

LEARN FROM THE WEALTHY

HOW WEALTHY PEOPLE UTILIZE CASH VALUE
LIFE INSURANCE



FROM THE EXPERTS AT IBC GLOBAL



IN THIS GUIDE:

**WHY DO WEALTHY FAMILIES
GET WHOLE LIFE
INSURANCE?**

**HOW DO THEY ENSURE THEY
GET THE RIGHT POLICY?**

**HOW CAN YOU COPY THEIR
PROCESS?**

MORE RESOURCES

We hope you find this guide helpful! If you have questions or would like to learn more, contact us, or find more educational content below.



[Videos](#)



info@ibcglobalinc.com



ibcglobalinc.com



610-681-2655

PART ONE

WHY DO WEALTHY FAMILIES GET WHOLE LIFE INSURANCE?



*The **CASH VALUE!** It has a **TAX BENEFIT**
and money grows **SAFELY***

REASON #1: TAX BENEFIT

We once met with a Hedge Fund Officer who had \$5MM in a money market. It was money he wanted to keep liquid for opportunities, but he said, "It doesn't make sense to have this much money in cash." He was earning about 4.5%, but after taxes, he'd end up with 3.5% - 4.0% because the money market is taxable.

It is common to see people with cash in money markets, treasuries, and bonds because those are safe places to put money. Large institutions will do the same thing, but Cash Value Life Insurance can be a very attractive alternative once it's understood how it works!

A whole life insurance policy's Cash Value grows at a similar rate to other fixed assets like treasuries and money markets, but it's **TAX-FREE**, which makes it more attractive to someone in a higher tax bracket.



When I compare cash value life insurance with other fixed assets at some of the top hedge funds in the world, the net results are about the same, but I don't have to pay any management fees and there's no minimum buy-in. It's a crime that more people don't understand this. - Hedge Fund Officer

EXAMPLE: HEDGE FUND OFFICER'S POLICY

- **Annual Funding:** Payments he makes are with after-tax dollars, which means no tax deduction (same as money put into a money market).
- **Cash Value:** He can easily access this money tax free. (*The cash value grows tax deferred by IRS definition.)
- **Death Benefit:** His life insurance benefit.
- **Annual Yield:** His net yearly rate of return.
- **Taxable Equivalent:** The amount he would need to earn in a taxable account to equal his policy return.

Yr	Age	Annual Funding	Total Funding	Cash Value	Death Benefit	Annual Yield	Taxable Equivalent @ 40% Bracket
1	44	\$500,000	\$500,000	\$428,037	\$6,754,074	-14.39%	-
2	45	\$500,000	\$1,000,000	\$915,214	\$7,083,106	-1.38%	-
3	46	\$500,000	\$1,500,000	\$1,434,650	\$7,418,927	1.37%	2.29%
4	47	\$500,000	\$2,000,000	\$1,982,694	\$7,761,829	2.48%	4.14%
5	48	\$0	\$2,000,000	\$2,074,023	\$7,776,629	4.61%	7.68%
6	49	\$0	\$2,000,000	\$2,176,007	\$7,794,038	4.92%	8.20%
7	50	\$0	\$2,000,000	\$2,283,115	\$7,813,457	4.92%	8.20%
8	51	\$0	\$2,000,000	\$2,404,063	\$4,251,158	5.30%	8.83%
9	52	\$0	\$2,000,000	\$2,531,292	\$4,368,474	5.29%	8.82%
10	53	\$0	\$2,000,000	\$2,665,237	\$4,491,431	5.29%	8.82%
11	54	\$0	\$2,000,000	\$2,809,879	\$4,654,760	5.43%	9.04%
12	55	\$0	\$2,000,000	\$2,962,121	\$4,824,912	5.42%	9.03%
13	56	\$0	\$2,000,000	\$3,122,404	\$5,001,442	5.41%	9.02%
14	57	\$0	\$2,000,000	\$3,291,156	\$5,184,656	5.40%	9.01%
15	58	\$0	\$2,000,000	\$3,468,850	\$5,375,018	5.40%	9.00%
16	59	\$0	\$2,000,000	\$3,655,890	\$5,572,865	5.39%	8.99%
17	60	\$0	\$2,000,000	\$3,852,667	\$5,778,548	5.38%	8.97%
18	61	\$0	\$2,000,000	\$4,059,635	\$5,992,366	5.37%	8.95%
19	62	\$0	\$2,000,000	\$4,277,384	\$6,214,754	5.36%	8.94%
20	63	\$0	\$2,000,000	\$4,506,341	\$6,446,179	5.35%	8.92%
21	64	\$0	\$2,000,000	\$4,746,977	\$6,687,123	5.34%	8.90%
22	65	\$0	\$2,000,000	\$4,999,972	\$6,937,998	5.33%	8.88%
23	66	\$0	\$2,000,000	\$5,265,726	\$7,199,137	5.32%	8.86%
24	67	\$0	\$2,000,000	\$5,545,087	\$7,470,882	5.31%	8.84%
25	68	\$0	\$2,000,000	\$5,838,655	\$7,753,699	5.29%	8.82%
26	69	\$0	\$2,000,000	\$6,147,152	\$8,048,087	5.28%	8.81%
27	70	\$0	\$2,000,000	\$6,471,109	\$8,354,569	5.27%	8.78%
28	71	\$0	\$2,000,000	\$6,811,217	\$8,673,960	5.26%	8.76%
29	72	\$0	\$2,000,000	\$7,167,941	\$9,006,777	5.24%	8.73%
30	73	\$0	\$2,000,000	\$7,541,884	\$9,353,941	5.22%	8.69%

