Roadmap to Financial Success for Entrepreneurs

By

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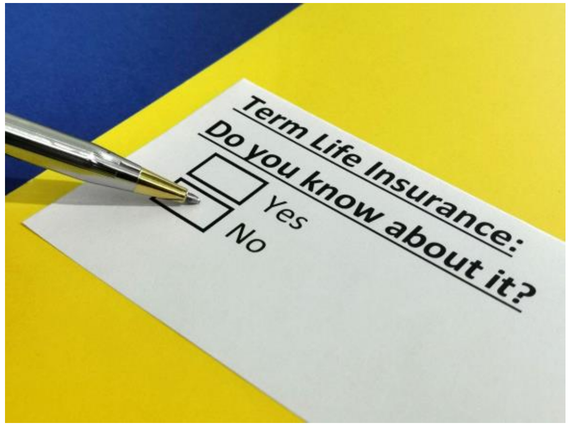
Alex Barrón

Presents

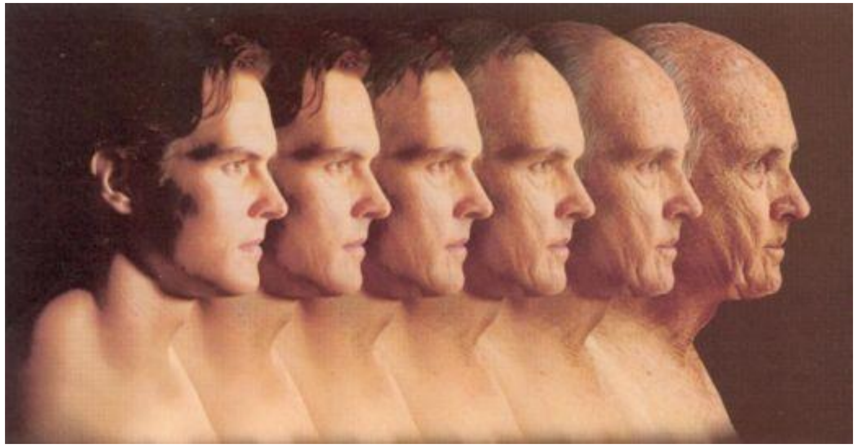
What is Term Life Insurance?



TWO INEVITABLE RISKS

Two Risks Are Certain in Life

1.) We Will Grow Old



2.) We Will Eventually Die

What are you doing to prepare yourself for when that moment comes?

