

3 THINGS TO KNOW **BEFORE GETTING A POLICY** **TO AVOID COSTLY** **MISTAKES!**



INSIGHTS FROM THE EXPERTS AT IBC GLOBAL

3 THINGS TO KNOW BEFORE GETTING A POLICY TO AVOID COSTLY MISTAKES!

WHY THIS STRATEGY IS USED

Whole Life Insurance has been around for hundreds of years. People usually say they don't care about the death benefit and want as much cash value as possible. This product is used by corporations, and wealthy families often put as much money as they can into this product. People use this product to protect their money, acquire real estate, invest in their businesses, pay off debt, secure tax-free income during retirement, and leave wealth for generations. At the same time, many people have been sold bad policies and have felt ripped off as a result.

This guide will show you how to **get the most Cash Value**, **how to use your Cash Value**, and **how to see your real rate of return and true cost to borrow**.

CORE BENEFITS OF THE CASH VALUE

Safety: The Cash Value grows every year without risk. Regardless of what the Stock Market does, your money keeps growing.

Tax Benefits: You can access your money tax-free if you follow IRS rules.

Loan Feature: You can borrow against your cash value while it keeps compounding. You also have complete control of how and when you repay the loan.

3 THINGS TO KNOW BEFORE PURCHASING A POLICY

1. GET THE MOST CASH VALUE ON DAY ONE

2. HOW TO EFFECTIVELY UTILIZE POLICY LOANS

3. KNOW YOUR NUMBERS | WHAT'S THE ACTUAL COST TO BORROW?

#1: GET THE MOST CASH VALUE ON DAY ONE

WHAT TO DO:

CHOOSE ONE OF THE FOUR MAJOR MUTUAL COMPANIES



Your Cash Value in the FIRST YEAR should be 80-90% of what you paid (If you pay in \$10,000, your Cash Value should be \$8,000-\$9,000)

Your Cash Value should be more than what you paid in after 3-5 years

If the Cash Value is maximized, using the policy is easy. When we hear stories about people getting ripped off with Whole Life Insurance, it is always because they thought they were getting a high Cash Value policy but found out it could have been better.

How would you feel if you had a Whole Life Insurance Policy and expected it to grow to \$1,000,000, but it only grew to \$600,000? **YOU'D BE UPSET!**

Often times illustrations show attractive Cash Value growth, but under-deliver - **but not with the 4 Major Mutual Companies!**

THE 4 MAJOR MUTUAL COMPANIES

- MassMutual, Guardian, New York Life, and Northwestern Mutual
- They are the largest insurance companies in the world
- They have the best financial strength and safety ratings
- Most importantly, they provide proof of policies that have produced attractive returns!

#1: GET THE MOST CASH VALUE ON DAY ONE

✗ DON'T DO THIS

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit
1	40	\$10,000	\$10,000	\$336	\$487,445
2	41	\$10,000	\$20,000	\$10,275	\$489,097
3	42	\$10,000	\$30,000	\$18,991	\$494,216
4	43	\$10,000	\$40,000	\$28,096	\$499,772
5	44	\$10,000	\$50,000	\$37,644	\$505,657
6	45	\$10,000	\$60,000	\$47,655	\$511,948
7	46	\$10,000	\$70,000	\$58,153	\$518,642
8	47	\$10,000	\$80,000	\$69,171	\$525,740
9	48	\$10,000	\$90,000	\$80,768	\$533,291
10	49	\$10,000	\$100,000	\$92,978	\$541,359
11	50	\$0	\$100,000	\$97,477	\$245,305
12	51	\$0	\$100,000	\$102,649	\$248,425
13	52	\$0	\$100,000	\$108,091	\$254,189
14	53	\$0	\$100,000	\$113,813	\$260,156
15	54	\$0	\$100,000	\$119,854	\$266,352

