



WHY PREMIUM FINANCING?

Nearly every financial empire was built using *leverage*. Most people have used *leverage* to buy their home using a mortgage loan. We use *leverage* to finance the purchase of our cars, and most business owners use *leverage* in the form of business loans to expand their business.

But did you know that you can also use leverage to purchase your life insurance policy?

This is called *premium financing*. Instead of paying the premiums with your own money, you can borrow the premiums from a bank and pay interest instead, keeping the majority of your liquid assets working for you in your business or your other investments. Then ten to fifteen years later, you can use the appreciated cash value of the policy to pay off the loan.

We work with 18 different banks that specialize in funding premium financed life insurance, so we can always find you the best rate and the best loan terms based on your unique situation. We also analyze all of your other options, including both non-leveraged life insurance, as well as stocks and bonds, evaluating 121 different backtested historical 40-year periods, to see which financial planning options would have worked better than others. We're the only firm in the country that has the software capabilities to illustrate these comparisons.

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Our CEO – Darren Sugiyama – is a 12-time published author, with my most recent book released in January of this year - ***Premium Financed Life Insurance - The Key To Effective Estate Tax Planning*** - available now on Amazon.

WHEN DOES PREMIUM FINANCING MAKE SENSE?

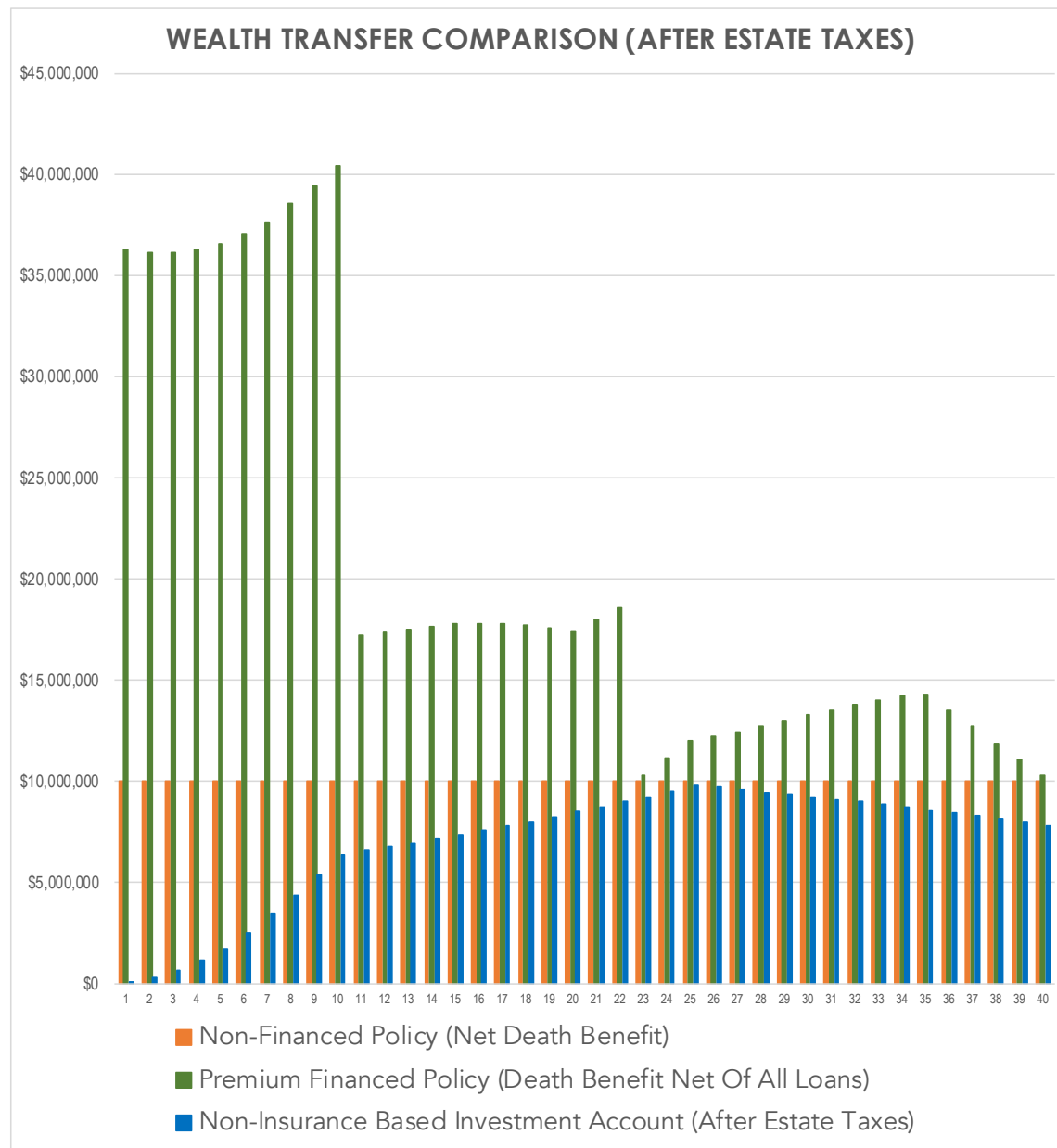
When a person's net worth is above the estate tax threshold, it often times makes sense for them to use life insurance to provide the liquidity to pay the impending 40% in estate taxes.

