risk and uncertainty of the stock market. If you are looking for a faster pathway, there are methods that don't require investing and many have used these to reach their goals in 5-10 years.

Whether you choose the path providing certainty or the faster track, or a combination of the two, you CAN reach the place where you control your time—where you work because you want to, not because you have to. You need better options, and that's where this book comes in.

The strategies in this book can work for you whether you're in your 20's and don't want to be employed for the next 45 years or you're in your 40's or 50's and realize the track you are on is not going to provide enough future income.

This book illuminates that pathway to freedom from financial worry. I wrote it to give you hope—hope for a better, brighter future for you and your family. If you would like to learn more, visit LaurenGidley.com to book a complimentary consultation. You CAN take control of your financial future!

Chapter 1

My Story

It was NOT supposed to turn out the way it did.

I'm sharing my story with you to convey truths that you've likely never heard before. By revealing my errors and mistakes, I trust you will gain insight before it's too late and not have to learn the truth the hard way, as I had to. I hope my embarrassing blunders will help you avoid the pain that I witness so many suffering from... misery that many are now either going through or will in the future. No one should have to endure the *soul-wrenching* devastation I lived through.

As a teenager, I did everything I was told to do to be successful in life—I got good grades in school, attended a top university, and earned my bachelor's degree. That degree qualified me for a job in the financial services industry, and I was hired by a nationally known company. I was supposed to be set for life, fully in control of my financial future.

Unfortunately, things didn't go as planned. But then again, do they *ever* go as planned?

Looking back, I realize that the people in my life who were my trusted advisors, the ones we've all been trained to not just listen to but follow without questioning, offered their advice with the best of intentions. They wanted nothing more than to guide me to achieve financial success through having a great career. And, maybe like you, they were all people who had a secure job with a good salary and a current or future pension providing guaranteed income for life. They were hard-working Americans like my Dad who had a secure Civil Service job and worked for a federal agency for 29 years and then retired, not only on a pension from the U.S. government, but on a military pension and Social Security as well. He had three sources of passive income in his golden years, and he was very comfortable. In a similar way, those caring teachers and educators who were advising me on the best path for my financial future all had good salaries, secure jobs, and future pensions. But not one counseled me on the wisdom of having more than one source of income. Not one showed me how much I would have to save to create my own pension if my employer didn't provide one.

This is my story. No, this is my plea that the bridge is out ahead and if you continue along as we were advised... there's a consequence. One that is agonizingly irreversible. But one that can be changed if my alarm is heeded.

I was the sole provider for my family. My husband gave up his career as an aerospace engineer in 1993 when our daughter was six months old because we wanted to raise her ourselves. We thought that with all the layoffs in the aerospace industry happening that year, I had greater job security. How ironic that decision seemed four years later.

The date was March 7, 1997. I felt like I had been punched in the stomach. I had just been let go from the only company I had ever worked for in my career, a company I had poured my heart and soul into. I was devastated. With a four-year old daughter, a two-year old son, and a husband who had laid his career aside for mine, the pressure was all on me and I had no way to continue to provide for my family. I was in the depths of desperation. I thought that the only way my family would be financially secure was if I was gone and left them my life insurance money. Looking back, I realize how ridiculous that thought was. But I was scared and wounded, and I wasn't thinking rationally. I never had a suicidal thought before nor since that time. But when I lost my job, I felt hopeless. It was the lowest point of my life.

That evening, I was supposed to fly back home to New York, but the flight got cancelled while I was waiting at the gate in the airport. The airline offered to put us up in a hotel that night. As I was about to leave the gate area to head over to the hotel, someone from the airline asked me if I could help another young woman who was also stranded. She was from Asia and didn't speak a word of English. She needed my help to catch a shuttle to the hotel and get checked in, get some dinner, and then return to the airport the next morning. Even though I was still in shock over losing my job, having someone else to care for that night got my focus off of myself and my woes and onto someone else who desperately needed my help. She'll never know the part she played in lifting me out of my depression that night. When I flew back to Lockport, New York, that next day, I returned home to my loving and supportive husband and my two dear children, and I began to pick up the pieces of my life. Much to my surprise, several offers to interview with other firms came in that week. Soon I was working again, and I began to rebuild my career.

Chapter 2

But... I Got Burned Again!

