

BANKNOTES

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The Nelson Nash Institute Monthly Newsletter

Debunking “Buy Term and Invest the Difference”

By Robert P. Murphy

Hands down, the biggest stumbling block to spreading the “good news” of Nelson Nash’s Infinite Banking Concept (IBC) is that it relies on acquiring whole life insurance policies. As “everybody knows,” only a fool would take out such a policy—just ask Dave Ramsey! The financial gurus tell us with confidence that an individual does much better to “buy term and invest the difference.” In the present article I’ll point out some of the flaws with this standard objection to whole life (and by implication, IBC).

WHAT THE CRITICS MEAN

Before diving into the analysis, we need to be clear on what the critics mean by the phrase, “Buy term and invest the difference.”

Nobody disputes the fact that the premium for a whole life policy for a particular individual and carrying a specified death benefit is significantly higher than the premium on a term life policy for the same individual with the same death benefit.

Rather than paying for the more expensive whole life policy, critics such as Dave Ramsey suggest that it’s a no brainer to buy the cheaper term policy for whatever one’s pure insurance needs are, and then investing the savings (because of the lower premium) in a mutual fund. Since the historical returns on mutual funds are higher than the growth rate of cash values inside a typical whole life policy, the critics argue that the individual can take care of his insurance needs while growing his financial wealth more quickly, using this latter strategy.

APPLES AND ORANGES

The problem with this standard objection is that it does *not* compare apples to apples. The critics think they are getting their clients the “same insurance policy” but they’re not. They also think they are getting “the same investments but with a higher rate of return,” but again they’re not.

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OPTION VALUE EMBEDDED IN WHOLE LIFE POLICY

One obvious difference between a whole life policy and a term policy with the same death benefit, is that the former gives the policyholder the option to maintain coverage *for life*. (This after all is the reason we call it “permanent life insurance” and the plain vanilla “whole life” policy.)

For example, the critic of whole life has in mind something like this comparison: Imagine Harry and Tom are identical twins who are 20 years old and have the same income. They each have a stay-at-home wife who is raising young children. The men are responsible and seek to protect their families by buying life insurance.

Harry takes out a whole life policy with a \$1 million death benefit. Tom takes out a 20-year term policy with a \$1 million benefit. Tom makes all of the same investment decisions that Harry does, except that he contributes a few hundred dollars more each month into his mutual fund since he is quoted a lower premium from the insurance company for his term policy.

The standard treatment (by critics such as Dave Ramsey) then concludes the scenario in this fashion: Consider Harry and Tom at, say, age 35, after they’ve been working and saving for 15 years. They both have the same insurance protection in case they die, but Tom has more net wealth to his name. That is, his 401(k) or other retirement vehicles possess more shares than his brother Harry’s. Harry for his part has accumulated some cash value in his whole life policy, but it has not grown at the same rate as the stock market. This explains why Tom has a higher net worth at age 35.

What Dave Ramsey and others are neglecting to mention is that when Tom’s term policy expires (at age 40), he may be uninsurable. For example, he may have been diagnosed with cancer or some other serious disease during the 20 years of the term policy.

Even if Tom is in perfect health, nonetheless his premium will be higher at age 40, if he wants to

renew his term policy, for the obvious reason that the insurance company is more likely to make a death benefit payment to a 40-year-old than to a 20-year-old who both sign up for new policies.

In contrast, Harry can keep his whole life policy in force for as long as he wishes, so long as he continues to pay the same level premium that he paid when he was a 20-year-old whippersnapper. Even if he’s diagnosed with cancer and takes up skydiving at age 62, the insurance company can’t raise the premium because a level premium was part of the original contract.

Although Ramsey tells his listeners that at some point, they will be rich enough (following his advice) to self-insure, the crucial point is that this might not be true at age 41. If Tom drops his insurance coverage because he is either uninsurable or because it’s simply too expensive, then his family is at a serious disadvantage to Harry’s during the decade of their 40s. If something should happen to Tom, his widow will now not get a large, tax-free check from the insurance company. It’s true that he can more aggressively contribute to his mutual fund holdings if he doesn’t even have a term premium to pay, but that won’t make up the difference if he has a heart attack at age 43.

