



# Using IUL for IBC: What You Need to Know

By BankingTruths.com

## 3 Key Reasons Why You Should Listen to Us:

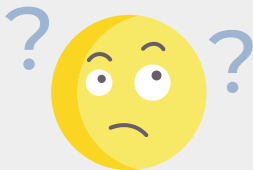
- 1 We've helped clients understand and implement infinite banking policies over the last 15 years using optimally-designed life insurance products as they have evolved through the years.
- 2 We've heard it all, seen it all, and know how all the common smoke & mirrors are pitched to sell clients lackluster versions of the private banking strategy.
- 3 We keep a steady pulse on the latest offerings from insurance companies and their products, as well as ancillary strategies to create overall efficiency for banking and retirement.



## Do Any of These Sound Like You?

- "This sounds too good to be true!"
- "I've heard IUL isn't a good deal?"
- "Can borrowing 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.



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## If you understand the basics already, you probably have these questions:

- How do I evaluate the different products/providers?
- How do I model out the math to see if this works?
- How do I know who to trust (with more than just a hunch)

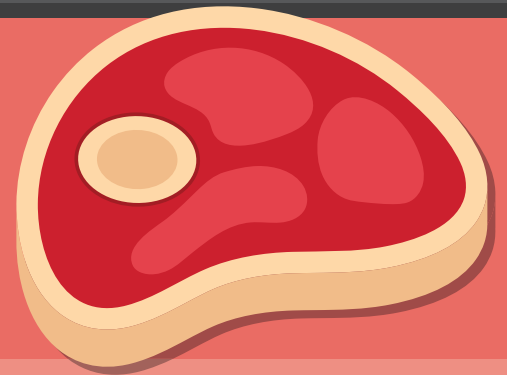
*Keep Scrolling to Take Your Learning to the Next Level*



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

## Get to the **MEAT** of the matter!

Too often all you find is marketing hype & frothy appeal around IUL and infinite banking. Many agents try to win you over with grandiose rhetoric rather than educate you on the 3 most important success drivers:



- 1** - the intricate details behind policy selection & construction
- 2** - how to most efficiently deploy your inflowing & outgoing cash flows
- 3** - designing IUL 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:**

This sounds amazing, BUT it's not accurate. You borrow against your policy, not from it like with a 401(k) loan. However, a 401(k) liquidates investments to provide the loan.

Not so when borrowing against IUL. All your cash value keeps compounding within the policy. You borrow against IUL to maintain your compound curve.



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

#### **Wrong!**

But let's face it...you can only save a fraction of your paycheck while the rest gets spent. What if you rerouted a portion of what would normally be spent and lost forever into IUL so it can keep compounding for you in a tax-exempt environment.

### **3. Infinite Banking with Indexed Universal Life Insurance is a great way to get out of debt:**

Whoa, easy turbo! First off, any consumer debt you have accruing well above a policy loan rate should be paid off beforehand. Second, low interest auto loans and/or low fixed mortgage rates may be worth servicing while you build up your policy compounding at a higher long-term growth 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 life insurance policy should be your end-all be-all place to park money. Quite the contrary! The existence of a properly-structured life insurance policy can actually enhance how you utilize other assets in your portfolio now and in retirement!

An infinite banking policy could be the missing link to shore 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 IBC literature:**

We tip our hat to honor the late Nelson Nash for originally putting infinite banking on the map. However, using his original text as the owner's manual for your banking strategy now would be like Bell Helicopter never innovating upon Leonardo DaVinci's original design from 1481.

Life insurance 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 preach strict allegiance to this early text while insurance products and the industry itself has morphed.



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

The biggest myths usually come from questionable IUL products pushed by IUL agents onto their clients. Let's discuss



# Beware of these IUL Policy

Red  
Flags

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

## Illustration Games:

Consumers naturally want something simple to understand. So they ask for a bunch of illustrations and simply pick whichever spreadsheet looks best.

There's so much going on behind the spreadsheet you need to be aware of. Knowing the crediting strategy used, any guaranteed or non-guaranteed bonuses, and of course the underlying fees & costs are imperative.

## Teaser Cap Rates:

So many IUL companies are doing the ol' bait & switch luring in customers with really high caps or participation rates they have no intention of sustaining.

Oftentimes once these companies release a new IUL product, they will subsidize it by squashing caps on their existing customers. Learn which companies make a habit of this practice with their customers.

## Back-Casting to Perfection:

With the rise in popularity of managed volatility strategies, more and more of these exotic index strategies are popping up...and they all look good on paper!

Many of these indices are designed to perfectly match the past and illustrate amazingly in the rear-view-mirror. Ask how long that index has actually been around as well what the guaranteed minimum participation rate could be.

## Rising Costs & Fees:

All IUL products will have a rising cost of insurance as you get older. The idea is to minimize the amount of death benefit over and above your cash value to keep costs low. Otherwise it could get ugly.

Be sure to have your agent measure the fees for you so you can see their impact year-by-year. Also be sure to stress-test what happens if "for some reason" your IUL doesn't perform as planned.



# How to Make IUL a Winning Vehicle for IBC

## Your Pit Crew is your Mutual Insurance Company:



Your car may start off hot, but it won't go for 40-50 laps without a solid pit crew.

We can't stress enough how important this factor is! Over the years we've seen IUL companies neglect cars they previously put in the race in favor of their newest vehicle. That may be great for the first few laps, but not if you're planning to go the distance. You want a crew who will stand by every car they created!

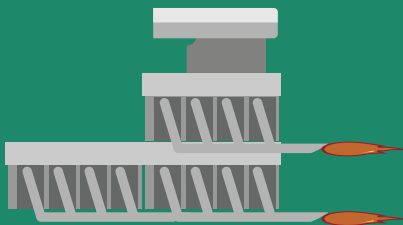
## Your Chassis is your IUL's Fee Structure:



Is your vehicle's frame both strong and light?

