WATERFALL WEALTH CREATION STRATEGY™

The Blueprint

10 practical steps to build a 300-year wealth legacy plan

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Why this guide exists

Most families pass down bills instead of wealth. That is not a slogan; it is what the research keeps finding. The Williams Group studied 3,250 families over twenty-five years. About seven families in ten lose the wealth by the second generation, and about nine in ten by the third.

Source: Williams Group study of 3,250 families, as reported in Roy Williams and Vic Preisser, *Preparing Heirs*.

Read that again, because the interesting part is hidden in it. Nine families in ten build something and then watch it disappear inside sixty years. These were not careless people. Most of them worked harder than anyone reading this book. What they were missing was not effort and it was not income.

It was a system, written down, that the next pair of hands could actually use.

Think of money as water

I use this picture with every family I sit with, because it works whether you earn forty thousand a year or four hundred.

Your income is water coming out of a faucet. Budgeting is the bucket you put under it. Insurance is the reservoir that holds what you have collected when the weather turns. Trusts and beneficiary designations are the gates that decide where the water flows next, and when.

Almost everybody is handed a faucet and told to work harder at turning it on. Nobody hands you the bucket. This book is the bucket, the reservoir and the gates, in the order you actually need them.

BEFORE WE START

I am a licensed life and health producer, and I get paid when a family decides to place a policy. You should know that on page one rather than find it out on page thirty.

It is also why steps one through six of this book have nothing to sell you. If the first six steps are all you ever use, I have done my job and we will part as friends.

How to use this book

Ten steps, in order. Each one is short on purpose. You are not meant to read this in one sitting and feel impressive. Read one step, do the one thing at the end of it, then come back.

Every step has the same four parts, so you always know where you are:

Practical action

The one thing to do this week. Not a plan. A thing.

Legacy thinking

What that action is worth in three years, in thirty years, and in three hundred. The last column is the one nobody shows you, and it is the reason this book exists.

Coach's note

Me, talking to you directly, usually about something I got wrong first.

Straight talk

The uncomfortable part. What a step will not do, who it is wrong for, and where I make money. Every step has one.

The Five Pillars

Underneath the ten steps sit five jobs that money has to do. Every step serves at least one of them, and the tag on each step opener tells you which. By the end you will have climbed all five.

Pillar 1	**Protection.** Cover the downside before you chase the upside.
Pillar 2	**Liquidity and access.** Some of it has to be reachable without asking permission.
Pillar 3	**Transfer of wealth.** It has to arrive in the next pair of hands cleanly.
Pillar 4	**Asset diversity.** Not everything in one basket, and not everything on one timetable.
Pillar 5	**Tax advantages.** Pay what you owe, and not a dollar you did not owe.

> **STRAIGHT TALK**
>
> This book is education, not advice. I have never met you. I do not know your age, your health, your tax bracket or what you already own, and every one of those changes the answer. Nothing in here is a recommendation to buy anything, and nothing in here is a guarantee.

The ten steps

01

THE WATERFALL WEALTH CREATION STRATEGY™

Mindset: From Bills to Legacy

FOUNDATION FOR ALL FIVE PILLARS

Wealth does not get built in the wallet. It gets built in the mind first, and that is good news; the mind is the one part you already own outright.

I studied drafting and design before I ever studied money. That turned out to be useful, because they are the same job wearing different clothes. Nobody frames a house and then wonders where the kitchen should go. You draw it first. You decide what the building is for, who is going to live in it, and how long it needs to stand. Concrete comes later.

Money works exactly like that, and almost nobody treats it that way.

Most families I sit with are excellent at pouring concrete. They work hard, the bills get paid, everybody eats. Then I ask what the money is supposed to build over the next thirty years and the room goes quiet. That silence is not a character flaw; it is a missing drawing.

The question that changes every other answer

The shift is smaller than people expect. Stop asking how you get through the month. Start asking what you are building, and who it is for.

Everything downstream hangs on that one answer. Which account to open. Term or permanent. Whether the business is worth starting. How much protection counts as enough. None of those questions has a right answer until somebody says out loud what the money is actually for.

If you don't have a roadmap, how will you know where you're going?

COACH'S NOTE

I say the same thing to every family in the first ten minutes, and I mean it. If I can't help you, I won't hurt you, and we'll part as friends.

What I am listening for is not your income. It is whether you know what you want the money to do. When you know that, my job gets easy. When you don't, there is no product on earth that fixes it.

PRACTICAL ACTION · THIS WEEK

- Write one sentence: what you want your money to do for your family in thirty years. One sentence, not a plan.
- Track your spending for seven days. No judging and no cutting; just watch where it goes.
- Swap “I can’t afford it” for “how could I afford it,” and notice how differently your brain answers.

LEGACY THINKING

3 years	Fewer surprises. You start deciding on purpose instead of reacting to whatever arrived in the post.
30 years	Assets where the debts used to be, and habits that no longer need willpower to keep going.
300 years	A family culture where money arrives in the next pair of hands with the instructions still attached.

