The Ultimate Guide to Understanding Your Whole Life Policy for IBC

By BankingTruths.com

3 Key Reasons Why You Should Listen to Us:

1. We've been helping clients implement the infinite banking concept over the last 15-years with optimally over-funded life insurance products as they've evolved and morphed.
2. We've heard it all, seen it all, and we know all the common smoke & mirrors as they're pitched to clients over-hyping lackluster versions of the banking strategy.
3. We're constantly testing, measuring, refining, and innovating to evolve with the market. We're always keeping a pulse on insurance companies, their products, and ancillary strategies to help optimize overall efficiency when using life insurance for private banking/retirement.

Do Any of These Sound Like You?

- Some of this sounds too "hype-y" and too good too be true...
- If it's so good, how come I haven't heard of this before?
- I'm getting conflicting information about life insurance being a good deal.
- Can borrowing really ever be a good thing? Is this just a scam?

If any of the above sound like you, you'll likely want to explore our beginner content to understand the basic banking strategy better so you can decide if it's worth any more of your precious time.

Browse BankingTruths.com/Beginner

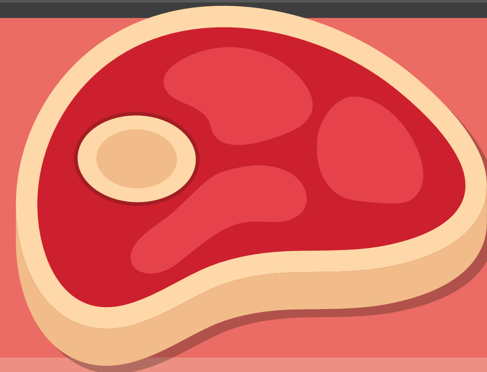
If you understand the basics, you probably have some questions like:

- I need to know how best to evaluate different products & providers
- What is the best way to model out the math of my particular situation?
- I'm wondering who I can trust, and want more than just a hunch
- I've researched all I could, and am wondering what the best next steps are

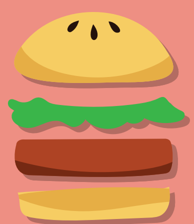
If these sound more like you then keep scrolling down in this piece to take your learning to the next level. That way you can be properly educated and have a deep understanding before talking to a human about a customized program.

Are you buying the *Sizzle* or the **Steak?**

Get to the MEAT of the matter!



All too often it's marketing hype and frothy appeal that dominate conversations around infinite banking. Many agents seek to win you over with grandiose conceptual rhetoric rather than educate you on the 3 most important factors of the infinite banking concept:



1 - the intricate details behind policy selection & construction

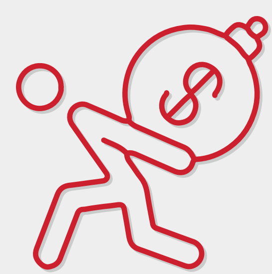
2 - how to most efficiently deploy your inflowing & outgoing cash flows

3 - designing IBC to compliment your other wealth-building efforts

Here are the 6 most common concepts other agents try to woo you with:

1. Borrowing and paying yourself back with interest:

Sorry, this sounds really good but isn't accurately describing life insurance loans. You borrow against your policy, not from it like you do with a 401(k) loan. However, when you borrow from your 401(k), you liquidate your investments to do so. Not so when borrowing against a banking policy. Your entire cash value balance stays in the policy where it can grow. Ideally you borrow against your policy at a lower rate than it can earn.



2. You can spend/borrow your way to success:

Wrong! Let's face it, you can only save a fraction of what you earn, while the majority must get spent to live. But you can safely reroute a portion of those cash flows to earn positive arbitrage in a tax-sheltered environment getting money working for you that would have otherwise been lost forever once spent.

