



Infinite Banking Concept®

**WHAT IS PRIVATIZED BANKING
AND IS IT RIGHT FOR YOU?**



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What Is Privatized Banking, And Is It Right for You?

We can't talk about Whole Picture Financial Planning without talking about banking.

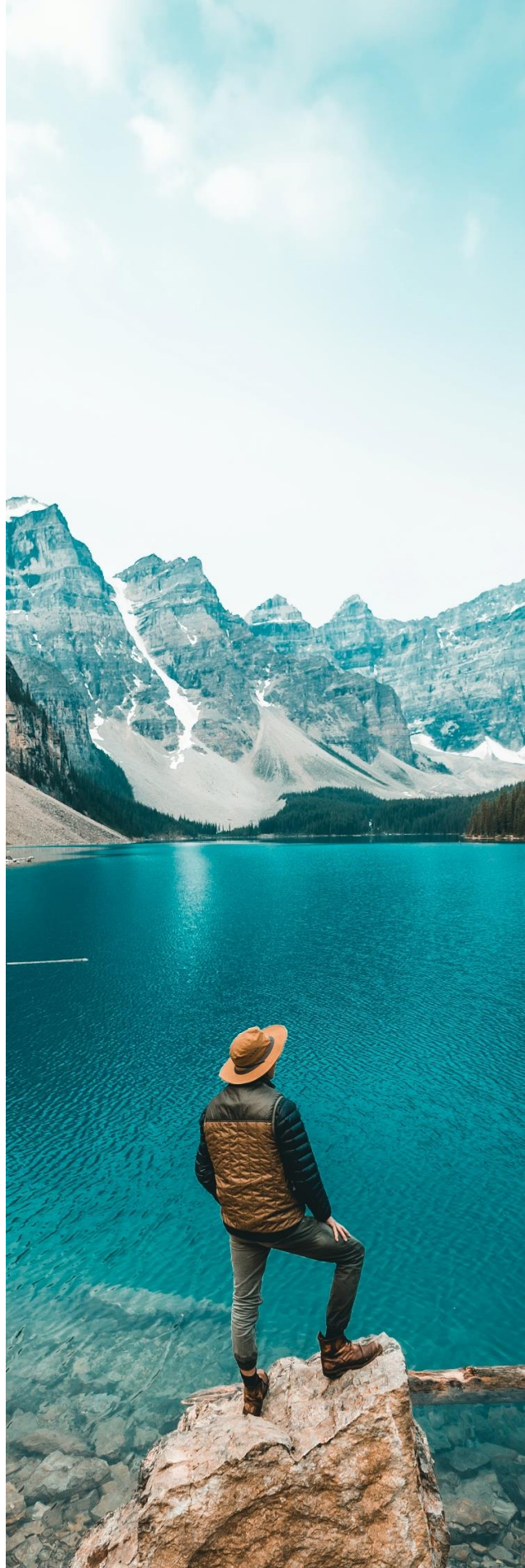
We all need the use of an organized banking structure; after all, it is an important foundation of our cash flow system. To that end, we have always inevitably been instructed to rely on big banks for every financial transaction we make.

However, there is more than one option available for you to use as your cash flow system.

More than one option, you say?

Yes! And, as you read on, you will learn that a better banking system exists. And the best part is: it's available to you **now!**

Before we get to it, let's take a closer look at the Canadian Banking System we use now.



The Canadian Banking System

A Bit of History

The Bank of Canada was created in March, 1935 and, like most modern central banks, was modelled after the Bank of England. Its purpose was to regulate credit and currency in the best interests of the nation's economic life; to control and protect the national monetary unit's external value; to mitigate fluctuations in the general level of production, trade, prices and employment; and generally to promote the economic and financial welfare of the Dominion.

Fiat Money

The Bank of Canada uses "fiat money." Fiat money is a government-issued currency that is not backed by a commodity such as gold. It gives central banks greater control over the

economy because they actively control how much money is printed.

Most modern paper currencies are fiat currencies. This allows the banks to create money out of thin air and they can destroy it just as quickly. However, printing money adds to inflation.

Inflation is often referred to as a hidden tax, created by our current banking system. This magical ability that the Bank has to manipulate a currency also gives rise to the familiar boom-bust cycle in developed economies. Most bankers probably have no idea that our financial system as a whole rests on quicksand.

Monopolistic Practice

The Bank of Canada, which is mandated by our federal government, has a complete monopoly on our money. It is accountable to no one, and the effects of this monopoly are the prime reason why the value of our money has fallen more than 95% since it was established.





Fractional Reserve System and Loans

Banks in Canada only have to keep as low as zero to 10 percent of each deposit made to them — *zero percent during COVID-19* — and can use the remaining money for loans.

On the other hand, despite supplying the capital for the banks to loan, depositors do not share in the profitability of these loans.

In addition to that, when you request a loan from the banks, even if you have significant assets as collateral, they will not loan you the money unless your credit is good and you can prove you have sufficient income to make loan payments.