Two Risks We Need to Consider

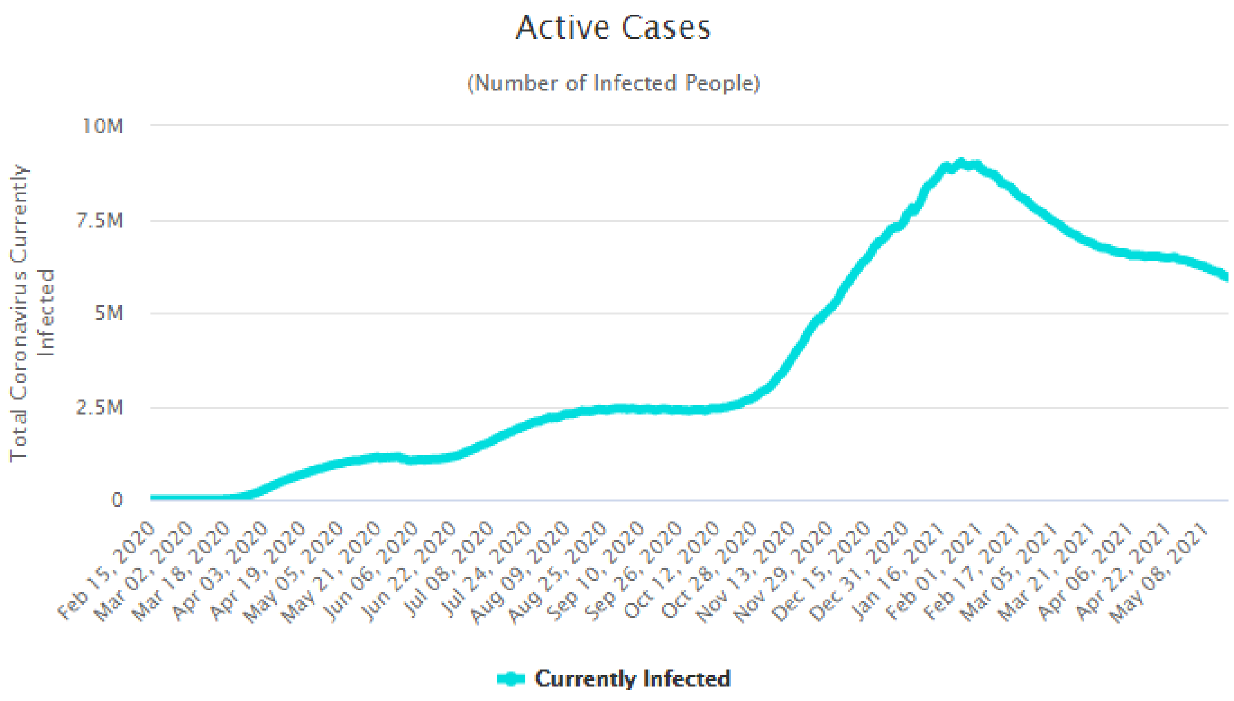
1.) Premature Death

2.) Living too Long

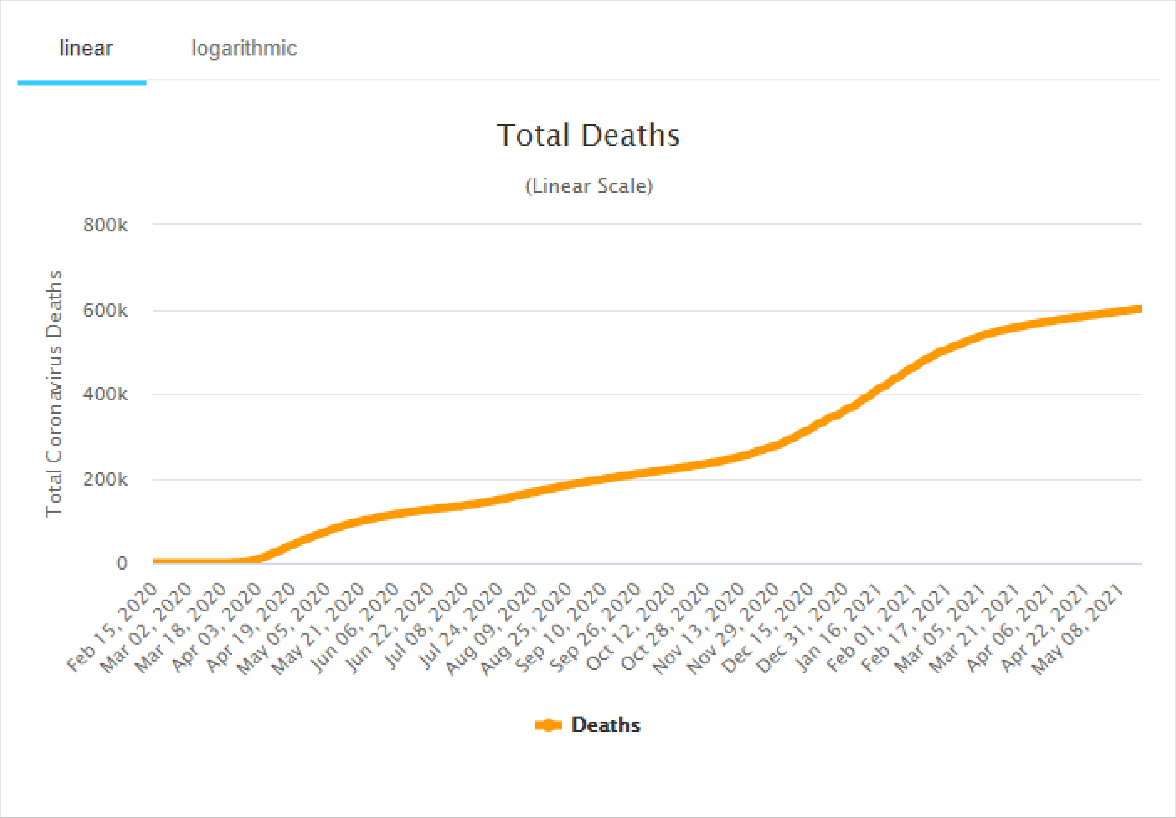
What are you doing to prepare no matter what may happen?

COVID-19 initially presented Risk of Death in 2020-2021

Active Cases in the United States



Total Coronavirus Deaths in the United States



Now COVID vaccines present Risk of Sudden Death

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We report the truth – and leave the Russia-Collusion fairy tale to the Conspiracy media

UPDATE: A Jaw-Dropping 769 Athletes have Collapsed While Competing Over The Past Year – "Avg. Age of Players Suffering Cardiac Arrest is JUST 23" – (VIDEO)

By Julian Conradson
Published April 8, 2022 at 7:08pm
Comment

EX-NFL PLAYER JESSIE LEMONIER DIES SUDDENLY AT 25

Abbie Parr/Getty Images

JUST IN - American Idol star CJ Harris (31) has died of a heart attack.

High school senior dies after suffering heart attack at school, officials say

Jordan Brister died unexpectedly from cardiac arrest at school, officials say. (Savanna Brister)

By FOX5 Staff and Andrew McMunn

Published: Jan. 10, 2023 at 6:54 PM EST

12:42

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Breitbart
13h ·

An 18-year-old rising rugby player in England died 'suddenly' this week, leaving his local club and family devastated at the tragic loss.

BREITBART · 2 MIN READ

18-Year-Old English Rugby Player Logan Holgate Dies 'Suddenly'

US NEWS

Trump Announces Death of Entertainer Lynnette 'Diamond' Hardaway at 51

Prayers to him in his recovery 🙏🙏🙏🙏

HEALTH

High School Student Develops Blood Clots in His Brain 9 Days Following Vaccine - Medical Records State "Adverse Reaction to the Vaccine"

What is Life Insurance?

