

Visiting again with us is Kim Butler. And this time we have the pleasure of talking with Todd Langford. And so, uh, this is great. He doesn't usually make this many appearances, especially not with the lawyers. So, uh, so this will be really good. We're going to do a case study, but they have a quick video introduction that they want to share.

And they have control of the screen, so we'll let you guys. Uh, start her up and we'll go. Wonderful. Well, actually the video introduction we chose to change and let that just be us saying hello. So, super grateful to be back with all of you. This is always a joy to do. And I'm so grateful that we had flexibility in our day.

As I get a text from Rick a while ago, Hey, we're running an hour late. So, um, we've got about 40 minutes with you. We're going to go super fast. Um, your Todd is recording this and so there's going to be quite a bit of numbers different than my presentations in the past that have been very conceptual. My husband Todd Langford is going to help us really dig into the numbers.

Um, Todd, say hi real quick and then we'll share the screen and get going. Hello everybody. I'm glad to be here and looking forward to, uh, Get some great information for you guys. Like Kim said, it's going to be really fast. So hang on and with recording, hopefully you can go back and pick up some of the things that get missed.

We'll do it. Absolutely. All right. So to the share screen and you can keep your lights dark there because that will probably be helpful to you. So we're going to. Present more of the truth concepts side of things today. So in the past, it's been Kim Butler and Partners for Prosperity Now you're gonna see Todd Langford and truth concepts, and I'm playing assistant And our role is to talk with you today about seven ways that you can use your own death benefit To your own benefit and it's called a permission slip idea And we're going to dig in and get really specific on that but before we do as you all know, I have a life insurance background and One of the questions that comes up first of all is what do we use the life insurance cash value for?

So primarily we're talking about whole life insurance. This is the ancient ancient Product boring, but effective and it's job, the cash value of life insurance. We're going to get into the death benefit here shortly, but the life insurance cash value job is to be your emergency opportunity fund or your client's emergency opportunity fund.

It's a position of cash and liquidity. Many of you have read our live your life insurance book. We talk about the clue acronym control, liquidity, use and equity. That's what. This cash value is therefore, and so that begets the question, well, what is the cash value earning? And because of Todd Langford and the truth concepts calculators, we have the ability to actually show that to you.

So we're going to dig in. We're going to go very quickly. Your Todd is recording this. These will all be available for you to look at later. And actually, at the end of our presentation, I'm even

going to give you the ability to get the software for free, if you would like that, for 10 days to play with your own numbers.

So Todd, this is your funding calculator, and we're going to be looking at the rate of return that the cash value of your life insurance Earns. Take us away. Okay. One of the things I'd like to preface before we actually get into this too is that we're looking right now at a time, the lowest dividend time that we've probably ever seen.

And the way life insurance illustration works, it looks at what the insurance company actually Pay dividend wise currently all the way out of the future with no changes. So we're going to see a relatively low Return on this Compared to the life of life insurance companies, you know, they've been around 200 years So this is going to be a very low time It's going to look out in the future and yet I think you'll be surprised at what the results are So let's start with we've got a 45 year old illustration that we'd run Just a generic one that we'll we'll look at and we're going to look out to age Um, 69, which is actually 25 years.

Um, because count 45 and on out, 45 to 69 is 25, not to 70. Um, we'll load the life insurance information in,

um, 40, yeah, you know,

and okay. All right, so what we see here in this particular illustration, this was a 49, 000 premium. It has base premium plus pretty close to the maximum amount of additional paid up additions dollars that can be added under and stay underneath the IRS MEC guidelines, modified endowment contract guidelines.

So this is about the maximum amount of cash or premium that we can put in based on this death benefit. We have a cash value column here that grows from 22, 000 over this time frame out to 1, 943, 000 and we have death benefit that starts at 1, 364, 000 and grows over this time to almost 3, 500, 000, 3, 479, 000.

So this would be 49, 000 of premium and it actually stops at this point in the illustration that we ran and offsets so that no more premiums are necessary. But we're just showing it out to this point, um, right now. Now when we look at this, on the lower left of the screen, I don't know if you can read it, so I'll repeat all the numbers.

