Funny Banking Rules Example

1) - 0 - Balance *(first 2-3 years)*
2) 1 - 4 % *(interest earned on account)*
3) 5 - 8 % *(to borrow your own money)*
4) 6 Months *(bank can hold money)*
5) Keep Money *(if you die)*

X ____________________________________

Would you sign off on something like this?

Would anyone knowingly save money in a place like this?

What's the key word?

If *you* had money in a place like this would you want to know about it?

If your family or friends had their money there, would you want them to know?

If you found out you had your money in a place like this and you could move it, would you?

$400 Billion currently in accounts like this.
40/1 (Every time we replace 1, they write 40 new ones)

WHOLE LIFE
(Funny Banking Rules & Refrigerator Story)

(If the answer to "are you saving money in life insurance?" has been No, then skip the Funny Banking and Refrigerator Examples.)

Funny Banking

A lot of people that I know are saving money in life insurance . . . are you guys saving money in life insurance like that? It's got savings and if you need it you can borrow it . . . now when you bought that, why did you buy it? Did you buy it for the savings or did you buy it for protection? Or did you buy it for a combination of both? What was the main reason? Okay, how long have you had that? Now, do you have the policies here? Do you know where they are? *(Depending on rapport, you can have them get the policies now.)* Could you just do me a favor and get them? I want to show you something. *(Insert Client Name)* if you'll go get them, I'd really appreciate that.

Let me just do this . . . pretend for a minute that you got a letter from your bank. I'm going to give you the five rules of this bank. What they've done is sent you a letter in the mail and they've told you that they are going to change all the rules of checking and savings accounts. Now here are the new rules of your savings and you've got to sign off on the rules before they make the changes.

1) All new deposits will have a zero balance for the first 2-3 years.
2) Then they will pay you 1-4 % interest from then on.
3) If you need money, you will have to borrow it and you'll pay 5-8 % interest to borrow your money that was earning 1-4 % (that wasn't even there for the first 2-3 years).

How do you like it so far? Okay . . . these are the rules though . . . the 4th rule is . . .

4) The bank has the right to hold the money for up to 6 months. So, if you have an emergency you need to know six months in advance, okay.
5) Oh yeah, and number 5 is if you die . . . you know how when someone dies, sometimes families will bicker and quarrel about the money . . . we don't want that to worry you, so when you die, the bank is going to just keep the money and your family won't have to quarrel over it.

So those are the rules . . . would you ever sign off on that? Would anyone knowingly save money in a place like this? What's the key word? Right, knowingly. No one would knowingly do it. So if *you* had your money in a place like this would you want to know about it? If your friends or family had their money there, would you want them to know? If you found out you had your money in a place like this and you could move it, would you? You'd get it out of there, right? Okay.

That's one of the things that *(insert trainee's name)* wanted you to see. Because *(insert trainee's name)* was in a similar situation. See this policy that you've given me . . . see this Whole Life *(show on front page)* . . . I'm going to do an analysis later back at the office, but there is a good chance that every one of these rules or most of these rules exist in this contract. Let me give you a quick example. I'm just going to turn to the cash value page here and this shows ho your savings is building. How much does it show you have after the 2nd year in there? So that shows you that 1st rule I told you about where I said there would be a zero balance for the first 2-3 years.

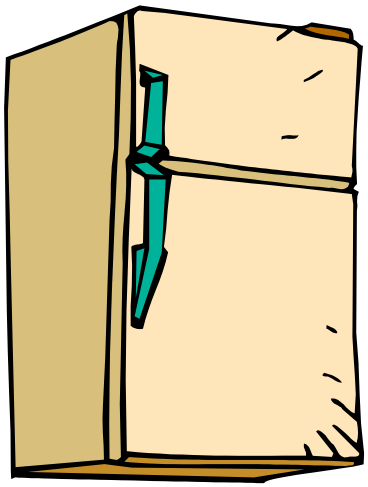
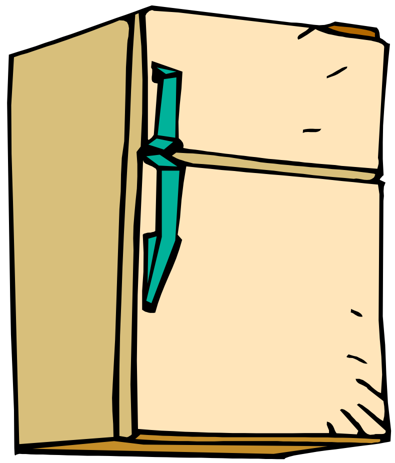
Here's another one . . . there's a provision that they allow you to borrow the money if you need it. Now whose money is it that you're borrowing? {WFA} Well you're not, you really can't borrow your own money . . . it's theirs . . . once you've given it to them, it's your premiums that have created it but now you're borrowing their money.

Okay, as a matter of fact, see the loan interest rate? It says here that if you want to borrow money what's the interest rate? Okay, and I'll show you when I do the analysis that you are probably only earning 1-4% . . . then if you die, if you'll notice here, it says right on the front, if you die the company will pay the face amount. *(At this point, show the cash value at age 65 and the face amount.)* If you die what does your family get? So where does the cash value go? That's right, they keep it if you die. So I'll show you all of this in detail . . . if you want I'll do a complete analysis for you . . . this is just unbelievable. But I don't want you to feel bad about this. There are 400 billion dollars currently that sit in accounts like this . . . as a matter of fact, what's even more amazing is that every time we help someone get out the insurance industry writes 40 to 50 new ones . . .