3. Infinite Banking with Whole Life Insurance is a great way to get out of debt:

Whoa, easy turbo! First of all, if you have cancerous consumer debt accruing well above your policy loan rate, you should knock that out beforehand. Second, certain "good" debts like low interest auto loans and/or low fixed mortgage rates may be worth carrying while you build up your policy cash value at a higher rate. Think about it, if you have an asset plentiful enough to knock out the debt at any moment, and that asset is growing by more than what the debt costs to carry, are you really even in debt?

4. Harping too much on market-based assets and/or 401k's as evil:

We'll never claim that any kind of life insurance policy should be your end-all be-all place to park money. Quite the contrary actually! The existence of a properly-structured life insurance policy can actually enhance how you utilize many of the other assets in your portfolio. An infinite banking policy could be the missing ingredient to spice up the rest of your financial model. Put another way "The stone that the builder refused will always be the head cornerstone"

– Bob Marley on Psalm 118 verse 22

5. Strict adherence to early literature:

We certainly tip our hat and honor the late Nelson Nash for putting the spotlight on this banking strategy for the entire insurance industry. However, using his original text as the owner's manual for your banking strategy, would be like Bell Helicopter never innovating upon Leonardo DaVinci's original design from 1481. The insurance industry has had multiple major revisions to both mortality tables and policy funding limits since Nelson's book first appeared in the early 1990's, not to mention additional innovations on policy borrowing. Regardless, some agents still mandate strict allegiance trying to differentiate themselves in a crowded market, but the market itself has morphed.

6. Overhyping certain insurance companies, products, riders, or policy bells & whistles.

The biggest and most commonly hyped factoids from other IBC agents usually have to do with their proposed insurance policy/company. We plan to address all of these policy-specific issues in great detail over the next few pages.

Beware of these Whole Life Policy → Red Flags

What you don't know you **NEED** to know!

Extra Bells & Whistles

When certain policy features like special loan options, snazzy riders, or gimmicky add-ons are over-hyped in a life insurance policy's value proposition, it's often to compensate for the fact that you're not being shown the best performing Whole Life policy.

Policy performance relative to its peers using the same word problem should be the most important factor when you're buying an asset you'll own for your Whole Life. Performance should absolutely be the biggest differentiator.

Company Loyalty:

If a disproportionate amount of time is spent bragging how great the company is, or if you only ever see policies from one company you have reason to be a bit suspicious. The biggest & oldest insurance companies all have solid ratings and solvency metrics.

Many agents have some kind of sweetheart contract for concentrating their business with a single insurance company, plus it simplifies their process. You deserve an educated comparison amongst the top products/companies.

Solving for Death Benefit:

How much death benefit you wind up with should only be a by-product when optimizing for cash value performance.

Shrink-wrapping death benefit is how to lower fees/commissions. If you need additional coverage, we can always supplement with term.

Younger/ Healthier Family Members:

Sometimes clients want their banking policy to be written on the lives of younger healthier family members such as non-working spouses and/or children. Their belief is that policy performance will be substantially better than on the older breadwinner who may also have some health blemishes that would lower their rating.

This seems like it would be a major driver of performance, but rarely is. You see, in order to enjoy the tax-sheltering of life insurance, the IRS limits how little death benefit one can shrink wrap around the cash value. Therefore, the young/healthy need more death benefit to support any given amount of premium. Even though their death benefit may be cheaper, they need more of it. It's actually quite common for parent policies to outperform their childrens' policies for multiple decades.

Dividend Rate & History:

All the moving parts make this whole concept super-complicated for newbs! Isn't there just one simple metric you could latch onto when comparing products like picking the company with the best dividend rate?

Sorry! Each company's dividend rate is relevant only for their own internal formulas and year-by-year fluctuations. Comparing different companies' dividends over time is like comparing 100,000 Meters to 100,000 Yards. They may be correlated but aren't the same.

Base Policy is "Bad":

Whole life base policy is often seen as a necessary evil, like it's an entry fee to acquire more robust riders. You may be told that aggressively minimizing base policy by choosing certain carriers that allow this is the most important factor when choosing the insurance company for your IBC policy.