STRAIGHT TALK

Mindset gets sold as magic, and it is not. Thinking differently about money does not create money. What it does is stop you spending what you already earn on things you never actually chose. That is the entire claim, and it is enough.

02

THE WATERFALL WEALTH CREATION STRATEGY™

Know Your Numbers

FOUNDATION FOR ALL FIVE PILLARS

What comes in, what goes out, and what you owe. Three numbers. Most people cannot say any of them out loud, and everything else waits on them.

There is an old line that what gets measured gets managed. It is true, and it is also incomplete. What gets measured stops being scary, and that matters more.

I once sat with a client who was certain she was terrible with money. She had a good income, some savings, no idea where any of it went. We spent one hour writing it down. Nothing was as bad as she thought. What she actually had was four small subscriptions she had forgotten about and a car payment she had never renegotiated.

> ***THE LESSON***
> *She was not bad with money. She was avoiding a page. One hour of writing turned a feeling she had carried for years into two fixable line items.*

The three numbers

What comes in. Every source, after tax. Wages, side work, benefits, support payments, the odd bit of rent. Write the real number, not the one on the offer letter.

What goes out. Fixed things first, because they are easy: housing, transport, insurance, minimum payments. Then everything else, which is where the surprises live.

What you owe. Every balance, and next to it the interest rate. The rate is the part people skip, and the rate is the whole story.

If you don't know where you want to go or why you wanna go, how can I help you get there?

Not all debt is the same animal

This is where I part company with a lot of advice you will hear. "Pay off all your debt first" sounds responsible and it is sometimes wrong.

Debt above roughly double digits is urgent. Credit cards, payday products, store cards, anything with a rate that grows faster than you can save. That money is on fire and nothing you do elsewhere earns enough to outrun it.

Debt at a low fixed rate is patient. A mortgage at a rate you locked years ago is not an emergency; it is a payment plan on an asset. Emptying a savings account to clear it early can leave you asset-rich and cash-poor, which is exactly the position that forces people back into expensive borrowing.

So the order is: stop the fire, keep the patient debt on schedule, and do not let anybody shame you about the difference.

COACH'S NOTE

I spent years in mortgage lending. I have read more household balance sheets than I can count, and I will tell you the thing they have in common.

Almost nobody is bad with money. Most people are simply operating without the numbers in front of them, making reasonable decisions on bad information. Put the information on the table and the decisions fix themselves, faster than you would believe.

PRACTICAL ACTION · THIS WEEK

- One page. Three columns. In, out, owed. Handwritten is fine and arguably better.
- Next to every debt, write the interest rate. Circle anything in double digits.
- Work out one number: what is left after everything. If it is negative, you have just found the most useful fact in this book.

LEGACY THINKING

3 years	The fires are out. You know your number without checking, and the month stops being a surprise.
30 years	The gap between in and out has been working for you every month for three decades instead of leaking.
300 years	Your family treats knowing the numbers as normal, the way they treat locking the front door.

STRAIGHT TALK

> Writing your numbers down does not create money and it will not feel good the first time. Some people open that page and find out they are further behind than they thought. That is still better than not knowing, because every plan built on a guess is a guess.

03

THE WATERFALL WEALTH CREATION STRATEGY™

The Rainy Day Shield

PILLAR 2 · LIQUIDITY AND ACCESS

Cash you can reach today, without asking anyone. It is the least exciting thing in this book and the reason the rest of it survives contact with real life.

Picture a Tuesday. Nothing special about it. You are driving to work and the transmission goes, or the boiler quits, or a tooth that has been quietly complaining for a month decides it is done negotiating.

Two families get the same bill. One of them pays it and is mildly annoyed. The other puts it on a card at a rate that will still be costing them money next Christmas. Same event, same amount, completely different decade.

> ***THE LESSON***
> *A small pile of cash does not make you richer. It decides whether an ordinary Tuesday costs you fifty dollars or five years.*

That is the whole argument for this step. An emergency fund does not earn much. What it does is stop a small bad thing from becoming a large expensive one.

How much, actually

Start at one thousand dollars. Not because a thousand covers a real emergency; it does not. Because it covers most of the small ones, and clearing the small ones is what stops the slide.

Then build toward three to six months of the essentials. Not three to six months of your life as currently enjoyed; three to six months of housing, food, transport, insurance and minimums. That is a smaller number than people expect, and putting the smaller number on paper is what makes it feel possible.

Keep it somewhere boring and reachable. A separate savings account at a different institution than your current account works well, because the small friction of moving it is exactly enough to stop a Thursday evening impulse.

COACH'S NOTE

People ask me why an insurance man spends a whole step telling them to hold cash he does not sell and does not touch.

Because a policy funded by somebody with no emergency fund lapses. I have watched it happen. The first hard month arrives, the premium is the only bill nobody is chasing them about, and they stop paying it. Then they lose the coverage and most of what they put in. I would rather place nothing today than place something that fails you in year three.

