

# BANKNOTES

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The Nelson Nash Institute Monthly Newsletter

## Privatized BANKING: WE ALL NEED IT

L. Carlos Lara

Picture yourself having just recently returned from one of the most exciting vacations you have ever had. But you are home now and you begin reliving the trip's experience. Suddenly you are unable to understand your wife's words when she speaks to you. Furthermore, and worst of all, you are unable to share your own words and thoughts back to her. Now that would be a frightening experience for anyone. You silently ask yourself-- "has something gone wrong"? Am I ok? Am I sick? Actually, yes, there is something wrong. This is what is known as "aphasia," a language disorder that's caused by damage to the brain and caused by a serious stroke.

David Knopman, MD, a professor of neurology at the Mayo Clinic in Rochester, Minnesota, explains the signs and disorder of aphasia in this way. "The difficulties in processing or expressing verbal and written communication are obvious only to the patients themselves, or the people around them." It's not that they cannot hear those talking to them, it's a perception issue and why some doctors refer to it as "perception aphasia." In desperation to articulate their thoughts to others the pitch of their voices intensifies and it comes off as anger, but the victim cannot control it. Even though they apologize for their actions to others, nonetheless, the isolation it leaves behind for the stroke victim is intense, and it's scary to family and all others around him.

Aphasia has various causes and is usually triggered by serious trauma, like a gunshot wound to the head. If this issue is new to you and you have never heard of aphasia it's actually quite common, affecting 2 million Americans annually.

Sharon Stone, the *Basic Instinct* star and Oscar-nominee suffered a brain aneurysm in 2001 at age 43 and the subsequent cerebral hemorrhaging destroyed her career. She had lost her ability to read and has developed speech issues, including a stutter. In her own words she shares what she had to do about it. She says, "I became more emotionally intelligent. I chose to work very hard to open up other parts of my mind. Now I am stronger. And I can be abrasively direct. That scares people, but I think that's not my problem. It's like, I have brain damage; you'll just have to deal with it." That attitude is very harsh and difficult to accept, especially by family

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Another example of aphasia is what happened to Emilia Clarke of *Game of Thrones* fame. She experienced a painful headache in 2011 that she says felt like an elastic band was squeezing her brain. She was actually suffering an uncommon type of stroke caused by bleeding on the surface of the brain. During the ordeal she could not remember her name. She explains, "Instead, nonsense words tumbled out of my mouth and I went into a blind panic. I'd never experienced fear like that--a sense of doom closing in." Emilia was very lucky because fortunately the aphasia left her after a few days and she returned to herself, but she has never forgotten the experience.

This was not the case for Randy Travis, the Grammy-winning music star. He suffered a stroke in 2013 and lost his ability to talk, much less, comprehend language. Even now his struggle with aphasia continues and his ability to speak is limited. As he explains, "In my case, my brain was functioning, and I could understand what Mary (Travis's wife) said to me, but I could not respond in anything close to a sentence. When we first returned home, I could barely speak at all. We spent three months in speech therapy before I learned to say the letter 'A.' Eventually, after about a year and a half, I could say 'yup,' 'nope,' and 'bathroom.' I could also say 'I love you' and a few other phrases but not much more. All this was extremely frustrating for me; I felt like I was trapped inside the shell of my body."

That feeling of being trapped inside your own body certainly hits home with me. I suffered a stroke on June 17, 2019 and the battle with aphasia became my own. I still cannot read, right, or add and subtract, but I have learned phone and computer shortcuts that help me keep going. I have mentioned several celebrities here in this article, but the truth is that strokes and, or aphasia, is no respecter of persons. It can happen to anyone, young or old. One minute you are working out at the gym, fit and strong, like I was once, and the next minute a stroke comes upon you like a ravenous wolf and ruins your life probably for forever.

Three years later after my stroke I realize now how important health and life insurance coverage really is. My hospitalization costs you would not believe, they were enormous. Thank God I had medical coverage. Yet, unlike most developed nations, the US health system does not provide health care to our country's entire population. Instead, most citizens are governed by a combination of private insurance and various federal and state programs.

According to the World Health Organization (WHO), total health care spending in the U.S. was 18% of its GDP and continuing to climb higher leading it into a "dysfunctional" system. As an example, the Cato Institute claims that because government intervention has expanded insurance availability through programs such as Medicare and Medicaid, the problem is exacerbated. Because the U.S. health system is also the most expensive and worst-performing in terms of health access and efficiency, 27 million adults do not have health insurance. This causes roughly 18,000 unnecessary deaths every year in the United States.

