

## **Fund College Using Super-Charged Life Insurance**

### **STUDENT PROFILE**

State: OH  
College: Public  
GPA: 3.5  
ACT: 28  
SAT: 1980

### **FAMILY PROFILE**

Parents' Age: 43  
Income: \$120,000

#### **ASSETS:**

Home: \$250,000  
401k(s): \$80,000  
CD's: \$40,000  
Personal Savings: \$15,000

#### **DEBT:**

Mortgage: \$150,000

### **FACTS**

1. Student will attend a public university for a total 4-year cost of \$100,000
2. Student will absorb \$40,000 (\$10,000/yr.) with loans and college savings
3. Parents will use deferred PLUS loans to fund college for 4 years, then pay off the \$72,000 loan off entirely at graduation
4. Parents will use a super-charged permanent life insurance policy as the funding vehicle
5. Parents will use the super-charged policy to pay off the PLUS loan for college, fund the purchase of a car every four years until retirement, and fund part of their retirement for 10 years, starting at age 65.

### **Super-Charged Life Insurance Policy (Funding Timeline)**

**Year 1-23:** Insurance policy is funded with \$1,800 per month premium to age 65

**Year 6:** \$72,000 PLUS loan paid off (including deferred interest cost)

**Year 7-19:** Loan from policy is made to purchase auto every 4 years

**Year 7-22:** Additional \$625/month premium is made to pay down loan (car payments)

**Year 24:** All insurance premiums are stopped at age 65

**Year 24-33:** Retirement income withdrawals of \$85,000/year are taken from policy

**Year 34:** Total amount funded = **\$616,800**, Total amount withdrawn = **\$1,022,000**  
Net cash value remaining = **\$110,828**, Net Death Benefit at 65 = **\$154,000**

**NOTE: Below is the year-by-year funding schedule:**

**SUPER-CHARGED LIFE INSURANCE**

**Funding Schedule**

Year	Age of Parent	Annual Contribution	Withdraw From Plan	Life Insurance	
				Cash Value	Death Benefit
1	43	\$21,600 <sup>1</sup>		\$16,618	\$447,520
2	44	\$21,600 <sup>1</sup>		\$37,526	\$502,016
3	45	\$21,600 <sup>1</sup>		\$59,725	\$556,576
4	46	\$21,600 <sup>1</sup>		\$83,316	\$611,268
5	47	\$21,600 <sup>1</sup>		\$108,369	\$666,126
6	48	\$21,600 <sup>1</sup>	\$72,000 <sup>3</sup>	\$58,692	\$508,703
7	49	\$29,100 <sup>1</sup>	\$25,000 <sup>4</sup>	\$63,801	\$540,209
8	50	\$29,100 <sup>2</sup>		\$96,081	\$398,218
9	51	\$29,100 <sup>2</sup>		\$130,330	\$456,990
10	52	\$29,100 <sup>2</sup>		\$166,429	\$520,678
11	53	\$30,600 <sup>2</sup>	\$30,000 <sup>4</sup>	\$178,408	\$554,728
12	54	\$30,600 <sup>2</sup>		\$217,568	\$614,764
13	55	\$30,600 <sup>2</sup>		\$259,044	\$675,852
14	56	\$30,600 <sup>2</sup>		\$302,765	\$741,281
15	57	\$32,500 <sup>2</sup>	\$35,000 <sup>4</sup>	\$322,651	\$778,105
16	58	\$32,500 <sup>2</sup>		\$370,071	\$841,122
17	59	\$32,500 <sup>2</sup>		\$420,130	\$905,490
18	60	\$32,500 <sup>2</sup>		\$472,691	\$973,861
19	61	\$34,200 <sup>2</sup>	\$45,000 <sup>4</sup>	\$501,726	\$1,014,730
20	62	\$34,200 <sup>2</sup>		\$558,651	\$1,082,218
21	63	\$34,200 <sup>2</sup>		\$618,343	\$1,151,443
22	64	\$34,200 <sup>2</sup>		\$681,058	\$1,224,448
23	65	\$21,600 <sup>1</sup>		\$739,395	\$1,289,353
24	66		\$85,000 <sup>5</sup>	\$691,105	\$1,145,408
25	67		\$85,000 <sup>5</sup>	\$639,998	\$1,035,176
26	68		\$85,000 <sup>5</sup>	\$585,932	\$925,336
27	69		\$85,000 <sup>5</sup>	\$528,731	\$815,767
28	70		\$85,000 <sup>5</sup>	\$468,220	\$706,279
29	71		\$85,000 <sup>5</sup>	\$404,268	\$596,582
30	72		\$85,000 <sup>5</sup>	\$336,724	\$486,412
31	73		\$85,000 <sup>5</sup>	\$265,421	\$375,531
32	74		\$85,000 <sup>5</sup>	\$190,190	\$263,721
33	75		\$85,000 <sup>5</sup>	<b>\$110,765</b>	<b>\$154,506</b>
		<b>\$656,800</b>	<b>\$1,057,000</b>	<b>\$110,765</b>	<b>\$154,506</b>

<sup>1</sup> \$1,800/month Ins. Premium

<sup>2</sup> \$1,800/month Ins. premium + additional premium for car payment

<sup>3</sup> College PLUS Loan Paid Off (including deferred interest cost)

<sup>4</sup> Purchase of car every 4 years until age 65

<sup>5</sup> Retirement income withdrawal of \$85,000/yr.