WHAT IS IBC?

YOUR FINANCIAL FUTURE
IS MORE ATTAINABLE THAN
YOU THINK

UNBRIDLED WEALTH

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The Infinite Banking Concept (IBC) is the process of using a properly structured, dividend-paying, permanent insurance policy as a personal or business owned banking system to compound tax-advantaged gains while simultaneously enhancing existing and new investments through positive arbitrage (see Positive Arbitrage Example on page two).

Why Permanent Life Insurance as the Vehicle?

The advantages of using a permanent life insurance contract with a Mutual Insurance Carrier over any other available vehicles (QRPs, Brokerage Accounts, Traditional Banks) is the amount of flexibility paired with extensive benefits, including, but not limited to:

Liquidity
Guaranteed Returns
Non-Guaranteed Dividends
Tax-Advantaged Gains
Positive Arbitrage Potential
Collateral Opportunities
Flexible Retirement Income
Corporate or Personally Owned
Control

Creditor Protection (Varies by State)
Life Insurance Coverage
Safeguard From Stock Market Volatility
Uninterrupted Compounding Interest
High Contribution Limits
Accelerated Death Benefit
Terminal Illness Benefits
Inflation Protection
Transferability

Example Illustration

The policy structure and design is always customized based on age, health, gender and goals. With that said, this is an example of a 40 year old female in good health who would like to gain early access to cash for investments. It also assumes a 10 year funding period. For this illustration, we will assume a flexible 10 year premium outlay of $25,000 per year. This policy is intentionally structured to not be a MEC (Modified Endowment Contract), allowing the gains to grow tax-free, but also have the highest early Cash Value possible. This is achieved by finding a specific ratio between what is called the Base Premium and the Paid-up-additions (PUAs). The agent usually receives a 50% commission on the Base Premium and just a 2% commission on the PUA portion (varies by carrier), so driving down the Base and increasing the PUA provides a higher initial Cash Value for the Policy Owner. In the case below, we are showing a ratio of 20% Base and 80% PUA. The Base Premium is the minimum annual premium payment due for the policy, whereas the PUAs are flexible and optional in how/when/if they are paid each year.

	Total Outlay	**Cash Value**	**Death Benefit**
Year One	$25,000	$19,538	$360,000
Year Five	$125,000	$119,714	$625,000
Year Ten	$250,000	$271,754	$940,000
Year Twenty	$250,000	$435,156	$925,000
Year Thirty	$250,000	$676,377	$1,130,000
Year Fifty	$250,000	$1,523,887	$1,750,000

While this assumed Rate of Return (ROR) is much lower than you might receive in other investment vehicles, the true power of the IBC strategy is found in the recognition of your access to the cash value in order to create positive arbitrage and enhance other investments. This should be considered alongside the value of liquidity for every family and business. Whether you use it as a standalone policy, or in conjunction with existing investments these policy structures will provide superior returns to traditional savings accounts.

