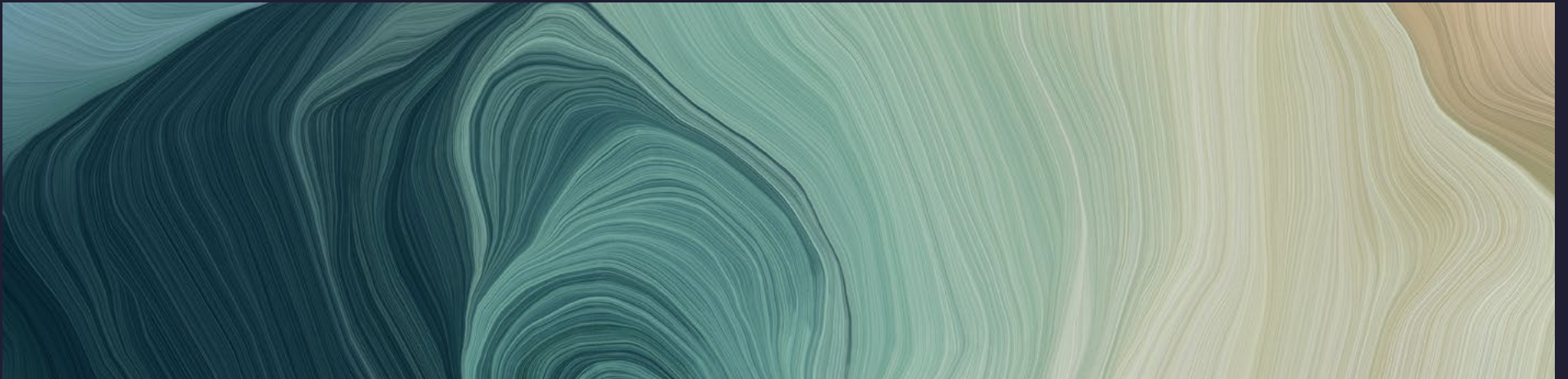


# More than a Policy

Life Insurance as a Wealth Strategy



optifino

By: **Michael Doniger**

The common understanding of life insurance is that it is a safety net, a promise to protect loved ones when the unthinkable happens. But this narrow perspective overlooks a compelling reality: the right life insurance policy can serve as a powerful wealth-building tool.

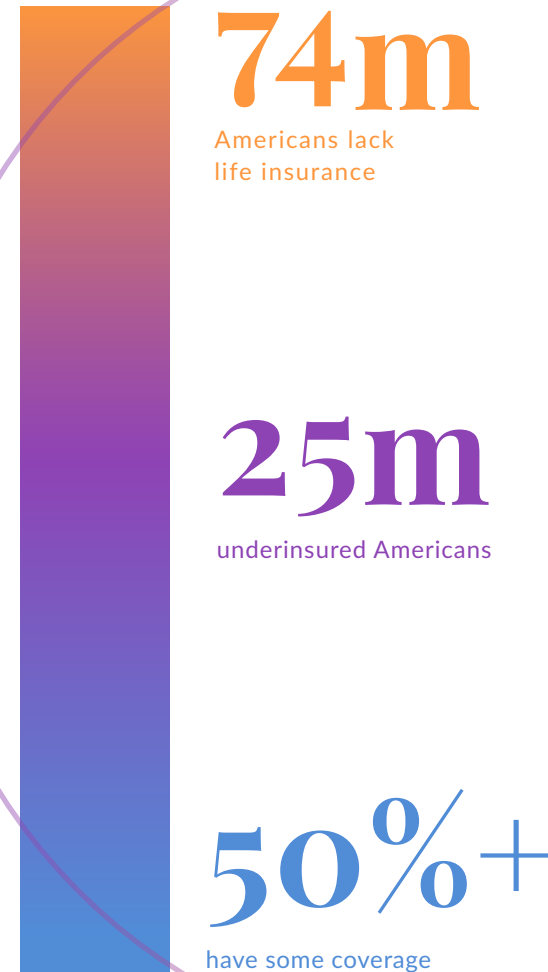
According to LIMRA, while more than half of Americans carry some coverage, 74 million still lack life insurance entirely, and another 25 million remain underinsured.<sup>1</sup> Unfortunately, countless policyholders have policies that were sold rather than strategically selected, and this coverage often fails to align with their true financial objectives.