After I recovered from that awful experience of losing my only source of income, I should have learned my lesson and diversified my revenue. I did not. That came back to haunt me years later when the company I was working for went under and I found myself in the same situation once *again*—unemployed, with no ongoing or passive income to fall back on. This time—even though I was hired by a new company soon after—the lack of consistent revenue during that time was extremely stressful as it took over a month for my professional licenses to transfer, and I had no income coming in during that time. After being burned twice, I decided to take better control of my financial future. I vowed that I would never again leave myself vulnerable. I vowed I'd never again be dependent upon just a job to provide for myself and my family. I needed additional income sources that were reliable, even if I didn't have job security.

Chapter 3

Another Source of Income Needed

Because of the long hours spent trying to earn a living (or producing “active” income—revenue I had to work for), I knew I needed to build a source of secondary or “passive” income (revenue I didn’t have to work for). As a self-employed professional, I’m not going to receive a pension someday. Many people are in the same situation—they have to create their own source of lifetime income. Because so few workers can rely on receiving a pension to help secure their financial future, creating a dependable source of passive, lifetime income is essential for nearly everyone to be able to achieve financial independence.

Chapter 4

Here's What I learned *That You Might Find Invaluable*

Most people don't start to think about creating other streams of income outside of their job or career until they're getting ready to stop working. Having additional income sources is usually only a consideration when REPLACING income from employment or self-employment (what we call "active income").

But actually, putting passive streams of income in place WELL BEFORE you're anywhere near retirement, is the key to financial independence. It is the #1 secret you must know to make work optional!

If you have clarity about how to create additional streams of income—no matter what stage of your life you're in—you can feel confident that you'll be financially secure even if you lose your job or stop working.

There are two primary ways to do this: through conventional investments or through a business that can produce ongoing income. A side business can easily be started for a very small investment (usually only a couple hundred dollars) and no previous knowledge about how to build a business is required as all needed training is provided by

reputable companies. We'll discuss this method of creating passive income shortly, but let's consider traditional investments first.

The three most familiar ways to build passive income through conventional investment strategies are in the stock market, the bond market, and real estate. All of them have three issues, or risks, that anyone choosing them to provide lifetime income must understand.

Chapter 5

Three Problems with Most Conventional Investments

It may seem strange that an Accredited Investment Fiduciary® would talk about the problems with conventional or traditional investments, but it is important that you know the truth that my 30 years of experience has proven.

Obviously, there are many great benefits to using traditional investments to accomplish certain financial goals, and they certainly have their place in a well-rounded portfolio. Over the past three decades of serving clients as a wealth manager, I have seen many situations where conventional investments are the most appropriate savings vehicle to move an investor toward their financial objectives. That being said, there are three primary issues with using traditional investments to create passive or ongoing lifetime income.

The **first problem** with all of them, as we've seen three times in the past twenty years, is **MARKETS CRASH**.

We watched the real estate market crash in 2006-2007 and either the stock market, the bond market, or both, crash in 2000-2002, 2007-

2009, and in 2020. When markets crash, the money invested can lose more than half its value. Internet and technology stocks as measured by the NASDAQ 100 lost -83% of their value between March 2000 and October 2002¹ and the broad stock market as measured by the S&P 500 index dropped -57% between October 2007 and March 2009.² These are tremendous losses by any measure.

How long does it take to recover losses? It took fifteen years for the NASDAQ to recover the losses from the first crash in the early 2000's³ and thirteen years for the S&P 500 to move past its March 2000 high and keep going, leading to “the lost decade” in the stock market.⁴ After the global stock market crash of 2007-2009, during which international stocks lost -62% of their value, they never recovered their 2007 high.⁵ They never came back.

The **first insight**: Markets do not always recover.

The **first risk**: Is it prudent to bet your future on this uncertainty?

The **second problem** with using nearly all investments—whether stocks, bond, or real estate—is that your returns are unreliable. Without a guarantee, the returns are neither predictable nor dependable.

Many companies issuing stock (or equities) reduce the dividends or income they pay to their investors when times get tough. Bonds are debt instruments that can get redeemed or paid off early, eliminating their income stream. Mutual fund returns are never guaranteed. Owners of rental real estate can lose tenants and have empty offices, homes, and apartments. Cash flow from all of these investments is unpredictable.

The **second insight**: equities, debt instruments, and real estate are not only without guarantees but have histories of unpredictability.

The **second risk**: Is it prudent to bet your future on this uncertainty?

