Angela Rizzolo: Now, let me turn the program over to Manuelita Ybarra, Program Development Specialist from the Seattle Office, who will introduce our first speaker. Lita?

Manuelita Ybarra: Welcome.

It’s my pleasure to introduce Jeff Kyle, who has been in the insurance, financial, and estate planning services industry since 1999. He is an independent agent who is appointed with 45 insurance carriers in the U.S.

His education and credentials include Life (Insurance) Underwriter Training Council Fellow, Certified Senior Advisor, and Long-Term Care Professional.

Currently, he is enrolled in the Certified Financial Planner Designation degree program through The American College.

In 2005, Jeff was a Million Dollar Round Table Qualifier. The Million Dollar Round Table Qualifier - to qualify for this premier international and financial service professional organization, -- the membership is exclusive -- it’s an exclusive organization that demonstrates exceptional knowledge, client service and ethical conduct.

Jeff is the Incoming President of the National Association of Insurance and Financial Advisors of Snohomish County in Washington State. Previously, he proudly served in the U.S. Coast Guard for six years. He is also very committed to community and has a long list of volunteer services in the community. Jeff?
Jeff Kyle: Thanks, Lita. Thank you very much.

Welcome everyone who thinks enough of themselves to have made participation in this teleconference a priority today.

My name is Jeff Kyle, and I'm the President of Jeff Kyle Insurance and Financial Services, Incorporated, and my business is to help educate my clients well enough so that they can make wise and informed insurance and financial decisions.

I’d like to take just a second to acknowledge my co-panelists, Robin and Michael. They are both CPAs, not accountants, and there’s a world of difference. And they are real experts in today’s topic of taxes.

Now, what I want to accomplish with my part of this call is two things. First is to help you understand that how you view money dictates how you use money. It’s a mindset. The second is however you may currently view and use money, it can be changed. Your mindset can be changed.

Everything financial has two implications in common. One is that they all have a tax implication, and two is that they all have an estate planning implication. Since today’s topic is taxes, that’s where we’ll keep the focus.

Now in my agency, there’s only two kinds of people that I cannot work with: those who are too rich because they think they already know everything and those who are poor. Now I didn’t say broke; I said poor. And there’s a huge difference.
Being poor is a mindset, not an economic condition. Conversely, being broke is a temporary economic situation that can be overcome by simply changing how a person views and uses money. Priorities will have to change.

Now, I speak to this with much personal experience. For many years, I had misplaced priorities myself. So much so that I had a modest income yet would rack up huge credit card bills. I could barely afford to even make the minimum payments. I was literally the credit card company’s best customer.

Eventually, I found myself tens of thousands of dollars in debt, including to the IRS, which, believe me, you do not ever want to mess with. Debt collectors were calling me all day everyday. I had no insurance, no savings. I was building for myself a horrific credit record. And I was making terrible life decisions and had a very undisciplined lifestyle, including how I viewed and used money. I was very much in the moment.

Well, that changed back in the early 90s when the IRS froze my checking account and garnished my wages. They were taking 75% of my take-home pay until that debt was paid off. That’s pretty harsh and pretty mean, isn’t it? Not exactly. In my eyes it was a wake-up call to make some changes in my priorities when it came to my finances.

You should see the faces of my clients who, when I first meet them -- and they happen to be the clients who are on the broke side -- I share my story in a lot greater detail, and they know that I know exactly where they’re at.

They also come to know that they don’t have to stay there. In fact, if they’re going to work with me, staying there is not an option. If they want to stay there, they can go work with someone else.
Now, I belong to a network marketing group called BNI. And it’s a group of professionals who want to grow their businesses so that we can teach each other who to look for and what to look and listen for so that we can refer our products and services in our businesses. And we meet weekly and we give - each give a 60-second commercial every week.

In my commercial a couple of weeks ago, I asked the other 20 members of my group, “Who here received a tax refund last year?” About 60% raised their hands. Well then I asked, “What did you do with the refund?” It seemed like the next logical question to ask. And one person said, “Well, I bought a big screen TV.” And another one said that they went to Vegas. They probably had lots of fun, but the odds are always with the house. And one couldn’t remember what they did.

Well, I just couldn’t believe these answers were coming from my fellow business owners. Do they not have a brain in their head? Are they so rich that they think they know everything? Well, neither of those are true. It was about how they view and use money.

And one thing was painfully obvious to me. I think the problem here is not the ability to earn money; it’s the inability to keep it.

According Camelot Group PLC, 44% of lottery winnings are spent inside of five years, and one in three lottery winners goes bankrupt. Does that make any sense at all? Well, it does to me. These people have never received large amount of money through hard work, which is discipline, or through cleverness, which is a mindset.

I coach my daughters’ soccer and softball teams, and I tell my girls constantly, the way that you practice will be the way that you play. And the same thing
applies here. The same poor financial habits that these people practice
throughout their lives carried over when they finally got into the game.

Now, another fatal mistake is that instead of hiring professionals such as
insurance and financial services agents, CPAs, estate planners, etcetera, these
folks are listening to Uncle Herb who is as unqualified as they are, but he
happens to be the loudest voice in the family. Now, if Uncle Herb knew what
to do, he’ll be doing it for a living. Now, I'm sorry if this insults anyone, but
if you do not - you do not go to the 7-Eleven clerk to find out how to become
wealthy. And you do not listen to Uncle Herb on how to keep it.

The other problem I had with the answers from my BNI group is that they
received returns. Hello? They just gave the government a one-year interest-
free loan. Now, I refer to that as “intaxification”. That is the euphoria of
getting a tax refund which lasts until you realize that the money was yours to
start with.

In the financial world there’s only two kinds of people. There are those who
pay interest and those who earn it. Now which one do you want to be?

The way you view and use money matters. Discipline matters. Developing
smart strategies that facilitate earning tax-deferred and in some cases tax-free
interest matters. There are products that can help you do that.

You heard in the introduction a couple of them mentioned -- traditional and
Roth IRAs; for self-employed folks, there is SEP-IRAs; health savings
accounts; permanent life insurance, annuities-- all of these will help you
compound tax-deferred.

Now, all tax-deferred means is that you put off having to pay taxes until you
spend. We’re not talking about tax evasion; we’re talking about tax
avoidance. And you’ll eventually have to pay the piper, but you’re using that money to compound in the meantime.

Now, my encouragement and challenge to you today is to evaluate how you view and use money. Check your priorities. As they say, “Check yourself before you wreck yourself.” Take charge now, so your assets outlive you.

Shameless plug: please feel free to visit my Web site at www.jeffkyle.com. It’s a great financial tool that you can use day in and day out. Thank you very much.

Angela Rizzolo: Thank you very much, Jeff.

Jeff Kyle: Uh-huh.