

## **IFA (Immediate Financing Arrangement) Vs IBC (Infinite Banking Concept)**

### **Tool**

Participating Dividend Paying Whole Life insurance and similar policy design

### **Insurance companies best suited**

IBC: Mutual Company - preferred

IFA: It could be any company with the right product

### **Loans Type**

From insurance company - unstructured policy loan

From Bank - secured line of credit

### **Loan Repayment**

IBC: set up by policy owner

IFA: Set up by bank - minimum payment interest only has to be paid

### **Ideal Client**

IBC: Everyone - who wants to control the process called banking

IFA: High net worth, need for high permanent life insurance - for tax and estate planning, high premiums - need access to a lot of cash for business or investments - they should also have separate policies for becoming your own banker

### **Qualification: let's assume policy is in place**

IBC: no qualification for loans

IFA: Financial qualification with the bank - fees - minimum may be \$2000 - initial set up fee and ongoing annual fee may be required in addition to interest payment

### **Tax advantage**

IBC: policy loan - interest can be deducted if the policy loans are used for taxable gains

IFA: interest on bank loan and portion of premium is tax deductible

### **Loan available**

IBC: 90% of cash value

IFA: 90-100% of Cash Surrender Value

### **Outstanding loans**

Do not impact daily cash value growth, dividends, death benefit growth

### **Outstanding loans**

When death occurs: gets paid at death by tax free death benefit

## **IFA doesn't replace controlling the banking function**