

# CREATING A TAX-FREE INCOME



PRESENTED BY:

**YOUR FAMILY BANK®**

"OPTIMIZING YOUR FINANCIAL  
NEEDS SINCE 1987"



# Creating A Tax-Free Income

*And*

The Your Family Bank® Concept

To learn how this program can work for you, contact your coach, *Raj Singh*, at [rs.yfb.coach@gmail.com](mailto:rs.yfb.coach@gmail.com) or 813-693-1885

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This Free Report will take you through the issues we Americans are facing when it comes to our financial well-being.

## Three Major Problems

We will address the problems as we see them. We will discuss why we use the financial vehicles and tools to solve these problems and finally provide you an understanding of these vehicles in order to provide you a solid foundation for making an educated decision on what you can and should to do about it.

**The three major problems as we see them are:**

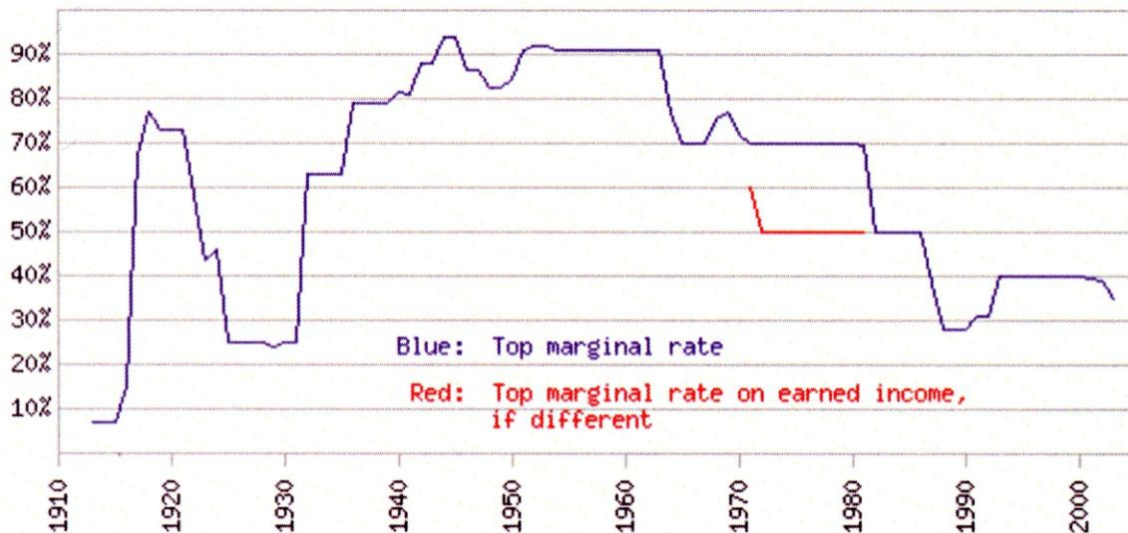
1. **Future Tax Rates**
2. **The Lost Decade**
3. **Possible Government Control of Our Retirement Plans**

### ***Problem 1: Future Tax Rates***

At the rate our government is increasing the debt they owe, you need to ask yourself one simple question. Do you think tax rates are going up or down? We believe they have to go up to pay for this increasing debt.

How does this affect you and your retirement? Think about this, you have worked hard your whole life or perhaps you are still working and looking forward to your retirement. Let's say you are now retired and you need to access your retirement funds to supplement your income and lifestyle. Tax rates have gone through the roof and are now back to the pre Reagan era where you are looking at withdrawing that money at the top tax rates of 70% or more...ouch (See chart next page). You need an extra \$20,000.00 per year to make due. You take out \$20,000.00 and end up with \$6,000.00 after taxes because \$14,000 went to taxes. Or you would need to withdraw \$66,667.00 to be able to spend \$20,000.00 after taxes. That's a problem. You say that's impossible. Well let's look at the history of taxes.

This chart shows the years against the corresponding top marginal tax rate (in blue). Where the top marginal rate on earned income differs (1971—1981), it is also plotted (in red).



As we see it, we all need to find out how to pay our taxes at today's rates. We can help.

### ***Problem 2: The Lost Decade***

The last decade had been called by many "The Lost Decade." There are many reasons for this that we won't go into here, but the bottom line for many people is that they have seen little to no growth on their investments.



If the next decade is like the last, will you be able to retire in the way you had planned? Unfortunately, for many the answer would be no. Or worse yet, think back

to those people in the last decade that were retiring and the market dropped 50% or more. How do you think they felt working all those years only to have half of their retirement money wiped out in only a few months?

Times *are* different today. The baby boomers as you know have a major impact on our economy as well as the stock market. Think about this, when the baby boomers were working, they were pouring money into their accounts, thus creating a rising market. Now they are retiring and many are withdrawing those retirement funds on a regular basis to supplement their incomes and lifestyles.

If we are bleeding money out of the market what is a logical conclusion to what will happen to stock prices? If you have just 40 million baby boomers pulling out just \$1,000 per month from the market that means \$40,000,000,000 per month is flowing out of the market. Yes that is \$40 billion. That has to impact things wouldn't you think?

You need to look at the opportunities that are not reliant only on the stock market's performance or lack thereof.

### ***Problem 3: Possible Government Control of Our Retirement Plans***

The articles on the next several pages do a fine job of explaining this potential real threat.

Following these articles you will learn what you can do to solve or mitigate these issues and why we use the vehicle we do.

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## **Supporting Articles**

### **ARTICLE #1**

#### **Retiree Annuities May Be Promoted by Obama Aides**

Source:

[http://www.businessweek.com/investor/content/jan2010/pi2010018\\_130737.htm](http://www.businessweek.com/investor/content/jan2010/pi2010018_130737.htm)

**January 2010** - (This source is no longer on the web, but at the time of first print it was.)

The government is looking at ways to promote the conversion of 401ks and IRAs into steady payment streams after a significant decline in plan balances.

(Bloomberg) – The Obama administration is weighing how the government can encourage workers to turn their savings into guaranteed income streams following the collapse in retiree accounts when the stock market plunged.

The U.S. Treasury and Labor Departments will ask for public comment as soon as next week on ways to promote the conversion of 401k savings and IRA savings into annuities or another steady payment stream, according to Assistant Labor Secretary Phyllis C. Borzi and Deputy Assistant Treasury Secretary Mark Iwry, who are spearheading the effort.

Annuities generally guarantee income until the retiree's death and often that of a surviving spouse as well. They are designed to protect against the risk that retirees outlive their savings, a danger made clear by market losses suffered by older Americans over the last year, David Certner, legislative counsel for AARP said in an interview.

"There's a real desire on a lot of people's parts to try to encourage something other than just rolling over a lump sum, to make sure this money will actually last a lifetime" said Certner legislative counsel for Washington-based AARP, the biggest U.S. advocacy group for retirees.

Promoting annuities may benefit companies that provide them through employers, including ING Group NV (INGA:NA) and Prudential Financial Inc. (PRU), or sell them directly to individuals, such as American International Group Inc. (AIG), the insurer that has received \$182.3 billion in government aid.

### ***Balances Fall***

The average 401k fund balance dropped 31 percent to \$47,500 at the end of March 2009 from \$69,200 at the end of 2007, according to a Fidelity Investments review of 11 million accounts it manages. The Standard & Poor's 500 index tumbled 46 percent in that period. The average balance of the Fidelity accounts recovered to \$60,700 as of last Sept. 30 as the stock market rebounded.

"There is a tremendous amount of interest in the White House in retirement-security initiatives," Borzi, who heads the Labor Department's Employee Benefits Security Administration, said in an interview.

In addition to annuities, the inquiry will cover other approaches to guaranteeing income, including longevity insurance that would provide an income stream for retirees living beyond a certain age, she said.

"There's been a fair amount of discussion in the literature taking the view that perhaps there ought to be more lifetime income," Iwry, a senior adviser to Treasury Secretary Timothy Geithner, said in an interview.

### ***Lump Sums***

"The question is how to encourage it, and whether the government can and should be helpful in that regard," Iwry said.

