Pamela Yellen's Interview with Derek Logan on Bank On Yourself®

This is Pamela Yellen, President of Bank On Yourself and Bank On Yourself Nation, and today I'm thrilled to be speaking with Derek Logan, who has been a corporate accountant for more than three decades, who added the Bank On Yourself wealth-building method to his financial plan almost two years ago today.

Derek has a *very* interesting story to share. Like others we've profiled, Derek has excellent saving habits and discipline and has done all the right things that he was told to do, yet he still got blindsided by the unpredictable ups and downs of the markets.

He lost 45% of his hard-earned savings in the 2008 market crash, and came to the painful realization that he was now up the proverbial creek with only a decade or so left until his planned retirement date.

So it's probably no surprise that Derek is very passionate about the many ways he now realizes that he was misled by the conventional financial wisdom, and he's volunteered to share what he's learned from his costly experience with you.

I believe that you'll find what follows to be very illuminating, and it may even shake you to your core.

I'll give you just a few more details about Derek's background before we jump into our interview.

Derek Logan is the controller of a distribution company based in South Carolina. He has been a corporate accountant for 34 years, including both public and privately held companies for 25 of those years.

Derek, thanks for taking time out of your very busy schedule to talk to us today.

Derek: Thank you Pamela.

Pamela: So when you told me your background, you sounded like the textbook poster child for someone who did *all* the things that we were taught were the right things to do financially. Can you share some details about that with our listeners?

Derek: I've pretty much worked all my life or at least it seems that way, because I started working when I was 10 years old as a newspaper carrier. Did that until the time I was 16 years old. And I've always had some kind of budget system that included a savings account, the envelope system, the CDs, the 401(k)'s, and all the things in between.

And I've always set definite goals on what I was going to do in life, when I was going to do it and how I was going to retire.

Most of those goals have been met, including having my home paid off by the time I had reached 45, and even though my wife Carol and I moved 13 times in our first 21 years of our 31 year marriage, we still managed to achieve that goal.

Pamela: Wow!

Derek: However since learning about Bank On Yourself a couple of years ago, I wish now I could have redirected some of those funds that I put into paying off my home into a Bank On Yourself account instead, because the *one* goal that hasn't been met is the goal of when I hoped to retire and what I hoped to retire with.

Pamela: So what happened that derailed your retirement goals?

Derek: Well, the final straw came with the crash in 2008, and it's hard to believe that's been almost three years ago, but after three major setbacks in my retirement planning goals during the most productive years of achieving other goals, I was really just ready to pull everything out that was left, take any future savings, and just put it all under my mattress. I figured at least *that* way I'd have my principal dollars; and of course, that wouldn't even take into account the cost of living.

But in 2008 the realization that reaching the retirement goal that I had hoped for vanished once again, and now I was another eight to 10 years closer to retirement from the *previous* setback in 2002, and prior to that.

Pamela: So you're talking about three setbacks that you'd had. And you're not alone.

Derek: No.

Pamela: They've had the same setbacks, but I think it's amazing that we all have a tendency to forget pain. You know Wall Street has lost more than 45% of the typical investor's money not once but *twice* just in the last decade.

You told me that you have really realized now that there have been a lot of lies that we've *all* been fed and that we've *all* bought into, including yourself, up until you finally made some discoveries and some realizations. What are the lies that you concluded that you and most other Americans have bought into and fallen victim to?

Derek discusses the five lies about investing that are destroying our wealth

Derek: Well, first of all, when you asked me to share my story, the reason I kind of came up and kind of formulated some of those reasons into the five lies that we've all believed is I've been teaching a series in my Sunday school class over the last couple months about the five lies that ruin our relationships with other people.

And one of those lies was that life is predictable and life is long, and that kind of set the stage in my mind for formulating these, because we've all kind of believed that same lie about the money market and the stock markets and the bonds and everything else, that we've got a long time to save, and it's hard to see 30, 40 years down the road, but you know you're going to get there someday. But we don't have that guarantee.

So the first lie I realized that so many of us fall for is the lie that you have to invest for the long haul.

Pamela: And that if you do invest for the long haul, that's really all that it will take.

Derek: Right. Just get in it for the long haul and don't do anything, and you'll go through the ups and downs in the market.