Focusing on this is akin to answering the wrong question correctly. You see, your base Whole Life policy is the main growth engine of the entire IBC strategy including all enhancement riders. The quality (not the quantity) of your base Whole Life policy is EXTREMELY important and should be the focal point of policy selection. Learn More

The Guaranteed Column:

People think the guaranteed column will show them the worst case scenario.

It would be the case if your mutual company never paid any dividends. However, once a single dividend is applied to your cash value, you can ask for an updated version of the guaranteed values which will apply past dividends received plus their future growth. Zero dividends is unrealistic since the top companies have paid dividends for 150+ consecutive years through recessions, depressions, inflation, deflation, and multiple world wars (even the Civil War for 2 companies).

High Early Cash Value Rocks:

Clients and agents will often focus on which policy gives them the most cash value in early years. It does seem to comfort clients newly in the process to know there isn't much missing between premiums paid and how much shows up right away in cash value.

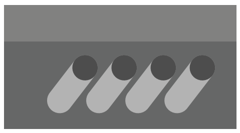
Clients often focus too hard on which policy will give them the most cash value in early years. Because Whole Life is new & foreign, it does seem to provide comfort knowing there won't be much missing between premiums paid and how much will show up right away in their cash value.

Flexibility as a Primary Driver:

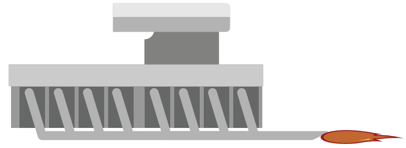
Some insurance companies have a "use-it-or lose-it" policy to overfunding while others only make you max-fund once every 3 or 5 years to keep that window open. Maximum flexibility companies allow you to pay only $100/year of overfunding beyond the minimum base premium. This often sounds comforting when taking on a new financial product that's foreign to newbs.

The truth is that if you're not planning on over-funding almost every year, then your policy will not perform optimally. Sure, you want some flexibility, but if you go more than 3-5 years without overfunding, you're probably considering too big of a policy. Keep in mind, that worst case you can always borrow against the policy itself to pay the overfunding amount. Since >90% is liquid right away you could feasibly borrow the newly paid premium for liquidity.

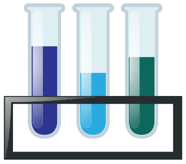
How To Sum Up The Parts



Base Policy



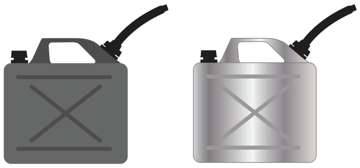
PUA Rider



Dividends

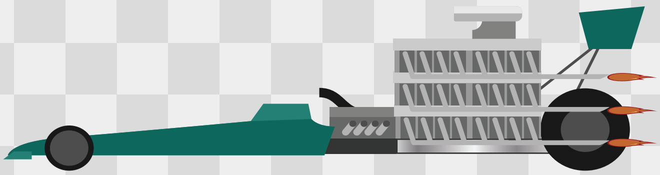
Term Rider

Agent & Company

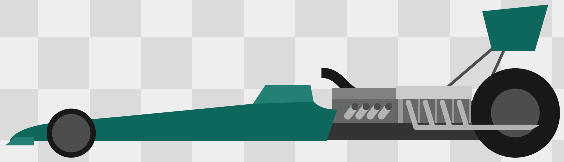


Premium

To Win With Your Whole Life!



VS.

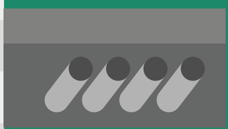


Watch Whole Life's Riders & Growth Components

BankingTruths.com/Riders

6 Integral Components Of Your Whole Life Policy

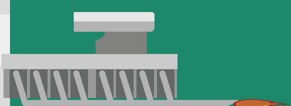
Base Whole Life Policy:



This is probably the most important yet overlooked ingredient of a Whole Life policy. It's the engine your entire IBC strategy runs on. A stronger base still succeeds with lighter funding, lower dividend rates, and heavy borrowing over your lifetime. Remember that paid-up additions are simply just mini scale models of your base whole life policy. Choose wisely.

