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The Accumulation Trap: Why You Must Keep Your Money Moving!

I'm tired of "investing" being equated with the stock market/mutual funds! *Wall Street is NOT the only option!*

I am equally tired of "wealth" being equated with ACCUMULATION. Accumulation does NOT equal wealth and prosperity!

Traditional planning teaches us to **"Accumulate first, then Disburse."** Save and invest to accumulate ample assets – generally in a 401(k) and other assets based largely in stocks and mutual funds. Then someday, when you accumulate "enough" money in your accounts, you can stop working, begin the distribution phase, and live off of your assets (or the interest your assets produce.)

This thinking is flawed in many ways...For example: *the idea that accumulating money should be our primary financial goal.*

Accumulation is the goal of most investors. Everybody desires to have enough money, though there is much debate about how much is "enough." People strive to accumulate an amount of money that means they will never have to worry about money again – or at least, they'll never have to move in with their kids!

*But we believe that the "Accumulate first, then Disburse" model is FLAWED…*Why?

First, because it relies on guesswork and speculation.

How do you know you'll have "enough" money? Well, traditional planning relies on solid mathematical formulas… using numbers that are nothing but speculation, generalization, extrapolation, and GUESSWORK!

Do you see the problem!?

Secondly, because CASH FLOW is what we actually live on.

As a matter of fact, many people are AFRAID to spend their principal! We see this all the time – people accumulate millions of dollars, but are afraid to USE their own money!

You've heard it said that "It doesn't matter how much you make, only how much you KEEP." But the truth is, it doesn't matter how much you make, how much you keep, or even how much you save – **it only matters how much you can SPEND *after* you've earned it and saved it!**

If the purpose of accumulation is to provide income in later years, why not concentrate on strategies most proven to generate cash flow? But traditional planning TELLS us to accumulate the biggest possible pile of money – *money that isn't in our control and that we're told not to spend!*

So we work hard and throw a portion of our income into 401(k)s, IRAs, perhaps a taxable brokerage account, and a 529 plan or two. Accounts that can only be used for limited purposes at specific times. *Accounts we can't access without paying taxes, penalties, perhaps even fees.*

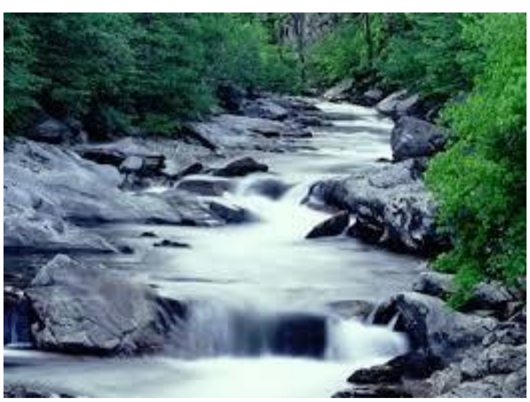
Meanwhile, the financial institutions and even the government benefit from the accumulation. They leverage it, or tax it, or collect fees for sending us quarterly statements letting us know how "our" money is doing. They may even keep a portion of it when we die.

Third, accumulation isn't an effective wealth-building strategy.

It keeps money stuck, trapped, and inefficient…What's the alternative?

USE your MONEY!

Move money THROUGH your assets, not just TO them!



Money is a lot like water. It stagnates when it sits. It becomes unproductive, useless and goes to waste. You want to keep water moving and flowing!

Just as LIFE depends on the *movement* of water… evaporation, rain for crops, flowing rivers for fish, water for drinking and usage… **PROSPERITY depends on the *movement* of money.**

You may be aware that consumer spending – movement of money – makes up the MAJORITY of our economy. But we're not trained to move money in our personal economies, we're taught to accumulate it and let it sit in various types of accounts, sometimes unused through-out your whole life!

Savvy small business owners, corporations and bankers know how to keep money in motion. Banks use it to make loans to individuals and businesses and to invest. Corporations use it to expand into new markets and possibly buy new businesses. Savvy small business owners use it to purchase new equipment and grow their businesses. These entities would stagnate and not be able to turn much of a profit, or maybe even go out of business if they don't move their money as stated.

Moving Money THROUGH Assets

Moving money increases its velocity and accelerates wealth-building. Whole Life[1] or Income Producing Real Estate are two examples of how to accomplish this.

Do you want to buy a rental property or buy raw land? The rental property will provide an income to you and may *increase* your returns![2]

Next time you need to purchase a car...consider using your Whole Life cash value to finance your own car (either by borrowing from the insurance company or through a bank, using the cash value as collateral), you get the car AND you get to keep your savings working for you, long after you pay back the car loan you make to yourself.

You can let money “sit” and accumulate in your cash value account and you will experience safe, steady, modest growth. **But the secret to accelerating wealth-building?** USE your money! *Follow the example of how banks make money and move money THROUGH your accounts.*

Find reliable investments where you can generate "solid" returns, pay off or avoid using high interest credit cards or equipment loans, put a down payment on a second home you can rent out when you’re not using it.

You can use your money wisely by implementing the following strategies:

1. **Grow Your Asset Base.** Use money from one asset to purchase another asset.
2. **Build Wealth Safely and Soundly through Diversification.** You can diversify away from the dollar into assets that will have value in any economy. Ownership, not accumulation, is the foundation for prosperity!
3. **Decrease Taxes.** By moving money from regular income to capital gains, you can lower your taxes.[3]
4. **Control Your Money.** Prosperity is not measured by how much money you have, but by how much FREEDOM you have with your money.

Is YOUR Money In Motion?

Do you have money “sitting” in a cash value account, or even under your mattress? If so, contact us to find out if you can put it to good use and accelerate your wealth and prosperity!

[1]Guardian, its representatives and employees do not offer, service, nor advise upon real estate investments nor rental properties.

[2]Whole life insurance is intended to provide death benefit protection for an individual's entire life. With payment of the required guaranteed premiums, you will receive a guaranteed death benefit and guaranteed cash values inside the policy. Guarantees are based on the claims-paying ability of the issuing insurance company. Dividends are not guaranteed and are declared annually by the issuing insurance company's board of directors. Any loans or withdrawals reduce the policy's death benefits and cash values, and affect the policy's dividend and guarantees. Whole life insurance should be considered for its long term value. Early cash value accumulation and early payment of dividends depend upon policy type and/or policy design, and cash value accumulation is offset by insurance and company expenses. Consult with your Guardian representative and refer to your whole life insurance illustration for more information about your particular whole life insurance policy.

[3]Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

This article is based on an article written by Kim Butler a Financial Professional of Guardian. Partners 4 Prosperity, LLC.

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