“Life insurance is a legal agreement between the policy owner and the life insurance company. The policy owner agrees to make periodic payments to the insurance company. In turn, they agree to pay a sum of money, a ‘death benefit’, to a beneficiary of your choosing if the person who is insured dies.” – Dwayne Burnell

“Life insurance is a “love” not a “need” product because it fulfills, with love, the financial responsibility of the person who passed toward his or her loved ones who remain.” – Dwayne Burnell

“Life insurance is more than just the protection of economic responsibilities to family, business, some person, or entity. Life insurance should be the foundation to a financial plan.” - Thomas W. Young

Why Some Don’t Like Life Insurance?

Why Some People Have Negative Associations

- Negative association – desperate sales person trying to “sell” an insurance policy.
- Misinformation handed out by TV financial “gurus” who give wrong advice – i.e. only buy term and avoid whole life.
- Abuses from unscrupulous people in the industry.
- People have lost money from buying the wrong type of policy.

Why Some People Don’t Want to Talk About It

- Most people do not want to be reminded of their eventual death.
- People think of life insurance as a benefit for someone else that is a cost to them with no benefit to them while they are alive.
- Life insurance sales people do a poor job of explaining the pros and cons of various types of life insurance.

What is Human Life Value?

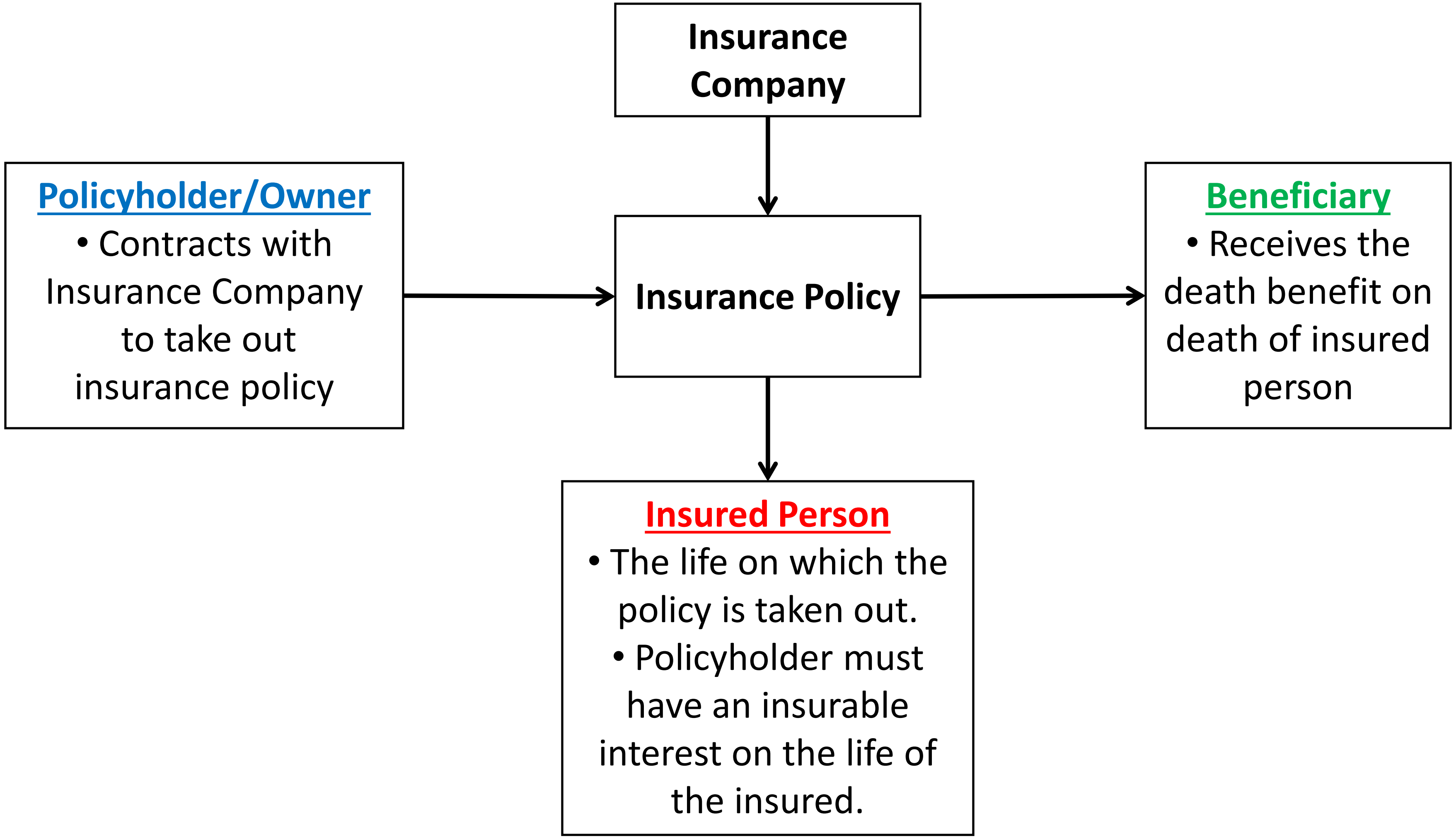
To know how much life insurance a person should buy, it is necessary to understand a concept known as “Human Life Value”.