It shows that the internal rate of return on the life insurance cash value is 3. 39%. So based on 49, 000 a year, for this whole 25 year time frame, to end up with 1, the cash value, you would have had to earn 3. 39%, or the equivalent of that, every single year. Now, one of the things that happens with the life insurance policy is it's not on a straight line acceleration.

It starts slow and speeds up at the back end so that it does an overall equivalent of 3. 39. And just to illustrate that, Kim, why don't we do this? Let's copy that 3. 39 percent with all of its

decimal places. And I'm going to put it in an alternate account. So in other words, if, if we didn't put it in the life insurance policy, but we put it in another account and we grew that 49,000 at 3.

39 percent every single year, if we look at the alternate account, what we're going to see is that account would grow to the same 1,943,629. Now, this would be a straight line increase. Um, but it just proves out that The life insurance policy does an equivalent of 3.39 percent every year, even though it starts off slower than that and gets larger than that.

That's the equivalent of what it does overall. Okay. So let's go back to our life insurance inputs. Now, one of the things when we're comparing a life insurance policy to other assets, we have to add some additional information because if we look at this and we understand the way a life insurance policy works or what kind of asset it is, it's a safe.

Liquid asset. So really like Kim said earlier, you know, it compares more to an opportunity fund or an emergency fund and those kind of assets. It's not, it's not designed to be an investment. It's designed more along the lines of a savings account, again, safety and liquidity. And if we compare that, if we look at assets that that compares to, we're really only talking about savings accounts, money markets, The mattress, um, cds, those kind of things, and they're not earning anywhere near this 3.

39 percent overall. When we're talking about those particular assets, again, savings accounts, money market cds, we have to pay tax on those assets annually on the earnings. We don't have to do that with the life insurance policy. So to be, to help get closer to an equivalent comparison, we would have to look at the alternate account.

paying taxes. And if we use a 28 percent income tax bracket, then what we see is this change down in the bottom left. It no longer says internal rate of return on the life insurance on the cash value. Now it says the interest rate on an alternate account that we would have to earn to match The same as the PLI or permanent life insurance.

And what we see is that jumped up to 4.7. So while the internal rate of return on the policy was 3.39, you would have to earn 4.7 in an alternate account to be able to pay taxes and end up with the same 1,943,000 that we have shown here in the future in the cash values. Now, if we take this a step further and we do look at what if we invested it into bonds or something else and we had to pay a management fee, which we don't have to do with the life insurance policy, let's say a 1 percent management fee, then it shows that in the alternate account, we could actually have to earn 5.

76 percent every year gross to be able to pay the management fees, pay the taxes and still end up at the same 1,943,000 that we would have in the current account. In the cash value life insurance policies. So when people talk about life insurance, having a terrible rate of return, I think they really don't understand what kind of asset it is and how it really compares because 5.

76, especially in, you know, the environment, the economic environment we've had for the last few years, that's, that's pretty high for a safe. Liquid asset and it just so happens life insurance also comes along with the death benefit column over here So if you think about it if someone chose To go a different route and not invest in life insurance And instead put money into an alternative account of some kind bonds, whatever else it was If they wanted to provide the death benefit protection And for their family, they would have to buy term insurance.

So what we see here is a leveled term insurance policy. It starts at We've got fifteen hundred and sixty dollars of premium each year to buy a million dollars of death benefit for 20 years now what's interesting is what happens here in the 21st year And there's a reason for that the premium jumps from fifteen hundred and sixty dollars Up to 46, 000 to keep that life insurance.

Okay. So one of the things that I learned from, uh, my mentor in this industry and someone who's impacted it greatly, Norman Baker, Norman Baker told me a long time ago, he said, there are no deals in the insurance industry. And I think that's an important thing to understand. You can minimize this if you want to Kim.

And what that does, what he means is, That everything is a trade off for the insurance company between risk and cost. So everything shifts on that. And if we can remember that it really helps us understand life insurance a lot better. There are no deals. Everything is a trade off for the insurance company between risk and cost.

