



FOCUS 
WEALTH GROUP

INFINITE BANKING

The Powerful Tax-Free Strategy that Allows You to Capitalize on the Velocity of Money and Grow Your Money Guaranteed and Tax-Free

What I'll be sharing with you and what you learn from this eBook, you will know more than 95% of agents and advisers out there about this topic of Infinite Banking. It's incredible what we're going to go through. I'm going to dispel some myths. You'll see things and financial matters in a completely different light. So, I invite you to dive in and learn about Infinite Banking, how it works, and how it can optimize your financial life.

MY GOAL FOR YOU

My goal for you is to help you understand what Infinite Banking is and how it works. That it is a better system to help you grow, protect, and use your money tax-free, now and in retirement. Also, to help you have predictability and guarantees in your life and in your financial portfolio. That it will allow you to create more wealth along the way, and you will know your financial future. You see, with Infinite Banking in your portfolio, you'll have more options in your future. As without it, your options would be limited.

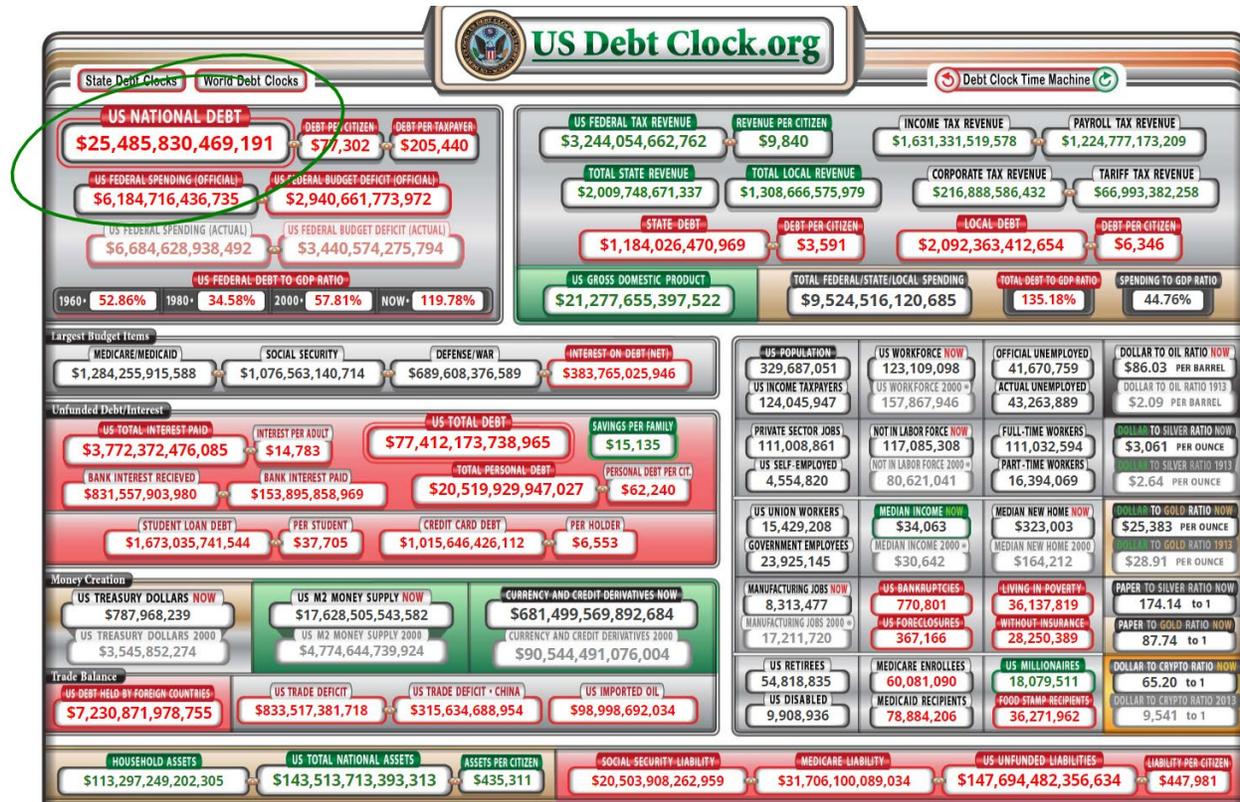
MY GOAL for YOU

- A better system to grow and protect your money
- Predictability and guarantees
- Create more wealth along the way
- Know your financial future
- More peace of mind...

Hope and pray are great for a lot of areas of our life, but hope and pray aren't very good for our financial life. What I help clients with is them knowing exactly what their financial future will be. That's very powerful because it ultimately creates a lot of peace of mind and certainty. The reason I want to share this information with you and have these goals is because there are a lot of factors out there that will erode your money. These are problems that you need to be aware of in order to make the smartest and best financial decisions. I'm going to outline some of these problems and help you solve them.

PROBLEMS TO CONSIDER

The first problem we'll look at is the US debt. You can see this in real time at <https://www.usdebtclock.org>.



When you see this for the first time, it's staggering. There are a bunch of numbers that are moving and accelerating in real-time. The US debt clock shows that we as a country have passed \$25 trillion in debt. That's trillion with a "T". Huge amounts of money that are just very difficult to comprehend. This is the number that gets talked about a lot in the news and media...US National Debt.

Well, you'll also notice the US federal tax revenue, it's about \$3.2 trillion. How will all this debt get paid for? That's the question I want you to think about because these are major problems. A lot of these financial problems get paid for through taxation.

The bigger number that we don't hear about as often is the number in the bottom right-hand corner, which is US Unfunded Liabilities. What this means is that the US government is on the hook to pay future obligations of almost \$147 trillion. Again, just an unfathomable number. \$147 trillion that is on the hook. It's the future debt, the future obligation, Social Security, Medicare, Medicaid, and the hundreds of other government entitlement programs. How will this all get paid for?



We are talking about taxes and we'll get into the solution of what you can do for more tax-free money so you don't have to worry about the future tax problem.

Another problem and reason I want you to learn about Infinite Banking is what's called the "retirement gamble". Many people don't realize it, but they're gambling with their retirement. They call themselves investors. I look at it more as them being speculators because they're not really sure what's going to happen with those invested dollars. Frontline did a story called *The Retirement Gamble*. You can watch it here, <https://www.pbs.org/wgbh/frontline/film/retirement-gamble>. The subtitle, "the retirement gamble raises troubling questions about how America's financial institutions protect our retirement savings."

THE RETIREMENT GAMBLE

John Bogle, the CEO of Vanguard, is interviewed in this story. He talks about how even a 1% fee over a 30 to 40-year timeframe of someone's portfolio, a 401(k) or IRA, can erode up to 50% of their money. How are America's financial institutions protecting our retirement savings? This retirement gamble story is very compelling. We see that the investment institutions and Wall Street's best interest is for themselves and not necessarily for the clients whose money they are managing.

Another problem is the pension gamble. Now, pensions today, they're not as popular as they used to be in the 40s and 50s and 60s. Why? Because companies understood that

if they continued with the pensions, they as a company were on the hook for a lot of future payouts to employees that had retired. What happened in the 70s? We had the 401(k) come on board in a big way and pensions went away for the most part. There are still some pensions out there, but a small fraction of what they used to be. Now, without a pension, the companies who offered them are more financially sound and they have shifted the retirement burden onto the backs of the employees. Frontline did another story here called *The Pension Gamble*. You can watch it here, <https://www.pbs.org/wgbh/frontline/film/the-pension-gamble>. The tagline, "Frontline investigates the role of state governments and Wall Street in driving America's public pensions into a multi-trillion-dollar hole." There's that word again, trillion. How will all get paid for?

THE PENSION GAMBLE

The volatility over these pensions is a massive problem. It's played out primarily in Kentucky. However, there are many states across the country that are having problems with their pensions. Are they going to last? Are they going to be reduced? Will employees that retire have to wait longer?

The big question I've wanted you to consider throughout this is, how does all this get paid for? These unfunded liabilities, these future liabilities?

STOCK MARKET PROBLEMS

Stock market problems have always been there. We had the big crash in 2008 with some investors losing over 40% of their portfolio. That was 12 years ago. I still talk to people today that haven't fully recovered from the losses they had in 2008. It's been over a decade and they still haven't recovered. Although we've seen some double-digit growth in the S&P 500 and the Dow Jones, these indexes have only average about 5.6% over the last 20 years.

5.60%
S&P 500
NO Dividends
(10.14)
(13.04)
(23.37)
26.38
8.99
3.00
13.62
3.53
(38.49)
23.45
12.78
(0.00)
13.41
29.60
11.39
(0.73)
9.54
19.42
(6.24)
28.88

After taxes, fees, and volatility, what is actually earned by an investor is somewhere between 2% to 3%.

Cash Flow

Years: 20 Earnings Rate: 0% Present Value: 1,000,000 Cash Flow 1: 10,000.00 Increase: % Miscellaneous Fees: 1.50% Tax Bracket: 24.00%

Average Return: 5.60% Actual Return: 2.44%

Year	Beg. Of Year Acct. Value	Earnings Rate	Annual Cash Flow	Interest Earnings	Tax Payment	Misc. Fees	End of Year Acct. Value
1	1,000,000	(10.14%)	10,000	(102,406)	27,845	(13,614)	921,825
2	921,825	(13.04%)	10,000	(121,507)	32,079	(12,155)	830,242
3	830,242	(23.37%)	10,000	(196,353)	49,443	(9,658)	683,673
4	683,673	26.38%	10,000	182,994	(40,763)	(13,150)	822,755
5	822,755	8.99%	10,000	74,893	(14,707)	(13,615)	879,327
6	879,327	3.00%	10,000	26,689	(3,108)	(13,740)	899,168
7	899,168	13.62%	10,000	123,823	(25,999)	(15,495)	991,497
8	991,497	3.53%	10,000	35,349	(4,751)	(15,553)	1,016,542
9	1,016,542	(38.49%)	10,000	(395,073)	97,091	(9,472)	719,088
10	719,088	23.45%	10,000	171,002	(37,800)	(13,501)	848,788
11	848,788	12.78%	10,000	109,776	(22,860)	(14,528)	931,177
12	931,177	(0.00%)	10,000	(30)	3,395	(14,117)	930,425
13	930,425	13.41%	10,000	126,070	(26,418)	(15,997)	1,024,080
14	1,024,080	29.60%	10,000	306,101	(68,640)	(20,103)	1,251,439
15	1,251,439	11.39%	10,000	143,686	(29,426)	(21,077)	1,354,622
16	1,354,622	(0.73%)	10,000	(9,915)	7,257	(20,321)	1,341,642
17	1,341,642	9.54%	10,000	128,879	(25,601)	(22,208)	1,432,713
18	1,432,713	19.42%	10,000	280,174	(61,039)	(25,843)	1,636,004
19	1,636,004	(6.24%)	10,000	(102,666)	30,196	(23,150)	1,550,385
20	1,550,385	28.88%	10,000	450,609	(100,907)	(30,165)	1,879,922
Totals	1,550,385	5.60%	200,000	1,232,097	(214,712)	(337,462)	1,879,922

These are not double-digit returns that they thought they were going to earn.

We also have 401(k) problems. Here's are several stories on market problems to consider, <https://www.investopedia.com/articles/basics/03/062003.asp>, and <https://www.forbes.com/sites/johnwasik/2013/04/24/why-401ks-have-failed/#6612e062588b>.

Investment companies and money managers blame investors. There's a big headline here of people are following the crowd. I've seen that in the 20 years that I've been in this industry. A lot of people simply follow the crowd, they don't know what their money is doing. They're unsure of where it's being invested. They don't really know what fees they're paying. Quite frankly, in a lot of qualified plans, most of the fees legally do not even have to be disclosed. It's pretty remarkable that those fees aren't know by most investors. We're seeing the eroding of those portfolios.

3 401(k) Problems That Can Shrink Your Returns

As we look at these 401(k) problems, here's a story by Kiplinger, *Three 401(k) Problems That Can Shrink Your Returns*. Read it here, <https://www.kiplinger.com/article/retirement/T001-C032-S014-3-dreaded-401k-problems-that-can-kill-your-returns.html>. Notice that the first problem discussed is the rampant fees. As I mentioned, a lot of the fees legally don't have to be disclosed.

The 401(k) was fathered, you would say, by a gentleman named Ted Benna. Ted Benna, in the last few years, has come out and said that he created a monster. Why? Because Wall Street is taking advantage of the 401(k) not in the way that he had anticipated, not in the way that he had wanted it to be used. He told Barron's that the 401k has gone awry and today isn't doing what it was meant to do.

The Inventor of the 401(k) Thinks It Has Gone Awry

Forbes talks about this, why 401(k)s have failed. The 401(k) plan was never meant to be a mainstream pension plan and is a poor substitute for one. That's what Ted Benna is saying. Ted is saying that the 401k isn't the being used with his intended intention. He wasn't planning on millions and millions of Americans having this be their primary retirement vehicle. But that's what it's turned into.

Because of the fees, because of the taxes and everything in these qualified plans being tax-deferred, we don't know what those future tax rates are going to be and volatility, there a lot of unknowns. People are saving money, but they don't know what the outcome is going to be. As we talk about these problems, they go on and on. Ultimately, the reason I want to share this with you, is to help you protect yourself against future uncertainty.

UNCERTAINTY

There's so much uncertainty out there, we want to protect against it. CPAs, tax attorneys, accountants, they do a good job overall helping clients with write-offs today, but we should also be planning, having tax planning for the future, ten years out, twenty years out, thirty years out. What I've seen, the 2018 tax changes, a lot of them expire after 2025. In 2026, could taxes go up? Possibly, we don't know. As I talked to retirees who thought they were going to be in a lower tax bracket when they retired, find that they aren't. They either bringing in as much money in retirement or they're living off of all that they've saved. It's keeping them in the same tax bracket, or they don't have the write-offs now that they used to when they were working. Their home is paid for. There's no mortgage interest deduction. They're not contributing to a qualified plan anymore. They're not getting those deductions and they find that they are paying the same amount of tax as when they were working.

The kids are out of the house and they don't get child tax credits. Or, they owned a business and they sold it and all those business deductions are now gone. Because of that uncertainty, we want a way to protect against that.

THE SOLUTION

The solution and what many are doing about, and when I say many, here are some names you've probably heard of...John D. Rockefeller, the Rothschild family, John F. Kennedy, Franklin D. Roosevelt, politicians like John McCain.

And here are just some of the companies that utilize high cash value life insurance, companies like Walt Disney, Harley-Davidson, JC Penney, Verizon, and Nike.



You know these names. Even banks and universities are using the strategy of high cash value life insurance and Infinite Banking. They have it and use it because of the guarantees and many other things that come into play, like the certainty that's created.

Many banks use this strategy as tier one capital because of the safety. You recognize these names. This is social proof of how powerful this strategy is. It's being used in the multibillion-dollar range by major corporations and individuals.

WHAT IS INFINITE BANKING?

What is infinite banking? And, this is key. This is where I want you to really understand because it's different than what many people believe or what many people think about cash value insurance. The Infinite Banking concept was originally created by Nelson Nash. It was a concept he created in the 80s. Infinite Banking is built on a uniquely designed, properly structured whole life cash value insurance policy. The reason its whole life is because whole life is fully guaranteed. It's been around for over 200 years. It's time tested. There are no increasing base premium insurance costs.

