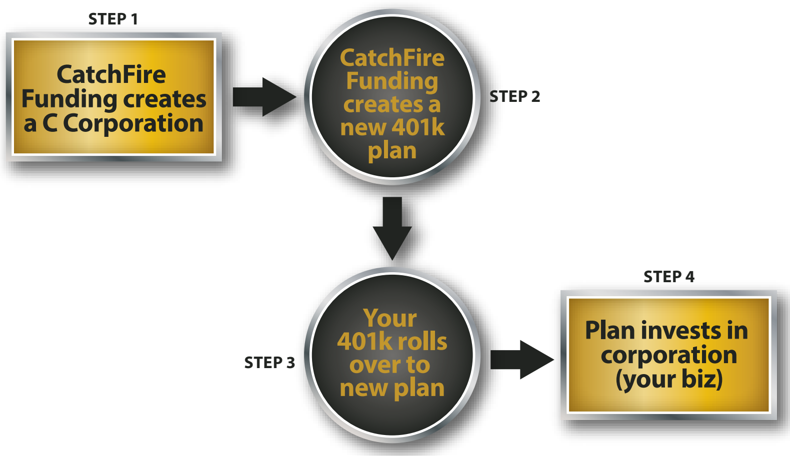
Essential facts about using your IRA or 401(k) retirement dollars to fund your business.

Get into Business {*without*} Going into Debt



catchfire FUNDING

BILL SEAGRAVES

Fight your fears with the facts.

Through the story of one of my actual clients, you'll find out how many people set their new businesses up for failure without realizing it, and, why they make the process riskier than it needs to be.

There's no denying that going into business for yourself is scary; and those fears are only compounded when you consider putting your hard-earned retirement money on the line. We understand that many parts of your life will be affected by your decision.

Here's what we've learned after nearly 10 years in this business: the best way to fight your fears is with the facts. The way we see it, the sooner you gain clarity on your funding options, the sooner you can start building your business and realizing your dreams of financial independence.

To your success,

Bill

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Section 1: The Never-Ending Game of Catch-Up

Nobody likes to play catch-up…
We'd like to relay a cautionary tale about a client of ours whose initial funding choices caused him to do just that.

The time was three years ago, and the place: Santa Fe, New Mexico. Dave Christianson and his wife decided they wanted to fulfill a dream and open a frozen yogurt business. They explored a handful of established fro-yo franchises before determining that none of them would do. They opted instead to start from scratch with their own business and do things the way they'd always envisioned.

"My wife wanted to have something that was fun for the family—something that was unique and not 'cookie-cutter,'" Dave said.

For some, it can be the difference between failure and survival.

After writing up a comprehensive business plan, Dave marched into his local bank where both he and his plan were well received…but apparently not taken very seriously. After nearly two months, the bank had done nothing to move the loan application forward.

Not wanting to lose valuable time, Dave reluctantly decided to dip into his retirement and took out a $50,000 401(k) loan (the maximum amount he could borrow). Meanwhile, he qualified for a $25,000 grant, but the bank failed to submit the paperwork on time and he lost it.

"It was sort of frustrating," Dave shared, putting it mildly.

The bank finally did come through on the SBA loan a few months later. This enabled Dave to open the doors to his yogurt biz but it also strapped him with a $1,500 per month loan payment *on top* of his $1,100 monthly 401(k) loan payment.

The Trap: Before Dave could pay himself every month, he had to make his $1,100 401(k) loan payment *and* his $1,500 SBA loan payment. **In the first few years of any business, this lack of cash flow can be crippling. For some, it can be the difference between failure and survival.**

About to compound Dave's problem was the upcoming winter season—a historically slow time for the frozen dessert segment. Without working capital in reserve, it was setting up to be a long, cold winter ahead.

Thus, Dave's never-ending game of catch-up began…

CatchFire Funding Enters Dave's Story

Knowing he wasn't going to get ahead when a painful amount of his profits were going out the door every month, Dave sought other options.

