

DOWN AND OUT

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LOSS



The term down and out is used a lot. “I’m down bad” or “It can’t get any worse than this” are other phrases used. The Oxford definition is “without money, a job, or a place to live”. This is tragic! When all three of things are missing, life seems to move in slow motion, and no one can understand. But before we get too depressed, lets focus on one factor of down and out, and that is loss of money.

I once heard Robert Kiyosaki say, “Money isn’t the most important thing, but it effects everything that is important.” When you really think about that, its SO TRUE! Money can change several aspects of our lives. Once you go through a financial hardship, the fear of going through it again shapes the way you make moves. Should I really buy this? Or, should I save more? Or, what if I lose money in this investment? Your mind can go in a million different directions, and money or lack of money becomes the focal point. Money effects every aspect of our lives.

THE HISTORY

The current economy is very unsettling. The news headlines are filled with global doom and gloom, with subjects like recession, hyperinflation, housing bubble crash, and company layoffs. Looking back on history, I wanted to see which companies or industries did best during economic downturns. The industry that always stayed at the top of the pack was life insurance. During the 2008-09 financial crisis, banks purchased record amounts of whole life insurance as a safe haven for their cash. For many years, I have talked with my clients about taking a portion of their portfolio and investing in the same place international banks invest their funds...whole life insurance.

Many insurance companies, for over 100 years, have paid out profits to their policy holders in the form of dividends. That means during The Great Depression, WWI, WWII, Vietnam War, Dot.com bubble, and 2008 financial crisis, these insurance companies were able to thrive and pay their policy holders dividends. As previously mentioned, banks purchase whole life policies because of their reliability. This is a tier 1 asset that banks can use to meet reserve requirements (another story, another day...just know tier 1 is the safest place for money).



OPPORTUNITY



My investor brain has been working on strategies that would help people thrive during our anticipated upcoming financial downturn. Inflation is on the rise, so we can't hold cash because it loses value too quickly. We don't want to hold money in the stock market, because it can lose value when stocks fall. As an entire generation is entering retirement, the economic downturn is not what many of these individuals want or need. I have advised many of my clients to purchase whole life insurance policies which solves all of the previously mentioned problems with our economy today.

Whole life insurance doesn't lose value, which would allow us in the future to purchase other assets that have lost value, like stocks, real estate, and businesses. More millionaires are made during recessions than any other time because valuable assets are on sale. No one knows the future of the economy, but I like to place money in vehicles that keep moving up in value no matter the situation.