Fees and Restrictions

Even though it's your money, you may still face restrictions on how much of it you can access at a time. Banks can also legally delay withdrawal requests for up to 90 days.

Furthermore, there is the issue of users having to pay for Canadian Deposit Insurance Corporation (CDIC) protection through lower interest rates on deposit accounts and additional fees, just to use the banking system.

Good to Remember

During the financial crisis of 2008, big banks in the United States, such as Citigroup and Wells Fargo, had to be bailed out by the federal government. In Canada, the biggest Canadian banks received a \$114 billion "secret bailout."

Now, with all of this, we're not suggesting that we don't need this banking system at all. It does provide us with some conveniences and value. But households and businesses do have the ability to secede from this chaotic financial system and move to a privatized banking system.

No need to panic and start stuffing money into your mattress.

Privatized Banking System – Be Your Own Bank®

The Becoming Your Own Banker® (BYOB) concept, also known as the Infinite Banking Concept® (IBC®), is Nelson Nash's creation. Carlos Lara and Robert Murphy, Directors of IBC®, co-authored the book *How Privatized Banking Really Works*.

Now onto our main subject: Privatized Banking System.

What do we mean when referring to a privatized banking system? It's simply a system where you're in control and one that you can implement immediately. "Sounds promising, right?"

This function can be implemented by virtually anyone. Still, this move away from the government-regulated banking system does require educating yourself on how to take control of the banking function in your life to allow you to manage your cash flow.

BYOB®, is a system, not a financial product, but it does require the use of a financial product to control, hold and allow you to access your working capital.

The financial product in question is not new. It's something many parents and grandparents have used. It's something many have labelled a bad investment.

This product was never intended to be an investment, although its historical performance compares favourably with other investments, and it is immune to market losses. It also includes other desired features. But again, its role is to act as a holding account for your working capital to deploy it as needed or wanted. So, what is it?

It is a properly designed, tax-exempt, dividend-paying, cash value whole life, AKA **permanent life insurance policy.**

Through this type of policy, policy owners, individuals, and businesses can turn to traditional life insurance companies rather than commercial banks and Bay Street to hold their working capital and position it to acquire other assets.

For the reasons you will read below, it's the best vehicle available to provide the capital to run your own privatized banking system. It's the perfect warehouse, reservoir, and headquarters in which to stockpile your working capital, and from which to deploy it when opportunities present themselves.

If it all sounds like you're almost **"being your own bank,"** that's because you are!
So, shine your shoes and put on your suit.

How does it work?

This is the exciting part

Individuals and businesses can build up large “cash surrender values” in one or more whole life policies. This cash provides you with the foundation of your own privatized banking system, and this system, in turn, provides you with control.

Life insurance cash surrender value is similar to the equity you build in a house as you pay down the mortgage. With life insurance, the “mortgage” is your stream of contractually specified premium payments, and the “house” is the death benefit payment (either when you die or when the policy matures).

With each “mortgage” payment, the insurance company’s lien against your “house” shrinks, which is why your “equity” in the policy grows.

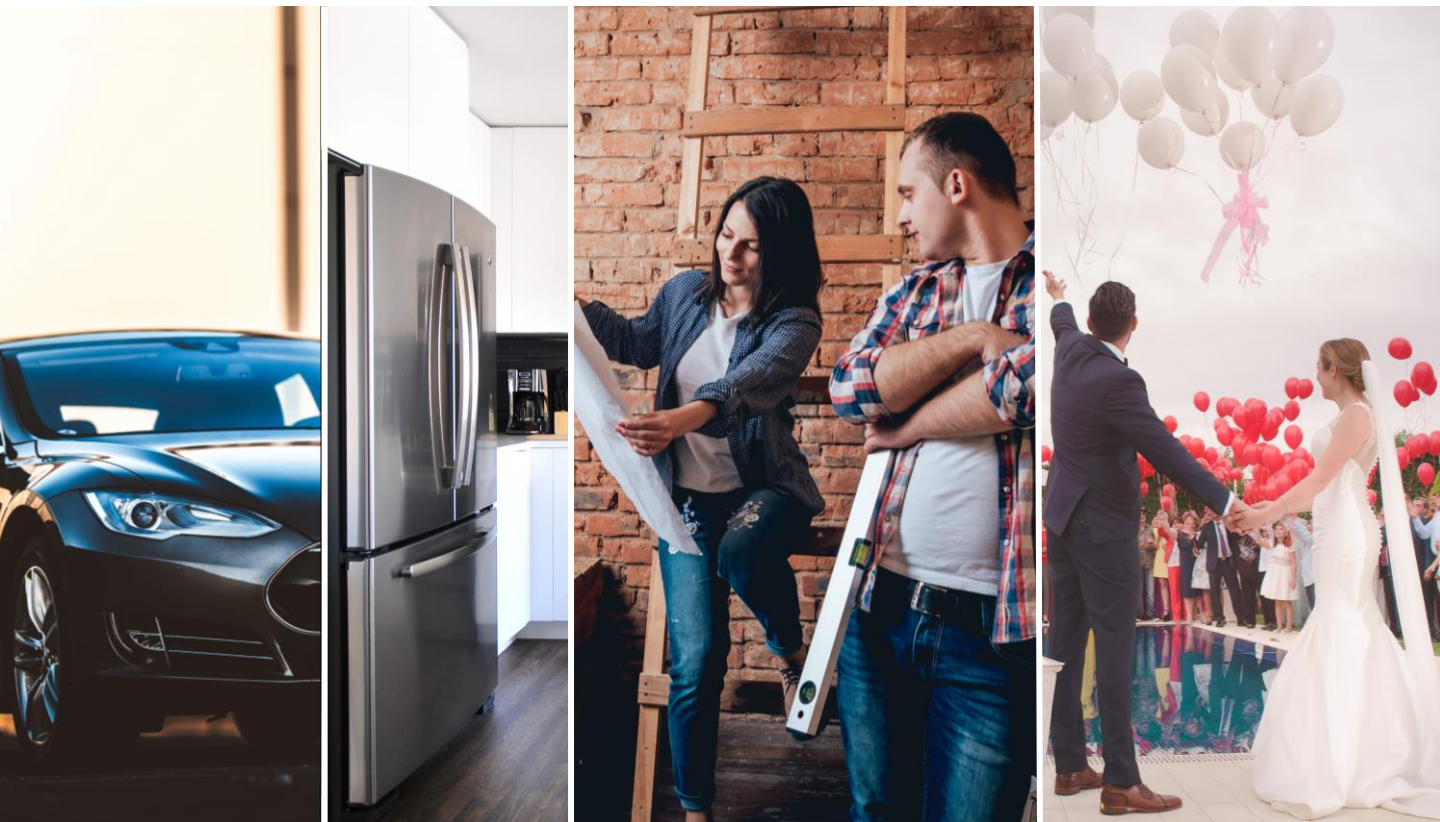
When you have a large purchase to make, such as a new car, new appliances, new equipment, a renovation, funding a wedding, or even buying property, people and businesses practicing IBC® will