Infinite Banking Concept:

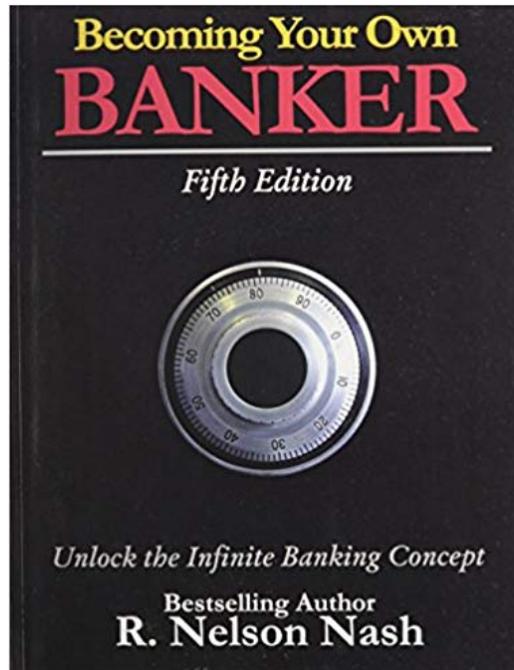
- Nelson Nash created the concept in the 80's.
- Uniquely designed, properly structured whole life cash value insurance policy.
- With a Participating, Dividend Paying, Mutual life insurance company.
- A way for people to “become their own bank” by taking control of the banking function in their lives.
- The book, “Becoming Your Own Banker” published in 2008.

Some other types of insurance are Index universal life (IUL), Variable universal life (VUL), and Universal life (UL), I do not use and I don't recommend because not only are there increasing insurance costs, but there are also unrealistic returns that are tied to those types of products.

We only use whole life insurance for infinite banking, but the key is it has to be properly structured. It also has to be with a participating dividend-paying mutual life insurance company, meaning these companies pay dividends every year. The companies I work with have all been in business for 140 years, or longer. These are the most solid financial institutions in the country. Time-tested, very solvent, extremely profitable. Those profits come back to us as policyholders in the form of a dividend. We want those dividends reinvested. When you earn a dividend, they are locked in. They cannot decrease and cannot be lost.

Infinite banking is a way for people to become their own bank by taking control of the banking function in their lives. I'll give you a quick example. I work with a lot of doctors, chiropractors, dentists. A lot of them, lease equipment. When they lease equipment, all they're really looking at is a payment amount. They need the equipment. This is the payment amount and it's going to generate X amount of revenue for them. If they can make the payment, great because they know that they're going to have the income from owning the equipment. The problem that they don't realize is on the backend when you do calculate the numbers on the lease and what it's actually costing them to do that lease, it could be 8, 12, 18, 20 plus percent interest that's being paid on that lease. What I show them to do is to buy the equipment with cash using their own Infinite Banking policy. With an Infinite Banking policy, they are the bank and now they can earn the higher interest rather than the leasing company or the financial institution. I'm going to show you an example here shortly, but remember, it's important to control the banking function in your life.

The book that Nelson Nash wrote is called *Becoming Your Own Banker*. It was published in 2008. It's a 30,000-foot view type of read. He teaches a lot of financial principles in the book and I recommend it. It's a short, but great read.



Nelson really helps you understand how taking back the banking function in your own life allows you to create more wealth, earn the interest rather than the financial institutions earning that interest.

With infinite banking as a powerful tax-free strategy, you need to know that it is also known as some other names. It's also known as bank on yourself, the 770 account, or the 702J account. Those are IRS tax codes. Cashflow banking or cashflow insurance, family banking, private family banking, or the family banking system, or the cash value plan. It's all Infinite Banking.

Infinite Banking

Also know as...

Bank on Yourself
770 Account or 702(j) Account
Cash Flow Banking or Cash Flow Insurance
Your Family Bank, Private Family Banking, or
Personal Family Bank
LIRP

One of the things to be aware of is there are agents and advisors out there that aren't structuring these policies correctly. Or, they're using the wrong companies. They're using the wrong types of policies. Although it's called by different names, it doesn't mean it's always truly Infinite Banking. You have to be sure that all of the criteria I outlined above are being met in order to really be a true Infinite Banking policy.

HOW TO CAPITALIZE ON INFINITE BANKING

How do you capitalize on infinite banking? How do you establish a plan? When I'm meeting with a client for the first time, what we're discussing are their goals. I want to know what their goals are. I want to know what their concerns are. I want to know what their overall financial portfolio looks like. The more I know about them, the better I can help them.

Clients often ask, "How much money can I put into an Infinite Banking policy?" This is where we're talking about the amount of money that can go into the policy for them and how they can best determine how much to put in.

As you consider a policy for yourself, I recommend 10% of your gross annual income. If you want to be more aggressive, go to 15% or 20%. But not less than 5% of your gross income. The amount you put into a policy is an individual decision. However, the more you put in, the greater cash value growth you will have and the greater future income.

Whatever amount of premium is determined, I then use that number and maximize a plan. The way I maximize a plan is with this simple formula: Minimize the Death Benefit and Maximize the Cash Value.

**FORMULA = Minimize the Death Benefit &
Maximize the Cash Value**

If we look at the structure of properly structured Infinite Banking plan, it must follow this formula.

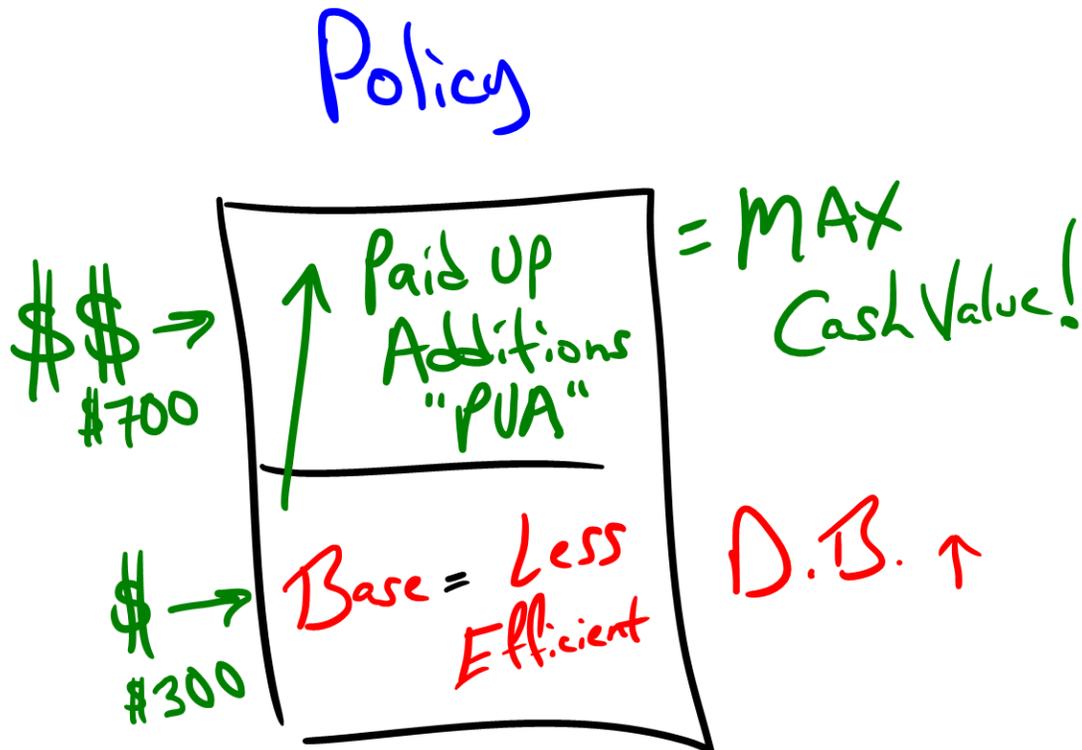
Every permanent life insurance policy out there has what's called "Base" premium. This is usually the minimum amount of premium required to keep a policy in force.

Now, as I mentioned earlier, what I'm sharing here with you is one of those things that 95 plus percent of agents and advisors out there don't know. By me sharing this with you in the next few minutes, you will know more than most advisors out there.

Unfortunately, what most advisors do is they will take every dollar of a client's premium and only put it into the Base premium of the policy. By doing that, the client is purchasing a lot of death benefit. The client feels that it's expensive, nothing to show for it. They're buying a lot of life insurance death benefit and nothing is going to happen until they die and then that death benefit goes to their family. A "Base" only policy doesn't have any cash value in the first year and very slow cash value growth over time.

The way a true Infinite Banking policy design works is that we use a turbocharged rider called PUA or Paid Up Additions. This is key. Instead of all of your premium going into the Base policy and buying a lot of life insurance death benefit, what we want to do is to take the majority of the premium and put it directly into the Paid-up additions rider. What does that mean?

It means we have accomplished the goal of maximizing the cash value. That's the goal! Maximize the cash value, and minimize the death benefit.



By minimizing the death benefit, we keep the cost very low. Under an insurance umbrella like this, all that growth is now tax-free. As long as the policy is enforced and we've met some other criteria, the growth is tax-free. The client can use that money throughout their life when they're in retirement. It's now a tax-free retirement stream of income and upon their passing, the death benefit is also tax-free. There's some death benefit leftover that's tax-free. The one thing to be aware of is that right here at the top of the line, there's what's called the MEC limit. This MEC limit, we don't want to cross. By staying just under the MEC limit, all the growth is tax-free.

ARE THERE LIMITS ON HOW MUCH YOU CAN YOU PUT INTO IBC?

People have asked me, "How much money can I get into this policy?" The answer: as much as you want. Once a policy is established, now it has a MEC limit. I have clients that put in \$5,000 a year, and I have clients that are putting in \$200,000 a year, that's up to you. Either way, I will maximize that premium to make sure the majority of the dollars are going into cash value. This is the key.

There's two reasons agents and advisors don't do this. Number one, they don't know about this or how to structure it. That's why you know more from this eBook than most agents and advisors out there. Number two, guess what? It reduces their commissions. We as insurance advisers are compensated on base premium. If we're lowering base premium, it actually reduces the commissions of the advisor but frankly, it's the right thing to do. Now, because of this aggressive cash value structure, you'll have more

money. You'll have access to cash in the very first year of your Infinite Banking plan, and it's all tax-free if done correctly. That structure is extremely important.

You can see an example here:

Prepared for:	Julia Roberts	Underwriting Class:	Preferred
Gender: Female	Age: 40		
Initial Death Benefit:	\$710,323		
Annual Premium:	\$12,000.00	1035 Exchange Premium:	\$0.00
Premium Paid To Age:	121	MEC: No	Add'l 1st Yr Premium: \$0.00

**Full Pay
Base Death Benefit of \$260,323 Along With Dividends Purchasing Paid-Up Additions and One Year Term Ins to \$450,000**

Policy Year	Age	Contract Premium	Guaranteed			Non-Guaranteed					
			End of Year			End of Year					
			Cash Value	PUA Cash Value	Death Benefit	Total Annual Outlay	PUA Cash Value	Total Net Cash Value	PUA Death Benefit	OYT Death Benefit	Total Net Death Benefit
1	41	12,000.00	0	8,619	297,978	12,000.00	8,619	8,717	37,655	412,345	710,323
2	42	12,000.00	0	17,542	334,347	12,000.00	17,643	17,897	74,451	375,549	710,323
3	43	12,000.00	2,064	26,777	369,476	12,000.00	27,095	29,522	110,450	339,550	710,323
4	44	12,000.00	5,006	36,331	403,413	12,000.00	36,971	42,459	145,607	304,393	710,323
5	45	12,000.00	8,034	46,214	436,201	12,000.00	47,290	55,931	179,974	270,026	710,323
6	46	12,000.00	11,152	56,430	467,883	12,000.00	58,075	69,967	213,609	236,391	710,323
7	47	12,000.00	14,357	66,985	498,504	12,000.00	69,351	84,595	246,595	203,405	710,323
8	48	12,000.00	17,639	77,879	528,106	12,000.00	81,141	99,842	278,999	171,001	710,323
9	49	12,000.00	21,005	89,119	556,731	12,000.00	93,493	115,787	310,956	139,044	710,323
10	50	12,000.00	24,447	100,703	584,420	12,000.00	106,468	132,466	342,651	107,349	710,323
11	51	12,000.00	27,964	112,634	611,213	12,000.00	120,122	149,918	374,218	75,782	710,323

This is a properly structured cash value, whole life Infinite Banking policy. I'm using Julia Roberts here at the age of 40. We're showing \$1,000 a month premium or \$12,000 a year of premium going into a policy. I'm going to keep this really simple. There's a lot of columns of numbers here, but we're just going to keep it really simple. The first column we're going to look at is Total Annual Outlay. On the Total Annual Outlay, we see the \$12,000 in the first year. The second column we're looking at is Total Net Cash Value, she has \$8,717 of the \$12,000 immediately available.

Now, if this were a "base" only policy that I showed you in red earlier, there would be zero dollars of cash value here, nothing available. But because of the structure of paid-up additions, the majority of her premium is going straight into cash. She also has a \$710,000 death benefit that if she passed away, a full \$710,000 would be paid to her heirs.

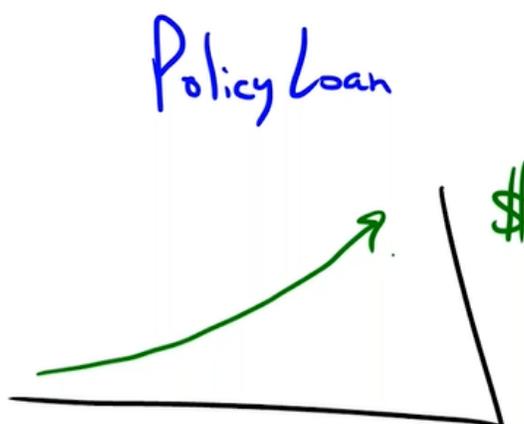
The way I'm breaking that down just for those interested, \$260,000 of whole life insurance, and \$450,000 of term insurance. I blend the two together. Again, to keep the costs low, we want the insurance costs to be very low to maximize cash.

In year five, she has \$55,931 of cash value. I'm going to show you how a policy loan works based on the \$55,931.

HOW DO YOU BANK WITH THE POLICY?

How do you actually bank with the policy? Based on that \$55,931 we want to talk about a policy loan and how they work. Because, this is actually a way to grow more cash value, so that there is more tax-free money in retirement, that you are able to get more than you had even planned on.

The way we're looking at this is with true compound interest. These policy's cash value are growing consistently with true compounding. There's never a losing year, from one year to the next. Compound interest cannot exist in a volatile investment that goes up and down in value. So, we can have true compounding in the stock market or a mutual fund, or a 401(k). There's volatility in those other types of investments, but here with Infinite Banking, it truly is compounding.



If Julia is sitting on almost \$56,000, in year five of cash value, and she wants to take a loan for \$50,000, how does it work? Well, first off, number one, there is no credit check for Julia. Two, there's no application for Julia and three, the insurance company is not questioning Julia, what do you need the money for? They don't care.