The disconnect stems from an industry plagued by aggressive sales tactics pushed by captive agents presenting limited options. The result? Wealth managers regularly discover clients with suboptimal policies that neither maximize protection nor capitalize on wealth-building potential. With Reg BI now expanding to the life insurance industry,

requiring financial professionals to act in their clients' best interests, there's never been a more critical time to evaluate whether your clients' life insurance strategies are truly serving their long-term financial goals.<sup>2</sup>

Here's what many don't realize: permanent life insurance policies aren't just for protection, they are sophisticated financial instruments offering unique advantages that traditional investments cannot replicate. Think of it this way: while term life insurance is like renting protection, permanent life insurance is like buying real estate that appreciates over time. The difference is that this "property" comes with unique tax benefits, flexible liquidity options, and wealth transfer capabilities that can influence a family's financial trajectory for generations.<sup>3</sup>

The question isn't whether your clients need life insurance, it's whether they're leveraging its full potential for protection and wealth-building.



<sup>1</sup> [https://www.limra.com/en/research/research-abstracts-public/2025/2025-insurance-barometer-study/ensuring-a-protected-tomorrow-with-life-insurance-partial-infographic/?utm\\_source=website&utm\\_medium=infographic&utm\\_campaign=barometer-2025](https://www.limra.com/en/research/research-abstracts-public/2025/2025-insurance-barometer-study/ensuring-a-protected-tomorrow-with-life-insurance-partial-infographic/?utm_source=website&utm_medium=infographic&utm_campaign=barometer-2025)

<sup>2</sup> <https://insurancenewsnet.com/inarticle/secs-reg-bi-at-year-5-a-glass-half-full-as-challenges-remain>

<sup>3</sup> <https://www.nerdwallet.com/article/insurance/term-vs-whole-life-insurance>

# Two Strategies for Building Wealth

The Steady Accumulator & The Flexible Wealth Builder



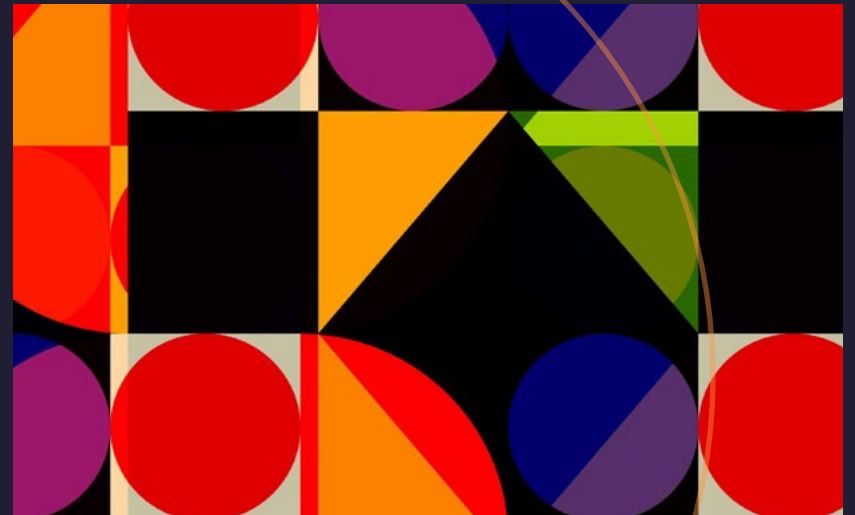
# 1

## The Steady Accumulator

### Whole Life Insurance

Whole life insurance operates like a disciplined savings plan with guaranteed returns. Each premium payment splits into two parts: one funds your client's death benefit, while the other builds cash value at a guaranteed minimum rate. This creates a predictable wealth-building foundation that's immune to market crashes.

