THE BENEFITS OF BANKING ON WHOLE LIFE

Life insurance is often viewed as a means to an end, but it can be more than that. Financially savvy entrepreneurs, like our client Dr. Dana Bailey of Lifetime Dental, saw the value of life insurance beyond protecting his legacy, family, and estate. Recently telling us he now has the ability to "keep his money safe and use it more efficiently to reduce taxes and preserve [his] estate—a safe place for the provision of guaranteed growth and income." Crafted correctly, both personal and corporate-owned, participating whole life insurance is a powerful, wealth creation and cash-flow tool with tax advantages.

Another successful businessman, Jimmy Pattison, knew where to turn when he was looking for capital to open his first car dealership franchise. Knowing his whole life policy had value beyond its death benefit, he used it to his advantage as collateral for a loan.

Whole life's collateral leveraging and wealth generating attributes caught Dr. Bailey's attention too, with "the policy's ability to add cash into the plan, to supercharge it to significantly improve the immediate results and ability to personally use the cash value to secure a loan from my bank." Dr. Bailey knows the biggest advantage of his policy is the ability to "bank with it" and reap the benefits.

HOW DO YOU BANK ON WHOLE LIFE™?

Our Bank On Whole™ concepts are strategies designed to use both personal and corporate-owned, participating whole life insurance policies to protect and grow an asset while minimizing taxes and reducing investment risk. Premiums are paid to the death benefit, but also build asset equity in the policy as cash value because you or a corporation can own it. In comparison, a term policy has no cash value because you essentially lease it. Like most leases, when the term ends it has to be renewed and your payment goes up.

Think of it like real estate. When you pay into a mortgage, some of that payment goes to interest and some goes into paying off your mortgage, thus building equity.

That equity is an asset you or your company own. Once you have built enough equity, you can take out a loan in the form of a home equity line of credit (HELOC).

Likewise, with a personal or corporate-owned participating whole life insurance policy, you or your company can acquire a loan on the equity in the policy's cash value because it is an asset you or a company owns. You don't need to qualify, go through a banker or credit checks. You ask your Advisor to process a policy loan. Days later, you receive your borrowed money, but your policy's cash value remains uninterrupted. As an honest banker, you make payments on your policy loan so you can borrow money again to use for something else. You didn't pay interest to a financial institution. You paid yourself back.

HOW DOES A PARTICIPATING WHOLE LIFE POLICY CREATE AND PROTECT WEALTH?

Your equity continues to grow through annual dividends that can buy more coverage while increasing your death benefit and cash value. Whether you've taken out a policy loan to fund equipment, used it as emergency cash-flow funding, or even leveraged it to buy a retirement property in Mexico, your cash value still gains dividends and those annual gains are protected. Your cash value and its dividend gains are also generally protected against creditors, divorce, and bankruptcy.

With traditional investments like RRSPs, when you take money out, it no longer receives gains, and you pay fees as well as taxes. RRSPs are also exposed to creditors and market volatility. In Dr. Bailey's experience, "the typical investment strategy has been stock-market based."

With interest rates at "less than 1% return on money in any account. It's not even covering inflation. Add cost of living increases, we are getting zero return on our money," he points out.

USING A BANK ON WHOLE LIFE™ POLICY PLAN IN YOUR BUSINESS

Many of our clients are healthcare practitioners operating their own businesses like Dr. Dana. They use the equity built up in their participating whole life policy plans to finance business expenses and literally grow their practices. For example, in the next 4 to 6 years, Dr. Bailey will have enough to borrow from his policy's equity to help fund a new business venture if he chooses.

The equity in the participating whole life policy gives dental practitioners, and any business owner for that matter, the financial flexibility to self-finance business needs or pay for expansion in operations. It provides a business or company with accessible and available cash flow. Later in life, their policy plan does double duty as a retirement income stream.

Both healthcare and business professionals are looking for financial security, growth, flexibility, autonomy and tax reductions. They want an asset strong enough to use as collateral that will also fund their retirement.

> **"A whole life policy provides a safe, predictable and flexible financial strategy for any entrepreneur. You gain more financial autonomy, recoup more of your own money, and pay out less tax."**
>
> —Dr. Dana Bailey, *Lifetime Dental*

In referring to the financial needs of dentists, Dr. Bailey concludes, "the stock market has wiped out many of our investment strategies. Dentists need a sound financial plan with positive and secure growth, giving [them] peace of mind over their lifetime as practitioners and [through] retirement. The stability of 170-year-old insurance companies and their track record with [Bank On Whole™] strategies is a win-win situation for financing a dentist's business as well as securing a nest egg when they retire."