Julia could use the \$50,000 to go on vacation. She could use the \$50,000 to buy equipment. She could use the \$50,000 for a down payment on real estate or to reinvest back into a business, or go do another investment altogether. That \$50,000 loan gives her the ability to do whatever she wants with the money. When she takes the \$50,000 loan (and this is remarkable), the 50,000 is not physically removed from her policy. There's a lien put against the cash value. What that means is her entire \$56,000 is still earning interest. It's still compounding. It's still working for her. The insurance company does charge her interest for the loan on average of 5%.

We're going to show 5% interest for this loan, but remember, her cash value is still earning interest. In the financial calculator here, we're doing a quick amortization over 60 months.

The screenshot shows a financial calculator interface with two loan analysis sections, LOAN 1 and LOAN 2. LOAN 1 is configured with a Loan Balance of 50,000, an Annual Loan Rate of 5.00%, and 60 months. The Monthly Payment is calculated as 943.56. The interface includes various input fields for interest rate, term, and payment type, as well as buttons for 'Clear', 'NEW', 'Title', 'Loan view', and 'Compound Costs'. Below the input fields is a detailed amortization table for LOAN 1.

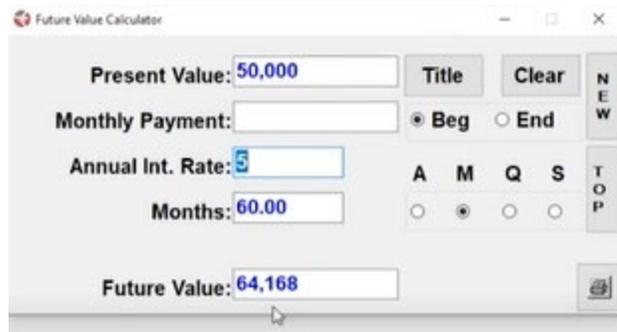
Month	Beginning of Month Loan Balance	Interest Charged	Principal Payment	End of Per. Loan Payment	End of Month Loan Balance
1	(50,000)	(208.33)	(735.23)	943.56	(49,265)
2	(49,265)	(205.27)	(738.29)	943.56	(48,526)
3	(48,526)	(202.19)	(741.37)	943.56	(47,785)
4	(47,785)	(199.10)	(744.46)	943.56	(47,041)
5	(47,041)	(196.00)	(747.56)	943.56	(46,293)
6	(46,293)	(192.89)	(750.67)	943.56	(45,542)
7	(45,542)	(189.76)	(753.80)	943.56	(44,789)
8	(44,789)	(186.62)	(756.94)	943.56	(44,032)
9	(44,032)	(183.47)	(760.10)	943.56	(43,272)
10	(43,272)	(180.30)	(763.26)	943.56	(42,508)
11	(42,508)	(177.12)	(766.44)	943.56	(41,742)
12	(41,742)	(173.92)	(769.64)	943.56	(40,972)
13	(40,972)	(170.72)	(772.84)	943.56	(40,199)
14	(40,199)	(167.50)	(776.06)	943.56	(39,423)
15	(39,423)	(164.26)	(779.30)	943.56	(38,644)
16	(38,644)	(161.02)	(782.54)	943.56	(37,861)
17	(37,861)	(157.76)	(785.81)	943.56	(37,076)
18	(37,076)	(154.48)	(789.08)	943.56	(36,287)
19	(36,287)	(151.19)	(792.37)	943.56	(35,494)
20	(35,494)	(147.89)	(795.67)	943.56	(34,699)
21	(34,699)	(144.58)	(798.98)	943.56	(33,900)
22	(33,900)	(141.25)	(802.31)	943.56	(33,097)
23	(33,097)	(137.91)	(805.66)	943.56	(32,292)
24	(32,292)	(134.55)	(809.01)	943.56	(31,483)
TOTALS	(940)	(6,614)	(50,000)	56,614	(0)

In the calculator we put in the \$50,000 loan balance, the 5% interest rate and because Julia's her own bank, she can set up the payments however she wants. She can choose an amortization schedule, she could do a lump sum balloon payment, she can even choose not to make any payment and then pay off the balance in two years. That's

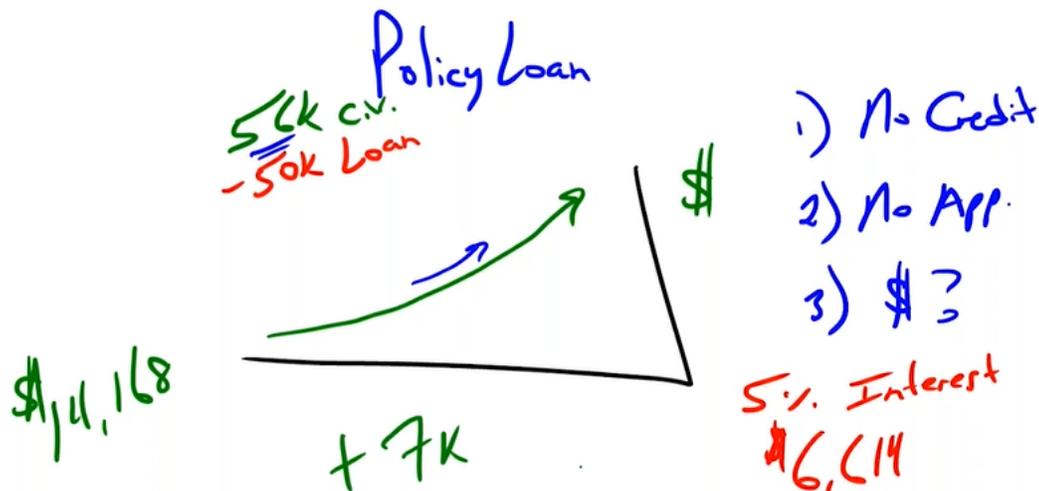
entirely up to her and she can change the loan terms down the road if she wanted to. Well, for our purposes today, we're going to amortize this over a five-year time frame, which would be 60 months.

As she makes her payment back to the insurance company of \$943 principal and interest is being applied. Because it's being applied, the loan balance is going down, and that's what you see here in the "Loan Balance" column. My point is, because the loan balance is going down, the amount of interest that she's paying every month is also going down. There is principal reduction. Over the course of that five years, she would have paid total interest here at the bottom of \$6,614.

Interest Charged
(208.33)
(205.27)
(202.19)
(199.10)
(196.00)
(192.89)
(189.76)
(186.62)
(183.47)
(180.30)
(177.12)
(173.92)
(170.72)
(167.50)
(164.26)
(161.02)
(157.76)
(154.48)
(151.19)
(147.89)
(144.58)
(141.25)
(137.91)
(134.55)
(131.17)
(127.77)
(124.35)
(120.91)
(117.45)
(113.97)
(110.47)
(106.95)
(103.41)
(99.85)
(96.27)
(92.67)
(89.05)
(85.41)
(81.75)
(78.07)
(74.37)
(70.65)
(66.91)
(63.15)
(59.37)
(55.57)
(51.75)
(47.91)
(44.05)
(40.17)
(36.27)
(32.35)
(28.41)
(24.45)
(20.47)
(16.47)
(12.45)
(8.41)
(4.35)
(0.27)
(-3.85)
(-7.91)
(-11.95)
(-15.97)
(-19.97)
(-23.95)
(-27.91)
(-31.85)
(-35.77)
(-39.67)
(-43.55)
(-47.41)
(-51.25)
(-55.07)
(-58.87)
(-62.65)
(-66.41)
(-70.15)
(-73.87)
(-77.57)
(-81.25)
(-84.91)
(-88.55)
(-92.17)
(-95.77)
(-99.35)
(-102.91)
(-106.45)
(-110.00)
(-113.55)
(-117.10)
(-120.65)
(-124.20)
(-127.75)
(-131.30)
(-134.85)
(-138.40)
(-141.95)
(-145.50)
(-149.05)
(-152.60)
(-156.15)
(-159.70)
(-163.25)
(-166.80)
(-170.35)
(-173.90)
(-177.45)
(-181.00)
(-184.55)
(-188.10)
(-191.65)
(-195.20)
(-198.75)
(-202.30)
(-205.85)
(-209.40)
(-212.95)
(-216.50)
(-220.05)
(-223.60)
(-227.15)
(-230.70)
(-234.25)
(-237.80)
(-241.35)
(-244.90)
(-248.45)
(-252.00)
(-255.55)
(-259.10)
(-262.65)
(-266.20)
(-269.75)
(-273.30)
(-276.85)
(-280.40)
(-283.95)
(-287.50)
(-291.05)
(-294.60)
(-298.15)
(-301.70)
(-305.25)
(-308.80)
(-312.35)
(-315.90)
(-319.45)
(-323.00)
(-326.55)
(-330.10)
(-333.65)
(-337.20)
(-340.75)
(-344.30)
(-347.85)
(-351.40)
(-354.95)
(-358.50)
(-362.05)
(-365.60)
(-369.15)
(-372.70)
(-376.25)
(-379.80)
(-383.35)
(-386.90)
(-390.45)
(-394.00)
(-397.55)
(-401.10)
(-404.65)
(-408.20)
(-411.75)
(-415.30)
(-418.85)
(-422.40)
(-425.95)
(-429.50)
(-433.05)
(-436.60)
(-440.15)
(-443.70)
(-447.25)
(-450.80)
(-454.35)
(-457.90)
(-461.45)
(-465.00)
(-468.55)
(-472.10)
(-475.65)
(-479.20)
(-482.75)
(-486.30)
(-489.85)
(-493.40)
(-496.95)
(-500.50)
(-504.05)
(-507.60)
(-511.15)
(-514.70)
(-518.25)
(-521.80)
(-525.35)
(-528.90)
(-532.45)
(-536.00)
(-539.55)
(-543.10)
(-546.65)
(-550.20)
(-553.75)
(-557.30)
(-560.85)
(-564.40)
(-567.95)
(-571.50)
(-575.05)
(-578.60)
(-582.15)
(-585.70)
(-589.25)
(-592.80)
(-596.35)
(-599.90)
(-603.45)
(-607.00)
(-610.55)
(-614.10)
(-617.65)
(-621.20)
(-624.75)
(-628.30)
(-631.85)
(-635.40)
(-638.95)
(-642.50)
(-646.05)
(-649.60)
(-653.15)
(-656.70)
(-660.25)
(-663.80)
(-667.35)
(-670.90)
(-674.45)
(-678.00)
(-681.55)
(-685.10)
(-688.65)
(-692.20)
(-695.75)
(-699.30)
(-702.85)
(-706.40)
(-709.95)
(-713.50)
(-717.05)
(-720.60)
(-724.15)
(-727.70)
(-731.25)
(-734.80)
(-738.35)
(-741.90)
(-745.45)
(-749.00)
(-752.55)
(-756.10)
(-759.65)
(-763.20)
(-766.75)
(-770.30)
(-773.85)
(-777.40)
(-780.95)
(-784.50)
(-788.05)
(-791.60)
(-795.15)
(-798.70)
(-802.25)
(-805.80)
(-809.35)
(-812.90)
(-816.45)
(-820.00)
(-823.55)
(-827.10)
(-830.65)
(-834.20)
(-837.75)
(-841.30)
(-844.85)
(-848.40)
(-851.95)
(-855.50)
(-859.05)
(-862.60)
(-866.15)
(-869.70)
(-873.25)
(-876.80)
(-880.35)
(-883.90)
(-887.45)
(-891.00)
(-894.55)
(-898.10)
(-901.65)
(-905.20)
(-908.75)
(-912.30)
(-915.85)
(-919.40)
(-922.95)
(-926.50)
(-930.05)
(-933.60)
(-937.15)
(-940.70)
(-944.25)
(-947.80)
(-951.35)
(-954.90)
(-958.45)
(-962.00)
(-965.55)
(-969.10)
(-972.65)
(-976.20)
(-979.75)
(-983.30)
(-986.85)
(-990.40)
(-993.95)
(-997.50)
(-1001.05)
(-1004.60)
(-1008.15)
(-1011.70)
(-1015.25)
(-1018.80)
(-1022.35)
(-1025.90)
(-1029.45)
(-1033.00)
(-1036.55)
(-1040.10)
(-1043.65)
(-1047.20)
(-1050.75)
(-1054.30)
(-1057.85)
(-1061.40)
(-1064.95)
(-1068.50)
(-1072.05)
(-1075.60)
(-1079.15)
(-1082.70)
(-1086.25)
(-1089.80)
(-1093.35)
(-1096.90)
(-1100.45)
(-1104.00)
(-1107.55)
(-1111.10)
(-1114.65)
(-1118.20)
(-1121.75)
(-1125.30)
(-1128.85)
(-1132.40)
(-1135.95)
(-1139.50)
(-1143.05)
(-1146.60)
(-1150.15)
(-1153.70)
(-1157.25)
(-1160.80)
(-1164.35)
(-1167.90)
(-1171.45)
(-1175.00)
(-1178.55)
(-1182.10)
(-1185.65)
(-1189.20)
(-1192.75)
(-1196.30)
(-1199.85)
(-1203.40)
(-1206.95)
(-1210.50)
(-1214.05)
(-1217.60)
(-1221.15)
(-1224.70)
(-1228.25)
(-1231.80)
(-1235.35)
(-1238.90)
(-1242.45)
(-1246.00)
(-1249.55)
(-1253.10)
(-1256.65)
(-1260.20)
(-1263.75)
(-1267.30)
(-1270.85)
(-1274.40)
(-1277.95)
(-1281.50)
(-1285.05)
(-1288.60)
(-1292.15)
(-1295.70)
(-1299.25)
(-1302.80)
(-1306.35)
(-1309.90)
(-1313.45)
(-1317.00)
(-1320.55)
(-1324.10)
(-1327.65)
(-1331.20)
(-1334.75)
(-1338.30)
(-1341.85)
(-1345.40)
(-1348.95)
(-1352.50)
(-1356.05)
(-1359.60)
(-1363.15)
(-1366.70)
(-1370.25)
(-1373.80)
(-1377.35)
(-1380.90)
(-1384.45)
(-1388.00)
(-1391.55)
(-1395.10)
(-1398.65)
(-1402.20)
(-1405.75)
(-1409.30)
(-1412.85)
(-1416.40)
(-1419.95)
(-1423.50)
(-1427.05)
(-1430.60)
(-1434.15)
(-1437.70)
(-1441.25)
(-1444.80)
(-1448.35)
(-1451.90)
(-1455.45)
(-1459.00)
(-1462.55)
(-1466.10)
(-1469.65)
(-1473.20)
(-1476.75)
(-1480.30)
(-1483.85)
(-1487.40)
(-1490.95)
(-1494.50)
(-1498.05)
(-1501.60)
(-1505.15)
(-1508.70)
(-1512.25)
(-1515.80)
(-1519.35)
(-1522.90)
(-1526.45)
(-1530.00)
(-1533.55)
(-1537.10)
(-1540.65)
(-1544.20)
(-1547.75)
(-1551.30)
(-1554.85)
(-1558.40)
(-1561.95)
(-1565.50)
(-1569.05)
(-1572.60)
(-1576.15)
(-1579.70)
(-1583.25)
(-1586.80)
(-1590.35)
(-1593.90)
(-1597.45)
(-1601.00)
(-1604.55)
(-1608.10)
(-1611.65)
(-1615.20)
(-1618.75)
(-1622.30)
(-1625.85)
(-1629.40)
(-1632.95)
(-1636.50)
(-1640.05)
(-1643.60)
(-1647.15)
(-1650.70)
(-1654.25)
(-1657.80)
(-1661.35)
(-1664.90)
(-1668.45)
(-1672.00)
(-1675.55)
(-1679.10)
(-1682.65)
(-1686.20)
(-1689.75)
(-1693.30)
(-1696.85)
(-1700.40)
(-1703.95)
(-1707.50)
(-1711.05)
(-1714.60)
(-1718.15)
(-1721.70)
(-1725.25)
(-1728.80)
(-1732.35)
(-1735.90)
(-1739.45)
(-1743.00)
(-1746.55)
(-1750.10)
(-1753.65)
(-1757.20)
(-1760.75)
(-1764.30)
(-1767.85)
(-1771.40)
(-1774.95)
(-1778.50)
(-1782.05)
(-1785.60)
(-1789.15)
(-1792.70)
(-1796.25)
(-1800.80)
(-1804.35)
(-1807.90)
(-1811.45)
(-1815.00)
(-1818.55)
(-1822.10)
(-1825.65)
(-1829.20)
(-1832.75)
(-1836.30)
(-1839.85)
(-1843.40)
(-1846.95)
(-1850.50)
(-1854.05)
(-1857.60)
(-1861.15)
(-1864.70)
(-1868.25)
(-1871.80)
(-1875.35)
(-1878.90)
(-1882.45)
(-1886.00)
(-1889.55)
(-1893.10)
(-1896.65)
(-1900.20)
(-1903.75)
(-1907.30)
(-1910.85)
(-1914.40)
(-1917.95)
(-1921.50)
(-1925.05)
(-1928.60)
(-1932.15)
(-1935.70)
(-1939.25)
(-1942.80)
(-1946.35)
(-1949.90)
(-1953.45)
(-1957.00)
(-1960.55)
(-1964.10)
(-1967.65)
(-1971.20)
(-1974.75)
(-1978.30)
(-1981.85)
(-1985.40)
(-1988.95)
(-1992.50)
(-1996.05)
(-2000.60)
(-2004.15)
(-2007.70)
(-2011.25)
(-2014.80)
(-2018.35)
(-2021.90)
(-2025.45)
(-2029.00)
(-2032.55)
(-2036.10)
(-2039.65)
(-2043.20)
(-2046.75)
(-2050.30)
(-2053.85)
(-2057.40)
(-2060.95)
(-2064.50)
(-2068.05)
(-2071.60)
(-2075.15)
(-2078.70)
(-2082.25)
(-2085.80)
(-2089.35)
(-2092.90)
(-2096.45)
(-2100.00)
(-2103.55)
(-2107.10)
(-2110.65)
(-2114.20)
(-2117.75)
(-2121.30)
(-2124.85)
(-2128.40)
(-2131.95)
(-2135.50)
(-2139.05)
(-2142.60)
(-2146.15)
(-2149.70)
(-2153.25)
(-2156.80)
(-2160.35)
(-2163.90)
(-2167.45)
(-2171.00)
(-2174.55)
(-2178.10)
(-2181.65)
(-2185.20)
(-2188.75)
(-2192.30)
(-2195.85)
(-2199.40)
(-2202.95)
(-2206.50)
(-2210.05)
(-2213.60)
(-2217.15)
(-2220.70)
(-2224.25)
(-2227.80)
(-2231.35)
(-2234.90)
(-2238.45)
(-2242.00)
(-2245.55)
(-2249.10)
(-2252.65)
(-2256.20)
(-2259.75)
(-2263.30)
(-2266.85)
(-2270.40)
(-2273.95)
(-2277.50)
(-2281.05)
(-2284.60)
(-2288.15)
(-2291.70)
(-2295.25)
(-2298.80)
(-2302.35)
(-2305.90)
(-2309.45)
(-2313.00)
(-2316.55)
(-2320.10)
(-2323.65)
(-2327.20)
(-2330.75)
(-2334.30)
(-2337.85)
(-2341.40)
(-2344.95)
(-2348.50)
(-2352.05)
(-2355.60)
(-2359.15)
(-2362.70)
(-2366.25)
(-2369.80)
(-2373.35)
(-2376.90)
(-2380.45)
(-2384.00)
(-2387.55)
(-2391.10)
(-2394.65)
(-2398.20)
(-2401.75)
(-2405.30)
(-2408.85)
(-2412.40)
(-2415.95)
(-2419.50)
(