The **third problem** is trying to live off of the income stream generated from conventional investments and real estate. Most fail to calculate the lump sum amount of each needed to be accumulated (or saved) to create the “passive” revenue stream to replace a person’s active income.

Let me give you an example. We’ll assume real estate, but the numbers work the same regardless of the investment vehicle. To clear a passive income of \$100,000 per year, a real estate investor would need to acquire six houses or condominiums valued around \$225,000 each and have all of them fully rented at all times with tenants who took care of the property they were living in and faithfully paid their \$1,400 per month rent. That would take an investment of \$1,350,000, not counting the *interest* owed on the six mortgages over 15 or 30 years, not counting *property tax*, and not counting *maintenance*. Since the interest on most mortgages is at least twice the amount borrowed, the total investment all in could easily top \$3,000,000.

How much money does it take to live off of the income from stock dividends? To enjoy a passive income of \$100,000 per year from the stock market, assuming a 2% cash flow, takes an investment of \$5,000,000 after taxes. If the money is in an IRA or a retirement plan through work like a 401(k), an investor in a 25% tax bracket would have to save \$6,250,000 to end up with the same \$100,000 per year in

income after taxes. *(That 2% cash flow number comes from the historical average dividend yield—or income—of the S&P 500, which represents the 500 largest publicly traded companies in the U.S. Most people have never calculated how much they would have to invest in the stock market to create enough income to live off of the dividends.)*

The interest or cash flow from bonds is comparable, around 2%. This is the yield on the bond index known as the Barclay's U.S. Aggregate Bond; in other words, how much income it pays. U.S. Government bonds, known as Treasuries, pay even less. As we just saw, to create \$100,000 per year of income after taxes at 2% takes \$5,000,000. Can you achieve financial independence and be able to stop working for money if you had \$60,000 per year coming in? You'll need \$3,000,000 after taxes or \$4,000,000 before taxes if you earn 2% on your money. In this low interest rate environment, it takes a tremendous amount of money to create enough passive income to live on using conventional investments.

The **third insight**: Most are unaware of the accumulated savings necessary to replace their income needs. This results in a failure to acquire enough, resulting in a HUGE shortfall.

The **third risk**: Is it prudent to bet your future on this uncertainty?

A Summary of the Three Problems with Most Conventional Investments

- 1) Your income is not guaranteed—you can lose it in a severe downturn or market crash because the investment you purchased to produce income for you lost value.
- 2) Your income source is unreliable—you can't count on it being there when you need it.
- 3) You can't save enough to acquire the millions of dollars needed to buy enough investment principal to produce enough income to replace your revenue from working.

The best ways to overcome these problems are to take advantage of guaranteed income or start a secondary business.

Chapter 6

Two Ways to Build Dependable Income

For all of these reasons, there are only two ways to take control of your financial future and build dependable income you can count on: use investments with *income guarantees* like those created by the insurance industry or start a secondary business which can provide income on the side. Or both—I chose to do both.

Chapter 7

Guaranteed Lifetime Income

Since the income from most products in the insurance industry is guaranteed, an investor can count on it being there in the future. That allows them to know how much cash flow they can depend on when they are ready to take the additional revenue. An investor can know with certainty the amount of income they will have at retirement, even if that date is ten or twenty years away. Alternatively, a person who invests in a retirement plan provided by their employer has no idea how much income they will have at any point in the future.

The Secret: eliminate market risks, the unreliability of conventional vehicles, and the failure to accumulate enough soon enough. How? Very simply, an investment made in many insurance industry products is protected from stock and bond market crashes. In addition, the money may be withdrawn tax-free at any age (an investor doesn't have to wait until they are almost 60 to access their funds). Those are two big advantages over having to wait until age 59½ to access your own money without penalty and having to pay taxes to get to your funds.⁶

Here's an example with the math: With cash flows ranging from 4% to 6%, the amount of passive income needed to replace a person's active income is typically much less than with either real estate or stock and bond market investments. With a guaranteed cash flow of 5+% at retirement, a tax-free annual income of \$100,000 can be secured with less than \$2,000,000 and can be taken at any age; similarly, a tax-free lifetime income of \$60,000 can be secured by saving \$1,200,000 over time.

