EPISODE 1537

[INTRODUCTION]

Marc Beshears (MB): You're using a whole life insurance product to warehouse your cash flow, your savings, this is your after-tax dollars because you can park those dollars in a bank and you know what benefits you get for putting them in a bank right? They're not paying you very well to warehouse wealth inside your local checking, and savings. So, this is now taking life insurance products as a place to park your cash flow. Now, what's the benefits? There's guarantees that'll grow. There's dividends that are earned along the way, and the carriers we're talking about have always paid their dividends, even through recessions and great depressions.

[INTERVIEW]

Sam Rust (SR): Welcome to another episode of the daily Real Estate Syndication Show. I'm your host, Sam Rust. Joining us today is Marc Beshears who is the president of Top Wealth Agenda. Marc has helped his clients grow their wealth to achieve financial security, and reach their personal and financial goals and dreams without the risk worry, or volatility of stocks, real estate and other investments. Marc, welcome to the show. Thanks for joining us from sunny Naples today.

MB: Glad to be here. Thank you for having me.

SR: Fantastic. Marc, I wonder if maybe you could give us just a broad sense, you know, like the 60-second pitch on what infinite banking is I think a lot of our audience has heard it before. But there's some nuances from expert to expert, I'd love to get your 60-second take. And then maybe if you could illustrate it with a story from your personal experience, either yourself or some of your clients, how they leveraged this to achieve their personal and financial goals.

MB: Absolutely. Bank On Yourself, Infinite Banking, that’s speaking the same language, just two different platforms, pushing out the message of this 160-year-old wealth-creating method that's just not widely understood. And unfortunately, not widely taught, because society's being steered, if you will, are lured to conventional investing, which is, you know, Wall Street products. And this is just getting overlooked by the mainstream community. So I learned of it

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back in, it would have been 2008 after I did a real estate development on the Peace River in Florida here. And I had 140-unit condominium complex pre-sold, by the way, and unfortunately, was hit by Hurricane Charley, and knocked my buildings down, a tough way to learn what to do if when you got a big construction loan out there. But you got all these buyers that want a piece of Florida, and now your buildings are on the ground.

So I was in my attorney's office one day saying, you know, what do I do about asset protection? If my buyers start to walk in, and you look back in the timeline about real estate back then, you know, it was raging north. And then we had the real estate meltdown, 2007 and eight. And so I'm talking to my attorney, and we're talking about asset protection. And he says, you know, do you have any whole life insurance? And I said, what? Why are you asking me this question, we got a bigger problem over here. He's like, no, no, no, you don't understand cash value life insurance is creditor-proof. So in other words, that is one of your safest assets to have. And I certainly look back at him, well, why didn't you tell me about that four years ago, as a place to protect my own assets. And again, just, society is just not conditioned to learn about this until things go wrong.

So, I put my head down and studied really, really hard this concept of life insurance and whole life insurance. And I kept finding more and more benefits that weren't being expressed to me and my family. So I studied really hard, and basically said, since nobody has been telling me about this type of asset, then that means no one's telling anyone else. And so I literally put a stake in the ground and said, I'm going to license up. And I'm going to become an educator because everyone should at least be knowledgeable about this option. And back to your 60-second question, what is it, you're using a whole life insurance product to warehouse your cash flow, your savings, this is your after-tax dollars because you can park those dollars in a bank and you know what benefits you get for putting them in a bank right? They're not paying you very well to warehouse wealth inside your local checking, savings.

So, this is now taking life insurance products as a place to park your cash flow. Now, what's the benefits? There's guarantees that'll grow. There's dividends that are earned along the way, and the carriers we're talking about have always paid their dividends, even through the recessions and great depressions. And when it's doing that, there's no 1099. And someday in the future, when you go back to this asset for maybe some retirement income, it's also going to come out tax-free. And if you are like me, tax-free sounds really, really good.

Now, the other quick benefit is that unlike 401Ks and IRAs these assets are liquid should you need it. So in other words, as you know, with qualified plans until you're 59 and a half, there's an extra 10% tax penalty if you need to access those accounts. Well not so with a cash-value life insurance plan. And this is where the whole Bank On Yourself or Infinite Banking message comes through. Let's just assume you've built up $10,000 of cash value, whether it's 10,000 or 100,000. It works exactly the same way you'll have access to over 90% of that money, no questions asked to borrow against your plan for capital, and you'll have that money in a week in your bank account again with just a click of a button. And the coolest thing is Sam when you borrow against your plan, it does not interrupt its compounding growth. While you've borrowed against it, so in other words, your policy continues to grow as if you never borrow. And if you don't have that tool, financial tool in your toolbox, you're overlooking one.

SR: How does that work? I think that's one of the areas that I get hung up when talking about this Marc is understanding that you have this whole life policy, you've got cash that's sitting there, and it's compounding and getting dividends inside of that policy. But then when you go to borrow against it, you can borrow, like you just said up to 90%. And you still get to compound your original. So let's say you put 100,000 in because I like real-world examples. So you could borrow, let's say 90,000, and go and invest that and whatever you need to do, but you're still compounding or receiving dividends on that original 100,000. What kind of interest are you paying on that $90,000 loan? Does that wash? And how can the life insurance company afford to do that?