And if you think about it on the extremes, term insurance is very Um, premium wise, but there's very little risk to the insurance company for that. On the other hand, whole life insurance has a higher premium because the insurance company is on the risk to pay for that, that death benefit. So in the old days, um, all term insurance was, um, yearly renewable term is what it was called or YRT.

And what would happen is each year it would go up slightly. And it would continue to go up, but the curve would get steeper. If someone got older, then the insurance companies came out with level term, which is most of what you see today. And in that level term insurance, um, the premiums were actually lower than the starting premiums on the old universal on the whole, um, yearly renewable term insurance.

And so you asked the question, well, how could that be? Well, the reason is Again, everything being a trade off, when we look down here 20 years out, in order to keep this, if someone made a mistake, they got 20 year term insurance and planned on getting rid of it, if they got, uh, had health problems out here in that 20th year, with the old, uh, yearly renewable term, they might actually keep the insurance longer than they planned and collect on it.

When that premium jumps from 1500 to 46, 000, it pretty much insured for the insurance company. Nobody's going to be able to collect on it because it doesn't matter how sick they are at that point in time. They can't afford to keep the insurance. So it's going to fall off the books.

So this was a huge benefit for the insurance companies when they came out with the level term insurance.

All right. So what Kim did was she turned that off to show, Hey, we're not going to get that benefit on the other side. And what we see is the return now is 6.04%. So basically if someone chose not to buy the life insurance, they went another route, but they still wanted to protect their family, they would have to earn 6.

04 percent every single year to be able to pay taxes, the 1 percent management fee, and the term insurance premiums. And if they did that, they wouldn't be better than what we have with the life insurance. They would only be equal to it on the cash value of 1,943,000. And they would give up that death benefit that we show here, um, of 3.

4 million. So again, a great rate of return. If we understand what it is. All right. So inching along the big question comes up and again, we're going to keep our pace up here. How do you pay for it? And there's all kinds of different strategies that we use that we teach our clients. But one of the easiest things to do because of.

the value of cash and the great rate of return that the life insurance can earn as a position of cash. We have found that paying for the life insurance, coming up with the premium, you know, this is just an example of our 49,000 today. And all insurance illustrations are completely proportional. So, you could cut this in half if the numbers aren't resonating with you.

You could double it if that's easier for you. But the way that we've found most effective to pay for it, is by moving cash, like savings account money, money market money, That kind of thing or bonds from the client's assets to pay for the life insurance. And so we're going to take a look at that and see whether moving cash to cash value or moving bonds to cash value can increase the effectiveness of our estate.

And help us not only get that death benefit that is our main subject today. How are you going to use your death benefit? But also be in a better position of cash. So we're going to use another calculator from Truth Concepts. And this is called the Diversification Calculator. And we're going to see if we can fast forward now, take a look at somebody.

And figure out if we can move their bonds to improve their overall effectiveness, both the value of the estate while they're living, as well as that, that they're passing on to their heirs. Okay. As Kim puts this in here, what we're going to have is we're going to have a million dollar Equity portfolio with a million dollar bond portfolio combined.

So the total, the total portfolio will be a 2 million. And what happens is most people have the bond side in order to protect against risk on the equity side. And so that's what we're going to do. We're going to split that out. And so what we're seeing is on the equity side, we've got a million dollars.

We're going to look at a 25 year illustration period again, taking them now to age 69 earning 8 percent with a 1 percent management fee. And we'll use a blended income tax rate of 25%. So if we look at that, with the million dollars, no additional dollars going in, the growth on that out to the end of this time frame, we see the value of the assets of three and a half million dollars, and the proceeds to the heirs, because it's just this asset of three and a half million.

If we go on to number two here, and we'll put the bonds in there, and then, that way we combine them together. So we'll put a million dollars here on bonds. At three percent again of one percent management fee and we'll use the same 25 blended income tax rate. So the bond portfolio really is kind of an anchor. The bond portion is really an anchor to the overall portfolio because it only grows to a million four hundred and forty two thousand. Over this time

frame. Do you want to go on to both then? Yep. Let's go ahead and look at both. And so what we see on the both

is 4.9 million dollars. We round that a little bit. So 4.9 million dollars is the total value of the whole portfolio. And 4.9 million is what's also available for the heirs assuming death occurs in that 25th year. So what we talked about was being able to shift these assets and really bonds are similar to the way life insurance policy works, because the insurance companies are typically buying a lot of bonds.