While traditional defined-benefit pensions were paid out as annuities, providing monthly payments for retirees and often their spouses, workers increasingly are taking advantage of options to receive lump-sum distributions.

Only 2 percent of 401k plan participants convert retirement savings into an annuity on retirement, according to a July 2009 report from the Retirement Security Project, a joint



venture of Georgetown University's Public Policy Institute and the Brookings Institution in Washington.

A survey of 149 companies released on Dec. 17 by the employee-benefits consultant Watson Wyatt Worldwide, now part of Arlington Va.-based Towers Watson & Co. (TW), suggested that about 22 percent of employers with retirement savings plans offered retirees the choice between an annuity and a lump-sum distribution.

### ***Annuity Sellers***

Government success in getting workers to move retirement assets into annuities may prove profitable for insurers that sell annuities, Anne Mathias, policy research director for Washington Research Group, a policy analysis unit of Concept Capital, said in an interview.

Retirement plans, including 401k accounts, held \$3.6 trillion in assets at the end of the second quarter of 2009, while annuity investments of all kinds totaled about \$2.3 trillion, according to figures from the Washington-based Investment Company Institute, a trade association for asset managers.

The top sellers of individual annuities in the U. S. include AIG, MetLife Inc. (MET), Hartford Financial Services Group Inc. (HIG), Lincoln National Corp. (LNC), and New York Life Insurance Co., according to figures from the American Council of Life Insurers for 2008. The top group-annuity sellers include ING, Prudential Financial, MetLife, and Manulife Financial Corp.

### ***Under Fire***

Asset managers are concerned the government may go too far in encouraging annuities, said Mike McNamee, a spokesman for the Investment Company Institute. Seven in ten U.S. households would object to a requirement that retirees convert part of their savings into annuities, according to a survey the group released today.

"Households' views on policy changes revealed a preference to preserve retirement account features and flexibility," the institute said in a report.

The institute also said annuities have received support from academic research and "it is unclear why individuals usually forego the annuity option" even when it is available. The survey didn't ask about potential efforts by the government to encourage voluntary use of annuities.

Annuity sales to individuals have come under regulatory scrutiny in recent years over the size of sales commissions and whether some varieties are suitable for older investors.

### ***Social Security***

John Brennan, the former chairman of Vanguard Group, the Valley Forge, Pennsylvania-based mutual-fund company, criticized annuities today as often expensive and offering little inflation protection. Americans already benefit from "the best annuity in the world, which is Social Security." Brennan said in an interview on Bloomberg Television.

AARP's Certner said policy makers could avoid many of those pitfalls by encouraging the use of group annuities, which are bought by employers rather than individuals and often carry lower fees, or using approaches that provide retirement income without commercial annuities.

Adding lifetime income to 401k plans won't be sufficient for many workers because they can't, or don't, save enough to live on in old age, and Social Security often proves inadequate as more than a safety net, said Karen Ferguson, director of the Pension Rights Center in Washington, D.C.

### ***Senate Bill***

"It's a great idea, but how much are people really going to get out of it?" she said. A better approach would be to give employers incentives to revive defined-benefit pensions, which have languished as employers have focused on cheaper and more flexible 401k plans, Ferguson said.

One proposal raised by Iwry as co-author of a paper while at the Retirement Security Project, before joining the administration, has reached Congress. A bill requiring employers to report 401k savings both as an account balance and as a stream of income based on an annuity was introduced on Dec. 3 by Senators Jeff Bingaman, a New Mexico Democrat, Johnny Isakson, a Georgia Republican, and Herb Kohl, a Wisconsin Democrat.

## **ARTICLE #2**

### **Retirement Alert: The Government Has Plans for Your 401k and IRA**

Source:

<http://www.gobankingrates.com/retirement/401k/money-alert-the-government-has-plans-for-your-401-k-and-ira/> - **February 24, 2010**

**In the near future, the government may be planning to take over your 401k and Individual Retirement Accounts (IRA) and managing it on its own.** Why, you ask? Well, mainly because there is an unprecedented trillion-dollar deficit that needs to be taken care of.

So this is the deal: somewhere out there is a major deficit that is struggling to lower despite the government's efforts. However, there are tons of **401k** and **IRA** accounts floating around with tons of money (well, at least what's left after the financial crisis).

So now, according to **BusinessWeek**, the Treasury and Labor departments are asking for public comment on "the conversion of 401k savings and Individuals Retirement Accounts into annuities or other steady payment streams."

### ***How Would the Conversion Work?***

Basically, in order for the conversion to work, the government would take over your **retirement savings**. In return, it would promise to pay you some type of monthly benefit in your retirement years.



One suggestion from Teresa Ghilarducci of the New School for Social Research in New York, who was a part of hearings last fall held by the House Education and Labor Committee, was to give all workers “a \$600 annual inflation-adjusted subsidy from the U.S. government.”

In exchange, the workers would be required to invest 5 percent of their pay into a guaranteed retirement account that would be administered by the Social Security Administration.

However, this guaranteed retirement account would actually be an investment in U.S. Treasury bonds that would go toward paying down the huge trillion-dollar budget deficits.

### ***Will This Actually Happen?***

While the government is only asking for opinions now, experts think that this conversion will actually happen. It will probably start off as a choice at first; however, as noted by Karl Denniger of the Market Ticker site, “Choices have a funny way of turning into mandates.”

What’s even more unfortunate is that if the conversion does occur, the benefits based on Treasury bond interest rates may end up being inadequate compensation for years of saving since the government has been suppressing yields since the crisis started.

So what will happen to your **retirement savings**? There’s no guarantee at this point. Based on the plans, there’s now no clear-cut guarantee of how much would be available at retirement – or whether you’ll have a retirement account at all.

This may be a good time to consider exploring options outside of the **401k** and **IRA** just to make sure you’re able to diversify your savings. It’s okay to trust in the government, but remember, this is your money. It’s best to make sure you’re protecting you and your family first.

## **Article #3**

### **Watch Out: Your 401k Is Being Targeted**

Source:

<http://www.forbes.com/sites/nextavenue/2012/12/29/watch-out-your-401k-is-being-targeted/> - **December 29, 2012; 3:31PM**

While attending a terrific symposium recently on the retirement challenges women face, I came away with a stark realization: Washington has a bull’s-eye on every American’s 401k.

The Women’s Institute for a Secure Retirement (known as WISER), a nonprofit dedicated to improve the long-term financial security of women, had brought together administration officials, the savviest Capitol Hill insiders and retirement analysts working at financial services firms and think tanks.

### ***Ignoring the Retirement Crisis***

Speaker after speaker described how so many Americans – women in particular – lack the financial resources needed to retire, what Sen. Tom Harkin, a Democrat from Iowa, called

"one of the most underreported crises" in America. We heard scary statistics, including that 48 percent of Americans have less than \$10,000 in savings.

You might think this would be a moment when Washington would look for ways to encourage Americans to save. But "it's not a good time to talk about incentives for savings when everyone is trying to cut spending," Sen. Ben Cardin, a Democrat from Maryland, said at the retirement symposium.

The recurring underlying theme was this: Don't be surprised if Congress and President Barack Obama make it *harder* to save for retirement starting in 2014. Nutty, isn't it?

Why would Congress and the president target retirement savings plans; especially when they're so highly valued by the American public. In a new **Wells Fargo/Gallup Investor and Retirement Optimism Index survey** of 1,024 adults with investable assets of \$10,000 or more, 69 percent said it was extremely or very important that the President and Congress find ways to financially encourage every company to offer a 401k savings option and to financially encourage all Americans to participate in their employer's 401k savings option. Similarly, 67 percent of those surveyed said it was important that leaders seek ways to enhance the role of the 401k as a retirement savings investment.

The answer, to paraphrase bank robber Willie Sutton, is because that's where the money is.

### ***Trimming Retirement Plans to Shrink the Deficit***

The tax breaks for 401k and similar retirement savings plans add up to \$100 billion a year and will cost the government an estimated \$429 billion from 2013 to 2017. That's more than the mortgage interest deduction.