The **ORANGE BARS** represent the \$10,000,000 level death benefit of a **non-financed life insurance policy**. The annual premiums are \$233,330 per year for 15 years, totaling a \$3,499,950 net cost.

The **GREEN BARS** represent the ongoing net death benefit in a **premium financed life insurance policy** wherein the client borrows the premiums from a lender and pays interest only. In addition, the client recovers 100% of their contributions between ages 80-94, resulting in a zero net cost, as well as substantially more net death benefit throughout the life of the policy.

The **BLUE BARS** represent the same client contributions and cost recovery as the premium financed life insurance policy using a **non-insurance based investment account** growing at the same 6.00% gross rate of return as the two indexed life insurance policies, after capital gains taxes, fees, and estate taxes.

The next page shows the client contributions, cost recovery, and ongoing values of all three assets.



*All three assets assume a 6.00% gross index return. Policies assume 55-year old male rated at Preferred NT. Investment account assumes 1.35% all-in fees, 38.10% capital gains tax, and 40.00% estate taxes.



LEVERAGE + COST RECOVERY = ZERO NET COST

NON-FINANCED IUL (NO COST RECOVERY)					
YR	AGE	CLIENT CONTRIBUTION	COST RECOVERY DRAWDOWNS	NET CASH VALUE	DEATH BENEFIT NET OF LOANS
1	55	-\$233,330	\$0	\$0	\$10,000,016
2	56	-\$233,330	\$0	\$39,571	\$10,000,016
3	57	-\$233,330	\$0	\$242,697	\$10,000,016
4	58	-\$233,330	\$0	\$451,604	\$10,000,016
5	59	-\$233,330	\$0	\$670,283	\$10,000,016
6	60	-\$233,330	\$0	\$899,854	\$10,000,016
7	61	-\$233,330	\$0	\$1,141,081	\$10,000,016
8	62	-\$233,330	\$0	\$1,394,762	\$10,000,016
9	63	-\$233,330	\$0	\$1,661,518	\$10,000,016
#	64	-\$233,330	\$0	\$1,966,234	\$10,000,016
#	65	-\$233,330	\$0	\$2,293,377	\$10,000,016
#	66	-\$233,330	\$0	\$2,635,499	\$10,000,016
#	67	-\$233,330	\$0	\$2,946,177	\$10,000,016
#	68	-\$233,330	\$0	\$3,272,078	\$10,000,016
#	69	-\$233,330	\$0	\$3,613,980	\$10,000,016
#	70	\$0	\$0	\$3,788,294	\$10,000,016
#	71	\$0	\$0	\$3,966,846	\$10,000,016
#	72	\$0	\$0	\$4,148,986	\$10,000,016
#	73	\$0	\$0	\$4,338,291	\$10,000,016
#	74	\$0	\$0	\$4,535,094	\$10,000,016
#	75	\$0	\$0	\$4,739,818	\$10,000,016
#	76	\$0	\$0	\$4,952,825	\$10,000,016
#	77	\$0	\$0	\$5,174,825	\$10,000,016
#	78	\$0	\$0	\$5,402,242	\$10,000,016
#	79	\$0	\$0	\$5,634,903	\$10,000,016
#	80	\$0	\$0	\$5,872,310	\$10,000,016
#	81	\$0	\$0	\$6,110,221	\$10,000,016
#	82	\$0	\$0	\$6,347,515	\$10,000,016
#	83	\$0	\$0	\$6,583,395	\$10,000,016
#	84	\$0	\$0	\$6,815,733	\$10,000,016
#	85	\$0	\$0	\$7,041,783	\$10,000,016
#	86	\$0	\$0	\$7,258,950	\$10,000,016
#	87	\$0	\$0	\$7,463,900	\$10,000,016
#	88	\$0	\$0	\$7,658,670	\$10,000,016
#	89	\$0	\$0	\$7,840,774	\$10,000,016
#	90	\$0	\$0	\$8,006,577	\$10,000,016
#	91	\$0	\$0	\$8,156,470	\$10,000,016
#	92	\$0	\$0	\$8,287,951	\$10,000,016
#	93	\$0	\$0	\$8,400,657	\$10,000,016
#	94	\$0	\$0	\$8,494,690	\$10,000,016
		-\$3,499,950			
		TOTAL CLIENT OUTLAY			
		-\$3,499,950			
		NET COST			