But what's on paper *today* can be gone *tomorrow* and principal as well as any gains that you've made, and the volatility of the markets even today is totally unpredictable for the average person to know what their retirement will be during a rise in the markets or a decline in the markets. **I definitely want the short haul *and* the long haul to give me some kind of assurance that all my hard work now is going to pay off later.**

Pamela: That's an interesting approach. Why *shouldn't* we have a plan that moves forward *every* single year, regardless?

And in relationship to what you were saying, Derek, the Dalbar study is one of the best studies that shows that the average equity mutual fund investor has actually only managed for the past 20 years to get a 3.83% annual return, **and that only outpaced inflation by 1% per year.**

Derek: Mm hmm.

Pamela: So after 20 years of rollercoaster ups and downs and wondering whether you're going to ever make it to retirement or your money is going to last as long as you do, you have being only 1% ahead of inflation to show for that?

Derek: Right, if you didn't even lose that in the market.

Pamela: Yeah. Exactly.

Derek: If for no other reason, whether I live to see retirement or not, I want to know that something is there for my children or my grandchildren and the next generation because I fear more for them, in light of the current economic situation, more so than fearing for whether or not what's going to be there for me or my wife.

Pamela: So what's lie number two?

Derek: *The lie number two that I've formulated in my mind is that if you plan to stay in the market for 10 or 15 years you will always come out on top.* I realize that if this *were* the case, **I'd be on top right now** and not starting all over just a couple years ago with Bank On Yourself.

As it turns out I've been on the bottom *three times* during the last 10 to 15 years, and if history repeats itself, that's exactly where I'd be when retirement years come into closer view about 15 years down the road.

Pamela: Absolutely. What's lie number three?

Derek: *Lie number three is that the market can't go any lower*. Well, we've seen that proven in recent days, and it just keeps repeating itself. I've had financial advisor after financial advisor just say these very words that you know the market just can't go any lower.

One very trusted advisor who quite honestly was a good friend of mine, and he was a financial investment advisor, and he convinced me back in 2002. Then once again, you know, believing him for a period of time, I eventually lost 50% of my retirement account.

And then after pulling out everything that was left because I was beginning at that time to see my kids approaching college years and everything, I redirected what funds I *did* have left and put them into what was supposed to be a 99% historically successful bond fund, with a 10% interest rate.

Well, it too was defaulted on, and what I learned from that was, if it sounds too good to be true, then it probably is.

Pamela: You just brought up an interesting point. You said that when you lost 50% in the market at that particular time, you pulled out what you had left because you had children that were getting ready to go to college. *You needed those funds.*

Derek: Yes.

Pamela: That's part of what those funds were for. That and…

Derek: Exactly. Exactly.

Pamela: Which brings up the problem, which is that you never know when you're going to get blindsided by a market crash, and if it happens right before you *need* the funds, when you were planning to send your kids to college, or if it happens right before the time when you were planning to retire, then all of your plans are for naught. They're all for naught.

And that whole thing that they say, "Well, if you'd have just held on for the long haul …" That *presumes* that you didn't have a *need* for those funds.

Derek: Exactly.

Pamela: We *do* have needs for those funds.

Derek: Absolutely.

Pamela: So you were basically forced into selling, making the number one investing mistake, but you were forced into it, which is of course, selling low.

Derek: Yes. Definitely. Taking some great losses and thinking well, at least I will save the other 50%. There were times when my wife even suggested maybe I do some other things, but you know it was all about getting that 10% return and having that house paid for and then everything will be fine, but it was just starting over and over again and again.

Pamela: Yes. So that brings us to lie number four. What is that?

Derek: Oh this is a great one. *The lie that others could better manage my money for me.*

They all convince you they can do it. They're just the right person, but after that, once you make that investment, when you make that decision to trust this person you just become really in my mind another client to them, and you fall into captivity with the rest of the market.

Some get lucky and cash out just in time, but I don't want to count on luck. If I did, I'd play the lottery every day, but yeah, I wanted some guarantees and some assurances that no matter when I get to retire, that somehow there will be something there for my wife and I at retirement.

Or on the flip side if she outlives me and I don't make it to retirement, that she'll be taken care of, and that's when I realized through Bank On Yourself that I had the opportunity to achieve both of those goals here.

