

Infinite 1 Banking

**INFINITE BANKING**

**Using whole life insurance with riders**

Part 1

I previously posted a document discussing the 4 types of money as well as the 6 problems that interact and affect these four types of assets.

The following is geared to explain the use of protection dollars and fixed assets with a small bit of leveraging being applied between the two products. I will mention that actually places money in two places at the same time with both earning capabilities and guarantees with the ultimate objective being you can never outlive your money.

You will be required to do some work in placing some meaningful figures to paper as well as making contact with a qualified insurance agent appointed and licensed to conduct business in your state of residence to further explore what policies are available at your present age and the amounts you will need to invest to satisfy meeting the amounts you have placed on paper to provide the income stream you have determined necessary to maintain your lifestyle.

You will also need to become familiar with the following terms:

Whole Life Universal Life Contract;

Immediate Annuity with period certain and life;

Surrogate Insured;

Paid Up additions; and

Mortality Tables.

Assignment

You pick the number that you consider sufficient based upon the total amount of currencies you hold and the projected exchange rates you feel reasonable to attain the total amounts you will need to

a). Make sure your monthly cash flow will maintain your life style

b). If married do the same calculation for your spouse

c). Determine exactly how much money you plan on gifting to other family members or friends that you wish to provide a monetary benefit to

and get a total.

Example: You want $5million for both you and your wife, you have 8 family members/friends you wish to give $1million each and you want a cash reserve fund of a couple million so the total you need to accomplish these goals is $20million.

Again, you arrive at what you are comfortable with based upon what you consider necessary, I just used the above made up out of whole cloth as an example.

Now using a whole life or possibly multiple whole life policies for both you and if married your spouse, you purchase a sufficient death benefit and paid up additions policy(ies) to sink the $5 million into based upon the illustration above.

My experience has been that Mutual Insurance contracts pay a much higher dividend and interest rate on your cash values than do Stock Company contracts.

Depending upon your age and health condition, this is where you may need to use surrogate insureds (younger children or grandchildren in better health) to be able to journal the amount needed into the cash values and premium payments to get the amount needed into the policies; $5M in my illustration.  You are the grantor and premium payer as well as guardian for all minor children (surrogate insured people). You can use a number of different trusts to own the policies if needed.

The very interesting concept behind cash value whole life policies is you can borrow between 95% to 98% of the cash value. Most generally at a rate of one half of 1 percent (0.005%) above the guaranteed floor earnings rate of the policy.

As an example if the policy has a minimum guaranteed earnings rate of 4.5% annually, the company will loan you your money at 5% while continuing to credit the policy with the floor earnings so you are borrowing your own money at one half percent interest.

Now let’s say you can find an immediate annuity with an interest rate of 7% with a 15 year certain period and life that will pay you a monthly distribution of $17,000 each year guaranteed to be paid to you or your named beneficiary for a minimum of 15 years but will continue beyond that period certain should you live.

Let’s further say after you have bought your new car, your new house, your new boat and everything else you can think to spend money on. And your actual living expenses only amount to $5,000 per month so you can begin to repay the insurance company loan up to $12,000 per month.

This is the infinite banking concept as the non-callable loan *(meaning you decide when the loan is to be repaid, not a bank)* you took out to fund the immediate annuity is a debt against the death benefit of the policy(ies). By repaying same you are increasing the death benefit as well as replenishing the reserve funds in your own personal bank with you being charged a known interest rate of only one half percent.

There are some tax liabilities on a portion of the monthly annuity cash distribution under the Last In First Out (LIFO) accounting method, which is the earnings on your invested funds each year. But once all the earnings have been distributed, everything else you receive is return of principal and not taxed a second time.

The applications or uses of these loans are limited only by your own innovations. We use this concept to purchase and pay for a new automobile or truck every couple of years, acquiring more ranch land or equipment. I have even purchased an aircraft using this concept.

The opportunities are unlimited as to what you can apply this personal banking concept to with the knowledge that at your death any outstanding loan is satisfied by the Death Benefit of the Life Policy with the excess being paid to your named beneficiary, hopefully a trust for your spouse or children.

Added by editor:

Snake likes this 7 minute video illustrating the mechanics of Infinite Banking viewable at

<https://www.youtube.com/watch?v=NRnduZFfC4M>