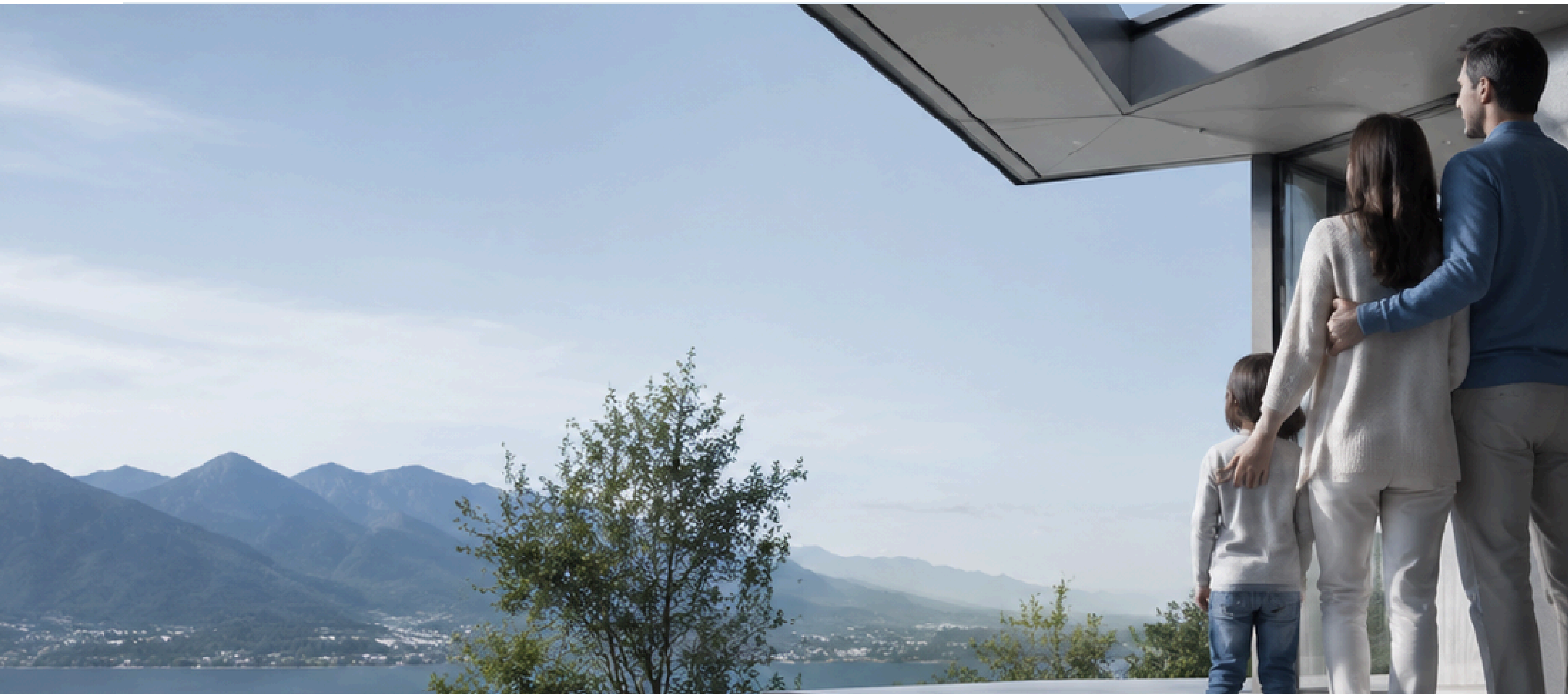

Life Insurance - Reimagined

More than just a death benefit: A strategy for the life you are building.

THE ACANTO GUIDE TO INSURANCE AS STRATEGY

A decision guide to protection, policy value, retirement flexibility, living benefits and wealth transfer, including the questions to ask before you buy, replace, borrow from or surrender a policy.

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INSURANCE AS STRATEGY:

Start with the job, not the product

The right question is not simply term versus permanent. It is: what job must the policy perform, for whom, for how long, and under what assumptions?

PROTECTION FIRST. FLEXIBILITY SECOND. DESIGN ALWAYS.

