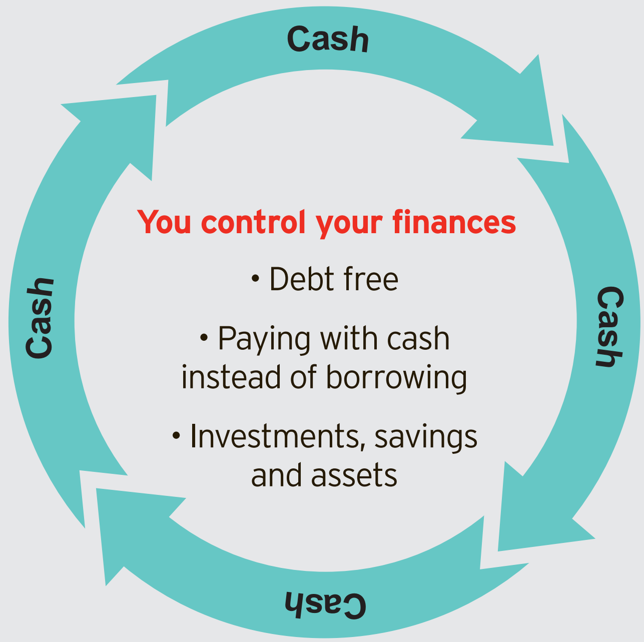
The Basics of **Investing**

PRIMERICA®

Most American Families Live in a Debt Cycle vs. a Cash Cycle

Debt Cycle:

Cash Cycle:



Of all the threats to your financial security, none is more dangerous than debt.

The solution:

STEP ONE:
Learn how to invest.
Pay yourself first.
Set up three fundamental accounts.

+

STEP TWO:
Accelerate paying off debt.
Set up a debt stacking program.

+

STEP THREE:
Protect your income.
Insure your income until you build financial independence.

STEP ONE: Pay yourself first

Three Fundamental Accounts

1. Emergency Account

Goal: Up to three months of income for purchases within 0-2 years

- Emergencies
- Uncovered medical expense
- Major car repair

2. Short-Term Account

Goal: Up to six months of income for purchases within 3-5 years

- Reserve for unforeseen events
- Loss of job
- Down payment for a house

3. Wealth-Building Account

Goal: Retirement Funds

- Roth or Traditional IRA*
- 401(k), deferred comp, TSA, etc.*
- Tax-deferred accounts*

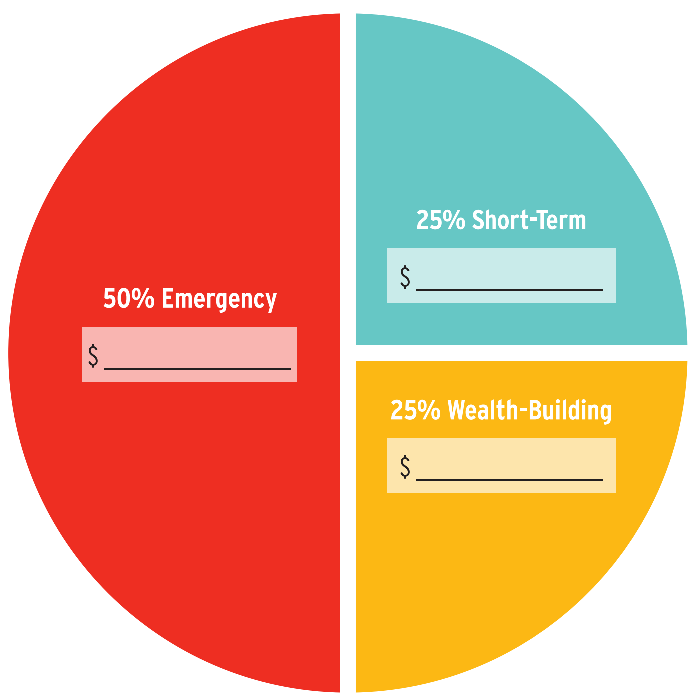
*Withdrawals before age 59 1/2 may be subject to ordinary income tax and a 10% tax penalty.
Primerica representatives are not tax advisors. For related advice, individuals should consult an appropriately licensed professional.

