

Who's the Banker of Your Life?

*A simple perspective about how to utilize the
Infinite Banking Concept™ in your life*

By Jake Chesney



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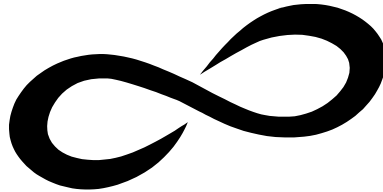


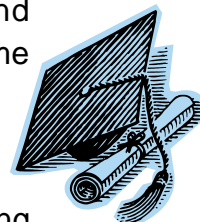
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"The whole idea is to recapture the interest that one is paying to banks and finance companies for the major items that we need during a lifetime, such as automobiles, major appliances, education, homes, investment opportunities, business equipment, etc." ~Nelson Nash

My Story Utilizing IBC

At 23 yrs of age I had already been practicing the Infinite Banking Concept for 4 years and I didn't realize it. My father has been in the life insurance business since 1975 and he had bought me a policy for \$100/mth in 1990 after I finished high school. He sat me down upon my graduation from Wheaton College in 1994 and convinced me to take over the payments. When my father explained how it worked, I loved it right away!



I've learned this is the easiest thing to sell to the right person and it is the hardest thing to sell to the wrong person. At 23 yrs of age, I was the **RIGHT** person...because even then...I placed a high value on **FREEDOM**. By this, I mean, I really liked the fact that I could use the money when I want, and wouldn't be told I had to wait until I am 60 yrs old, wait for a stock market rebound, or deal with paying taxes when I want to use my money to buy a car in cash, start a business, or any other of the unknown opportunities or emergencies that would inevitably come my way in life.

At that time, I didn't know that I was going to become an entrepreneur and so having use of my money would be critical to having success as an investor in over a dozen start-up companies... 3 of them my own.

I'm most thankful that, much because of this system, I have never paid a dime of interest on a credit card, never had a car payment, and when I inherited some of my wife's school loans, I paid them off immediately, avoiding all that interest as well. We also paid off our house before the age of 40.

Although I've chosen a path to this point that has not required a super large income from me...our freedom has allowed us to live like millionaires in my opinion!

For example, we have been snowbirds from Aurora, IL since 2002...choosing to take adventures with our family. We own our house in IL, but then live in warmer climates for extended periods of time. In fact, at the precise time of me writing this paragraph I am on an airplane to live in the Dominican Republic for the next 8 months with my wife and 3 children to have an adventure and do mission work!

Perhaps my greatest appreciation of having the Infinite Banking Concept™ as part of my life was in August of 2000. My wife was pregnant with our 1st child. I had been a sales manager for a company for 7 years and their CFO had been giving me pressure about why I was not choosing to put money into the company's 401k. He couldn't

understand why with no kids, I was putting all of my disposable income into life insurance! He had not been educated about Becoming Your Own Banker™ but I will admit, I did have second thoughts many times since the stock market had been booming while I was 'capitalizing my bank' as Nelson Nash calls it. I had less cash value than my premium outlay since I was in my first decade of funding while my colleagues at work were seeing 20%+ returns in their 401k's!



So in August of 2000, I decided to put our house in Birmingham for sale, purchase another house in the Chicago area before our Birmingham house sold. My wife was not planning to work since we were starting our family, and the kicker to all of this potential stress was that I decided to start a new business...no salary, pay my own expenses, etc. The key word there is **POTENTIAL** stress. The existence of a high cash position allowed me the freedom to pursue my dream path in life because... had it all been in my 401k like most others had done...my options would have been much more limited.

My options would have been limited because it is not a good idea to start a business like I did with no other income source, no cash runway, and if I had wanted to tap a 401k...the market had crashed in 2000 so that would have been bad timing... not to mention the taxes and 10% penalty I would have paid!

My Connection to Nelson Nash

I met Nelson Nash in 1995 when I was 24 years old (he was in his mid-60's) before he wrote his classic book...Becoming Your Own Banker. I didn't know anything about him until a friend of mine was helping me out by giving me referrals to help me get started with my career in the life insurance business. My friend told me Mr. Nash 'liked life insurance' and so I figured I'd call on him to see if I might be able to sell him some!