These plans are also tempting targets politically, because 80 percent of their benefits go to the top 20 percent of earners, according to the Tax Policy Center. That's why liberal-leaning groups, like the Pension Rights Center, say the plans' tax breaks should be trimmed.

Andrea Coombes, the retirement columnist for **The Wall Street Journal's Marketwatch** site, recently wrote: "Some say it's inevitable lawmakers will at least look at limiting the tax benefits of such plans." Certain employers may stop offering 401ks if benefits are cut for higher-earning employees, she added.

It's a little early to say exactly how 401ks might be squeezed for their tax juice, but one proposal gaining ground is what's known as the 20/20 plan. It was one of the deficit reduction proposals from the Simpson-Bowles bipartisan commission of 2010 and a recommendation of the Bipartisan Policy Center's Debt Reduction Task Force.

### ***A Proposal That's Gaining Steam***

Here's how 20/20 would work: Under current law, employees will be allowed to contribute up to \$17,500 in their 401k plans in 2013; up to \$23,000 for people 50 and older. But under 20/20, you and your employer together would be permitted to contribute up to \$20,000 or 20 percent of your salary, whichever was less, to your account; that figure includes your employer's match. Brett Goldstein, director of retirement planning for American Investment Planners, a financial advisory firm in Jericho, N.Y., says this could reduce contributions by 65.21 percent for someone over 50 earning \$50,000 a year.

There are other ways retirement savings plans could get it in the neck. The money you put into a 401k might be taxed before you invest it in the plan. Future contributions might not grow tax-deferred. All itemized deductions, including those for retirement plans, could be capped. It's even possible that the earnings you've built up tax-free in a Roth IRA might get taxed.

### ***A Petition to Protect the 401k***

All of these rumblings have led the American Society of Pension Professionals and Actuaries to launch the "Save My 401k" online petition, which it also calls "Protect My Piggy." (I'm no Beltway pundit, but I don't think using the word "piggy" will be endearing to deficit hawks in D.C.) The website for the grassroots campaign lets you email your concern to your members of Congress.

"We understand Congress needs to reduce the debt and raise revenue, but raiding the tax incentives for 401k plans will put American workers' retirement security at risk," says Brian Graff, the society's executive director and chief executive.

## **Article #4**

### **GOVERNMENT LAYS GROUNDWORK TO CONFISCATE YOUR 401K AND IRA: "THIS IS HAPPENING"**

Source:

<http://www.infowars.com/government-lays-groundwork-to-confiscate-your-401k-and-ira-this-is-happening/> - **February 14, 2014**

This morning Reuters obtained a leaked proposal disclosing that European Union officials are looking for new and innovative ways to fund their immense debt levels.

As noted by Zero Hedge, they're no longer turning exclusively to central bankers to simply print more money as needed. Because last year's bank bail-in forcing the confiscation of funds from average depositors in Cyprus worked so well, EU regulators and bankers have determined that they'll use a similar method to fund their future endeavors.

In a nutshell, and in Reuters' own words, **"the savings of the European Union's 500 million citizens could be used to fund long-term investments to boost the economy and help plug the gap left by banks since the financial crisis, an EU document says."**

The solution. "The Commission will ask the bloc's insurance watchdog in the second half of this year for advice on a possible draft law **"to mobilize more personal pension savings for long-term financing"**, the document said." Mobilize, once again, is a more palatable word than, say, **confiscate**.

This is what happens when governments run out of money. But if you think this is limited to just Europe, then consider the words of President Barack Obama in his recent State of the Union address. For all intents and purposes, a similar groundwork is being laid right here in America. They've already taken over the health care industry... why not nationalize our retirement savings while they're at it?



**This is basically the offer that the President of the United States floated last night.**

And like an unctuously over gelled used car salesman, he actually pitched Americans on loaning their retirement savings to the US government with a straight face, guaranteeing “a decent return with no risk of losing what you put in...”

This is his new “MyRA” program. And the aim is simple– **dupe unwitting Americans to plow their retirement savings into the US government’s shrinking coffers.**

We’ve been talking about this for years. I have personally written since 2009 that the US government would one day push US citizens into the ‘safety and security’ of US Treasuries.

Back in 2009, almost everyone else thought I was nuts for even suggesting something so sacrilegious about the US government and financial system.

But the day has arrived. And POTUS stated almost VERBATIM what I have been writing for years.

**The government is flat broke.** Even by their own assessment, the US government’s “net worth” is NEGATIVE 16 trillion. That’s as of the end of 2012 (the 2013 numbers aren’t out yet). But the trend is actually worsening.

In 2009, the government’s net worth was negative \$11.45 trillion, by 2010 it had dropped to minus \$13.47 trillion, by 2011 minus \$14.78 trillion, and by 2012 minus \$16.1 trillion.

Here’s the thing: according to the IRS, there is well over \$5 trillion in US individual retirement accounts. For a government as bankrupt as Uncle Sam, \$5 trillion is irresistible.

**They need that money. They need YOUR money.** And this MyRA program is the critical first step to corralling your hard earned retirement funds.

At our event here in Chile last year, Jim Rogers nailed this right on the head when he and Ron Paul told our audience that the government would try to take your retirement funds: I don’t know how much more clear I can be; this is happening. This is exactly what bankrupt governments do. And it’s time to give serious, serious consideration to shipping your retirement funds overseas before they take yours.

As former Congressman Ron Paul notes, the government will stop at nothing. “They’ll use force and they’ll use intimidation and they’ll use guns, because you can’t challenge the State and you can’t challenge the State’s so-called right to control the money,” warns Paul. “It’s already indicated that they will confiscate funds and they will [confiscate] pension funds.”

This didn't just happen overnight. The move to make this reality has been going on for quite some time. The first time it was mentioned publicly in any official capacity was at a 2010 Congressional hearing:

Democrats in the Senate on Thursday held a recess hearing covering a taxpayer bailout of union pensions and a plan to seize private 401k **plans to more "fairly" distribute taxpayer-funded pensions to everyone.**

Sen. Tom Harkin (D-Iowa), Chairman of the Health, Education, Labor and Pensions (HELP) Committee heard from hand-picked witnesses advocating the infamous "Guaranteed Retirement Account" (GRA) authored by Teresa Ghilarducci.

In a nutshell, under the GRA system, government would seize private 401k accounts, setting up an additional 5% mandatory payroll tax to dole out a "fair" pension to everyone using that confiscated money coupled with the mandated contributions.

This would, of course, be a sister government Ponzi scheme working in tandem with Social Security, the primary purpose being to give big government politicians additional taxpayer funds to raid to pay for their out-of-control spending.

You'd think that such an idea would be immediately dismissed by the American public, but it has only gained steam since, as evidenced by a 2012 hearing held at the U.S. Labor Department:

The hearing, held in the Labor Department's main auditorium, was monitored by NSC staff and featured a lineup of left-wing activists including one representative of the AFL-CIO who advocated for **more government regulation over private retirement accounts and even the establishment of government-sponsored annuities that would take the place of 401k plans.**

"This hearing was set up to explore why Americans are not saving as much for their retirement as they could," explains National Seniors Council National Director Robert Crone, "However, **it is clear that this is the first step towards a government takeover. It feels just like the beginning of the debate over health care and we all know how that ended up.**"

**...Such "reforms" would effectively end private retirement accounts in America,** Crone warns.

A few years ago the government of the United States of America nationalized nearly 1/6th of our economy when they took over the health care system with forced mandates. In the process they essentially took control of \$1.6 trillion in yearly industry revenues.

But that's nothing compared to private savings. The total amount of retirement assets in America, including 401k, IRA and savings accounts is around **\$21 trillion**. With our national debt coincidentally approaching the same, the government sees big money and potentially a way out of our country's fiscal disaster.

This will start voluntarily with the MyRA and other state-sponsored programs. But when not enough Americans are making it their patriotic duty to turn over their funds to their

government, they'll mandate compliance with the stroke of a pen just as they did with the *Patient Affordable Care Act*.

And just like Obamacare it will be enforced by the barrel of a gun. Failure to comply will mean confiscation without recourse and prison time.