Based on your total investment amount, allocate:

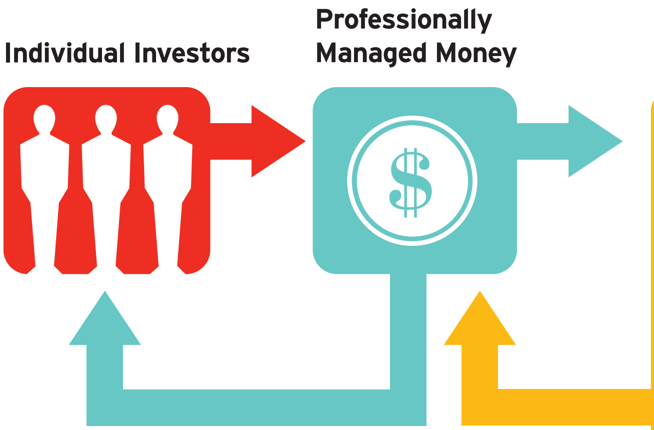
- **50% to your emergency account**
- **25% to your short-term account**
- **25% to your wealth-building account**

Once emergency and short-term goals are satisfied, add those investment amounts to the wealth-building account.

TOTAL $ ____________________



What Is a Mutual Fund?
One of the Most Effective Long-Term Investment Vehicles



Top Holdings Examples

Consumer The Proctor & Gamble Company (Febreze, Crest, Downy, Gillette, Tide)

Entertainment The Walt Disney Company (ABC Television Network, Disney Channel, Walt Disney World Theme Park)

Pharmaceuticals Pfizer, Inc. (Advil, Lipitor, Celebrex)

Telecommunications Verizon Communications, Inc. (Wireless voice and data, long-distance telephone, broadband internet)

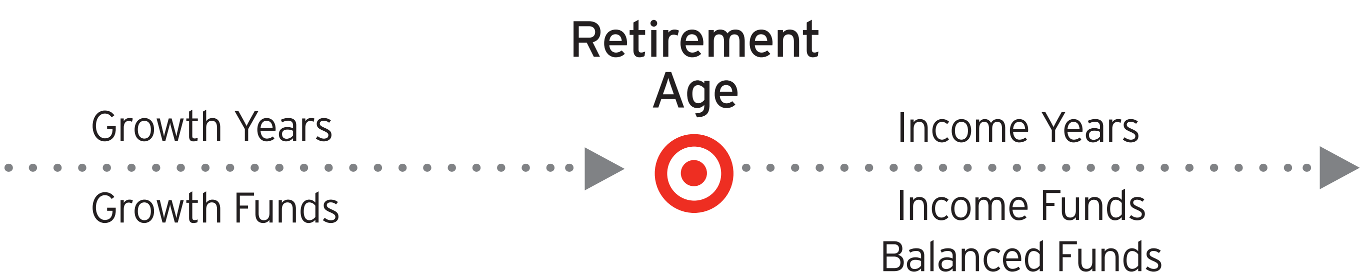
Consumer McDonald's Corporation (Global fast food operator)

Technology Microsoft Corporation (Windows computer software, Xbox video game system)

Did you know the typical mutual fund holds more than 150 stocks on average?

The specific companies listed do not constitute a recommendation to buy or sell securities.
Note: Each mutual fund invests differently. Read the mutual fund's prospectuses to determine how a fund may invest and to determine its current holdings. Mutual funds are actively managed portfolios and incur advisory fees and internal management costs. The value of a fund fluctuates and, shares, when redeemed, may be less than the original value. Investments in mutual funds involve risk including loss of principal. Source: Morningstar. Average based on 3,276 U.S. domestic equity open-end funds.

Wealth Building Concepts



A GROWTH FUND invests primarily in the common stock of well-established companies. This type of fund may invest for long-term capital gains and is not intended for an investor who seeks income.