Nelson invited me to his living room where I first met his wife Mary and he told me all about his family and his life. I was doing what I was taught...I was taking what was called, a 'fact-finder'! Being young & naive, I was a little disappointed to find out that he was not a prospective client because he had been in the profession for decades. He was retiring and moving into his next calling which included writing a book. I had no idea of the profound effect he was about to have on my life and on my ability to serve people through my budding profession!



He invited my wife, Betsy, and I to join 18 others in a 10-week series of 'think tank' sessions where we could learn about the amazing benefits of permanent, dividend-paying life insurance. Nelson wanted to use all 20 of us for feedback as we were the initial 'pilot group' leading to the printing of his book and the thousands of seminars that have taken place internationally since then on the Infinite Banking Concept™.

I was the only person in the room besides Nelson himself that was licensed to sell the product, thus his quote on my website..."Nobody in the United States has been practicing and teaching this concept in its present format longer than Jake Chesney".

My take is he liked me a bunch from the start because of my age as I represented a seed to his vision of creating a movement that would continue long after he passes. Now there are hundreds of people like me that teach this concept for a living around the globe.

One concept that still stands out to me today from those first exposures to Nelson's teachings was that, "in theory" our life insurance premiums should equal 100% of our income!

This may sound radical and it is just "in theory" but it was a much more profound message than what I had been learning at my traditional life insurance training that emphasized "asset allocation" and, since we were in the booming 1990's, even the life insurance company was trying to teach me that we needed to be putting a majority of our money into mutual funds, etc. As Mr. Nash would say...'Aabsuurd!'

This may be why the life insurance companies at the time started selling life insurance with mutual funds (variable life), and most companies transitioned from developing life insurance agents into developing financial planners that could sell both (Northwestern Mutual, for example, changed their name from NML to Northwestern Mutual Financial Network).

I didn't like this as I just wanted to help people implement the Infinite Banking Concept™ and Nelson Nash advised me to **NOT** get my securities license but I was forced to if I wanted to be an agent at the company I was selling for! Since that time, I've put myself into a more independent setting (that **FREEDOM** bug again :) and I've voluntarily let go of my ability to make any money selling investments.

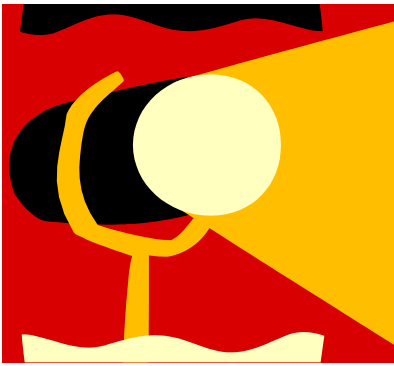
As Mr. Nash points out, this system...utilizing the amazing tool of Dividend-Paying Whole Life Insurance to leverage our lives financially...has been in existence since the 1800's. It has been in existence long before the IRS (1913)...and over 100 years before the stock market, qualified plans such as IRA's, 401k's, etc. Therefore, it is not a function of the IRS code like all qualified plans are...which is critical to the integrity of what this system does for us and our society.

What Nelson Nash did, however, in the 1990's, was to help me and thousands of others since, to see this product in a much more exciting light...and to see it as a process...not just a financial product.

It is the process of having your own banking system...benefiting financially just as you would if you actually were the owner of your own private bank...that is so exciting for individuals that are educated on this topic and are able to put it into practice...not just for themselves...but for their children and generations to come.

The big question that Mr. Nash encourages us to ask ourselves...regardless of our financial strategy is: "Who is the Banker of Your Life?"





The Bigger Picture

It is worth noting that even if you have little interest in learning much about economics...if politics isn't your thing...and if the spiritual ramifications of a society worshipping government controlled entities isn't a topic you want to tackle at the moment...that beneath the surface of a practical "higher and safer rate of return on your money"... is a very deep intellectual, spiritual, and political fight that the leaders of the Infinite Banking Institute are fighting.

