

The Alchemist

TRANSFORMING LIFE INSURANCE
INTO AN INVESTMENT

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Why the 60/40 Investment Model Stopped Working – And How Kai-Zen Offers a Safer Alternative


For years, the 60/40 investment model—60% stocks and 40% bonds—was a reliable formula for diversification.

The idea was simple: stocks provided growth, while bonds reduced risk and added stability. It worked well for a long time. In fact, some people even used a rule of thumb: take 110 minus your age, and that percentage would go into stocks, with the rest in bonds.



But in the past decade, the 60/40 strategy has hit a wall. If you search online for “60/40 investing,” you’ll see article after article explaining why it no longer works. What happened? Did the strategy itself fail, or did something bigger cause it to break down?

The answer lies in what the Federal Reserve has done to interest rates since 2008.



How the Federal Reserve Changed the Game

In 2008, during the financial crisis, the Federal Reserve introduced policies like Quantitative Easing (QE) and began paying banks interest on their excess reserves. This dramatically changed the way interest rates were set.

Before 2008, banks traded federal funds (money they lent to each other overnight) to manage reserves, and the interest rate was determined by the market. But now, with trillions of dollars in excess reserves, banks don't need to trade. Instead, the Federal Reserve sets the interest rate directly. Essentially, the Fed has been "fixing" the price of money.

For years, the Fed kept interest rates near 0%, even below inflation. This caused a major problem: bonds (fixed income) couldn't deliver the returns investors needed to keep up with inflation, let alone provide growth. Without bond returns doing their part, the 60/40 model broke down.

Why did the Fed do this? To keep government borrowing costs low and fund massive spending. But this top-down approach disrupted markets and made traditional diversification strategies, like the 60/40 model, unreliable.

Why Kai-Zen is the Modern Solution

The 60/40 model worked in a world where interest rates were predictable and bonds offered meaningful returns. But we don't live in that world anymore. The Federal Reserve's policies have made traditional investment strategies unreliable, forcing investors to look for alternatives.

Kai-Zen is that alternative. It removes the downside risk of market losses, grows your wealth tax-efficiently, and leverages your contributions to maximize potential gains. Unlike the broken 60/40 model, Kai-Zen provides a solution that works in today's economic environment—without depending on interest rates or market guarantees.

By choosing Kai-Zen, you're not just avoiding the problems created by outdated models. You're embracing a smarter, more resilient way to grow and protect your wealth.

How Kai-Zen is Different – No Downside, Only Upside

Unlike the 60/40 model, which relies on markets performing in predictable ways, Kai-Zen offers a strategy designed to protect against market downturns while capturing upside potential. Here's how it works:

1. No Downside Risk:

With Kai-Zen, your funds are allocated into an Indexed Universal Life (IUL) policy. The IUL protects your principal from market losses—if the stock market has a bad year, your account value won't go down. This feature alone eliminates one of the biggest risks of traditional investing.

2. Growth Potential:


Instead of relying on bonds for stability, Kai-Zen uses leverage to boost your contributions, allowing you to capture market gains in years when the market performs well. This is like getting three times your money working for you—but with safeguards to ensure it's sustainable.

3. Tax Advantages:

Bonds and other fixed-income investments often come with taxable returns, but the growth in an IUL policy is tax-free, giving you an edge over traditional strategies.

4. Long-Term Stability:

Kai-Zen is designed to perform regardless of what the Federal Reserve does with interest rates. Because it doesn't rely on bonds or the whims of central banks, you can have confidence in its ability to deliver results over time.



What is Kai-Zen

Kai-Zen is a strategy that helps you maintain your current lifestyle in the event of a chronic illness, premature death, or an inability to sufficiently save for retirement. Protecting your earnings is critical to insuring your ability to save for retirement. Due to limitations, traditional retirement plans are typically insufficient for high-income earners. If you want to maintain your lifestyle in retirement, you need a proactive strategy that puts more money toward protecting your future income without putting a drain on your current finances.

Kai-Zen is the ONLY strategy that uses leverage to help you acquire more of the benefits you need to financially protect you and your family. Its unique fusion of financing and life insurance offers you more protections and the potential to earn more for retirement than you could obtain without leverage.



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Quotes Jim sent his family this past month:

"Emotion regulation is not about ignoring or suppressing feelings. It's about reflecting before reacting. Emotions are clues to values and interests. They should inform decisions, not dictate them. Choosing not to act on everything you feel is a mark of emotional intelligence." Adam Grant

"There is a dynamic quality about enthusiasm which nothing can resist. You can see it in the street orator, whose whole heart is in his argument, swaying a crowd. You can feel it in the work of any artist—painter, writer, musician, or whatever he be—if he has put himself into the thing he has wrought in, felt it enough, suffered it enough. And the beginning of the year is a good time, it seems to me, to set about enkindling our enthusiasm afresh. For life is a dead thing without it. Make it woodwork, if our tastes lie in that direction; make it stamp collecting; make it anything in the wide world so long as it is alive and vital." Charles Hayward, editor of The Woodworker magazine

"Whatever you want to be in life..., Start acting like it. Too many people wait years for their opportunity while successful people step out and do it now... I've discovered that everything changes when you start the interior process of being that person... And when you do, here's what happens:

Suddenly, you stop daydreaming and start doing.

– You change your priorities.

– Your confidence grows, and you become less afraid to network and find mentors.

– You get serious.

– Other people notice the change and begin taking your dream more seriously.

There's nothing magic about it – it's just an attitude change that impacts everything and everyone around you. Whatever you want to be, stop hiding, lose the fear, embrace the role, and flip the switch. You're now a writer, filmmaker, pastor, leader, musician, artist, or whoever.

So, start acting like ii" Phil Cooke

"For Good" from Wicked

(Glinda) I've heard it said that people come into our lives for a reason, bringing something we must learn. And we are led to those who help us most to grow, if we let them, and we help them in return. Well, I don't know if I believe that's true, but I know I'm who I am today because I knew you. Like a comet pulled from orbit as it passes a Sun, like a stream that meets a boulder halfway through the wood, who can say if I've been changed for the better? Because I knew you, I have been changed for good.

(Elphaba) It well may be that we may never meet again in this lifetime. So let me say before we part, so much of me is made of what I learn from you. You'll be with me like a handprint on my heart. And now, whatever way our stories end, I know you have rewritten mine by being my friend. Like a ship blown from its mooring by a wind of the sea, like a seed dropped by a sky bird in a distant wood, who can say if I've been changed for the better? But because I knew you, because I knew you, I have been changed for good.

(Both) And just to clear the air, I ask forgiveness for the things I've done you've blamed me for. But then, I guess we know there's blame to share, and none of it seems to matter anymore. Like a comet pulled from orbit as it passes a Sun, like a ship blown from its mooring by a wind of the sea, like a stream that meets a boulder, like a seed dropped by a bird halfway through the wood, in the wood.

(Both) Who can say if I've been changed for the better? I do believe I have been changed for the better. And because I knew you,

(Glinda) because I knew you,

(Elphaba) because I knew you,

(Both) I have been changed for good." Stephen Schwartz

*"Grown-ups never understand anything by themselves, and it is tiresome for children to be always and forever explaining things to them."
Antoine de Saint-Exupery, The Little Prince*

Watch me on KSL!



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