Life insurance begins by transferring the financial consequences of death. Some policies can then add options during life, but those features are valuable only when the policy is affordable, correctly funded and monitored over time.

FIVE WAYS A LIFE INSURANCE POLICY MAY CREATE VALUE

1	**Protect people and plans**	Replace income, retire debt, fund education, support a business or create estate liquidity.
2	**Preserve options before term expires**	Conversion rights, accelerated benefits or a life settlement may matter before coverage is allowed to lapse.
3	**Build accessible policy value**	Certain permanent policies accumulate cash value that may support emergencies, opportunities or retirement.
4	**Create retirement liquidity**	Withdrawals and policy loans may provide tax-advantaged access when the policy is properly designed and maintained.
5	**Provide benefits during illness**	Optional riders may accelerate benefits for terminal, chronic or critical illness, or qualifying long-term-care needs.

01 | PROTECT FIRST

Your term policy may have value before it expires

Term insurance efficiently covers a large, temporary financial risk. It generally does not build cash value, but the contract may contain rights worth reviewing before you walk away.

BEST FOR

- Large death benefit per premium dollar
- Income, mortgage and education protection
- Business or key-person coverage

NOT DESIGNED FOR

- Building cash surrender value
- Lifetime guarantees
- Policy loans
- Level pricing after the guarantee period

BEFORE THE CONVERSION WINDOW CLOSES

A conversion provision may allow the owner to exchange term coverage for an eligible permanent policy during a stated window, often without new evidence of insurability. The new premium is typically based on attained age, and the available permanent products may be limited. The conversion deadline can arrive before the term ends.

DO NOT SIMPLY LET AN OLDER POLICY LAPSE

Depending on age, health, policy size, premiums and state rules, an existing policy may qualify for a life settlement: a sale to a third party for more than surrender value but less than the net death benefit. Offers, taxes, privacy, commissions and effects on public benefits vary.

FOUR QUESTIONS TO ASK NOW

1. When does my conversion right expire?
2. Which permanent products are eligible?
3. Are accelerated benefits included?
4. Could the policy qualify for a regulated life settlement?

02 | FINANCIAL FLEXIBILITY

Cash value can be useful. It is not free money.

Permanent life insurance combines a death benefit with policy value. Timing, surrender charges, interest, expenses and lapse risk determine whether that flexibility is actually useful.

PREMIUMS	CASH VALUE	ACCESS	IMPACT
Fund insurance and policy value	Grows under contract terms	Withdrawal, loan or surrender	May reduce value or death benefit

Method	What happens	What to examine
Withdrawal	Cash is removed from the policy.	Basis, taxation, benefit reduction and future funding.
Policy loan	The insurer lends against policy value; interest accrues.	Loan rate, crediting treatment, repayment, lapse risk and reduced benefit.
Surrender	Coverage ends and surrender value is paid.	Surrender charges, gain above basis, replacement need and lost insurability.

THE TAX TRAP TO UNDERSTAND

Policy loans are not automatically taxable distributions. But if a policy with gain lapses or is surrendered with a loan outstanding, taxable income may be recognized without cash arriving to pay the tax. A modified endowment contract, or MEC, changes the treatment of distributions and loans.

A sound access plan specifies purpose, amount, timing, loan assumptions, repayment policy and the person responsible for annual monitoring.

03 | UNDERSTAND THE FLOOR

IUL: index-linked interest is NOT direct market ownership

Indexed universal life, or IUL, is universal life insurance. Its cash value may receive interest calculated partly from an external index, but the policy does not own the index or receive its dividends.

-20% index

0% credit

+5% index

+5% credit

+18% index

+10% credit

Illustration only: assumes a 0% floor, 10% cap and 100% participation rate before policy charges. Actual terms vary.

FLOOR

Minimum index credit. A 0% floor generally prevents a negative credit caused solely by index performance.

CAP

Maximum index credit. Gains above the cap are not credited.

PARTICIPATION

Percentage of an index gain used in the formula before other limits.

SPREAD

An amount subtracted from the index result under some options.