He participated in an online business forum, where he first heard about the self-directed 401(k) funding process. Intrigued by the thought of once again accessing his retirement money—only this time without paying taxes or penalties—Dave set out to do his own research and found CatchFire Funding.

After an initial conversation with Bill Seagraves, Dave learned that utilizing a self-directed 401(k) would not only enable him to pay off his previous 401(k) loan and his SBA loan, but it would provide the working capital he would need going forward.

"I couldn't believe what I was hearing—it was like, it was the answer to my prayers," Dave said.

In addition to the immediate benefits for his business, Dave realized that he would be able to take control over the future of his 401(k). After losing nearly $65,000 in 2008, Dave had no love lost for the stock market.

"I knew there was no way I wanted to keep that money in my 401(k) because, I just don't feel good about the economy," Dave said.

"I couldn't believe what I was hearing—it was like, it was the answer to my prayers."

This is where Dave's true entrepreneurial spirit shows. He had enough faith in himself and his business to know that he would not only be able to build his retirement by investing a portion of his profits, but also that he could do a better, more consistent job than the stock market of making his money grow over time.

"It's a good way to make your money work for you—you're basically being your own bank, to some extent. You still have your retirement fund that you can control yourself rather than someone else," Dave said. "I tell ya, each time I wasn't making those combined $2,600 monthly loan payments, I say thank you, Bill!"

No longer trapped by their debt, the future is wide open for the Christiansons and their frozen yogurt business. They may expand and open another store; or they may just enjoy running the one store and sell it for a profit down the line when they're ready to retire. The important thing is that they now have choices. The Christiansons took back control of their finances and they put an end to their never-ending game of catch-up.

As you can see, Dave Christianson went down a funding path that caused an undue amount of strain on both his business and his family. The good news is, you have the opportunity to start out with the advantage of his 20/20 hindsight. In the next few pages, we'll share with you the information Dave wishes he had at the forefront.

Dave Christianson
Frogurt Self-Serve Frozen Yogurt
Santa Fe, NM

Section 2: Compare Your Self-Funding Options

Let's explore your various self-funding options. Dave and his wife discovered the costly pitfall of one of them.

Using Personal Collateral

This involves selling personal assets such as stocks or bonds; a second home; or other collected assets.

PROS	CONS
You won't be accruing debt.	Your assets may not be worth what you had hoped (often true in down housing or stock markets).
	Emergencies happen, life happens. Experienced business owners know you always need to hold something back for yourself, just in case.
	By limiting yourself to funding you already have, you may not be giving your business an honest chance to actually succeed.

Taking a Loan from Retirement Funds

A loan taken from your retirement plan can be used to cover very short-term needs.

PROS	CONS
If you're not eligible for a business loan, this could provide you with the funds you need.	You're only allowed to borrow $50,000 (or up to 50%).
	You must pay back the loan within a predetermined time period.
	You must keep your job until the loan is repaid, posing a challenge to starting your new business.

Taking a Direct Withdrawal from Retirement Funds

A direct withdrawal from your retirement plan can also be used to cover short-term needs.

PROS	CONS
If you're not eligible for a business loan, this could provide you with the funds you need.	Accessing your money directly will cost you a 10% withdrawal fee.
	You'll also have to pay taxes on the money you withdraw (for most people, these taxes are 30% to 40%—that means you could be paying up to 50% of your money to the IRS!).
	Your retirement money will need to replaced.

A Self-Directed 401(k) - The Funding Fast Track!

A self-directed 401(k) is an unbelievably powerful funding alternative. This method allows you to partially or fully fund your business without putting your assets on the line or causing you to pay unnecessary taxes and penalties.

PROS	CONS
Approve Yourself! You can skip the embarrassment of groveling in front of your banker for a loan, and effectively approve yourself.	Your retirement money will need to replaced. *(Don't worry, going forward we'll discuss exactly how to do this. You may be able to rebuild your retirement funds much faster than you think!)*
No Debt, Taxes or Penalties of Any Kind With no interest to pay and no time schedule to repay for retirement funds, your business can also enjoy improved cash flow.	
Minimal Paperwork Setting up a self-directed 401(k) plan requires far less paperwork than a loan application. A business plan and long application documents are not required to get your funding.	
Get Funding Fast Our average client receives their money from the rollover of their current retirement plan and the purchase of their company stock in about three weeks.	
Use Money for Any Legitimate Business Expense You can use the money for salaries, equipment, inventory purchases, or any other legitimate business expense, including a down payment for another loan.	