So we see that *part* (not all) of the reason for the higher premium on a whole life policy, is that—in addition to the accumulating cash values—the insurer is effectively providing a pure insurance term policy with the option of indefinite renewal at the same premium. Since the insurer is clearly offering a better product to Harry than to Tom when we isolate the pure insurance component, the insurer naturally charges Harry a higher price for it.

If they really wanted to compare apples to apples regarding the pure insurance aspect, critics like Ramsey should run the numbers for Harry and Tom starting at age 101. In that case, the level premium quoted to Tom for a 20-year term policy would truly be “the same” insurance package as a whole life policy offered to Harry. If the insurance company would even underwrite such a policy, the numbers would look far different from the scenario when both

men are 20 years old. The simple fact is that insurance companies don't pay out a dime on the vast majority of their term policies, because typically people only buy them when they are starting their careers. There isn't a booming market in term life policies for 75-year-olds because the actuarially fair premium on such policies would seem far too expensive to be worth it.

MUTUAL FUNDS RISKIER THAN CASH VALUES

Another major difference between our hypothetical brothers is that Harry's wealth, though it might not be expected to grow as quickly *on average and over a long period*, is nonetheless much less volatile than Tom's.

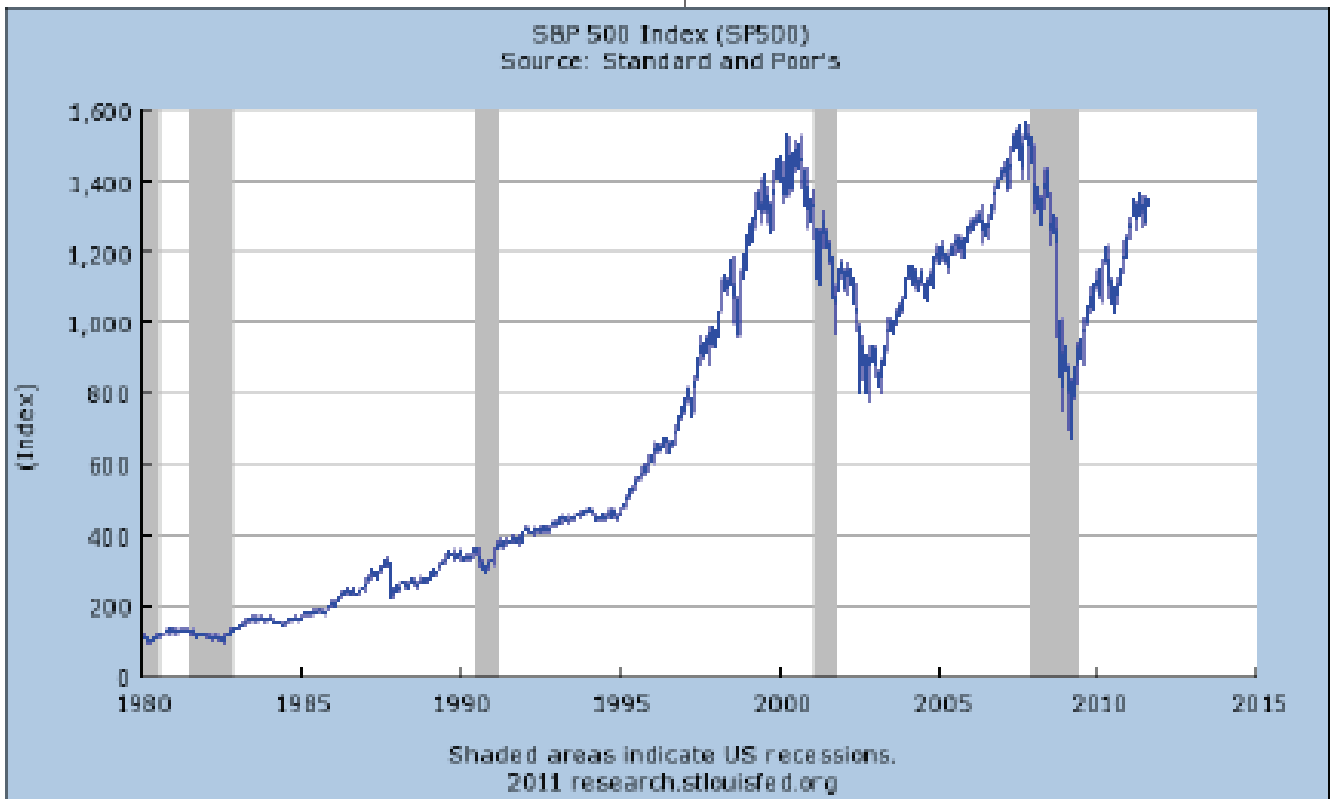
Think of it this way: Suppose Dave Ramsey told his listeners, "You are crazy if you stick with whole life 'return of premium' type policies. Instead of doing that, buy term and then invest the difference in junk bonds. These historically have a much higher rate of return than cash values sleepily growing in a whole life policy, so you clearly do better using this strategy."