Besides Nelson Nash, I have met and studied under these Austrian Economists. I've attended their annual Night of Clarity where they have people such as Dr. Ron Paul (2008 presidential candidate) speak to us about how our society is in need of major economic change...the kind of change I help people do on an individual level every day through this process called Infinite Banking™.

I won't go into it very deep now...but I was required to learn much about Austrian Economics in order to become an Authorized Practitioner with the Infinite Banking Institute.

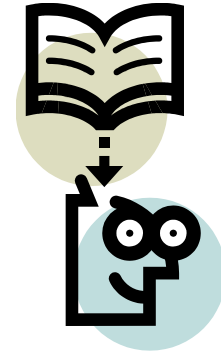
To touch on this topic, I'll just say that Mr. Nash believes the problem is a spiritual one...of greed...of power...and it is a problem of mankind that has gone on since the beginning of time. Without a correction to the problem...we allow government to control everything and we eventually crash economically because that was not God's design for us.

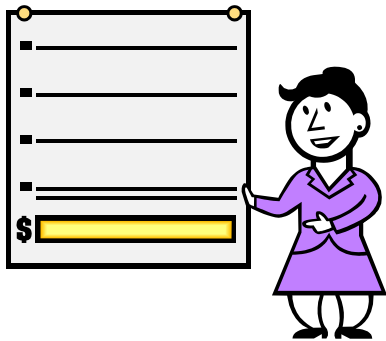
The Infinite Banking™ movement is not only propagated by those with a spiritual sensitivity as many are mainly focused on the economic problem that is caused by not having gold as a standard to back money which allows government to have the authority to print money out of thin air, manipulate the markets, and control the economic climate.

Some may see this as helpful with good intentions but when greed and power are entered into the equation to go along with our simple inability to make the best decisions every time...we (government) bail people out when they (and we) should live with the consequences. This causes a larger price to pay later, economically. 'There ain't no free lunch' as they say!



In addition, allowing the government to print money when they deem necessary causes inflation which typically leads to greater taxation indirectly and we as a people hardly notice it until we look back and see just how far we have come. The end result is a more socialistic political environment where we have less personal freedoms and opportunities to use our God-given minds and gifts. Mr. Nash's favorite analogy to all this is the story of the Israelites in the Bible when they were slaves in Egypt ([ask me for his 23 page article... "From Slavery Back to Slavery"](#)).





The Bottom Line

To pull back from the deeper ramifications and motives behind the Infinite Banking Concept and simply look at the math of how this helps you in your life financially is totally ok, however. You don't need to be a Libertarian or Austrian Economist to plug into the benefits laid out here.

Most people including myself don't typically think about how we are impacting the "greater good" when we pay cash for major purchases and are constantly moving money in and out of our "private banks" to run our lives and businesses each month. So this section is devoted to "The Bottom Line".

The bottom line for me and many of my clients is that this tool of dividend-paying, whole life insurance is simply that it is like having access to a high interest savings account...however...much higher! For example, at the time of this writing, most savings accounts, CD's, and money market accounts are paying 0-2% interest. However, my clients and I are getting about a 7-8% tax-equivalent rate of return!

I preface rate of return with "tax equivalent" because in order to have the same "cash available" long-term in those instruments to equal what I get in my whole life insurance, I would need to get roughly a 7-8% rate of return...to net 5-6%, which is what I am getting as an "internal rate of return" and it is not taxed as it grows because it is life insurance.

As significant as getting a 400-500% higher rate of return is on my cash...the real significance lies beyond that fact. What I mean is that we need to ask ourselves, what would it mean in my life if I could "afford" to carry a much higher cash position instead of always feeling pressure to "invest" my cash so it doesn't get eaten up by inflation?

Here's the deal...most people realize it's good to have money lie in different environments for different purposes. We may be willing to take more risk with long term money than short term money, for example...with the hopes of getting a higher "long-

term” rate of return. However, if your short-term money can get 7-8%...it opens up your financial life to a whole “brave” new world!