- *Calculate a **human’s life value** by asking how much he expects to earn per year as an average and multiply that by the number of years he expects to work. – R. Nelson Nash*
- *The **human life value** concept is used to create a basic estimate of how much insurance will be needed to cover the economic loss of the insured person. – Dwayne Burnell*
- *A person’s **need for finance is much greater than his need for life insurance protection**. If he would solve for the need for finance through dividend-paying life insurance, he would **automatically** have much more life insurance and **recover all the interest he is now paying to someone else**. – R. Nelson Nash*

Parties to the Contract

- **The Policy Owner**: The owner(s) control the money in the policy and also controls the designation of a single or multiple beneficiaries
- **The Insured:** The insured doesn't have access to the money.
- **The Beneficiary**: The beneficiary is the person or party who receives the death benefit upon the death of the insured.
- **The insurance company**: the company that manages the company, invests the premiums, commits to the death benefit, and pays out the death benefit to the beneficiaries.

How Life Insurance Works



What are the Components of a Life Insurance Policy?

PREMIUM

A premium must be paid on a regular basis – monthly, quarterly or yearly.

DEATH BENEFIT

The death benefit is the amount of money that you want the insurance company to pay your beneficiaries should you pass away.

CASH VALUE

The cash value of the policy is the amount of money that would be available to you if you decided to cancel and forfeit the policy at any time. It is also the amount of money that you can borrow against.

DIVIDENDS

A dividend is in essence excess premium which is analogous to a profit or net income of a company. The insurance company will return this money to the policy holders. Since it is technically a “return of premium” it is non-taxable. Dividends make the cash value grow.

What are Insurance Policy Riders?

"Riders and policy ownership- riders are additional contractual options that you can have added to your life insurance policy. There is an additional cost to add a rider to your policy."

– Dwayne Burnell

- **Guaranteed Insurability Rider** – *Allows you to purchase additional separate whole life insurance policies at specified ages of the insured's life without proof of medical insurability.*
- **Waiver of Premium Rider** – *Guarantees that if the policy owner becomes permanently disabled and is unable to pay the premiums for the policy they will continue to be paid by the insurance company.*
- **Accelerated Death Benefit Rider** – *Allows for the pre-payment of a portion of the policy's death benefit when the insured is terminally ill or has an injury that will result in death within 12 months.*
- **Long Term Care Rider** – Benefits derived from monthly payments taken from the death benefit.

What is an Insurable Interest?

- Life insurance may be purchased on someone other than the owner of the policy.
- The principle of insurable interest is that the person buying the insurance must have an incentive that the person being insured remain alive.

It is possible to own an insurance contract on someone else:

- *Spouse,*
- *Sibling(s),*
- *Child(ren),*
- *Grandchild(ren),*
- *Niece(s), Nephew(s), or*
- *Business partner(s).*

– Dwayne Burnell

How do I know if I have enough insurance?

Life Insurance Has 3 Main Functions

1.) Replace Your Income

\+ 2.) Pay Your Debts

\+ 3.) Meet Your Future Goals

The right insurance can also help you to

4.) Enjoy a retirement with tax free income

5.) Leave a wealth heritage to your family or favorite charities or causes.

1. Replace Your Income

The Primary Purpose of Life Insurance is to Replace Your Income in the event you die prematurely.

What would happen to your family if they stopped receiving your income?

Most Life Insurance for work only covers 1 year of salary.

Example: You earn $ 60,000. If you die, they pay you $ 60,000.

This may help your family temporarily, but it will not be enough.

1. Replace Your Income

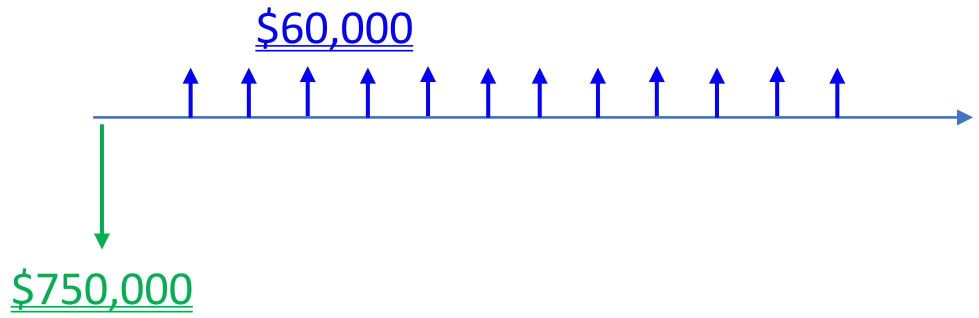
How Much Do You Need to Replace Your Income Year after Year?

$$\text{Insurance Needed} = \frac{\text{Salary}}{\text{Rate of Return}} = \frac{\$60{,}000}{8\%} = \$750{,}000$$

If your family received a Death Benefit of $ 750,000 and they could invest it in an investment that pays 8% each year, they would receive $60,000 and thus replace your income.