It would have grown in those 16 months to \$64,168. The difference between those two numbers of 50 and 64 would be \$14,168. In a nutshell, even though she took a loan and paid interest, her cash value was still growing. She came out ahead about a positive \$7,000. That's the effect of her being her own bank.



Now, part two of this, not only does she come out ahead, because of that compounding effect on her cash value, what if she did pay the loan back at a higher loan rate? I'm using 5% now. If the insurance company, if their loan rate is 5%, well, that's required.

What if she's like, "You know, what, if I would have taken the lease, and Barry helped me figure out that I would have been paying 12% interest had I taken that lease or I was going to use this money as a down payment for a real estate deal and I was going to take hard money. That hard money was going to cost me 12% and three points. I think I want to pay myself back 12%."

If we put in an "Alternate Payback" of 12%, that's an extra \$169 a month that's now coming back to Julia. The margin between 5% and 12%, that's her money now. It's not going to the hard money lender. It's not going to the leasing company. It's not going to

the bank, it's not going to the insurance company. She's getting that \$169 a month, which translates to over \$10,000 over this five-year timeframe.

Month	Beginning of Month Loan Balance	Interest Charged	Principal Payment	End of Per. Loan Payment	End of Month Loan Balance	Excess Payment	Cumulative Excess Pmts.
1	(50,000)	(208.33)	(735.23)	943.56	(49,265)	168.66	169
2	(49,265)	(205.27)	(738.29)	943.56	(48,526)	168.66	337
3	(48,526)	(202.19)	(741.37)	943.56	(47,785)	168.66	506
4	(47,785)	(199.10)	(744.46)	943.56	(47,041)	168.66	675
5	(47,041)	(196.00)	(747.56)	943.56	(46,293)	168.66	843
6	(46,293)	(192.89)	(750.67)	943.56	(45,542)	168.66	1,012
7	(45,542)	(189.76)	(753.80)	943.56	(44,789)	168.66	1,181
8	(44,789)	(186.62)	(756.94)	943.56	(44,032)	168.66	1,349
9	(44,032)	(183.47)	(760.10)	943.56	(43,272)	168.66	1,518
10	(43,272)	(180.30)	(763.26)	943.56	(42,508)	168.66	1,687
11	(42,508)	(177.12)	(766.44)	943.56	(41,742)	168.66	1,855
12	(41,742)	(173.92)	(769.64)	943.56	(40,972)	168.66	2,024
13	(40,972)	(170.72)	(772.84)	943.56	(40,199)	168.66	2,193
14	(40,199)	(167.50)	(776.06)	943.56	(39,423)	168.66	2,361
15	(39,423)	(164.26)	(779.30)	943.56	(38,644)	168.66	2,530
16	(38,644)	(161.02)	(782.54)	943.56	(37,861)	168.66	2,699
17	(37,861)	(157.76)	(785.81)	943.56	(37,076)	168.66	2,867
18	(37,076)	(154.48)	(789.08)	943.56	(36,287)	168.66	3,036
19	(36,287)	(151.19)	(792.37)	943.56	(35,494)	168.66	3,205
20	(35,494)	(147.89)	(795.67)	943.56	(34,699)	168.66	3,373
21	(34,699)	(144.58)	(798.98)	943.56	(33,900)	168.66	3,542
22	(33,900)	(141.25)	(802.31)	943.56	(33,097)	168.66	3,711
23	(33,097)	(137.91)	(805.66)	943.56	(32,292)	168.66	3,879
24	(32,292)	(134.55)	(809.01)	943.56	(31,483)	168.66	4,048
25	(31,483)	(131.18)	(812.38)	943.56	(30,670)	168.66	4,217
TOTALS	(940)	(6,614)	(50,000)	56,614	(0)	10,120	10,120

By the way, once that cash goes into her policy, now it's earning interest. This \$10,000 number potentially could be \$11,000, \$12,000 \$13,000 that she capitalized on by being her own bank. What does that mean to her long term? It means now she has more money in her cash value for tax-free retirement income. She has more! That's the goal.

We want to build up the cash value for future tax-free income. Why? Because of all the problems I mentioned earlier. We don't know what taxes will be in the future. You want to make sure that you have some tax-free buckets of money so you never have to worry about paying Uncle Sam on those accounts.

There's a lot of information here and we're just scratching the surface of what's possible for you. But, learn today, and see what this banking concept can do for you. How to be your own bank!

TAX-FREE INCOME

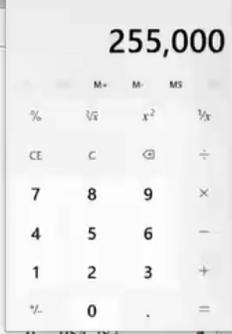
Now, let's look at income. Tax-free income in retirement. Remember, there are requirements to be met in order to have this cash value growth come to you tax-free, like staying under the MEC limit and keeping the policy in force until you die.

For the income, I'm going to use the exact Julia Roberts example with one minor change. Here's the \$12,000 a year that Julia is putting into the policy. Nothing is different in this example, except we turn on the income. The way this works, is \$12,000 is put into the policy for Julia for 20 years. She's making a premium payment of \$1,000 a month or \$12,000 a year, for 20 years. Then for five years, she decides that she wants to reduce the premium, which by the way, she could reduce this premium at any time. There's flexibility in an infinite banking plan. She's not committed to \$12,000 for the rest of her life. She could reduce it to \$3,000 at any time, and she can stop and that's what I'm showing. At the age of 66, she's done funding. She's not going to put another dime into this, but she's now going to start income.

1	41	12,000.00	0	8,619	297,978	0	12,000.00	98	8,619	0	8,717	37,655	412,345	710,323
2	42	12,000.00	0	17,542	334,347	0	12,000.00	253	17,643	0	17,897	74,451	375,549	710,323
3	43	12,000.00	2,064	26,777	369,476	0	12,000.00	363	27,095	0	29,522	110,450	339,550	710,323
4	44	12,000.00	5,006	36,331	403,413	0	12,000.00	482	36,971	0	42,459	145,607	304,393	710,323
5	45	12,000.00	8,034	46,214	436,201	0	12,000.00	608	47,290	0	55,931	179,974	270,026	710,323
6	46	12,000.00	11,152	56,430	467,883	0	12,000.00	740	58,075	0	69,967	213,609	236,391	710,323
7	47	12,000.00	14,357	66,985	498,504	0	12,000.00	888	69,351	0	84,595	246,595	203,405	710,323
8	48	12,000.00	17,639	77,879	528,106	0	12,000.00	1,062	81,141	0	99,842	278,999	171,001	710,323
9	49	12,000.00	21,005	89,119	556,731	0	12,000.00	1,288	93,493	0	115,787	310,956	139,044	710,323
10	50	12,000.00	24,447	100,703	584,420	0	12,000.00	1,552	106,468	0	132,466	342,651	107,349	710,323
11	51	12,000.00	27,964	112,634	611,213	0	12,000.00	1,832	120,122	0	149,918	374,218	75,782	710,323
12	52	12,000.00	31,554	124,912	637,148	0	12,000.00	2,145	134,490	0	168,189	405,718	44,282	710,323
13	53	12,000.00	35,211	137,535	662,262	0	12,000.00	2,485	149,620	0	187,316	437,257	12,743	710,323
14	54	12,000.00	38,937	150,500	686,592	0	12,000.00	2,857	165,534	0	207,328	468,850	0	729,173
15	55	12,000.00	42,732	163,813	710,171	0	12,000.00	3,248	182,265	0	228,246	500,522	0	760,845
16	56	12,000.00	46,590	177,469	733,033	0	12,000.00	3,685	199,843	0	250,118	532,304	0	792,627
17	57	12,000.00	50,510	191,463	755,207	0	12,000.00	4,140	218,316	0	272,966	564,294	0	824,617
18	58	12,000.00	54,491	205,793	776,725	0	12,000.00	4,633	237,718	0	296,841	596,512	0	856,835
19	59	12,000.00	58,526	220,456	797,616	0	12,000.00	5,159	258,095	0	321,780	629,027	0	889,350
20	60	12,000.00	62,631	235,469	817,905	0	12,000.00	5,681	279,519	0	347,832	661,890	0	922,213
21	61	3,000.00	66,807	242,274	817,905	0	3,000.00	6,116	293,442	0	366,364	675,344	0	935,667
22	62	3,000.00	71,053	249,192	817,905	0	3,000.00	6,551	308,111	0	385,715	689,418	0	949,741
23	63	3,000.00	75,371	256,226	817,905	0	3,000.00	7,013	323,545	0	405,930	704,077	0	964,400
24	64	3,000.00	79,760	263,379	817,905	0	3,000.00	7,488	339,787	0	427,035	719,340	0	979,663
25	65	3,000.00	84,222	270,648	817,905	0	3,000.00	7,986	356,859	0	449,068	735,192	0	995,515
26	66	3,000.00	88,752	278,030	817,905	28,000	-25,000.00	8,010	346,033	0	442,795	693,960	0	954,283
27	67	3,000.00	93,349	285,522	817,905	28,000	-25,000.00	8,026	334,828	0	436,203	653,870	0	914,193

The income I've chosen is just a consistent \$25,000 a year. That's why you see the minus signs next to the \$25,000 because it's being taken out as income. Her premiums of \$12,000 a year for 20 years equals \$240,000. Then for those five more years at \$3,000, that gives us a total of another \$15,000. Her total contribution over a 25-year timeframe, is \$255,000. Well, check this out, her total net cash value at that point is almost \$450,000. She put in \$255,000 premium, and has cash value of \$450,000. It's all tax-free because it's under the life insurance umbrella.