PRACTICAL ACTION · THIS WEEK

- Open a separate savings account, at a different bank from your everyday one.
- Automate a transfer. Twenty-five dollars a week is a real answer; the amount matters far less than the fact that you never have to decide again.
- Give the account a name in your banking app. “Do not touch” works. Naming it makes it harder to raid.

LEGACY THINKING

3 years	Emergencies became annoyances. Nothing goes on a card at twenty-odd per cent any more.
30 years	Three decades without expensive borrowing. That gap, compounded, is most of what separates two identical incomes.
300 years	Nobody in the family line ever has to dismantle a long-term plan to survive a short-term problem.

STRAIGHT TALK

Cash in a savings account loses value to inflation. That is true and it is not a reason to skip this step. You are not buying growth here; you are buying the ability to leave everything else alone when life gets loud. That is worth paying a little for.

04

THE WATERFALL WEALTH CREATION STRATEGY™

Take the Match First

PILLAR 4 · ASSET DIVERSITY

If your employer matches part of what you put into a retirement plan, take every cent of it before you do anything else in this book. Nothing I sell beats it.

I want to be plain about why this step is here, because it costs me money to put it this early.

A match is the only place in personal finance where the return is decided before the market opens. If your employer puts in fifty cents for every dollar you contribute, that dollar became a dollar fifty the moment it landed. That is a fifty per cent return on the money you put up, and it happened on a Tuesday, with no risk taken and no product purchased.

There is no insurance policy, no index account, no clever structure anywhere in my business that does that. If a producer tells you otherwise, close the folder.

What to actually do

Find out two things from your employer: whether there is a match, and what percentage of your pay you have to contribute to capture all of it. Then contribute exactly that percentage.

Not more, for now. This step is about the free money and nothing else. What you do beyond the match is a genuinely open question, and step seven is where we look at it properly.

Not every job offers one. If yours does not, this step is short: move on to step five, and come back here the day that changes.

Two things nobody mentions

Vesting. The match may not be fully yours straight away. Many plans hand it over on a schedule across a few years. It is still worth taking; just know the date, because it changes what leaving costs you.

It is still locked. The match is free, and it is going into an account you generally cannot reach before age 59½ without a penalty on top of the tax. That is the trade. It does not make the match worse. It does mean the match cannot be your emergency fund, your access plan, or your protection, which is why it is step four and not step one.

COACH'S NOTE

I worked inside a corporate financial planning office for a few years. I saw what retirement accounts do well and I saw where they leave a family stuck.

Here is the part that still surprises people. Every dollar in that plan comes out as ordinary income later. Clients I have sat with have watched roughly thirty per cent of the balance go to tax, depending on the bracket they land in. The shock is never the amount. It is realising that "tax-deferred" was never a discount; it was a delay.

Take the match anyway. Free money survives the tax bill.

PRACTICAL ACTION · THIS WEEK

- Ask your HR or benefits contact one question: what do I have to contribute to get the full match?
- Set your contribution to that number. If money is tight, raise it one per cent a quarter until you get there.
- Write down your vesting schedule. Most people have never seen theirs.

LEGACY THINKING

3 years	Three years of free money captured instead of left behind, plus whatever it earned while it sat there.
30 years	The match alone becomes a meaningful share of the balance. You did nothing clever; you just stopped declining it.
300 years	Your children treat "take the full match" as the first question at every new job, the way you check the start date.

STRAIGHT TALK

I make nothing from this step. I do not sell retirement plans, I am not compensated when you raise your contribution, and I have no arrangement with whoever administers your plan.

I put it at step four for a simple reason. A book that quietly skipped the best free return available to you, just to reach the part where I get paid, would not deserve the six steps that follow it.

05

THE WATERFALL WEALTH CREATION STRATEGY™

Smart Protection

PILLAR 1 · PROTECTION

Cover the downside before you chase the upside. This is the step where a plan stops depending on nothing going wrong.

Everything in the first four steps assumed you keep waking up and going to work. This step is about what happens if that stops.

I am going to tell you two stories. Both are people I have sat with, details changed, no names. I am not telling them to frighten you. I am telling them because they are the two ways this goes wrong, and you should recognise both.

The man who ran out of time to qualify

Thirty-seven years old, good shape, married, two small children. No history of anything. He had a heart attack brought on by stress and anxiety he did not know he was carrying.

He survived. What he could not do afterwards was buy coverage on the terms that had been available to him the week before. His health was no longer something he could trade for a price.

That is the part people do not plan for. You are not buying insurance with money alone. You are buying it with your health as well.

> ***THE LESSON***
> *Your health is the currency, and you cannot choose when you stop holding it. The right time to find out what you qualify for is a day you feel fine.*

The man who was going to shop around

Late fifties. He wanted a final expense plan and felt no particular rush. He had coverage through work and thought that was probably enough for now.

He died in a car accident, off the clock. The work policy did not apply. His family raised the money for the funeral on GoFundMe.

> ***THE LESSON***
> *Coverage through work is coverage through a job, not through a life. Read what yours actually pays and when it stops, then decide what is missing.*

Median cost in our region of a funeral with viewing and burial: $8,023. With viewing and cremation: $6,103. Source: National Funeral Directors Association General Price List Study, 2023, South Atlantic region. A median is not a quote, and half of all funerals cost more. A plot, a marker, unpaid medical bills and probate come on top.