Chapter 8

Starting a Side Business

For the majority of the population, saving enough to be able to live off the passive income from their investments is an impossibility. Therefore, the only realistic way to take control of their financial future is to start a side business that can provide a secondary source of income. Why would a person want to do this? As we discussed, markets can crash leading to economic downturns. When the economy goes through a recession, some employers go out of business, people get laid off, and many have no other source of income besides their employer. Even self-employed professionals like myself can find themselves out of work for a variety of reasons and go through periods of time with no revenue coming in. Having found myself in that situation twice in my professional career, I decided I needed an alternate source of income to help take care of my family.

I chose to start a secondary business for myself and my family for two additional reasons. First, it is a faster pathway to creating additional income than through saving. And two, I don't want to have to work until I'm in my seventies.

For most people, even if saving the millions of dollars needed to create enough passive income to live off of after taxes from investments was not an impossibility, it would take a lifetime. The right type of side business can produce the same amount income as either conventional investments or real estate in just a few years. I personally know many people who built a passive annual income of over \$100,000 on the side of their professional careers in less than five years. One couple I know who are in their mid-twenties created that level of income in just a year and a half from a business they started for around \$200. They were able to retire from their professional careers in education and banking and focus on their growing their own online business. Their two little girls will grow up never knowing their parents to work outside the home. This young couple achieved financial independence, and so can you.

“...I personally know many people who built a passive annual income of over \$100,000 on the side of their professional careers in less than five years. Most of them could only put in around 10 hours per week because of their busy lives. One couple I know who are in their mid-twenties created that level of income in just a year and a half from a business they started for around \$200...”

Chapter 9

My Shocking Discovery

Many workers today are in a situation similar to mine: they do not want to have to work until they're in their seventies and they will not be getting a pension. They are left with few options other than trying to save enough to replace their active income. If they are unable to accumulate this amount of savings, most will have to live off of Social Security and whatever they WERE able to put aside in a retirement plan. Assuming they were able to save \$100,000 in an IRA or 401(k), they should be able to withdraw 2.5% per year for the next 30 years and not run out of money. If that sounds low, recall that stock and bond funds only pay around 2% in today's low interest rate environment. That means that if the \$100,000 is secured and not subject to the risk of either a stock or bond market decline, it should be able to produce \$2,500 per year—before taxes. To get the funds out of the IRA or 401(k), assuming a 25% tax bracket, the retiree is left with \$156 per month from their \$100,000 savings. When I discovered this, I was shocked.

Chapter 10

So Little Income—Even from \$1,000,000!

Because I own a professional practice, I always thought I could sell my business someday and live off the proceeds. When I did the calculations, I was crushed to my soul at how little my life's work was worth as a monthly passive income. Even if I could sell my company for \$1,000,000 after taxes and even if I could use an insurance savings vehicle to get a 5% tax-free cash flow from the proceeds, I would only bring in \$4,167 per month (considerably less than my current revenue as a professional).

In addition, the challenge with trying to sell a business and retire on its purchased value is the worth of the business or professional practice is largely dependent on whether the economy is weak or strong in the future when trying to find a buyer to sell to. What I mean is that timing and market conditions seldom play in your favor. For instance, a business owner selling their company after the stock market crashed in the fall of 2008 got considerably less for it than had it been sold a year earlier before the economy went into recession. It's challenging to plan for a successful retirement when you have no clue how much income you will have in the future when you decide to exit and sell.

Chapter 11

The Most Powerful Strategy

I was delighted to discover tax reduction strategies in the tax code that reduce the income tax liability for business owners, self-employed professionals, or medical professionals who own their own practice including physicians, dentists, chiropractors, and veterinarians. These reductions can be significant: *-20% to -40%*. (Of course, these tax savings have to be verified as appropriate by the self-employed person's tax professional.) Best of all, certain strategies can realize those savings not just one year, but EVERY year. There are no investments that can produce those kinds of returns annually. And, in my experienced opinion, there is no more powerful way for a business owner, self-employed professional, or medical professional owning their own practice to take control of their financial future than by reducing the amount of income tax they pay by 20% to 40% and redirecting those savings towards financial independence.

Chapter 12

You Can Take Control!

Whether you are an employee or self-employed, can you afford NOT to take control of your financial future? Can you risk leaving control of your investments up to Wall Street pundits and their conventional recommendations of stocks and bonds, or even the real estate market? Can you risk leaving control of your income to your employer or to whatever happens in the economy?