Example: $750,000 x 8% = $60,000

Year after year without consuming your principal



2. Pay Off Your Debts

The 2nd Purpose of Life Insurance is to Pay off Your Debts.

- What would happen to your family if they were left with the home mortgage, car loans, student loans, credit cards, and funeral expenses?

Vs.

- What would happen to your family if all your debts were paid off when you are gone? What kind of life would they enjoy if they didn't lose your home? How much money would they need to support their lifestyle if they were debt free?

Example: Add up all your debts.

1.) Mortgage = $200,000

2.) Auto Loan = $50,000

3.) Student Loan = $60,000

4.) Credit Cards = $40,000

TOTAL DEBT: $350,000

Insurance Needed: $350,000

3. Meet Your Future Goals

The 3rd Purpose of Life Insurance is to help meet Your Future Goals.

- What would happen to your family if your children did not have money to pay for their university? Vs.
- What would happen to your family if you could cover the cost of your children's education? What kind of opportunities could they take advantage of if you provided for this goal as of now?

Example: You have 3 kids.

University Cost= $25,000 per year

4 years of University= $100,000

TOTAL Cost for 3 Kids = $300,000

Insurance Needed: $300,000

How much Insurance do you need?

To Cover the 3 Main Functions you need

1.) Replace Your Income= $750,000

+ 2.) Pay Your Debts- $350,000

+ 3.) Meet Your Future Goals= $300,000

= Total Necessary Insurance= $1.4 Million

4 Types of People

1.) You do not have life insurance

2.) You have insurance but not enough

3.) You have insurance but you have one that is not serving you:

- Term – It is temporary and will expire in a few years. It would cost a lot to renew
- Whole Life– It's costing you a lot for a long time. Does not grow much.
- Universal (IUL) – It's expensive and you could end up with $0 in the end.

4.) You have enough of the "right" insurance and it serves you:

- To Protect Your Family - Pay Your Debts and Replace Your Income
- Become Your Own Bank - Finance Your Major Purchases
- Retirement Account - Provide You a Tax Free Income
- To Leave a Legacy of Wealth

Benefit of Having the “Right” Insurance

If you had a Wealth Heritage policy, you could have

$1.4 Million of death benefit on day 1.

And by the time you turn 75 years of age, you can turn this policy into:

- Your own “bank” with $2.6 Million of cash value.
- A “retirement account” that would pay you over $90,000 in tax free income per year.
- A wealth heritage of over $4 Million tax free death benefit that you could leave for your family or favorite causes or charities.

- At a very affordable payment that is flexible. I will show you the details of how this works in just a moment…

3 Types of Traditional Insurance

1.) Term Insurance

2.) Whole Life Insurance

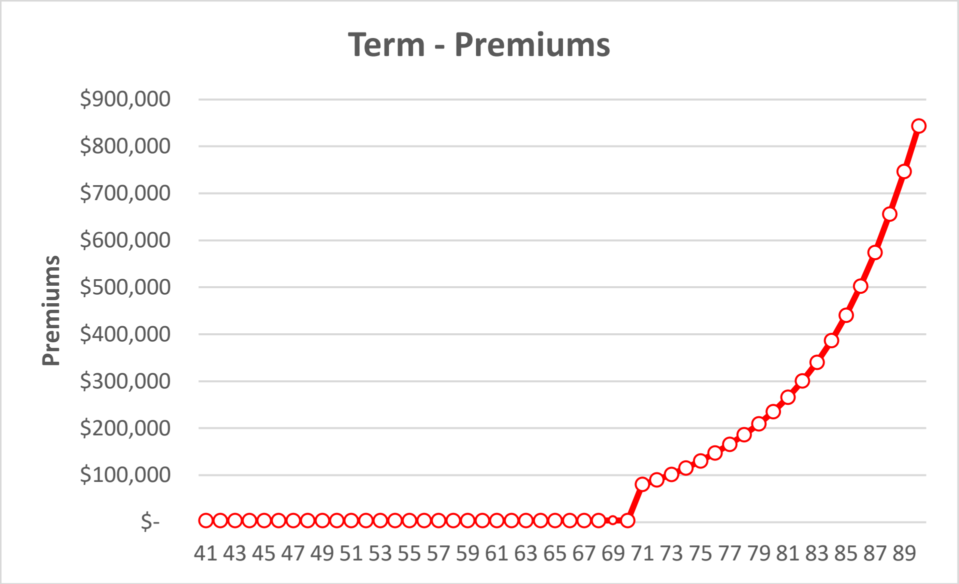
3.) Indexed Universal Insurance (IUL)