That's a big portion of their portfolio, except that the cash is more liquid, obviously, than it is in a, in a bond portfolio because we can access it to cash. So if we go back to the bonds and we just look at this, we're gonna, um, actually let's add some, uh, term insurance to this too, Kim, because that's probably what they're gonna have.

So let's add a million dollars of term insurance in here as well on the bonds. And I, I put the term insurance premium over there. Okay,

so we'll load both of those in.

So these are just life insurance illustrations that we had copied and pasted in earlier. We're loading those in so that the calculator can reach into them and calculate information about them. So if we wanted to just take the earnings off this account, Kim, let's transfer 14,500 to the life insurance.

So if we use the bond portfolio and the earnings off of that and bought a life insurance policy with a 14,500 premium, what we would see when we do that, go ahead and do that. And also we could get rid of some of the term insurance because we bought some additional life insurance. So it would take just the amount of death benefit that we were purchased with a new policy and offset that.

If we go look at the combination on both, we've increased it a little bit. Look at both Kim.

And we've moved it from the 4.9 million up to 5.1 million of cash and up to 5.6 million to the heirs. So we added about, uh, 700,000 to the heirs, potentially, and only a couple hundred thousand. But still, we're able to provide that additional benefit and additional liquidity. So we could use those dollars in the life insurance to grow it even further.

But since we see that that's helping, what if we shifted all the money From the bond portfolio over to the permanent life insurance over this 25 year period. So instead of just taking the interest, what if we did a pay down on this account, taking both principal and interest over time. So let's see what 49,000 does.

And we can see the bond portfolio, the asset value goes from a million dollars. Down to 47,000 with the earnings that year that pays that last year's premium. So it pretty much depletes that account, but it shifted it all over into the life insurance cash value. When we look at both now, what do we see?

So here we've changed the cash portion, the combination of the equities and now the life insurance, to have a cash position of five point, almost five and a half million dollars.

The death benefit, the portion of the heir. So the equities plus the death benefit to 7,022,000. So now for the legacy planning, we've added, um, actually over their starting place, we've added \$2 million worth of. Legacy or inheritance planning out there at the end that could be shifted into a trust or other places to help, uh, avoid, uh, estate taxes.

But here we see with the same amount of money that they had before, we shifted them to a position of being able to buy the life insurance and have more of the, more of the, um, legacy position and, and potentially have that protected a little bit better with the work that you guys do. All right. So that covers how we might pay for it.

And now, let's take a look at what else we can do with that death benefit. Because that was the real impetus of today's presentation. We just felt like we needed to get you Up to speed with it. And I know there was a lot of numbers on the screen. So thanks for hanging in there with that. And there's going to be one more set of calculators that we're going to use to actually prove that we can use the death benefit while we're living.

We need to remember that life insurance is called life insurance. It's not called death insurance. Now term insurance. It's death insurance because you die, somebody gets, you don't die, nobody gets. But whole life insurance has this ability to absolutely guarantee that that death benefit is going to be there.

And you can combine the guarantee of the payment to the guarantee of your death. You did all know that, right? Death is a guaranteed event and make use of that. And so the way that we do that, there's actually seven ways we're going to go very quickly on all of them except one. And this is the one that we're going to dig in a little bit.

So you really get this. So this book, live your life insurance that you all have had access to in the past. This talks about this. We're going to prove it numerically today. The first way to use your death benefit while you're living or to use the death benefit as a permission slip is something called a spin down or a pay down.

And what that means, we're going to actually show you here using another calculator called the distribution calculator, where we're going to take this same fact pattern that we've been working on and show you what a spin down or a pay down looks like. Go ahead, Todd. Okay. So under their scenario, what they would have grown that asset, the combination of the equities and the bonds out, um, to age 69 would have been 4.