*These exact numbers were proposed to the client, but the actual policy purchased had some minor adjustments made

HOW DOES THE TAXABLE EQUIVALENT YIELD WORK?

Say your tax rate is 20%. If you earn 6.25% in a taxable account, after taxes, you're left with 5.00%. If your tax rate is 30% and you earn 7.14% in a taxable account, you're left with 5.00%. Finally, if your tax rate is 40%, you would need to earn 8.33% in a taxable account to be left with 5.00%.

The Hedge Fund Officer's policy peaks at almost 5.50%. At his tax rate, he would have to earn 8.50%–9.00% in a taxable account to net the same results he is seeing with his insurance policy.

Tax Rate: 20%		Tax Rate: 30%		Tax Rate: 40%	
Annual Yield (Tax-Free)	Taxable Equivalent Yield	Annual Yield (Tax-Free)	Taxable Equivalent Yield	Annual Yield (Tax-Free)	Taxable Equivalent Yield
1.00%	1.25%	1.00%	1.43%	1.00%	1.67%
2.00%	2.50%	2.00%	2.86%	2.00%	3.33%
3.00%	3.75%	3.00%	4.29%	3.00%	5.00%
4.00%	5.00%	4.00%	5.71%	4.00%	6.67%
4.50%	5.63%	4.50%	6.43%	4.50%	7.50%
5.00%	6.25%	5.00%	7.14%	5.00%	8.33%
5.50%	6.88%	5.50%	7.86%	5.50%	9.17%

*Here's a [free online calculator](#) that will show how the taxable equivalent yield works

REASON #2: SAFE

The cash value of a whole life insurance policy is one of the safest places you can put your money. Banks often put in as much as they can here (they are regulated as to how much they can put into insurance policies).

Why is it safe? **Your money is not tied to the stock market.** We also always recommend one of the 4 Major Mutual Companies that have been in business for more than 160 years and have historical proof of high returns: MassMutual, Guardian, New York Life, and Northwestern Mutual.

Also, with most Whole Life policies, you have a guaranteed interest rate of 2-3%, some being a little higher. When it comes to actual results, we have seen policies produce net annual returns of 4-5% on average.