Everybody would quickly see the fallacy in this

(hypothetical) recommendation: Even if an index fund of high-yield ("junk") bonds delivered a much higher rate of return over a certain historical period than the cash value of a whole life policy, this wouldn't be the only criterion for judging the two strategies. Obviously the high-yield bonds would be much riskier than parking one's wealth in a whole life policy. A particular investor seeking aggressive returns for a portion of his portfolio might decide the risk was worth it. Yet it would be silly to focus *solely* on the rate of return, and conclude that "only a fool" would pass over the junk bonds in favor of whole life.

Although the difference is not as severe, qualitatively we have the same situation regarding the allegedly "safe" mutual funds touted by Ramsey and most other financial gurus today. Even if a household plays it "safe" by holding a diversified collection of the entire S&P 500, it turns out this isn't so diversified after all:

Disregarding dividend payments, we see that someone who bought into the US stock market in 1999 still hasn't even broken even. When the gurus tell us "buy and hold" is the optimal strategy, they should be clear that sometimes holding for 12 years isn't long enough



to start seeing the magic of their approach.

Ironically, when doing research for our book *How Privatized Banking Really Works*, I had an insurance executive explain to me that a whole life policy was really an application of “buy term and invest the difference.”

From the insurance company’s accounting perspective, the incoming premium payment on a whole life policy has to do two things: First, it must fund the pure insurance component of the policy; this part of the premium is allocated to what a term policy would cost, given the policyholder’s race, sex, age, medical history, lifestyle, etc.

Then, the rest of the premium (over and above the amount needed to cover the pure term insurance component) is allocated to buy assets so that the insurance company will be able to meet its contractual obligations when the policyholder either dies down the road or attains the age at which the policy completes (such as 121).

Now if insurance companies typically kept their portfolios in the stock market, they could offer higher projected rates of return on the cash values of a whole life policy. Dave Ramsey would no longer find such a huge (apparent) difference between the fortunes of Harry and Tom.

Yet if the insurance companies *did* plow their premium payments into the S&P 500 month after month, they couldn’t possibly offer *guaranteed* increases in cash value. If they engaged in a mixture of stock and bond holdings, they could offer a guaranteed minimum rate of return plus a portion of “the market” when it did well, but they couldn’t match the overall market during a boom. (If they could, then nobody would hold stocks—they would hold the clearly superior product that had a floor and equal upside performance.)

I hope my observations are shedding light on the fact that Ramsey et al. are botching the investment component of the analysis, in addition to their apples-to-oranges treatment of the pure insurance component.

Yes, at age 35, Harry may have a lower net worth than Tom, because Tom’s mutual fund may have grown

faster on average over the prior 15 years than Harry’s cash values. Yet Harry’s wealth was much safer; it was in the form of what the layperson means by “savings” as opposed to “investments.” In particular, if a sudden financial burden strikes our brothers at age 36, it is entirely possible that Harry will have more in his cash value than Tom will have in his mutual fund. This is because the stock market might happen to crash that year—which it’s done twice now in the past decade, keep in mind. Even if it’s true that “it will eventually come back,” that’s little consolation to Tom if he suddenly loses his job or needs money to pay for a relative’s medical treatment.