WHAT A 0% FLOOR DOES, AND DOES NOT, MEAN

A negative index period generally will not create a negative index credit for that segment. It does not mean the policy value cannot decline. Insurance charges, administrative expenses, rider costs, and loans continue. Caps, participation rates and other non-guaranteed elements may change within the contract's limits.

04 + 05 | USE DURING LIFE

Two different forms of living value

Cash-value access and living-benefit riders are not the same. One uses accumulated policy value; the other accelerates or adds benefits after a qualifying health event.

SUPPLEMENTAL RETIREMENT LIQUIDITY

A properly designed, adequately funded policy that is not a MEC may allow tax-advantaged access through withdrawals and policy loans.

Potential role
A non-market source of liquidity, tax diversification and timing flexibility.

What still matters
Funding, expenses, crediting assumptions, loan interest, lapse risk and the remaining death benefit.

BENEFITS AFTER A HEALTH TRIGGER

Optional riders may provide benefits after terminal, chronic or critical illness, or for qualifying long-term-care needs.

Potential role
Help fund eligible care, including needs arising from cognitive impairment such as Alzheimer's.

What still matters
Definitions, ADL triggers, waiting periods, payment method, rider cost and benefit reduction.

USE THE RIGHT COMPARISON

Permanent insurance should not be compared with a Roth IRA or investment portfolio by illustration rate alone. Compare the entire job: death protection, liquidity, taxes, guarantees, expenses, underwriting, surrender period, creditor treatment, monitoring and opportunity cost.

Before adding a rider:
What triggers benefits? How are they paid? What do they cost? How will a claim affect cash value, premiums and the benefit remaining for heirs?

THE IMPORTANT DISTINCTION

Life insurance can supplement qualified plans and investment accounts. It should not be presented as ordinary health insurance, a guaranteed investment return or a retirement plan created by the tax code.

THE SLOGANS PEOPLE HEAR

Three useful ideas, and the details the slogans leave out

"The Power of Zero," the ***"Rich man's Roth"*** and "***Infinite Banking***" are planning frameworks or marketing shorthand, not policy types or special provisions in the tax code.

"THE POWER OF ZERO"	David McKnight's concept aims to reduce exposure to future tax rates by building multiple sources of tax-free or tax-efficient retirement income. The broader toolkit may include Roth accounts and conversions, deliberately managed taxable investments, Social Security planning and properly structured life insurance.
"RICH MAN'S ROTH"	Informal shorthand for using permanent insurance as supplemental tax-advantaged liquidity when Roth limits constrain contributions. It is not a Roth IRA, not an IRS-recognized retirement plan and not automatically tax-free. Design, non-MEC status, funding, withdrawals, loans and keeping the contract in force all matter.
"INFINITE BANKING"	The original Nelson Nash framework uses a specially designed dividend-paying whole life policy. The owner builds cash value and obtains loans from the insurer using that value as collateral, then applies a disciplined repayment approach. You are not literally lending money to yourself. Loan interest is owed to the insurer, dividends are not guaranteed, early cash value may lag premiums, and outstanding loans reduce available value and the death benefit.

THE SHARED PRINCIPLE

Each framework seeks greater control over taxes, liquidity and financing. None removes cost, underwriting, tax-law risk, policy risk, opportunity cost or the need for long-term discipline. Compare the complete economics with simpler alternatives before adopting the label.

A PRACTICAL FRAMEWORK

Match the policy to the job

No policy type is automatically best. Start with the duration of the need, the importance of guarantees, desired flexibility, budget and the owner's ability to monitor complexity.

Policy family	Primary use	Value / risk profile	Review focus
Term	Large temporary protection	Usually no cash value	Term, conversion, renewal, riders
Whole life	Lifetime protection with contractual values	Guaranteed schedule; dividends may not be guaranteed	Premium, dividends, loans, surrender
Guaranteed UL	Lifetime death-benefit focus	Limited cash-value emphasis	No-lapse guarantee and premium timing
Indexed UL	Flexible permanent coverage	Index-linked formula; charges and non-guaranteed terms matter	Funding, caps, participation, charges
Variable UL	Permanent coverage with subaccounts	Direct investment risk; value can decline	Prospectus, allocations, expenses, lapse

THE ILLUSTRATION IS A SCENARIO, ***NOT*** THE CONTRACT

Request the guaranteed ledger, current illustrated ledger and a conservative stress case. Identify every assumption that can change, every charge, the surrender schedule, loan provisions and what would cause the policy to lapse. For an existing contract, request an in-force illustration.