MB: Yeah, so the life insurance company is actually loaning you from their general fund, using your policy as the collateral, they've got the ultimate collateral because you borrowed out that $90,000, your policy had a million dollars worth of death benefit, and should you die, they'll pay out the million dollars and minus the outstanding loan, there's ultimate collateral there. So the bank, the insurance company has no stress about how or when it'll get paid back because it will get paid back one way or another. Now, what happens, is you borrow on a simple interest loan, as you know, that's the most efficient loan you want, which is just calculating interest on

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an average daily balance. So what happens is they loan you the money, and on your anniversary of your policy, they'll just calculate how much interest accrued and they'll send you a notice.

And at that point, you have couple of options, you could let your dividend that they awarded, you pay that interest, you could write a check for the interest or my favorite is do nothing. And all they do is capitalize that interest and apply it to the loan balance and it goes into the next policy year. So now when you pay back the loan, what's happening is you're paying back the loan plus the interest, and that interest is going back to the general fund of the insurance company, right? And you're with a mutually held company, which I should have mentioned earlier. And as a mutually held company, that means you policyholders are awarded dividends, not stockholders. So as you've actually enriched the general fund with the interest you paid back, well, that's income or revenue to the insurance company, which is wrapped up in the total calculation of profit that the company had for the year. And then they award you the policyholder in the form of a dividend.

So hopefully there's the long answer to your question, but it's very, very efficient. The other thing I would say about repaying the loans is when you borrow from a third-party lender, and you make those installments back, whether it's a car loan, or whatever do you ever get to use that money again, it's gone. When you pay yourself back, you've actually dollar for dollar made that money liquid again in your policy the very next day. So if you send in $1,000, to pay back that loan, you took the next day, you'll see $1,000 worth of liquidity improved to your borrowing power for down the road. So after you've paid yourself all the way back, you've got all that money there to use, again,

SR: What drives the interest rate fluctuation both on what they charge if you were to borrow against your cash policy, and then the dividends themselves? Is it related to the Treasury market, much like your standard banking deposits would be, or is your opinion on something else?

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MB: It's on the Moody's Bond Index, which really doesn't move very much at all. In the 12 or 13 years that I've been doing this, the borrowing rate has been 5%. And the highest I ever saw was 5.75. It doesn't move radically or very often,

SR: Which is music to my ear. And many folks were all in the real estate world. We watched the 10-year treasury and I think today It moved 10 basis points, thankfully, right direction, but it's been all over the place. And volatility is at the tip of everybody's mind right now.

MB: Right? And you asked for like examples, I got hundreds of examples of how my clients have been creative and use their policies. But just the real easy and fast one is, you know, the real estate flippers, right. So they've repositioned some dollars, plow them into a policy and then they find that fixer-upper. They rush out there, make a cash offer. And that cash offer they borrow against their policy and go buy that house for cash. Then they borrow against their policy again to do the repairs. Now let's just say those repairs take six months. So six months have gone, you bought the house, six months have gone by you fixed it up, and then you put it back on the market, right. And let's just say it takes a year to sell it. It is what, it is it takes a year to sell it. So now you've got all your capital back plus profit. So your policy has had 18 months' worth of growth as if you never borrowed it. Plus, you've made X on your flip. And then what do you do with that money? Well plow it back into your policy and look for the next house to flip.

SR: Yeah, in that example, Marc, do you owe the same let's say you held it for 364 days, right, and so you're subject to short-term capital gains, which ends up being just your personal income tax rate. Does operating within the whole life policy save you anything on the tax front, in that example?

MB: No, can't get away from taxes is what it is. But if you do document the interest that you've accrued on your policy loan, and you properly document that with your CPA, you can write off that simple interest that you accrued.

SR: That makes sense. One of the other solutions that you advertise on your website, Marc is Key Man Insurance, I wonder if maybe you could sketch that out a little bit for our listeners?

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MB: Sure. Well, Key Man Insurance is to an employer is you got a very valuable teammate. on your end, you're What's the worst thing is you've, you've recruited somebody you brought them in, they're making an impact to your business, and they're getting recruited away from you. Right, that's just the way it is. Talent is always been recruited. And so you gotta have ways that effort and retention. And so what we're doing now is building them a Bank On Yourself type policy, so you're using the same instrument or vehicle, and the employer is going to fund this cash value insurance. And someday with like golden handcuffs, if you will, that cash value is compounding over years. And that the end of some vesting period, that employee is going to actually get access to that policy, or walk away with it after a certain number of years that you've identified. So say you, you've identified you stick with me for 10 years, I'm gonna put $10,000 A year into this plan. And at the end of 10 years, if you decide to leave, you're going to walk away with that in a life insurance policy, which is both the cash value, the compounding of that cash value, and the insurance, that person's estate is going to benefit from down the road.