Pamela: Yes. So that's lie number four. What's lie number five?

Derek: *Lie number five is one, of course, that you mention much in your book, and that is the lie that whole life insurance is a waste of money*. And right out of college, fresh out of college with a new accounting degree and everything and started my first job in accounting, but then I heard about term life insurance, and buy term and invest the difference. That was the big cliché during that time.

Of course this goes back to several years ago, but at the age of 21, and even for many people, I think at the age of 45, while most of us are just trying to get the kids through college at 45, I think what we really want at that time is how can I spend the *least* amount of money, get the *most* amount of coverage, *just* to have more money to spend somewhere else.

We're not really thinking about investing the difference. We're just thinking about save here, spend more there. But very few people have that discipline that it really requires to invest that difference that so many people talk about by buying term. And of course I didn't know about this other kind of whole life insurance 30 years ago.

Pamela: Right. The kind that Bank On Yourself is…

Derek: Exactly.

Pamela: Yeah, the policy that grows your cash value up to 40 times faster. None of us knew about that 30 years ago or even 10 years ago.

I was just writing about the buy term and invest the difference mantra yesterday in a blog post that I was writing for one of the top 25 websites in the country, and it made me think. Can you imagine or can you show me just *one* person who actually went out to go buy life insurance and then they said, "You know what? I'm going to go buy a term policy and then I'm going to go shop around and find out what the cost of a whole life policy would be for the same death benefit. I'm going to take the difference and every single month I am going to put that into a mutual fund." *Do you think that person even actually exists, Derek?*

Derek: No. I know of no one who actually said, "Okay. I'm saving $30 a month. I'm going to save this $30 a month." Had I done that with my first term policy, I'd probably have a little bit more money today… but then probably not because it probably would have been invested in the market.

Pamela: Yeah. I've often said that it may be a good thing that they've never actually invested the difference.

Derek: Yes. Exactly.

Pamela: They wouldn't have that money anyway.

Derek: Right.

Pamela: You hit the nail on the head when you said that what buy term and invest the difference *really* is, is buy term and *spend* the difference.

Derek: Yes.

Pamela: So that's the five lies, and it's very interesting to me that you came to these lies from the presentation that you do at your church on the five lies that ruin our relationships.

Derek: Yes.

Pamela: Well, perhaps it was synchronicity or maybe you were just frustrated and angry enough to be open to looking at alternatives, but you first heard about Bank On Yourself around the time of the 2008 market crash, around the time that it blindsided you. Can you tell us that story, how you heard about it and what went through your mind as you began to explore it?

Derek: Sure. You hit the nail on the head again because definitely I was very frustrated back in 2008. I mean many of us, and I know that probably what I lost was small compared to many because I know many who lost a whole lot of money, but to me you know losing 45% of what I had started building up over the previous six years and losing 45% of that was a *whole* lot of money to me, too.

Because I thought, "I'm getting closer to retirement and things are going good," and I thought, "Well, it might go down a little bit, but it can go back up."

I basically only listen to one radio station on my XM radio. I pay for all those channels, but I listen to one predominately. And I usually listen to that coming and going to work, which is a 20-mile drive for me each way. Back in early fall of 2008 I started hearing the advertisements about Bank On Yourself, two or three times a day going and coming from work.

My first thought was I've been trying to do that for years, the very thing that they're talking about, but I realized that you know, it's probably just another one of those sales scams. They're going to sell you a book and then you go realize this is not going to work for me.

But for years I've been telling myself I just want to get to that place where I can bank on myself, and I had kind of used that term just talking to myself thinking, "Okay, I've got my home paid for now. I've got an equity line where I can borrow money from any time."

So I thought that must be about as close as you get because there is no real way where you can borrow your money with*out* penalizing yourself, because it's no longer going to be earning interest for you.

Derek's frustration gets the best of him…

But I commented to my wife one day when we heard the Bank On Yourself ad on XM radio. It was probably on one of our trips or something, and I said to her, "This is probably just some more of the same old thing but just with a different twist." She could really sense the frustration that I kept going through.