I call it a “brave” new world for a couple reasons. I’ve invested in 12 high-risk, start-up companies which may seem “brave”. But I can afford to be “brave”, because I have a high cash position with the money that is not invested...and it is compounding at 7-8%...high enough for it to be compared with an investment!

Another “brave” new world that opens up for you is that if you can feel comfortable developing \$100-\$200,000 or much more in cash long term...and not feel like you need to invest it...you won’t need to feel pressured to “sacrifice your personal integrity or pride” in career situations because you have what has been referred to as a “go to hell fund”. I don’t typically curse, but I’m just saying, if you have cash that can serve as a “run-way” for a life transition, you don’t need to compromise in a job situation...you can move on to something else if push comes to shove.

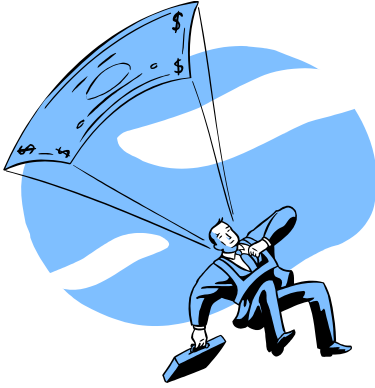
One other huge benefit to having a high cash position is a relational / emotional one. I know one major reason a marriage can struggle is due to financial pressure. When you have “money in the bank” that is **guaranteed** and **available** in a moment’s notice...you may find yourself not fighting quite as much. Just a thought to consider for those of you who are married or planning to get married!

So, I’ve devoted my calling to promoting a product called “dividend-paying whole life insurance”. But what I **REALLY** promote is the concept behind it...which means...that is just the best tool I know of to accomplish the real goal...which is to carry a high cash position in your life so you can be prepared for life’s emergencies, unforeseen opportunities, and transitions. If it weren’t for the tool of life insurance existing, I’d still want to educate people on the value of carrying a high cash position...wherever the next best tool might exist to hold that money.

For business owners, the benefits to a personal financial life apply to the business in the same way. Thousands of businesses own COLI (corporate owned life insurance) and even banks themselves often own BOLI (bank owned life insurance). It’s been referred to as “staying power”. When you have readily accessible cash, you can “weather the storm” and instead of “closing your doors” you can come out on the other side...life insurance just happens to be the most efficient place for these businesses to store cash...for opportunities as well as emergencies or “rough times”... so just like it can serve a family, it can serve a business in the same way.



There are many more benefits of this tool than being a “high interest savings account”, but this is the lead benefit for me and for most of my clients...the rest will vary in attractiveness depending on your age and stage in life.



The Benefits

Insurability

As a father of 3 kids, I was motivated to buy \$250,000 of whole life on each child at birth. It was not because I wanted to have a windfall if one were to die. It was two-fold. One reason was to protect their insurability. Because they have dividend-paying whole life insurance, the death benefit doubles to about \$500,000 by the time they are in their 20's when they may start thinking of starting a family. If they have a health event that prevents them from being able to obtain life insurance, at least they will have this in force to protect their spouse and kids.

Besides a health event, I have had potential clients declined for “risky avocations” such as mountain climbing, for being pilots in the military, for living overseas, etc. However, once you have the insurance in place, you can fly helicopters and climb mountains in Iraq if you want...and it won't affect your policy if you get it beforehand!

Financial Education

A second benefit for me getting this on my kids, is that it is simply another \$100/mth or so per child that I am paying towards my personal “infinite bank”. Even though they are the “insured”, I will always be the “owner” and can access the cash. I can transfer this to them down the line if I choose.

I plan to follow Nelson Nash's lead and let them borrow the money from their “infinite bank” for their first car. If they are good “customers of their bank”, and pay themselves back...at that point in time, I plan to transfer the policy to them because I will know they can handle it properly.

