

## **Excerpt from 'The Pirates of Manhattan' book by Barry Dyke**

Don Blanton, President of MoneyTrax and one of the leading authorities on life insurance and financial planning in the United States, was at his residence in New Orleans during Hurricane Katrina, one of the greatest natural disasters this country has ever seen. Property damage as we know was of an incredible magnitude. Don gave permission to reprint part of his 2005 fall newsletter. It illuminates the benefits of having cash value equity in your life insurance instead of a home.

*"I could never have anticipated the impact of Hurricane Katrina. We have been in the paths of hurricanes many times but never dreamed a hurricane could change our lives forever. I have believed in the conviction that cash value is more valuable than home equity and have preached that message for over twelve years now. I have encouraged my clients over the years that having their home paid for is a desired position but doing so in a way that gives up liquidity, use and control may not be the best way to reach that goal. My personal opinion is that when you have cash value equal to your mortgage balance your home is paid off. Having the money to write the check if you desire is most comforting. It is not necessary to have your home paid off. You need the money.*

*Hurricane Katrina has further solidified my personal convictions about where one's money should be located. I have clients on the Gulf Coast that lost everything in the storm. "Everything" is hard to imagine. You can't. If you could have heard the phone calls of some of my clients and their tears and cries, you would have a better idea. Those who had their homes paid for are in for a rough time working with insurance companies and talking to attorneys trying to get back to square one. Property values most likely will not get back to pre-hurricane values even when the home has been replaced. In any case, it is going to take years. They had no mortgage, but now they have no money and many have no job. The entire equity is in the hands of the insurance adjusters. Many have been offered checks much less than what it will take to rebuild. Many have taken the money today in an effort to move on with their lives even at a loss.*

*Clients who had their equity in cash value had a much different reaction to their tragedy. Their mortgage company has frozen their payments due and even waived payments until the first of the year on homes in the area. Even on homes that were not affected. Meanwhile, they have access to their cash value. They have secured loans on their contracts to put a down payment on a new home to live in until they receive their insurance settlements on their damaged home. This has provided a seamless opportunity to get their families and jobs back on track. They will one day sell the home they are in today, pay off the loan balance on the insurance policies and return to their original home. Those who did not have access to their money were not able to move fast enough to purchase the few homes on the market and available.*

*I am more convinced now than the day I got in the insurance business. Insurance is the greatest product ever invented and cash value is much more valuable than home equity. If you do not believe it, come to New Orleans or the Gulf Coast of Mississippi and try to*

*tell folks who have lost everything who thought having their home paid off is a safe position.”*

High cash value life insurance has many characteristics more common with banking than life insurance as we traditionally think of it. Maybe that is why banks buy so much of it. However, when you analyze where your cash must reside, and your cash must reside somewhere, a life policy is in so many ways a superior warehouse, perhaps the best warehouse within our economic system. Again, you would be receiving these benefits simultaneously:

- The money is being professionally managed (*by conservative long term actuarial planners*)
- There are guarantees on the money higher than a checking account
- There is additional interest on the money in the form of dividends
- The money growing within the policy is not being taxed like a bank
- You have access to your money
- There are death benefits in case someone dies and disability benefits to fund the program if someone becomes disabled
- In the state of Illinois, there are various protections on death benefits, disability benefits, and cash value in the case of lawsuits, bankruptcies, etc.
- Life insurance is an engineered system designed to accept additional deposits. It is the ultimate holding tank for money, yet you are not locked out of an account because of government regulations.

Credit is the lifeblood of a family and a business. Once you understand the mechanics of permanent high cash value life insurance, you will understand that the product can become your own bank or the infrastructure of your very own finance company. Life Insurance loans provide certainty in a very uncertain world.

For more information on using Life Insurance as a banking concept you can watch a short 12 minute video on our website at [www.americancollegefunding.net/byob.htm](http://www.americancollegefunding.net/byob.htm) and read the white paper for a further explanation of how it works, or please give us a call.

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