All they need now is a trigger. And that trigger will likely come in the form of another stock market collapse. Wipe out Americans in a stock market crash and scare the heck out of them with more economic bad news, and millions of our countrymen will be all too willing to hand it over to Uncle Sam. Panic is a powerful motivator and what better way to get people on board than by threatening them with squalor and destitution in their old age if they don't go along with it?

Government officials have been actively working to make this a reality for years. The Europeans are doing the same.

You can put your head in the sand or cover your ears and pretend this is not happening, but that won't change the outcome.

They will take everything they can get their hands on.

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### ***How do you feel about the government's desire to take over your retirement savings now?***

These are just four articles that we have sampled in our example, but the debate is brewing in Washington DC and even between financial experts.

Do you want to do something about it, or do you want to just wait and see?

We recommend doing something about it, now. From what we can see, the current situation with our economy, our government, and our taxes are not getting better. Our deficit is growing and your retirement funds are in the crosshairs as a possible solution. Why, because these funds in a 401k and in an IRA fall under **Tax Law** and Tax Laws are easily and usually changed from year to year.

Ultimately, whether it's true or not about the government's plans regarding our retirements, for me it is best to be in control of my own retirement decisions outside of tax law.

The solution is to have our accounts fall under **Contract Law**. The Solution is to have "the perfect investment." The problem is there is no perfect investment. So let's take a moment to go over what the perfect investment would look like and then use the solution that provides us the greatest benefits overall.



# The Perfect Investment

The perfect investment should have these benefits:

1. Be 100% Risk Free
2. Have Guarantees
3. Be 100% Penalty Free
4. Liquidity, use, and control (get your money when you need it)
5. Be Protected from creditors
6. Leverage (create the most amount of wealth using the least amount of money)
7. Tax Deferred
8. Tax Free (upon distribution)
9. Collateral
10. Disability benefits (make payments if you are disabled)
11. Tax-free transfers to your heirs
12. Tax deductible payments

**Let's compare the Perfect Investment with programs you may be familiar with in the Chart Below:**

<b>Money Matrix</b>	<b>IRA/401k</b>	<b>Mutual Funds</b>	<b>Home</b>	<b>Bank Savings</b>	<b>Annuities</b>	<b>Real Estate</b>	<b>Perfect Plan</b>
Be 100% Risk Free	No	No	No	Yes	Possible	No	Yes
Have Guarantees	No	No	No	Yes	Possible	No	Yes
Be 100% Penalty Free	No	Possible	Possible	No	No	Possible	Yes
Liquidty, Use, and Control	Possible	Yes	Possible	Yes	Possible	Possible	Yes
Protected from Creditors	By State Law	No	By State Law	No	By State Law	No	By State Law
Leverage	No	No	Possible	No	No	Possible	Yes
Tax Deferred	Yes	No	Possible	No	Yes	Possible	Yes
Tax Free Distributions	No	No	Possible	No	No	No	Yes
Collateral	No	No	Yes	Possible	No	Yes	Yes
Disability Benefits	No	No	No	No	No	No	Yes
Income Tax Free to Heirs	No	No	Possible	No	No	Possible	Yes
Tax Deductible	Yes	No	Possible	No	No	Possible	No

## ***So just what is the perfect plan?***

The perfect plan, falls within a 200 year old vehicle solving a modern day problem, ***Participating Whole Life Insurance Policy*** along with the more recent vehicle of the ***Your Family Bank® Concept***.

Now this isn't the type of life insurance your grandparents purchased. It has drastically improved over the years, and it must be structured properly in order for it to be a benefit to you and your family. Over the next several pages of this report, you will learn just how this solution can work for you and your family.

## **The “Your Family Bank® Concept” – Isn't New...**

Variations of this concept have been used by many of the financial industry legends for at least 40 plus years. People like Mehdi Fakharzadeh, Woody Woodson, John Savage and Ben Feldmen just to name a few. Forty plus years ago, these industry legends would explain to their clients how the money they were putting into their participating whole life policy could be used for emergencies, to take advantage of business opportunities, to fund college, to buy a car, and much more. However, if you take money out prior to age 65 (retirement), you'll want to pay the loan back, plus the interest, so you will have the retirement funds you planned on originally.

## ***It Works Better Today...***

As well as the concept worked 40 plus years ago, it works much better today because of the Paid-Up Additions Rider that was introduced in the late 1980's. Today, using a Paid-Up Additions Rider, you can dramatically “over-fund” a participating whole life insurance policy up to the MEC (Modified Endowment Contract) guidelines and make it an exceptional wealth accumulation vehicle.

## ***Why Use A Participating Whole Life Insurance Policy?***

The reason you use a participating whole life policy is that it offers several unique benefits that other investment vehicles don't offer...

1. It falls under **Contract Law**, not Tax Law. Contract Law accounts are not subject to the possible government takeovers discussed in the articles at the beginning of this report. Tax Law governed retirement accounts, such as IRAs and 401ks, are subject to the possible government takeover.
2. It builds a liquid cash reserve of safe money. Generally, it can be accessed within 5 to 10 business days.
3. Cash Value Life Insurance ***guarantees*** your investment ***principal*** and offers you minimum growth guarantees for the life of the contract.

4. You can put in as much money as you want... limited only by the size of the whole life policy contract, which you create and which you can make as large as you need (not so with qualified plans of 401ks or IRAs, which have limits).
5. All of the money you put into a cash value life insurance policy builds tax-deferred. You avoid paying income taxes every year, so your money grows faster.
6. You can borrow money against the policy tax-free, without having to qualify for a loan and without contractual withdrawal penalties, and at current interest rates of loans.
7. There are no early withdrawal penalties from the Federal Government (unlike qualified plans or annuities).
8. Loans against the policy come from the general funds of the insurance company, and not from your policy cash values. In certain cases, you may be earning more on your money than the loan is costing you.
9. The policy can be self-completing, because when you have a *Disability Waiver of Premium Rider* that will continue to put the money in for you, even if you ever become disabled (only life insurance offers this unique benefit).
10. Life insurance provides a death benefit that gives your family the money you intended to save for retirement in the event you can't be there.
11. In most states, life insurance is not attachable by creditors.
12. When applying for college financial aid, Life insurance cash values don't count as an asset (varies by state).

## **Benefits of Whole Life Insurance:**

### ***From Peace of Mind to Financial Independence***

Let's talk about Whole Life Insurance Investments. They aren't the most glamorous financial tool around. They're safe and dependable and tend to get overlooked by consumers who become bedazzled by the promise of high investment returns. But if the last few years have taught us anything, it is that safe and dependable is the way to go. In fact, the benefits of participating whole life insurance are numerous.

### ***Safety Benefits***

To begin with, whole life insurance investments are uniquely safe. Life insurance companies have a proven history of dependable performance, usually with better investment returns than banks. There are many reasons for this. The professionals, managing the funds for life insurance companies, are not looking for a quick return on money. These managers are looking for long-term investments that will provide a lifetime of financial security for the company and ultimately to the policyholders.



Investment risks and costs are kept low by investing in secured bonds. Risk is reduced even further by diversifying bonds by industry, maturity and geography.

Whole Life Insurance investment portfolios are structured, conservative and regulated according to the state in which they operate. State insurance commissioners in each state mandate reserve pools, and guaranty associations are in place to protect policyholders against a company default. Additionally, whole life insurance investments are protected through re-insurance. Life insurance companies willingly purchase their own insurance coverage from re-insurance companies in order to provide even more safety to their policyholders.

### ***Tax Benefits***

Along with their investment benefits, whole life insurance policies offer many tax benefits as well. Your cash values, for example, accumulate tax-free or tax-deferred. Withdrawing money from your cash reserves is tax-free as long as the amount does not exceed what you have contributed to the policy. Personal loans to yourself, from a participating whole life policy, doesn't count as income. Additionally, your loved ones are guaranteed a tax-free benefit upon your death, and if structured correctly, may be able to receive life insurance proceeds free of estate taxes.