**THE POLICY
MUST BE SET UP
CORRECTLY TO
ENSURE YOUR
MONEY GROWS
RISK-FREE**



EXAMPLE: ACTUAL CLIENT'S POLICY STARTED IN 2015

MassMutual Policy										
Policy Date: July 2015										
Yr	Cal Year	Age	Annual Outlay	Total Outlay	Cash Value	Death Benefit	Dividend Rate (Gross)	Annual Yield (Net)	Taxable Equivalent @ 40% Bracket	
1	2015	50	\$150,000	\$150,000	\$128,356	\$4,200,000	7.10%	-14.43%	-	
2	2016	51	\$150,000	\$300,000	\$273,111	\$4,200,000	6.70%	-1.88%	-	
3	2017	52	\$150,000	\$450,000	\$435,786	\$4,200,000	6.40%	3.00%	4.99%	
4	2018	53	\$150,000	\$600,000	\$607,277	\$4,200,000	6.40%	3.67%	6.11%	
5	2019	54	\$50,000	\$650,000	\$689,444	\$4,200,000	6.20%	4.89%	8.16%	
6	2020	55	\$35,000	\$685,000	\$759,853	\$4,200,000	6.00%	4.89%	8.15%	
7	2021	56	\$35,000	\$720,000	\$833,457	\$4,200,000	6.00%	4.86%	8.09%	
8	2022	57	\$35,000	\$755,000	\$910,518	\$4,200,000	6.00%	4.84%	8.07%	
9	2023	58	\$14,839	\$769,839	\$973,135	\$4,200,000	6.00%	5.16%	8.61%	
10	2024	59	\$0	\$769,839	\$1,025,506	\$3,772,241	6.10%	5.38%	8.97%	
11	2025	60	\$0	\$769,839	\$1,081,541	\$3,784,747	6.40%	5.46%	9.11%	

- **Dividend Rate (Gross Rate):** Never expect your money to grow at this percentage.
- **Annual Yield (Net Rate):** Net yearly rate of return.
- **Taxable Equivalent:** Assuming a 40% tax rate.

WHAT MAKES THIS POLICY "SAFE?"

The main downside about this policy is the negative hit in year one. This is the biggest drawback to life insurance. However, what happens after year one? The returns get stronger.

- What did his money grow by during COVID when interest rates were slashed? Just under 5.00%. **NO RISK.**
- What did he earn in 2024? 5.38%. **NO RISK.**
- What about 2025? 5.46%. **NO RISK.**

And it only gets stronger when we look at the projected values. Notice, also, how fast that taxable equivalent increases!

PART TWO

HOW DO THEY ENSURE THEY GET THE RIGHT POLICY?



QUALIFY the agent and pick one of the **4**
MAJOR MUTUAL companies

#1: QUALIFY THE AGENT

In 2021, a young couple worth about \$100MM was interested in purchasing a policy with us. After our first meeting, the husband texted and said that before moving forward, he wanted us to speak with their attorney. We have spoken with attorneys before and assumed the conversation would be pretty run of the mill.

This is when we met Elizabeth. She was by far the sharpest attorney we had ever spoken with and knew many insurance terms even some agents wouldn't be familiar with. After firing question after question at us - only to receive honest and transparent answers about our focus being minimizing commissions in order to maximize our clients' cash value - the tone of the conversation changed. On another subsequent call, she said, "You weren't the only agent we spoke to, Steve. You passed the test, though."

MORAL OF THE STORY:

This couple had someone they could trust and who knew insurance well to help them qualify us as an agency. If you speak with 10 different agents, you will hear 10 different opinions. Agents are incentivized to sell you a policy with less cash value by receiving higher commissions. Elizabeth knew that maximizing cash value in a policy means lower earnings for agents, and she wasn't going to let her clients be taken advantage of!

Even if you don't have an attorney who knows insurance, have someone help you choose an agent who truly prioritizes your interests and needs. If you don't have someone, research, research, research!

#2: CHOOSE ONE OF THE 4 MAJOR MUTUAL COMPANIES

When choosing a company, it is important to see **proof of performance**. As mentioned earlier, the Major Mutual Companies – MassMutual, Guardian, New York Life, and Northwestern Mutual – can provide *proof* that their whole life policies have delivered IRRs (International Rates of Return) greater than 4%. We have not found this to be the case with other carriers. Most carriers will show good-looking numbers on paper, but cannot show proof that policies actually perform the same way. Many banks also choose one of these four companies for their policies.