call the insurance company and take out a policy loan. This is a side loan from the insurance company, with the cash surrender value of the life insurance policy acting as collateral.

Since the cash value is an asset, it is used as collateral, allowing the cash value to continue to compound undisturbed. Plus, the terms of loans from a life insurance company are much more flexible than those from a traditional lender. There is no credit check, and there is no income verification.

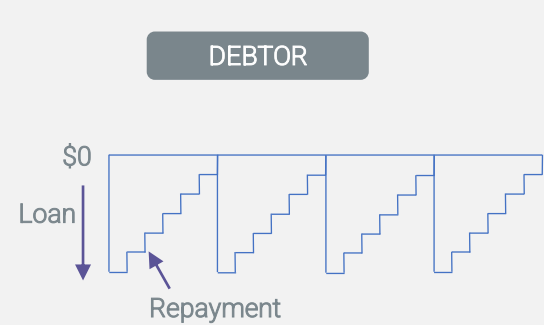
Furthermore, if, for instance, the new car buyer hits a rough patch and can’t make his “car payment” for a few months, the insurance company will not pursue him with mail and phone calls, unlike what he might expect from the bank, and nobody shows up to repossess the vehicle.

The key to the IBC® system is to have the discipline to consistently allocate funds to build your working capital and to replace the money you access, as you would have to with the Canadian banking system. If you are not able to commit to those terms, the IBC® system is not for you.



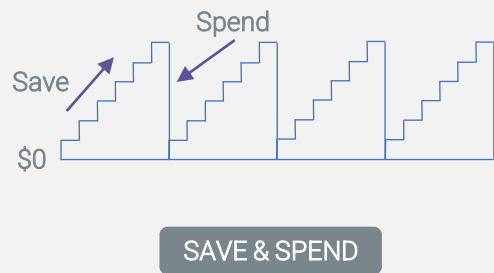
Why Life Insurance is a Better Working Capital Account Than Your Bank Accounts

To acquire an asset, you either must borrow (be a debtor) the funds needed to procure what you want and then pay off the loan, or save for it and spend those savings in order to acquire it.



The problems:

- 1. You are not being your own banker. You are paying interest to the bank - not to yourself.
- 2. When the loan is paid, you must borrow again for your next purchase.



The problems:

- 1. Opportunity cost loss - the interruption of the compounding your money would have earned.
- 2. You have to save again for your next purchase.

To illustrate my point, look at the example below of an investment of just one penny and see the impact if that investment doubled every day.