Liability Protection

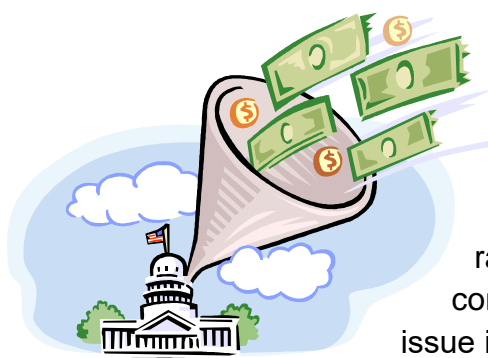
I don't plan to be sued, but I want to plan to be sued! In other words, in today's litigious society, a lot of things could cause someone to want to come after me and my money outside of my control. If someone does and wins, they can get to my bank accounts and

investments, but life insurance is protected because it would affect my wife's desire to be protected as the cash value is a component ultimately of the death benefit.

College Education

Two things to note here. First, this is a much better tool than a "529 Plan" in most cases, in my opinion. The reason is that you have options if you use your whole life policy as your kids college education account. You don't have to use it for college as they could get scholarships, you may choose to want them to pay for it, or they may not even go! I recently spoke with a client who had a great point...the value of a college education isn't what it used to be and in the years to come, there will probably be many alternate ways of getting educated to be able to support oneself in the changing world.

Whole Life Insurance is a great tool for college as long as you have a 10 year horizon or more. If it is in the next few years, you can use some of the money, but you will have less available to you than what you have used to create your account, so make sure to talk through this with a Registered Infinite Banking Practitioner regarding your individual situation and goals. But it is a great tool for many people because it is safe, it is an attractive rate of return, and it is available to you as you need it.



The second thing about college planning is that money in your life insurance is not looked upon the same way that other investments are when it comes to applying for financial aid. If your situation qualifies you for financial aid, you may find it easier to obtain if your assets are held inside of the life insurance policies rather than out in the open for the college to assume you should consume it by giving it to them! This is similar to the liability protection issue in that they don't expect you to lower your death benefit to send your kids to college necessarily.

Disability Protection

One of the lesser talked about features is this rider that most policies should have on them if insurable for it. This is the only rider that costs money that I add to policies, but clients are quick to agree that this is worth it. It is a small fee to know that if you can't pay your whole life insurance premiums due to an extended illness or accident, the life insurance company will pay it for you!

It's great to know that if things don't go as planned for us due to an illness or an accident I have, the life insurance company will be putting a substantial amount of money away for me which I can then use for whatever needs I have financially.



Investment Fund

As I mentioned in an earlier chapter, Mr. Nash points out in his original book, Becoming Your Own Banker, that your whole life insurance premiums should ideally be 100% of your income. This isn't to say you should build all your wealth with only whole life insurance. This just means it is the starting point...just like 100% of your income goes into your bank...then is dispersed to pay for expenses...**AND**...investments!

So, this means, I do put all the money I can into my whole life insurance, and then all of my investments are funded by borrowing money out of my whole life policy to do this. I've bought rental properties in cash on a few occasions...which is really great when negotiating the deal (the seller is willing to go lower often times when no financing is needed).

A great investment for the entrepreneurial types is "hard-money lending". I've invested large sums of money that were held for 12 mths...and they paid me 40% one year, 20% another year, and 18% another year! The "rate of return" on my whole life policy was indirectly fantastic and that was in 2003-2006! I wouldn't have pulled money out of a 401k or IRA or many other types of things to take advantage of those deals. I've heard it said that when you have cash....deals tend to find you...and I can attest that is true! Not necessarily all *good* deals unfortunately :)

Business Fund

For those that own businesses, as I've mentioned in a previous chapter, this is a great place to house your "staying power" money so you are prepared for expansion as well as slow times. One of my clients told his staff at a shareholder meeting recently that hopefully they are prepared for a complete collapse of our economy without needing to let anybody go for over a year...due to the planning they have done.

Taxes



There are multiple tax benefits...it is a post-tax contribution which is HUGE because we don't know what tax rates will be in the future so any pre-tax contribution instruments like 401k's are at substantial risk to the whims and needs of our government to "bail us out". Also, it grows tax free...so tax-free growth along with tax-free access to the gains in the form of loans make it a great tool for supplemental retirement planning.