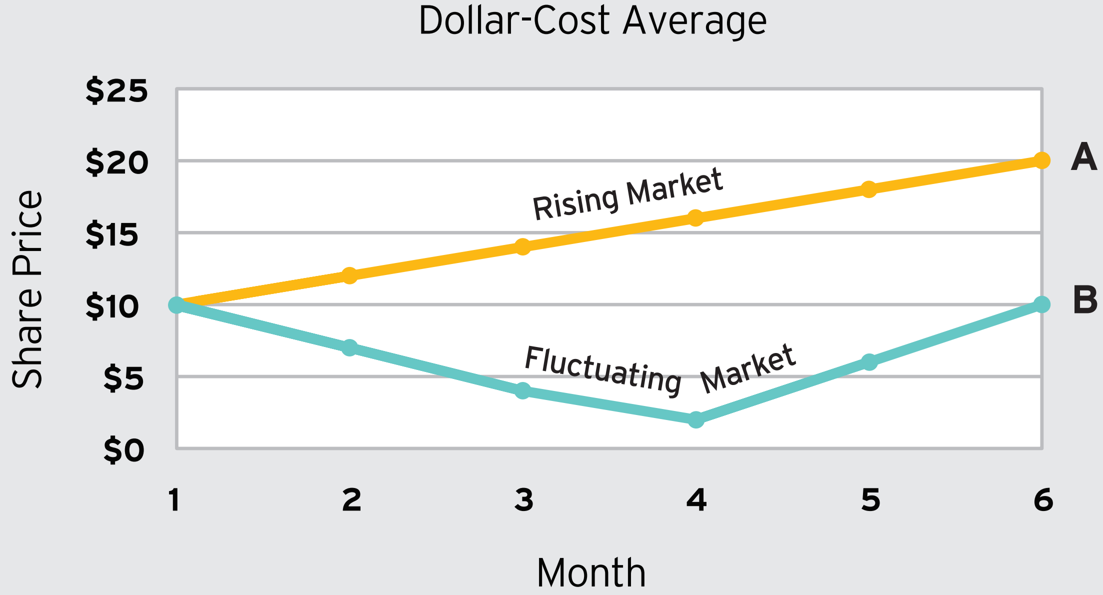
AN INCOME FUND invests in either corporate, government, or municipal debt securities. A debt security is an obligation, which pays interest on a regular basis. This type of fund is designed for investors who desire periodic income payments. There are, however, substantial differences and varying degrees of risk among income funds depending on the credit quality of the debt issuer, the maturity of the debt instrument, and prevailing interest rates. Bond prices move in the opposite direction of interest rates. In a declining interest rate environment, the portfolio may generate less income.

A BALANCED FUND invests for both growth and income. The fund will invest in both equity and debt securities. A balanced fund seeks to provide long-term growth through its equity component as well as income to be generated by the portfolio's debt securities. The specific companies listed do not constitute a recommendation to buy or sell securities. Bond prices move in the opposite direction of interest rates. In a declining interest rate environment, the portfolio may generate less income.

1 An investment in a money market is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

2 The shorter the time frame, the more conservative an allocation should be. Market fluctuations will affect the ability of your investment to reach your desired goal in a specified period of time. The value of mutual funds fluctuate and shares, when redeemed, may be less than the original value. Investments in mutual funds involve risk, including loss of principal.

Systematic Investing: Dollar-Cost Averaging



		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Number of Shares Accumulated
Investor A								
Invests $100/ month	Per share:	$10.00	$12.00	$14.00	$16.00	$18.00	$20.00	
	# of shares:	10.00	8.33	7.14	6.25	5.56	5.00	42
Investor B								
Invests $100/ month	Per share:	$10.00	$7.00	$4.00	$2.00	$6.00	$10.00	
	# of shares:	10.00	14.29	25.00	50.00	16.67	10.00	126

	Amount Invested in 6 months	Number of Shares Accumulated	Avg. Cost Per Share
A	$600	42.28	$14.19
B	$600	125.95	$4.76

Dollar-cost averaging is a technique for lowering average cost per share over time. Dollar-cost averaging cannot assure a profit or protect against loss in declining markets. Investors should consider their ability to continue to invest in periods of low-price levels. These values are hypothetical and not intended to reflect any specific market period.

STEP TWO: Accelerate paying off debt

Debt Stacking Can Lead to Debt Freedom

If the idea of paying off your debt seems overwhelming, consider debt stacking. They say you can eat an elephant – one bite at a time. Well, the same concept works with paying off your debt! By taking into account the interest rate and amount of debt, debt stacking identifies an ideal order for you to pay off your debts. You begin by making consistent payments on all of your debts.

The debt that debt stacking suggests that you pay off first is called your target account. There are programs you can enroll in that will automatically select your target account for you using a variety of criteria to help you get out of debt faster.

When you pay off the target account, you roll that payment into the payment that you were making on the next target account. These extra dollars help you reduce the effect of compound interest working against you. As each debt is paid off, you apply the amount you were paying to that debt to the payment that you were making on the next target account.

Debt stacking allows you to make the same total monthly payment each month (in the example it is $2,720 each month) toward all of your debt and works best when you do not accrue any new debts. You continue this process until you have paid off all of your debts. When you finish paying off your debts, you can apply the amount you were paying towards your debt toward creating wealth and financial independence!

Debt Stacking

Target Account | Extra Debt Payment Amount

Retail Card 1 $220	+$220			
Credit Card 2 $353	Credit Card 2 $573	+$573		
Car Loan $551	Car Loan $551	Car Loan $1,124	+$1,124	
Credit Card 1 $303	Credit Card 1 $303	Credit Card 1 $303	Credit Card 1 $1,427	+$1,427
Mortgage $1,293	Mortgage $1,293	Mortgage $1,293	Mortgage $1,293	Mortgage $2,720
Total $2,720	**Total $2,720**	**Total $2,720**	**Total $2,720**	**Total $2,720**

As each debt is paid off, you apply the amount you were paying to that debt to the payment that you were making on the next target account.