The three kinds, and who each one is for

Term. Coverage for a set number of years, at the lowest cost per dollar of death benefit. It is the right answer for a young family with a mortgage and children at home, and it is often the right answer full stop. It builds no cash value and it ends. Many term policies can be converted to permanent coverage later without new health questions, which is a feature worth asking about before you sign anything.

Permanent. Coverage designed to stay in force for life, with a cash value that builds inside it. It costs more per dollar of death benefit and it does more jobs. Step seven is entirely about one version of this.

Final expense. A small whole life policy, usually built to cover the cost of a funeral and the bills that follow. Health questions are few and often there is no medical exam. It is the right answer for a great many people who have been told they are uninsurable and never checked.

And your group coverage at work. Usually one or two times salary, and it usually ends when the job does. Treat it as a bonus, not a plan.

COACH'S NOTE

Somebody always asks me which one is best. It is the wrong question and I say so gently, because it is the question the industry taught them to ask.

Every one of these is the correct answer for somebody. Term is right for more families than the people selling permanent like to admit. What matters is which job you need doing, for how long, and what your health lets you buy today.

PRACTICAL ACTION · THIS WEEK

- Add up what would still be owed if your income stopped tomorrow: mortgage, debts, the years of schooling left.
- Find out exactly what your work coverage pays, and whether it follows you if you leave.
- Check your beneficiaries. Every policy, every account. An out-of-date name is the most common and most expensive mistake in this book.

LEGACY THINKING

3 years	If something happened, the mortgage gets paid and nobody starts a fundraiser.

30 years	You locked in a health rating at the age you were healthiest, and it cannot be taken back.
300 years	Nobody in the line ever loses a house or a business because a death arrived before a plan did.

STRAIGHT TALK

This is where I get paid, so read this part carefully. My commission is higher on permanent coverage than on term. That is how the industry is built, it applies to me the same as everyone else, and you should weigh anything I say about permanent coverage knowing it.

Here is how I would test any producer, including me. Ask them to explain why term would be the better choice for you. If they cannot make that case honestly, they are not advising you.

06

THE WATERFALL WEALTH CREATION STRATEGY™

Investing Without the Gamble

PILLAR 4 · ASSET DIVERSITY

Getting wealthy slowly beats getting rich quickly, and it is not close. This step is about the difference between investing and betting.

> **STRAIGHT TALK, AND IT GOES FIRST THIS TIME**
>
> I hold a life and health licence. I am not a securities-licensed advisor, and I am not permitted to recommend a specific investment to you. Nothing in this step is a recommendation to buy or sell anything.
>
> What follows is how to think about the subject, so that you can have a better conversation with somebody who is licensed for it. When you get to that conversation, ask whether they are a fiduciary and how they are paid. Both answers matter.

Risk is not what most people think it is

Ask a room what risk means and you will hear "losing money." That is one risk. It is not the only one and it may not be the biggest.

There is the risk that your money sits somewhere safe and quietly loses ground to rising prices for thirty years. There is the risk that everything you own moves together, so one bad season takes all of it at once. There is the risk that you need money on a Tuesday and everything you have is locked up until you turn 59½.

A plan that only defends against the first one is not a plan.

Time is doing more work than cleverness

Most people meet investing through a story. Somebody bought the right thing at the right moment and it changed their life. Those stories are true and they are survivors; nobody tells you about the identical bet that went the other way.

The unglamorous version wins more often. Money invested steadily, across something broad rather than something specific, left alone for decades. It makes for a terrible story and a reliable outcome.

Two friends go to Las Vegas. One sets a budget and stops when it is gone. The other keeps going, hoping to get back to even. They are not doing the same activity, and neither are the two people who both say they are "in the market."

> ***THE LESSON***
> *Investing and gambling can look identical from the outside. The difference is whether you decided the rules before you started.*

COACH'S NOTE

I worked through two crashes on the wrong side of both. Mortgage lending in 2007, then a financial planning office through 2009. I watched people who had done everything right lose a great deal, and I watched what separated the ones who recovered from the ones who did not.

It was almost never skill. It was whether they were forced to sell. The families with cash reserves and protection in place got to wait. The ones without had to turn a paper loss into a real one at the worst possible moment.

THE LESSON

A loss only becomes real when you are made to sell. Everything in steps three, four and five exists to buy you the right to wait.

PRACTICAL ACTION · THIS WEEK

- Write down everything you own that could change in value, and ask whether it would all fall together.
- Find out what you are paying in fees inside any account you hold. Most people have never once looked, and it compounds against you exactly the way returns compound for you.
- Decide, in advance and in writing, what you would do if the market fell thirty per cent. Decisions made on a calm day survive loud ones.

LEGACY THINKING

3 years	You stopped reacting to headlines and you know what your money is actually invested in.