A 2009 study in five states found that medical debt contributed to 46.2% of all personal bankruptcies, and 62.1% of bankruptcy filers claimed high medical expenses in 2007 according to a Wikipedia article. It goes on to say that since then, health costs and the numbers of uninsured and underinsured have increased. A 2013 study found that about 25% of all senior citizens declare bankruptcy due to medical expenses. In practice, the uninsured are often treated, but the cost is covered through taxes and other fees which basically shift the cost.

More importantly, the US healthcare system does not sufficiently promote wellness. Over the past decade rates of obesity, heart disease and type 2 diabetes are areas of major concern. While chronic disease and multiple illnesses became increasingly common among a population of elderly Americans who were living longer, the public health system has also found itself fending off a rise of chronically ill younger people. According to the US Surgeon General "The prevalence of obesity in the U.S. more than doubled (from 15% to 34%) among adults and more

than triple (from 5% to 17%) among children and adolescents from 1980 to 2008."

What so many people do not realize is that the best type of health coverage can be obtained by the oldest and original insurance policy in America, the Dividend Paying Whole-Life Insurance Policy. In fact, it is the best kept secret in America. Whole-Life not only pays a death benefit to the insured's beneficiaries at death, but it also provides the insured living benefits while alive. In fact, this is what it does best, therefore, understanding what it is and how it works is essential, but this information is not readily available. R. Nelson Nash, the founder of the IBC concept has written a book that explains the mechanics on how to turn your policy into a financing instrument and is the main reason why the book, BECOMING YOUR OWN BANKER, has sold millions of copies worldwide. More recently, Nelson Nash, David Stearns, Robert Murphy and myself created the Authorized IBC Practitioner Course for financial professionals. It is the only financial course of its kind that helps individuals understand the "the Infinite Banking Concept" and it can be obtained at [infinitebanking.org](http://infinitebanking.org)

Basically, the course teaches that the core element of a life insurance policy is the death benefit, but the financing function of the policy is made possible because the owner can take out policy loans with the surrender value of the policy serving as collateral. This is a legal right that is provided to all policy owners and is spelled out in the language of the insurance contract. Assuming you understand IBC and own such a policy, the following message is for you.

There are several things to consider at the outset before deciding whether to use cash or a policy loan, the first of which is the nature of the expenditure itself. We should begin by asking ourselves if the expenditure we have in mind is a lifestyle "necessity," a reduction of debt, or an investment. If it is any of these types of expenditures my personal preference is to use a policy loan after I have first put the cash in the PUA Rider of my policy, simply because these types of expenditures, given the

mechanics of IBC policies, serve to conserve and grow the wealth I already own.

This wealth that I already own actually exists inside and outside my IBC policy. So, in effect the triggering of this wealth increase generated by the injection of the cash into my policy's PUA Rider will partially offset the interest charges on the loan. But in certain situations (mostly in the future), the expenditures I have selected to pay for using my policy loan will have the potential to completely offset the entire loan balance when they are sold for a profit.

Let me explain. Lifestyle necessities, as I see them, can be thought of as repairs, maintenance, and replacement costs of facilities and infrastructures that serve to increase my future production, and/or future revenue. Debt reductions serve to increase net worth. Investments appreciate and then can be sold for a profit. Hence all three of those types of expenditures contribute to building my estate in the long run and are appropriate expenditures for using a policy loan.

For example: A car that is used up and needs replacing is, in my opinion, a lifestyle necessity. So is the replacement of a major home appliance that has reached the end of its usable life, such as a heat and air unit in your home or office. Or, it could be the roof over your head, or any expense that can easily be classified as an on-going life style essential that needs fixing or replacing to keep it operational and help maintain the market value of its underlining asset that can be sold at a profit or at least converted to cash.

On the other hand, living expenses such as food, gasoline, utilities, clothing, and similar consumption costs are completely different types of expenditures. They should be paid for with cash, not policy loans. Now there is certainly nothing in writing that says you can't use policy loans to pay for these types of bills, or any type expenditure of your choice. But if you are truly attempting to manage your money well and grow an estate you should draw the line between lifestyle necessities that affect the growth and value

of your estate and those that don't. Otherwise you would wind up using your IBC policy as though it were an ATM machine practically every month, which is a gross misinterpretation of IBC.