Note: 10-pays, 20-pays, etc. essentially roll up your optional overfunding into a bigger mandatory base premium. This less flexible option may sound stronger, but since Whole Life is an actuarial "black box" it varies by client and is dependent on age/health/structure. Test & measure thoroughly with your agent.

Paid-Up Additions (PUA):



As your turbo charger, PUAs are an integral piece of the puzzle to be examined. How much of an up-front load is charged (5%-10%)? How much death benefit does it buy? This is important because more permanent death benefit raises the glide path of your PUA's guaranteed cash value growth plus it earns you a bigger cut of future dividend pools.

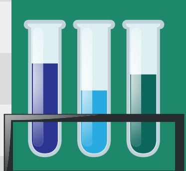
Term Insurance Rider:

The other factors discussed above such as more expensive PUA loads and/or a worse-performing base policy often have a much bigger impact on cash value performance than simply how much term rider the company allows on your policy.

Premium Payments:

It's up to you fill the tank with sufficient fuel. Funding a policy to the maximum allowable limit as early and often as possible will be a huge determinant in net performance. Don't worry, most designs allow for less fuel if you're in a pinch, but think of this as like putting the vehicle in "Economy Mode" where you won't get as strong of performance. Remember too, you always have to fund the darker Base Policy engine first before funding the brighter silver PUA turbo-charger, which often has the most immediate impact on performance.

Policy Dividends:



These fuel-additives supplied by your pit crew (the mutual insurance company) can make a massive difference in enhancing performance over time. The amount of dividend additives you're pit crew supplies is directly proportionate to the amount premium fuel you've put in as well as the amount of the PUA turbo-chargers you've stacked upon your vehicle.

So keep doing your part by pumping fuel in and stacking PUAs as early & often as possible.

Supporting Agent & Insurance Company:

Your pit crew represents not only the mutual company you choose to build & maintain your banking vehicle but also your agent as crew coordinator. Your coordinator (agent) will direct the crew (insurance company) how to best support your goals as well guide you how to best navigate the vehicle as evolves over time.

As the driver you can always contact the crew of the insurance company yourself. However, your agent likely has much more experience directing the crew to fulfill the driver's wishes efficiently & expeditiously.

You are here:

Process Map

RESEARCHING PHASE [SOLO]

Banking newbs often scour the internet sifting through opinions searching for facts to see if this strategy is really worth their time & energy. Grasping for some sort of clarity, newbs will contact multiple agents requesting several proposals trying to make sense of this new & foreign concept.

Clients often feel scattered, confused, & overwhelmed during this phase.

CO-EDUCATING PHASE [TOGETHER]

We ascend clients in their learning journey by answering questions and filling in knowledge gaps on how this banking strategy really works. Clients then educate us about their situation and what they ideally would like to accomplish with resources they have earmarked for this strategy.

Clients get AHA's feeling excitement and relief as light bulbs go on.

DESIGNING PHASE

Our team puts together multiple custom proposals from top insurance companies reflecting client details shared in the prior meeting. Subtle and distinct differences in performance and features now become clearer for clients. This is the part of the learning journey where the rubber meets the road and things start to really make sense for them.

Confidence grows as they apply these new concepts to their own details printed on different insurance companies' proposals.

UNDERWRITING PHASE

The first decision point is determining which insurance company(ies) the client feels will best support their unique banking strategy. Since insurance companies take time to provide an accurate health rating, this process is done concurrent to educating and modeling different situations for clients. (To be clear, underwriting is neither a contract nor an obligation. It's simply an official request for your health rating to see accurate proposals.)