30 years	Three decades of steady contributions, left alone, through severa downturns you were able to sit out.
300 years	The family understands the difference between owning somethi and gambling on it, and teaches it before anyone has real money

STRAIGHT TALK

Markets fall. They have fallen before and they will fall again, and no structure removes that fact. Anybody promising you growth without loss is either selling something or has not read the fine print on what they are selling.

Step seven describes an account with a floor under the credited interest. That floor is real, it is contractual, and it is also narrower than it sounds. I will show you exactly how narrow.

07

THE WATERFALL WEALTH CREATION STRATEGY™

The Financial Swiss Army Knife

ALL FIVE PILLARS AT ONCE

One vehicle that does all five jobs at the same time. A Swiss Army knife is wonderful in your pocket and terrible for building a house. So we start with who should close this book.

You have spent six steps learning the five jobs money has to do. Cover the downside. Keep some of it reachable. Hand it on cleanly. Spread the risk. Pay what you owe and not more.

There is one structure that attempts all five in a single place: a properly built indexed universal life policy. That is what I do for a living, and this is the step where I have something to sell you. So we are going to do the uncomfortable half first.

Who this is wrong for

Close the book and go back to step three if any of these is you today. I mean that, and I would tell you the same thing across a kitchen table.

You have no emergency fund. The first hard month will end this policy and you will lose the coverage and most of what you paid in.

You have not captured your full employer match. Go back to step four. That money beats this and I am not going to pretend otherwise.

You are carrying double-digit debt. Nothing in here outruns a card at twenty-something per cent.

You cannot fund it consistently for five to seven years at least. This is a permanent policy, not a seven-year plan; the early years are where the acquisition costs sit. Fund it for three years and stop, and you will very likely be behind.

You want the biggest death benefit for the lowest cost. Buy term. It is the better product for that job and it is not close.

What the account actually does

Now the mechanism, using three published numbers and nothing else. You can check every one of them against the carrier's own material.

The cash value can be allocated to an index account that tracks a blend of market indices. It is not invested in the market; it credits interest based on how that blend moves.

113 per cent participation. If the blend rises, the account is credited 113 per cent of that move, with no cap on the upside.

A 0.75 per cent floor on the indexed credit. If the blend falls, the credit is 0.75 per cent instead of the loss.

A 0.72 per cent index account charge, each year. It comes off the credit.

Participation rate, floor and index account charge are the carrier's published figures for this index account. Participation rates and caps are set at the carrier's discretion and can change.

The floor, told honestly

Here is the arithmetic nobody puts in a brochure. In a year the index falls, you are credited 0.75 per cent, and the 0.72 per cent charge comes off it. You are left with **0.03 per cent**.

Not three quarters of a per cent. Three hundredths. The honest version of this story is that 0.03 per cent beats the thirty-seven per cent loss it replaced, not that your money grew in a crash.

Two more things the floor does not do. It is a floor on the credited interest, not on your cash value. The cost of insurance and the policy charges still come out, so in a bad year your cash value can still go down. And because the floor applies to the credit, it also catches a rise too small to beat it; anything under about 0.66 per cent gets the floor instead.

The five jobs, in one place

Protection	A death benefit from the first premium, generally excluded from your beneficiary's income. IRC §101(a).
Access	Cash value reachable by withdrawal to basis and then by policy loan, with no early-withdrawal penalty at any age. IRC §72(e).
Transfer	Proceeds pass by beneficiary designation, outside probate. Still inside your taxable estate if you own it. IRC §2042.
Diversity	A floor under the indexed credit, so this portion does not fall with the market the way an account holding shares does.
Tax	Growth is not taxed annually, and access can be income-tax-free when the policy is structured and maintained properly. IRC §7702

Is this halal

I get asked, and I will not pretend to be the scholar. A properly structured indexed policy can align with Islamic finance principles, and here is the mechanism so you can weigh it yourself or take it to someone qualified.

The index account is not lending money at interest. It credits a return based on the movement of an index the insurer tracks. That distinction is the whole question, and it is yours to put to your own scholar. I say halal-aligned. I do not say compliant, because that is not a word I have any standing to use.

COACH'S NOTE

We do not sell products; we engineer solutions. That sounds like a line until you watch what it means in practice.

It means the same policy built two different ways produces two very different outcomes, and the difference is not the carrier. It is how much death benefit you buy relative to how much you fund. That ratio decides how much of every premium reaches the index account instead of paying for coverage you did not need.

That is a conversation about your age, your health and your goal. It cannot happen in a book.

PRACTICAL ACTION · THIS WEEK

- Go back through the five reasons to close this book. Be honest about whether any is you today.
- If none of them is, ask for an illustration built on your real age and health, and ask to be walked through the charge columns specifically.
- Ask any producer, including me, one question: what would have to be true for you to tell me not to buy this?

STRAIGHT TALK

The charges are real and there are several. A cost of insurance that rises with your age, a premium load taken off each deposit, a monthly policy charge, and the 0.72 per cent index account charge.