### ***The "Participating" Benefit of Whole Life Insurance***

Participating whole life insurance policies offer additional advantages over other types of whole life insurance policies. A participating whole life policy will pay dividends to its policyholders based on the *company's annual profits*. Premiums in a participating whole life contract are guaranteed to remain level throughout the life of the policy, and once dividends are declared they cannot be taken away. Cash values accumulate within the account, and you can access this cash tax-free and penalty free, while you are alive. And of course, your beneficiaries are guaranteed to receive the death benefit, which is also available tax-free.

Whole Life Insurance policies are a contract and act as a legal will unto themselves. It is simple and easy to change beneficiaries and divide proceeds without going to a lawyer. And because life insurance policies are able to bypass the probate process, your heirs can avoid the enormous costs and fees often associated with an inheritance.

Several other benefits are associated with whole life insurance policies, including:

- **Accelerated Death Benefits** – receive up to \$250,000 of your death benefit while alive if you are diagnosed with a terminal illness.

- **Guaranteed Disability Provision** – ensures that your base insurance premium continues to be paid by the life insurance company if you become permanently disabled.
- **Long-Term Care Riders** – provides for payment of long-term care.
- **Guaranteed Income Options** – turn your cash values into an annuity that will guarantee a lifetime stream of income.

Some of these benefits are available by rider and will vary by policy. You will need to check with your insurance provider to see if these benefits are available to you.

### ***The Financial Benefits of Participating Whole Life Insurance***

Above and beyond their traditional benefits to policyholders, certain life insurance policies can incorporate the idea of the Your Family Bank® Concept. Participating whole life policies are especially suited for use within this concept.

In a participating whole life policy, you build cash value within your policy by both paying your premiums and collecting dividends. Typically, there is a guaranteed growth of about 4% built into these policies. This income growth is tax-deferred. What the Your Family Bank® Concept does is maximize your ability to access the cash value that has accumulated within the policy, allowing you to enjoy your money now and still provide a future of financial security to your loved ones.

By using your participating whole life insurance as a personal bank, you can reap many financial rewards. By accessing your bank you are able to loan money to yourself on your own terms. When you pay the loan back, you pay yourself – with possible excess interest. So rather than making money for the banking industry, you make money for yourself. Even if you've borrowed money from your cash reserves, you might continue to earn interest and dividends on your entire cash value amount, although this benefit varies by policy and company.

Unlike IRAs, a participating whole life insurance policy used with the Your Family Bank® Concept is not capped by the government or restricted by your Adjusted Gross Income. You are encouraged to make loans to yourself, and in fact, you will actually make more money within your policy if you do, as long as you are an honest banker/borrower. One of the most important reasons this works is because of the way the life insurance loans are structured. They are similar to home equity lines of credit; you only pay interest on the outstanding amount. Therefore, every payment back to the policy that you make reduces the overall interest expense and results in fewer total payments. Fewer payments mean saved money. By completing the cycle (making all your payments as originally scheduled) the policy/bank will grow larger.

Cash values within the policy are completely liquid and can be used in whatever manner you choose. There are no fees or penalties for using these funds.

Whole Life Insurance investments offer guaranteed growth and can cushion a family from the uncertain financial trials that are a part of every life. By using your participating whole life policy as the Your Family Bank® Concept, you can build private capital that provides a tax-free source of income. You will no longer need to turn to traditional forms of financing to live your dreams or handle your financial emergencies.

## **Dividend Paying Whole Life Insurance**

### ***Understanding What Sets It Apart from Other Life Insurance Products***

Whole Life Insurance, Universal Life Insurance, Variable Universal Life Insurance, Term Life Insurance; with such an array of life insurance options available, it's easy to get lost in the confusion of what type of insurance is best for your life and family circumstances. Let's start by looking at the pros and cons of each type of life insurance policy.

#### ***Term Life Insurance***

The biggest upside of **Term Life Insurance** is that you get life insurance at very inexpensive rates, in the beginning. Term life insurance is very cheap if you buy it young. And for the first years of your policy it will remain inexpensive. But as you age, and as your insurable factors change, your premiums will increase – sometimes dramatically.

Most people either drop or convert their term insurance policy to permanent life insurance when this happens. In fact, *a 1993 Penn State University study* found that only 1% of all term life policies were ever paid out. In truth, term life insurance is really designed for one benefit – *to provide cash settlement for your family in the event of your death*. This is why term life insurance is often referred to as renting life insurance versus owning life insurance. It can be a great buffer against unforeseen tragedies, and can, in the short term, provide necessary, inexpensive coverage. But as a long-term solution, it really doesn't hold up.

#### ***Universal Life Insurance and Variable Universal Life Insurance***

**Universal Life** coverage combines the benefits of whole life insurance with some other flexible features. Like whole life policies, universal life allows you to accumulate cash on a tax-deferred basis. The cash you contribute will be invested by your insurance company and the profit from those investments is applied to these

cash values of your policy, tax-deferred. Investments are handled by the insurance company and are usually in bonds and money market funds. Investment profits can sometimes be applied toward premiums; the flip side of that is, in years of poor investment performance, your premiums could increase.

**Variable Universal Life** is universal life but allows *you to invest your cash values* in the stock market. Essentially it puts you in control, and you will chose where your cash values are invested and all earnings within the policy are tax deferred. Because the stock market historically outperforms other investments, the potential for greater returns is significant (the old paradigm of higher risk, high reward).

But the stock market is volatile and cash values within this type of policy can fluctuate up or down depending on how the stock markets are performing. Many of these policies are sold using *illustrated* returns that are truly not indicative of what actually happens. In 2008, when stock markets were at all-time lows, sales of both universal life and variable universal life insurances dropped off considerably while people sought safer investments, from either the guarantees of whole life insurance or from the cheap cost of term life insurance.

Additionally, the cost of both universal life and variable universal life is expensive and they do not offer the best protection or guarantees in the long term. The internal costs of these life insurances are often very steep and can offset the investment gains one receives.

### ***Whole Life Insurance and the Dividend-Paying Difference***

**Whole Life Insurance** is also called **Permanent Life Insurance**. You can also say it's, "What you see is what you get," meaning, whatever is illustrated in the contract is guaranteed to happen. You pay a *set premium* for the *duration of the policy* and upon your death; your beneficiaries will receive the exact amount of your policy's stated death benefits. Like other cash accumulating life policies, the cash values within your whole life insurance policy grow tax-deferred.

But even whole life insurance can vary in what they offer. Dividend-paying whole life insurance for instance provides the safety and security of whole life, while also providing performance-based dividends. A dividend paying whole life policy will pay dividends to its policyholders based on the company's annual profits. Like universal life policies the company makes investments for policyholders, using the paid premiums. But there are some important differences.



With dividend paying whole life policies, investments are made in very safe financial instruments such as bonds and they also diversify by industry, maturity and geography. This keeps costs and risks very low, and profits very steady.

As the cash values of a dividend paying whole life policy accumulate, policyholders are able, and even encouraged, to borrow money from the account for personal financing. This is often called self-banking or the Your Family Bank® Concept. The Your Family Bank® Concept's whole life policy is structured to maximize liquid cash values instead of concentrating on the death benefit. Which means you can enjoy your money now, and leave a financial legacy for your heirs.

What the Your Family Bank® Concept does is make you the bank. You will save with your bank (premiums), you will borrow from your bank, and when you pay interest on your personal loans, you'll be paying yourself the interest. So instead of paying out interest to a bank or other financial institution, you pay money to yourself. The dividend-paying whole life insurance policy provides the financial structure to make this concept possible.

There are numerous other benefits associated with dividend-paying whole life insurance and the Your Family Bank® Concept. Cash values within your policy accumulate. Distributions from your cash value via personal loans are tax-free. Withdrawals from the policy can be made tax-free up to the amount you have contributed to the policy. Additionally, the death benefit proceeds pass to your heir's income tax-free.

### ***The Company You Keep...***

With these types of insurance policies, it is best to choose a mutual company as opposed to a company traded on the stock market (a stock company). In a mutual company, the policyholders are the owners of the company, thus the policyholders will be the first in line to benefit from strong company performance.

