

# 7

## Steps to Use IUL for Infinite Banking

### 1. What Is the Infinite Banking Concept?

The Infinite Banking Concept (IBC) is a strategy that utilizes a properly structured life insurance policy to create your own source of financing. Instead of taking out a loan from a bank, you borrow against the cash value in your life insurance policy via a tax-free policy loan, with no approval process or credit checks.



### 2. Why Use Indexed Universal Life for Infinite Banking?

While Whole Life policies have long been associated with infinite banking, IUL offers distinct advantages that make it an attractive option for modern financial strategies. With IUL, your cash value growth is tied to the performance of a market index, like the S&P 500. That means greater growth potential with IUL than Whole Life, especially during strong market years, while still protecting your principal from market losses with a 0% floor.

### 3. How the Strategy Works in Practice

To use IUL for infinite banking, you start by funding the policy beyond the minimum required premium. This can build up cash value more quickly, becoming the foundation of your personal bank. Once there's enough cash value, you can take policy loans to fund major purchases, investments, or emergencies, without touching credit.



### 4. Benefits of Using IUL for Infinite Banking

The combination of liquidity, tax benefits, and control makes IUL an ideal vehicle for implementing infinite banking. Loans from your IUL policy are not considered taxable income as long as the policy stays in force. You can access funds without credit checks or bank applications. You choose how and when to repay your loan. Any unpaid loan is simply deducted from the cash value/death benefit, which still transfers tax-free to your heirs.

### 5. Common Uses for IUL-Based Infinite Banking

Infinite banking isn't just about theory. You can use your IUL policy to create real financial momentum. Here are some examples of what policyholders use it for: starting or scaling a business, paying off high-interest debt on your own schedule, covering education costs for your children, and building a tax-free retirement income stream.



### 6. Important Considerations Before You Start

To use IUL for successful infinite banking, the policy must be structured correctly from the outset. That means working with a knowledgeable advisor who prioritizes cash value growth over commissions, and who can help you avoid Modified Endowment Contract (MEC) status, which removes the tax-free advantage of loans.

### 7. Is Infinite Banking with IUL Right for You?

If you're looking for a smarter way to manage money, access liquidity, and build long-term wealth, implementing the Infinite Banking Concept with an Indexed Universal Life insurance policy could be a game-changer. It's especially compelling for business owners, investors, or high-income earners who want more control over their financial future.