Two ways this genuinely goes wrong. Overfund it past the legal limit and it becomes a modified endowment contract, which changes how withdrawals are taxed. Borrow heavily against it and let it lapse with the loan outstanding, and you can trigger a large taxable gain on money you no longer have. Both are avoidable and both are your producer's job to watch.

And my commission is higher here than on term. You read that in step five; it belongs on this page too.

08

THE WATERFALL WEALTH CREATION STRATEGY™

Your Business as a Wealth Engine

PILLAR 4 · ASSET DIVERSITY

PILLAR 5 · TAX ADVANTAGES

A job pays your bills. A business can pay your grandchildren. The difference is not how hard you work; it is whether the thing keeps running when you stop.

Two people can earn identical money and own completely different futures.

One of them trades hours for wages. The wage is reliable, it is taxed before it reaches them, and it stops the day they stop. That is not a criticism; most of us start there and many of us stay, sensibly.

The other owns something that produces income whether they are in the room or not. It is less reliable at the start. It is taxed after expenses rather than before. And it is an asset that can be sold, borrowed against, or handed to somebody.

Small does not mean insignificant

When I say business, most people picture storefronts and staff. Almost none of the wealth I have watched get built this way looked like that.

It looked like a woman doing books for six small companies from her kitchen table. A man with two vans and a schedule. Somebody who taught a skill on weekends and put every dollar of it somewhere it could grow. The scale is not the point; the structure is.

What actually changes

What gets taxed. An employee is taxed on gross pay and spends what is left. A business is taxed on what remains after legitimate expenses. That is not a loophole; it is how the system is built, and it is available to anybody willing to keep records.

What you can build inside it. Retirement structures available to a business owner can allow far more to be set aside than an employee plan does. Which one fits depends on your numbers, and that is a conversation for a tax professional.

What it is worth without you. This is the one people miss. A business that only functions when you are present is a job with extra paperwork. A business that runs on a system is an asset. The work of turning the first into the second is the actual wealth-building.

COACH'S NOTE

I got laid off in my fifties from a department that disappeared. First and only layoff of my life. I took an hourly job after it that I will not romanticise; it was the worst work experience I have had.

What it taught me was not that jobs are bad. It taught me that I had built my entire income on a decision somebody else was making in a room I was not in. I got licensed the following year.

THE LESSON

One income stream is one decision away from zero, and it is rarely your decision. If you don't design what you want to see, someone else will design it for you.

PRACTICAL ACTION · THIS WEEK

- Write down one thing people already ask you to do for them. That is usually where a business is hiding.
- Open a separate bank account for it before you earn a single dollar. Mixed money is the reason most small businesses cannot prove their own expenses.
- Book one hour with a tax professional about the right structure. One hour, early, is worth more than a year of guessing.

LEGACY THINKING

3 years	A second income stream that does not depend on one employer keeping one department open.
30 years	An asset with a value of its own, that can be sold, borrowed against, or handed to somebody who wants it.
300 years	A family that knows how to build things, not just how to be hired by people who do.

STRAIGHT TALK

Most small businesses do not make it, and the ones that do usually take longer and cost more than the founder planned for. Nobody should read this step as encouragement to resign on Monday.

> Build it beside the job. Let it prove itself. The version of this that works is boring and slow, and it is the only version I have watched succeed.

09

THE WATERFALL WEALTH CREATION STRATEGY™

Teaching the Next Generation

PILLAR 3 · TRANSFER OF WEALTH

Children inherit money easily and wisdom almost never. That gap is why nine families in ten lose it by the third generation, and it is the cheapest thing in this book to fix.

Go back to the number on the first page. Seven families in ten lose the wealth by the second generation; about nine in ten by the third.

Everybody assumes that is a story about bad investments or bad luck. It is mostly a story about a handover. The first generation learned money by building it and never had to explain the lesson, because they were living it. The second generation received a result without the reasoning. The third received neither.

A trust does not fix that. A trust controls what happens to the money. It has nothing to say about whether anybody knows what to do with it.

Money talks, on purpose

The single highest-return thing in this entire book costs nothing. Talk about money in front of your children, out loud, regularly.

Not lectures. Decisions. Let them hear you choose between two things. Let them hear you say no to something you could technically afford. Let them hear the reasoning, including the parts you are unsure about.

Most of us grew up in houses where money was discussed the way illness was discussed: quietly, in another room, usually because something was wrong. Then we became adults who felt shame about a subject we had never once seen handled calmly.

What to teach, and when

Young children. That money is finite and choices have a cost. A small weekly amount they control teaches this faster than any explanation.

Teenagers. Earning, taxes and the actual price of things. Show them a payslip. Show them what came out of it and where it went. Very few young people have ever seen one before their own.

Young adults. Credit, compound interest working both directions, and how to read an account statement. Then the family plan itself: what exists, where it is, and why it was set up that way.

COACH'S NOTE

I mentor young people through Youth Today Leaders Tomorrow, and I will tell you what I notice most.

It is not that they cannot understand this. They pick it up faster than the adults do. It is that almost nobody has ever spoken to them about it as though they were going to be trusted with real money one day.