PROOF OF PERFORMANCE FOR MASS MUTUAL AND GUARDIAN:

Participating Whole Life Policies
Issued by Massachusetts Mutual Life
Insurance Company Prior to March 1996

Year	Dividend Interest Rate	Year	Dividend Interest Rate
1978	7.40%	2002	8.10%
1979	7.80%	2003	7.90%
1980	8.27%	2004	7.50%
1981	8.27%	2005	7.00%
1982	8.27% ¹	2006	7.55%
1983	8.27% ¹	2007	7.55%
1984	11.60%	2008	7.90%
1985	12.20%	2009	7.45%
1986	12.20%	2010	6.85%
1987	12.20%	2011	6.80%
1988	11.35%	2012	7.00%
1989	11.15%	2013	7.00%
1990	10.50%	2014	7.10%
1991	10.50%	2015	7.10%
1992	9.95%	2016	7.10%
1993	9.45%	2017	6.70%
1994	9.30%	2018	6.40%
1995	9.00%	2019	6.40%
1996	8.40%	2020	6.20%
1997	8.40%	2021	6.00%
1998	8.40%	2022	6.00%
1999	8.40%	2023	6.00%
2000	8.30%	2024	6.10%
2001	8.30%	2025	6.40%

Guardian's Dividend Interest Rate History: 1959–2025

It's good to hear about a company's success, but what does it do for you? Since Guardian's founding in 1860, we've been dedicated to protecting individuals, their families, and businesses through two World Wars and the Great Depression. Our participating policyholders can benefit directly from our success.

Dividend Scale Year	Dividend Interest Rate	Dividend Scale Year	Dividend Interest Rate
2025	6.10%	2002	8.00%
2024	5.90%	2001	8.50%
2023	5.75%	2000	8.50%
2022	5.65%	1999	8.75%
2021	5.65%	1998	8.75%
2020	5.65%	1997	8.50%
2019	5.85%	1996	8.00%
2018	5.85%	1995	8.50%
2017	5.85%	1994	9.00%
2016	6.05%	1993	9.75%
2015	6.05%	1992	10.25%
2014	6.25%	1991	10.50%
2013	6.65%	1990	11.00%
2012	6.95%	1989	11.50%
2011	6.85%	1988	12.50%
2010	7.00%	1987	13.25%
2009	7.30%	1986	13.25%
2008	7.25%	1985	12.25%
2007	6.75%	1984	12.25%
2006	6.50%	1983	7.65%
2005	6.75%	1982	7.50%
2004	6.60%	1981	7.20%
2003	7.00%		



PART THREE

HOW CAN YOU COPY THEIR PROCESS?



QUALIFY your agent, **CHOOSE** the right insurance company, and **KNOW** your numbers!

QUALIFY YOUR AGENT

The first step is to speak with an agent who will have *your* needs in mind instead of the needs of their pockets! Find someone who really knows insurance or someone who can give you an outside perspective on what the agent tells or shows you. Speaking with the right agent will also help with the next steps since they will have your interests as a priority.

CHOOSE THE RIGHT INSURANCE COMPANY

Will your policy *really* perform the way the agent says it will? Don't rely on an agent's word (even after qualifying them)! Before choosing a company, make sure you can see proof of past policy performance. Any of the four Major Mutual companies can show historical proof of real policies, not just dividend history.

KNOW YOUR NUMBERS

Ask to see the numbers. If you want to take advantage of the tax benefit, safety, and the guaranteed growth of a policy, it *must* be set up properly. If you are interested in utilizing policy loans, ask to see the net cost to borrow and what the policy would look like with loans. If you want to see the rate of return, ask to see it. If you want to see examples of different funding amounts, ask to see them!



PROOF YOU CAN COPY THE WEALTHY

Below are three sample policies - each with a break-even point in year four - with annual funding amounts of \$10K, \$100K, and \$1MM showing that you can copy what wealthy people do even if you are not wealthy.

YOU DO NOT HAVE TO HAVE A TON OF MONEY TO BENEFIT FROM A TAX-FREE, SAFE PLACE TO PUT IT!