Access to Cash Value

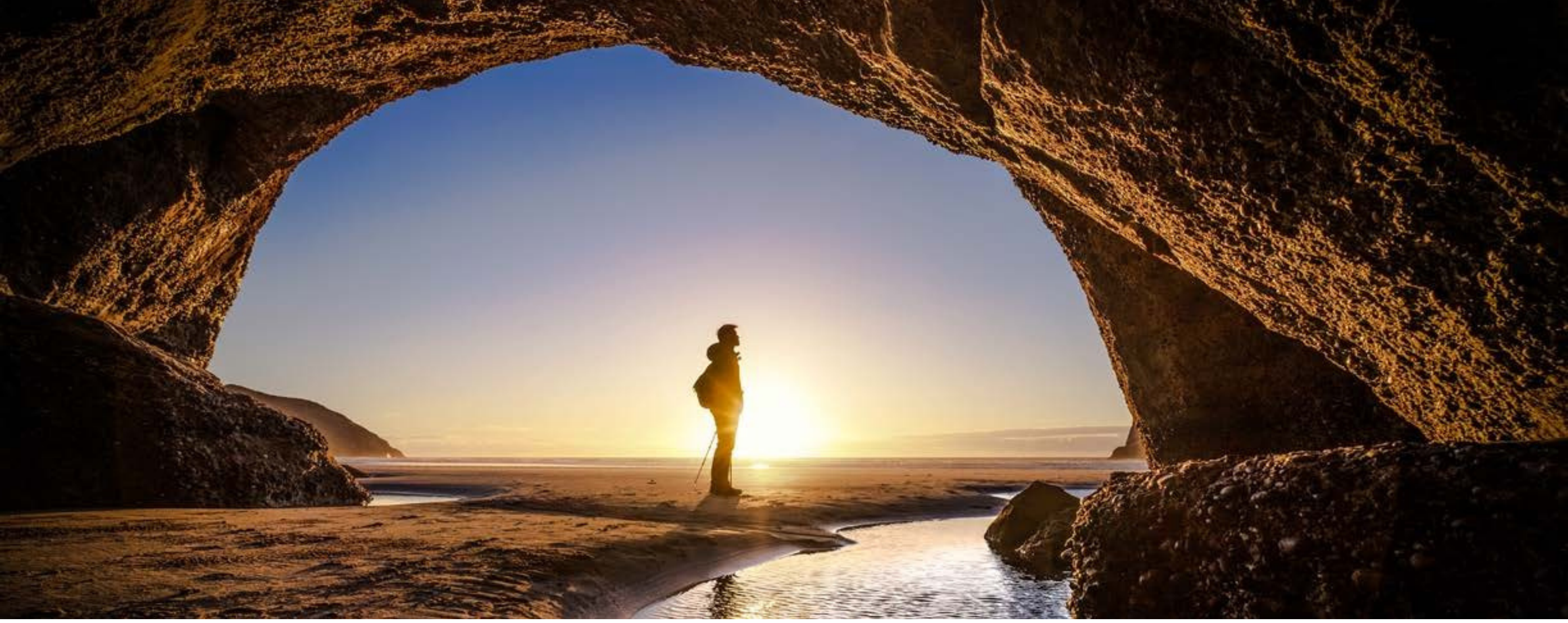
The key to understanding IBC is the understanding of how you access your Cash Value. In a traditional bank you are required to withdraw your funds eliminating the ability to earn while you use your money. With IBC, you will now take loans using your cash value as collateral. Unlike traditional loans, though, there are little to no repayment terms, no application or approvals, and no origination or administrative fees -- just a low interest rate. Most notably, because your cash value is used as collateral, the cash value continues to grow uninterrupted. Additionally, when the borrowed money is used for business or investment purposes, the interest paid is tax deductible, yet the gains on the cash value are tax-deferred and often tax-free if the policy remains in-force until the insured's death. This Cash Value can be accessed via a Cash Value Line of Credit from a traditional bank or as a Premium Loan directly from the insurance carrier.

Positive Arbitrage Example

Making some more assumptions, here is an example of utilizing this policy to enhance an investment and create positive arbitrage. Let's assume in year 10, the policy owner stops making any premium payment and then borrows $200,000 against her Cash Value at the current Line of Credit interest rate: 3.5%. They use the $200,000 to invest into a Real Estate Development project and make interest-only (tax-deductible) payments each month for 10 years on the $200,000 loan. After 10 years, they sell the asset and repay the $200,000 principal balance. Not taking into account the potential Return on Investment (ROI) of the project itself and still assuming just a 4.6% dividend rate on the Whole Life Policy, here would be the total cash gain and positive arbitrage of the banking system:

Total Interest Paid: $70,000
Tax Savings: $21,000 (30% tax bracket)
Total Cost of Capital: $49,000

Total Gain in Cash Value: $163,439
Total Tax Expense: $0
Total Positive Arbitrage: $114,439