Speak to a fifteen-year-old like a future steward and you get a future steward. Let's not think about us; let's think about who this is for.

PRACTICAL ACTION · THIS WEEK

- Hold one family money conversation. Fifteen minutes, at a normal volume, about a real decision.
- Show somebody under twenty-five one document: a payslip, a bill, or an account statement. Walk through what each line means.
- Write one page they could read if you were not here, explaining what you built and why. Not a will; the reasoning.

LEGACY THINKING

3 years	Money stopped being an awkward subject in your house. Questions get asked out loud.
30 years	Your children make their own decisions well, because they watched hundreds of yours being made.
300 years	Each generation hands over the reasoning along with the money which is the only thing that has ever stopped the clock at three.

STRAIGHT TALK

Your children may do it differently anyway. Some will spend it, some will take risks you would not, and a few will resent being handed a plan they did not help write.

Teach them anyway. You are not buying obedience; you are making sure that whatever they choose, they choose it knowing what they are choosing.

10

THE WATERFALL WEALTH CREATION STRATEGY™

Your 300-Year Blueprint

ALL FIVE PILLARS, WORKING TOGETHER

Nine steps, one structure. This is where the water starts at the top and every level fills the one below it, which is the whole reason the strategy has the name it has.

Go back to the faucet. Income arrives at the top. What happens next is either designed or accidental, and for most families it is accidental.

A cascade is the design. Each level fills before it overflows into the next, and nothing further down gets water until the level above it is holding.

The cascade, in order

First	**Know the numbers, then stop the fires.** In, out, owed. Anything in double digits gets cleared. Steps 1 and 2.
Second	**Fill the reservoir.** Cash you can reach today without asking anybody. Step 3.
Third	**Take what is free.** Every cent of the employer match, before anything is purchased. Step 4.

Fourth	**Cover the downside.** Enough protection that a death or a diagnosis does not dismantle the plan. Step 5.
Fifth	**Spread it out.** Long-horizon money, invested broadly, left alone. Step 6.
Sixth	**Add the vehicle that does five jobs.** Only once everything above it is holding. Step 7.
Seventh	**Build something that outlives the job.** Step 8.
Last	**Hand over the reasoning, not just the result.** Step 9.

Why the order is the strategy

Nothing in that list is unusual on its own. Any competent advisor would recognise all of it. What almost nobody does is insist on the sequence.

The families I have watched come apart did not fail because they picked a bad product. They failed because they bought level six while level two was still empty. The policy was fine. The order was wrong, and the order is what breaks people.

This is also why I can put the free advice first and the thing I sell at step seven. If the cascade is real, then telling you the truth about steps one through six is not generosity; it is the only way step seven works at all.

When it comes down to it, if you don't design what you want to see, someone else will design it for you.

Three hundred years is not a metaphor

People smile at the number, and I understand why. Nobody plans three centuries. That is the point of using it.

A three-year question asks what you can afford this month. A thirty-year question asks what you are building. A three-hundred-year question asks something different again: what would still be standing, and would anybody know why it was built.

You are not planning for the year 2326. You are choosing to make decisions that would still make sense to someone who never met you. In practice that means writing things down, keeping beneficiaries current, and explaining yourself while you still can.

COACH'S NOTE

I studied drafting before I studied money, and I have used that comparison twice in this book because it is the truest thing I know about this work.

A drawing is not the building. It is the reason the building stands up. You can pour concrete without one and you will get something; you will just have no idea what, until it is too expensive to change.

You now have the drawing. What you build on it is genuinely yours.

PRACTICAL ACTION · THIS WEEK

- Go back through the nine levels above and mark each one: holding, partly filled, or empty.
- Find the highest empty level. That is the only thing you should be working on.
- Put one sheet of paper somewhere your family can find it: what exists, where it is, who to call.

STRAIGHT TALK

Reading this book changed nothing. Ten steps read and none done leaves you exactly where you started, with a slightly better vocabulary.

Pick the highest empty level and do that one thing this week. One level, one week, is a pace that finishes. A plan to do all ten by Sunday is a plan to do none of them.

Where are you right now?

Nine levels. Tick the ones that are holding today, honestly. The highest one you cannot tick is the only thing you should be working on this month.

- [ ] **1 · I KNOW MY THREE NUMBERS.** What comes in, what goes out, what I owe, and the interest rate on every debt.
- [ ] **2 · THE FIRES ARE OUT.** Nothing is sitting on a card or a payday product at a double-digit rate.
- [ ] **3 · I HAVE CASH I CAN REACH.** At least a thousand dollars, working toward three to six months of the essentials.
- [ ] **4 · I TAKE THE WHOLE MATCH.** Every cent my employer will match, and I know my vesting schedule. Tick this if there is no match offered.
- [ ] **5 · THE DOWNSIDE IS COVERED.** Enough protection that a death or a diagnosis does not dismantle everything, and my beneficiaries are current.
- [ ] **6 · LONG MONEY IS INVESTED AND LEFT ALONE.** I know what I own, what it costs me in fees, and what I would do in a thirty per cent fall.
- [ ] **7 · I HAVE LOOKED AT THE FIVE-JOB VEHICLE.** Only worth ticking if everything above it is already ticked.
- [ ] **8 · SOMETHING EARNS WITHOUT ME.** A business, however small, with its own bank account and its own records.
- [ ] **9 · THE REASONING IS WRITTEN DOWN.** My family could find one page explaining what exists, where it is, and why.