CONCLUSION

A financial professional must look at each client’s individual situation and goals before offering recommendations. It would be foolish to say “nobody should ever buy a term policy” or “nobody should ever buy into the S&P 500.”

Yet by the same token, it is foolish when Dave Ramsey and other alleged gurus confidently tell their listeners that nobody should ever buy a whole life policy. Their recommended one-size-fits-all strategy of “buy term and invest the difference in a mutual fund” does not provide the individual with the same benefits at lower cost, as Ramsey et al. would have us believe.

On the contrary, “buy term and invest the difference” gives the individual a clearly inferior insurance product, in addition to a clearly riskier investment portfolio. Depending on the assumptions we make, the expected rate of return on this strategy might be significantly higher than buying a whole life policy with the same initial death benefit (especially if we let the whole life policy sit in the corner, rather than using it in the Nelson Nash way).

But so what? One could get a very high expected rate of return by becoming highly leveraged, investing in bio-tech stocks, and purchasing *no* insurance at all. (Remember that the insurance company, even on a term policy, is actually charging more than the actuarially “fair” premium, in order to cover overhead, profit margin, etc.) Yet nobody in his right mind would suggest that this leveraged, no-insurance

strategy was preferable to buying term and investing the difference in a mutual fund.

The difference between my absurd recommendation and Dave Ramsey's more traditional strategy is one of degree, not kind. Even though Ramsey thinks he is advising his listeners to act with prudence, in reality he is setting them up to have no insurance coverage in their later years, and to have their wealth in a much more volatile asset. (We're not even looking at the tax issues and the government's likely move against 401(k) and other accounts down the road, as the fiscal crisis deepens.)

Every household's situation is unique and deserves customized recommendations. That is precisely why the blanket advice of "buy term and invest the difference" is so misleading.

Understanding the Divisible Surplus of Mutual Life Insurance Companies

By: L. Carlos Lara

Divisible Surplus. What is it? Where does it come from? Why is it so relevant in the structure of a mutual life insurance company? Who determines when and how it is to be divided? Even more importantly, how do the insurer, the government regulator, the agent and the policy owner see, or how should they see, its importance from their particular points of view? These are some of the questions that we will attempt to answer in this article, but I warn you some of the answers may surprise you.

Divisible Surplus, once we understand its true meaning, quickly becomes one of the most, if not, the most important element of a mutual life insurance company simply because it represents the company's profit—its gain from operations. This profit is the aggregate amount of gains coming from 4 specific areas.

1. Gains from Investment Earnings.
2. Gains from Mortality.
3. Gains from Loading.

4. Gains from Surrenders.

(Please note that gains from mortality, loading and surrenders are actually expense savings from each of these three anticipated operating experiences of the company.)

Since it is *profit* all interested parties of the life insurance company naturally want their fair share of it. You may recall from previous articles in this publication that the policy owners own a mutual life insurance company and this fact makes this profit all that much more significant. Just to be clear, mutual companies do not have stockholders, only policy owners. Policy owners share in company profits through *dividends* paid on their policies. So already we see that the policy owner in a mutual company has a special interest in this *surplus*, but then again so do management and the agents that sell the policies. But, we must not overlook statutory laws in that they too play a key role in determining the surplus's *divisibility*.

It is important to point out at the outset that life insurance companies are organized by state laws and are highly regulated entities. This is a fact that will grow more relevant as we proceed in the examination of our subject. Federal oversight also exists, but is still somewhat limited. By and large insurance remains a state regulated industry.

