



**An objective analysis of the Financial Freedom Society™**

**February 2004**



**MATTHEW D. HUTCHESON LLC**  
INDEPENDENT FIDUCIARY

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### Introduction

In the fall of 2003, while developing the content for my weekly radio show (The Retirement Hour with Matt Hutcheson), I discovered an online seminar about the benefits of the “Financial Freedom Society” (FFS) which is a service created by the Financial Freedom Society, Inc., in Florida. What I would see and hear while enjoying the seminar would both surprise and thrill me.



In my capacity as a professional trustee/consultant, and also in many episodes of my radio show, I have stressed over and over again that one of the most crucial components of financial security, both in youth and in old age, is the elimination of debt, developing and adhering to a personal and family budget, and developing good time management habits. All of these are sound principles – yet all are simple and often overlooked secrets to financial independence. While watching the online seminar, it almost seemed that it had been developed by me – meaning it was 100% in tune with what I personally believe and value. I believe in principle-based financial and life management, and the Financial Freedom Society seminar addressed every principle I value. With a Masters Degree in Financial Services, it would be easy to get tangled up in the sophistry of advanced financial strategies, but I know better. I know what has worked for me, and I know what will work for others.

Being stricken with curiosity, I signed up to become a member of the Financial Freedom Society, and began to play with the FFS tools and resources. I soon realized that the FFS tools and services were not for occasional use, but rather daily utilization to the point of integration. The following is my objective analysis and recommendation for individuals and businesses alike.

## First, some research data

The 401(k)/retirement planning industry has long been befuddled by the fact that traditional retirement or financial “education” programs don’t seem to work. 401(k) participation and contribution rates are not going up, and the education doesn’t “stick” after the meetings are over. A good number of participants do not have a grasp of financial concepts generally, and they are embarrassed to admit it. Their prospects for a secure and worry-free retirement are poor unless immediate changes occur.

### Here are some statistics:<sup>1</sup>

- 50% of all adults have not started saving for retirement
- For many, their Visa balance is larger than their 401(k) balance
- 35% say they don’t know enough about their retirement plan
- 47% say they don’t have enough money month to month
- 30 million people are overly indebted
- 10 million people are financially distressed
- 66% of employees are “extremely” or “very concerned” about making ends meet
- 52% report they live paycheck-to-paycheck
- 30% say they are concerned about being able to pay their rent
- 35% - 53% are dissatisfied with their current financial condition

### Overly indebted and financially distressed people:<sup>2</sup>

- Pay credit card bills late
- Pay late fees on credit cards
- Receive overdue notices from creditors
- Use cash advances from one charge card to pay another creditor
- Write bad checks with insufficient funds
- Pay utility bills late
- Try to avoid telephone calls from creditors and collection agencies

### How does this affect your profitability as an employer?<sup>3</sup>

- 85% of employees use work time to deal with personal and financial concerns
- 70% do not contribute to a company retirement plan
- 70% are very insecure about retirement
- 30% are very stressed about finances
- 30% admit that money concerns interfere with job performance
- 15% hold a part-time job elsewhere
- 40% say their health has been affected by financial problems
- These employees **waste 20+ hours per month** (of employer time) thinking about and dealing with money matters.

## Fundamental Questions

Researchers at Virginia Tech University, The University of Maryland, and Texas Tech University have concluded that the financial problems of employees significantly affect their employers. In the words of Dr. Thomas Garman, “it is ***their*** debt, but it is ***your*** problem.” This being the case, then we must ask critical questions to ultimately find solutions. A few questions I have asked are:

Q: If traditional investment/financial education is not making an immediate and the beneficial impact on our society, then what changes or acknowledgements do we, as trustees, need to make to effectuate these changes?

Q: Do any truly successful financial strategies or programs exist? In other words, are there any proven methods that get to the heart of this matter and provide employers and sponsors of retirement plans with the tools needed to make a permanent impact in the lives of their employees and plan participants?

Q: Is there a way for employers to “recapture” the many hours of lost, unproductive time each month thereby adding to the immediate profitability of an employer?

Q: Can poor financial habits be efficiently replaced with good habits? If so, does a blueprint exist that virtually anyone can follow?

There are many more questions that could be asked about enhancing retirement/financial education and company profitability, and tough questions such as these are not easily answered.

