

From Frustrated to Flexible Liquidity

Edward's iLOC Added Living Benefits to His Whole Life Insurance

Summary

Edward had been borrowing against his insurance cash value for years when his Advisor told him about a new option on the market, Inclined. After making the switch to an Inclined Line of Credit (iLOC), he's benefited from having overnight access to funds, automatic increases to his credit limit¹, and never needing to renew his line. The flexibility of the iLOC has changed the way Edward thinks about the value of his life insurance policies, and enables him to optimize the use of his family's available cash.

Edward's Story

As a financially savvy husband and father of two, Edward had made the decision years ago to purchase Whole Life Insurance from Northwestern Mutual. He appreciated the permanence of the death benefit for his loved ones, and his Advisor had assured him that he'd be able to access the cash value during his lifetime if he needed.

When he was presented with an exciting investment opportunity, Edward picked up the phone to call his Advisor. *"I needed liquidity,"* he shared, *"and it was a bigger number than what I typically leave lying around in cash."*

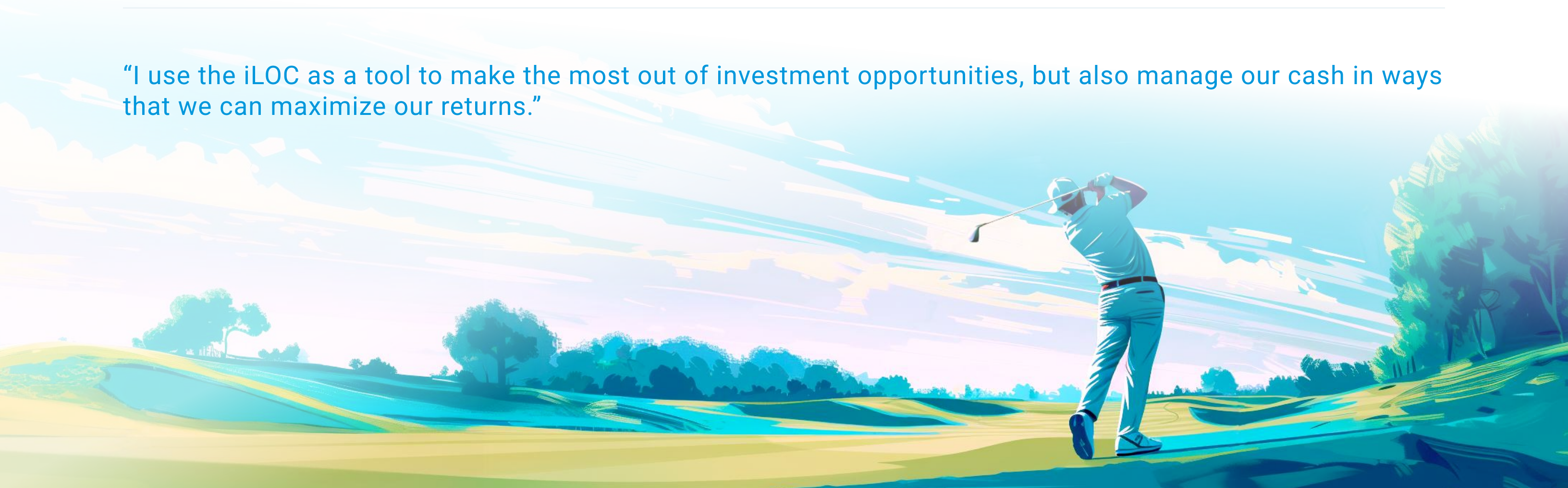
Edward was fairly sure he wanted to take out a loan against his cash value. His Advisor educated him on options available to him, which included a policy loan from Northwestern Mutual or working with a third-party lender. *"My CPA gave me the advice that I could only deduct the interest if I borrowed through a third party as opposed to using a policy loan,"* he added.

His Advisor agreed an insurance-backed loan was a good option and directed him to the limited market of banks that offer that option.

"Setting up that first loan was arguably the most painful, long, drawn-out financial transaction I've ever been through in my life," Edward reflects. He was surprised by the amount of paperwork and processing time that was required to access the cash value of his policies. The entire process took about 10 weeks and he had to provide documentation including tax returns and a personal financial statement. *"It was needlessly invasive,"* Edward reflected, *"This is a cash-secured loan. I kept asking myself why it had to be so complicated – and it took longer than a mortgage!"*

Once the loan was open, the paperwork and burden continued. *"Accessing my funds started with calling the bank, then filling out a request form they'd send. Usually 2-3 days later I'd get the deposit into my bank account."* He accepted that as the less-than-ideal standard. *"I was more annoyed that I had to renew my line every two years! It was a hassle to have to go through the paperwork process all over again so frequently."*

"I use the iLOC as a tool to make the most out of investment opportunities, but also manage our cash in ways that we can maximize our returns."



Years later, Edward's Advisor became aware of the Inclined Line of Credit (iLOC). At an annual review meeting as Edward griped that he had to go through yet another renewal with the bank, his Advisor brought up the option of refinancing the loan with Inclined. Edward was reluctant at first, but he would benefit in several ways by switching to Inclined: he was getting a better rate, he would have overnight access to his funds, and the line would be permanently revolving, meaning he would never have to renew it again.

"I was dreading the process, but there were enough good reasons to give it a try," he said, "...and I was pleasantly surprised!"

Edward found the process of refinancing with Inclined to be *"incredibly simple,"* and it took much less time than he was expecting. *"It was much less invasive. A simple credit pull and I was done – no need to provide my full financial status. It made a lot more sense."*

"The first time I did a draw and had the cash available overnight changed the way I thought about my policies and the amount of cash I actually need to keep on hand."

Now set-up with two revolving iLOCs, Edward uses his accounts regularly: one for investing purposes, and the other for fast liquidity for various family needs. *"The first time I did a draw and had the cash available overnight changed the way I thought about my policies and the amount of cash I actually need to keep on hand,"* he shared. *"[My iLOC] lowered my stress level, knowing that I'm 12-hours away from 95% of my cash value if anything bad happens."*

Another game-changer for him was that Inclined automatically evaluates his line for increases twice each year. *"I know my cash value is growing every day, and periodically I log in and realize my line has increased with no effort on my part!"* he shares. *"With my old lines, I would have to call the bank to ask [for an increase], and some would only do it at the 2-year renewal."*

"If I truly understood how liquid cash value could be and how flexible and dynamic these policies are, I would have made them much bigger."

As Edward reflects on the value of the iLOC for him and his family, he emphasizes the way it has changed how he thinks about the value of his whole life insurance policies, and the impact it has made on his management of cash. *"If I truly understood how liquid cash value could be and how flexible and dynamic these policies are, I would have made them much bigger,"* he says. *"I use the iLOC as a tool to make the most out of investment opportunities, but also manage our cash in ways that we can maximize our returns without ever having fears about liquidity in case something unexpected happens."*

At Inclined, we call these the *"living benefits"* of cash value insurance.

¹ When an iLOC account is active and in good standing, Inclined evaluates the credit limit twice per policy, per year and generally increases it with the value of the policy. However, credit limit increases are discretionary and are not guaranteed.

