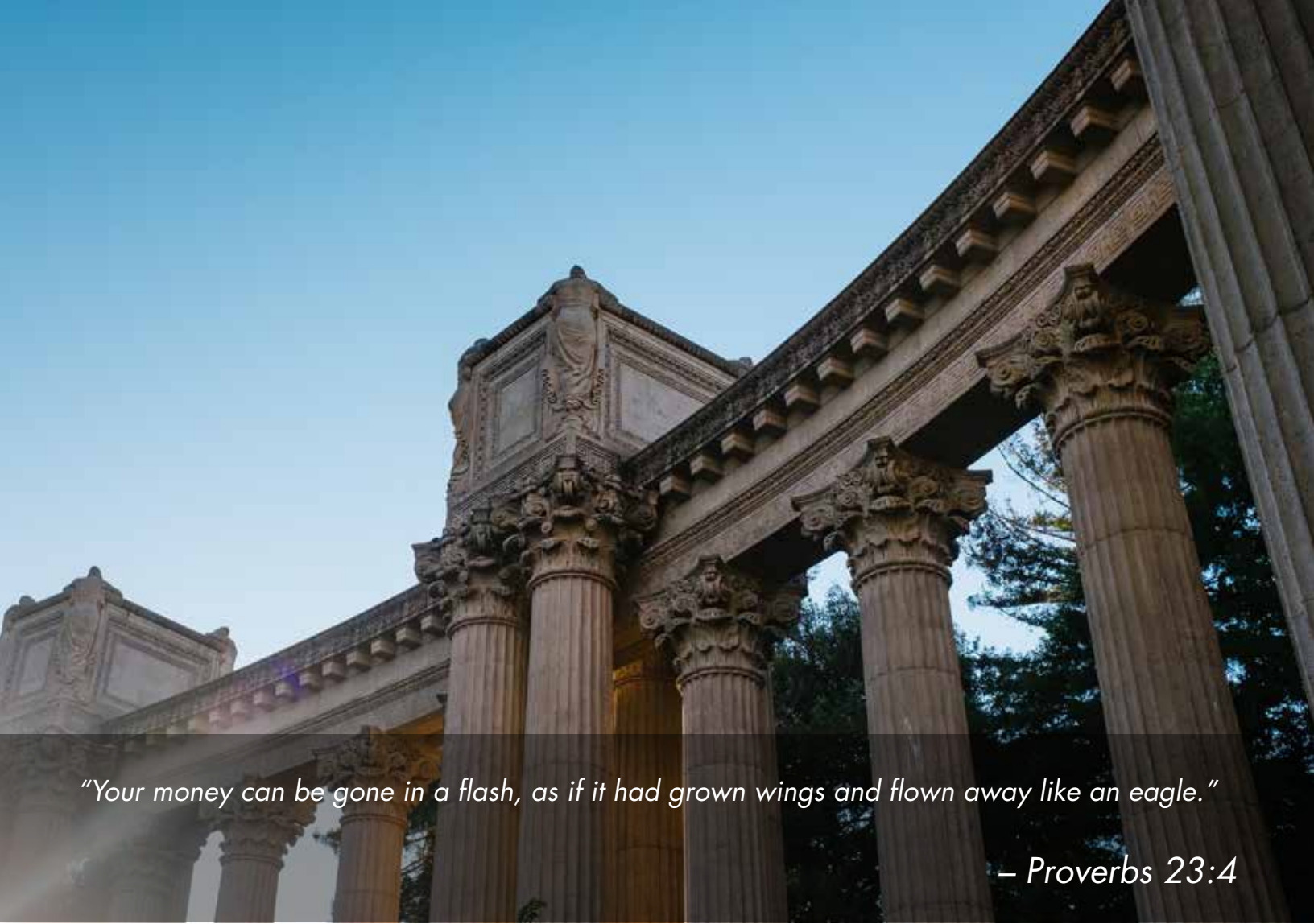


MONEY SHAKER



"Your money can be gone in a flash, as if it had grown wings and flown away like an eagle."

