

Smarter Premium Payments with Inclined

Significant Savings for Policyowners

Inclined's features can save policyowners significantly on their premium payments. This case study demonstrates that those savings can add up to huge potential – up to \$64,850 for a 35 year old purchasing a policy paid to age 65 with \$1M of initial death benefit.

Not All Premium Frequencies Are Created Equal

The way a whole life policyowner pays their premium matters more than you might think – when a policyowner elects to pay more often than once per year, they are effectively taking a one year loan from the policy's insurance carrier, which they pay back in 2, 4, or 12 payments. These “loans” have interest, typically called Modal Factors, and can amount to APRs over 13%, all for the convenience of paying in smaller installments for the exact same coverage and cash value growth.

If a policyowner pays the premium as a lump sum, there are no interest charges. If they prefer to pay monthly, quarterly, or semi-annually, using an Inclined Line of Credit can mitigate some of the cost, while opening possibilities for additional financial growth.

What are Modal Factors?

Modal factors are effectively the interest a policyowner pays when they elect any payment mode other than annual. Policies that are paid monthly are extremely common.

Current Modal Factor APRs

Carrier	Annual	Semi-Annual	Quarterly	Monthly
Carrier A	0.0%	7.8%	7.8%	7.7%
Carrier B	0.0%	9.6%	9.5%	9.5%
Carrier C	0.0%	12.4%	13.6%	6.5%

Example: Carrier B \$10,000 Annual Premium vs. Monthly

Frequency	Premium	Per Year	Total Paid	Interest	APR
Annual	\$10,000.00	1	\$10,000.00	\$0.00	0.0%
Monthly	\$870.00	12	\$10,440.00	\$440.00	9.5%

How does Inclined help?

Inclined offers a revolving, evergreen line of credit – the iLOC – that uses the cash value of whole life policies as collateral. The iLOC features an easy application, overnight online draws¹ & payments, advanced autopay, competitive rates, and never charges any fees to policyowners.

Inclined's rates, as low as Prime minus 1.25%, are typically lower than the interest charged on monthly, quarterly, or semi-annual premium modes. A policyowner can use their iLOC to pay the premium annually, then make regular payments to their iLOC instead of to the carrier. They will pay on the same frequency they do today, and their policy will grow just the same, but payments are typically smaller and can save money.

In our example, a 35 year old purchasing a policy with \$1M of initial death benefit and premiums paid until age 65 would save \$471.91 per year due to Inclined's lower interest rates:

Example: Carrier C \$16,760 Annual Premium vs. Quarterly

Quarterly Premium	APR	Quarterly Payment	Total per Year
via Carrier C	13.6%	\$4,402.01	\$17,608.05
via iLOC	Prime - 1.25% (Currently 6.00%)	\$4,284.03	\$17,136.14
		Savings	\$471.91

Assumes premiums and iLOC payments are made on the first day of each quarter and statement periods are aligned to quarters

If the policyowner took the \$471.91 they saved each year by paying the quarterly premium via Inclined and invested it in the S&P 500, here's what their position looks like heading into retirement at age 65.

Quarterly Premium	Age	Cash Value	Death Benefit	Invested Balance
via Carrier C	65	\$886,262	\$1,720,001	\$0
via iLOC	65	\$886,262	\$1,720,001	\$64,850.33
			Additional Assets	\$64,850.33

Assumes \$471.91 invested Jan 1 each year and held. Investment performance follows actual S&P 30 year annual gains 1996-2025

¹ Once an Inclined Line of Credit is opened, policyowners can use our online portal to make draws that process overnight. Funds arrive at the receiving bank the next business day, fund availability subject to receiving bank's policies. In some cases, it may take 2 business days.

• Carriers A, B, and C are top 20 US life insurance carriers based in Milwaukee (WI), Springfield (MA), and New York (NY) respectively.

How Do Policyowners Start Saving Money On Premiums With Inclined?

Most – but not every – policy configuration will save money with Inclined, so consult the tables below or ask a Financial Advisor.

There are 4 simple steps to start saving money on your premiums with Inclined:

- 1 **Open an Inclined Line of Credit (iLOC) on the policy**
- 2 **Switch the policy's premium mode to annual**
- 3 **Login and make a draw from the iLOC to pay the premium**
- 4 **Make the payments that would normally go to the carrier on the iLOC. This can be done in one of two ways:**
 - a. **Set up Autopay.** By default, Autopay on iLOCs with existing balances will include all interest from premiums and prior balances. Change it to set Autopay to pay the interest plus principal (e.g. 1/12 for monthly); or
 - b. **Login and make regular payments.** To calculate your payment use the tables in the appendix, adjusted for your premium amounts

That's all it takes to start saving!