PREMIUM FINANCING (WITH 100% COST RECOVERY)					
YR	AGE	CLIENT CONTRIBUTION	COST RECOVERY DRAWDOWNS	CASH VALUE NET OF LOANS	DEATH BENEFIT NET OF LOANS
1	55	-\$178,000	\$0	\$0	\$36,276,601
2	56	-\$360,990	\$0	\$0	\$36,177,261
3	57	-\$549,130	\$0	\$0	\$36,187,564
4	58	-\$742,589	\$0	\$0	\$36,327,656
5	59	-\$941,536	\$0	\$0	\$36,619,029
6	60	-\$1,146,148	\$0	\$0	\$37,072,539
7	61	-\$1,356,605	\$0	\$675,374	\$37,698,013
8	62	-\$1,376,458	\$0	\$1,610,347	\$38,567,781
9	63	-\$1,396,740	\$0	\$2,591,272	\$39,483,501
#	64	-\$1,417,459	\$0	\$3,687,323	\$40,449,143
#	65	\$0	\$0	\$3,996,188	\$17,248,124
#	66	\$0	\$0	\$4,174,625	\$17,398,933
#	67	\$0	\$0	\$4,363,683	\$17,549,443
#	68	\$0	\$0	\$4,561,381	\$17,694,620
#	69	\$0	\$0	\$4,767,375	\$17,832,720
#	70	\$0	\$0	\$5,113,695	\$17,827,193
#	71	\$0	\$0	\$5,476,113	\$17,787,154
#	72	\$0	\$0	\$5,854,529	\$17,708,430
#	73	\$0	\$0	\$6,257,776	\$17,596,197
#	74	\$0	\$0	\$6,688,325	\$17,448,024
#	75	\$0	\$0	\$7,149,199	\$18,003,206
#	76	\$0	\$0	\$7,633,526	\$18,586,577
#	77	\$0	\$0	\$8,275,108	\$10,338,806
#	78	\$0	\$0	\$8,960,908	\$11,141,394
#	79	\$0	\$0	\$9,692,832	\$11,996,536
#	80	\$0	\$631,044	\$9,803,726	\$12,237,057
#	81	\$0	\$631,044	\$9,920,723	\$12,490,191
#	82	\$0	\$631,044	\$10,041,291	\$12,753,590
#	83	\$0	\$631,044	\$10,162,178	\$13,024,162
#	84	\$0	\$631,044	\$10,277,912	\$13,296,506
#	85	\$0	\$631,044	\$10,380,702	\$13,562,801
#	86	\$0	\$631,044	\$10,460,624	\$13,813,001
#	87	\$0	\$631,044	\$10,504,253	\$14,033,409
#	88	\$0	\$631,044	\$10,502,030	\$14,214,401
#	89	\$0	\$631,044	\$10,436,027	\$14,337,592
#	90	\$0	\$631,044	\$10,282,863	\$13,559,683
#	91	\$0	\$631,044	\$10,152,774	\$12,733,821
#	92	\$0	\$631,044	\$10,082,046	\$11,890,463
#	93	\$0	\$631,044	\$10,124,603	\$11,076,033
#	94	\$0	\$631,044	\$10,349,975	\$10,349,974
		-\$9,465,655	\$9,465,655		
		TOTAL INTEREST PAID	COST RECOVERY		
		\$0			
		NET COST			