Section 3: How a Self-Directed 401(k) Plan Works

What exactly is a self-directed 401(k) plan? It's a method of using retirement monies that you have in an IRA or 401(k) plan to invest in your own business. Although 401(k) and IRA are most commonly used, SEP's, SIMPLE, 403b's and 457's and others are also eligible. For a complete list of the types of funds that qualify, please visit www.catchfirefunding.com.

How does it work? A self-directed 401(k) plan utilizes the magic of pre-tax investing. Here's what we mean:

When you use a self-directed 401(k) to invest in your business, you are truly *investing* your pre-tax dollars. You're not borrowing it. You're not withdrawing it.

> ***You don't pay penalties. You don't have loan payments to make. There is no interest to pay. Your taxes stay deferred until you retire or withdraw money for other reasons.***

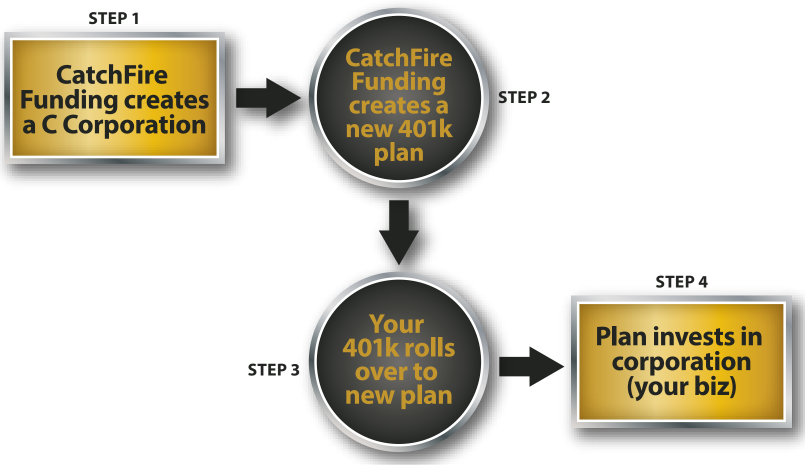
Think of it this way: When you began contributing to the 401(k) you have currently, you were likely investing in your employer's stock, giving you company shares in return for your cash.

It's the same concept when you invest in your own small business with a self-directed 401(k). You tell your retirement plan to invest in the stock of the company you believe will be the best investment for your future…your own company.

Your retirement plan (your self-directed 401k) invests in the stock of your small business. Your company gets the money from the sale of its stock. Once you've invested in your company, your company has the money to start—or expand—its business.

You don't pay penalties. You don't have loan payments to make. There is no interest to pay. Your taxes stay deferred until you retire or withdraw money for other reasons.

Set up a self-directed 401(k) in just four steps:



1. CatchFire Funding assists you in creating a C Corporation, an entity that is legally separate from you, the investor, and legally separate from your retirement plan.
2. CatchFire Funding will create a self-directed 401(k) plan for your C Corporation. You will be an employee at the highest level of your company.
3. Funds from your existing retirement plan(s) will need to be transferred to your new self-directed 401(k) plan.
4. You can then perform the actual stock transaction. As the trustee of your new 401(k) plan, you direct the plan to purchase stock in your new corporation, therefore providing your business with the funding it needs.

How long does the process take? Every case is slightly different and certain states require more paperwork, but the majority of our clients have use of their funding in less than three weeks.

Section 4: Paying Yourself Back and Other Benefits

One of the most common questions we are asked is "How do I pay myself back?" As you read in Dave Christianson's story, once you're able to eliminate loan or interest debt, it becomes much easier to begin making contributions to build your retirement funds.