14	54	12,000.00	38,937	150,500	686,592	0	12,000.00	2,857	165,534	0	207,328	468,850
15	55	12,000.00	42,732	163,813	710,171	0	12,000.00	3,248	182,265	0	228,246	500,522
16	56	12,000.00	46,590	177,469	733,033	0	12,000.00	3,685	199,843	0	250,118	532,304
17	57	12,000.00	50,510	191,463	755,207	0	12,000.00	4,140	218,316	0	272,966	564,294
18	58	12,000.00	54,491	205,793	776,725	0	12,000.00	4,633	237,718	0	296,841	596,512
19	59	12,000.00	58,526	220,456	797,616	0	12,000.00	5,159	258,095	0	321,780	629,027
20	60	12,000.00	62,631	235,469	817,905	0	12,000.00	5,681	279,519	0	347,832	661,890
21	61	3,000.00	66,807	242,274	817,905	0	3,000.00	6,116	293,442	0	366,364	675,344
22	62	3,000.00	71,053	249,192	817,905	0	3,000.00	6,551	308,111	0	385,715	689,418
23	63	3,000.00	75,371	256,226	817,905	0	3,000.00	7,013	323,545	0	405,930	704,077
24	64	3,000.00	79,760	263,379	817,905	0	3,000.00	7,488	339,787	0	427,035	719,340
25	65	3,000.00	84,222	270,648	817,905	0	3,000.00	7,986	356,859	0	449,068	735,192
26	66	3,000.00	88,752	278,030	817,905	28,000	-25,000.00	8,010	346,033	0	442,795	693,960
27	67	3,000.00	93,349	285,522	817,905	28,000	-25,000.00	8,026	334,828	0	436,203	653,870
28	68	3,000.00	98,012	293,115	817,905	28,000	-25,000.00	8,023	323,227	0	429,261	614,864
29	69	3,000.00	102,729	300,803	817,905	28,000	-25,000.00	8,008	311,204	0	421,940	576,861
30	70	3,000.00	107,503	308,580	817,905	28,000	-25,000.00	7,977	298,741	0	414,221	539,803
31	71	3,000.00	112,322	316,431	817,905	28,000	-25,000.00	7,966	285,809	0	406,097	503,623
32	72	3,000.00	117,169	324,331	817,905	28,000	-25,000.00	7,964	272,411	0	397,544	468,322
33	73	3,000.00	122,042	332,269	817,905	28,000	-25,000.00	7,951	258,552	0	388,546	433,877
34	74	3,000.00	126,931	340,238	817,905	28,000	-25,000.00	7,930	244,223	0	379,084	400,233
35	75	3,000.00	131,835	348,226	817,905	28,000	-25,000.00	7,899	229,416	0	369,151	367,343
36	76	3,000.00	136,745	356,229	817,905	8,000	-25,000.00	8,221	234,585	20,888	358,663	367,181
37	77	3,000.00	141,660	364,237	817,905	3,000	-25,000.00	8,674	245,196	47,925	347,606	375,353
38	78	3,000.00	146,575	372,244	817,905	3,000	-25,000.00	9,139	256,386	76,161	335,939	384,039
39	79	3,000.00	151,482	380,241	817,905	3,000	-25,000.00	9,629	268,165	105,652	323,624	393,235
40	80	3,000.00	156,381	388,224	817,905	3,000	-25,000.00	10,138	280,563	136,451	310,632	402,955



Now, she takes income, but you would think, "Well, she's going to be able to take out \$450,000." No, she'll take out more because her remaining cash value is still growing. It's still growing, guaranteed on a compound interest growth curve, and dividends are being paid. So, \$25,000 for 25 years, I ran this through the age of 90. You see that income all the way through the age of 90.

Policy Year	Age	Guaranteed				Non-Guaranteed							C De Be
		Contract Premium	Cash Value	PUA Cash Value	Death Benefit	Pd Up Addn's Surrender Beg Yr	Total Annual Outlay	Dividend	End of Year				
									PUA Cash Value	Total Loan Balance	Total Net Cash Value	PUA Death Benefit	
43	83	3,000.00	170,647	411,467	817,905	3,000	-25,000.00	12,068	321,388	237,296	266,807	435,515	
44	84	3,000.00	175,156	418,814	817,905	3,000	-25,000.00	12,761	336,356	273,938	250,334	447,803	
45	85	3,000.00	179,547	425,967	817,905	3,000	-25,000.00	13,477	352,029	312,207	232,846	460,798	
46	86	3,000.00	183,801	432,899	817,905	3,000	-25,000.00	14,230	368,405	352,175	214,261	474,513	
47	87	3,000.00	188,021	439,776	817,905	3,000	-25,000.00	14,862	385,666	393,916	194,634	488,978	
48	88	3,000.00	191,996	446,254	817,905	3,000	-25,000.00	15,787	403,384	437,510	173,657	504,018	
49	89	3,000.00	195,737	452,348	817,905	3,000	-25,000.00	16,725	421,855	483,039	151,278	519,995	
50	90	3,000.00	199,238	458,052	817,905	3,000	-25,000.00	17,689	441,073	530,589	127,410	536,914	



What does it turn into her \$255,000 premium over that 25-year timeframe? It turns into \$625,000 that she's able to take out as tax-free income. This is the power of Infinite Banking...of guarantees and liquidity!

And, by the way, if she passed away at the age of 90, she would still leave a \$266,647 tax-free death benefit to her heirs. When you add the \$266,000 to the income, we're talking over almost \$900,000 of tax-free money that came to her and to her heirs.

This is remarkable planning. Julia had access to the cash along the way. She didn't have to wait till she was 59 ½ to access that money like I showed you earlier.

There are a lot of advantages here. Well, what if Julia wanted to do more and get more? What if Julia says, "You know what, I'm making more money. I'm already contributing \$55,000 a year to a qualified plan, plus I am sitting on some cash?" Let's look at this.

Prepared for:	Julia Roberts	Underwriting Class:	Preferred
Gender: Female	Age: 40		
Initial Death Benefit:	\$3,661,637		
Annual Premium:	\$55,000.00 ✓	1035 Exchange Premium:	\$0.00
Premium Paid To Age:	65	MEC: No	Add'l 1st Yr Premium: <u>\$90,000.00</u>

Supplemental Illustration - Not Valid Without Accompanying Basic Policy Illustration

**Premiums Paid Using Non-Guaranteed Elements
Dividends are Purchasing Paid-Up Additions**

Policy Year	Age	Contract Premium*#	Guaranteed			Pd Up Addn's Surrender Beg Yr	Total Annual Outlay#	Dividend	Non-Guaranteed				
			End of Year						End of Year				
			Cash Value	PUA Cash Value	Death Benefit				PUA Cash Value	Total Loan Balance	Total Net Cash Value	PUA Death Benefit	Total Net Death Benefit
1	41	145,075.00	0	125,177	3,661,637	0	145,000.00	147	125,177	0	125,324	558,266	3,661,637
2	42	55,075.00	0	168,588	3,829,437	0	55,000.00	323	168,740	0	169,063	726,721	3,830,092
3	43	55,075.00	9,411	213,527	3,991,478	0	55,000.00	1,927	214,019	0	225,357	890,155	3,993,526
4	44	55,075.00	22,047	260,030	4,147,969	0	55,000.00	4,542	262,534	0	289,124	1,054,659	4,158,030
5	45	55,075.00	35,081	308,130	4,299,117	0	55,000.00	5,370	315,425	0	355,876	1,224,054	4,327,425
6	46	55,075.00	48,503	357,857	4,445,126	0	55,000.00	6,245	370,965	0	425,713	1,390,902	4,494,273
7	47	55,075.00	62,301	409,239	4,586,197	0	55,000.00	7,210	429,265	0	498,775	1,555,388	4,658,759
8	48	55,075.00	76,463	462,277	4,722,527	0	55,000.00	8,314	490,452	0	575,229	1,717,840	4,821,211
9	49	55,075.00	90,979	516,993	4,854,310	0	55,000.00	9,471	554,729	0	655,178	1,878,742	4,982,113
10	50	55,075.00	105,859	573,406	4,981,738	0	55,000.00	10,712	622,212	0	738,783	2,038,244	5,141,615

In my example, here, I'm showing a \$55,000 premium and a \$90,000 lump sum. What's really cool about these policies, is that in the very first year, you can do an additional lump sum. If you are sitting on cash and it's earning zero percent in a savings account, or 1% or 2% in a CD, this is a much better place for it because of all the benefits we've talked about.

Her total annual outlay in year one is \$145,000. Her total net cash value is \$125,000. I love looking at the math here, and consider too that she also has a \$3.6 million death benefit. When I take the \$125,177 divided by \$145,000, that's over 86% of her premium going to cash value and is liquid in the very first year! That's her money, she can do whatever she wants with \$125k, and she's getting a \$3.6 million death benefit. Again, that's a blend of whole life and term, so that we keep the insurance cost very low.

Now we want to turn this cash value into income, so here's the same idea. Julia decides that for the same 20 years, she's going to put in roughly the \$55,000. You notice that actually drops to \$54,234 in year 11 because the term insurance goes away. That's why the death benefit go from \$5.1 million to \$3.3.

Policy Year	Age	Contract Premium*#	Cash Value	PUA Cash Value	Death Benefit	Pd Up Addn's Surrender Beg Yr	Total Annual Outlay#	Dividend	PUA Cash Value	Total Loan Balance	Total Net Cash Value	PUA Death Benefit	Total Net Death Benefit
1	41	145,075.00	0	125,177	3,661,637	0	145,000.00	147	125,177	0	125,324	558,266	3,661,637
2	42	55,075.00	0	168,588	3,829,437	0	55,000.00	323	168,740	0	169,063	726,721	3,830,092
3	43	55,075.00	9,411	213,527	3,991,478	0	55,000.00	1,927	214,019	0	225,357	890,155	3,993,526
4	44	55,075.00	22,047	260,030	4,147,969	0	55,000.00	4,542	262,534	0	289,124	1,054,659	4,158,030
5	45	55,075.00	35,081	308,130	4,299,117	0	55,000.00	5,370	315,425	0	355,876	1,224,054	4,327,425
6	46	55,075.00	48,503	357,857	4,445,126	0	55,000.00	6,245	370,965	0	425,713	1,390,902	4,494,273
7	47	55,075.00	62,301	409,239	4,586,197	0	55,000.00	7,210	429,265	0	498,775	1,555,388	4,658,759
8	48	55,075.00	76,463	462,277	4,722,527	0	55,000.00	8,314	490,452	0	575,229	1,717,840	4,821,211
9	49	55,075.00	90,979	516,993	4,854,310	0	55,000.00	9,471	554,729	0	655,178	1,878,742	4,982,113
10	50	55,075.00	105,859	573,406	4,981,738	0	55,000.00	10,712	622,212	0	738,783	2,038,244	5,141,615
11	51	54,234.04	122,665	631,511	3,140,989	0	54,234.04	12,099	693,023	0	827,786	2,196,586	3,335,957
12	52	54,234.04	139,858	691,309	3,260,244	0	54,234.04	13,642	767,359	0	920,859	2,354,188	3,493,559
13	53	54,234.04	157,450	752,790	3,375,674	0	54,234.04	15,308	845,417	0	1,018,175	2,511,471	3,650,842
14	54	54,234.04	175,429	815,953	3,487,446	0	54,234.04	17,090	927,376	0	1,119,895	2,668,717	3,808,088
15	55	54,234.04	193,807	880,817	3,595,719	0	54,234.04	18,978	1,013,431	0	1,226,216	2,826,171	3,965,542
16	56	54,234.04	212,584	947,389	3,700,645	0	54,234.04	21,039	1,103,758	0	1,337,381	2,984,020	4,123,391
17	57	54,234.04	231,737	1,015,607	3,802,364	0	54,234.04	23,230	1,198,525	0	1,453,492	3,142,618	4,281,989
18	58	54,234.04	251,277	1,085,494	3,901,019	0	54,234.04	25,597	1,297,958	0	1,574,831	3,302,185	4,441,556
19	59	54,234.04	271,204	1,157,044	3,996,742	0	54,234.04	28,024	1,402,295	0	1,701,524	3,463,030	4,602,401
20	60	54,234.04	291,576	1,230,326	4,089,659	0	54,234.04	30,461	1,511,758	0	1,833,795	3,625,152	4,764,523

So, \$55,000 over 20 years, and then, for five more years, she decides to reduce to that lower amount of \$13,558.

11	51	54,234.04	122,665	631,511	3,140,989	0	54,234.04	12,099	693,023	0	827,786	2,196,586	3,335,957
12	52	54,234.04	139,858	691,309	3,260,244	0	54,234.04	13,642	767,359	0	920,859	2,354,188	3,493,559
13	53	54,234.04	157,450	752,790	3,375,674	0	54,234.04	15,308	845,417	0	1,018,175	2,511,471	3,650,842
14	54	54,234.04	175,429	815,953	3,487,446	0	54,234.04	17,090	927,376	0	1,119,895	2,668,717	3,808,088
15	55	54,234.04	193,807	880,817	3,595,719	0	54,234.04	18,978	1,013,431	0	1,226,216	2,826,171	3,965,542
16	56	54,234.04	212,584	947,389	3,700,645	0	54,234.04	21,039	1,103,758	0	1,337,381	2,984,020	4,123,391
17	57	54,234.04	231,737	1,015,607	3,802,364	0	54,234.04	23,230	1,198,525	0	1,453,492	3,142,618	4,281,989
18	58	54,234.04	251,277	1,085,494	3,901,019	0	54,234.04	25,597	1,297,958	0	1,574,831	3,302,185	4,441,556
19	59	54,234.04	271,204	1,157,044	3,996,742	0	54,234.04	28,024	1,402,295	0	1,701,524	3,463,030	4,602,401
20	60	54,234.04	291,576	1,230,326	4,089,659	0	54,234.04	30,461	1,511,758	0	1,833,795	3,625,152	4,764,523
21	61	13,558.51	309,476	1,266,646	4,089,659	0	13,558.51	32,885	1,587,746	0	1,930,107	3,698,197	4,837,568
22	62	13,558.51	327,706	1,303,619	4,089,659	0	13,558.51	34,874	1,667,936	0	2,030,516	3,774,793	4,914,164
23	63	13,558.51	346,232	1,341,221	4,089,659	0	13,558.51	36,963	1,751,927	0	2,135,122	3,853,718	4,993,089
24	64	13,558.51	365,111	1,379,505	4,089,659	0	13,558.51	38,997	1,839,951	0	2,244,060	3,935,025	5,074,396
25	65	13,558.51	384,310	1,418,463	4,089,659	0	13,558.51	41,110	1,932,010	0	2,357,430	4,018,425	5,157,796

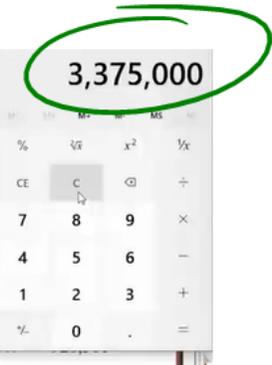
Running the numbers, we take the \$55,000 and we times it by 20 years, that's \$1.1 million that she would have put in. A little less because the term insurance went away. For round number's sake, we're going with \$1.1 million. Plus, she put in the \$90,000 additional first-year.

Then the five years with the \$13,558, which is \$67,790. Her total outlay over a 25-year timeframe is \$1.25 million. Now, at that point, age 65, she's sitting on \$2.3 million in cash value. That's her money. She says, "You know what, I'm done funding, I'm 66. I'm going to begin to draw \$135,000 completely tax-free."