A more sophisticated benefit I recently benefited from is that you can deduct investment interest...so with the help of a qualified tax professional, you can deduct your loan interest that is attributed to an investment you make when that investment pays you gains. This is not the case when you invest out of your paycheck or savings account...so a nice increase in your investment net rate of return this way!

Estate Planning

People have widely known life insurance to be a key part of estate planning. Unfortunately, this causes many people to think it is ONLY for the wealthy. Also, if you plan to be wealthy or are wealthy already...the sooner the better because the earlier you get the whole life and as much as possible...the better deal you get due to your age and healthy status too typically. Anything done "last minute" is typically not going to serve you as well as when it is planned well in advance. The bottom line with estate planning and life insurance is you have cash when cash is needed most as it prevents "fire sales" of assets to pay the estate tax on time.

Freedom from Government Regulation

Nothing is completely free from government regulation I suppose including whole life insurance, but as Mr. Nash points out...it is not a function of the IRS code like qualified plans are. He predicts that when the government is in trouble, they will have a much easier time "raiding" IRA's, 401k's, etc because those are "exceptions to the rules they (IRS) created" in the first place. Whole life insurance has been around much longer...about 100 years longer! It has been around longer than the IRS itself which didn't come about until 1913.

Because of this freedom, business owners like to use it as a way to selectively give benefits to key employees which they can't pull off with other tax favored instruments that are subject to all the rules and regulations preventing them from treating more valuable employees in an unequal manner.

You can't make "too much money" to contribute to this (like a Roth IRA). There are no limits to how much you can fund it with annually either.

Flexibility

I've had most of my policies for 10-15 years and so I fund them because I want to, not because I have to. I basically "had to" in the beginning. But that is only for a handful of years. Depending on how you fund your policy, you may only need to fund it for 5-10 years before the funding of it can be done internally by the policy dividends and paid up additions if you don't want to fund it anymore.

Also, if you are using your policies for making purchases and investments, there may be times when you have large loans out on them. Then, hopefully you will have times of plenty and have a lump sum to "deal with". It is great to be able to dump that money into this account all at once and immediately protect it from creditors, taxes, and get an immediate attractive rate of return.



Other benefits? Yes. But I'll save them for when you have a discussion with me or another Registered Practitioner of IBC live so they can be applied to your individual situation.

Wrap Up

In conclusion, I want to emphasize that most people with a license to sell life insurance do not understand the Infinite Banking Concept. They simply haven't been trained and unless they are, they often take many detours that distract you into other types of products that don't work ideally in helping you to ***Become Your Own Banker.***



There are many reasons for this...which I or another Registered Practitioner can explain, but you don't want to use Universal Life, Variable Life, products from Stock Companies (there are only about 25 mutual carriers...so most are stock companies), and you want to make sure you are doing your best to fund your policy with a good mix of the overfunding rider versus the base policy...or you won't be maximizing the benefits I've outlined.

I'd encourage you to contact me, as I am blessed to be past the point of ***needing*** your business. This is important because as much as I'd appreciate your business, I will be frank with you if you are not in the right place to do this and help you "goal-set" to get there. I won't try to push you into more than you are ready to handle. Some agents make great programs that clients can't live up to and cause hard feelings towards the whole thing simply because they over-committed them to start.

There are many misconceptions out there, especially in the media, and so my preference is to have my clients "co-pilot" their program, and be educated very well so that they can really "own" their program and not be so influenced by those that would tell them they are not doing a good thing. Once again, agents that "sell" their clients on trusting them and get their business off of personality alone have issues later on if their clients don't understand it well enough and get "sold" by the next personality that tells them to do something different. This is bad for all parties involved for sure.

So...I look forward to speaking with you live...on a cell phone near you soon! We would then follow up as appropriate and utilize the convenience of email, screensharing, and if appropriate, make plans to get together personally...although 80% of my clients have gotten started before meeting with me face to face...I try to do whatever is the preference of the client.

Once again...the real question in this dialogue is from Nelson Nash...

Who's the Banker of Your Life?

