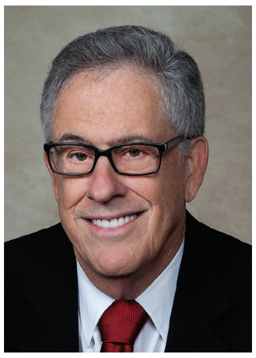
BANK ON INSURANCE

Banks Believe In Life Insurance, Shouldn't You?



Richard S. Bernstein

By: Richard S. Bernstein, CEO

You might be surprised to learn that many **banks often choose to make life insurance a significant percentage of their top-tier or "Tier 1" capital pools**. Banks retain billions of life insurance on their books in order to provide liquidity to substantiate the banks' other more risky practices. Therefore, the ability to quickly convert the dollar value of a life insurance policy into cash makes **life insurance a strong asset to back up other financial investments**.

If in any given year, as an example, Bank of America can invest up to $18 billion of its top funds in life insurance, **shouldn't you consider life insurance as a rock-solid and secure liquid asset in your diversified portfolio? Life insurance provides an annual, compounded return of 4 to 5 percent**. Life insurance is outperforming corporate bonds and **does not carry the volatility** in publicly traded stocks.

Top life insurance companies – despite economic turbulence – have maintained **A+ or better ratings, always paying death benefits** and providing uninterrupted income from annuities. In short, **insurance policies and other investment vehicles offered by major life insurance companies have been a good, safe investment when backed by the general account of the life insurance company and protected by state guarantee funds**. Even in the Great Depression, when more than 10,000 banks failed, almost 100 percent of all life insurance policies and annuities were unharmed.

This is why the **nation's largest banks choose to position huge sums of their Tier 1 reserves in insurance**. Major insurance companies have a long history of being prudent with their premium funds. They often **loan no more than 90 percent of the funds they take in – as opposed to banks that loan out 10 times existing deposits**. This type of leveraging is why many banks failed between 2008 and 2012, had overnight takeovers and name changes, and latched onto the $700 billion *Troubled Asset Relief Program*.

If nothing else, a **highly experienced insurance professional should review your existing policies** to see if they **are performing the way you intended** and make sure they meet your needs for your current age, income requirements or financial status of heirs. It is important to remember if need be, **you may be able to draw on funds you have in a policy – long before you die, even within the first year of the policy being written**.

There are **different strength insurance carriers**. A seasoned insurance professional can tell you if the strength of your insurance company meets your particular needs. Call our office at **561.689.1000** to speak with one of our trusted insurance advisors and **allow us to put our years of experience and expertise to work for you**.

Richard S. Bernstein, CEO of Richard S. Bernstein & Associates, Inc., West Palm Beach, is an insurance advisor for high net worth business leaders, families and charitable organizations. An insurance advisor to many of America's wealthiest families, he is a writer, trusted local and national media resource and expert speaker on estate planning and health insurance. You may contact him at 561.689.1000, e-mail him at rsb@rbernstein.com or visit his website at www.rbernstein.com to schedule a confidential consultation.