*“The beauty of whole life lies in its certainty. Your clients’ premiums never increase, their cash value growth is guaranteed, and you can predict exactly how much wealth you’ll accumulate over time. It’s the conservative investor’s dream, steady, reliable, and completely insulated from market volatility.”*



# 2

## The Flexible Wealth Builder: Universal Life Insurance

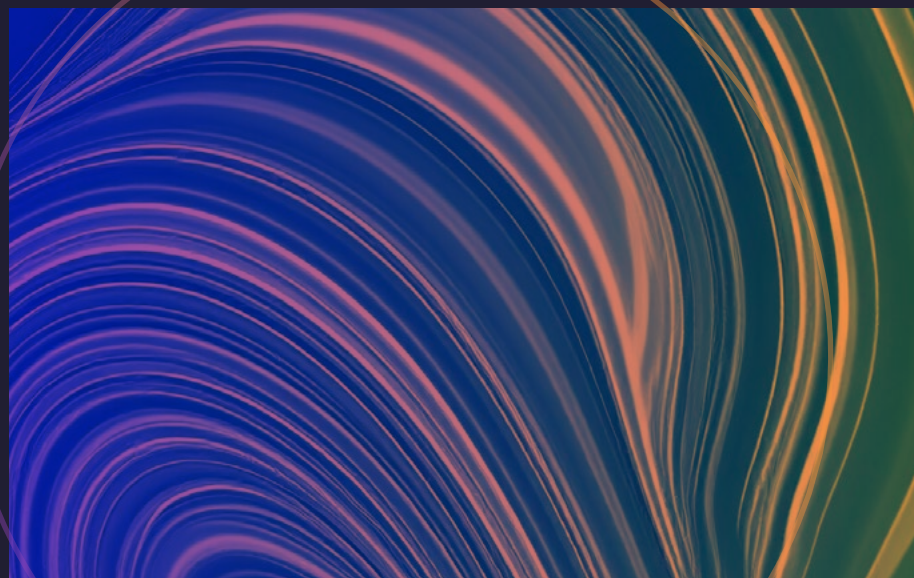
Universal life insurance delivers the wealth-building power of permanent coverage with flexibility and growth potential. Unlike traditional policies, your client's cash value has the potential to earn higher returns through market-linked indices while maintaining the ability to adjust premiums and death benefits as their financial landscape evolves.<sup>4</sup>

Consider a healthy 40-year-old executive who begins with a \$5 million death benefit and \$25,000 in monthly premiums. As their wealth expands, they seamlessly increase their death benefit to \$10 million. When market volatility strikes, they can reduce premiums to \$15,000—their substantial cash value bridges the gap effortlessly.<sup>5</sup>

At retirement, they strategically reduce the death benefit back to \$5 million, unlocking over \$3 million in accumulated cash value for tax-free retirement income. Throughout this journey, they maintain complete control over their investment allocation, shifting between conservative guaranteed accounts offering 4-5% returns and more aggressive equity portfolios with potential returns of 8-16%, depending on market opportunities and their risk tolerance.<sup>6</sup>

Variable universal life insurance elevates this strategy even further by placing investment control directly in your client's hands. They can direct their cash value into market-based investment vehicles called subaccounts (think ETFs or mutual funds), potentially amplifying their wealth accumulation potential. While this approach introduces market risk, it also opens the door to higher returns for clients comfortable with a more aggressive investment stance.<sup>7</sup>

This flexibility transforms life insurance from simple protection into a dynamic wealth management tool that adapts to your client's changing needs and market conditions.