## Windfalls

Windfalls also play a major role when considering taking out policy loans versus paying with one's base working capital (the cash in our checking accounts). We should never forget that we are "banking" with these policies, which involves the full scope of cash management and finance. Although a windfall is often thought of as a piece of unexpected good fortune, typically one that involves a large amount of money, sound money management can create windfalls. As IBC "bankers" we should manage our money with expected windfalls in mind. In fact, all of our efforts should strive to create windfalls and policy loans can be used for that specific purpose.

For example: Let's take the case of an expected, or even an unexpected, family inheritance. This event can certainly be described as a windfall, actually more like a gift from heaven--an expression of love in the form of money from a deceased family member. A bonanza such as this can take care of a lot of previous money mistakes for some lucky person or family.

Yet an IBC Practitioner, by the mere fact that he has taken out an insurance policy and has assigned a beneficiary to it, has already taken a very first important step toward establishing an estate. If he or she now begins to take out policy loans in the manner prescribed above, over time this privatized banking system will create living benefits for the policy owner while alive, and an inheritance (windfall) for the beneficiary upon death.

Keep in mind that what we are doing is practicing IBC while "thinking long range" as Nelson Nash advocates. Also, with everything that I have stated up to this point in our exploration, I have been addressing it to salaried individuals and managers of households. What I am trying to make clear is that when practicing IBC, you must learn how to start thinking like a business owner because, whether

you realize this or not, an IBC policy has placed you squarely in the management role of a business--a banking business.

Business owners reading this analysis are more naturally inclined to understand the points I have made thus far in this report in addition to understanding the value of creating windfalls, because this is their modus operandi. Business owners use business profits (after taxes) to deliberately invest in hard assets that they hope to sell in the future at a profit. Since they generally think of their business enterprise as their chief asset, they tend to reinvest these profits into their business in order to increase their wealth and eventually sell the business in the future---as the final windfall.

In the meantime, and at great risk to themselves, business owners will not hesitate to take out loans and borrow from lines of credit from commercial banks in order to create those windfalls. But once they become their own bankers using IBC, policy loans take preeminence over commercial bank loans. Space constraints prevent me from unpacking each of the steps business owners use to wean themselves away from commercial banks using IBC, but for a complete treatment of how they make the switch, please read my newest book co-authored with Bob Murphy, Nelson Nash, and David Sterns, *The Case for IBC*. <https://infinitebanking.org>

## The Power of Whole Life

Let's also not forget that dividend-paying Whole Life not only has multiple-dimensional benefits unlike any other financial instrument, but it also has three very important characteristics that are foundational to this particular discussion. Briefly summarized, the first of these is the legal right every policy owner has in his policy contract to take out policy loans so long as he or she has cash value in the policy.

Second. Although an outstanding policy loan rolls over at interest, you can pay the loan back on your own terms and schedule, or not at all, if you wish. This is extraordinary! That kind of payment flexibility on any kind of loans exists nowhere else in the financial world, but obviously with that

kind of freedom also comes responsibility. With regards to this I have a suggestion. My August 2017 LMR article, “An IBC Tax Strategy: Part III,” contains a thorough treatment of the most important discretionary guidelines on policy loans that every policy owner should know. The 2017 article is a great companion to this article because it breaks down the functions of practicing IBC correctly and responsibly and will eliminate the worry of a 1099 surprise or the worry of the IBC policy ever being underwater.

The third foundational characteristic of Whole Life is that no matter what amount of money you borrow from the life insurance company with the cash value serving as collateral, that very same amount of money continues to earn interest, dividends, and a growing death benefit in your policy for as long as you live and for as long as your policy remains in force. But when additional cash is injected into the policy’s PUA Rider it grows even more and it grows even faster. For that reason, all three of these elements of a specially designed Whole Life policy when used in combination make it the ideal financing system that every household and business owner should own.

## Conclusion

In this article we have examined IBC from an angle many advocates have not often considered. It is only when you have personally suffered a debilitating illness and what one has to go through, let alone your family, that the reality of the brevity of life sinks in. Nevertheless, because of Nelson Nash's IBC, we get a chance at life once again. This is why we say that Privatized Banking is for everyone. It really is.

Carlos

## Inflation & The Infinite Banking Concept

by Ryan Griggs

Many who are considering implementing, and some who already have implemented, the IBC are concerned about rising price inflation. Is IBC still a good idea given worsening monetary policy in the United States? I discuss below.

Banking with Life episode #85 on IBC and price inflation, with a horrendous picture of me.

The other day a client asked me about my thoughts on the propriety of IBC given the ever-worsening monetary policy in the United States (and the world). I came to this blog to find an essay that I must have written on the subject. While I’ve touched on the question in essays on other topics, it turns out that I hadn’t written something on the question directly. Let’s resolve that.