More About the Inclined Line of Credit

Inclined gives whole life insurance policyowners a cost-effective, simple way to access the cash value they have built in your policies. The Inclined Line of Credit (iLOC) is easy to apply for, easy to use, and designed to give them the ultimate freedom and flexibility when accessing your cash value. Top features of the iLOC include:

- ✓ **Evergreen line** - Policyowners will never need to re-apply to renew their line of credit. Once it's open, it'll stay open as long as the policyowner wants it.
- ✓ **Overnight draws²** - Link a bank account to an iLOC to draw funds quickly from the account online.
- ✓ **Automatic credit limit evaluations** - As the policy's cash value grows, Inclined will automatically evaluate the line for credit limit increases³.
- ✓ **Not Reported to Credit Bureaus⁴** - Inclined does not report iLOCs as outstanding debt to the credit bureaus.
- ✓ **No fees, ever** - Inclined doesn't charge you fees for your line, whether you use it or not.

2 Once an Inclined Line of Credit is opened, policyowners can use our online portal to make draws that process overnight. Funds arrive at the receiving bank the next business day, fund availability subject to receiving bank's policies. In some cases, it may take 2 business days.

3 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.

4 To verify someone qualifies for an Inclined Line of Credit, we will request authorization for a soft credit pull that will not affect their credit score. If they later agree to a line of credit, we will pull a hard credit report that may impact their score. We will tell them before this happens.

• Carriers A, B, and C are top 20 US life insurance carriers based in Milwaukee (WI), Springfield (MA), and New York (NY) respectively.

Appendix: Policy Configurations and Savings

Savings with Monthly Autopay w/ Interest plus Principal vs Carrier Rates

			Savings per Year per \$10,000 of Annual Premium				
	Freq.	Modal APR	5.25% Intro	P-1.25% (6.00%)	P-1.00% (6.25%)	P-0.50% (6.75%)	P+0.50% (7.75%)
Carrier B	Monthly	9.5%	\$155.57	\$114.95	\$101.41	\$74.32	\$20.16
Carrier A	Monthly	7.7%	\$71.63	\$31.01	\$17.47	No Savings	No Savings
Carrier C	Monthly	6.5%	\$15.57	No Savings	No Savings	No Savings	No Savings

Savings with Manual iLOC Payments vs Carrier Rates

			Savings per Year per \$10,000 of Annual Premium				
	Freq.	Modal APR	5.25% Intro	P-1.25% (6.00%)	P-1.00% (6.25%)	P-0.50% (6.75%)	P+0.50% (7.75%)
Carrier B	Semi-Annual	9.6%	\$104.45	\$86.22	\$80.16	\$68.05	\$43.93
	Quarterly	9.5%	\$159.60	\$131.61	\$122.28	\$103.64	\$66.37
Carrier A	Semi-Annual	7.8%	\$62.45	\$44.22	\$38.15	\$26.05	\$1.93
	Quarterly	7.8%	\$95.57	\$67.58	\$58.26	\$39.61	\$2.35
Carrier C	Semi-Annual	12.4%	\$170.45	\$152.22	\$146.15	\$134.05	\$109.93
	Quarterly	13.6%	\$309.56	\$281.57	\$272.25	\$253.60	\$216.34

iLOC Payment Amounts per \$10,000.00 of Annual Premium

	5.25% Intro	P-1.25% (6.00%)	P-1.00% (6.25%)	P-0.50% (6.75%)	P+0.50% (7.75%)
Monthly Auto Pay	Int. Due + 833.34	Int. Due + 833.34	Int. Due + 833.34	Int. Due + 833.34	Int. Due + 833.34
Semi-Annual Manual	\$5,064.77	\$5,073.89	\$5,076.92	\$5,082.97	\$5,095.03
Quarterly Manual	\$2,549.11	\$2,556.11	\$2,558.44	\$2,563.10	\$2,572.41

- Carriers A, B, and C are top 20 US life insurance carriers based in Milwaukee (WI), Springfield (MA), and New York (NY) respectively.
- These numbers were calculated when WSJ Prime was 7.25%. Check current Prime rates to calculate your specific numbers.