\$1,000,000/year

Yr	Age	Base Premium	PUA Rider	Annual Funding	Total Funding	Cash Value	Death Benefit	Annual ROR
1	35	\$100,000	\$900,000	\$1,000,000	\$1,000,000	\$917,327	\$36,500,000	-8.27%
2	36	\$100,000	\$900,000	\$1,000,000	\$2,000,000	\$1,892,866	\$36,500,000	-1.28%
3	37	\$100,000	\$900,000	\$1,000,000	\$3,000,000	\$2,918,140	\$36,500,000	0.87%
4	38	\$100,000	\$900,000	\$1,000,000	\$4,000,000	\$4,011,767	\$36,500,000	2.39%
5	39	\$100,000	\$900,000	\$1,000,000	\$5,000,000	\$5,169,823	\$36,500,000	3.15%
6	40	\$100,000	\$900,000	\$1,000,000	\$6,000,000	\$6,395,663	\$36,500,000	3.66%
7	41	\$100,000	\$900,000	\$1,000,000	\$7,000,000	\$7,692,806	\$36,500,000	4.02%
8	42	\$100,000	\$900,000	\$1,000,000	\$8,000,000	\$9,065,978	\$36,500,000	4.29%
9	43	\$100,000	\$900,000	\$1,000,000	\$9,000,000	\$10,519,790	\$36,500,000	4.51%
10	44	\$100,000	\$900,000	\$1,000,000	\$10,000,000	\$12,058,739	\$36,500,000	4.68%
11	45	\$0	\$0	\$0	\$10,000,000	\$12,752,256	\$33,100,365	5.75%
12	46	\$0	\$0	\$0	\$10,000,000	\$13,485,486	\$34,126,258	5.75%
13	47	\$0	\$0	\$0	\$10,000,000	\$14,260,221	\$35,181,489	5.74%
14	48	\$0	\$0	\$0	\$10,000,000	\$15,080,131	\$36,266,332	5.75%
15	49	\$0	\$0	\$0	\$10,000,000	\$15,948,200	\$37,384,617	5.76%
16	50	\$0	\$0	\$0	\$10,000,000	\$16,866,672	\$38,536,983	5.76%
17	51	\$0	\$0	\$0	\$10,000,000	\$17,837,921	\$39,726,644	5.76%
18	52	\$0	\$0	\$0	\$10,000,000	\$18,864,003	\$40,954,147	5.75%
19	53	\$0	\$0	\$0	\$10,000,000	\$19,947,468	\$42,221,050	5.74%
20	54	\$0	\$0	\$0	\$10,000,000	\$21,091,846	\$43,528,967	5.74%

\$100,000/year

Yr	Age	Base Premium	PUA Rider	Annual Funding	Total Funding	Cash Value	Death Benefit	Annual ROR
1	35	\$10,000	\$90,000	\$100,000	\$100,000	\$87,999	\$3,675,000	-12.00%
2	36	\$10,000	\$90,000	\$100,000	\$200,000	\$190,575	\$3,675,000	1.37%
3	37	\$10,000	\$90,000	\$100,000	\$300,000	\$295,981	\$3,675,000	1.86%
4	38	\$10,000	\$90,000	\$100,000	\$400,000	\$407,754	\$3,675,000	2.97%
5	39	\$10,000	\$90,000	\$100,000	\$500,000	\$525,451	\$3,675,000	3.49%
6	40	\$10,000	\$90,000	\$100,000	\$600,000	\$649,368	\$3,675,000	3.82%
7	41	\$10,000	\$90,000	\$100,000	\$700,000	\$779,844	\$3,675,000	4.07%
8	42	\$10,000	\$90,000	\$100,000	\$800,000	\$917,318	\$3,675,000	4.26%
9	43	\$10,000	\$90,000	\$100,000	\$900,000	\$1,062,254	\$3,675,000	4.42%
10	44	\$10,000	\$90,000	\$100,000	\$1,000,000	\$1,215,015	\$3,675,000	4.54%
11	45	\$0	\$0	\$0	\$1,000,000	\$1,277,734	\$3,384,073	5.16%
12	46	\$0	\$0	\$0	\$1,000,000	\$1,344,076	\$3,466,632	5.19%
13	47	\$0	\$0	\$0	\$1,000,000	\$1,414,169	\$3,552,155	5.21%
14	48	\$0	\$0	\$0	\$1,000,000	\$1,488,398	\$3,640,568	5.25%
15	49	\$0	\$0	\$0	\$1,000,000	\$1,567,124	\$3,732,346	5.29%
16	50	\$0	\$0	\$0	\$1,000,000	\$1,650,549	\$3,827,750	5.32%
17	51	\$0	\$0	\$0	\$1,000,000	\$1,738,910	\$3,927,066	5.35%
18	52	\$0	\$0	\$0	\$1,000,000	\$1,832,412	\$4,030,373	5.38%
19	53	\$0	\$0	\$0	\$1,000,000	\$1,931,315	\$4,137,842	5.40%
20	54	\$0	\$0	\$0	\$1,000,000	\$2,035,954	\$4,249,653	5.42%