S	M	T	W	T	F	S
\$0.01	\$0.02	\$0.04	\$0.08	\$0.16	\$0.32	\$0.64
\$1.28	\$2.56	\$5.12	\$10.24	\$20.48	\$40.96	\$81.92
\$163.84	\$327.68	\$655.36	\$1,310.72	\$2,621.44	\$5,242.88	\$10,485.76
\$20,971.52	\$41,943.04	\$83,886.08	\$167,772.16	\$335,544.32	\$671,088.64	\$1,342,177.28

Now look at the impact of withdrawing **\$1,310.72** at the end of **Day 18** to buy that item you want or need. **It is huge!**

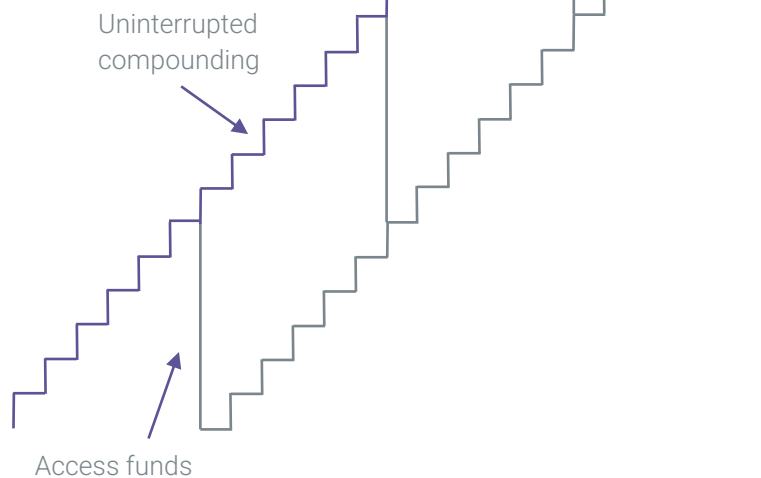


S	M	T	W	T	F	S
\$0.01	\$0.02	\$0.04	\$0.08	\$0.16	\$0.32	\$0.64
\$1.28	\$2.56	\$5.12	\$10.24	\$20.48	\$40.96	\$81.92
\$163.84	\$327.68	\$655.36	\$1,310.72	\$0.01	\$0.02	\$0.04
\$0.08	\$0.16	\$0.32	\$0.64	\$1.28	\$2.56	\$5.12



Using Life Insurance

This, conceptually, is what the Infinite Banking System allows you to do – uninterrupted compounding with guaranteed access to your working capital, without penalizing you when you do access funds!



If you want to know more about becoming your own bank, let's schedule a call!
Book an IBC® Intro Conversation with us [HERE](#).



Comparison Michael & John

(Fig 1)
To better understand this concept, let's consider the tale of two brothers. Michael and John both decide to buy a new SUV and to finance the purchase on the same terms: \$30,000 loan, 6% interest rate = \$580 for 60 months.

Michael uses the local bank to finance his SUV. John, however, uses his Personal Bank. In other words, John IS THE BANK! Accordingly, let's see how this plays out...

As shown in the drawing above, money flows from Michael to the bank. To Michael, the loan is, of course, a liability (i.e. an expense). Conversely, it's an income-producing asset for the bank. Makes sense, right? And the net effect for Michael and the bank? After 60 months of making payments on the car, Michael is left with a car worth far less than what it was when he bought it.

For analysis sake, let's say it's worth \$5,000. The bank, on the other hand, eagerly accepted Michael's \$30,000 of principal plus \$4,799 in interest.

Michael borrows from the bank

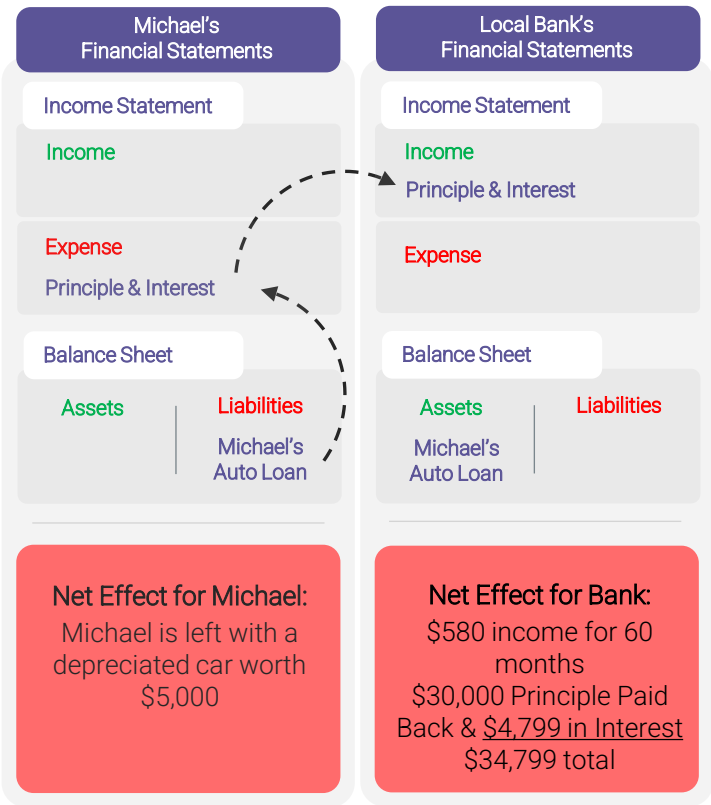


Fig. 1

So, it has \$34,799 in its pocket to lend out to another conventional borrower like Michael. Quite the profitable venture for the bank, yes? And quite the lemming move for Michael, huh? It's a vicious cycle, and one we'd all do well to steer clear of.