26	66	13,558.51	403,827	1,458,064	4,089,659	148,559	-135,000.00	40,743	1,875,501	0	2,320,071	3,794,941	4,934,312
27	67	13,558.51	423,652	1,498,274	4,089,659	148,559	-135,000.00	40,373	1,816,434	0	2,280,459	3,576,784	4,716,155
28	68	13,558.51	443,762	1,539,068	4,089,659	148,559	-135,000.00	39,953	1,754,759	0	2,238,475	3,363,753	4,503,124
29	69	13,558.51	464,123	1,580,389	4,089,659	148,559	-135,000.00	39,458	1,690,350	0	2,193,930	3,155,564	4,294,935
30	70	13,558.51	484,745	1,622,207	4,089,659	148,559	-135,000.00	38,859	1,623,091	0	2,146,695	2,951,894	4,091,265
31	71	13,558.51	505,573	1,664,482	4,089,659	148,559	-135,000.00	38,485	1,552,830	0	2,096,888	2,752,385	3,891,756
32	72	13,558.51	526,572	1,707,082	4,089,659	148,559	-135,000.00	38,229	1,479,682	0	2,044,482	2,557,280	3,696,651
33	73	13,558.51	547,696	1,749,921	4,089,659	148,559	-135,000.00	37,837	1,403,716	0	1,989,249	2,366,601	3,505,972
34	74	13,558.51	568,922	1,792,985	4,089,659	148,559	-135,000.00	37,255	1,324,814	0	1,930,991	2,179,930	3,319,301
35	75	13,558.51	590,240	1,836,232	4,089,659	48,691	-135,000.00	38,256	1,345,056	104,300	1,869,253	2,161,111	3,196,183
36	76	13,558.51	611,614	1,879,597	4,089,659	13,559	-135,000.00	39,810	1,402,102	249,921	1,803,605	2,200,794	3,090,243
37	77	13,558.51	633,023	1,923,041	4,089,659	13,559	-135,000.00	41,125	1,461,368	402,007	1,733,509	2,241,999	2,979,364
38	78	13,558.51	654,455	1,966,523	4,089,659	13,559	-135,000.00	42,438	1,522,600	560,843	1,658,650	2,284,291	2,862,819
39	79	13,558.51	675,886	2,009,992	4,089,659	13,559	-135,000.00	43,701	1,585,775	726,729	1,578,634	2,327,617	2,740,259

Ask your CPA or tax attorney what does \$135,000 tax-free spend like if it's taxable? It depends on someone's tax bracket, but it could spend more like \$170,000. It could spend like \$200,000. So, for Julia, this is \$135,000 of tax-free income. She does this for 25 years.

Policy Year	Age	Contract Premium#	Cash Value	Death Benefit	Annual Beg Yr	Annual Outlay#	Dividend	Cash Value	Loan Balance	Net Cash Value	Death Benefit	
40	80	13,558.51	697,318	2,053,483	4,089,659	13,559	-135,000.00	44,807	1,650,882	899,978	1,493,030	2,371,000
41	81	13,558.51	718,738	2,096,927	4,089,659	13,559	-135,000.00	45,911	1,717,719	1,080,917	1,401,451	2,416,000
42	82	13,558.51	739,680	2,139,426	4,089,659	13,559	-135,000.00	48,531	1,785,539	1,269,887	1,303,863	2,462,000
43	83	13,558.51	760,063	2,180,772	4,089,659	13,559	-135,000.00	50,947	1,855,694	1,467,245	1,199,460	2,510,000
44	84	13,558.51	780,082	2,221,373	4,089,659	13,559	-135,000.00	52,852	1,928,328	1,673,362	1,087,898	2,561,000
45	85	13,558.51	799,690	2,261,161	4,089,659	13,559	-135,000.00	54,860	2,002,863	1,888,629	968,784	2,613,000
46	86	13,558.51	818,820	2,299,968	4,089,659	13,559	-135,000.00	57,406	2,079,248	2,113,451	842,023	2,667,158
47	87	13,558.51	837,939	2,338,764	4,089,659	13,559	-135,000.00	59,029	2,158,908	2,348,252	707,625	2,723,404
48	88	13,558.51	856,203	2,375,811	4,089,659	13,559	-135,000.00	62,256	2,239,297	2,593,474	564,282	2,780,764
49	89	13,558.51	873,727	2,411,357	4,089,659	13,559	-135,000.00	64,895	2,322,227	2,849,581	411,267	2,841,237
50	90	13,558.51	890,578	2,445,543	4,089,659	13,559	-135,000.00	67,013	2,407,213	3,117,056	247,748	2,904,047



We're going to look age of 90, which shows \$135,000. We take \$1.25 million that she put in. The \$135,000 times 25 years. She's pulling out \$3.37 million, completely tax-free. Is that remarkable or what? By the way, if she passed away at 90, there's a \$926,000 death benefit that goes tax-free to heirs. The numbers are astounding.

46	86	13,558.51	818,820	2,299,968	4,089,659	13,559	-135,000.00	57,406	2,079,248	2,113,451	842,023	2,667,158	1,693,078
47	87	13,558.51	837,939	2,338,764	4,089,659	13,559	-135,000.00	59,029	2,158,908	2,348,252	707,625	2,723,404	1,514,523
48	88	13,558.51	856,203	2,375,811	4,089,659	13,559	-135,000.00	62,256	2,239,297	2,593,474	564,282	2,780,764	1,326,661
49	89	13,558.51	873,727	2,411,357	4,089,659	13,559	-135,000.00	64,895	2,322,227	2,849,581	411,267	2,841,237	1,131,027
50	90	13,558.51	890,578	2,445,543	4,089,659	13,559	-135,000.00	67,013	2,407,213	3,117,056	247,748	2,904,047	926,361

I want you to think about this very carefully. Look at these three circles. The first circle represents a tax-deferred bucket of money. The second circle represents a taxable bucket of money. The third circle represents a tax-free bucket of money. Now ask yourself this question...Which bucket do you like the most?

Tax Deferred ✓



Taxable



Tax-Free



I asked this question to clients all across the country, hands down, they always give me the answer, "tax-free". The next question I want you to seriously consider though is telling, and that question is...Where is most of your money?

You know the answer, 9 out of 10 of you are answering "tax-deferred". Do you see the disconnect? If you like tax-free the best, why is the majority of your money tax deferred? What I am saying is, we need to recognize the problems of future taxes and creating tax-free buckets of money.

I'm not going to tell someone that you should put *all* of your money here, you should have in your portfolio a portion of your money that's completely tax-free and that is not tied to the market. You want money that is guaranteed and predictable. That's the idea. By doing so, you'll have more options and flexibility in your future!

So, we love tax free. That's the goal, tax-free money now, and tax-free money in retirement. And along the way, you've been able to be your own bank.

There are many ways to use Infinite Banking throughout your life...a few of these include loans for business, equipment purchases, even pension maximization. But let's also consider using it in a big way with real estate investing.

Ways to use Infinite Banking...

- ✓ Loans for business, real estate, cars, vacation, etc.
- ✓ Pension Maximization
- ✓ Pay off higher interest rate debts
- ✓ Businesses can use it for equipment financing
- ✓ Tax-Free retirement income
- ✓ And on, and on...

INFINITE BANKING WITH REAL ESTATE

You've probably heard several times in your life that wealthy individuals get wealthy in one of two ways: either in their own business or in real estate. They invest in their own business and do very well, or they invest in real estate and amass a lot of wealth. Most people don't get wealthy investing in the stock market. That is a myth.

As you know now, Infinite Banking is a system that uses a uniquely designed whole life insurance policy. This system can enable you to make more money in real estate. It can make your real estate assets more valuable. It can also increase the value of other assets that you own.

There are so-called financial gurus out there that promote paying cash for everything you buy. Although good for some things, this can have a devastating impact on the money you earn with real estate investing. Paying cash is not good advice for growing your real estate wealth.

Let's look at the difference between paying cash for a real estate investment, versus using the unique features of Infinite Banking, which at its foundation utilized a high cash value insurance policy. One of the key features of a high cash value policy is the ability to use a policy loan and become your own bank to purchase the real estate.

Below, we'll use the simple example of a single-family residence with a \$100,000 purchase price, holding the property for 30 years, at \$1,000 per month in rent.

Cash
100,000 Purchase
30 yrs
1,000/mo. Rent

We're keeping the numbers very simple for the example.

The first thing we look at is market value. What will the \$100,000 home grow to in market value over that 30-year timeframe? Let's assume a conservative 3% appreciation value over the 30-year timeframe. The future market value after 30 years will be \$242,726.

Cash
100,000 Purchase
30 yrs
1,000/mo. Rent

M.V. = 242,726

The other thing that we want to look at is cash flow. In this case, it's the \$1,000 a month rent over 360 months that would give us our 30-year timeframe, that would equal \$360,000.

Cash

100,000 Purchase
30 yrs
1,000/mo. Rent

$$\begin{aligned} \text{M.V.} &= 242,726 \\ \text{C.F.} &= 360,000 \end{aligned}$$

This is our cash purchase example. Now, we have to minus out the \$100,000 that we purchased the home for. If we take a look at the numbers, we have 242,726 plus 360,000 minus the 100,000, gives us a total of \$502,726.

$$\begin{aligned} \text{M.V.} &= 242,726 \\ \text{C.F.} &= 360,000 \\ &\quad - 100,000 \\ \hline &= 502,726 \end{aligned}$$

Here is our cash method, it's pretty good, but it could be better. Let's make the same comparison now using a policy loan. Remember, by having an Infinite Banking policy, you control the cash value, it's liquid to you, you don't have to wait till you're 59 1/2 to access cash. There's a lot of benefits that you get from this policy besides what I'm about to show you here.

We will use the same numbers: \$100,000 purchase, the same 30-year timeframe and a \$1,000 a month rent. We know that the market value, whether you pay cash or take a policy loan, is completely unaffected.

The market value of the property is the same \$242,726. But cash flows is where things start to change a little bit. If you take a policy loan, that means that you're going to have a payment that goes back to the life insurance company to pay off the loan. That's going to reduce the \$360,000 of cash flow. The way we look at that is with the loan payment. We have our \$1000 a month, but out of that we now have to make this payment.

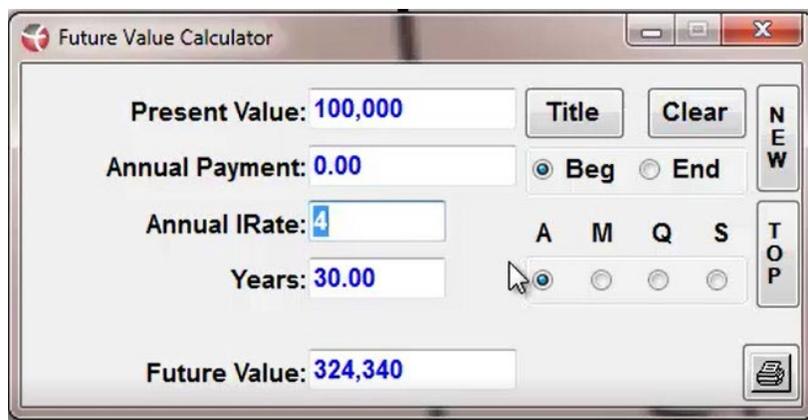
Cash	Policy Loan
100,000 Purchase	100k
30 yrs	30 yrs
1,000/mo. Rent	1,000/mo.
M.V. = 242,726	M.V. = 242,726
C.F. = 360,000	C.F. =
- 100,000	
<u>\$502,726</u>	

The life insurance company charges us a 5% interest rate over those 360 months, which is \$536 that is now going to a payment. We have to take our 1000 a month, we minus it by \$536, which now instead of a thousand a month for 360 months over time, we take the \$464 a month, times it by 360 months, that gives us \$167,040 in cash flow.

Cash	Policy Loan
100,000 Purchase	100k
30 yrs	30 yrs
1,000/mo. Rent	1,000/mo.
M.V. = 242,726	M.V. = 242,726
C.F. = 360,000	C.F. = 167,040
- 100,000	
<u>\$502,726</u>	

Right here, we might stop and look at this and say, "A policy loan, it doesn't work." Because \$242,726, plus the \$167,040, minus the \$100,00 does not give us more than \$502,726, it's less than that. Here's where the policy loan really comes into play and becomes much more valuable than just paying cash. We have to remember that the \$100,000 that we took as a policy loan, that money is still growing inside of the policy. With Infinite Banking, even though you have a policy loan, your full cash value is still earning interest. That \$100,00 inside the policy is still growing.

Now we come back to the calculator. We're going to show the \$100,000 earning a rate of 4%, and over that 30-year timeframe that money is still growing. It grows to \$324,340.



We then minus out the \$100,000 for the purchase and add the numbers up. \$242,726, plus the \$167,040, plus the 324,340, minus the \$100,000, equals \$634,106.

$$\begin{array}{r}
 \text{M.V.} = 242,726 \\
 \text{C.F.} = 167,040 \\
 \quad 324,340 \\
 \quad - 100,000 \\
 \hline
 \$634,106
 \end{array}$$

By using a policy loan for a real estate deal, you can see there is much more cash at the end of the investment. This is the power of a whole life insurance policy, it actually can increase the value of your assets.

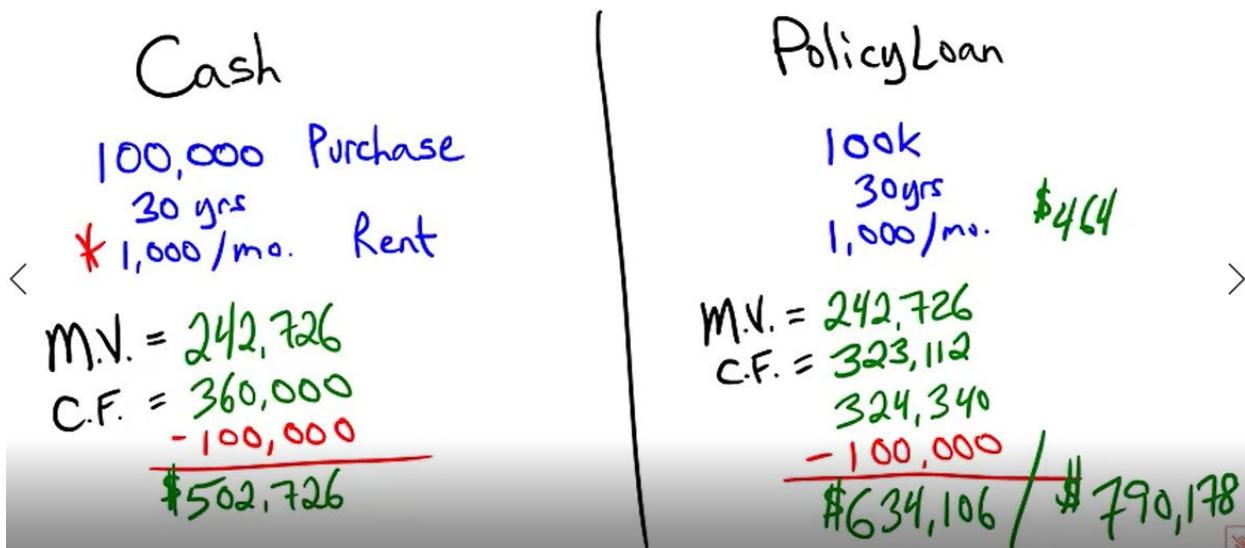
Cash	Policy Loan
100,000 Purchase	100k
30 yrs	30 yrs
1,000/mo. Rent	1,000/mo.
M.V. = 242,726	M.V. = 242,726
C.F. = 360,000	C.F. = 167,040
- 100,000	324,340
<u> </u>	<u> - 100,000</u>
\$502,726	\$634,106

But wait, there is one more thing we want to consider. This looks fantastic and we see the policy loan is better, but let's take it one step further.

What do most people do with this \$1,000 a month? They would put it in a savings account earning a quarter percent. Some people do that, but most people actually spend it as income. Let's give them the benefit of the doubt and say they put it into an account earning a quarter percent. That money is going to grow a little bit. But what about this?

What if you were a disciplined investor, an honest banker, and you actually took that difference of that \$464 that we showed earlier, the difference between your payment amount and the thousand that's left over, and put it back into your Real Estate Wealth System earning a net 4% rate of return?