And I know for her it was disheartening because sometimes it was kind of the feeling of well, maybe you should have done this. Maybe you should have done that. Really my reply was, "I've done everything I know to do, so I'm kind of at wits end now." I'm not a financial expert. I've worked in corporate accounting for these 30 plus years, but I just knew there was a better way.

Paying cash for things is great, but of course my concern was long-term and preparing for the future. And then that was in the early fall. I kept hearing the advertisements and just convinced myself I'm not buying another book. I'm not downloading another program. I'm just going to keep doing what I'm doing and just hope for the best.

But on Father's Day of 2009 your book landed on the kitchen table as my Father's Day gift. I think my wife actually had my son get, one of my boys to get it for me because he probably asked, "What can I get dad for Father's Day?" "There's this book he's been hearing about, but you know your dad. He won't go buy anything for himself."

So he bought me the book. I couldn't have been happier. I thought well okay, here's another good book to read. I read it intensely for the next several days. Quite honestly I read the first chapter and I got real excited, and it was late. It was time to go to bed. I thought okay, I'm going to make myself wait until tomorrow and start reading again.

Then I got to chapter two or chapter three and it started talking about what this Bank On Yourself program was. Quite honestly, Pamela, I got a little bit discouraged at first. I thought oh no. Here we go. This life insurance thing again.

But I read the book. I reread the book. I think I probably read it a third time, and it all sounded great and made a lot of sense. I at least understood what was being said, and in some ways it sounded like maybe it would work for the other guys, but did it only work for those who have got multiple layers of money to invest in something like this? Do I have to have *thousands* of dollars to get started in this to make it work for me?

But I just asked myself what do I have to lose, since I'd lost most of it already? So I decided to make that first call, which began probably one of the longest series of emails and questions to any Bank On Yourself Advisor, to my Bank On Yourself Advisor this day, who is Russ Grzywinski, up in Charlotte, North Carolina.

I've actually had the privilege of going up and meeting Russ and his assistant Michelle, and I've never met anyone more patient and understanding of all the frustrations that I know I and so many other people have felt with seeing their retirement plans diminishing away.

And never once did Russ or anyone pressure me or say, "You've just got to try it. You've got to try it." It's not something you try. It's something that you say, "Okay, I'm going to commit to this." Although I've only been in Bank On Yourself two years this month, I've already seen the benefits of it several times over, *and I'm just so excited and glad I made that move then instead of waiting until I was within five years of retirement.*

Pamela: That's great. Now you did mention two common misconceptions. Either that this is only for poor people or people with little discipline, little savings discipline, so this is like a forced discipline, which obviously is not true. I mean you should have discipline, but it's *not* just for people who have no discipline.

And the other myth is that only wealthy people can afford to do this. You need tons and tons of money to start. Well, that's not true. You can start at whatever level you're comfortable with.

But what changes did you make in your own financial plan? Where did you help find the funds to fund the plan?

Derek: Well, I knew there were some funds available because I was already putting funds into my 401(k) and my wife's 403(b) and having a little bit set aside for emergencies and everything, but I just took time, as Russ suggested to me, to sit down and figure out just how much did I have that I could put into a program, because every Bank On Yourself program or plan is different for every individual.

My situation is different from the next person in line, and the next person who is trying to decide how can I do this? It wasn't so much of where can I cut?

It was just a matter of how can I identify monies, which I know that now, I can commit to the this program to work in this plan that I know will give me a guaranteed goal that I can work toward, and it *is* a guarantee. **I mean I knew exactly at a minimum, where I'm going to be 15 years from now.**

I did *not* know that before I talked to Russ and before I got my Bank On Yourself plan. My best hope at that time before talking to Russ, was if I put this under my mattress, at least I'll know how much is under the mattress.

Pamela: You know I often tell people, I say, "You want to try an interesting experiment? Ask your financial advisor or your stockbroker or your retirement plan administrator if they can tell you how much you're going to have on the day you plan to retire, if they can *guarantee* it, and if they *don't* hit that savings target, will they give you a money back guarantee?"

You want to see them laugh and fall on the floor, their jaw drop. But if you say that to a Bank On Yourself Authorized Advisor, like you said to the one we referred you to, you get, *"You bet. I can tell you."* And what an amazing feeling that is, isn't it?

