

Finance Auto Purchases & Fund Retirement Using Super-Charged Life Insurance

This case demonstrates the power of using a super-charged permanent life insurance policy to fund retirement and also to finance automobile purchases, rather than borrowing money from a bank, or paying cash.

In this example a 30 year old policy owner deposits \$10,000 per year (\$833/month) in the super-charged life insurance policy for only four years. He then discontinues the standard premium payments for the rest of his life.

After that four-year period, instead of borrowing money from a bank or credit union, the policy owner borrows money from his insurance policy to buy a new car. He does this every five years until age 65.

Each time he borrows money from his policy, the insurance company puts a lien on the policy for the total loan amount. The policy owner then pays the same monthly payment back into his policy that he would have paid to the bank or credit union for the same loan.

As he makes payments into the policy, the insurance company charges a small amount for interest and the balance of the payment is used to reduce the lien. After each five-year period, the loan is completely paid off, the lien is removed, and the policy owner then buys a new car and starts the process all over again.

The following is a year by year analysis:

Year 1: The cash value of the super-charged life insurance policy is \$8,338, or 83% of the initial \$10,000 deposit. If this were a standard life policy the cash value would much smaller. The death benefit of the policy for the 31 year old is \$415,839.

Year 5: Policy owner borrows \$25,000 for a new car.

Year 5-9: Policy owner makes monthly payments of \$600 (\$7,200 per year) into the policy to pay back insurance company lien. At the end of Year 9 the \$25,000 loan is paid off and the lien is removed.

SUPER-CHARGED LIFE INSURANCE

Year 10: Policy owner borrows \$30,000 for a new car.

Year 10-14: Policy owner makes monthly payments of \$700 (\$8,400 per year) into the policy to pay back insurance company lien. At the end of Year 14 the \$30,000 loan is paid off and the lien is removed.

Year 15: Policy owner borrows \$35,000 for a new car.

Year 15-19: Policy owner makes monthly payments of \$800 (\$9,600 per year) into the policy to pay back insurance company lien. At the end of Year 19 the \$35,000 loan is paid off and the lien is removed.

Year 20: Policy owner borrows \$40,000 for a new car.

Year 20-24: Policy owner makes monthly payments of \$900 (\$10,800 per year) into the policy to pay back insurance company lien. At the end of Year 24 the \$40,000 loan is paid off and the lien is removed.

Year 25: Policy owner borrows \$45,000 for a new car.

Year 25-29: Policy owner makes monthly payments of \$1,000 (\$12,000 per year) into the policy to pay back insurance company lien. At the end of Year 29 the \$45,000 loan is paid off and the lien is removed.

Year 30: Policy owner borrows \$50,000 for a new car.

Year 30-34: Policy owner makes monthly payments of \$1,100 (\$13,200 per year) into the policy to pay back insurance company lien. At the end of Year 34 the \$50,000 loan is paid off and the lien is removed.

Year 35: The policy owner is now **65 years old** and the cash value of the super-charged life insurance policy is **\$529,506** and the death benefit is **\$1,098,421**.

Year 35-55: At age **65**, the policy owner takes out **\$30,000 per year** from the insurance policy to supplement his retirement.

Year 55: The policy owner is now **85 years old** and the cash value of the super-charged life insurance policy is **\$137,680** and the death benefit is **\$451,221**.

* The following chart is referenced from a preprint excerpt of "*Financial Independence in the 21st Century*" by Dwayne Burnell, MBA and Suzanne Burnell, M.Sc., Publish Date June 2012