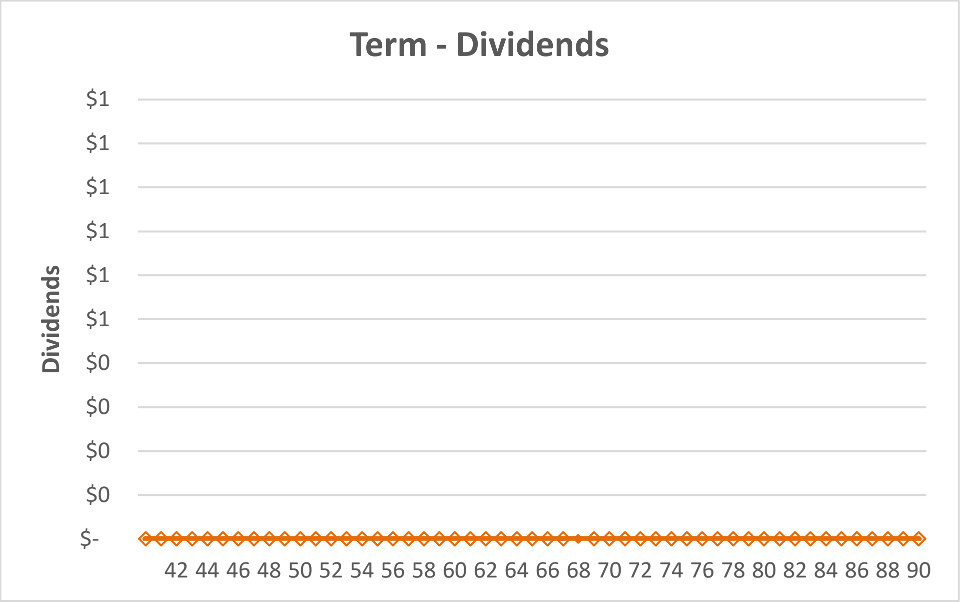
1. Term Life Insurance

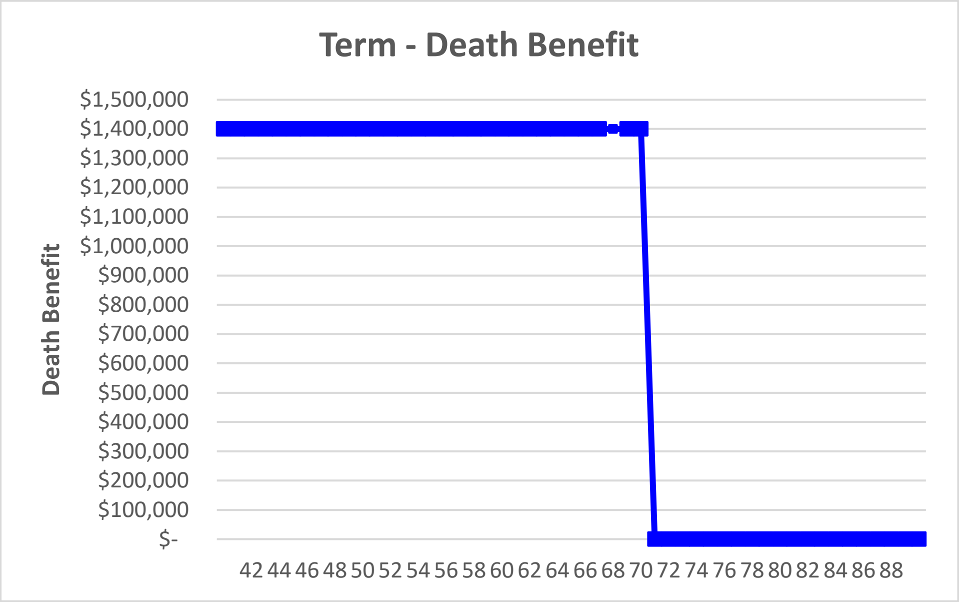
Age	Year	Premium	Cum. Prem	Death Benefit	Dividends	Cash Value
	0	$ 293.42		$ 1,400,000		
41	1	$ 3,521	$ 3,521	$ 1,400,000	$ -	$ -
42	2	$ 3,521	$ 7,042	$ 1,400,000	$ -	$ -
43	3	$ 3,521	$ 10,563	$ 1,400,000	$ -	$ -
44	4	$ 3,521	$ 14,084	$ 1,400,000	$ -	$ -
45	5	$ 3,521	$ 17,605	$ 1,400,000	$ -	$ -
46	6	$ 3,521	$ 21,126	$ 1,400,000	$ -	$ -
47	7	$ 3,521	$ 24,647	$ 1,400,000	$ -	$ -
48	8	$ 3,521	$ 28,168	$ 1,400,000	$ -	$ -
49	9	$ 3,521	$ 31,689	$ 1,400,000	$ -	$ -
50	10	$ 3,521	$ 35,210	$ 1,400,000	$ -	$ -
51	11	$ 3,521	$ 38,731	$ 1,400,000	$ -	$ -
52	12	$ 3,521	$ 42,252	$ 1,400,000	$ -	$ -
53	13	$ 3,521	$ 45,774	$ 1,400,000	$ -	$ -
54	14	$ 3,521	$ 49,295	$ 1,400,000	$ -	$ -
55	15	$ 3,521	$ 52,816	$ 1,400,000	$ -	$ -
56	16	$ 3,521	$ 56,337	$ 1,400,000	$ -	$ -
57	17	$ 3,521	$ 59,858	$ 1,400,000	$ -	$ -
58	18	$ 3,521	$ 63,379	$ 1,400,000	$ -	$ -
59	19	$ 3,521	$ 66,900	$ 1,400,000	$ -	$ -
60	20	$ 3,521	$ 70,421	$ 1,400,000	$ -	$ -
61	21	$ 3,521	$ 73,942	$ 1,400,000	$ -	$ -
62	22	$ 3,521	$ 77,463	$ 1,400,000	$ -	$ -
63	23	$ 3,521	$ 80,984	$ 1,400,000	$ -	$ -
64	24	$ 3,521	$ 84,505	$ 1,400,000	$ -	$ -
65	25	$ 3,521	$ 88,026	$ 1,400,000	$ -	$ -
66	26	$ 3,521	$ 91,547	$ 1,400,000	$ -	$ -
67	27	$ 3,521	$ 95,068	$ 1,400,000	$ -	$ -
68	28	$ 3,521	$ 98,589	$ 1,400,000	$ -	$ -
69	29	$ 3,521	$ 102,110	$ 1,400,000	$ -	$ -
70	30	$ 3,521	$ 105,631	$ 1,400,000	$ -	$ -