For those who don’t know, I wanted to be a professor of economics for over ten years. I have a Bachelor’s and Master’s in economics; I’ve interned with and participated in multiple programs at the Mises Institute going back to 2013 (Mises University, passed the oral exam with honors; the Austrian Economics Research Conference; and an internship in summer of that year); I did a year of a PhD program in Agricultural and Applied Economics at Texas Tech; and I’m about to start another with a university abroad with a dissertation on capital theory. Prof. Bob Murphy and I recently submitted an academic journal article on Austrian Business Cycle Theory, an original look the Austrian True Money Supply statistic, and the phenomenon of yield curve inversion, which has been accepted for publication.

I really enjoy the topics of money, banking, and capital theory.

Before addressing how IBC in general and specific dividend-paying whole life insurance policies in particular fit in the context of souring monetary policy, we have to talk about why price inflation is

considered a bad thing.

We all know that in our day-to-day lives that we don't like to pay prices today that are higher than they were yesterday.

However, the problem with price inflation is not rising prices per se. For instance, you could imagine a situation where prices may be rising, but the quantity of your available financial resources is rising faster. Of course, we would prefer that our available financial resources are increasing and that prices are falling — this would be even more favorable. But in the post-1913 era of centralized banking, the idea of generally falling prices may be more of a myth than a possibility.

This is why it's helpful to talk in terms of an individual's purchasing power. What we really care about, or what we should care about, is whether the individual's capacity to impose his will on the spectrum of goods and services available for exchange is rising. All else equal, we'd all prefer that our power to purchase increases relatively — and ideally, regularly.

A more sophisticated, but still lacking, articulation of the problem of price inflation is the idea that the individual's purchasing power is decreasing if prices are rising and his income is either fixed and unchanging, or growing, but growing slower than the rate at which prices are rising.

This is the idea that inflation punishes those on fixed incomes most. And as far as the statement goes, it's true, or more exactly, it's half-true.

Here's why: income is not the only constituent element of an individual's available financial resources (which is why I so often use the latter, more comprehensive term).

In general, I think income gets way too much attention in financial media and education. From the economic perspective, the only reason income is important is because it positively contributes to an individual's capital, where capital is understood as accessible monetary value. For instance, income may increase the magnitude of one line item on the asset

side of the ledger: cash balances (or cash-in-the-bank). But there are other assets!

People focus on income so much because no one was ever taught what capital is and that strategizing to deliberately accumulate a growing, accessible quantity of it over one's lifetime might be a good thing. The closest example of a non-income source of rising purchasing power is residential real estate appreciation. If you're a homeowner and you pay attention to your local real estate market, or if you've ever thought about taking out a line of credit to renovate the house or purchase a business asset, then you're more cognizant of the changes in the equity in your home.

The problem with the example of equity in the home is that it's typically outside of an particular individual's control, unless you're the type whose determined to make improvements that are likely to raise the resale value of your home.

The point is that there are economic phenomena other than income that affect the individual's purchasing power. This will become extremely important when we turn our attention to dividend-paying whole life and the IBC.

Unfortunately, for many, though not all, income isn't exactly under the individual's direct control either, especially for fixed-pay employees. Plus, let's be real: if we could earn any more income in our given circumstances, we would be. Like Rothbard said about companies, we're already maximizing revenue.

The hidden assumption in the idea that price inflation is a bad thing is that the magnitude of the individual's capital (one constituent, contributing factor to which is income) is either decreasing, fixed, or rising slower than the rate of price inflation. While income certainly matters, it is nested within the broader idea of the individual's capital. In the view of contemporary financial analysis, we add the additional assumptions that the magnitude of an individual's income and asset values are out of the individual's control.

Disaggregating these assumptions is the key to answering the objection that implementing IBC is a bad idea because cash value in whole life is denominated in US dollars, and that expected future price inflation (maybe even hyper-inflation) makes ownership of all US-dollar denominated assets a bad idea.

Another problem to address is the misunderstanding of what money is. I even bristle at the term “US-Dollar denominated” asset. Look, it isn’t like anyone is forcing you to “denominate” or to think of the value of an asset in terms of US Dollars. “Denominate” assets in bananas if you want, for all I care. But the reason assets are denominated, or rather, why the prospective market prices of them are quoted in terms of US Dollars is because the US Dollar is money in this country. Why this happens to be the case is a subject for another time, but in any case is a consequence of historical circumstance. For now, the US Dollar is the general medium of exchange.