**Within the context of my review and analysis, the Financial Freedom Society™ seems to be the *unique* and immediately practical answer.**

## Here's what I found

For **\$24.95 per month**, the **Financial Freedom Society, Inc™** provides a way to:

- **help employees get out of debt**
- **improve employee productivity**
- **improve employee morale and attitude**
- **add \$450 per employee to your annual profit<sup>4</sup>**
- **add confidence about a secure retirement**
- **improve mental and physical health<sup>5</sup>**

**How? Keep reading...**

## My Analysis of The Financial Freedom Society™ as an Employee Benefit

An **Advisors Center** includes a Financial Helpline (via toll free telephone or by email) for unlimited personalized, objective, and unbiased financial guidance. A professional concierge service, **Ask Anything**, provides expert assistance for almost anything- from gift giving ideas to great restaurants, trip planning, tickets to a variety of venues, and more. **Quicken Loans** is another component of the Advisors Center that offers exclusive loan programs, access to home loan articles, and instant rate quotes with a dedicated team of loan consultants.

A **Lifestyle Management System** is comprised of the “**Art of Achieving Financial Freedom eCourse**”, **Time and Money Tools**, **Youth Center**, and **Optional Discounts**. The Art of Achieving Financial Freedom eCourse teaches core retirement/financial planning principles. Written by a Chartered Financial Consultant with thirty years of experience, the course provides the complete picture of what is needed to experience true financial wellness. The course also provides each lesson in an audio online format so that you can listen to the author read the lessons as you follow along in the text. You also have access to A-Z articles – everything from "buying a car with poor credit" to "how to deal with an IRS audit."

The **Time** tools include a powerful "**Project Manager**". This amazingly powerful tool can help you plan and develop any new idea, concept or project into a masterpiece. The "**Task Manager**" helps you put the most important things first so you will dramatically increase the value of each day. Also included is an "**Appointment Manager**" which helps you quickly and efficiently manage your daily, weekly, and monthly calendar. Plus, there is a "**Contact Manager**" which provides one convenient place for all your important contacts.

The **Money** tools include the “**Debt Elimination Avalanche System**”, which will show you how to pay off all of your debts, including your mortgage, years sooner – and without paying any more than what you are currently applying toward your debts. The system also allows you to run different scenarios of applying additional money towards your debt on a monthly, or one-time, basis to further speed up the Debt Avalanche. This system will provide you with a personalized report showing exactly when you will become debt free. Within the Money Management tools you also have access to an electronic personal budget, a Financial Resource Library, and dozens of web-based calculators, such as a Roth IRA Planner, College Savings Calculator, 401 (k) Loan Analyzer, Loan Amortization and many more.

The Lifestyle Management Youth Center is a private mini version of the Lifestyle Management Center for each member's children and includes the Art of Achieving Financial Freedom eCourse, Calendar, Task Manager, and Savings calculator.

The **Optional Discounts** provides wholesale pricing to all members. Services include: 2.9 cent long distance, discounts on Dell computers, travel, Fitness and Health clubs, 50% savings on all online courses offered through Learn.com, and more. The savings from using only a few of these services can easily cover the cost of the membership. Unlike large discount chains, 100% of the discount is provided directly to the club members.

The **Medical Center** provides direct, online access to medical services, making it very convenient and easy to get the information you need to take better care of yourself. The service provides access to the **Registered Nurse's AdviceLine** through a 24/7 toll-free number. It also provides unlimited online access to a **team of highly experienced Physicians** who are available to answer all of your medical questions. In addition, you have online access to a medical library with 2,200 medical-related topics.

**Discounted Health Services** includes discounts for medical expenses such as Vision, Dental, Pharmacy, Counseling, Chiropractic, Hearing Aids, Family Consultations for child and elder care, and more.

The **Communication Center** includes a personal website with voice mail, a web-based Chat Room, and a member's forum. The voice mail feature allows your guests to hear an audible greeting when they visit your website. In addition, they can leave you an audible message that you can retrieve from your website. The **Chat Room** can be used for business or personal purposes making it possible to reduce your long-distance expenses and enjoy free and unlimited communications. Included is a personalized website with a place for your photo and name, or business logo and business name. Businesses can use the website and "Live Voice/Chat" features to provide customers and prospects online communications to your company. Talk as often and as long as you need without worrying about the cost. Members may use the forum as a central meeting place to share experiences, motivate each other and stay on the path to financial freedom.