	Without Debt Stacking	With Debt Stacking
Payoff	**23 years**	**9 years** 14 years sooner
Interest Saved	**$0**	**$130,643**
Interest Paid	**$214,442**	**$83,799**
Monthly Payments	**$2,720**	**$2,720**

Once debts are paid off, invest $2,720 each month until age 67 – the total, given a 9% return, is $2.4 million.*

The above examples are for illustrative purposes only. The Debt Stacking concept assumes that: (1) you make consistent payments on all of your debts, (2) when you pay off the first debt in your plan, you add the payment you were making toward that debt to your existing payment on the next debt in your plan (therefore you make the same total monthly payment each month toward your debts), (3) you continue this process until you have paid off all of the debts in your plan. In the example above, when Retail Card 1 is paid off, the $220 is applied to Credit Card 2, accelerating its payment to $573. After Credit Card 2 is paid off, the $573 payment previously made on Credit Card 2 is applied to Car Loan for a total payment of $1,124. The process is then continued until all debts are paid off. Note that the total payment per month remains constant.

*This hypothetical assumes a constant nominal 9% rate of return compounded monthly, unlike actual investments which will fluctuate in value, and does not include taxes or fees which would reduce returns. Investing begins once debts have been paid off (at age 44).

STEP THREE: Protect your income

Cash Value vs. Buy Term and Invest the Difference

	Death Benefit Before Primerica	Changed to Primerica's Term
John	$150,000	$400,000
Mary	$150,000	$400,000
Children	$0	$10,000
Total Coverage	**$300,000**	**$810,000**
Monthly Premium	**$295**	**$126**
Cash Value at Age 65:	**$124,000**	**Invest the Difference ($169/mo.) = $500,890 at age 65**

More than double the coverage for $169 LESS per month!

Monthly premium for cash value policies is an average of whole life policies from three major North American life insurance companies for male and female, both age 30 and standard risk. Cash value life insurance can be universal life, whole life, etc., and may contain features in addition to death protection, such as dividends, interest, or cash value available for a loan or upon surrender of the policy. Cash value insurance usually has level premiums for the life of the policy. Term insurance provides a death benefit and its premiums increase after initial premium periods and at certain ages. Primerica monthly premium for 35-year Custom Advantage policy primary (premium guaranteed for 20 years): husband (15CA0(35)), spouse rider: wife (15CB0(35)), both age 30, non-tobacco use, plus a child rider on two children, underwritten by Primerica Life Insurance Company. The accumulation figure reflects continued investment at the same 9% nominal rate of return compounded monthly and does not take into consideration taxes or other factors, which would lower results. This example uses a constant rate of return, unlike actual investments which will fluctuate in value. This is hypothetical and does not represent an actual investment.

The Theory of Decreasing Responsibility

How Life Works

In the early years, you may need a lot of coverage...

In the later years, you better have money.

Today

1. Young children
2. High debt
3. House mortgage

Loss of income would be devastating

At Retirement

1. Grown children
2. Lower debt
3. Mortgage paid

Retirement income needed

In the early years, you may not have money...

In the later years, you may not.

What life insurance company do you know of that teaches people how to eliminate the need for life insurance by retirement age?

To get where you want to be, you need to know where you are!

The Solution:
Primerica's Financial Needs Analysis

- Complimentary
- Customized
- Confidential

The FNA takes a "snapshot" of your current financial situation and can help you make better choices about your money and your future. The FNA will provide you with your personalized Financial Independence Number!

Set Up Your Program

Are you in a cash cycle or a debt cycle? Talk to your Primerica representative today about getting started on the right path. To get where you want to be, you need to take the first step. **Are you ready to get started?**

1. Implement your investment plan and pay yourself first

- Emergency account
- Short-term account
- Wealth-building accounts

2. Accelerate paying off debt

- Ask your Primerica representative how you can accelerate paying off your debt with debt stacking.

3. Insure your income

- Ask your Primerica representative how you can protect your most valuable asset: **your income.**

You should carefully consider a mutual fund's objective, risk, fees, charges and expenses before investing. The prospectus and summary prospectus contains this and other information about mutual funds. You should read and carefully consider this information before investing. Prospectuses are available from your PFS Investments registered representatives.

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