When we do the math on that number, look what happens. We take the \$464 per month, take out the \$100,000 here, earning 4% over 360 months, that's an additional \$323,000. Now, to be fair, we have to take out this cash flow number right here, but instead we now put in the \$323,112. Now, let's do the math. Here's the other option if we choose to reinvest the \$464 back into the policy, \$790,178.



Regardless, if you choose to pay cash for a property, it will not be as valuable to you as using Infinite Banking to purchase the property.

This is just one example of how Infinite Banking can enhance your assets. There are many other opportunities out there: it can coordinate with business, it can coordinate with other major purchases you make in your life. Here we show the real estate example, and how powerful a high cash value whole life policy really is.

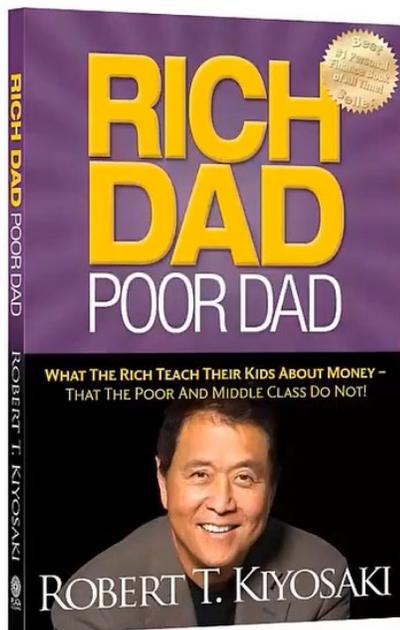
HOW TO TRIPLE YOUR REAL ESTATE RETURNS WITH INFINITE BANKING

If you're considering investing in real estate, keep in mind that we all have to start somewhere. It's important to understand that when you're looking at successful people, what you usually see is just the top of the iceberg. What I mean is that you're seeing the result. You're seeing the success. If you've ever seen the picture before of a massive iceberg, you're only seeing the tip. 80% or more of it is underwater. That's how success is. We see these successful people traveling everywhere, making great money in real

estate, or doing good in their particular business, but we don't see the decade, or two, or three of all the struggle and all the difficulty they had to go through to get there.

I had to start somewhere too. For me, I got into real estate by osmosis. I grew up as a kid watching my mom and dad right here in St. George, Utah, buy lots for single-family homes. I watched this as a kid. I remember being 9 and 10 and 11 years old and helping my dad put shingles on a new home they were building as a spec house. I remember doing some of the landscaping, but I grew up around that. I remember my parents would buy lots and then they would flip the lots and make a little bit of money on them.

As I grew up going through that, I always had this desire within me to be a real estate investor. It felt so good. It just seemed really cool to be a real estate investor, but I can also tell you, it's not all roses. I've gone through tremendous struggles in real estate. The crash of '08, is an example where I lost money in real estate. I want to share with you the the things to do right and the things to avoid. With that in mind, let's dive in how to triple your real estate returns with Infinite Banking.



"Invest in assets."
-Robert Kiyosaki

Rich Dad Poor Dad by Robert Kiyosaki. I really liked this book and I've recommended it to clients throughout the country. This book, although it's real estate-based, which is good, it teaches financial principles. To me, that's even more empowering than the real estate itself. Robert talks about, it's not about the money you make. It's about the money you keep. That's one of the principles that he teaches. He also teaches about paying yourself first, that when you make money, you should pay yourself first. Another principle he teaches is assets versus liabilities. I have a quote here by him, "Invest in assets." When we invest in assets, from his perspective, we want to invest in assets that generate cash flow.

CASH FLOW

A lot of people believe that the home they're living in today is an asset and it could be considered an asset. It's tangible, but the home you live in today is not producing cash flow. It's taking cashflow. You've either paid cash for your house or you're making a mortgage payment. It's like a liability from that perspective. When we think about cashflow, truly, we want to think about assets that produce cash flow, which could be a business, could be real estate, could be a royalty deal, it could be an intellectual property. There are a number of things out there that we can talk about that produce cashflow, but in this case, we're talking about real estate producing cashflow.

What we're going to do here is to make a comparison and get this idea between a cash investment and another type of investment that I'll get to in a minute. This house on the left, we're going to say that the person that buys this house is going to pay cash for the house. This is an example, a real deal, that we're going to walk through and learn from. This property, the purchase price on this house is \$150,000. PP for purchase price. This person has saved all this money, 150k that's taken several years to build up. They're going to go out and buy this property cash only. The property is going to rent for \$1,200 a month, which would equal \$14,400 a year. \$14,400 per year is the cash flow that's being generated from \$150,000 investment.

Cash

FOCUS
WEALTH GROUP



\$150,000 PP

\$1200/mo.

= 14,400/yr.

Now, the first thing that I want to teach is this term called cash on cash. It's a cash on cash rate of return. When we look at a cash on cash rate of return, we look at the amount of money that we're earning in rents, and then we divide that by the cash that

we've put into the property. In this case, if I take the \$14,400 and divide by the \$150,000 that was put into the property to buy it, it's a 9.6% cash on cash rate of return.

Cash

FOCUS
WEALTH GROUP



\$150,000 PP
\$1200/mo.
= 14,400/yr.
9.6% RoR
Cash on Cash

You notice I'm not taking out any expenses right now. I want to keep this really simple for our purposes tonight, but they might be some maintenance costs, some property tax, insurance. This 9.6% rate of return would be a gross cash on cash rate of return. What I've learned from real estate and Robert's book and other real estate gurus out there is that using our own cash really isn't the best thing to do.

We want to talk about leverage. I did a webinar where I discussed the "Four Pillars of Wealth". One of the pillars of wealth is leverage. How do we create more wealth? We use leverage. We use other people's money. What if in this case, instead of coming in with a full \$150,000 of out-of-pocket cash, the investor now decides instead to get a mortgage from a bank for \$120,000, which is 80% of value. There's the mortgage, and I'm only going to come out of pocket with 20% down, which would be \$30,000. This is our down payment. Now, we're leveraging.

Cash



\$150,000 PP
\$1200/mo.
= 14,400/yr.
9.6% ROE
Gross Cash

Leverage



150,000 PP
120,000 Mts
30,000 DP
1,200/mo
- 720 Payment
\$480/mo = \$5,760/yr.

The issue we run into here is that when we have a mortgage, there is now a payment associated with the mortgage. Let's look at that. The rent isn't going to change. It's the same \$1200 a month or \$14,400 a year, but let's look at what this mortgage does. With a loan rate of 6% because this is an investment property, we'll amortize this over 360 months, which is 30 years. If we look at the amortization schedule over that timeframe, we have a payment of \$720. Now, when you're purchasing real estate as an investment property, different banks, or different credit unions, different lenders have different rules. Some might say that they'll amortize over 360 months to lower your payment, but it's really a 10-year loan or a 20-year loan. If we do the math on this, let's say, they give you a 20-year loan, but it's amortized over 30 years, that means in 20 years, at 240 months, they would want you to come in and pay off this \$64,000 loan balance as a balloon payment. Again, different banks have different rules. For our example, I'm keeping it simple at 360 months of amortization for \$720/mo.

What that means is we have to take the \$720 monthly payment out of the monthly rental. \$720 in a payment now is going to leave us \$480 a month, which equals \$5760 year, but remember you have a tenant paying your mortgage for you. This mortgage payment of \$720 a month is reducing both the principle balance of the loan and paying the interest.

Every time that \$720 a month is paid, the balance of the loan is going down and because the balance of the loan is going down so also is the amount of interest that you're being charged every month.

Another great thing about real estate, getting back to that calculator 720, there's our 480 we times that by 12 months, which now gives us \$5,760 of annual income, so say a year.

Obviously, this 5760 for the same house is less cash flow to you than the 14,400, but here's where it gets fun. Remember on the cash deal, you came out of pocket with

\$150,000 and that gave us a 9.6% cash-on-cash rate of return. However, with the leverage deal, you only came out of pocket \$30,000. Now if we do the math with our cash-on-cash rate of return, we take our \$5760 per year and we divide it by the \$30,000, that gives us a 19.2% cash-on-cash rate of return.

Cash



\$150,000 PPV ✓
 \$1200/mo.
 = 14,400/yr. ←
 9.6% RoR ←
 Gross Con Cash



Leverage



150,000 rP
 120,000 Mtg
 30,000 DP
 1,200/mo
 - 720 / Payment
\$480/mo = \$5,760/yr.

19.2%
RoR

That's 19.2% rate of return versus a 9.6% rate of return. You've used other people's money. You've leveraged. You've increased your rate of return although the net rent is lower at \$5760, you've increased your rate of return.

Now we're not done. As awesome as that is, doesn't this person that had the \$150,000 of cash still have money leftover? He's still sitting on \$120,000. What that means is he could go out and purchase more houses, four more exactly. Let's take a look at that.

Cash



\$150,000 PPV ✓
 \$1200/mo.
 = 14,400/yr. ←
 9.6% RoR ←
 Gross C on Cash

Leverage



150,000 rP
 120,000 Mtg
 30,000 DP
 1,200/mo
 - 720 / Payment
 \$480/mo = \$5,760/yr.
 19.2% RoR

For the same 150,000 that the cash investor was putting into one home. That exact same dollar amount with a \$30,000 down payment can now purchase five rental properties. The rate of return will stay exactly the same 19.2%, but check this out. We now take the \$5760, that's annual income after we make the mortgage payment per house and we're going to times it by five.

With the same \$150,000, not only did we increase the rate of return to 19.2%, but the cash coming in \$28,800, it's double the amount of income and the same amount of money out of pocket. Leverage is extremely powerful. Some people fear leverage, I get that because they look at it like debt. There's going to be a lot of debt on five properties. We have to be cautious. We want to make sure that we're safe as we get into these properties and we're not leveraging too much.

Cash



\$150,000 PPV ✓
\$1200/mo.
= 14,400/yr. ←
9.6% ROA ←
Gross Cash

FOCUS
WEALTH GROUP

Leverage



\$28,800

19.2%
ROA

150,000 PP
120,000 Mts
30,000 DP
1,200/mo
- 720 / Payment
\$480/mo = \$5,760/yr.

That's was the problem back in 2008. Had the market continued to go the way it had been everything would've been fine, but because of too much leverage and the crash in '08, I learned a hard lesson, but I'm glad I learned it because now it's given me the opportunity to leverage the experience and I can now leverage money and I can also leverage the experience and share with you the pain that I've gone through so you don't have to go through the same thing.

When we're thinking about leverage, we want to consider a few things. Number one, smart debt is when you are cash flowing on your property. If I was showing this property to you and the rent was \$1,200 and the mortgage was \$1,500 and I'm coming out of pocket \$300 every month to pay it, that's probably not a smart investment. We want to think about this from a smart investor perspective. What it comes down to as Robert Kiyosaki said, it's cash flow. We want to make sure that we cash flow on the properties.

I've loaded the information that we just went through into this Real Estate Analysis calculator

Real Estate Analysis

PROPERTY INFORMATION

Property Value: 150000
 Price of Property: 150,000
 Closing Costs: 0
 Realtor Fees: 0
 TOTAL Purchase Price: 150,000
 Land Value: 35,000
 Value Of Structures: 115,000
 Basis For Depreciation: 0

1st MORTGAGE INFORMATION

Tax Ded. Interest
 Loan Amount: 120,000
 Extra Points: 0.00%
 Net Loan Amount: (120,000)
 Annual Loan Int. Rate: 6.00%
 Loan Term (Months): 360
 Monthly Loan Payment: (719)

2nd MORTGAGE INFORMATION

Tax Ded. Interest
 Loan Amount: 0
 Extra Points: 0.00%
 Net Loan Amount: 0
 Annual Loan Int. Rate: 5.00%
 Loan Term (Months): 240
 Monthly Loan Payment: 0

MONTHLY EXPENSES

Total Mortgage Payment: (719) Inflation
 Property Taxes: 0
 Insurance: 0
 Maintenance: 0
 HOA Fees: 0
 Other 1: 0
 Other 2: 0
 Other 3: 0
 Other 4: 0

GROSS INCOME

Gross Rental Income: 1,200
 Other 1: 0
 Other 2: 0
 Other 3: 0

BASIC TAX INFORMATION

Income Tax Bracket: 0.00%
 Capital Gains Tax Bracket: 0.00%
 Depreciation Recap Tax: 0.00%
 Real Estate Professional?
 Personal Residence?

INVESTMENT ANALYSIS

Months For Analysis: 60
 Prop. Appreciation Rate: 0.00%
 Down Payment: (30,000)
 Net Mthly Inc. After Exp.: 481
 AVERAGE Interest Pmt.: (97)
 Mthly Interest Deduction: 97
 Years For Depreciation: 0
 Mthly Depreciation Ded.: 0
 Monthly Taxable Income: 1,103
 Monthly Income Taxes: 0
NET MTHLY CASH FLOW: 481
 Future Property Value: 150,000
 Future Loan Balance: (111,665)
 % Sales Fees/Closing Costs: 6
 Depreciation Recap. Tax: 0
 Capital Gains Tax: 0
NET CASH OUT: 29,335

ROR: 19.26%

To be fair, I'm using the same value as the price so we see up here on the left-hand corner of the property values at \$150,000 and the price of the property is also \$150,000.

Now, normally I wouldn't buy a property for the value of the property. I would want to get a deal on it. But in this case, I'm trying to be fair to keep the analysis really legit. We have \$150,000, we took out the loan with the bank for \$120,000. There's our 6%, 360 months. I use \$720 as a payment. Here's our 19.2% rate of return.

Now remember what I said earlier on the whiteboard here was these are gross rate of returns. Now this one is gross because I'm taking out the mortgage payment, but I'm not taking out taxes, insurance, maintenance. I'm not taking any of that out, but we're going to now because again, I want to be real about this. When you get into real estate, you want to know your numbers.

You want to know what's the gross cash-on-cash rate of return and what's the net cash-on-cash rate of return. That's what we're going to discover here. We're going to go ahead and say, the property taxes on this are \$100 a month. These are monthly expenses. We'll say the insurance on this property is \$50 a month and we'll go for maintenance at another \$50 a month.

Real Estate Analysis

PROPERTY INFORMATION

Property Value: 150,000
 Price of Property: 150,000
 Closing Costs: 0
 Realtor Fees: 0
TOTAL Purchase Price: 150,000
 Land Value: 35,000
 Value Of Structures: 115,000
 Basis For Depreciation: 0

1st MORTGAGE INFORMATION

Tax Ded. Interest: Loan Amount: 120,000
 Extra Points: 0.00%
 Net Loan Amount: (120,000)
 Annual Loan Int. Rate: 6.00%
 Loan Term (Months): 360
 Monthly Loan Payment: (719)

2nd MORTGAGE INFORMATION

Tax Ded. Interest: Loan Amount: 0
 Extra Points: 0.00%
 Net Loan Amount: 0
 Annual Loan Int. Rate: 5.00%
 Loan Term (Months): 240
 Monthly Loan Payment: 0

MONTHLY EXPENSES

Total Mortgage Payment: (719) Inflation
 Property Taxes: (100)
 Insurance: (50)
 Maintenance: -50
 HOA Fees: 0
 Other 1: 0
 Other 2: 0
 Other 3: 0
 Other 4: 0

GROSS INCOME

Gross Rental Income: 1,200
 Other 1: 0
 Other 2: 0
 Other 3: 0

BASIC TAX INFORMATION

Income Tax Bracket: 0.00%
 Capital Gains Tax Bracket: 0.00%
 Depreciation Recap Tax: 0.00%
 Real Estate Professional?
 Personal Residence?