Before we go any further, we should also say something about insurance vernacular. It's different. For example, we are already thrown off by the use of the term *surplus* for what we have already identified as the insurance company's profit. However, once we see what all is taken into account in order to arrive at it, we realize that the term surplus is really more appropriate. For example:

"If an insurer bases its reserves on the assumption that it will earn 5 percent but actually earns 7 percent, that 2 percent difference represents the excess of investment earnings over the return BankNotes - Nelson Nash's Monthly Newsletter - November 2012 2 www.infinitebanking.org david@infinitebanking.org necessary to maintain reserve liabilities, and it may be returned to the policy

owners who were responsible for its existence, if this is considered advisable.”¹

In other words, it is profit, but it is much more than just positive cash flow. It is truly the *left* over after all factors and contingencies have been accounted for. It is the excess an insurer has accumulated at the end of the year after establishing statutory policy reserves and other liabilities of the company. Due to the heavy influence of statutory accounting procedures, this profit/surplus is more appropriately understood to be “*statutory surplus*.”²

Understanding Dividends

While we are still establishing some of the more basic fundamentals of life insurance and its special terminology, we should also clarify the term “*dividend*.” Once again, *dividend* as used in insurance should not be confused with the same term used to refer to earnings on shares of stock. One typically pays taxes on dividends earned on shares of stock, but that is not the case when mutual companies pay dividends into individual policies.

The reason insurance dividends are not subject to taxation is because they are, at least in the early years of the policy, *a return of a portion of the premium*. Both state and federal laws recognize this distinction and we must recognize it as well if we are to fully understand the nature of a policy that participates in this type of dividend distribution. This is important because not all policies participate in this way. Most stock owned insurance companies rarely have participating policies of the kind we are describing here and stock owned companies make up over 90% of all life insurance companies in operation in the United States. Mutual life insurance companies are by far the minority.

Having laid out this preliminary groundwork, we should now insert this important caveat. Mutual life insurance companies are not only expected to have a surplus at the end of each year, but they are also expected to pay a dividend at the end of each year even if they have to draw down on contingency funds to do so. Notice the next time you look at an insurance illustration that all of their dividend scales

will project this outcome even though dividends are not guaranteed. One obvious motivator for illustrating this profitable expectancy is *competition* within the industry, but there is an even stronger motivator - *state law*! This is why mutual insurance companies will reserve from their year-end surplus into a contingency fund to contend with this possibility, if it should occur. Let’s remember, however, that it’s not only for this type of an occurrence that contingency funds are set aside, but also for all other types of contingencies and liabilities of the company that require such surplus consideration. All of these factors must be accounted for and approved by state regulators. There are state laws that prohibit mutual companies from keeping their entire surplus. In the end it must be returned to policy owners.

“Although insurers may, in the absence of legislation, use their discretion in determining the amount of surplus to be distributed, some states regulate this matter by statute. New York limits the amount an insurer can retain on its participating business to an amount not to exceed 10 percent of its policy reserves and other policy liabilities.”³

How much to keep—How much to return

What we start to see is that *surplus* and *divisible surplus* are two distinct elements. In practice here’s what makes them different. At the end of the year the directors of a mutual life insurance company decide how much of the *total surplus* (this is previously existing surplus plus additions for the year) should be retained as a contingency fund and how much should be distributed to the policy owners. The amount set aside for distribution is the *divisible surplus*. Once it is accounted for this purpose, the divisible surplus ceases to be surplus and becomes a liability of the company.

How much to keep as a contingency fund and how much to distribute as dividends requires a balance between competitive requirements, sound management and statutory laws. **The existing dividend scale, however, is what sets the target amount for the return of premium.** If the surplus is insufficient in any given year to meet its current

dividend scale, the contingency fund is drawn upon to meet this deficiency. If on the other hand, additions to surplus are well above meeting the required dividend scale, the excess may be distributed as dividends or added back to the contingency fund. Dividend scale revisions we should point out is a process that, in more recent years, is done annually. With the help of computers, what once was an expensive process has become more cost efficient and improved.

The process involved in distributing the divisible surplus is quite extraordinary. In order to fully grasp it we must not forget that we are dealing with an institution unlike any other in an economy. This is, after all, *insurance*, not Wall Street. Unlike other institutions such as *money* and *banking*, insurance is unique. Insurance is an institution that safeguards against financial misfortune. To use it is to practice *risk management*.