> *When you're able to sell the business for more than you originally invested, that's when you realize the greatest return – and the ultimate payback.*

Here's the secret, and how you can build your retirement even faster than you think. Being self-employed and contributing to your own retirement plan enables you to invest pre-tax dollars. Instead of paying taxes on that money, you're putting it away for retirement. It gets even better when you set up a company 401(k) match plan—then you're able to put away even more money (up to the maximum limits allowed by the IRS)—all tax-deferred.

Pay yourself, or pay more taxes…which would you choose?

But, that's not even the best part…
The ultimate way to pay yourself back is by building equity in your business, creating a valuable asset that you can eventually sell for a profit!

Investing your retirement funds into your business gives you full control over the return on that investment – you're not at the mercy of the stock market or anyone else. The harder you work, the more successful and valuable your business is likely to become.

When you're able to sell the business for more than you originally invested, that's when you realize the greatest return—and the ultimate, tax-deferred payback.

Here are other benefits that using a self-directed 401(k) can make possible:

Your Spouse and Others Can Also Invest

Other people can invest in your business. There are two ways for them to do this.

1. If they will be working as employees of your company, they can roll their retirement funds into your new retirement plan.
2. You can also allow others to invest in the stock of your company by purchasing stock directly, without going through your self-directed 401(k) plan.

Hiring, and Keeping, Better Employees

Think back to what initially attracted you to your most recent position. It's likely that a benefits package played a role in your decision-making process.

Well, why should your own business be any different?

Hiring, and keeping, the best employees is one of the secrets of small business owners who succeed in business and retire wealthy.

Section 5: The Reason You Haven't Heard About It

You may be asking yourself, "If this is so great, how come I've never heard about it before?" Or, perhaps you're wondering, "Is this legal?"

The first self-directed 401(k) plans were made available to entrepreneurs nearly 15 years ago.

These are legitimate concerns and among those we hear most from clients.

Self-directed 401(k) plans are based on the same laws that make it possible for employees in mega corporations to buy their employer's stock in their retirement plans. These laws were established with the Employment Income Securities Act (ERISA) of 1974. The laws have been around for nearly 40 years.

Additional Background Information

Back in 1974 when the laws were initially introduced, only the very largest corporations took advantage of them. Over time, smaller corporations introduced the same types of retirement plans for their employees, and nearly 15 years ago, the first self-directed 401(k) plans were made available to entrepreneurs.

The thing is, banks and brokerage houses managed to create the misconception that buying stocks, bonds and mutual funds was all that was allowed through retirement products such as an IRA. Not so. These institutions have a vested interest in having you invest in stocks, bonds and mutual funds versus non-traditional investments like personal businesses.

If your financial advisor or attorney has a lack of knowledge in this area, we would be happy to jump on the phone to discuss the specifics.

Section 6: Next Steps and More Information

Everything you just learned is only the beginning. We have many more funding and small business resources to share with you. When you schedule an introductory call, we'll give you access to the helpful information below:

- Pick the Perfect Franchise in 6 Steps
- 6 Secrets You Must Master in Your Startup Business Plan
- Buying an Existing Business: Pitfalls & Pointers

Let Bill answer your questions!

If you've got 30 minutes Bill can answer as many questions as you can fire his way.

To secure your time for this call (usually within 1-2 weeks), please call **(877) 702-2040** or email **appointments@catchfirefunding.com**

There's nothing to lose except time and momentum. Get the answers you need and get started building the future you've always envisioned.

> ***Quality questions create a quality life. Successful people ask better questions, and as a result, they get better answers. ~Tony Robbins***

From Bill Seagraves

Prior to opening CatchFire Funding in 2008, my wife Theresa and I had started a number of small businesses—we've taken out loans, gone into debt, and bounced back—numerous times.

Today, we utilize smarter ways to fund our business and save for retirement. And I'm proud to say that we have worked with hundreds of startups to help them finance their businesses so that they are structured for success.

We would be truly honored to play a part in helping you reach your own goal of financial independence.

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