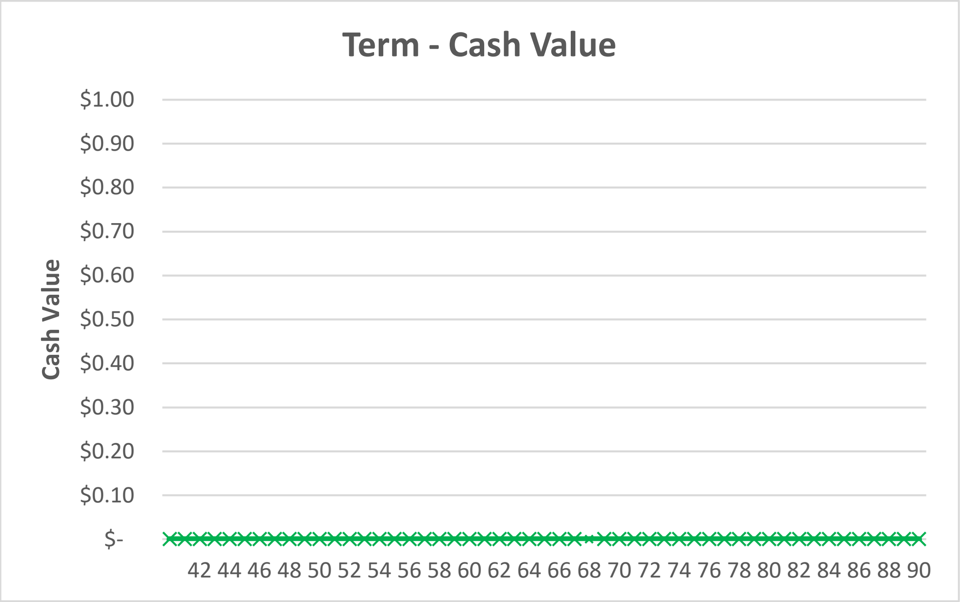
Age	Year	Premium	Cum. Prem	Death Benefit	Dividends	Cash Value
71	31	$ 80,019	$ 185,650	$ -	$ -	$ -
72	32	$ 89,958	$ 275,608	$ -	$ -	$ -
73	33	$ 101,667	$ 377,275	$ -	$ -	$ -
74	34	$ 115,148	$ 492,423	$ -	$ -	$ -
75	35	$ 130,399	$ 622,822	$ -	$ -	$ -
76	36	$ 147,192	$ 770,014	$ -	$ -	$ -
77	37	$ 165,642	$ 935,656	$ -	$ -	$ -
78	38	$ 186,034	$ 1,121,690	$ -	$ -	$ -
79	39	$ 208,939	$ 1,330,629	$ -	$ -	$ -
80	40	$ 235,214	$ 1,565,843	$ -	$ -	$ -
81	41	$ 265,716	$ 1,831,559	$ -	$ -	$ -
82	42	$ 300,559	$ 2,132,118	$ -	$ -	$ -
83	43	$ 340,429	$ 2,472,547	$ -	$ -	$ -
84	44	$ 386,639	$ 2,859,186	$ -	$ -	$ -
85	45	$ 440,332	$ 3,299,518	$ -	$ -	$ -
86	46	$ 502,536	$ 3,802,054	$ -	$ -	$ -
87	47	$ 574,221	$ 4,376,275	$ -	$ -	$ -
88	48	$ 655,903	$ 5,032,178	$ -	$ -	$ -
89	49	$ 746,324	$ 5,778,502	$ -	$ -	$ -
90	50	$ 843,542	$ 6,622,044	$ -	$ -	$ -

1. Term Life Insurance









Term Life Insurance

Term Life Insurance

PROS

- Costs Little for the Amount of Protection. $293/mo x $1.4 Million
- It is for a limited period of time– 10 years, 20 years, 30 years
- Gives you peace of mind for a while in case of premature death.
- The death benefit is tax-free for the beneficiary.

But…

CONS

- If you don't die, you lose 100% of the money you paid. $105,631 over 30 years.
- It has no cash value - $0.
- You cannot borrow against it.
- After it expires the cost goes up a lot to renew it.
- If your health deteriorates, you will no longer be able to renew it.
- It will cause you stress if you are without protection when your family needs it most.