And the really cool thing about Key Man Insurance is unlike 401k plans where everyone has to be eligible for a 401k you can actually discriminate and just ensure that people that truly are your key people, which employers really enjoy that or it could be an executive, you know, that you're trying to retain it just becomes another asset. And a funny story is you could Google it is the University of Michigan's Football Coach Harbaugh. Oh, John Harbaugh. Yeah, yeah, when he signed to go work at Michigan, he took his income in the form of cash value life insurance, which is really fascinating. He didn't want cash, or like that annual salary he wanted all in this life insurance contract where it's going to be worth so much more when he retires down the road, and it'll be a tax-free vehicle for him down the road. I don't have all the basics, but it's out there on the internet.

SR: It sounds like he's surrounded himself with some pretty smart advisors to make that come together.

MB: Need just more cash flow, because you'd already burned a bunch in the NFL and things like that. So this newfound contract, he wanted it all in this tax-favored instrument, with guarantees to grow.

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SR: At the beginning, when you were given the 60-second overview, you talked about a whole life policy being creditor-proof. Could you expound on that? Just a little bit? Marc? Yeah, it's

MB: Essentially, in the event, you get sued, you know, for whatever reason, right? wrong or indifferent. You know, that's an asset, nobody can pierce. And so another reason to have your money in a safe place, if you hadn't just in cash, that actually is something people, you know, tap into, but not in life insurance.

SR: That's one of those special categories that the government has created. That's basically a no-fly zone for buzzards known as lawyers.

MB: That's right. That's why they ask it, you know, and another really neat benefit of owning this is that when your kids are going off to college, and they have to fill out those FAFSA forms, well, what do they do, they want to know how much money your parents have. And they because it's going to determine whether you're eligible or not eligible for grants and scholarships and things out there. But the cash value in your life insurance is a private contract between you and an insurance company. So in other words, you got to list your 401k, you got to list your IRAs, you gotta list your money markets, and your stock trading accounts, but the cash in your life insurance is not to be disclosed on those faster forms. So in other words, I've had many clients 10 years later call me and say, you are right. I filled out that faster form. We've been putting all my money in the life insurance policy, not in those other vehicles. So on paper on the FAFSA forms, they're broke, and then you're not required, and then their student actually got some benefit from that. Just another little fun, fun fact.

SR: Yeah. One of those ancillary benefits that can be helpful as your kids grow up. Exactly. So we're here at the end of 2022. Obviously, a lot of volatility across the investing landscape. I'm curious Marc, as a business owner, what are you doing to prepare for 2023? Where do you see avenues of growth? What are you doing to get ready to out-execute the competition next year?

MB: Sure. And I'm a multiple business owner you know, I'm in real estate. I own a restaurant, used to own a hotel, actually on a baseball-softball training center. But my day job is teaching how to use this life insurance product for everyday needs. What am I doing? That's different people all too often get caught up and chase rate of return. And they're always just going to the office and grinding out which investment can I drive the best rate of return here best rate of return there. And once I got involved, and I guess I'm guilty of that, too, in my past life, once I understood the principles of building this, this asset class, I went all in and I built, I'm up to nine policies now. And what I do is I'm looking for things to go on sale. And I'm not just talking about a dip, I'm looking for those catastrophic crashes. And then I have this source of capital that I can deploy and go buy things on Super discount. So I'm not looking at that short term horizon. I'm looking for that that next big bang.

And case in point was 2020. When COVID hit, and stock market went on sale by 40%, which is technically a bottom when the stock market goes down. 40% couldn't have been a better buying time, right? The whole world's upside down the whole world's coughing and sneezing. But some really, really high-quality stocks went on sale. Well, what did I do and what did many of my clients do? Dipped into their policies, bought those A-grade stocks, and little we were all prepared for, it's probably going to take three to five years for this U-shaped recovery that was predicted by all the economists, so and we're prepared and happy to wait it out. Because when it's on sale by 40%, if it just gets back to where it was, the returns are fantastic, right? Well, would we get we got a V shape, you know, and it just bounced straight back. And we made more money than we anticipated. And what do we do with that newfound money well plowed into your back into your plans or start more plants. So that's what I would I do a little different is I'm just looking for that big opportunity, and then pounce be the first one there with cash.

SR: Cash is king, that adage has been around since the beginning of time since there was a such a thing as cash. And then we're seeing that again, you have to have that liquidity to be able to strike. Marc, I really appreciate you joining the show today. If folks want to get in touch with you learn more about what you're doing and maybe schedule a call, where can they reach out to you?

MB: Absolutely. The easiest way is just go to your browser and type in bookwithmarc.com. And that's Marc with a “c”. So, BookWithMarc.com.

SR: Fantastic. Well, thank you, Marc, for joining us. Thank you to our investors for tuning in to another episode of The Real Estate syndication Show. I'm your host Sam Rust signing off.

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[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: Thank you for being a loyal listener of the Real Estate Syndication Show. Please subscribe and like the show. Share it with your friends so we can help them as well. Don't forget, go to LifeBridgeCapital.com where you can sign up and start investing in real estate today. Have a blessed day.

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