“Gambling creates risk where none existed. Insurance transfers an already existing risk and, through the pooling of similar loss exposures of other insured actually reduces risk.”⁴

In the case of life insurance the financial risk can be virtually eliminated! This is its unique attribute. Life insurance is the substitution of a small and predictable “loss” (the premium payment) for a large and unpredictable loss (death). The death benefit, therefore, represents a substantial financial asset that carries with it a rate of return, which could be quite substantial depending upon the timing of death. Coupled with its favorable tax treatment, the death benefit is an integral part of the life insurance equation. But if a life insurance policy is to protect the insured for his or her whole life, an adequate *fund* must be accumulated to meet a claim that is certain to occur (though at an uncertain time). This is the process we are examining. We are attempting to place our focus on the process by which divisible surplus is calculated and then how the dividends are ultimately distributed to policy owners. (Note that there are also “living benefits” to be considered in these policies, but they are a separate discussion to this subject.)

It all starts with the premium

It all starts with the *rate or premium payment* and it must be “*adequate*.” This means that the total amount of payments collected by the insurer plus the investment earnings should be sufficient to cover the current and future benefits promised plus cover related expenses. This must occur on all blocks of policies issued under the same schedules of rates and on the same policy form.

Arriving at premium adequacy begins with the use of historical records. We must not overlook the fact that most mutual life insurance companies are over a hundred years old. This makes their chief raw material their *operating experience*. For this reason we find that premiums for participating policies are based on fairly conservative mortality, interest and expense assumptions. Built into the premium is also an allowance for some level of dividend payments that the companies fully expect to pay. If actual results equal the assumptions, the dividends illustrated will be paid. If the results are more favorable, dividends will be higher than illustrated and, of course, vice versa if the results are not favorable.

“Historically, the dividend allowance included has been fairly conservative, with the result that most insurers selling participating insurance policies in the past paid higher dividends than illustrated.”

However, with the new low interest rate environment, paying higher dividends than illustrated has become much more challenging in more recent years, but the process remains conservative.

Though premium pricing is conservative when developed, it is nevertheless scrutinized thoroughly. For example, the insurer, in order to determine if all of the assumptions and benefits promised could be met will test each block of policies. This calculation derives an expected *fund* per \$1,000 of insurance held by the company at the end of each policy year in order to arrive at each policy’s “*share of assets*.” It staggers the imagination to think about this process since an insurance company can have thousands of policies made up of many blocks of insurance. Nowadays computers are certainly essential in completing such a procedure.

But then again, a similar process *in reverse* is used when actually distributing dividends from the divisible surplus at the end of each year. The principle objective in this process is “*equitable distribution*.”

“*One way of obtaining reasonable equity would be to return to each class of policy owner a share of the divisible surplus proportionate to the contribution of the class to the surplus. This concept is known as the **Contribution Principle**.*”⁶

It stands to reason that a policy that contributes to the surplus should also have an equitable share returned to it in the way of dividends. In practice, however, this distribution process seems to be easier said than done. Similar to the process of determining a policy’s share of assets, the contribution principle is a very complex matter, which involves an analysis of the sources of surplus and develops dividends that vary with the plan of insurance, age of issue and duration of the policy. It is also an area where a company’s management philosophy is expressed.

For example, some insurers will base their dividend interest rate on an average return of their entire asset portfolio, while others tie their dividend interest rate directly or indirectly to the policy loan rate or loan activity. Since most insurers offer favorable interest rates relative to the market rate when a policy loan is exercised, the lower investment earnings for the company are reflected in the total surplus. Consequently, under a “*direct recognition approach*” a policy owner who borrows from his policy will have his dividend distribution reduced by the company in order to equalize the dividend interest rate distribution for all policy owners. Such provisions result in higher dividends paid under non-borrowing policies, whereas with companies without these provisions (a “*non-recognition*” approach), the link between policy loans and surplus are not *directly* related.

Finally, we cannot close this article without emphasizing the creative flexibility that exists in a policy owner’s ability to maximize the contribution principle to his advantage through the adjustment of premiums and death benefits, as well as with payments of large single sums of money into a policy’s cash

values. The resulting dividends, that carry with them such favorable tax advantages, can become quite impressive through the use of these mechanics. Qualified advisors should be sought to point out these creative advantages.

