

Case Study:

How the Infinite Banking Concept Provides Financial Freedom and Reduces Risk While Planning for Retirement

Wade Borth, the financial expert behind Sage Wealth Strategy, has over 30 years of experience in the financial planning industry. As a wealth strategist, Wade has taught countless clients how to take control of their money and create a life free of financial hardship using properly structured whole life insurance policies. Sage Wealth Strategy calls on this experience to educate and empower clients to reach their financial goals.

Mike H. first got in touch with Wade about eight years ago. As a self-employed electrician, Mike wanted to ensure he was making the best financial decisions possible. He remarks, **“I’m an electrical contractor and operating cash changes is kind of like a roller coaster. It’s not a nice smooth wave, it’s up and down, and there are times when I need access to money. I wanted to be able to put my money somewhere I could get access to it without having to pay penalties and jump through hoops if I needed it.”**

One of the first things Mike expressed to Wade was that he didn’t want to

put his money into a savings account where he wouldn’t earn anything or a 401(k) where he couldn’t easily access it. With an understanding of what Mike didn’t want, Wade felt that the infinite banking concept (IBC) would be an excellent fit. **“As Wade started explaining [the infinite banking concept] to me, it made more and more sense, and we decided it was the right path,”** Mike recalls.

STARTING TO THINK OUTSIDE THE BOX

Like most people, Mike was taught to believe there’s one way to save for retirement: traditional retirement vehicles like a 401(k) or Roth IRA. **“I think people are programmed to think that they need to contribute 10% and put that away for the rest of their lives. Then when it’s time to retire, everything is just going to be perfect and magically okay.”** We all wish that were the case, but the truth is, preparing for retirement requires active planning and participation. It also requires you to think critically about what happens when you retire and gain access to your 401(k) — namely, taxes.



Sage Wealth Strategy strives to educate clients on what this means for their retirement funds. Retirement investment accounts like a 401(k) consist of untaxed money. So, when you retire and withdraw your hard-earned money, you have to pay taxes. While the average Joe knows these taxes are coming, they often don't stop to consider just how much they'll be taxed when the time arrives.

Wade teaches clients like Mike that most tax-deferred retirement accounts operate on the assumption that you'll be in a lower tax bracket when you retire, and the tax rate will be lower than it is today. However, neither is guaranteed. What's more, your typical retirement investment accounts are held captive by the stock market. You risk losing it all if the economy tanks and you can't access it before retirement without penalty.

"You hear people talk about a 401(k), and they say they've had the best year ever and made maybe 16-18% on their portfolio. That's only one year. The next year, they might lose 10% on their portfolio." With the infinite banking concept, you're not losing money because the policy keeps compounding year after year. You can also easily access your funds whenever you need them without being penalized, both of which are important to Mike. **"To have instant access to my money, without question, is fantastic. If you have to go into your 401(k) for an emergency or whatever, you get crucified with penalties and taxes. That's one of the things I like about the infinite banking concept. Not only can you extract from [your policy], but you can borrow against it and not take on any penalty or lose your momentum."**

TAKING CONTROL AND CREATING FINANCIAL FREEDOM

Mike's decision to build a partnership with Sage Wealth Strategy has given him the financial freedom he always desired. Utilizing the infinite banking concept has helped him create a warehouse of wealth that he can tap into whenever he needs, and he's no longer forced to rely on the bank. More importantly, he's 100% in control of his money.

"There's nothing different about using my policy versus using a traditional line of credit like a bank loan, other than I'm totally in control of the terms. That's something really worth noting about this method. You can borrow X amount of dollars from a loan or line of credit, and the repayment terms are set up by the bank. When you take a loan [against] your policy, you get to decide how to pay back the principal. You can pay it all back in one month or a year — it doesn't matter. You could make a big payment when you have a good cash flow or make a small payment when your cash flow is tight. So, it gives you freedom and flexibility that you don't get from traditional loans."

REACHING YOUR RETIREMENT GOALS

Though everyone has specific goals for retirement, one of the most common Sage Wealth Strategy hears is to retire on time — or better yet, early. This sentiment was a driving force behind Mike's decision to utilize a properly structured whole life insurance policy as a retirement vehicle. **"I don't want to work until I'm 70 years old. I saw this as an opportunity to save money [for**

retirement]", he remarks. Although he started the process when he was 43, he feels like he's on track. **"My policy gives me the opportunity to retire before my traditional accounts are eligible for distribution."**

Working with a wealth Strategist like Wade provides an extra layer of protection as you plan for retirement. Wade is there to offer guidance along the way, ensuring his clients fully understand the process behind the infinite banking concept. His commitment to Sage Wealth Strategy's clients and his patience in explaining the ins and outs of the process is something Mike really appreciates. He affirms, **"I feel very comfortable with Wade as my advisor. He's always been really good about explaining things when I need him to remind me how something works. Wade is also really accessible, always responding to emails in a timely manner and taking care of whatever my situation may be."** Although Wade encourages clients to take control of their finances, he maintains an active role throughout the relationship.

When asked what he values most about working with Sage Wealth Strategy and incorporating the ICB into his financial strategy, he says, **"It's just another way to get what I need. I love the security it offers. My policy is growing every year, regardless of what happens in the world. Compound interest, in my opinion, is way more valuable than having one great year with a 401(k) or a Roth IRA and then losing 10% the next year. Every year that I stay in this policy and make my contributions, I know exactly what it's going to be worth. I don't have that stability with my 401(k)."**