REFINING PHASE

The first scenario is rarely if ever a client's eventual policy for two main reasons. First, clients become more comfortable with the strategy and later ask to see different variations. Second, we formulate our best estimate of an accurate health rating but can't know for sure until the underwriting process has been completed by their chosen company.

Clients often want time to "think about" if and how much they really want to deploy through this strategy. The insurance company also wants to "think about" even providing insurance. Thankfully underwriting doesn't obligate either party to anything and actually provides time to help clients refine their final banking policy design.

FUNDING PHASE

Once the insurance company declares a health rating, we meet to decide which proposal to have issued. 24-72 hours later the policy gets issued electronically where clients consummate the contract through the insurance company's secure online portal.

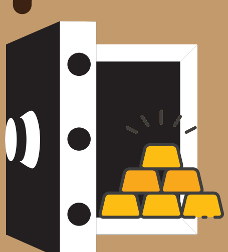
Once the contract takes effect, clients often feel a rush of excitement to embark on this new course of financial control with a tinge of nervousness since it's new.

UTILIZING PHASE

Our team is here to support you. Although we painstakingly educate on how to utilize your policy's equity whenever needed, our clients decide when to take their training wheels off. Whether it's updating payment schedules, requesting loans or withdrawals, updating beneficiaries, even transferring ownership (yes a policy is a piece of property), we are always just an email or a phone call away.

Each policy anniversary comes with an email & button to book a review call as well. (I say "each policy anniversary" because our clients often become repeat customers once they utilize the power of this strategy). It sounds complicated, but we make it easy.

Our clients often feel bold and confident knowing they have a way to safely grow their wealth in a tax efficient manner while staying liquid and building a unique buffer asset for retirement.



BankingTruths.com/Schedule

Who we are:

Currently we are five independent yet coordinated professionals. We support clients by educating them on how private banking really works while helping them design their optimal Whole Life policy. In addition to insurance licenses, our team collectively holds licenses in investing as well as “alphabet soup accreditations” in tax, estate, and business planning plus a certification from the official Infinite Banking Institute.

What we’re about:

We believe in straight-talk education leading towards best of breed products and designs. We believe in staying independent with broker contracts so we can easily pivot as the marketplace evolves rather than being contractually incentivized by insurance companies that may be sub-optimal for our clients. We believe in practicing what we preach on a personal level. Each member of our team is actively implementing the strategy for ourselves with the same products we recommend.

Who we best serve:

We purposely keep our team to a handful of loyal professionals we know, like, and trust to appropriately represent the integrity of our brand. Because our team envisions a lifetime of servicing for those clients we do take on, we are naturally more choosey than other online mills or lone-wolf agents. We work best with clients who embody these traits:

1. Intelligent, successful, and honorable people who care deeply about their families
2. Studious & Coachable people who aren’t afraid to take action once things make sense to them

Who is NOT a good fit for us:

- Schemers looking to get rich quickly with financial shortcuts
- Evaders looking to get off the financial grid completely
- Spenders drowning in debt hoping to erase irresponsible financial habits with a magic bullet
- Research-o-philes who enjoy perpetual learning but struggle to take action in life
- Shoppers who bounce between multiple providers hoping to find another leg up (when you have a team who will spoon-feed you all the vetting, shopping, and stress-testing necessary)

4 Things we do for our ideal clients we choose to take on:

1. We listen & learn about their understanding of the strategy to fill in knowledge gaps
2. We suggest cash flow and allocation tactics to enhance their overall banking strategy
3. We transparently compare the best proposals from top rated mutual insurance companies
4. We at the Banking Truths team commit to being an email/phone call away from their needs

What are the next steps?

- Book a slot on our calendar @ BankingTruths.com/Schedule to see if there is a natural fit
- Or if you’re not quite ready yet, feel free to use the links in this guide to research further
- Or go straight to BankingTruths.com/Path to choose yourself an appropriate learning path

Book your Hassle-Free Educational Consult Today