Conclusion

In the end, distributing the divisible surplus, though highly complex, is not an exact science. The final say as to how much of the divisible surplus is to be returned to policy owners ultimately rests with the board of directors of the insurance company after a complete review by management and their actuaries. Aside from the statutory requirements already mentioned they have the final word on the matter. The point is that computations are not simply computerized analyses. Real people make the final decisions about the company’s future, as it should be.

With regards to reliability, the conservatism exhibited in the manner in which *funds* are developed to meet the promised benefits and the dividend scales that come from this process can and are reasonably trustworthy. The proof supporting their reliability is available in the oldest method of recognizing actual experience—*paid policy dividends*. Paid policy dividends reflect the insurer’s actual past experience and it’s a solid one. For over a hundred years most mutual life insurance companies have paid dividends each and every year. It’s hard to argue with that kind of record.

Bibliography

1. Life Insurance, 12th Edition, Kenneth Black, Jr. and Harold D. Skipper, Jr., Simon & Schuster Company, Englewood Cliffs, New Jersey 07632, Chapter 21, Footnote at the bottom of page 605
2. Life Insurance, Chapter 21, Page 604
3. Life Insurance, Chapter 21, Page 607
4. Life Insurance. Chapter 2, Page 2



Forty-first in a monthly series of Nelson Nash's personally written Becoming Your Own Banker® lessons. We will continue these lessons until we have gone through the entire book.

Part V, Lesson 7, A Different Look at The Monetary Value of A College Degree

Content: Page 75-81, BECOMING YOUR OWN BANKER – The Infinite Banking Concept.

To compare the results of putting money into a college degree with teaching the student the value of “banking” using dividend-paying whole life insurance, there are two examples in the book. Since the one involving medical school is the ultimate one, I’m going to go directly to it. Please study the other on your own.

I’m not going to put a monetary value on the degree as was done in our presentations some 30 plus years ago. I am going to let you decide for yourself what a reasonable figure might be.

To set the stage, there are twin young ladies: One is going to a major, big-named university in the Southern United States where I know it costs \$35,000 per year to do so. And then, she is going to medical school at the same institution at the same cost per year. We will assume that the cost is borne by her parents and grandparents.

Her twin, Susie, is not going to college or to medical school. Her parents and grand-parents put the same money into “high premium whole life insurance” with a major mutual life insurance company -- and got her a job as receptionist at the same medical school. Additionally, they made sure that she attended the Infinite Banking Concept seminar every six months for eight years so that she fully understood the process.

On page 80 you will see the design of the policy -- \$11,375 is the premium on a Life Paid-Up at 65 and \$23,625 is the premium for a Paid-UP Additions Rider, the total of which is \$35,000 – the same as the cost of the undergraduate and medical degree for her sister. Refresh your memory of where this policy design fits on the scale on page 38 of my book.

After eight years you note that the cash value is \$339,713. On the first day of the next year Susie withdraws dividend credits in the amount of \$37,500 and finances a luxury car for someone (it could even be her own). The typical monthly payment on such a car is \$11,375 per year so she pays this in lieu of car payments to a finance company. This shows up in the Net Premium column, line 9, as (-\$26,125). We covered this procedure in the Equipment Financing sessions in Part 4 of this course so it should not be hard to follow. There are no policy loans in this example – the purchases are made with dividend withdrawals.

She repeats the process every four years and, going to line 45, you will note that she cannot pay but 3 years on this car – the policy won’t hold it – it is paid-up at age 65. Also, notice that the next car (line 49) is “free” for the same reason. At age 70 she has, \$10,282,267 in cash value and she can begin “passive income” at that point of \$550,000 per year for the rest of her life from dividends, alone. On page 81 let’s assume death at age 85. She has recovered all the money that was paid into the policy plus \$8,488,875 in income – and she still delivered \$18,168,676 in death benefit to the next generation. I know a lot of doctors and not even one that has even come close to this result, financially.