1st Year

- You paid in \$10,000
- You have \$336
- Result: Loss of \$9,664



5th Year

- You paid in \$50,000
- You have \$37,644
- Result: Loss of \$12,356



10th Year

- You paid \$100,000
- You have \$92,978
- Result: Loss of \$7,022



15th Year

- You paid in \$100,000
- You have \$119,854
- Result: Gain of \$19,854



✓ DO THIS

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit
1	40	\$10,000	\$10,000	\$8,751	\$320,000
2	41	\$10,000	\$20,000	\$18,868	\$320,000
3	42	\$10,000	\$30,000	\$29,226	\$320,000
4	43	\$10,000	\$40,000	\$40,182	\$320,000
5	44	\$10,000	\$50,000	\$51,681	\$320,000
6	45	\$10,000	\$60,000	\$63,762	\$320,000
7	46	\$10,000	\$70,000	\$76,460	\$320,000
8	47	\$10,000	\$80,000	\$89,816	\$320,000
9	48	\$10,000	\$90,000	\$103,885	\$320,000
10	49	\$10,000	\$100,000	\$118,715	\$320,000
11	50	\$0	\$100,000	\$124,403	\$301,216
12	51	\$0	\$100,000	\$130,402	\$306,803
13	52	\$0	\$100,000	\$136,715	\$312,635
14	53	\$0	\$100,000	\$143,354	\$318,704
15	54	\$0	\$100,000	\$150,359	\$325,014

1st Year

- You paid in \$10,000
- You have \$8,751
- Result: Loss of \$1,249



5th Year

- You paid in \$50,000
- You have \$51,681
- Result: Gain of \$1,681



10th Year

- You paid \$100,000
- You have \$118,715
- Result: Gain of \$18,715



15th Year

- You paid in \$100,000
- You have \$150,359
- Result: Gain of \$50,359



#1: GET THE MOST CASH VALUE ON DAY ONE

✗ DON'T DO THIS

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit
1	40	\$10,000	\$10,000	\$336	\$487,445
2	41	\$10,000	\$20,000	\$10,275	\$489,097
3	42	\$10,000	\$30,000	\$18,991	\$494,216
4	43	\$10,000	\$40,000	\$28,096	\$499,772
5	44	\$10,000	\$50,000	\$37,644	\$505,657
6	45	\$10,000	\$60,000	\$47,655	\$511,948
7	46	\$10,000	\$70,000	\$58,153	\$518,642
8	47	\$10,000	\$80,000	\$69,171	\$525,740
9	48	\$10,000	\$90,000	\$80,768	\$533,291
10	49	\$10,000	\$100,000	\$92,978	\$541,359
11	50	\$0	\$100,000	\$97,477	\$245,305
12	51	\$0	\$100,000	\$102,649	\$248,425
13	52	\$0	\$100,000	\$108,091	\$254,189
14	53	\$0	\$100,000	\$113,813	\$260,156
15	54	\$0	\$100,000	\$119,854	\$266,352

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✓ DO THIS



MORE \$\$

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit
1	40	\$10,000	\$10,000	\$8,751	\$320,000
2	41	\$10,000	\$20,000	\$18,868	\$320,000
3	42	\$10,000	\$30,000	\$29,226	\$320,000
4	43	\$10,000	\$40,000	\$40,182	\$320,000
5	44	\$10,000	\$50,000	\$51,681	\$320,000
6	45	\$10,000	\$60,000	\$63,762	\$320,000
7	46	\$10,000	\$70,000	\$76,460	\$320,000
8	47	\$10,000	\$80,000	\$89,816	\$320,000
9	48	\$10,000	\$90,000	\$103,885	\$320,000
10	49	\$10,000	\$100,000	\$118,715	\$320,000
11	50	\$0	\$100,000	\$124,403	\$301,216
12	51	\$0	\$100,000	\$130,402	\$306,803
13	52	\$0	\$100,000	\$136,715	\$312,635
14	53	\$0	\$100,000	\$143,354	\$318,704
15	54	\$0	\$100,000	\$150,359	\$325,014

Yr	Cash Value Difference
1	\$8,415
2	\$8,593
3	\$10,235
4	\$12,086
5	\$14,037
6	\$16,107
7	\$18,307
8	\$20,645
9	\$23,117
10	\$25,737
11	\$26,926
12	\$27,753
13	\$28,624
14	\$29,541
15	\$30,505

WHAT'S THE LESSON?