Put differently, the US Dollar is the most saleable asset available for exchange. Therefore, of course, assets are denominated in terms of it! And by the way, when you bought your home, you didn’t call up the real estate agent and say, “you know, I’m pretty concerned that this piece of property is denominated in US Dollars.” Or if you have a business, you’ve never thought to complain to your accountant, “you know, it’s probably not a great thing that my business is denominated in US Dollars.” And I’ll bet you a steak dinner that if you have a tax-qualified retirement plan that you didn’t ask your adviser about the propriety of making contributions due to the fact that securities are valued in dollars.

Of course you didn’t, because, and here’s the punch line: what the money is at a given point of time is out of your control. The point is that money solves for the double coincidence of wants. It opens up the scope of potential exchanges beyond the range of available exchanges if you were restricted to exchanging the specific good or service that someone else wants to consume. With money, with a good that you demand solely for its exchange value, you no

longer have to barter, or to trade goods and services of consumption value alone. I’d go so far to say that in the context of property rights and free contract, there is an inevitability toward the development of money. In other words, there’s going to be a money! And goods and services will be denominated in that money, whatever it happens to be.

What matters in the context of the individual’s financial profile is whether the monetary value (whatever the money is!) of their assets — their capital — is rising. This is one of the many reasons I harp on the idea of capital so much. In a sense, it’s deeper than money. Ludwig von Mises did not say in *Human Action* that the entrepreneur calculates money. He said that the entrepreneur calculates (he discerns the value of property) capital in terms of money.

This is why I’ve told friends and clients that I don’t really care what the money is. By the way, it’s out of my (and your) control anyway. What I care about is that my capital is increasing. Capital is one half — the half that I have some control over — of the question of purchasing power. And if I can increase my capital faster than the prices of the stuff I want to buy, then my purchasing power is increasing.

What I’ve done to implement this idea is to buy assets, the value of which I know will increase in value, on a guaranteed, non-taxed basis over time, and which afford me the contractual right to borrow against them when I want to acquire money to use for what I want, to repay if and when I want. Can you guess which asset I’m talking about?

Nelson Nash started purchasing whole life insurance from his brother in the 1950s. Here’s a question: do you think he was upset to own this “dollar-denominated asset” in 2005 after 40–50 years of money supply expansion and rising prices?

Of course he wasn’t! Why? Because what mattered to him was that the value of the contract was increasing beyond what he paid into it.

Look at the illustrations in *Equipment Financing of Becoming Your Own Banker*. Unfortunately there’s

no cost basis — or cumulative premium (the total amount of premium paid in since day one) — but you could piece one together. In illustrations 2 through 5, after the first four years of \$40,000 in total premium outlay, there is an additional \$18,000 in PUA premium paid out of the policy owner's pocket every four years [pg. 53, first paragraph]. The net cost basis at the end of year 8 is \$58,000; at the end of year 12, it's \$76,000; and so on. I say "net" cost basis, because remember that base premium is getting paid from year 5 (year 6 in illustration 6) through year 36, but it's getting paid either from the dividend alone or from a combination of dividends and partial surrenders [pg. 51, fifth paragraph].

Or, take illustration 1, for instance, where the cost basis is obvious: the logger pays in \$40,000 for 4 years for a total cost basis of \$160,000. Since the individual pays no further premium out of pocket in year 5 to 36, the cost basis remains \$160,000. But look at the cash value (capital) column! In year 10 it's \$229,940; year 20, \$462,092; year 30, \$967,607; and so on.

The book was published in the year 2000. Assuming the policy started in the year 2000, and given the money supply expansion from 2000 to 2020, do you think Mr. Logger would have been sitting in his living room saying, "you know, there's been a lot of money supply growth and price inflation over the past 20 years, I'm pretty pissed off that I have this asset with all this accessible cash value that accumulated without triggering tax and regardless of what the stock market was doing because it's a dollar-denominated asset!"

Of course he wouldn't.

He wouldn't be upset because he would have had funded an asset (sub-optimally [!!!]), the value of which grew every year, as the value of whole life insurance does. In other words, this asset value growth increased his overall capital over time.

We think of economic problems in far too global terms. And economists are the most guilty of this. They say "the dollar" is depreciating. "The dollar" is losing its value. Really? Is it? Everywhere and at all

times, is it actually the case that a dollar today buys less today than it bought last week?

No.

Because, watch me here, dollars paid into whole life insurance appreciate. Period.