At the end of the first eight years, her sister must go through Internship and Residency for another four years and has not earned much during this time. Then she begins her practice of medicine and must buy malpractice insurance immediately. The costs can range from \$25,000 per year to as much as \$200,000, depending on her specialty. The doctor must begin a retirement plan of some kind, too.

Susie doesn’t have to concern herself with any of

these things. What's more, if Susie really wants to make some money, she can go to the insurance company at the end of the first eight years and say to them, "Lend me enough money out of my policy to buy eight of those luxury cars. I'm going to take them down to that medical school and lease them to some of those doctors that I have met there. Most all of them drive cars in that price range and I have found out that most of them are leased. I'm going to give them a little better deal than they can get elsewhere." Out of the income from those lease payments Susie can add a ninth car to her fleet in about a year. Eleven months later she can add a tenth car -- ten months later she can add an eleventh car, etc.

Hopefully, you get the picture. After about three years of building her fleet of cars, she can quit her job as receptionist at the medical school and just lease cars to doctors that work within a half-mile radius of the school. She can make a handsome living out of this business -- in addition to the figures you see in the illustration!

In summary, I don't think that the monetary value of a college degree is quite the advantage that we were taught some 38 years ago. Yes, society does need doctors -- but one shouldn't get into the profession for monetary reasons.

Take control of your financial world by
Becoming Your Own Banker

Find a Practitioner Near You

Before you look for a practitioner, we suggest listening to the following two episodes of *The Lara Murphy Report*.

How-To Guide for Starting IBC, Part 1 How to begin your study of Infinite Banking, including finding an Authorized Practitioner.

How-To Guide for Starting IBC, Part 2 How to prepare for your first meeting with an Infinite Banking Authorized Practitioner.

The following financial professionals joined or renewed their membership to our **Authorized Infinite Banking Concepts Practitioners** team this month:

- Dave Swanson, Wheaton, Illinois
- Todd Gregory, Springfield, Missouri
- Dale Moffitt, Red Deer, Alberta
- Leandro Fernandez, Fort Myers, Florida
- Cheryl George, Hampton, Georgia
- Brandon Goswick, Marshall, Texas
- Will Moran, Edmonton, Alberta
- Sheila Horn, Newark, Delaware
- John Perrings, Oakland, California
- Michael Burrill, Sacramento & Auburn, California
- Kyle Mans, Red Cloud, Nebraska
- Nick Kosko, Louisville, Kentucky
- John Ward, Salem, New Hampshire
- Steven La Bella, Fontana, California
- Kyle Fuller, Mesa, Arizona
- Jim King, Cody, Wyoming
- Mark Clarke, Camp Hill, Pennsylvania
- Karen Powell, Atlanta, Georgia
- John Urbik, Tyrone, Georgia
- W. Henry Mora, Houston & Lubbock, Texas

You can view the entire practitioner listing on our website using the Practitioner Finder.

IBC Practitioner's have completed the *IBC Practitioner's Program* and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our monetary and banking institutions.

The *IBC Practitioner* has a broad base of knowledge to ensure a minimal level of competency in all of the areas a financial professional needs, in order to adequately discuss IBC with his or her clients.



THE FOUNDATIONS OF IBC

This online **video series** for the general public provides a comprehensive introduction to the *Infinite Banking Concept*.

The first four modules are free, you can view them here:
infinitebanking.org/foundations

The remaining eight modules are subscription-based, costing \$49.95 for all eight.

*Or contact an **Authorized IBC Practitioner** and ask for a coupon code that will enable you to watch all twelve modules FREE.*

Module 1: [Introduction to the Nelson Nash Institute](#)

Module 2: [What the Infinite Banking Concept Is](#)

Module 3, Part 1: [How IBC Works](#)

Module 3, Part 2: [Policy Loans & The Nature of Collateral](#)

Module 3, Part 3: [How to Read a Policy Illustration](#)

Module 4: [Why Nelson Calls It The Infinite Banking Concept](#)

Module 5: [The Life Insurance Industry](#)

Module 6: [Why Not Buy Term and Invest the Difference?](#)

Module 7: [Using IBC to Pass Wealth to Future Generations](#)

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