MORE CASH VALUE = MORE OPPORTUNITY

#2



#2: HOW TO EFFECTIVELY UTILIZE POLICY LOANS

- You can request loans from your policy anytime
- *You keep earning interest on your money when you borrow from the policy*
- You control how and when you repay your loans

Q: How soon can I take loans?

A: 10 business days after the policy starts. It can be sooner, but you might need to show the insurance company a bank statement.

Q: How much can I borrow?

A: The maximum loan you can take is usually 95% of your Cash Value. For example, if you have \$10,000 in Cash Value, you can take a loan up to \$9,500.

Q: What happens to my policy when I borrow?

A: Your Death Benefit is reduced dollar-for-dollar by the amount of the loan. Your Cash Value (equity) will be reduced by the amount you borrow.

Example:

- Your policy has a Cash Value of \$100,000 & a Death Benefit of \$500,000
- After taking a \$50,000 loan...
- Your policy has a Cash Value of \$50,000 & a Death Benefit of \$450,000

Q: How do I get a loan from my policy?

A: You can take policy loans through your online portal or mobile app, by calling the insurance company, or by calling your agent.

Q: How do I receive the money?

A: Direct Deposit. On average, you'll receive your loan within 2 to 5 business days.

Q: How does loan interest work?

A: Loan interest accrues at annual simple interest. The insurance company will send you a bill for the loan interest 1x per year. This will be on your policy anniversary date (your premium due date).

Q: Do I pay taxes on loans?

A: In most cases, taxes will not be due on loans. However, loans can be taxed if the policy lapses, you cash it out, or if the policy becomes a MEC. This is rare; your agent will help ensure this does not happen.

Q: Do I have to repay my loan?

A: No. You do not have a contractual requirement to pay loans. In some cases, you may have to pay the loan interest to prevent a policy lapse from occurring.

#2: HOW TO EFFECTIVELY UTILIZE POLICY LOANS

SAMPLE POLICY - TOTAL PAID IN \$500,000

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit
1	45	\$100,000	\$100,000	\$92,307	\$1,800,000
2	46	\$100,000	\$200,000	\$189,830	\$1,800,000
3	47	\$100,000	\$300,000	\$291,761	\$1,800,000
4	48	\$100,000	\$400,000	\$399,136	\$1,800,000
5	49	\$100,000	\$500,000	\$512,043	\$1,800,000
6	50	\$0	\$500,000	\$534,944	\$1,800,000
7	51	\$0	\$500,000	\$558,831	\$1,800,000
8	52	\$0	\$500,000	\$583,728	\$1,800,000
9	53	\$0	\$500,000	\$609,653	\$1,800,000
10	54	\$0	\$500,000	\$636,667	\$1,800,000
11	55	\$0	\$500,000	\$663,707	\$1,800,000
12	56	\$0	\$500,000	\$692,422	\$1,800,000
13	57	\$0	\$500,000	\$722,877	\$1,800,000
14	58	\$0	\$500,000	\$754,823	\$1,800,000
15	59	\$0	\$500,000	\$788,276	\$1,800,000