Who Promotes Term Life Insurance?

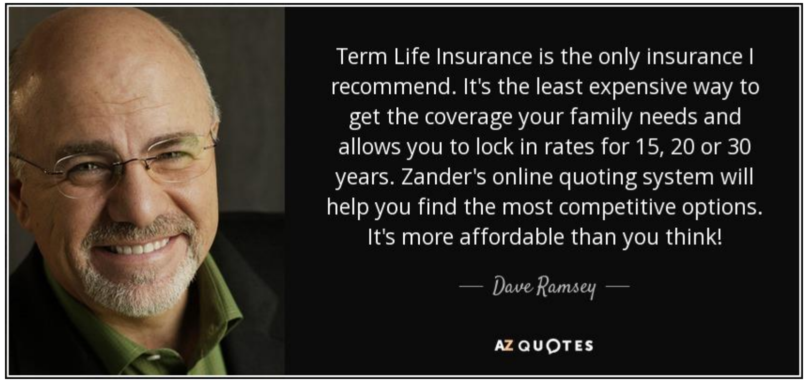
Primerica – Only Term

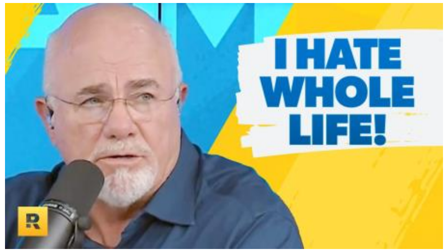
- Buy Term and Invest the Difference
- Invest in mutual funds
- Multi Level Marketing (MLM)

PRIMERICA®

Dave Ramsey

- Only Buy 20-year Term
- Invest in Mutual Funds and make 10-12%
- Permanent insurance is crap and a rip-off.
- Agents are ignorant or crooked.





https://www.youtube.com/watch?v=9rqXQSWiTV0&list=PLN4yoAI6teRMyTbctjoCftKKEWIo6PRYS&index=3

Suze Orman

- Only Buy Term and Cancel Whole Life
- Once your kids are grown up cancel your life insurance policy
- Invest in 529 Plan

https://www.pinterest.com/pin/only-term-life-insurance-primerica--331014641336650576/

Why Promote Term Life Insurance?

<u>Common "Lies"</u>

- Term insurance is "cheaper" than any other type of insurance.
- You can "always" get another policy when the term runs out.
- You will make more money by investing the difference in mutual funds – 10-12% per year vs. 3-4% in whole life.

<u>The Truth</u>

- Term insurance is cheaper in the early years when you are young.
- After some years permanent life insurance pays for itself.
- You can only get another policy if you qualify. To qualify you need to be healthy. If you don't pass a medical exam, you will NOT get another policy.
- Investments DO NOT make 10-12% every year.
- Even one year of loss will require a LOT to recoup the lost ground.
- If you "only" get 3-4% per year, tax free, on a consistent compounded basis that would be more than what the mutual funds generally make when you consider all the taxes and fees associated with the mutual funds.

Why Life Insurance Companies Love to Sell Term?

<u>Term is a Huge Profit Maker</u>

- Term is basically a bet between you and the insurance company.
- Term insurance does NOT pay out 99% of the time.
- Either people cancel it or the term runs out.
- You will lose 100% of your money if you don’t die within the 10, 20 or 30 year term.
- If the insurance company “wins” 99% of the time, they don’t mind paying the 1% of the time they lose

Buy Term and Invest the Difference?

- TV financial gurus have programmed people to "Never Buy Whole Life" and "Buy Term and Invest the Difference in Mutual Funds".
- After all they claim mutual funds pay 10% or 12% per year. It seems no one has told them that in the last 20 years that is not the case at all
- Or could it be that perhaps they have other reasons for pushing a term life insurance policy on people?

"The "Buy term and invest the difference" advice does not account for the impact of variable rates of returns, capital loss, and the impact of sales commissions and fees. Often what happens is that people don't invest the difference, they spend the difference. So they end up with a term policy that ends at 65, no life insurance, and no investment asset." – Dwayne Burnell

"This is the untold story many people face with the expiration of term life insurance policies. Just when you need it most, your term insurance policy may not be there." – Dwayne Burnell

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How Sound is the Thinking of "Buy Term and Invest the Difference"?

- *"The most common marketing ploy for term insurance tells us to buy term insurance rather than cash value insurance and invest the difference. If that's such sound advice, why don't we apply the wisdom more often? For example:*
- *Buy folding chairs, not a couch, and invest the difference.*
- *Buy a push mower, not a power mower, and invest the difference.*
- *Buy a bicycle, not a car, invest the difference.*
- *Buy a shovel, not a snow blower, invest the difference.*
- *Buy a pet, don't have kids, and invest the difference.*
- *Buy scissors, cut your own hair, and invest the difference.*
- *Stay at home, don't take the spouse out, and invest the difference.*
- *Move back in with your parents, sell your house, and invest the difference.*
- *Visit the mall, instead of taking a vacation, and invest the difference.*
- *It seems this philosophy works with everything! Simply, extract value, and invest the difference."*

- Learning to Avoid Unintended Consequences – by Leonard A. Renier