

Why Die Twice?

Financial Strategies for Purpose Driven People

As someone once said, “There are few things in life less important than the score at halftime.” Unfortunately when you die it is only halftime. The final score is not determined until nine months later when the IRS collects the government’s share of your estate.

Wealthy people die twice. First, the physical death everyone is appointed to experience, then the financial death reserved for people of high net worth.

Unbelievable as it may seem, the moment you depart this life, Uncle Sam, mostly ignoring your bequests, may become the largest single benefactor of your estate. In fact, Uncle Sam may “inherit” 50% of your estate before your chosen heirs receive anything you had for them. The estate tax must be paid in cash – not bricks and mortar.

Formerly there were only three methods of paying estate taxes:

1. The 100% Method
Cash or sell assets or cash.
2. The 100% Plus Method
Borrow – then repay principle plus interest.
3. The Discount Method
Buy life insurance

But for people with a \$5,000,000 plus net worth there is a fourth solution: The Leveraged Method. Most financially successful people got there using OPM – Other People’s Money. Surely it makes sense to pay for life insurance with someone else’s money rather than tying up investable capital in a life insurance policy. Instead of paying cash to fund life insurance, a bank lends the money each year to pay the premium. After death of the insured, the bank loans will be repaid, plus interest, from the death benefit. Life insurance pays for your life insurance. Your estate or business does not have to die with you. You can prevent the second death. Visit: