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The Bank that Failed to Fail, Even During The Depression - **Mutual Whole Life Insurance**

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BETHESDA, Md., Sept. 3 /PRNewswire/ -- During the worst banking crisis since the 1930s, when 9,000 banks failed, nervous depositors are overlooking the bank that even the Great Depression couldn't put out of business, says author and investment guru John E. Girouard.

"Many people would sleep better and be in better financial shape if they remembered the lessons their grandparents learned the hard way," he says. "The one financial institution that withstood the economic collapse of the Depression was life insurance."

Girouard says those who held what is called "participating" or "mutual" whole life policies, which dominated until the 1970s, "had essentially stashed money in their own bank. Policyholders can borrow against the cash value of accumulated premium payments, and the cash value earns untaxed income."

Mutual whole life policies have historically earned more than taxable bank CDs, and carry ironclad guarantees: your cash value and the death benefit is secure.

"People like to save and hate to borrow," Girouard notes. "They don't realize that when you save in a bank, you're lending it money that it lends to others to make a profit for its shareholders. When you borrow from the bank, the interest you pay is the bank's profit."

He says two of the most confusing words in the financial services industry that cause people to make mistakes that can cost them millions over their lifetimes are "saving" and "loan."

"These two words have different meanings when used by these two different financial institutions. People think it's a cost when they pay their whole life premium, when actually they're saving cash in historically one of the safest places there is. Then, you can borrow those premiums at will from 'The Bank of You,' and when you repay the loan, you're paying it to yourself. Meanwhile any unborrowed premiums continue to earn untaxed income."

But people get hung up on the idea that they are incurring debt, even when they're borrowing their own premiums, says Girouard. "It's one of the most difficult ideas to get people to understand and embrace, even though the Greatest Generation understood and benefited from it for decades."

John E. Girouard is author of "The Ten Truths of Wealth Creation" (www.johngirouard.com), and CEO of Capital Asset Management Group.

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