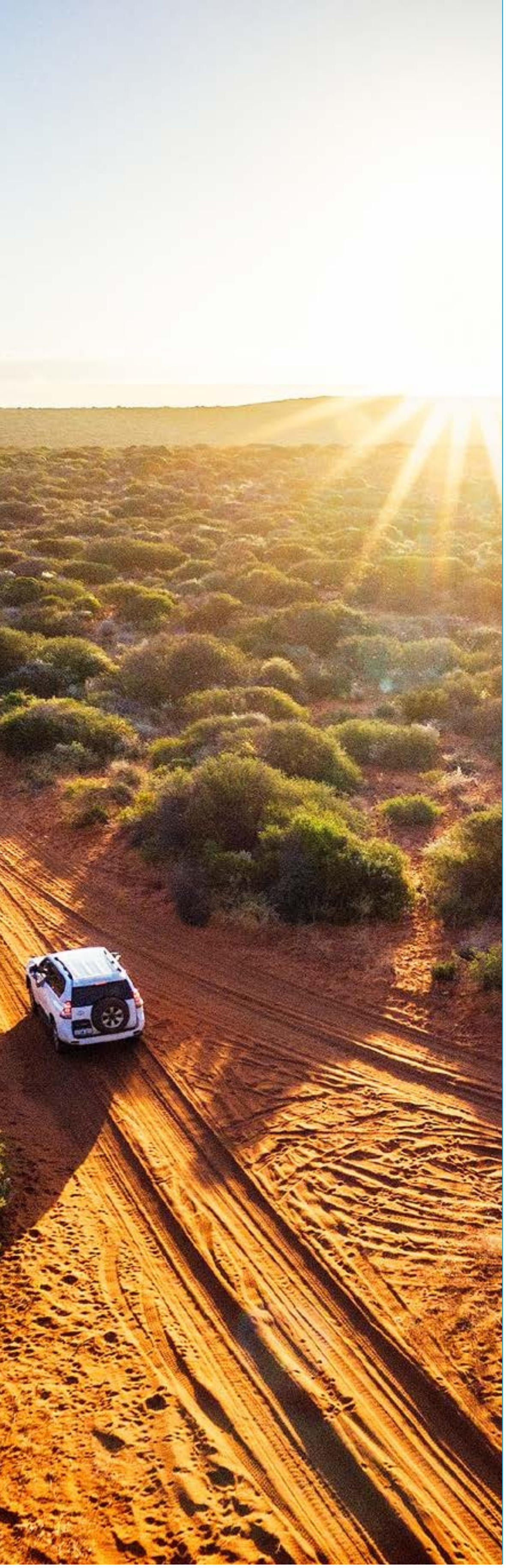


Deferred Compensation or Retirement Income

This strategy can also provide a significant Deferred Compensation Benefit (when owned by a corporation) or Retirement Income Strategy (when personally owned). Using the example of a personally owned policy, this could provide an annual income during retirement years without exposure to market volatility or taxes due on this income. Using the same policy design above, let's assume at age 70 the owner begins to take tax-free loans that they never intend to repay.

Upon the owner's death, the death benefit will repay the entire loan and the net balance will be paid out to the beneficiary. Assume the owner wants a post-tax income of $36,000 per year during these years. Below would be the amounts received in retirement income and the amount left behind for their beneficiary based on the age at which the insured dies. We've also assumed the max loan interest rate is being charged (4%) and none of this is being used as a tax deduction (worst case scenario):

	Total Received by Owner	Total Received by Beneficiary
Age 80	$360,000	$930,000
Age 85	$540,000	$800,000
Age 90	$720,000	$640,000
Age 95	$900,000	$425,000
Age 100	$1,080,000	$175,000



Other Uses of an IBC Whole Life Policy

More often than not, these policies are providing multiple benefits at one time and providing several possible uses. For example, if a policy is Corporate Owned it could have the following uses:

- Make a Line of Credit available for Key Employees for investments
- Key-Man policy on the insured
- Line of Credit for Partner transition/buy-out or succession planning
- Funding for Buy-Sell Agreement
- Deferred Comp plan for Key Employees or Partners
- Tax-Free growth for Retained Earnings
- Assisted Living funding for insured (through early access to death benefit)

This is why Policy Design is so vital as each policy is designed specifically for its intended purpose. All illustrations are created by taking into account age, health, gender and purpose.

Who We Are

At Unbridled Wealth, we know that you want to be confident when making financial decisions. In order to do that, you need to have someone in your corner to help you make good decisions. The problem is, it can be tough these days to find someone you trust.

We believe you deserve to know the truth about your money. We understand the tension of financial uncertainty and quite frankly, that is why we are committed to building a plan that puts your best interests first. Here's how we do it:

1 – We'll pair you with the right wealth strategist with respect to your current finances.

2 – We'll craft a customized financial strategy tailored to how much money you earn.

3 – We'll help activate a personalized strategy for your money to make money.

Your next step is to schedule a free consultation. And in the meantime, attend one of our workshops or download our free ebook, so you can stop guessing what to do with your money and instead gain the peace of mind knowing that your financial future is more attainable than you think.

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