9 million. Those are the numbers that we saw a minute ago. So if they arrived now, they're 70 years old, they've got 4.9 million. They're going to get a little bit more conservative. And so maybe they dropped this to a 5 percent overall earnings.

And let's go out 30 years. So we're going to take them out to age 100. Let's assume too, Kim, that they've got say 50,000 worth of social security and pension money on top of this. All that does is move these dollars up in the bracket. It's not going to tax these dollars. It's just going to move where these dollars where our 4.

9 million gets taxed. Let's go ahead and put that in there. And let's do Let's, uh, take money off the account. So scroll up your scroll to the bottom and what we're going to do is what people in this position have to do. And that is never. You're stuck in a scenario of interest only. So if we, if we turn on the interest only, what we see is they would be able to pull out 245,000 a year.

Again, based on that 5 percent they're going to pay 53,000 in tax and end up with a net spendable of 191,240 a year from in this case age 70. In fact, why don't you change that Kim to the year there so that it says. age and 70 just so we can keep track of it a little easier and that'll take them out to um, over this 30 years out to actually 99.

Okay, so we see 191,000. Now what happens if in this scenario they're looking at 5 percent but that bond That's earning a gross three has taxes and management fees on it. It's probably pulling the overall portfolio really down closer to three and it's a drastic difference. If we drop this to three, we go from 191,000 down to 116,000.

So there's tremendous difference whenever the market fluctuates. And that's a place where most people are. that are living off their assets. They're really scared about what's going on in the marketplace because any shift in what the interest rates are changes, um, how much money they have to live off of.

If this dropped down to what we're seeing today in safe money, you know, closer to the 1 percent range, then now we've changed from 191,000 down to 40,000. So any fluctuations in the marketplace directly impact where this person is as far as how they can. How they can live take it back up to five percent and let's look at what we have as an alternative Now since we

shifted the money from the bond portion over to the life insurance portion. Yes, we should use that cash along the way to grow other assets. But let's say we didn't do that.

We just parked the money in the life insurance policy. It would mean that all we would have on the right hand side would be the equities portion of our portfolio and that grew to three and a half million dollars rather than the total of four 4.9 that we see on the left. So let's say on the right all we have is three and a half million dollars. Plus the life insurance and what we're choosing to do because we have that life insurance policy is the legacy it gives us the permission to spend this more aggressively. So what I want to do is I want to do a pay down on this spin in principle and interest over this 30 year period and if we do that what we see is we start with the same hundred and ninety thousand dollars roughly. A little bit short about five hundred dollars less than the guy on the left. But we have an increasing stream which would help offset the impact of inflation and the reason that stream increases even though we're pulling out a level two hundred twenty seven thousand dollars a year as you see here. The tax because we're pulling principal and interest is actually going to decrease over time as we consume principal so that our net is actually on an increasing level so over this time frame over this 30 years the person on the right we got to spend 429,000 more than the person on the left, even though we started with the smaller portfolio, three and a half million opposed to 4.

9. But it's because the strategy that we were allowed to use because we had that death benefit for the legacy or inheritance side. Now what we see is over this time period, we end up with zero to pass, but that's because this is not including the life insurance. So let's add the life insurance into this illustration, Kim.

So we're going to pull the life insurance in that we purchased back at age 45 by shifting the bond portfolio over to life insurance.

Okay, so go ahead and close this. Get this out of the way. So we see that the 1 million policy grew to 2.2 million by age 70. And so now what we see here is No, that was 2.2 a cash. Right. Sorry. And the death benefit was 3.5 million. So the death benefit on that 45, that was a million at 45, grew to, to that three and a half million.

So what we see is overall now, we have a combination from the standpoint of what would go on, what the estate value is of The portfolio plus life insurance death benefit from 7 million down to 5.1 million. So roughly 270,000 more get passed than the person on the left. But more importantly, they were able to spend 429,000 more.

But let's go back through those same issues that we were looking at. Earlier and that is what happens if we don't get to earn an overall five percent change it on the left to three. And really this is probably a more realistic comparison between the two because it's all equities on the right side. It's equities and bonds on the left.