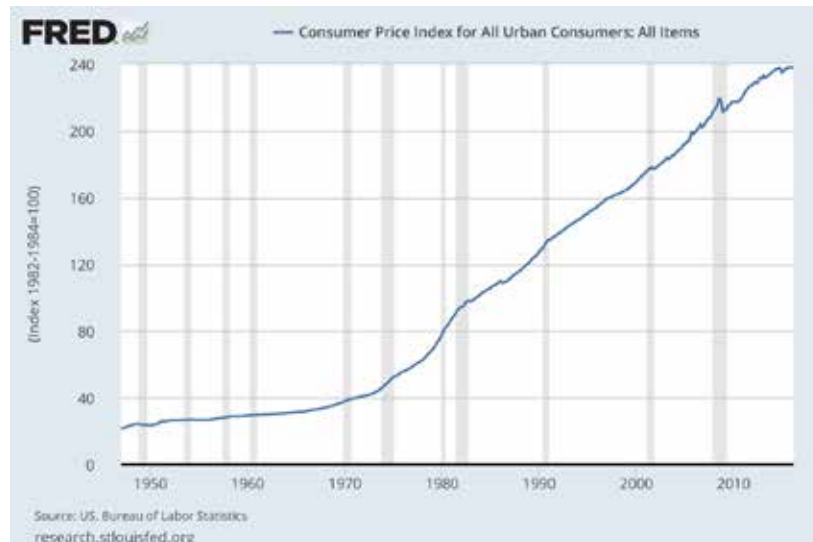
– Proverbs 23:4

Velocity of Money

History teaches us many things including the fact that empires tend to crumble due to internal factors. Significantly, very few people ever see it coming. If we cannot remember the past, we are condemned to repeat it.

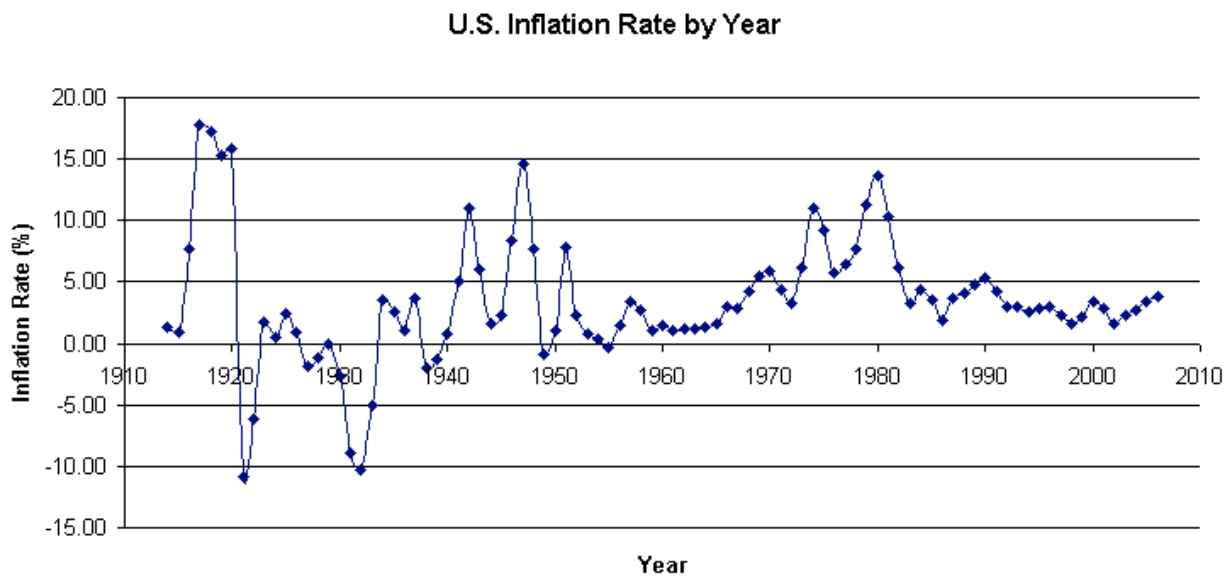
Time and again, we have seen central banks implemented in all of the world's largest economies. America, China and Europe are a few of these areas that currently exchange fiat currencies within and across their borders through central banks. They thought of themselves as immune to financial collapses and different from other countries such as Russia and Zimbabwe. However, they were wrong! Each of these areas has runaway inflation due to increased circulation of paper money into their economies. Fiat money printed out of thin air and injected into the economy decreases purchasing power. Prices soar and all we get is the exact same commodity or one of lesser volume. Inflation is an insidious tax that affects everything we purchase, including the dollars we save.