Don't be Michael,
be John!

Now that we've learned of Michael's fate, let's see how John made out.

(Fig 2)

The flow of money is the same for John's experience, but the players have changed. Like his brother, John also has a liability and a monthly expense. But, because HE IS THE BANK, he pays himself back – and therefore, also has an income producing asset. In other words, John is not stuck with just the depreciated value of the car (like Michael).

He has also recaptured every cent of the principal and interest paid on the loan he made to himself to buy the car. Even if, as above, we say the depreciated value of the car after the 60-month loan is only \$5,000, John is still left with an accrued asset amalgamation of \$39,799 (recaptured principal + interest paid + depreciated value of the car)! Plus, his whole life cash value has grown over these 5 years by \$7,500! Isn't it obvious that John's is the better model? Isn't it obvious that, starting today, you too should **BE THE BANK?!**

John borrows from himself

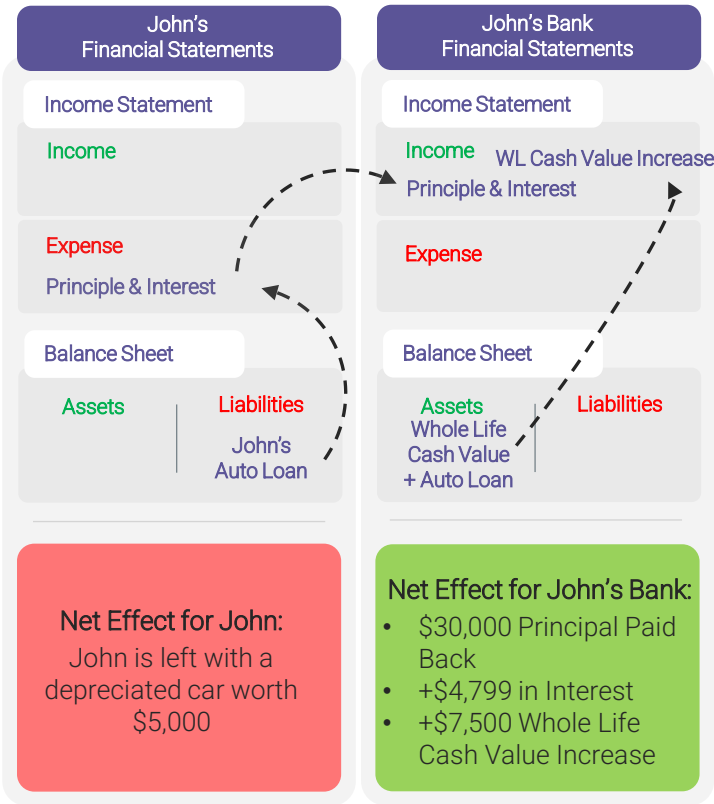


Fig. 2

Yes, there is even more!

In addition to providing all the above, life insurance also provides some key features that make it the best vehicle to implement IBC® :

1. **Life insurance cash values are an asset.** This means having another asset class in which to diversify and provides you with greater safety than many other asset classes.

Successful people like Walt Disney and Ted Rogers owned dividend-paying whole life insurance. As you will see below, it is an asset that provides passive tax-exempt income greater than your current chequing and savings accounts.

2. The Office of the Superintendent of Financial Institutions of Canada (OSFI) requires life insurance companies to maintain 55 to 90 percent of capital reserves, far greater than the zero to 10 percent fractional reserve requirements for banks. Based on this, holding your working capital with life insurance companies is **far safer than the banks**.
3. It has contractual **guarantees** on the cash value build-up, and once dividends and interest are earned, they are added to the guarantees.
4. **It is immune to taxes.** Under section 148(3) of the federal Income Tax Act, assets accumulate within a tax-exempt life insurance contract, free of annual accrual taxation.

When you pass away, any proceeds of the policy are distributed to your beneficiaries on a tax-free basis outside the scope of your estate, bypassing its associated costs. This tax savings is comparable to the government paying for your life insurance costs.

5. **It is immune to government income clawbacks.**
6. **Offers guaranteed growth.** The guaranteed cash value portion is, as its name implies, guaranteed.

7. **Pays dividends.** In addition to the guaranteed growth, it pays an annual dividend. A dividend has been paid **EVERY YEAR** since as far back as the mid 1800s, despite world wars and pandemics (you read that right!). It is currently paying a 5 to 6 percent annual dividend in a 2 percent world (depending on the insurer, subject to change).
8. It is **immune to stock market** losses by locking-in gains, and is totally protected from the next economic tsunami.
9. **Compensates you** as the depositor when money is loaned out.
10. Offers **uninterrupted compounding** – this is the difference-maker in this working capital system, which is significantly better than a "save and withdraw" system.
11. **Guaranteed access** – no credit approvals. You determine the terms, including interest only, or whether you want to capitalize interest. This flexibility creates more working capital.
12. **Preferred protection from claims of creditors** when personally owned.
13. Significant enhancement of your cash value, payable to your beneficiary on death, tax-free.
14. Private distribution of proceeds to the beneficiary on death – **not of public record**.
15. No probate and **without the risk of joint ownership**, where the joint owner's potential creditor problems become your problems.
16. Expedited payment of proceeds on death within weeks, not months or years as with the bank.
17. During the great depression in the 1930s, people ran to life insurance companies after the banks collapsed.
18. Canadian life insurance companies have **never needed a government bailout**.