A stock company is owned by its stockholders. It is run by a board of directors, who are elected by the stockholders and try to get the best return on investment for these stockholders, and not their policyholders. Thus the stockholders will be the first in line to benefit from strong company performance.

## **Whole Life Insurance as an Investment Tool**

### ***Gaining Financial Independence through Whole Life Insurance***

Whole life insurance *is* life insurance first and foremost, and is commonly purchased to provide peace of mind. That is, if something happens to you, you know your loved

ones will still be financially secure. In fact, whole life insurance is the only financial product that guarantees that what you want to have happen will happen, as long as you do as specified in the contract.

But beyond their obvious benefits as a life insurance policy, whole life products are excellent investment tools that can lead policyholders to a life of financial independence. When structured correctly, whole life insurance policies allow you to enjoy your money now and still leave a financial legacy for your heirs. A whole life insurance policy creates *an instant estate* for the policyholder upon the payment of the first premium.

### ***A Safe Investment***

When you use whole life products as an investment vehicle, you can rest assured that your investments are safe. Life insurance companies have a proven track record of investment strength and security. They have historically outperformed banks and other financial institutions for several reasons.

For one, whole life insurance policies are not chasing short-term performance to satisfy impatient investors. The professional money managers working for life insurance companies are not seeking a quick return on money, but rather a long-term strategy for financial stability. Whole life insurance fund managers invest in secure bonds. Additional stability is provided by diversifying bonds by industry, maturity and geography. This keeps costs and risks very low.

Additionally, most states guarantee whole life policies through state Life and Health Guaranty Associations. Guaranty associations operate much like the FDIC does for banks. Guarantee limits vary by state, but most states regulate insurance companies and provide guarantees to policyholders through these associations. Life insurance companies in these states support one another and if one fails, the others will be assessed the money to pay the claims of the insured persons who held policies with the defunct provider. You will need to check with your state insurance commissioner to see if your state has a guaranty association and what the guaranty limits are.

### ***Using Whole Life as an Investment Tool***

Whole Life insurance policies lend themselves to several investment uses, most commonly as a safe reserve for cash values earned by the policy. Cash values accumulate over time through premium and dividend contributions. The growth of these cash accumulations within whole life policies is tax-deferred.

This cycle begins with your premium payments, which initially fund your policy.

The insurance company will, in turn, invest a portion of your premiums in very safe financial instruments such as bonds (as previously described). Financial gains from these investments may be distributed back to your account as dividend earnings when performance exceeds expectations. Dividends are not guaranteed and may not always be paid. However, solid insurance companies have paid dividends every year for the past 100 years, including during the Great Depression.

Through your premium payments and dividend earnings, the cash value within your policy begins to grow, and that's where the greatest investment benefits begin. Both a whole life policy and a dividend paying whole life policy allow you to utilize what's known as the Your Family Bank® Concept. But a dividend-paying policy offers greater tax advantages, allowing for faster cash growth.

### ***Being Your Own Bank with the Your Family Bank® Concept***

The Your Family Bank® Concept is a financial philosophy of being your own bank, and dividend-paying whole life policies are especially suited for this concept. The Your Family Bank® Concept means taking control of your financial dealings, not just handing them over to a financial advisor or institution. To begin to understand the investment potential of the Your Family Bank® Concept, you must first understand the banking system.

In the banking system, you ask the bank to both save your money and lend you money. When you borrow money, you do so at a higher interest rate than your saved money earns. The difference between these two values is profit for the bank. By charging higher interest than it gives, the bank earns money.

What the Your Family Bank® Concept does is *make you the bank*. You will save with your bank through premium payments and dividend earnings. When you borrow from your bank, you will pay the loan back to yourself with interest, thereby increasing your cash values in your bank. You pay yourself the principal and interest, plus earn dividends. So you are financing and making money off yourself, instead of paying that money and interest to a bank or other financial institution.

When used correctly, the more loans that the Your Family Bank® policy finances, the more money it makes for its policyholder. This is because loans from your life insurance policy are similar to home equity lines of credit. Interest is only paid on the amount of the remaining loan, so every time a payment is made; overall debt is reduced, thereby reducing the amount of interest paid over time. If you make all payments as scheduled, including your interest amount, the policy cash fund will continue to grow – as long as you are an honest banker.

You will have to start with smaller loans, perhaps a necessary home repair, or a weekend vacation. If you are disciplined about paying back your loan and interest, you will soon have enough money for a larger loan, perhaps a car, and eventually even a home. You can see that over time, the Your Family Bank® Concept provides a way to break the cycle of paying money to the banks and other lenders. Instead you'll be making money for you. There are no loan fees, transaction fees, or late fees assessed on these self-financed loans.

### ***Tax-Free Benefits***

Investment gains lose their thrill if you have to pay exorbitant taxes and fees. Whole life insurance offers many tax benefits to policyholders. Earned dividends are tax-deferred. Cash values increase within your policy tax-deferred. Distributions can be received tax-free through policy loans. The death benefit proceeds pass to your beneficiaries income tax-free, and if structured properly, life insurance proceeds can be received free of estate taxes.

### ***You're Best Investment Option***

It's hard for other investment tools to beat the benefits of whole life insurance. Whole life insurance provides investment security, tax-free earnings, and if used with the Your Family Bank® Concept, it can lead to greater investment growth and eventually, financial independence.

## **The Your Family Bank® Concept**

### ***Financial Rewards through Personal Banking***

Here's a shocking fact about money, the average American spends about 60% of their lifetime earnings on taxes and interest payments. That means that for every \$100 you earn, \$60 is never really yours, it's paying the government, the banks, and other institutions to which you are paying interest.

You may be thinking, "Well, that's just the way it is," but it doesn't have to be. With the Your Family Bank® Concept you can break the cycle of paying money to someone else, and start paying it to yourself.

### ***What Is Your Family Bank®?***

The Your Family Bank® Concept is the financial philosophy of being your own bank. It means taking more control of your financial dealings, not just handing them over to a financial adviser or institution. The Your Family Bank® Concept takes structure and discipline that leads to rewards that are numerous.



Let's start by discussing the financial "norm." Most people, when seeking a mortgage or financing the purchase of a new car, will turn to a bank or other financial institution. In the traditional banking system, there are three major players the Saver, the Borrower, and the Banker.

The Saver deposits money with the bank and earns interest on their money; the Borrower borrows money from the bank and pays interest on the money borrowed; the Banker is just the intermediary. For his effort, the banker charges a higher interest to the borrower than it pays to the saver. This is called the spread, and is how the bankers make their money.

What the Your Family Bank® Concept does is make you the Saver, the Borrower and the Banker. You will *save at your bank*; you will *borrow from your bank*; and you will *pay interest to your bank*.

### ***Sound complicated?***

It isn't! The Your Family Bank® Concept is designed with the idea of cutting out the middleman; the bank. With the Your Family Bank® Concept you can save with and borrow from yourself. When you pay yourself back, you are paying back your personal loan plus the interest to yourself.

## **Getting Started with Your Family Bank®**

So how do you become your own bank and begin financing yourself, with whole life insurance. Specifically, it's a dividend paying whole life insurance policy. The Your Family Bank® Concept is built on this financial tool and it allows many possibilities for financial stability and success.

To start, whole life insurance has been a proven winning financial tool since the inception of life insurance. Whole life insurance policies are carried by:

- The wealthy to protect their estates
- Ordinary families to protect their assets
- Many corporations, companies, and Fortune 500 Companies
- Almost every major bank

In fact, in 2008 alone, bank owned life insurance (BOLI) grew by \$126.1 billion. So the product is a proven winner.

When using whole life insurance for a personal banking system, the policy is structured differently. The Your Family Bank® Concept whole life policy is structured

to maximize liquid cash values instead of concentrating on the death benefit, which means you, enjoy your money now and still leave a financial legacy for your heirs.