THE DESIGN TEST

Can the policy still perform its intended job if crediting rates or dividends are lower, charges are higher, premiums arrive late, loans accumulate or the owner lives longer than expected? If the answer is unclear, the design is not finished.

BRING THIS PAGE TO THE MEETING:

Ten questions before you buy, replace or surrender

A strong recommendation should answer each question in plain English and identify what is contractually guaranteed and what depends on current assumptions.

1. What financial loss or planning objective must this policy address?
2. How much coverage is needed, for how long, and what premium is sustainable?
3. Which benefits, premiums and values are guaranteed, and which can change?
4. What are the first-year and long-term surrender values and charges?
5. What happens under lower dividends, lower crediting, higher charges or missed premiums?
6. How do withdrawals and loans affect value, taxes, lapse risk and the death benefit?
7. Could the policy become a MEC, and how would that change distributions?
8. What conversion rights, riders and living-benefit triggers are included?
9. What alternatives were considered, including retaining or modifying an existing policy?
10. Who will obtain an in-force illustration and review the policy every year?

WHAT TO BRING TO A POLICY REVIEW

Original contract and riders | Latest annual statement | Current in-force illustration | Premium history | Loan statement | Cost basis | Owner and beneficiary records | Trust or business agreements

INSURANCE AS STRATEGY

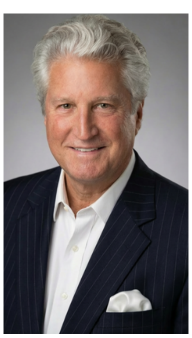
Financial protection for them.
Financial flexibility for you.

Life insurance can form part of sound financial planning and sophisticated wealth planning. The policy must be designed for a clear purpose, coordinated with the rest of the financial picture and reviewed throughout its life.

HOW ACANTO APPROACHES THE DECISION

We begin with the financial need, compare appropriate structures, and consider how insurance may work alongside investments, retirement income, business planning, taxes and the estate plan.

The objective is not simply to buy a policy. It is to determine whether insurance can perform a useful and clearly defined job within the broader financial strategy.



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CLARITY FIRST. STRATEGY SECOND. INTEGRITY ALWAYS.

READ WITH THE CONTRACT

Important disclosure

This guide is for educational purposes only and is not individualized investment, tax, legal or insurance advice. It does not describe every policy feature, rider, tax exception, underwriting rule or state-law issue. Policy features, rider availability, underwriting, costs, tax treatment and state law vary. Guarantees are subject to the claims-paying ability of the issuing insurer. Non-guaranteed elements may change.

Withdrawals and loans reduce cash value and death benefits and may cause a policy to lapse. Lapse or surrender may create taxable income. A modified endowment contract changes the treatment of distributions and loans. Indexed products do not invest directly in an index. Variable life products involve investment risk and are offered by prospectus. Life-settlement eligibility, offers and tax treatment vary and may affect public benefits. Consult appropriately licensed professionals.

PRINCIPAL EDUCATIONAL REFERENCES

NAIC	Consumer guidance on term, cash-value policies, riders and questions before purchase. content.naic.org/consumer/life-insurance.htm
New York State DFS	Policy types, convertible term, life settlements and alternatives before surrender. dfs.ny.gov/consumers/life_insurance
FINRA	Investor guidance on life settlements and consumer protections. finra.org/investors/insights/what-you-should-know-about-life-settlements
Internal Revenue Service	Code Sections 72, 101, 7702 and 7702A and related guidance. irs.gov
David McKnight / Power of Zero	The author's description of the philosophy and LIRP framework. davidmcknight.com
Nelson Nash Institute	The institute's description of the Infinite Banking Concept. infinitebanking.org

Third-party concepts are included for educational comparison and do not imply endorsement, certification or affiliation.