INVESTMENT ACCOUNT (WITH 100% COST RECOVERY)					
YR	AGE	CLIENT CONTRIBUTION	COST RECOVERY DRAWDOWNS	PRE-ESTATE TAX VALUE	INHERITED BY G2 AFTER 40% ESTATE TAXES
1	55	-\$178,000	\$0	\$183,123	\$109,874
2	56	-\$360,990	\$0	\$559,775	\$335,865
3	57	-\$549,130	\$0	\$1,140,823	\$684,494
4	58	-\$742,589	\$0	\$1,937,623	\$1,162,574
5	59	-\$941,536	\$0	\$2,962,032	\$1,777,219
6	60	-\$1,146,148	\$0	\$4,226,427	\$2,535,856
7	61	-\$1,356,605	\$0	\$5,743,732	\$3,446,239
8	62	-\$1,376,458	\$0	\$7,325,134	\$4,395,080
9	63	-\$1,396,740	\$0	\$8,972,920	\$5,383,752
10	64	-\$1,417,459	\$0	\$10,689,450	\$6,413,670
11	65	\$0	\$0	\$10,997,130	\$6,598,278
12	66	\$0	\$0	\$11,313,666	\$6,788,200
13	67	\$0	\$0	\$11,639,313	\$6,983,588
14	68	\$0	\$0	\$11,974,333	\$7,184,600
15	69	\$0	\$0	\$12,318,996	\$7,391,398
16	70	\$0	\$0	\$12,673,580	\$7,604,148
17	71	\$0	\$0	\$13,038,370	\$7,823,022
18	72	\$0	\$0	\$13,413,660	\$8,048,196
19	73	\$0	\$0	\$13,799,752	\$8,279,851
20	74	\$0	\$0	\$14,196,957	\$8,518,174
21	75	\$0	\$0	\$14,605,595	\$8,763,357
22	76	\$0	\$0	\$15,025,995	\$9,015,597
23	77	\$0	\$0	\$15,458,496	\$9,275,098
24	78	\$0	\$0	\$15,903,446	\$9,542,068
25	79	\$0	\$0	\$16,361,203	\$9,816,722
26	80	\$0	\$631,044	\$16,182,928	\$9,709,757
27	81	\$0	\$631,044	\$15,999,522	\$9,599,713
28	82	\$0	\$631,044	\$15,810,837	\$9,486,502
29	83	\$0	\$631,044	\$15,616,721	\$9,370,032
30	84	\$0	\$631,044	\$15,417,017	\$9,250,210
31	85	\$0	\$631,044	\$15,211,566	\$9,126,939
32	86	\$0	\$631,044	\$15,000,201	\$9,000,120
33	87	\$0	\$631,044	\$14,782,752	\$8,869,651
34	88	\$0	\$631,044	\$14,559,044	\$8,735,426
35	89	\$0	\$631,044	\$14,328,896	\$8,597,338
36	90	\$0	\$631,044	\$14,092,125	\$8,455,275
37	91	\$0	\$631,044	\$13,848,538	\$8,309,123
38	92	\$0	\$631,044	\$13,597,940	\$8,158,764
39	93	\$0	\$631,044	\$13,340,129	\$8,004,078
40	94	\$0	\$631,044	\$13,074,898	\$7,844,939
		-\$9,465,655	\$9,465,655		
		TOTAL CLIENT OUTLAY	COST RECOVERY		
		\$0			
		NET COST			



For more info, go to www.WhyPremiumFinancing.com

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