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Case Study Example: Safe Principal, High-Interest Investing for a Board of Realtors Association

From 430K in reserve funds, with a combined APR of .78% earning \$279/month ... to 430K in reserve funds safely maintained, and an APR of 5.35% earning \$1,400/month

Investment Strategies and Case Study details prepared by Dan Reisinger, MS (Financial Services), CLU, ChFC

I was referred to the CFO of a Board of Realtors by a real estate attorney, who sat on the Board. The Board of Realtors had \$430,000 of reserve funds, which were in various traditional banking products, spread between two banks. **The combined annual percentage yield was .78%. The products were a mixture of CDs, money markets accounts, savings accounts, and an interest bearing checking account. A review of the 2014 financial statements indicated total interest earnings of \$3,352.** There were also several operating accounts, which were held in interest bearing checking accounts.

The Board of Realtors' policy was to allow the allocation of interest earned on reserve funds to current budget. In the past, these earnings were allocated to member education initiatives. The CFO was interested in increasing interest earnings on reserve funds to enhance education programming – especially as it related to new realtor training and development.

I met with the full Board, and we discussed various safe money options available in today's marketplace. Utilizing our five year income calculator, it was determined that an average annual percentage yield rate of 6.17% could be attained, which would result in an annual interest earned on reserve funds of \$26,531 - an 8 fold increase in interest earnings. After the Board discussed various options and corresponding maturities, it was decided that a five year model was too lengthy. They were interested in shorter term strategies, so that the reserve funds would be more readily available, in event they were needed.

I designed a portfolio of First Position Land Lease Notes with maturities in the 12 – 18 month range, as well as a short term Structured Settlement Annuity (SSA) with an immediate payout over a 6.5 year term. In addition, my recommendation was that they ladder the Land Lease Notes over a twelve-month period, purchasing one per quarter.



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These positions, combined with the Structured Settlement Annuity, would develop a portfolio with a WAL (Weighted Average Life) of 1.8 years, which was acceptable to the Board.

The Board decided to keep \$100,000 in a money market account at bank, and the Board committed the balance of the reserves to the new investment program. Over the next 12 months, we brokered 6 Land Lease Notes and 1 Structured Settlement Annuity for the Board of Realtors. **The annual rate of return, as of the writing of this Case Study, is 5.35% - thereby generating interest of approximately \$1,400 per month - a five-fold increase on the Board's prior interest earnings.**

Comments by Our Board of Realtors Association Investing Clients

Risk Free Retirement Planners (now Safeinvestingservices.com) works hard to ensure our financial goals are working with minimal risk and a substantial increase in our interest growth.

Dan Reisinger has demonstrated a strong working knowledge of his industry, and he explains, in a plan format, the proper steps necessary for moving towards stronger portfolio management policy.

Dan has been willing to introduce Safe Investing Services' products and services to our Board of Directors and sub- committees to ensure a solid working relationship on portfolio management.

Anyone who is working on future growth or trying to develop a financial tool that will increase revenue streams, while continuing to promote low risk, should consider making Dan Reisinger and the Safe Investing Services a part of their business model. Dan and his team work hard to be a working partner with your growth models, revenue projections and accurate document management procedures.

- B. Smith, CFO, 12/21/15