If we agree that the true definition of inflation is the erosion of our currency's purchasing power through the increase in our money supply, then building your own Privatized Banking System will allow you to **insulate your wealth from the impact of inflation!**

This protection is possible because you have access to your money now, while the opportunity cost to use your money (policy loan interest) can be paid in the future when your dollar is less valuable. All of your money is working for you the whole time because of how the system is built.

Show Me the Numbers

Year Age	Yearly Out-of-Pocket Premium (\$)	Value Primary Example* (\$)	Policy Loan (\$)	Yearly Loan Payment (\$)	Total Tax Free Death Benefit Primary Example (\$)
1 31	12,103	8,876		0	274,822
2 32	12,103	18,964		0	300,181
3 33	12,103	30,032		0	326,110
4 34	12,103	42,310		0	352,464
5 35	12,103	55,602	50,000	0	329,157
6 36	12,103	70,098		11,854	358,658
7 37	12,103	86,137		11,854	385,766
8 38	12,103	103,393		11,854	424,857
9 39	12,103	118,484		11,854	464,060
10 40	12,103	134,132	50,000	11,854	465,177

* Values include amounts that are not guaranteed. Non-guaranteed values become guaranteed when received. Request the complete life insurance illustration.



This dividend-paying life insurance example assumes a male is age 30 and a non-smoker. The numbers will vary by age but the concept works at whatever age you begin.

- Maximum annual funding is \$12,102.50 or 1,089.23/mth. If that's too much, select a lower amount. If you can do more, then do so. The key is to start!
- Flexible annual funding is \$4,085 or \$435.15/mth.
- Minimum annual funding for this early values product is \$8,017.50 or \$721.58/mth. If that's too much, select a lower amount. If you can do more, then do so.
- Access \$50,000 to acquire something you want or need every 5 years.
- Loan payment based on 5-year payoff = \$987.81/mth. If that's too much, select a smaller loan and/or longer payoff period.
- Maximum funding + loan (e.g. car) payment (assuming 5 year payoff) = \$2,077.04/mth. Too much? Select a longer payoff.

The example above is an example borrowing from the policy at the end of year 5. If you want to start using your IBC® **right away**, to finance a new purchase or pay down/off an existing bank loan or credit card, you can start as early as one month after the policy is issued. Many front load the policy to ramp up cash values faster to start using sooner.

Below is a comparison mirroring the above cash flow assumptions using life insurance as the vehicle for your Infinite Banking System vs. save and spend vs. collaterally assigning an asset to the bank.

Comparison – Working Capital

As we have written, it’s not about the rate of return. It’s about control. While the collateral loan option initially shows a working capital advantage, you have NO control since the bank sets the terms. It’s not how you start, it’s how you finish!

Comparison – Death Benefit

This is the no-brainer part, where the life insurance shines bright and makes you a hero when you leave behind a legacy like this!

None of the options presented contain fully guaranteed values. They are based on reasonable returns. In the cash of the life insurance, once a dividend is paid it becomes guaranteed. This is not necessarily the case with the other options. To get all the numbers, just ask.

Year	Insurance Cash Value (\$)	Save & Spend (\$)
5	55,602	13,955
10	134,123	93,608
20	299,065	285,692
30	544,325	448,119
40	908,868	656,040

Comparison – Working Capital

Year	Insurance Death Benefit (\$)	Save & Spend (\$)
5	329,157	13,955
10	465,177	93,608
20	743,449	285,692
30	1,032,486	448,119
40	1,356,179	656,040

Comparison – Death Benefit

It’s Time for Something Better!

Many are aware of the definition of insanity: “doing things the same way and expecting different results.” People are willing to be educated on alternative solutions because the “status quo” is not adding any value.

If you don’t take the time to seriously investigate the privatized banking system, you might be neglecting your duty to yourself, your family, and future generations to come.

The next 30 years in our economy are going to be very different than the last 30 years. Where we store

our savings and how our money works for us needs to change because, right now, savers are being punished while borrowers are being encouraged to consume more and save less. Sounds unfair, right?

People and businesses need to think differently to protect their personal economies. The IBC® strategy is a major tool that will help people take control of their financial picture.

If you want to discuss how much better life would be with IBC®, let’s talk!

Book an IBC® Conversation
Call with us [HERE](#).

Debunking Myths and Answering FAQs

I don't need to buy any big-ticket items.

The purpose of this document is not about this. It's about the merits of a better banking system, holding tank, warehouse, reservoir, headquarters to stockpile your money (working capital) to deploy when opportunities present themselves. Please re-read this document and book an IBC® Intro Call [HERE](#).