AT AGE 50

Cash Value = \$534,944

Death Benefit = \$1,800,000

AT AGE 58

Cash Value = \$754,823

Death Benefit = \$1,800,000

SAME POLICY WITH A LOAN - TOTAL PAID IN \$500,000

Yr	Age	Annual Funding	Annual Loan	Loan Payment	Payment Applied to Principal	Payment Applied to Interest	Loan Balance	Cash Value	Death Benefit
1	45	\$100,000	\$0	\$0			\$0	\$92,307	\$1,800,000
2	46	\$100,000	\$0	\$0			\$0	\$189,830	\$1,800,000
3	47	\$100,000	\$0	\$0			\$0	\$291,761	\$1,800,000
4	48	\$100,000	\$0	\$0			\$0	\$399,136	\$1,800,000
5	49	\$100,000	\$0	\$0			\$0	\$512,043	\$1,800,000
6	50	\$0	\$300,000	\$0		\$0	\$300,000	\$218,264	\$1,500,000
7	51	\$0	\$0	\$50,000	\$33,320	\$16,680	\$266,680	\$277,323	\$1,533,320
8	52	\$0	\$0	\$50,000	\$35,173	\$14,827	\$231,507	\$339,348	\$1,568,493
9	53	\$0	\$0	\$50,000	\$37,128	\$12,872	\$194,379	\$404,466	\$1,605,621
10	54	\$0	\$0	\$50,000	\$39,193	\$10,807	\$155,187	\$472,852	\$1,644,813
11	55	\$0	\$0	\$50,000	\$41,372	\$8,628	\$113,815	\$543,564	\$1,686,185
12	56	\$0	\$0	\$50,000	\$43,672	\$6,328	\$70,143	\$618,379	\$1,729,857
13	57	\$0	\$0	\$50,000	\$46,100	\$3,900	\$24,043	\$697,497	\$1,775,957
14	58	\$0	\$0	\$25,380	\$24,043	\$1,337	\$0	\$754,823	\$1,800,000
15	59	\$0	\$0	\$0	\$0	\$0	\$0	\$788,276	\$1,800,000

AT AGE 50

Policy Loan = \$300,000

Cash Value = \$218,264

Death Benefit = \$1,500,000

Age 51 --> Age 58 = Loan Paid

AT AGE 58

Cash Value = \$754,823

Death Benefit = \$1,800,000

#2: HOW TO EFFECTIVELY UTILIZE POLICY LOANS

POLICY WITH NO LOAN VS WITH A LOAN

No Loans						Loans									
Yr	Age	Annual Funding	<u>Total Funding</u>	Cash Value	Death Benefit	Yr	Age	Annual Funding	Annual Loan	Loan Payment	Payment Applied to Principal	Payment Applied to Interest	Loan Balance	Cash Value	Death Benefit
1	45	\$100,000	\$100,000	\$92,307	\$1,800,000	1	45	\$100,000	\$0	\$0			\$0	\$92,307	\$1,800,000
2	46	\$100,000	\$200,000	\$189,830	\$1,800,000	2	46	\$100,000	\$0	\$0			\$0	\$189,830	\$1,800,000
3	47	\$100,000	\$300,000	\$291,761	\$1,800,000	3	47	\$100,000	\$0	\$0			\$0	\$291,761	\$1,800,000
4	48	\$100,000	\$400,000	\$399,136	\$1,800,000	4	48	\$100,000	\$0	\$0			\$0	\$399,136	\$1,800,000
5	49	\$100,000	\$500,000	\$512,043	\$1,800,000	5	49	\$100,000	\$0	\$0			\$0	\$512,043	\$1,800,000
6	50	\$0	\$500,000	\$534,944	\$1,800,000	6	50	\$0	\$300,000	\$0		\$0	\$300,000	\$218,264	\$1,500,000
7	51	\$0	\$500,000	\$558,831	\$1,800,000	7	51	\$0	\$0	\$50,000	\$33,320	\$16,680	\$266,680	\$277,323	\$1,533,320
8	52	\$0	\$500,000	\$583,728	\$1,800,000	8	52	\$0	\$0	\$50,000	\$35,173	\$14,827	\$231,507	\$339,348	\$1,568,493
9	53	\$0	\$500,000	\$609,653	\$1,800,000	9	53	\$0	\$0	\$50,000	\$37,128	\$12,872	\$194,379	\$404,466	\$1,605,621
10	54	\$0	\$500,000	\$636,667	\$1,800,000	10	54	\$0	\$0	\$50,000	\$39,193	\$10,807	\$155,187	\$472,852	\$1,644,813
11	55	\$0	\$500,000	\$663,707	\$1,800,000	11	55	\$0	\$0	\$50,000	\$41,372	\$8,628	\$113,815	\$543,564	\$1,686,185
12	56	\$0	\$500,000	\$692,422	\$1,800,000	12	56	\$0	\$0	\$50,000	\$43,672	\$6,328	\$70,143	\$618,379	\$1,729,857
13	57	\$0	\$500,000	\$722,877	\$1,800,000	13	57	\$0	\$0	\$50,000	\$46,100	\$3,900	\$24,043	\$697,497	\$1,775,957
14	58	\$0	\$500,000	\$754,823	\$1,800,000	14	58	\$0	\$0	\$25,380	\$24,043	\$1,337	\$0	\$754,823	\$1,800,000
15	59	\$0	\$500,000	\$788,276	\$1,800,000	15	59	\$0	\$0	\$0	\$0	\$0	\$0	\$788,276	\$1,800,000