So here is really probably a more realistic comparison. So we've got 190,000 Uh net spendable opposed to 116,000 which means that the person on the right even with less money was able to

spend 2.6 million dollars more than the person on the left and still pass. Actually pretty close to the same amount of money a little bit more than what the person on the left had but let's change it on the right to 3%.

So we'll make them both the same and see what, what impact that has. So we know on the left, we went from 190 down to 116, but look what happens on the right. We went from 190 down to 158. So down markets have less impact. When we can do a pay down than they do on somebody that's dependent on the interest for all the income because on the right, it's a combination of principle and interest that's providing the income.

So now we have put the person in a position of less market risk during that distribution phase, which is hugely beneficial because most people are scared to death when they enter that phase of what are we going to do if interest rates drop? Well, if we have the life insurance and the ability to do the pay down, it lessens.

That risk, take them both down to one percent, Kim.

So if if we saw an environment like we see right now and we could earn one percent on our assets. The person on the left has gone from a hundred ninety one thousand down to forty thousand dollars a year of income. Person on the right went from a hundred and ninety thousand down to a hundred and thirty thousand.

So again, yes. There's less on the right. But not as much less as what happens to the person on the left. So here overall if we looked at this at one percent, we can see the person on the right spent two point seven million dollars more and still passed roughly the same amount as the person on the left.

But here's the problem with this, potentially, and that is, turn off the life insurance for just a minute. We have consumed this account, so what if the person lives beyond 100? And what's the likelihood of that? I would say for a 45 year old today, it's a pretty likely event. And that's what we're counting on, is that they will outlive this time frame.

So, what happens is, Kim, go ahead and go back to 5 percent on these. As far as the earnings rates concern and let's stretch this out. So turn off the pay down because we want to go ahead and pay this down over the 30 years, but let's go out 50 years. So if we do that, we've consumed their three and a half million dollar asset and turn on the light and actually scroll down a little bit first.

And what we could see is here, we would have no income because we consume the equities portfolio. But at this point we can actually start distributions from the life insurance policy. So go ahead and turn on the life insurance and what we see here is we can pull off 199,000 a year net after income tax and actually spend slightly more than the person on the left.

So overall with this strategy, we were able to have an increasing income. We were able to spend an extra 601, 000 and at death we, we pass roughly the same amount of money. And this assumes that we never use the life insurance along the way during the accumulation phase to create additional assets outside of the life insurance, which is Um, certainly something that we have the possibility to do.

Okay, fabulous. All right. Um, stop at this point, don't you think? Because we just need to show the other ways to use the death benefit. So this permission slip idea was the first one. Um, the second one is a reverse mortgage. Many of you are familiar with that. And you know some people don't like that idea, but you can combine the reverse mortgage with the life insurance policy and actually Make it make sense for the reverse mortgage to help the client out You can also turn to the life insurance cash value and start to take the dividends in cash That's another way to use or spend the death benefit while you're living Many of you that still have clients with pensions like the old style pension where they have to make a decision whether they take a single life expectancy or a joint life expectancy Pension maximization is actually probably the oldest sales tool if you will of life insurance agents because it enables A client to make a decision for the benefit of both not knowing who's going to pass on first.

And so pension maximization is another way to use or spend the death benefit while you're living. Um, the fifth way we're hearing more and more about these today is the selling of your policy to a life settlement fund. Now typically the life settlement funds want to buy term insurance or universal life insurance, not the whole life insurance that we've been talking about.

But nevertheless, if you have a client and they're running out of money and they have a life insurance policy, you can have them sell that policy to a life settlement fund, and that's a literal way of getting use of the death benefit while they're living. The sixth way is a charitable remainder trust, and for those of you that are not familiar with it, I've got a slide here, and again, your Todd will have a recording of this, so that it walks through very quickly what the steps are for a charitable remainder trust.

I'm not going to go over them today. Most of you are probably familiar with them anyway, but that's a very effective tool. In fact, Rick, to give you a heads up, when you come to our event in July, we're going to be making a fairly thorough presentation about that, and I bet we could record it and share with.