Are all life insurance licensed advisors an expert on IBC®?

No, and you should be careful about who you are working with when it comes to implementing IBC®.

Here's why: the IBC® system goes beyond the general life insurance licensing requirements. I started my IBC® in the 1980s, learning from Bob Shiels, who learned it from Nelson Nash. Advisors who have attained a Chartered Life Underwriter® (CLU®) designation, like me, will generally have the most technical expertise with IBC®, but not all CLU@s practice IBC®. You must do your research.

Life insurance is a horrible investment.

Life insurance was never intended to be an investment; however, it stands up well compared to most investments. Dividend-paying life insurance is a place to store your safe money, get a better return, and it allows you to allocate money to an alternative asset class instead of to bonds and cash.

Comparing IBC® to an investment tied to the stock market is both misleading and the wrong mindset. A properly built IBC® system is designed to protect the money you contribute to your privatized banking system from risk.

Whole Life insurance is expensive. I should just buy term and invest the difference.

IBC® is a strategy that prioritizes the utilization of your money over your life insurance protection. Repositioning excess cash flow or assets into a properly built IBC® account will reduce insurance costs and allow you to have access to more of your money sooner in a highly tax-efficient manner. Plus, you will end up with a lot of permanent life insurance when you pass away – which is normally when someone wants to own life insurance.

Consider that only about 3 percent of all term policies end up paying a death claim. This means 97 percent of all term policies never pay a penny. In our minds, that makes term a lot more expensive.

The idea that most people should “invest the difference” confuses the purpose of these dollars. We are not talking about investing. We are talking about a way to store your safe money in a place where it works like your own privatized banking system.

Why does the life insurance company charge interest to use your own money?

That's because they are continuing to increase your guaranteed cash value and pay dividends (asset) even though you have accessed some of it, and they don't have that money to invest for you. It's only responsible.

But what many don't know is that the interest charged on this loan contributes to the dividend it receives annually. As such, the dividend offsets the loan interest.

Why would I borrow my own money? Aren't interest rates low enough today where it makes sense to borrow from a bank instead?

We ran the numbers, researching the differences of borrowing from a bank versus taking a policy loan from a life insurance policy.

Here are some facts about loans from a traditional bank:

- Every bank has a loan qualification process. The bank asks for a lot of financial information and ultimately tells you whether or not you qualify to borrow a certain amount of money.
- When you borrow from a bank, it controls the terms of the loan.
- Loan payments to a bank are amortized to benefit the bank as more interest is paid upfront and less money is applied to the principal.
- Banks can make more money with less risk during periods of low interest rates.
- Borrowing from a bank defeats the benefits of IBC® because you do not recapture the interest on the loan.

When you borrow from a life insurance company:

- There is no qualification process.
- The policy holder controls the terms of the loan.
- Loan payments are amortized in the policy owner's best interest as the principal is the biggest part of the payment. Some apply 100 percent of loan repayment to the principal of the loan. This means that those funds are immediately available to be used again.
- When you set up a policy loan, you are borrowing money from Lifeco's general assets. The money in your policy remains intact and continues to earn dividends and interest with no interruptions. Lifeco uses your cash value (while you are alive) and the death benefit (when you pass) as collateral.
- Lifeco allows the policy owner to decide when a policy loan is paid back, how much is paid back, the frequency of payments, and gives her the control to change things at any time (start, stop, increase, or decrease payments).

- Lifeco is comfortable waiting for the interest on a policy loan and the balance of any loan principal not paid back because they are also responsible for paying out the death benefit in the future. Lifeco is just matching up their assets (i.e. a policy loan) with their liabilities (i.e. death benefit) on their balance sheet.

This sounds too good to be true. Why haven't I heard of this strategy before?

As a society, we strive to find ways to evolve and do things better. New and different is not always better. When cigarettes came out, the medical experts endorsed smoking as being good for your breathing. And after that, there was the "Coca-Cola" fiasco.

Whole Life insurance was already good. We simply didn't know how to use it in this particular way until recently. Similarly, the ability to fly has always been here, it just took the Wright brothers some time to figure it out.

Most looked at life insurance as an investment, and as we have already discussed, it isn't really an investment. Just as with certain medications that were created to treat one condition, scientists have realized they may help with other conditions. Life insurance is no different.



Which type of life insurance company?

There are mutual and stock life insurance companies. It is recommended that specifically designed IBC® policies should be acquired from a mutual life company, meaning the dividend-paying participating policyholders actually own the company.

Many demutualized companies in Canada provide the correct anatomy of participating policy designs for someone to implement the process properly.

In a stock company, management control rests with the stockholders; they elect a board of directors that, in turn, selects executives to run the company. The participating policyholders participate in the divisible surplus generated by the participating account.

In a mutual company, the policyholders own the company and participate in the election of the board of directors, that, in turn, selects the executives to run that company. The participating policyholders participate in the divisible surplus generated by every line of business the insurer operates in. There are no stockholders to share the profits with. The divisible surplus is distributed in the form of dividends.