YOUR CASH VALUE IS THE SAME - WITH AND WITHOUT THE LOAN!

YOU CAN EARN A RETURN IN YOUR POLICY AND UTILIZE YOUR CASH VALUE AT THE SAME TIME!

#3



#3: KNOW YOUR NUMBERS | WHAT'S THE ACTUAL COST TO BORROW?



A clear understanding of how your money grows and how much you are paying in interest is essential!

WHAT TO LOOK FOR:

Look at your NET Return dollars and your NET cost to borrow in dollars.

How much did your cash value grow last year?

How much did you pay in interest last year?

Are you **earning** more in interest or **paying** more in interest?

EXAMPLE:

You have a Whole Life policy with a 6.00% Dividend Rate and \$100,000 in Cash Value.

How much money would you expect to receive in one year?

You might say \$6,000.

But here is the thing... Your money does NOT grow by the Dividend Rate.

Too many people have been baited into buying big whole life insurance policies with the phrase: "You can earn a 6.00% dividend on your money and pay a 5.00% loan interest rate. That's a 1.00% spread."

WHAT IS TRUE? You pay 5.00% loan interest.

WHAT IS FALSE? Your money grows by the Dividend Rate (6.00%).

WHAT IS YOUR MONEY GROWING BY?

To see your yearly return, ask for the **Annual Rate of Return.**

To see your average return, ask for the **Internal Rate of Return.**

If you want it simplified, look at the growth in **dollars** instead of **percentages**.

#3: KNOW YOUR NUMBERS | WHAT'S THE ACTUAL COST TO BORROW?

YEARLY CASH VALUE GROWTH

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit	Yearly Cash Value Growth
1	45	\$100,000	\$100,000	\$92,307	\$1,800,000	-\$7,693
2	46	\$100,000	\$200,000	\$189,830	\$1,800,000	-\$2,477
3	47	\$100,000	\$300,000	\$291,761	\$1,800,000	\$1,931
4	48	\$100,000	\$400,000	\$399,136	\$1,800,000	\$7,375
5	49	\$100,000	\$500,000	\$512,043	\$1,800,000	\$12,907
6	50	\$0	\$500,000	\$534,944	\$1,800,000	\$22,902
7	51	\$0	\$500,000	\$558,831	\$1,800,000	\$23,886
8	52	\$0	\$500,000	\$583,728	\$1,800,000	\$24,897
9	53	\$0	\$500,000	\$609,653	\$1,800,000	\$25,925
10	54	\$0	\$500,000	\$636,667	\$1,800,000	\$27,015
11	55	\$0	\$500,000	\$663,707	\$1,800,000	\$27,040
12	56	\$0	\$500,000	\$692,422	\$1,800,000	\$28,715
13	57	\$0	\$500,000	\$722,877	\$1,800,000	\$30,454
14	58	\$0	\$500,000	\$754,823	\$1,800,000	\$31,947
15	59	\$0	\$500,000	\$788,276	\$1,800,000	\$33,453