### ***The Benefits of a Dividend-Paying Whole Life Policy***

A dividend-paying whole life insurance policy allows you to take loans against the cash values in your policy. You control these funds and decide the re-payment terms. That means you set the interest rate, the amortization period and other loan terms. It might be tempting to think that the best thing about this is no paperwork! (Have you applied for a loan lately?). But in fact, the best thing about this is that when you borrow from yourself, you also pay yourself back. You pay back the loan, you pay yourself interest, and you do it all on *your schedule*. There are no penalties for a late or missed payment. And there are no loan or transaction fees, because remember, you are now the bank.

There are numerous other benefits to the Your Family Bank® Concept. A properly structured dividend-paying whole life insurance policy offers tax-deferred growth of your money, and tax-free distributions to you via policy loans. Non-loan withdrawals from the account are tax-free up to the amount you have contributed into the account.

With the Your Family Bank® Concept, cash value growth within the account accumulates tax-deferred. Additionally, the death benefit proceeds pass to your heirs' income-tax-free, in fact, with proper planning, your heirs can receive the life insurance proceeds from your policy free of estate taxes as well.

The Your Family Bank® Concept teaches independence from the conventional way of financing, meaning you will no longer be reliant upon banks and finance companies for their cash through financing. If you're ready to be your own bank, look into the Your Family Bank® Concept today. With some planning and discipline, you'll be on your way to financial self-reliance.

### **Your Family Bank® - Scam or Serious Investment Tool?**

As a financial tool growing in popularity and demand the Your Family Bank® Concept is oddly enough beginning to receive negative criticism. There are those that say the Your Family Bank® Concept is a scam, but we believe that this stems from those who do so misunderstand the concept of what is being sold.

#### ***The Your Family Bank® Scam***

Let's start with what the Your Family Bank® Concept is not. It is not a product that you can buy on the internet. It is not a get rich scheme. And it is not for everyone. Those who claim the Your Family Bank® Concept is a scam misunderstand the

premise of what perpetual banking (Infinite Banking) is all about. The basic truth is that the Your Family Bank® Concept is not a *new product or concept*. It is a long established, proven methodology being used in a new and innovative way.

The Your Family Bank® Concept is a philosophy of personal banking founded on a properly structured, dividend-paying whole life insurance policy. As a financial tool, whole life policies are a proven, low risk, product. Historically, insurance companies have been one of the safest places for your money. Life insurance companies invest in very safe financial instruments such as bonds which means lower investment risks for policyholders.

### ***So Why Isn't Everyone Doing It?***

At the core of the Your Family Bank® Concept is the idea that you should become your own banker. Doing this requires commitment to this concept, and the discipline to put into practice this new way of financial living.

The Your Family Bank® Concept means you are the Saver, the Borrower and the Banker of your own bank. You save money with your bank, you can borrow money from your bank (on terms that you set!) and you pay the bank (yourself) both the money borrowed and the interest on that money; meaning you are making money by financing yourself. Your bank is based and financed by your dividend-paying whole life insurance policy.

When used as a banking application a whole life insurance policy is structured differently than other insurance policies. The policy provides a death benefit to your heirs, but places a greater emphasis on your ability to access the cash value liquidity within your account to finance your life. The amount of the Death Benefit is reduced in order to increase the amount of your policy's cash value. Obviously, you could set up this same personal banking system with either a checking account or a mutual fund policy. But the financial gains are limited by the tax consequences of each. A whole life policy offers a bank-like platform but provides some tremendous additional benefits.

By using the whole life platform, you benefit from the tax-deferred growth of your money, tax-free distributions (up to your basis) through your policy loans, and an income-tax-free death benefit to your heirs.

### ***The Cost of Your Family Bank®***

The basis of the Your Family Bank® Concept is the whole life insurance policy, and there are initial costs and administrative fees associated with the policy. Critics of the concept point to these fees as proof of the Your Family Bank® scam.

The truth is any financial policy or tool will have administrative costs associated with it. With the Your Family Bank® Concept the cost is most visible in the first years of the policy when your access to cash values is less than the premiums you deposit. But like all legitimate financial tools, the Your Family Bank® Concept is concerned about long-term success and the improvement of people's lives through financial independence. If policyholders are dedicated and diligent about their commitment to this system of banking, their eventual profits will more than compensate for the upfront cost of the insurance.

### ***Understanding the Lending Institution***

We can all agree that financing is a huge industry. It's also an industry that works to the benefit of the lending institutions, and not the consumer. Let's start by pointing out the misconceptions surrounding interest. Individuals are sold on the concept of interest rates. If we get a 5% interest rate as opposed to a 6.5% interest rate, we think we're getting a good deal.

Lending institutions, on the other hand, are concerned with *interest volume*. If you have financed the purchase of a home, you received a Truth-In-Lending Statement that spelled out exactly how much interest you paid. Your loan stated that you were paying 5% interest, but the TIL showed that with a 30-year loan you actually paid over double the price for your home by the added interest. So that's over 50% in interest volume, not 5%. So why do we do it, because we don't know a better way.

The Your Family Bank® Concept offers people a better way; a way of breaking this cycle of making money for the lending institutions. Of course, when policyholders are just getting started with the Your Family Bank® Concept, they won't be able to immediately finance a new home. But they can start with smaller, personal loans. And if they are disciplined about paying themselves back, they will soon find they can finance a car purchase, and perhaps eventually a home. In fact, when used correctly, the more loans the Your Family Bank® Concept policy finances, the more money it makes for its owner.

### ***The Successful Infinite Banker***

The success of the Your Family Bank® Concept is predicated on the discipline of the policyholder as their own personal banker. By borrowing from yourself and paying yourself back you will recapture the principal and interest that you normally were sending away. The structure of an insurance policy will reduce the number of payments required to pay off the loan, and by reducing the number of payments, there is an instant gain. More of the payment is applied to principal than interest.



Additionally, with whole-life insurance policies there are no transaction fees and funds are guaranteed to grow on a tax-deferred basis. Distributions from your cash values done as policy loans are tax-free. Withdrawals from the policy are tax-free up to the amount of money you have contributed to the policy.

The Your Family Bank® Concept being a scam is a fallacy; it is a way of action. The Your Family Bank® Concept it is a proven financial tool that can improve the financial lives of those with the discipline and understanding to make it work.

## **The Your Family Bank® Concept for Business**

### ***How to Make It Work***

The Your Family Bank® Concept is becoming a trusted vehicle for growing individual and family wealth, but there are also many practical and beneficial ways to apply the Your Family Bank® Concept to businesses.

### ***Understanding the Your Family Bank® Concept***

The concept is the same. With the Your Family Bank® Concept, you put yourself in the position of being your own bank. This is done through a dividend-paying whole life insurance policy. As your cash values begin to grow, you can begin to lend yourself money. If you need to repair something in your home, for example, you can borrow the money from yourself using the cash values within your policy.

You set the loan amount, the interest rate and the payment schedule. When you pay the loan back, you pay yourself-with interest. So you are financing and making money on yourself, instead of paying that money and interest to a bank or other financial institution. Even better, your cash values will continue to earn interest and you may earn dividends on your entire pre-loan amount.

### ***Applying the Your Family Bank® Concept to a Small Business***

For a small business owner, the Your Family Bank® Concept has a variety of potential benefits. Loans from your whole life insurance can be used to pay for legitimate business expenses, including but not limited to:

- |                                  |                    |
|----------------------------------|--------------------|
| ~ rent charges                   | ~ health insurance |
| ~ office supplies                | ~ bonuses          |
| ~ corporate vehicles & equipment | ~ business travel  |

These are only a few ideas above, but the uses are limitless. And as with policies that serve individuals, the more you use the Your Family Bank® Concept for business

purposes, the more benefits you receive. You can create a cash side account or gain, simply as a bi-product of your regular business transactions.

So why would you do this, because the IRS allows a business to write-off legitimate business interest expenses. By funding business expenses through your dividend-paying whole life insurance plan, you create an investment return for yourself and a tax write-off for your business. You, the individual, loan money to the business, the business pays back the loan amount plus interest to you, increasing your account cash values. The business gets to write-off the interest paid on the loan as a legitimate business expense. It's a win-win relationship.

While business owners can use their personal whole life policies to fund business expenses, policies can also be purchased by the company on important (key) individuals, offering the same benefits of cash values, loan opportunities and tax advantages.