Consider the example of the “new” pension plan idea, which was the 401(k) plans and IRAs, created in the 1970s. Your retirement dollars reside in these types of accounts controlled by tax legislation. Our dollars are subject to inflation as the government continually prints money like a printing press on steroids. As Lara and Murphy explain, since Richard Nixon closed the gold window in 1971, all currencies are now fiat currencies. In other words, just like the board game Monopoly's money, our money is backed by nothing.



You are probably wondering what this boring chart shows. It's actually what happened to the consumer price index once governments were no longer required to anchor money to the gold standard. The printing of money has gotten out of control, lending this situation to the acceleration in price inflation. In other words, this chart shows that everything you buy and need has gotten more expensive. Way more expensive! Remember when your parents said a hamburger used to cost 32 cents, and now you still have the same piece of meat between slices of bread for \$7.95. It's the same burger and same bun for a lot more money. Get it now?

Take that same concept and apply it to where you stash all your safe money for things like retirement and your children's future college fund. Yes, the same thing is happening to that money too!



You're probably thinking, "Well, how am I going to retire or pay for a \$500 college textbook?" Good question! Understand that if you continue to put money in an account that is controlled by political and economic whims, you won't be able to retire or take care of your children's college needs. However, there is a solution! It's one that has been around for 200 years, which is a lot longer than qualified plans have been around! When we try to fight natural things like gravity and free market economics, we have met the enemy... and that enemy is us.

There are slivers of hope like times when the market has a big bull run and you feel like you have some gains. But right around the corner is the bear eating all those gains you made while you still have to pay fees and taxes on the gains whether or not you received any income from

them. That doesn't sound very fair, does it? So why do we keep subjecting our livelihood to such financial brutality when a proven solution has been in existence for two centuries? If there is only a minuscule number of Americans that are wealthy, then why do we follow what the majority is doing financially?

We live in the wealthiest and most prosperous nation in the world, and yet so many of us struggle financially. We are bombarded daily with financial information from the media. I believe that this is why most of us are kept from our potential, because we labor under false ideas of the functions of money and wealth. There are widespread myths and traditions about money that are reinforced by financial institutions, friends and family that distort our thinking! They are now so pervasive and distorted that the generations rarely question these destructive myths of prosperity. These myths destroy our potential, both individually and socially. However, learning and applying basic truths that unravel these myths leads us to direct prosperity, which is possible for all. If we know the true information about money it will lead us to the natural rules of wealth and prosperity.

I believe some origins of the myths from the financial institutions come from major economic and cultural developments, such as The Great Depression or the market and mortgage collapse of 2008, in order to maintain the status quo. While financial institutions are not inherently evil, they do have their own distinct interests that often do not coincide with our interests of wealth accumulation. One thing I realized after taking personal finance classes at the collegiate level and working in the financial industry is that there are two distinct approaches in the management of money. Garrett Gunderson in "Killing Sacred Cows: Overcoming the Financial Myths That are Destroying Your Prosperity" states it best: "Personal finance directs learners to accumulate net worth, pay off debt, invest for the long term, and protect their possessions with term insurance. The corporate finance course teaches velocity of money, cash flow, risk management, and permanent insurance strategies." Hmmm, seems like these two ideas are contradictory to one another.

The later of these principles are far more superior and less risky than the personal finance techniques. In fact, the layering of these ideas is in part what has led to the myths of personal finance. You see, the dollars that we tuck away in personal finance are the very dollars that corporate finance needs in order to make their methods work. What I hope to teach you throughout this process is how to use these corporate finance strategies for your own personal finance security and greater wealth.

I want to show you how velocity of money, cash flow, risk management and permanent insurance strategies each work just as well for the individual as they do for the corporations. If you want to take an even deeper dive, my book “Live Your Life Insurance”, with Kim Butler, offers more ideas and greater explanations. Let’s get started.

Contact Ivie & Wallace to discuss any of the ideas in this article, or contact us if you are in need of an advisor to assist you in creating a strategy for sustainable, generational wealth.

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