Your group as well then, um, the seventh is to annuitize the policy So you can actually take the death benefit and the cash value Go back to the same insurance company that that policy is already with and ask them for an in force illustration of what annuitizing looks like and it literally takes the cash value in the death benefit and converts it into a lifetime annuity for the client And then there can be discussions as well as to whether it's the client and the spouse.

So those are the seven ways that you can spend the death benefit while you're living. So let me make that clear. Again, you're spending your death benefit while you're living. And if any of you

are interested, you're welcome to grab a 10 day free trial of the truth concept software. Myself and other advisors all across the country use it on a daily basis to help our clients.

Understand the various aspects of numbers around all kinds of financial decisions, not just the life insurance and the income that we looked at today, but also things like mortgages and qualified plans and really get to the truth of the matter, even something simple like whether I Uh, pay cash for a car or not, we can take a look at with these calculators.

So any of you are welcome to grab the free trial for 10 days at truthconcepts.com/slash/free-trial and Todd and I are Todd and I thank you very, very much. I've got a hard stop in just a few minutes, but I will just go back to Rick and see if there's anything else that we can do. Any questions, anyone?

One coming.

The, uh, illustration you used showed somebody putting 49, 000 a year into this illustration. Is, does it require a, uh, a series of contributions or can it be a lump sum? No, unfortunately with the way life insurance, because of the modified endowment rules from the IRS, what happened was people were putting so much cash value in there, the IRS stepped in.

Um, what was that, 87, 6, 7, 6, yeah, and there's a limit on the amount of money that can go in in relation to the amount of death benefit. So instead of being able to put a lump sum in, it does have to be sequential, but that timeframe can vary. In this case, we put it in for 25 years because that's what we did the pay down off the bond on.

But typically if we max fund one, you could do it within seven years or so and then offset and probably not have to pay more premiums. But. Because the return is so good what we encourage our clients to do is pay premiums as long as you can Why would you want to stop if you're getting that that kind of return from it?

Okay. Thank you

the other questions

How insurable do you need to be Yeah, that is one of the requirements which is why it's It's, you know, one of the benefits of having insurance in place, even if it's term insurance early on with someone, because if they get convertible term insurance, even if their health fails later when they're going to have more cash flow, they could convert that a whole life and keep their same health as they had early on with the term insurance.

So we encourage people who don't have a lot of cash flow, but have good health. to go ahead and get convertible term insurance in place and save that health for the future. One of the things we also do if we have a 70 or 80 year old client that has not bought insurance and is not insurable We can have them own insurance on their adult children Now you're not going to be

able to use some of the spending the death benefit strategies, but at least it will set up those In theory 40 or 45 year olds to have the capability when they are in their later years And along the way the 70 year old or the 80 year old gets the value of that high Internal rate of return compared to any other form of cash that they have So if you have a situation where you've got an uninsurable 70 or 80 year old You can definitely look at them owning insurance on their adult children They can do it on grandchildren as well, but it's not as effective because The kids are so young the grandchildren at that stage are so young that you're not going to be able to get much money In it rick.

Are we good to go? I think we're good to go. Just a quick update for you guys We did talk earlier in the week and we talked about Investments and so i'll say two things If you like the idea of the calculators, and you're that type of person, we have a few. Um, they do regular truth training events in Houston.

And I actually went, they, they uh, thought I was kidding. I said, I'm not going to run it, I would never run it. Um, so I was the only attendee, but I helped the people around me. It turned out I was able to follow it okay. I did do a lot of things. So, um, buying a house, down payment on the home, 15 year versus 30 year, I'll screw this up, Todd, 15 year versus 30 years, 0 percent down on your car versus go ahead and pay for it.

And the answers almost uniformly are opposite of what people think. So I'll leave it at that. And so you go through the numbers to show us that there are many, many calculators available there. So. If you're interested in that, that's something that you can do. And the second thing is we taught him the question, Todd, uh, compared to what?

Yes. And so, and we've used it several times this week, so. Great. Um, so we're making some progress. Super. All kinds of information at truthconcepts.com. Help yourself. Goodbye for me, Todd. Bye. Thank you very much. Great to be able to talk to you guys. Thanks a lot. Thanks a lot