

The number of rich people purchasing life insurance policies has been on rise. Though they have enough assets to leave to their heirs, the affluent still find life insurance policy as a worthwhile venture for creating more wealth. In case you are wondering why nowadays the rich are using life insurance as a wealth creation tool, this article will bail you out. Here are

10 good reasons why the rich use life insurance to create wealth.

1. Earn dividends that are tax-free.

With a properly designed whole life insurance policy, the affluent are able to earn yearly dividends that are free from taxes. This way, they are able to accumulate more money and hence become more wealthier. Although dividends are usually not guaranteed, life insurance companies will pay them out if the company makes an excess profit for the year. These dividends are paid out in relation to the value of the whole life insurance policy. The more the life insurance policy is worth, the greater the dividends can be.

2. Flexible access to invested cash value.

Unlike other retirement investment plans such as IRAs and 401(k)s that restrict access to your cash value before your retirement, whole life insurance allows you the flexibility to use the invested cash value in the policy at any time, age and for whichever reason. Even better, you get to access the money without attracting any penalties or taxes.

3. You can easily make other businesses such as real estate part of the life insurance policy.

Since any funds inside life insurance policy are exempt from taxation for life, the wealthy are leveraging on this and now are combining their real estates with a life insurance policy to avoid taxes.

4. You get to enjoy high initial cash value with well-designed life insurance.

Most rich people like investing in life insurance due to the high initial cash value associated with a properly structured whole life insurance policy. However, the amount you can access an initial cash value will depend on your contributions to the policy.

5. Assured growth of your invested cash each year.

The money you put in a life insurance policy is interest rate based on the economy that is compound interest yearly which is tax-free. Doesn't this sound amazing? Well, the rich have

realized this, and that's why more and more wealthy individuals are purchasing a life insurance policy.

6. Protection of your money against market uncertainty.

Actually, whole life insurance insulates your cash value against unforeseen market losses. Unlike other investment plans where your cash value is vulnerable to market losses, life insurance guarantees principal protection of your cash value.

7. Whole life insurance (depending on the policy can cover) expenses for chronic illnesses and long term care.

Wealth creation is great though without good health, you won't be able to enjoy your hard earned wealth. Luckily, with a whole life insurance policy from a legit insurance company and the right policy, you get to access some of your invested money for your chronic and long term care expenses. Therefore, you may not need to use all your assets to pay for your health needs.

Wealth creation through life insurance is not only for the high net worth individuals. Even the average earning guys can use it to pursue financial independence.

Guarantees are based on the claims paying ability of the issuing.

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