SUPER-CHARGED LIFE INSURANCE

Financing Auto Purchases & Funding Retirement Using Life Insurance

| Year | Age | Life Insurance | | | | | |
|------|-----|-------------------|--------------------------|-------------------|-------------------|------------|---------------|
| | | Beginning Premium | Car Payments into Policy | Policy (Car) Loan | Retirement Income | Cash Value | Death Benefit |
| 1 | 31 | \$10,000 | | | | \$8,338 | \$415,839 |
| 2 | 32 | \$10,000 | | | | \$17,098 | \$469,926 |
| 3 | 33 | \$10,000 | | | | \$26,647 | \$522,571 |
| 4 | 34 | \$10,000 | | | | \$37,540 | \$573,828 |
| 5 | 35 | \$0 | \$600/mo. | \$25,000 | | \$19,864 | \$581,123 |
| 6 | 36 | \$0 | \$600/mo. | | | \$31,846 | \$602,875 |
| 7 | 37 | \$0 | \$600/mo. | | | \$44,422 | \$624,624 |
| 8 | 38 | \$0 | \$600/mo. | | | \$57,615 | \$646,387 |
| 9 | 39 | \$0 | \$600/mo. | | | \$71,624 | \$469,086 |
| 10 | 40 | \$0 | \$700/mo. | \$30,000 | | \$51,712 | \$473,119 |
| 11 | 41 | \$0 | \$700/mo. | | | \$67,691 | \$499,446 |
| 12 | 42 | \$0 | \$700/mo. | | | \$84,448 | \$525,846 |
| 13 | 43 | \$0 | \$700/mo. | | | \$102,022 | \$552,375 |
| 14 | 44 | \$0 | \$700/mo. | | | \$120,437 | \$579,101 |
| 15 | 45 | \$0 | \$800/mo. | \$35,000 | | \$98,769 | \$578,573 |
| 16 | 46 | \$0 | \$800/mo. | | | \$119,228 | \$608,260 |
| 17 | 47 | \$0 | \$800/mo. | | | \$140,670 | \$638,177 |
| 18 | 48 | \$0 | \$800/mo. | | | \$163,163 | \$668,335 |
| 19 | 49 | \$0 | \$800/mo. | | | \$186,767 | \$698,724 |
| 20 | 50 | \$0 | \$900/mo. | \$40,000 | | \$164,204 | \$693,357 |
| 21 | 51 | \$0 | \$900/mo. | | | \$190,083 | \$725,959 |
| 22 | 52 | \$0 | \$900/mo. | | | \$217,192 | \$758,903 |
| 23 | 53 | \$0 | \$900/mo. | | | \$245,593 | \$792,277 |
| 24 | 54 | \$0 | \$900/mo. | | | \$275,322 | \$826,160 |
| 25 | 55 | \$0 | \$1,000/mo. | \$45,000 | | \$252,739 | \$816,239 |
| 26 | 56 | \$0 | \$1,000/mo. | | | \$284,848 | \$852,278 |
| 27 | 57 | \$0 | \$1,000/mo. | | | \$318,424 | \$888,976 |
| 28 | 58 | \$0 | \$1,000/mo. | | | \$353,553 | \$926,330 |
| 29 | 59 | \$0 | \$1,000/mo. | | | \$390,305 | \$964,359 |
| 30 | 60 | \$0 | \$1,100/mo. | \$50,000 | | \$368,727 | \$950,600 |
| 31 | 61 | \$0 | \$1,100/mo. | | | \$408,174 | \$990,462 |
| 32 | 62 | \$0 | \$1,100/mo. | | | \$449,353 | \$1,031,270 |
| 33 | 63 | \$0 | \$1,100/mo. | | | \$492,307 | \$1,073,142 |
| 34 | 64 | \$0 | \$1,100/mo. | | | \$537,097 | \$1,116,179 |
| 35 | 65 | \$0 | \$0 | \$0 | \$30,000 | \$529,506 | \$1,098,421 |
| 36 | 66 | \$0 | \$0 | \$0 | \$30,000 | \$521,253 | \$1,079,787 |
| 37 | 67 | \$0 | \$0 | \$0 | \$30,000 | \$512,316 | \$1,060,126 |
| 38 | 68 | \$0 | \$0 | \$0 | \$30,000 | \$502,644 | \$1,039,326 |
| 39 | 69 | \$0 | \$0 | \$0 | \$30,000 | \$492,218 | \$1,017,273 |
| 40 | 70 | \$0 | \$0 | \$0 | \$30,000 | \$480,958 | \$993,911 |
| 41 | 71 | \$0 | \$0 | \$0 | \$30,000 | \$468,795 | \$969,238 |
| 42 | 72 | \$0 | \$0 | \$0 | \$30,000 | \$455,584 | \$943,278 |
| 43 | 73 | \$0 | \$0 | \$0 | \$30,000 | \$441,204 | \$916,027 |
| 44 | 74 | \$0 | \$0 | \$0 | \$30,000 | \$425,590 | \$887,344 |
| 45 | 75 | \$0 | \$0 | \$0 | \$30,000 | \$408,692 | \$857,100 |
| 46 | 76 | \$0 | \$0 | \$0 | \$30,000 | \$390,397 | \$825,164 |
| 47 | 77 | \$0 | \$0 | \$0 | \$30,000 | \$370,594 | \$791,479 |
| 48 | 78 | \$0 | \$0 | \$0 | \$30,000 | \$349,124 | \$756,008 |
| 49 | 79 | \$0 | \$0 | \$0 | \$30,000 | \$325,810 | \$718,750 |
| 50 | 80 | \$0 | \$0 | \$0 | \$30,000 | \$300,480 | \$679,612 |
| 51 | 81 | \$0 | \$0 | \$0 | \$30,000 | \$272,906 | \$638,516 |
| 52 | 82 | \$0 | \$0 | \$0 | \$30,000 | \$243,011 | \$595,326 |
| 53 | 83 | \$0 | \$0 | \$0 | \$30,000 | \$210,641 | \$549,806 |
| 54 | 84 | \$0 | \$0 | \$0 | \$30,000 | \$175,680 | \$501,811 |
| 55 | 85 | \$0 | \$0 | \$0 | \$30,000 | \$137,680 | \$451,221 |