<sup>4</sup> <https://www.investopedia.com/terms/u/universallife.asp>

<sup>5</sup> IBID

<sup>6</sup> <https://curvo.eu/backtest/en/market-index/sp-500?currency=usd>

<sup>7</sup> <https://www.investor.gov/introduction-investing/investing-basics/investment-products/insurance-products/variable-life>

# Your Client's Private Banking Solution

After 10–15 years of steady premium payments, your clients' policies can accumulate substantial cash value—much like a savings account with regular deposits—transforming into a private financial resource with multiple access strategies. Think of it like building equity in a home: the longer they contribute and the more the policy grows, the more financial leverage they have available. Unlike a traditional savings account, however, this “equity” continues earning returns even while they access it, creating a self-replenishing financial tool that has the potential to become more powerful over time.<sup>8</sup>

## The Interest-Free Bank: Policy Loans

Here's where life insurance truly shines as a financial tool for your clients: They can borrow against their cash value at competitive rates, often lower than traditional loans, without credit checks or lengthy approval processes. The loan doesn't even appear on their credit report, and they're essentially borrowing from themselves with flexible repayment terms that they control. Added bonus: the cash isn't drawn from the policy itself and has no impact on accumulation, unlike a loan against their 401(k) for instance, so their policy continues to grow and compound while they access the funds they need, giving them unparalleled financial flexibility while preserving their long-term wealth-building strategy intact.

## Strategic Withdrawals

You can withdraw your original contributions (your basis) completely tax-free at any time.<sup>9</sup> Even better, strategic withdrawal timing can help you minimize taxes while maximizing your wealth extraction.



<sup>8</sup> <https://www.insuranceandestates.com/pros-and-cons-of-the-infinite-banking-concept/>

<sup>9</sup> <https://www.bankrate.com/insurance/life-insurance/borrow-from-life-insurance-policy/>

# Emergency Wealth Access: Accelerated Benefits

Modern policies often include living benefits that let you access your death benefit early if you face serious illness. This feature transforms your life insurance into comprehensive financial protection against both death and disability, something traditional investments can't provide.

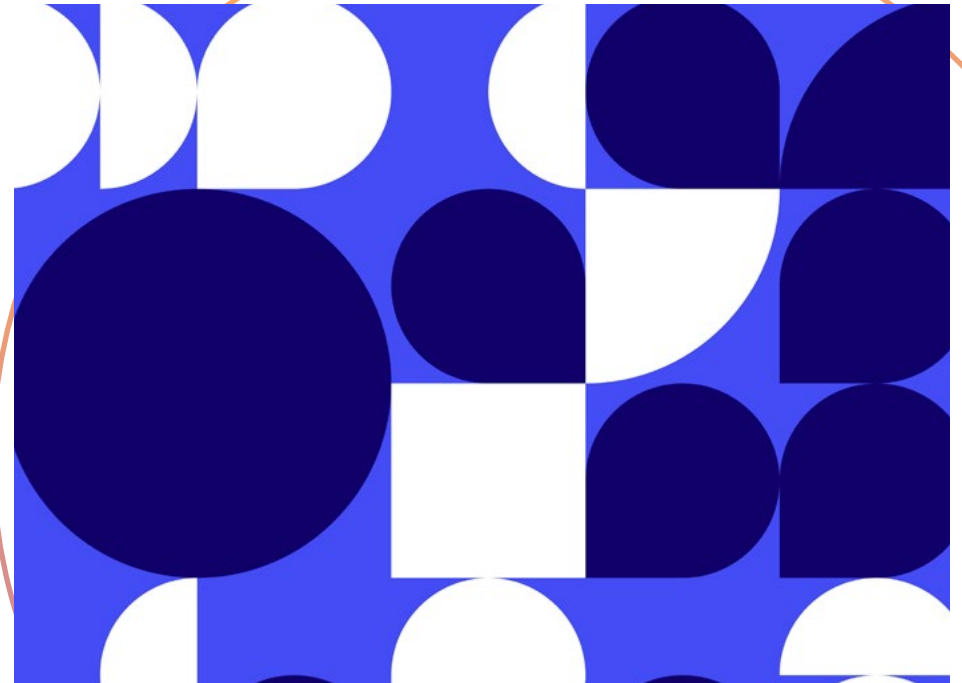
Furthermore, clients can elect a Long-Term Care (LTC) rider, which provides additional coverage for extended care services such as nursing home care, assisted living, or in-home care. These riders allow policyholders to use a portion of their death benefit to cover qualifying long-term care expenses, offering another layer of financial protection during their lifetime while potentially preserving other assets for their beneficiaries.<sup>10</sup>

