

“Buy Term and Invest the Rest”

What a deal! What a deal!!
Sounds good, but much of
America has been sold a bad idea.

by

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Buy Term and Invest as best you can

Interest rates are relative going up and down with all programs based on economic conditions.

Client Profile: Age 40 male Non-smoker
Plans to save \$20,000.00 per year @ 8%
and purchase \$1,000,000 ART to age 65

At age 65 he will have accumulated **\$1,580,000** and Self Insurance - Not too shabby?

Can we do better? Can we create more wealth, no additional out of pocket cost, no additional risk, and give him more benefits?

Look at the facts.

1. Term is like playing Russian roulette.
1st year cost \$600 and the last year \$15,000
Only way to win is die early. Now that's exciting?
Total cost to age 65 = \$500,000 in Lost Opportunity
Money down the rat hole. Gone!!
2. Compound interest sounds good, but the Tax Man will arrive. Yep, taxes and death are certain.
$$\begin{array}{r} \$1,580,000 - \$500,000 = \$1,080,000 \text{ Gain} \\ \text{Your Tax Rate} \quad \quad \quad \underline{\quad \quad \quad} \quad \underline{40\%} \\ \text{Out of pocket taxes to pay} \quad \quad \quad \text{\$ } \mathbf{432,000} \quad \quad \text{WOW!!} \end{array}$$

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THINK THAT'S BAD? IT GETS MUCH WORSE!!

LOST OPPORTUNITIES

Where does the tax money come from? He has to take it out of his pocket. So his real out of pocket cost is the term cost of \$500,000 and the tax of \$432,000 or a total of **\$932,000; paid out of pocket!**

If he did not have to pay \$432,000 in taxes, he could invest the same money. This lost opportunity money, if invested at 8% would yield over \$750,000!!!

Yep, THAT IS WORSE! **BUT WE'RE NOT FINISHED!**

The real cost is the \$750,000 lost opportunity plus the \$500,000 money paid for the term out of your pocket or over \$1,250,000 to get \$1,580,000. My! My! Not much for 25 years of making good investment moves.

You mean I paid \$1,250,000 to get \$1,580,000 or a net gain of \$ 330,000 over 25 years? I thought the rule of 72 says that I more than double my money in 10 years at 8%??

There has to be a better way . . . **But insurance companies don't want you to know about it.**

OUR ANSWER

Put the \$20,000 into a \$1,000,000 life policy (option B)

But they told me to buy term and invest the difference? OK Look at the facts.

Forget the term! Remember the 100 man story - 33 are dead by age 65? Not if they are preferred non-smokers. Less than 3% of 40 year old preferred non-smokers die before age 65. Take the term premium and invest it in a flexible annuity or other vehicle at \$600 the first year growing to \$15,000 at age 65 or the \$500,000 that is now opportunity money. . .

Forget the taxes. Take the saved taxes and dump them in too. Saved taxes of \$432,000 invested = \$750,000 of opportunity money

Our life plan at current rates creates at age 65 a cash value of over \$1,190,000 . . . and the \$1,000,000 life policy has grown to over \$2,000,000 and is paid up

My! My! My!!	\$ 500,000	Term Savings Opportunity
	\$ 750,000	Tax Savings Opportunity
	<u>\$ 1,190,000</u>	<u>Cash Value Accumulated</u>
	\$ 2,440,000	Total Yield Opportunity

Say it isn't so?? Buy term and invest the difference yielded **\$1,580,000 and no more life insurance**. Our plan yields **\$2,440,000 plus a tax free death benefit of \$2,000,000 paid up**. **Wow!!** Don't tell everyone, but you can get the cash by zero cost loans without taxes and retain the death benefit **tax free**. You mean, we accumulated money tax deferred and can access it **tax free**. And when I die, my family will get the remaining death benefit and **never pay any income taxes?** Where are A.L. Williams and Charles Givens now??