Derek: It was a great feeling, and I, with great excitement, sat down once I got my plan and sat down with my wife Carol and went over it, and I said, "Honey, if we make it to retirement, here's what we can plan on having. We won't have to count on Social Security if it's even there, but better yet, if something happens between now and then, you're going to still be taken care of."

And that, of course, is first and foremost – that my wife and what are now my grown children will be taken care of and provided for.

Pamela: Well, and that's another myth of the buy term and invest the difference. The idea is that you're supposed to have enough saved so that you can self-insure your family if something were to happen to you, your family would be taken care of.

Well, that *hasn't* happened for most people. But beyond that, I can't imagine that there's any family that would ever say, "You know, he left me too much money." That just *never* happens, and you know what? If it truly is the case that there's more because of the death benefit with these policies there's more than the family can actually either wants or can spend, there are *so* many deserving churches and temples and charities that could so badly use those funds.

Derek: Most definitely.

Pamela: So are you still funding your 401(k) and your wife's 403(b)?

Derek: No we're not. We stopped all those contributions immediately and have redirected that toward what I just call my Bank On Yourself account.

Derek uses his policy to become his own financing source three times in the first two years

Pamela: That's great. Well, you told me you have already used your policy *twice* to become your own source of financing, and of course, the policies that Suze Orman and Dave Ramsey and the other financial experts talk about usually don't have any equity at all for the first few years. That is *not* the case for a properly designed Bank On Yourself policy, which as I mentioned earlier, grows your cash value up to 40 times faster than the policies that Dave, Suze and 99% of all financial experts talk about.

So as you've discovered, Derek, that lets you use your policy as a financial management tool from *day one*.

Derek: Yeah.

Pamela: So what did you take your policy loan for, and how did that feel? You wanted to "Bank On Yourself."

Derek: Oh most definitely. It was so exciting. Of course I started getting excited just right away because I thought, "I've committed myself to this, and this is going to be my plan for the future." About six months into my first year, all of a sudden, our refrigerator/freezer went out on us.

I told my wife, I said, "Well, you know it's 12 years old. We kind of knew it would probably go out on us any time." And when it did I really wanted to give her the option of just going out and picking out the refrigerator of her choice. It went out during a snowstorm of all things.

So you know we had to go out and make that purchase, and I said, "You know it's just too bad we don't have enough equity built up in our Bank On Yourself plan just yet to make this purchase." So I said, "You know we can use our credit line and make this purchase."

So we had to go out that evening actually to buy the refrigerator that she wanted. And I think a couple days later I was communicating with Russ or Michelle and said, "You know, I had to go buy a refrigerator this past weekend, and I was so much wishing that I had enough money in my Bank On Yourself plan."

They said, "Well, let's take a look at it." They came back and said, "Derek you *do* have enough."

Pamela: Oh my gosh!

Derek: Yeah. "You've got a sizable amount of money." It wasn't thousands and thousands of dollars, but it was definitely enough to pay for this appliance that I had to buy. So immediately I was able to just get a check within days from my plan, pay off the credit line with it and thought, *"I just banked on myself!"*

And then it wasn't probably a few months after that that I had kind of an unexpected large dental bill, again several thousand dollars really that was unexpected for one of my boys, and I was able to pay for that through my Bank On Yourself policy.

And then my most recent time of banking on myself was just a couple of months ago, and I had been able to accumulate enough funds just in this short period of two years of not only making these other major purchases and still having money out there today, but I just used it to pay off my home equity line a couple months ago. It wasn't a large interest rate, but 2.75% to borrow my own money was kind of frustrating, you know?

And now to think that, you know, I've paid that off, and I'm still earning money on ***that*** *money as though I've never used it. That to me is just like wow! How much better does it get?*

Pamela: I know. It doesn't get any better than that most people say, and I should just take a moment to explain that you *do* pay interest on policy loans.

Derek: Yes.

Pamela: But as I explained, and I would really recommend that everybody read or reread pages 100 to 103 of my best-selling book "Bank On Yourself", and *you will find out how and why the money that you pay on interest to a policy loan ends up back in your policy.*

Derek: Yes.

Pamela: And specifically, you mentioned that the money continued growing as though you never touched a dime of it. I will also mention that only a handful of companies actually offer a policy that has all the features necessary to give you that benefit in addition to all the others you need to maximize this concept.