## The Ultimate Liquidity: **Policy Surrender**

While not always optimal, you can convert your client's entire policy to cash if needed. This provides a final safety net that many other long-term investments lack.

<sup>10</sup> <https://www.investopedia.com/long-term-care-rider-4802409>

<sup>11</sup>



# Including Advanced Insurance Strategies in Client Plans

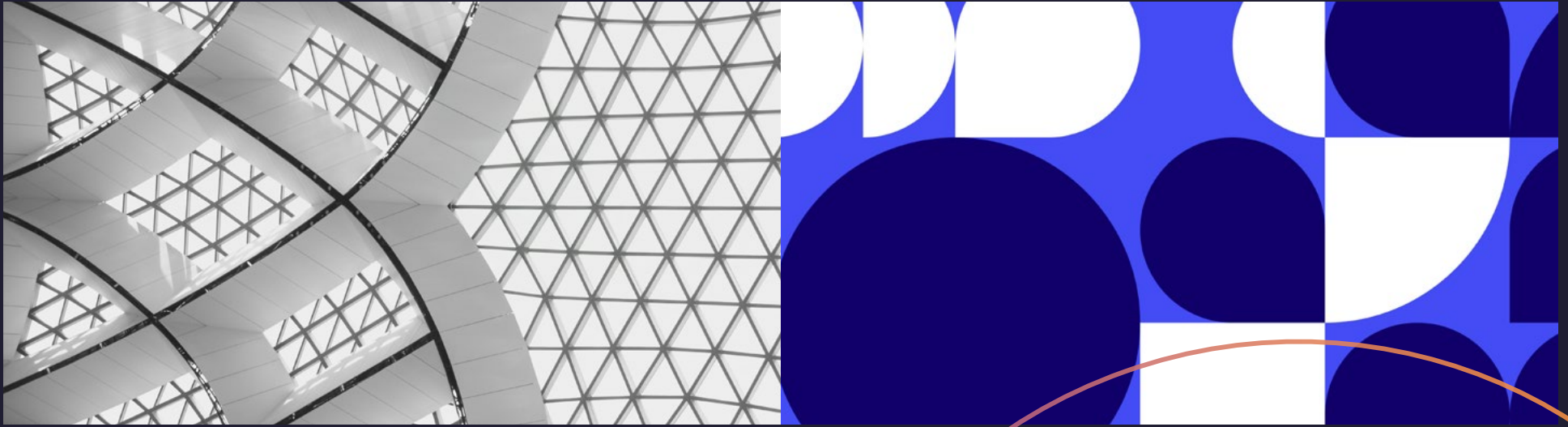
In sophisticated financial planning, life insurance transcends its traditional role as mere expense or risk mitigation tool. For discerning advisors and their high-net-worth clients, life insurance represents a strategic asset class capable of delivering tax-advantaged wealth accumulation, estate liquidity, and multi-generational legacy planning.

Optifino empowers advisors to execute these complex strategies with precision. Optimizing life insurance planning with cutting-edge AI to streamline portfolio management, our tools make it easier for advisors to visualize and identify the right insurance products for their clients at the right time. What used to take hours or even days now takes a matter of minutes. [See for yourself.](#)



Michael Doniger

Michael Doniger is modernizing life insurance by applying advanced financial modeling and big data analytics. With over 20 years in hedge funds—including leadership roles at Citadel Fundamental Strategies and Corvex—he brings a data-driven edge to Optifino as Chief Innovation Officer.



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