## Summary

If I were to boil this down, the Financial Freedom Society, Inc.™ helps its members get out of debt, manage their time and resources, and keep more of their money through group buying discounts. But this does not give the Society tools justice. You have to see it for yourself to understand what I mean.

All of the people that I speak with, without exception, want to be financially secure, free from financial pressures, and in control of their lives and futures. The challenge is how to arm these individuals, many without professional financial training or expertise, with the tools and resources that the average person would find easy to use and understand. With that challenge, I set off to share what I discovered with a respected friend and client – a partner in a very successful business.

### Case Study:

For me, I needed to see how this service worked for someone outside of the financial industry. It was also necessary to measure both the immediate and long-term effects of using the service so the cost of the service could be unquestionably justified. I first asked him to gather his credit card and loan statements. We then entered them into the FFS Debt Elimination Avalanche System, and were shocked by what we found.

- Credit card #1 - a balance of \$4,700 at 9.9% interest
- Credit card #2 - a balance of \$3,500 at 12.5% interest
- Credit card #3 - a balance of \$1,850 at 18.0% interest
- A boat loan of \$22,000 at 6% interest - a balance of \$15,193
- A car loan of \$28,000 at 5% interest - a balance of \$24,231
- A snowmobile (2) loan of \$7,815.51 at 7.25% interest – a balance of \$5,999.
- A home mortgage of \$281,500 at 6.6% interest - a balance of \$277,527

His total debt is \$333,001. He is making monthly payments of \$3,052.30. Based on his current method of paying, he would pay \$362,154 in interest and it would take him 28.5 years to pay it off! By using the Debt Elimination Avalanche System and method, he will save \$182,769 in interest, and he will be **entirely** debt free in 14.5 years.

That is wonderful, but it doesn't begin to tell the whole story. Using the budget tool, we created a personal and family budget. For example, we discovered that he and his family were spending 9 cents per minute on long distance, and had an average long distance bill of \$350 per month. By using the FFS long distance group buying discount, his bill was reduced by over \$230 a month. By redirecting the savings (\$2,800 per year) into his company 401(k) – where in this case it will be fully matched pursuant to the provisions of his plan - this change will increase his total annual 401(k) contributions by \$5,600 – and assuming a conservative long-term interest rate (6.5%), we project just this one example of “found money” to be worth \$351,206 at retirement. If we combine the interest savings with the 401(k) increase we have improved my client's financial picture by **over a half a million dollars** – not bad considering we have barely begun to tap into the total power and value of my client's Financial Freedom Society™ membership.

And, how do we calculate the value of the wonderful peace of mind that comes from being debt-free in less than 15 years?

## Conclusion continued

Shifting gears, we began to explore how the FFS would benefit his business if he were to purchase an FFS membership for each of his 100 employees. Independent award winning research has shown that if a company purchases financial help for its employees, it will add an extra \$450 of profit per employee to his bottom line. In other words, in this particular case, a FFS membership for each of his employees would cost a tax deductible \$2,495 per month (\$24.95 multiplied by number of employees), yet he would get a real return on that investment of \$45,000 per year. Beyond that, the FFS membership will greatly enhance the effectiveness, attitude, and quality of his employees' lives. He was already paying for 401(k)/Investment education, but it just did not seem to be working. What was being taught didn't seem to "stick" because they lacked the core financial knowledge and tools they required – knowledge and tools the FFS membership provides. My recommendation to him is to first build the right financial foundation through the FFS, and by so doing, I personally believe the 401(k)/Investment education will be far more meaningful.

### Let me summarize this case study for you.

- There are over 100 features and benefits of Financial Freedom Society™ membership.<sup>6</sup>
- So far, my friend has only used 3 of those features and benefits, and has only invested a couple of hours to learn what to do.
- Not everyone owns a business, so I will ignore the potential \$45,000 increase in annual profits and just summarize the impact his Society membership has had on his personal finances.
- He has potentially improved his retirement plan by over \$351,206. And, further enhanced his financial picture with an additional \$182,769 in interest savings, for a combined benefit of over a half a million dollars.
- And, without spending a dime more per month than he was already spending, he will now be debt-free in less than 15 years, by using his new Debt Elimination Avalanche System.