Which is *another* reason why people, anyone listening to this, should definitely be working with a Bank On Yourself Authorized Advisor, because they know the companies that have the best products for this and that have that particular feature as well.

You take the money out of the policy. You go either spend it on something that you were going to have to… you *had* to buy. You didn't have a choice. You *had* to buy a refrigerator. You *didn't* have a choice when your son needed dental work. The *reality* is that these emergencies are a way of life. We *never* think they're going to happen, but they always come out of left field. That's what an emergency is. And to know that you have this cash available to you that you can get by answering only *one* question: "How much do you want." And the interest you're going to pay back on it is going to end up in your policy.

It's the most amazing feeling in the world. *You can basically tell banks and finance companies and credit card companies, "Go take a hike. I don't need you anymore."*

Derek: Absolutely, and there's no paperwork. You just say, "Here's what I need." And they send it to you.

Pamela: I know.

Derek: It's like writing a check really.

Pamela: It's awesome. So what other lessons have you learned from your experience that you might want to share with our listeners?
http://www.bankonyourself.com/suze-orman-and-dave-ramsey-lets-debate.html

Derek: Well, first of all, don't blindly take the "experts" at their word. Don' be afraid to break away from the status quo. Ask questions. First of all, read the book and then don't be afraid to make that call and start asking questions.

Probably the second thing I've learned is it's not too late to start. Start planning now. I was around 50 years old when I read that book, and I thought, "I've got to start *somewhere;* and I'm not going to give up. There's *got* to be a plan."

You can still reach your goals in plenty of time for retirement if you start now. I know there has been others who started even later than I have. **But you can start now and know what you'll have then, guaranteed.**

Pamela: Absolutely. So like most people who discover the power of the Bank On Yourself method, you rarely miss an opportunity to tell people you know about it. But you've found that many are still skeptical about it. Why do you think that is?

Derek: Well, I know that I have shared this with a minimum of 50 people and probably closer to 75 or 80 people, and many of them have gotten the book. They've read the book, but I think the biggest, the observation from my side of things that they've listened to and they've been duped so many times by the same lies that we've talked about already, and they've believed those lies for so long.

And they've been misled so many times that they find it hard to trust anyone now, and maybe they think it's too late to start now.

One friend recently told me that he wasn't interested in just another program. I lovingly advised him that Bank On Yourself is not a "program" but it's a plan, and *it's a plan that will work.*

Pamela: It is amazing how few people have come to the realization or have really taken the lesson that there are alternatives to the risk and volatility of stocks, real estate and other traditional investments.

Derek: Most definitely.

Pamela: So is there any advice that you would have for someone who might still be skeptical about Bank On Yourself?

Derek: Well, as I said earlier and I'll just reiterate it, is to read the book and don't stop there. Make the phone call and find out for yourself if Bank On Yourself is right for you because each plan is different for each individual situation, *but the principles work for everyone*. There is no doubt in my mind that it will work for everyone.

Pamela: Well, Derek thank you so much for sharing your experience and insights with us today. I know many people will get a tremendous value from it, and I hope that your experiences will help people who are still skeptical or who've been procrastinating on getting started, to keep an open mind and to take the next step.

And for those who are listening to or reading this and want to find out how Bank On Yourself can help you reach your long-term and short-term goals and dreams but without that risk and volatility of traditional investments, simply request a free, no obligation analysis by clicking on the Request Your Free Analysis button on our website (www.bankonyourself.com/analysis-request-form)

And when you request your analysis, you'll receive a referral to one of only 200 advisors in the United States who have met the rigorous training and requirements to become a Bank On Yourself Authorized Advisor, and they're all, by the way, as good as the one that Derek got referred to who, as you heard, he absolutely loves.

They are not pushy. They're not salespeople. They are going to show you what a plan would look like designed to meet *your* unique situation and your long-term and short-term goals and dreams.

However, I do strongly urge you not to put it off another day, because *today* is the best day of all to take back control of your money and finances, create real financial peace of mind and build a nest egg that you can truly predict and count on. So click on the Request Your Free Analysis button on the website *now*, while you're thinking of it.

This is Pamela Yellen signing off for now from Bank On Yourself and Bank On Yourself Nation.