You want a super lean fee structure so it won't drag on your IUL's performance. You've seen illustrations, but that's like looking at a car's color instead of under the hood. Will your agent perform a stress-tested fee analysis? Prepare now so you know what to expect late in the race.

## Competitive Index Options:



Can your car turn on the afterburners?

Everyone focuses so much on the initial illustration projections as if they're real. The only fact of the illustration is that actual growth will definitely be different than what you originally see.

Having multiple competitive and diverse indexed crediting options gives your IUL the opportunity to get fired up down the road.

## Competitive Loan Options:



Can your car effectively purge its exhaust?

An often-overlooked factor on an IUL's bottom line is the exhaust from any loans. Whether you plan to borrow for infinite banking or retirement, the drag of loan interest will obviously affect total performance. Ideally you keep your entire IUL cash value balance compounding at a long-term rate higher than the participating loan rate.

Understanding both your embedded policy loan options as well as some outside-the-box loan options can help you minimize the impact of exhaust drag.

# Bonds, you had one job!

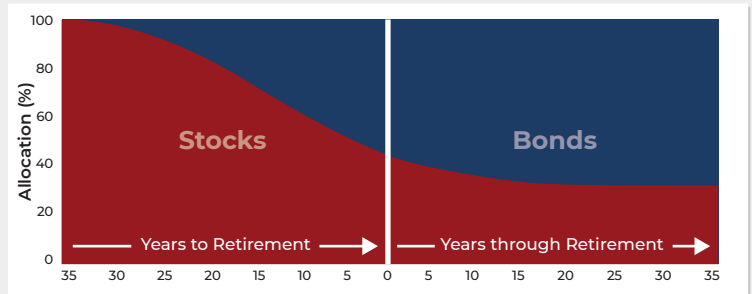
Why not create genuine principal protection with layers of different insurance products since bonds failed investors in 2022 and likely face an uphill battle?

Here's what CNBC reported about different types of bond returns in 2022:

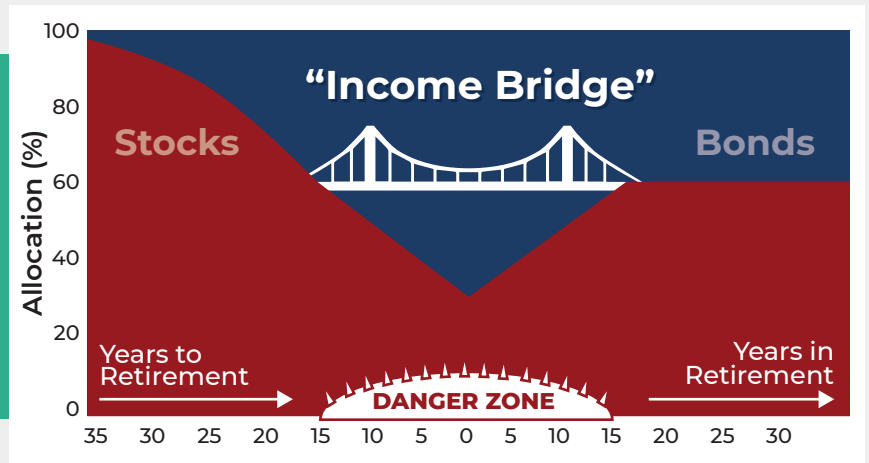
	2022 return	Previous worst-performing 12-mo. period	Return
Intermediate-term U.S. Treasuries	-10.6%	Oct 1994	-5.6%
Total bond	-13.1%	Mar 1980	-9.2%
Long-term U.S. Treasuries	-29.3%	Mar 1980	-17.1%
Long-term investment grade	-27%	Jan 1842	-22.9%

Table: Gabriel Cortes / CNBC  
Source: Analysis by Edward F. McQuarrie, professor emeritus, Santa Clara University

Think about it... If you have some Target Date or Lifecycle funds then what utility did those bonds provide in 2022?



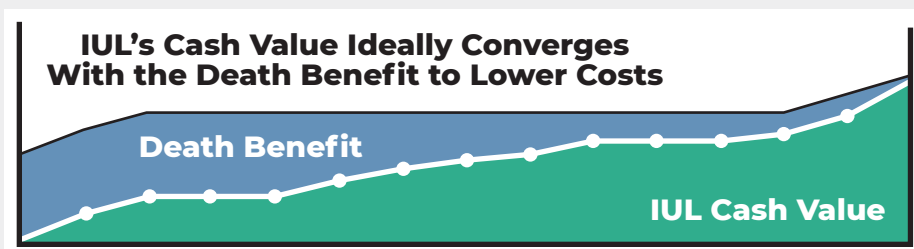
Studies show that protecting principal is paramount on either side of your retirement date. Using IUL to avoid big losses in this "Danger Zone" can have a major impact on whether or not you run out of money in retirement.



- Indexed Annuity products can grow safely while protecting portions of your IRA
- IUL can be structured for big pre-retirement inflows and tax-exempt income after.

*This combination of insurance products can absorb future funds to grow them safely.*

Indexed life & annuity products can provide sufficient equity exposure with miniscule downside risk from their 0% floor less ongoing fees (which can be minimized).



Learn more about the 4-Ways IUL can help your retirement at [BankingTruths.com/RetirementIUL](https://BankingTruths.com/RetirementIUL)

## Who we are:

Currently we are seven independent yet coordinated professionals. We support clients by educating them on how private banking really works while helping them design their optimal IUL 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 choosy 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-philies 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](https://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](https://BankingTruths.com/Path) to choose yourself an appropriate learning path



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