### ***Making the Your Family Bank® Concept Work for Larger Businesses***

The Your Family Bank® Concept has been an accepted practice in large businesses and corporations for some time. These types of businesses obviously have a much greater need for capital, far bigger in scope and volume than an individual business or a small business. The Your Family Bank® Concept is carried out through the use of Corporate Owned Life Insurance, and its counterpart, Bank Owned Life Insurance.

### ***Corporate Owned Life Insurance - COLI***

Corporate Owned Life Insurance, or COLI, is traditionally purchased to cover a business's key executives. These policies are also known as "key person" insurance. A corporation will purchase a life insurance policy on a key employee to cover the financial cost of losing them to unexpected death. The insurance coverage is intended to cover the cost of recruiting and training new talent and to offset the possible loss of business due to the key employee's absence. It also helps a company recoup the possible cost of benefit payouts to the deceased employee's family.

COLI accounts can be used in the same way as individual whole life policies. Corporations use their participating whole life insurance policies to build cash values. Just like with individual policies, contributions and gains accumulate tax-free, and loans can be made as needed for any business need.

### ***Bank Owned Life Insurance - BOLI***

The financial industry has its own version of this type of insurance, Bank Owned Life Insurance, or BOLI, has been traditionally purchased by financial institutions for their

key executives. And although it's been an accepted practice for many years, its popularity is increasing in 2008. For example, banks purchased \$126.1 billion of whole life insurance.

### ***Using COLI and BOLI as the Your Family Bank® Concepts***

Because these corporate life insurance policies are usually for much larger amounts than individual policies, the potential for reinvestment and explosive cash value growth are much greater. Although the policies cover individuals, they are purchased to protect corporations and banks for their potential losses, boost Tier 1 capital and provide benefits that might not otherwise be affordable. So it is the corporation or bank that is the policyholder, and these purchasing institutions can use these policies similarly to how an individual uses a participating whole life policy to fund the Your Family Bank® Concept. Corporations can use the cash values within their policies to fund legitimate business expenses such as:

- Large equipment or machinery
- Employee retirement plan
- Employee health & wellness plans
- Corporate Vehicles
- Your lease/rent for building space or corporate housing
- Travel expenses
- Business loans
- Fringe benefits to attract key personnel
- Business acquisitions & mergers

Corporations and banks have long known the financial benefits of the Your Family Bank® Concept through their COLI and BOLI policies. By using a dividend-paying life insurance policy as a platform for the Your Family Bank® Concept, now your smaller companies can enjoy these same benefits.

## **Self-Directed IRAs**

### ***Why Dividend-Paying Whole Life Insurance Offers an Attractive Alternative***

Are self-directed IRAs all that they are built up to be? Let's consider that question. We've all been sold on the idea of IRAs as a wise investment product. Contributions accumulate and grow in value during your working years, allowing you to enjoy the fruits of your labor upon retirement. And they offer tax-deferred growth benefits to their owners. Sounds great, right? But when looked at closely, you begin to see the limitations of IRAs.

## ***Understanding the Limitations of Self-directed IRAs***

Self-directed IRAs, in particular, are attractive to many people who like controlling where their money is invested for their retirement. You can use these accounts to contribute and control your investments in stocks, mutual funds, bonds, real estate or any other investment you choose. When using traditional IRAs, your contributions and capital gains are tax-deferred, allowing more of your money to be used in an investment strategy.

The limitations of these IRAs, however, are in their name - Individual *Retirement* Arrangements. As a financial tool, these accounts are strictly for *retirement* and they are regulated by the IRS as such. If you don't follow the IRS rules, you may lose your tax benefits.

To begin with, the tax benefits of IRAs are limited. Contributions to traditional IRAs are tax-free, the growth is tax-deferred and the distribution is taxed. Roth IRA contributions go in after tax, thus the distributions are tax-free. Also if your Adjusted Gross Income is \$70,000 or more (single) or \$116,000 or more (married) then you will receive no deduction on your federal income tax filings for traditional self-directed IRA contributions. So for those earning more than those amounts, these accounts are hardly a tax relief vehicle and seriously limit their value as an investment product.

The IRS also regulates the contribution amounts, investment use and distribution of these types of accounts. There are limits as to how much you can contribute annually. Currently, if you are younger than 50, \$5,500 is your limit. If you are older than 50, you can contribute up to \$6,500.

Self-directed IRAs are also limited by what you can use your money for. There is a **self-dealing rule**, for example, that says you can't act or benefit on your own behalf as a trustee of your money. Basically, you can't have any direct or indirect personal involvement or gain from any of your investments. For example, renting a house you bought to a family member. If you used self-directed IRA funds to purchase that house, you can't even fix the kitchen sink... let alone allow your niece to rent it. These investment limitations are fairly severe.

The same limitations exist when it comes to the distribution of your funds. With few exceptions, you can't access your funds until you reach the IRS retirement age. If you do so, those funds will be subject to the normal income tax plus a 10% withdrawal penalty.



## ***Offering a Better Way***

Dividend paying whole life insurance offers a platform that provides many of the same benefits of an IRA, but without many of the limitations. In fact when used with the Your Family Bank® Concept, the cash value growth and tax benefits of these policies go above and beyond most retirement investment strategies.

With a dividend-paying whole life policy that is structured to work the Your Family Bank® Concept, policyholders will benefit from:

- tax-deferred income growth
- tax-free distributions via policy loans
- tax-free withdrawals up to your basis
- no contribution restrictions, subject to health underwriting
- no income-level restrictions
- a tax-free death benefit for all beneficiaries

## ***Understanding the Your Family Bank® Concept***

So what is the Your Family Bank® Concept? It's a financial philosophy of being your own bank that is predicated on the tax and investment advantages of a dividend-paying whole life insurance policy. You will fund your account with your premium payments. The insurance company will invest a portion of your premiums in very safe financial instruments such as bonds. These bonds will be diversified by industry, maturity and geography for added investment security.

Gains from these investments will be factored with overall performance of the insurance company. The costs of overhead, mortality (death benefit payouts) and other expenses are subtracted from the gains. What's left is the excess that can be given back to the policyholders as dividends. Typically, these policies have a guaranteed tax-deferred growth rate of around 4%.

Through your premium payments and dividend earnings, the cash value within your policy will begin to grow, and through compounding is where the greatest benefits begin. You get to be your own bank.

When you put money into a traditional financial institution, they will pay you a small amount of interest. When you borrow from that financial institution, they will charge you a greater amount of interest. In the banking industry this is known as the spread, and it's how financial institutions make their money.

A dividend-paying whole life insurance policy allows you to lend money to yourself by collateralizing the cash values within your policy. You control these funds and

dictate the re-payment terms. That means you set the interest rate, the amortization period and other loan terms. As you pay back the loan, you also pay yourself interest, and you collect the spread that would otherwise go to your lending institution. There are no penalties for a late or missed payment, and there are no loan or transaction fees. You can use these personal loans anyway you want. Finance your car, pay yourself back. Finance your roof repair, pay yourself back. Finance your small business, pay yourself back. Finance your family vacation, pay yourself back. Finance your children's college education, pay yourself back. You are in control, not the IRS; you decide, not the IRS.

In addition to the income growth opportunities available, there are numerous other benefits to the Your Family Bank® Concept. By borrowing money from a properly structured dividend paying whole life insurance policy you can enjoy tax-deferred growth of money, tax-free distributions via policy loans, and an income-tax-free death benefit for your heirs.

Who wouldn't want a place where they can put their money to grow tax-deferred without all the imitations of a self-directed IRA? By using a dividend-paying whole life insurance policy the Your Family Bank® Concept, you have full liquidity, use and control of your money. Instead of discouraging **self-dealing**; the Your Family Bank® Concept encourages you to use your funds **whenever** and **wherever** you can in your own life.

**To learn how the Your Family Bank® Concept can work for you, contact your personal coach, *Raj Singh* at email [rs.yfb.coach@gmail.com](mailto:rs.yfb.coach@gmail.com) or call 813-693-1885.**