WHAT TO DO WITH THIS

Do not start at the top and work down. Start at your highest empty box and stay there until it is ticked. One level at a time is the pace that finishes.

Your next step

If the ten steps did their job, you already know which level is empty. You do not need me to do steps one through six, and I hope you go and do them without ever speaking to me.

If you want a second pair of eyes on the whole cascade, that is what a Waterfall Wealth Strategy Session is. Thirty minutes. Free. No product gets mentioned unless the first six levels are holding, and if they are not, I will tell you which one to go and fix.

If I can't help you, I won't hurt you, and we'll part as friends.

> **BOOK A SESSION**
>
> - **wealthbuilders-insurance.com/book-now**
> - Call or text **(980) 304-1500**
> - Sessions run Monday to Saturday, 9am to 8pm Eastern. The calendar is open at any hour.

About Chaka

I studied architectural drafting and design, served in the United States Air Force, and spent most of my working life in mortgage lending and financial services. I worked through the 2007 housing crash from inside the lending business, then through 2009 from inside a corporate financial planning office. I have been on the wrong side of both.

In 2022 my department was cut. I took an hourly job I did not enjoy, and it turned out to be the most useful year I have had. It made something obvious that I had avoided noticing for twenty years. My entire income depended on a decision being made in a room I was not in.

I got my life and health licence in December 2023 and built Wealth Builders Insurance Agency around one idea. The strategies wealthy families use are not secret; they are simply never explained to everybody else. The people licensed to act on them were rarely in my community's rooms.

I am licensed in thirteen states and based in Charlotte, North Carolina.

Important disclosures

WHO IS SPEAKING

Chaka A. I. Ali, licensed life and health insurance producer. National Producer Number 11126989, verifiable at nipr.com. Wealth Builders Insurance Agency, a division of A.L.I. Creative Solutions, Charlotte, North Carolina. Licensed in North Carolina, South Carolina, Virginia, Arizona, Michigan, Minnesota, Oregon, Ohio, Nebraska, Kansas, Texas, Maryland and Florida.

THIS IS EDUCATION, NOT ADVICE

Nothing in this book is a recommendation to buy or sell any product, security or policy. It is general information. Your age, health, tax position, existing coverage and goals all change the answer, and none of them are known to me. Speak with a licensed professional before acting.

HOW I AM PAID, AND WHERE THE BIAS SITS

I am compensated by insurance carriers through commission when a policy is placed. I am not paid by you. My commission is higher on permanent coverage than on term coverage. That is an industry-wide structure and it applies to me, and you should weigh anything I write about permanent coverage with it in mind.

I receive nothing when you raise a retirement plan contribution, build an emergency fund, clear a debt, or start a business. Six of the ten steps in this book pay me nothing.

WHAT I AM NOT LICENSED TO DO

I hold a life and health licence. I am not a securities-licensed advisor, a tax professional or an attorney. Nothing here is investment, tax or legal advice. Step six in particular is written to help you have a better conversation with someone who holds the licence I do not.

ABOUT THE PRODUCT FIGURES

The participation rate, floor and index account charge quoted in step seven are the carrier's published figures for that index account. Participation rates and caps are set at the carrier's discretion and can be changed. No carrier is named anywhere in this book; Wealth Builders Insurance Agency is independent and does not publish carrier names or rankings in its own material.

Nothing here is a guarantee of any return, of approval for coverage, or of any tax outcome. Any figure describing what an index account does is a description of a mechanism, not a projection of your results. A personalised illustration built on your actual age and health class is the only document that describes what a policy is projected to do for you.

SOURCES

Generational wealth statistics: Williams Group study of 3,250 families, as reported in Roy Williams and Vic Preisser, *Preparing Heirs*.

Funeral costs: National Funeral Directors Association General Price List Study, 2023, South Atlantic region medians. A median is not a quote.

Tax code references are provided so you can look up the mechanism yourself. They are not tax advice and their application depends entirely on how a specific policy is structured and maintained.

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Colophon

The Waterfall Wealth Creation Blueprint. First edition, 2026. Written by Chaka A. I. Ali and published by A.L.I. Creative Solutions, Charlotte, North Carolina.

Set in Palatino for reading and Poppins for labels. Printed at six by nine inches. The three-year, thirty-year and three-hundred-year bands were built to stay legible in black and white as well as in colour. This book can be printed either way without losing its meaning.

Waterfall Wealth Creation Strategy™ and the Five Pillars framework are the work of A.L.I. Creative Solutions.

Wealth Builders Insurance Agency · Waterfall Wealth Consulting · Youth Today Leaders Tomorrow

Strive for excellence.