(Then move on to Refrigerator Example.)

‘Funny Banking’ Example

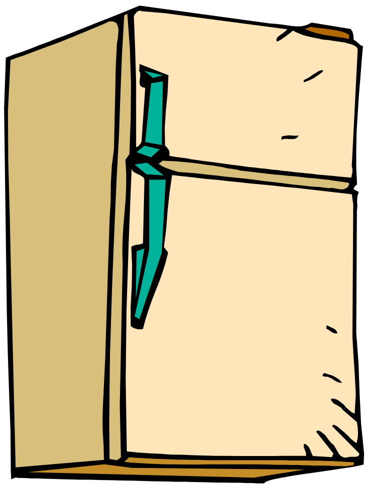
Rule of 72 / 12%

A	B
	
$2,000	**$1,000**
36 years	**36 years**
$4,000	**$0**

1	**$ 1,000**
6	**$ 2,000**
12	**$ 4,000**
18	**$ 8,000**
24	**$16,000**
30	**$32,000**
36	**$64,000**
	$ 4,000
	$60,000

‘Funny Banking’ Example

A

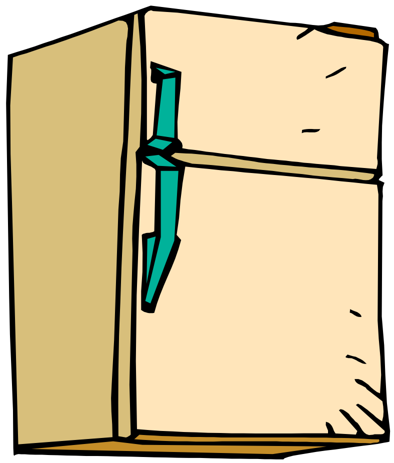


$2,000

____ years

$________

B



$1,000

____ years

$________

Rule of 72 / 12%

1	**$______**
6	**$______**
12	**$______**
18	**$______**
24	**$______**
30	**$______**
36	**$______**
	$______
	$______

(After Funny Banking Rules Example)

Refrigerator Story

Well, let me help you to understand it . . . you really didn't buy it, it's really sold. So let me give you and example of how people end up with something like this cause I don't want you to feel bad . . . everybody has it.

Let's pretend we're looking to buy a refrigerator here for a minute, and we have Refrigerator A and Refrigerator B. Now refrigerator A and B are identical . . . A is a $2,000 refrigerator . . . Refrigerator B is a $1,000 refrigerator. *(Draw 2 boxes to indicate refrigerators)* Now if that's the only thing you knew and they were both identical, which one would you take? B – obviously . . .

Okay, they both have a 36 year money back guarantee (*indicate this under drawing)* . . . now which one would you take? Still B. Okay, now I'm going to add a new rule at the end of this 36 years . . . with Refrigerator A you're going to get all of your money back doubled – that's $4,000. But with Refrigerator B you get nothing back. *(Indicate this under 36 years)* Now which one do you like? A. That's the one most people pick . . . most of the time everybody picks A.

Now, I'm in the refrigerator business and here's what I'm going to do . . . I'm going to buy Refrigerator B for $1,000 and sell it to you guys for $2,000 and that's going to leave an extra $1,000 extra for me. And with the rule of 72, if I'm able to get 12% on that, my money will double every six years right? So now my money will double in 6 years, 12 years, 18 years, 24 years, 30 years and 36 years. So I'm going to have $2,000, $4,000, $8,000, $16,000, $32,000, and $64,000. *(Off to the right side, write the years & amounts as you talk.)* I'm going to end up with $64,000 and I owe you $4,000 right? I give you your $4,000 and you're happy right? And I keep $60,000, so I'm happy right? Who's happier?

Ok, now here's the point of it all. If I had ever shown you this part and boxed this option B and called it Buy B and Invest the Difference which is C (*put new box around B and amounts)* . . . and I said you could buy A where you put $2,000 in and get $4,000 back . . . buy B where you put $1,000 in and get nothing back, or you could buy C where you put in $1,000 in the refrigerator and $1,000 in savings and get $64,000 back . . . would you have ever picked A if I had given you all that information in the beginning?

So then why is it that most people buy A when I showed it to them? That's right, it looked better without all the information. Was it? But it looked it . . . and I didn't give you enough information right *(insert client name)* to make the right decision.

Refrigerators aren't sold this way, but this is how life insurance is sold every single day and if you ask an insurance agent, this A over here is an example of Whole Life insurance and B is an example of Term insurance.

And if you ask any insurance agent which is better, here is what they'll typically tell you . . . Whole Life is better because it's permanent . . . Whole Life you put money in but you can get money out so you're not wasting your money. Okay, you could borrow on it if you need it . . . so you don't have to die to win . . . at then end you get money out.

Term, they say isn't any good . . . they say it's temporary, that it pays you only if you die . . . that you don't get anything back at the end and it's like throwing your money down the toilet. They say that Whole Life is like owning and Term is like renting . . . would you rather own a home, *(insert client name)* or rent a home? Exactly, so that's why you want permanent coverage . . . and so if you don't know any different you end up taking Whole Life.