***HOW MUCH MONEY YOU RECEIVE FROM THE INSURANCE COMPANY EACH YEAR**

YEARLY INTEREST PAID

Yr	Age	Annual Funding	Annual Loan	Loan Payment	Payment Applied to Principal	Payment Applied to Interest	Loan Balance	Cash Value	Death Benefit	Yearly Interest Paid
1	45	\$100,000	\$0	\$0			\$0	\$92,307	\$1,800,000	\$0
2	46	\$100,000	\$0	\$0			\$0	\$189,830	\$1,800,000	\$0
3	47	\$100,000	\$0	\$0			\$0	\$291,761	\$1,800,000	\$0
4	48	\$100,000	\$0	\$0			\$0	\$399,136	\$1,800,000	\$0
5	49	\$100,000	\$0	\$0			\$0	\$512,043	\$1,800,000	\$0
6	50	\$0	\$300,000	\$0		\$0	\$300,000	\$218,264	\$1,500,000	\$0
7	51	\$0	\$0	\$50,000	\$33,320	\$16,680	\$266,680	\$277,323	\$1,533,320	\$16,680
8	52	\$0	\$0	\$50,000	\$35,173	\$14,827	\$231,507	\$339,348	\$1,568,493	\$14,827
9	53	\$0	\$0	\$50,000	\$37,128	\$12,872	\$194,379	\$404,466	\$1,605,621	\$12,872
10	54	\$0	\$0	\$50,000	\$39,193	\$10,807	\$155,187	\$472,852	\$1,644,813	\$10,807
11	55	\$0	\$0	\$50,000	\$41,372	\$8,628	\$113,815	\$543,564	\$1,686,185	\$8,628
12	56	\$0	\$0	\$50,000	\$43,672	\$6,328	\$70,143	\$618,379	\$1,729,857	\$6,328
13	57	\$0	\$0	\$50,000	\$46,100	\$3,900	\$24,043	\$697,497	\$1,775,957	\$3,900
14	58	\$0	\$0	\$25,380	\$24,043	\$1,337	\$0	\$754,823	\$1,800,000	\$1,337
15	59	\$0	\$0	\$0	\$0	\$0	\$0	\$788,276	\$1,800,000	\$0

***HOW MUCH MONEY YOU PAY THE INSURANCE COMPANY EACH YEAR**

#3: KNOW YOUR NUMBERS | WHAT'S THE ACTUAL COST TO BORROW?

IN YEAR 7

You've Received: \$23,886

You've Paid: \$16,680

NET RESULT: \$7,206

BY YEAR 15

You've Received: \$288,276

You've Paid: \$75,380

NET RESULT: \$212,896

Yearly Growth vs. Yearly Interest

Yr	Age	Yearly Cash Value Growth	Yearly Interest Paid
1	45	-\$7,693	\$0
2	46	-\$2,477	\$0
3	47	\$1,931	\$0
4	48	\$7,375	\$0
5	49	\$12,907	\$0
6	50	\$22,902	\$0
7	51	\$23,886	\$16,680
8	52	\$24,897	\$14,827
9	53	\$25,925	\$12,872
10	54	\$27,015	\$10,807
11	55	\$27,040	\$8,628
12	56	\$28,715	\$6,328
13	57	\$30,454	\$3,900
14	58	\$31,947	\$1,337
15	59	\$33,453	\$0

Total Growth vs. Total Interest

Yr	Age	Total Cash Value Growth	Total Interest Paid
1	45	-\$7,693	\$0
2	46	-\$10,170	\$0
3	47	-\$8,239	\$0
4	48	-\$864	\$0
5	49	\$12,043	\$0
6	50	\$34,944	\$0
7	51	\$58,831	\$16,680
8	52	\$83,728	\$31,507
9	53	\$109,653	\$44,379
10	54	\$136,667	\$55,187
11	55	\$163,707	\$63,815
12	56	\$192,422	\$70,143
13	57	\$222,877	\$74,043
14	58	\$254,823	\$75,380
15	59	\$288,276	\$75,380

#3: KNOW YOUR NUMBERS | WHAT'S MY ACTUAL COST TO BORROW?

WHAT'S THE LESSON?

**LOOK AT THE NUMBERS IN DOLLARS INSTEAD OF
FOCUSING ON THE RATES
IT LETS US KNOW IF YOU ARE MAKING MORE MONEY THAN YOU
ARE PAYING**

HAVE ANY QUESTIONS OR WANT MORE INFORMATION?



GIVE US A CALL

610-681-2655



VIDEO CONTENT

YouTube



SEND US AN EMAIL

info@ibcglobalinc.com



MORE RESOURCES

ibcglobalinc.com