INVESTMENT ANALYSIS

Months For Analysis: 60
 Prop. Appreciation Rate: 0.00%
 Down Payment: (30,000)
 Net Mthly Inc. After Exp.: 281
 AVERAGE Interest Pmt.: (97)
 Mthly Interest Deduction: 97
 Years For Depreciation: 0
 Mthly Depreciation Ded.: 0
 Monthly Taxable Income: 903
 Monthly Income Taxes: 0
NET MTHLY CASH FLOW: 281
 Future Property Value: 150,000
 Future Loan Balance: (111,665)
 % Sales Fees/Closing Costs: 6
 Depreciation Recap. Tax: 0
 Capital Gains Tax: 0
NET CASH OUT: 29,335

ROR: 10.99%

Look what that did to the rate of return. We've dropped now to about 11% on the rate of return. By the way, I'm not showing any appreciation on this property either, which probably isn't accurate. If you're a true real estate investor, the gurus are wanting appreciation as well as income, but I'm trying to be conservative. If I put in 3% here, you can see the rate of return is awesome at over 20%. It brings up that cash-on-cash rate of return.

Real Estate Analysis

PROPERTY INFORMATION

Property Value: 150,000
Price of Property: 150,000
Closing Costs: 0
Realtor Fees: 0
TOTAL Purchase Price: 150,000
Land Value: 35,000
Value Of Structures: 115,000
Basis For Depreciation: 0

MONTHLY EXPENSES

Total Mortgage Payment: (719) Inflation
Property Taxes: (100)
Insurance: (50)
Maintenance: (50)
HOA Fees: 0
Other 1: 0
Other 2: 0
Other 3: 0
Other 4: 0

INVESTMENT ANALYSIS

Months For Analysis: 60
Prop. Appreciation Rate: 3
Down Payment: (30,000)
Net Mthly Inc. After Exp.: 281
AVERAGE Interest Pmt.: (97)
Mthly Interest Deduction: 97
Years For Depreciation: 0
Mthly Depreciation Ded.: 0
Monthly Taxable Income: 903
Monthly Income Taxes: 0
NET MTHLY CASH FLOW: 281
Future Property Value: 174,243
Future Loan Balance: (111,665)
Sales Fees/Closing Costs: 6
Depreciation Recap. Tax: 0
Capital Gains Tax: 0
NET CASH OUT: 52,123

1st MORTGAGE INFORMATION

Loan Amount: 120,000
Extra Points: 0.00%
Net Loan Amount: (120,000)
Annual Loan Int. Rate: 6.00%
Loan Term (Months): 360
Monthly Loan Payment: (719)

GROSS INCOME

Gross Rental Income: 1,200
Other 1: 0
Other 2: 0
Other 3: 0

BASIC TAX INFORMATION

Income Tax Bracket: 0.00%
Capital Gains Tax Bracket: 0.00%
Depreciation Recap Tax: 0.00%
 Real Estate Professional?
 Personal Residence?

2nd MORTGAGE INFORMATION

Loan Amount: 0
Extra Points: 0.00%
Net Loan Amount: 0
Annual Loan Int. Rate: 5.00%
Loan Term (Months): 240
Monthly Loan Payment: 0

ROR: 20.08%

I'm going to go back to zero for the property appreciation. So, an 11% net cash-on-cash rate of return, that's where we're sitting right now and because of those expenses, you see the monthly income either in this column here or this column here is now \$281. It reduced our \$480 that we had over here down to \$281.

The concept that I want to share here, number one to clarify. We now have adjusted this to show a net cash-on-cash cash rate of return, but we want to take it one step further.

If you're going to spend \$150,000 on real estate, either to go buy it with cash or to do what I showed with leverage and buy five properties, where is that money sitting? If you know that you have to have that money liquid to be able to use for real estate. Where's it sitting, maybe I should ask, where's it not sitting? It's probably not sitting in there the stock market, right? Because it's going to be volatile. It's probably not sitting in your 401k or IRA. It's probably not sitting in mutual funds. It's probably not sitting in a CD because most CDs have a time frame where the money's locked up for 2, 3, 4, 5, 10 years. This money is probably sitting in your bank account. If it's sitting in your bank account, it's probably earning a 0% return, but it's liquid. I say zero facetiously, I know maybe it's earning 0.02%. The point is, is very close to zero these days. That's okay because we want the money liquid, we want it available. As many of you know, there's a better place to put this cash that still is liquid, that still is guaranteed, that's still protected like a savings account and one other benefit that we don't get from savings, it's also tax-free. That is a cash value insurance policy.

With a cash value insurance policy, or what we call an Infinite Banking policy, we can be storing that same \$150,000 over here, earning 4% to 5%, completely tax-free, much better than zero, because a 4% to 5% tax-free return, depending on your tax bracket is really like earning 8% to 12% in the stock market.

Cash Value
Insurance

- ✓ Guaranteed
- ✓ Liquid
- ✓ Protected
- ✓ Tax-Free

150k
4-5%
Tax-Free

“Allows you to be in Control”

Well, let me show you what we do with this. We want to coordinate tax-free money with real estate to explode returns and income even greater. Let's run with this a little bit further. Because as I look at the calculator, I say "I've got this cash value insurance policy. What can I do with the money?"

Rather than coming out of pocket for \$30,000, what if you took a loan from your cash value policy? I'm going to do two things here. The first thing I'm going to do is make a little adjustment. Let's make the adjustment as if there were, say \$4,000 of closing costs that we came out of pocket with to. Some lenders will let you roll those into the loan, other times the seller might take care of those. Every deal is a little different. Let's say you come out of pocket with the \$4,000, now your total down payment is \$34,000, which brings your net cash on cash rate of return down to 7.71%.

Real Estate Analysis

PROPERTY INFORMATION

Property Value: 150,000
 Price of Property: 150,000
 Closing Costs: 4000
 Realtor Fees: 0
 TOTAL Purchase Price: 154,000
 Land Value: 35,000
 Value Of Structures: 115,000
 Basis For Depreciation: 0

MONTHLY EXPENSES

Total Mortgage Payment: (719) Inflation
 Property Taxes: (100)
 Insurance: (50)
 Maintenance: (50)
 HOA Fees: 0
 Other 1: 0
 Other 2: 0
 Other 3: 0
 Other 4: 0

INVESTMENT ANALYSIS

Months For Analysis: 60
 Prop. Appreciation Rate: 0.00%
 Down Payment: (34,000)
 Net Mthly Inc. After Exp.: 281
 AVERAGE Interest Pmt.: (97)
 Mthly Interest Deduction: 97
 Years For Depreciation: 0
 Mthly Depreciation Ded.: 0
 Monthly Taxable Income: 903
 Monthly Income Taxes: 0
NET MTHLY CASH FLOW: 281
 Future Property Value: 150,000
 Future Loan Balance: (111,665)
 % Sales Fees/Closing Costs: 6
 Depreciation Recap. Tax: 0
 Capital Gains Tax: 0
NET CASH OUT: 29,335

1st MORTGAGE INFORMATION

Tax Ded. Interest
 Loan Amount: 120,000
 Extra Points: 0.00%
 Net Loan Amount: (120,000)
 Annual Loan Int. Rate: 6.00%
 Loan Term (Months): 360
 Monthly Loan Payment: (719)

GROSS INCOME

Gross Rental Income: 1,200
 Other 1: 0
 Other 2: 0
 Other 3: 0

2nd MORTGAGE INFORMATION

Tax Ded. Interest
 Loan Amount: 0
 Extra Points: 0.00%
 Net Loan Amount: 0
 Annual Loan Int. Rate: 5.00%
 Loan Term (Months): 240
 Monthly Loan Payment: 0

BASIC TAX INFORMATION

Income Tax Bracket: 0.00%
 Capital Gains Tax Bracket: 0.00%
 Depreciation Recap Tax: 0.00%
 Real Estate Professional?
 Personal Residence?

ROR: 7.71%

How do we increase the rate of return? We take a policy loan from our cash value policy. Instead of the full \$34,000 coming out of your own pocket, we'll use our infinite banking plan, our cash value policy is collateral and use \$30,000 over here as a second mortgage to increase our return, watch what happens. When I put the \$30,000 in here, as a policy loan on this real estate deal, watch the 7.71% jump to 26%.

Real Estate Analysis

PROPERTY INFORMATION

Property Value: 150,000
 Price of Property: 150,000
 Closing Costs: 4,000
 Realtor Fees: 0
 TOTAL Purchase Price: 154,000
 Land Value: 35,000
 Value Of Structures: 115,000
 Basis For Depreciation: 0

MONTHLY EXPENSES

Total Mortgage Payment: (917) Inflation
 Property Taxes: (100)
 Insurance: (50)
 Maintenance: (50)
 HOA Fees: 0
 Other 1: 0
 Other 2: 0
 Other 3: 0
 Other 4: 0

INVESTMENT ANALYSIS

Months For Analysis: 60
 Prop. Appreciation Rate: 0.00%
 Down Payment: (4,000)
 Net Mthly Inc. After Exp.: 83
 AVERAGE Interest Pmt.: (126)
 Mthly Interest Deduction: 126
 Years For Depreciation: 0
 Mthly Depreciation Ded.: 0
 Monthly Taxable Income: 874
 Monthly Income Taxes: 0
NET MTHLY CASH FLOW: 83
 Future Property Value: 150,000
 Future Loan Balance: (136,702)
 % Sales Fees/Closing Costs: 6
 Depreciation Recap. Tax: 0
 Capital Gains Tax: 0
NET CASH OUT: 4,298

1st MORTGAGE INFORMATION

Loan Amount: 120,000
 Extra Points: 0.00%
 Net Loan Amount: (120,000)
 Annual Loan Int. Rate: 6.00%
 Loan Term (Months): 360
 Monthly Loan Payment: (719)

2nd MORTGAGE INFORMATION

Loan Amount: 30,000
 Extra Points: 0.00%
 Net Loan Amount: (30,000)
 Annual Loan Int. Rate: 5.00%
 Loan Term (Months): 240
 Monthly Loan Payment: (198)

GROSS INCOME

Gross Rental Income: 1,200
 Other 1: 0
 Other 2: 0
 Other 3: 0

BASIC TAX INFORMATION

Income Tax Bracket: 0.00%
 Capital Gains Tax Bracket: 0.00%
 Depreciation Recap Tax: 0.00%
 Real Estate Professional?
 Personal Residence?

ROR: 26.04%

That's a net cash on cash rate of return of 26%. Why? Because you only came out of pocket with \$4000 of your own money. That's it!

Remember too, when you take a loan from your cash value insurance policy, your full cash value is still earning interest in dividends. Although you have that money in the real estate deal, you're still making the 4% to 5% tax-free in the cash value whole life insurance policy. It's very powerful.

This is the power of leverage. We're not leveraging here in just one way. We're leveraging in multiple ways to increase our returns and to make more money.

Let's talk about cash flow and some real estate investment terms and give you some definitions:

NOI

NOI stands for Net Operating Income, that is the annual income minus the expenses. In the example above, we took the \$14,400 of gross income minus the taxes at \$100 a month, minus the insurance at \$50 a month, and the maintenance of \$50 a month, for a total of \$2400 in expenses. The NOI would then be \$12,000.

NOI - Net operating income is the annual income minus expenses.

$$\begin{array}{r} \$14,400 \text{ Gross Income} \\ - 1,200 \text{ Taxes} \\ - 600 \text{ Insurance} \\ - 600 \text{ Maintenance} \\ \hline = \$12,000 \text{ Net Income } \underline{\underline{\text{NOI}}} \end{array}$$

CAP RATE

The Cap Rate or the capitalization rate, it's the ratio of net operating income to property value. For example, if the value of a property is a \$1,000,000, and it's generating net income of \$80,000, that would be an 8% cap rate. This is an important formula to think about. Most real estate investors are looking at the key factors of NOI, net operating income, and the cap rate, and they're looking at a cash on cash rate of return, which is the next thing here.

Cap Rate - The **capitalization rate**, is the ratio of Net Operating Income (NOI) to property value.

$$\begin{array}{r} \$1,000,000 \text{ Value} \\ \text{w/ } \$80,000 \text{ Net Income} \\ = 8\% \text{ Cap Rate} \end{array}$$

CASH ON CASH

Cash on cash is calculated by dividing the cash flow by the amount of out-of-pocket cash invested. For example, if you divide the \$5760 net income based on our real estate example above, by the \$30,000 down payment, it gave us the 19.2% cash on cash rate of return. It's easy to see, the higher the cash on cash return, the better the

investment, the higher the cap rate, the better the investment. But guess what? You still want to be sure that you are cash flow positive. Stay focused on cash flow.

Cash On Cash - **Net cash on cash** return is calculated by dividing the cash flow (NOI) by the amount of out-of-pocket cash invested.

$$\begin{array}{r} \$5,760 \text{ Net Income} \\ \div \$30,000 \text{ Down Payment} \\ = 19.2\% \text{ Cash on Cash Return} \end{array}$$

In a lot of real estate deals, there's not just one rule to follow. There could be several like the ones above. But you're also looking at location, you're looking at different types of real estate such as single-family homes, multi-family, apartment buildings, commercial buildings, warehouse space, land, etc. There's so much to do in real estate, all these analyses can help you make the best investment decision.

When I work with a client, my two main goals are to help you maximize your income and two, help you lower your taxes.

Discover what Infinite Banking can do for you. Imagine all the additional real estate you can own with this solid system in place within your financial portfolio.

FOCUS
WEALTH GROUP

Apply online for a free, no-obligation 30 minute consultation. Discover how cash value insurance can assist you in creating more wealth and freedom now and for your future.

For More Information Contact Us Today

FOCUS WEALTH GROUP

barry@focuswealthgroup.com

Ph: 435-429-1600

www.FocusWealthGroup.com

© 2020 Focus Wealth Group

INFINITE BANKING: The Powerful Tax-Free Strategy that Allows You to Capitalize on the Velocity of Money and Grow Your Money Guaranteed and Tax-Free

Copyright © 2020

All rights reserved. No part of this eBook may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission of the publisher. If you are reading this book and did not purchase it yourself, or it was not purchased for your use only, then please return to www.FocusWealthGroup.com and purchase your own copy. Thank you for respecting the author's efforts.

Al though the author and publisher have made every effort to ensure the accuracy and completeness of information contained in this book, we assume no responsibility for errors, inaccuracies, omissions, or any inconsistency herein. Any slights of people, places, or organizations are unintentional.

Author: Barry Brooksby, Founder of Focus Wealth Group LLC

Focus Wealth Group, LLC educates clients on the benefits and utilization of cash value insurance, annuities, and asset based long-term care products. These products structured correctly will add greater protection and peace of mind to your life and financial plan. Learn all you can about the living benefits of these financial products to enhance your financial assets and future outcomes in order to live a more abundant life. Focus Wealth Group, LLC does give tax or legal advice and recommends that all clients talk with a CPA or tax attorney for legal and/or tax advice.

The Infinite Banking Concept® is a registered trademark of Infinite Banking Concepts, LLC.