In a mutual company, the sole beneficiaries are the participating policy owners. In a demutualized (or stock) company, the beneficiaries also include stockholders.

Many mutual insurers have demutualized over the years. Demutualization is the process by which policyholders become stockholders, and the company's shares begin trading on a public stock exchange. By becoming a stock company, insurers can unlock value and access capital, allowing for more rapid growth by expanding their domestic and international markets.

The distribution of participating (par) fund profits is legislated according to the company's size. The largest companies must distribute 97.5 percent of their surplus profits to par policy owners.



Shareholders keep the remaining 2.5 percent as a management fee. So, here's a question for those wanting to do IBC®: is it worth 2.5 percent to be with an insurer who can access additional capital for business operations and innovation? There is no right or wrong answer, it's just another consideration.

Are all insurers financially strong?

There can be some differences between mutual and stock companies, depending on what you're looking for.

Most Canadian life insurance companies are financially strong, with some stronger than others. Check out their balance sheets, income statements, debt levels, and level of capitalization.

Some left the par business and have returned. You may wish to research why they left and why they returned.

Is it a level playing field?

Not all insurers have the same offerings. For example, policy loan interest rates vary by as much as 0.25 percent and the rate for dividends on deposit by up to 2.25 percent.

Another difference is the illustrated dividend scale interest rate (DSIR) participating life insurance companies are displaying. Many are illustrating a DSIR above 6 percent annual. Others are under 6 percent. Obviously, the insurers illustrating higher DSIRs will show higher values. Insurers illustrating above 6 percent do turn around and recommend they be illustrated at 1 percent and 2 percent less.

To further complicate deciding which life insurance insurer and policy offers the best value, some stock

life insurance companies offer better growth than some mutual life insurance companies, regardless of their DSIR.

Building up working capital quickly is important. The faster you do, the more capital you have available, so owning a mutual life insurance policy may not be as important.

Those trying to find the best IBC® policy will naturally want to choose one that will provide the greatest growth. However, as Nelson Nash said, it's not about numbers. The system itself is more valuable than getting an extra point or two in growth. A DSIR is not a guarantee and is not an indication that one insurer is better than another. The ultimate number will be higher or lower than illustrated.

Participating funds historically have been fixed-income assets. To offset the loss of maturing high yield, long-term bond holdings, insurers are increasing their exposure to equities, and some, quite significantly. It is more important to research what their target participating fund holdings are than selecting an insurer that is illustrating a higher DSIR.

What happens if you don't pay back the loan?

- You'll have reduced access to working capital for your next opportunity. Interest will continue to be charged on the loan and if no payments toward the loan are made the amount of the loan will increase.
- As long as the loan does not exceed the cash value your life insurance continues. If the insured dies any outstanding loan will be paid off from the life insurance death benefit.

Can you lose your money, if so, how?

If the loan exceeds the cash value your policy and coverage will terminate.

What happens if you can't carry on with premiums or can't afford it?

If you can't pay premiums the amount of the premium is automatically paid as a premium loan against the cash value. This should only be situations where your employment earnings have been affected, hopefully temporarily.

Do you use a new policy or an existing one?

There is no limit on the number of policies one can own and borrow from.

I am not insurable, so I'm not able to use IBC®.

If you're not insurable, you can insure someone who is, and who you are eligible to insure, like a spouse, child, grandchild, great grandchild, or business partner.

What are the downsides to this strategy?

Every financial strategy has its benefits and opportunity costs. IBC® is no different. If you do not have good habits with money, or desire to protect your money's purpose and replace the working capital you access, IBC® will not be a good fit for your financial picture.

Also, it takes some time to build your cash value (your Infinite Banking System), meaning you cannot access all the money you deposit immediately. This is the opportunity cost that must also be factored into your situation.

The nice thing about newer whole life policies is the ability to over-fund them now to ramp up cash value earlier. To access your cash value earlier, funding annually is best.



Telling others
"I am my own banker"
has a nice ring to it!

How Much Should You Allocate to Start Your Own IBC® System?

While there is no definite number, for individuals, 10 to 20 percent of your income is suggested (the amount you should be saving already). Many also reallocate their tax-infected investments and other surplus savings. The key is to start, not the number! For businesses, we suggest allocating surplus liquid assets/retained earnings.

Even if you don't use life insurance to finance the acquisition of other assets, it's still a better bank account to hold your working capital. This means everyone will benefit from acquiring a dividend-paying whole life insurance policy as an asset.

When you compare setting up your own privatized banking system using life insurance to hold your working capital to the traditional banking model, it does seem too good to be true!

And, being able to tell others: "I am my own banker" has a nice ring to it!

I hope that this eBook has opened your eyes to new alternatives and new ways to manage your finances. Remember to always explore your options with someone who is qualified and trained to do so.

If you want to know more about becoming your own bank, let's schedule a call! Book an IBC® Intro Conversation with us [HERE](#).

To your
continued growth,

Dave Otto

CFP® CLU® CH.F.C.® EPC®

