

A Sizzling Life Insurance Sales Concept

By Lew Nason

A few years ago, Douglas Andrews wrote a book called *Missed Fortune*, and it's since taken the insurance sales industry by storm. This book explains — in great detail and in today's terms — an extraordinary smart money management concept used by top producers to sell large amounts of cash-value life insurance.

Using this refined concept, agents and advisors can help average, middle-American and affluent families to:

- Become debt free
- Improve their cash flow
- Reduce income taxes
- Protect the people they love
- Fund a college education for their children
- Attain the retirement of their dreams

And, these families can do it all without changing their lifestyles.

When done properly, agents using the "Missed Fortune" concept can dramatically enhance a family's situation almost immediately, without these families taking extraordinary risks. In fact, using this concept actually helps families to significantly reduce the risk to their financial lives.

How the refined smart money management concept works

In a nutshell, the flexibility of new and innovative mortgage products has expanded over time to include products featuring interest-only payments rather than the combined principal and interest payments of a traditional mortgage. These new products can help families free up money that they typically would have put toward the reduction of their mortgage principal. This freed-up money can now be used to reduce debt quickly and to create an investment plan for the future.

Home ownership as a strategic investment

A recent Morgan Stanley article states: "The decision to invest in a home is not only a practical decision in terms of meeting lifestyle and family needs, it can also serve as a means of accumulating wealth through property appreciation. Additionally, the favorable tax treatments of mortgage interest and capital gains have made home ownership a strategic investment decision. Along with the deductibility of mortgage interest and the special treatment of capital gains, there are unique benefits associated with leveraging an investment that is a relatively stable asset. The wealth accumulation benefits associated with a tax-advantaged, highly leveraged purchase, such as a home mortgage, can be substantial. Thus, a properly financed home can enhance an individual's overall investment strategy."

Saving money with an adjustable rate mortgage

According to Chairman of the Federal Reserve Alan Greenspan, "Homeowners can save a ton of money if they use an adjustable rate mortgage instead of a fixed rate mortgage." For his supporting evidence, Greenspan points to what would have happened if you had taken out an ARM 10 years ago. Back in 1994, fixed rate mortgages returned around 8 percent and adjustable rate mortgages delivered in the 6 percent range. Since then, rates have been on a strong downward trend: a 30-year fixed rate currently carries a 5.5 percent interest rate, while an ARM can be 4 percent or lower. So, if you took out that adjustable 10 years ago, every time the ARM rate came up for an adjustment (back then, ARM rates reset every 12 months based on the then current rate), chances were slim that your payment would increase, since rates were falling, not climbing.

The investment plan for the future

In order to take advantage of the unique benefits of leveraging a home, you need to guarantee that you are not putting the client's home at risk. The new and old unique features of fixed cash-value life insurance make it the investment product of choice. Consider that cash-value life insurance can be over-funded up to the MEC guidelines, which gives clients an opportunity to receive solid investment returns while protecting their family by repaying the mortgage in the event of death. In addition, the money inside life insurance grows tax deferred and can be taken out tax free.

How hot is this concept?

Imagine for a moment that you could get 25 or more couples to register for an hour-long educational financial workshop and then, at the end of the workshop, they would practically beg to meet with you. That's exactly what I saw happen when I attended a recent "Missed Fortune" workshop. Ultimately, when this product is presented properly, people often are eager to buy in.