## Conclusion continued

If my friend just stopped right here, and never used any of the other wonderful Society benefits, his membership has altered his life forever. The fear of the unknown was like carrying an immense weight. That weight has now been lifted, and he has an excitement level about his future that was previously impossible.

If we were to attempt to calculate the hypothetical rate of return that my friend will receive for his small Society dues and his small investment of time, it would literally boggle our minds.

It is this staggering leverage and power, which can only be produced by specialized knowledge and specialized tools, that makes it very possible for men and women to retire in just years, instead of decades.

The Financial Freedom Society™ membership is a family membership with dues of \$24.95 a month - which is only 82 cents a day.

Joining the Society is analogous to a family buying a new home, where when they walk in the door for the first time they discover several stacks of money, with each family member's name on a stack - and each stack of money is far bigger than the price of the home itself.

I have now personally endorsed the Financial Freedom Society™ on my radio show and I am teaching my children how to use its tools. I have also purchased it for my own employees. I believe, with very few exceptions, that every adult should be a member of the Financial Freedom Society™. You too can benefit from this urgently needed resource.

It is my firm belief that joining the Financial Freedom Society will be the single best financial decision you will make in your entire life for yourself and for your family.

Don't delay. Join the Financial Freedom Society™ today. You will be joining forces with myself, my family and thousands of others from all over the world.

Best wishes,



Matthew D. Hutcheson

## About Matthew D. Hutcheson

Matthew D. Hutcheson is one of the nations most trusted and respected pension experts.

He consults with sponsors of 401(k), pension and other types of retirement plans, and also serves as Trustee or co-trustee for many plans throughout the nation.

### A few facts of interest

- Author, speaker, expert witness and host of the weekly radio show, “**The Retirement Hour with Matt Hutcheson**” on KBNP AM 1410 (“The Money Station”)
- Advisory board member to the **Retirement Solutions Foundation** in Washington DC
- Editor-in-chief and Board Chairman of the **Fiduciary Journal**, a publication for trustees, co-trustees and other fiduciaries of trusts, foundations and charities
- Board member of the **Revere Coalition**
- Co-editor and publisher of the **Fiduciary Toolkit**
- Clients include large and small private employers, governmental entities, international conglomerates, universities and fiduciaries.



### Mr. Hutcheson’s Professional Training and Credentials include:

#### **Texas Tech University – International Foundation for Retirement Education**

Certified Retirement Counselor (CRC)  
Certified Retirement Administrator (CRA)

#### **U of P’s Katz Graduate School of Business’ Center for Fiduciary Studies**

Accredited Investment Fiduciary Auditor (AIFA™)

#### **Institute of Business and Finance**

Masters of Science in Financial Services (M.S.F.S.)  
Certified Fund Specialist (CFS)  
Certified Senior Consultant (CSC)  
Board Certified in Mutual Funds (BCM)  
Board Certified in Estate Planning (BCE)  
Board Certified in Asset Allocation (BCAA)

#### **American Society of Pension Actuaries**

Certified Pension Consultant (CPC)  
Qualified 401(k) Administrator (QKA)  
Qualified Pension Administrator (QPA)

Give your employees, your children, or your grandchildren the gift of financial knowledge. Give them a membership in the Financial Freedom Society today.

**“Financial Freedom begins with Financial Literacy.  
Financial Literacy begins with the Financial Freedom Society”**

Matthew D. Hutcheson

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<sup>1</sup> 1998 Award winning research conducted by Dr. S. Joo, Faculty Texas Tech University

<sup>2</sup> 1998 Award winning research conducted by Dr. Jinhee Kim, Assistant Professor University of Maryland, Department of Family Studies

<sup>3</sup> 2002, Center for Credit Union Innovation and the Filene Research Institute, Dr. Garman

<sup>4</sup> 1998 Award winning research conducted by Dr. S. Joo, Faculty Texas Tech University

<sup>5</sup> 1998, Personal Finances and Employee Productivity, Joo & Garman

<sup>6</sup> 2004 Reese, President Financial Freedom Society, Inc.