\$10,000/year

Yr	Age	Base Premium	PUA Rider	Annual Funding	Total Funding	Cash Value	Death Benefit	Annual ROR
1	35	\$1,000	\$9,000	\$10,000	\$10,000	\$8,764	\$375,000	-12.36%
2	36	\$1,000	\$9,000	\$10,000	\$20,000	\$18,922	\$375,000	0.84%
3	37	\$1,000	\$9,000	\$10,000	\$30,000	\$29,347	\$375,000	1.47%
4	38	\$1,000	\$9,000	\$10,000	\$40,000	\$40,359	\$375,000	2.57%
5	39	\$1,000	\$9,000	\$10,000	\$50,000	\$51,944	\$375,000	3.15%
6	40	\$1,000	\$9,000	\$10,000	\$60,000	\$64,134	\$375,000	3.54%
7	41	\$1,000	\$9,000	\$10,000	\$70,000	\$76,955	\$375,000	3.81%
8	42	\$1,000	\$9,000	\$10,000	\$80,000	\$90,450	\$375,000	4.02%
9	43	\$1,000	\$9,000	\$10,000	\$90,000	\$104,668	\$375,000	4.20%
10	44	\$1,000	\$9,000	\$10,000	\$100,000	\$119,642	\$375,000	4.34%
11	45	\$0	\$0	\$0	\$100,000	\$125,529	\$342,754	4.92%
12	46	\$0	\$0	\$0	\$100,000	\$131,737	\$349,762	4.95%
13	47	\$0	\$0	\$0	\$100,000	\$138,280	\$357,014	4.97%
14	48	\$0	\$0	\$0	\$100,000	\$145,199	\$364,513	5.00%
15	49	\$0	\$0	\$0	\$100,000	\$152,538	\$372,319	5.05%
16	50	\$0	\$0	\$0	\$100,000	\$160,309	\$380,483	5.09%
17	51	\$0	\$0	\$0	\$100,000	\$168,542	\$389,014	5.14%
18	52	\$0	\$0	\$0	\$100,000	\$177,238	\$397,940	5.16%
19	53	\$0	\$0	\$0	\$100,000	\$186,421	\$407,239	5.18%
20	54	\$0	\$0	\$0	\$100,000	\$196,116	\$416,929	5.20%

IN SUMMARY

WHY DO WEALTHY PEOPLE GET WHOLE LIFE INSURANCE?

Tax Benefit: Money grows tax-free if the policy is set up correctly.

Safety: Growth is not tied to the market and will not fluctuate depending on the economy.

HOW DO THEY ENSURE THEY GET THE RIGHT POLICY?

Qualify the Agent: Ensure the agent is honest and transparent and will make the policyholder's needs a priority. Someone who can help vet the agent can be of great benefit.

Choose the Right Insurance Company: Any one of the four Major Mutual companies can show historical proof of high returns, so their policy projections are dependable.

HOW CAN YOU COPY THEIR PROCESS?

- Qualify your agent
- Choose one of the four Major Mutual companies
- Know your numbers

Be sure to express your needs and interests and review multiple scenarios so you know exactly what you're looking at before you purchase a policy.



To learn more about how to ensure your policy is designed for maximum cash value, click [here](#)!

Phone: 610-681-2655

Email: info@ibcglobalinc.com

Website: ibcglobalinc.com