Whether you have ever lost your job as I did twice or you simply came to the realization that the path you're pursuing is not going to work, securing another source of revenue is the mark of savvy people fed up with expecting different results by doing more of what has NEVER worked. If you need a better way, one that can get you to the point where work becomes optional, you know you MUST do something different. You need more income to achieve all that you want out of life.

Security is about making difficult choices now in order to reap better outcomes later. When you select investments that reduce risks and uncertainty, you choose wisely. You get to decide whether current tax

savings benefit you enough to justify paying tax on the harvest later (your retirement savings) or whether paying tax on the seed now (your current income) makes more sense. You control whether you start a business on the side or whether you continue to rely on only one source of income. The question is whether you will choose... and choose soon enough.

I found out that many side businesses can be started for only a couple hundred dollars, making them affordable for nearly everyone. Explore your options. When you achieve financial independence—when your passive income is enough to replace your active income—you will possess something sacred called time freedom. That allows you to choose how you spend your time, doing what you love, with the people that you love most.

Choose wisely.

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- ¹ “Why a 60-65% Market Loss Would Be Run-Of-The-Mill” Market Commentary by John Hussman, PhD., May 19, 2019, www.hussmanfunds.com
- ² J.P. Morgan Guide to the Markets, June 30, 2020
- ³ “Lessons from the Dot-Com Bust” by Mark Hulbert, March 8, 2020, Wall Street Journal
- ⁴ “Revisiting the Lost Decade of U.S. Stocks” by Emcee, May 28, 2018, Investing Par Excellence
- ⁵ J.P. Morgan Guide to the Markets, June 30, 2020
- ⁶ Insurance products vary. See product information for complete details.

Nothing herein should be construed as legal, tax, or investment advice. Use of any information, ideas, or opinions presented is done completely at your own risk.

About the Author

Lauren A. Gidley is a nationally recognized financial educator, two-time best-selling author, and wealth manager who has been serving clients for over 30 years. Lauren helps her clients reduce the amount of tax and interest they pay and shows them how to redirect those savings to gain financial freedom. Her customized strategies are designed to help people secure a secondary source of income that frees them to spend more time doing what they love.

She has appeared on television numerous times and in publications such as Forbes magazine, Business First of Buffalo and Buffalo Spree. She is an Accredited Investment Fiduciary who graduated Summa Cum Laude, with highest honors, with two Bachelor of Science degrees from Texas A&M University.

Lauren's passion is giving people hope for a better, brighter tomorrow. Her focus is on showing her clients ways to replace their income earned from working and attain financial independence. She uses innovative strategies to help them achieve their dreams and positively impact the lives of others.

LaurenGidley.com

Achieving Financial Independence—where work becomes optional—is easier than you think!

Conventional wisdom tells you to do well in school, get a good job, and save in a retirement plan at work. Then—when you're in your mid 60's—you can finally stop working IF you've saved enough to replace your earned income for the rest of your life. But most people will never accumulate enough to maintain their lifestyle and have optimal choices.

Spending 45 years of your life—from age 22 to 67—saving in a retirement plan only to lose as much as half of your savings to periodic stock market crashes couldn't be more frustrating (we've had 3 market crashes within the past 20 years)! And, after all that, to then lose between 25-50% of your funds to taxes when you take your own money out is LUDICROUS!

There's GOT to be a better way!!

THERE IS! In this book, you will learn:

- How you can create a reliable tax-free income stream for life
- What Wall Street doesn't want you to know about the three problems with conventional investments and how to avoid them
- The best strategy to save for your future without having to put your money at risk in stocks, bonds, or mutual funds
- How you can know how much ongoing income you can count on having at any point in the future
- The two best ways to create a substantial stream of dependable income even if you can't save enough to live off of for your lifetime between now and when you want to stop working
- How you, as a business owner or other self-employed professional or doctor, could potentially reduce your taxes by 20% to 40% and redirect those savings towards achieving financial independence
- How you can start a side business for as little as \$200 that can bring in \$100,000 per year within 5 years (working less than 10 hours a week!)
- PLUS... The #1 secret you must know to make work optional!



Lauren A. Gidley is a nationally recognized financial educator, two-time best-selling author, and wealth manager who has been serving clients for over 30 years. Lauren helps her clients reduce the amount of tax and interest they pay and shows them how to redirect those savings to gain financial freedom. Her customized strategies are designed to help people secure a secondary source of income that frees them to spend more time doing what they love.

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