When we say a dollar is appreciating or depreciating, it's appreciating or depreciating in terms of something else. In terms of gallons of gasoline, my dollar may be depreciating. In terms of square feet of commercial real estate, my dollar may be depreciating. In terms of used cars, my dollar may be depreciating.

But in terms of cash value in life insurance, my dollar is appreciating.

I'm getting more and more cash value per premium dollar every year through my life expectancy.

Nelson Nash used to say that "whole life insurance built this a'way [for IBC] is a natural hedge against inflation."

So what does the era of money expansion mean for the IBC? The answer is it depends on your view of capital. Do you want more and more capital over time with which to confront the spectacle of rising prices? If so, then your conclusion regarding IBC should be the exact opposite of what most people think (what really is new in the world anyway?).

And by the way, the more premium paid into a dividend-paying whole life insurance contract, the disproportionately more cash value you accumulate. Remember that cash value growth in whole life is compounded. It's exponential. So double the premium produces more than double the cash value, all else equal.

Nelson Nash called IBC your own personal monetary system. In a sense, I don't care what's going on with the money supply. By the way—I still can't control the rate of money supply growth! As it turns out, I am not a Federal Reserve Bank or commercial bank president. I don't get to influence the overall rate of increase in new money production.

What I can control is whether I systematically

accumulate capital in an asset that I own and control. In fact, as we've shown here, in a price inflationary environment, it's all the more urgent that I trigger a lifetime capital growth cycle in order to combat the elite's war on my and my family's purchasing power.

Put differently, in all economic circumstances I prefer to have more capital rather than less.

And thanks to Nelson Nash, we know exactly how to get it.

The next stage of this objection goes something like: but what if the dollar collapses totally?

First, let's get less global. Suppose that "collapse of the dollar" actually means that the US Dollar is no longer the world reserve currency. That could certainly happen, but is it very likely? Recall that the US empire has military bases in virtually every developed country in the world. Would US financial elite simply accept that all of these countries would just stop using the currency that, through the cartelized fractional reserve banking system led by the Fed, they control? Without a fight? I'm guessing not, but OK, let's go there.

I doubt that just because dollars are no longer the reserve currency abroad, or even used to transact internationally, that you and I would stop using them to buy houses, groceries, and gasoline. But OK, let's go there too.

In fact, let's assume that the dollar just disappears overnight.

What then?

We need to untangle this idea that somehow assets are inherently intertwined with a specific money. Sometimes I get the feeling that people think that, well, if the dollar went away, then the assets that are denominated in dollars would go away too. I think this is just an unexamined assumption that's manage to wiggle its way into our financial thinking.

Look at it historically. The money in the US has changed many times. In various places and at various times it's been fiat federal reserve notes, gold, silver, tobacco, grain, and so on. Did the non-money

property, say for instance the houses people lived in, disappear each time the money changed?

Of course not.

What happens when the specific physical manifestation of money changes is that the assets available for exchange are now re-quoted (repriced) in terms of that new money.

Sometimes I think that all the fear porn online and on television (and the economists aren't innocent here) leads people to believe that if the dollar were no longer the money, that somehow we would all be forced back into barter, as though human beings would just forget centuries of economic intellectual development and voluntarily choose to be bound by the severe restrictions of barter.

This type of global, wild, imprecise financial fantasizing must be rejected root and branch. It just isn't healthy to wallow in economic fatalism, and as I've started to argue here, it isn't even realistic.

No, if the US Dollar were no longer the general medium of exchange in the land between the Pacific and Atlantic oceans, then something else would be. And property (assets) would be denominated (priced, quoted) in that money.

This includes life insurance.

Listen, the growth dynamics between premium, cash values, and death benefits do not depend on the US Dollar. Do you know they have life insurance in Canada? Turns out they don't use the US Dollar. The same used to go for Great Britain. They had life insurance, and the elements of it were not quoted in US Dollars. Again, there is this unspoken, implicit assumption that somehow, if there is no US Dollar, there could be no life insurance in America. This hidden assumption must be brought to the light, acknowledged, and demolished.

If the money in the US changed to Bitcoin, homes would be priced in Bitcoin. If the money changed to gold, shares to publicly traded companies would be priced in weights (pounds and ounces) of gold. If the money changed to Fedcoin, gallons of gas would be denominated in Fedcoin. If the money changed to

any one of these or some other currency, premiums, cash values, dividends, and death benefits would be priced in terms of that new money. And existing policies, just like existing shares of stock and homes, would be repriced in terms of that new money.

You might say this sounds like speculation. To which I would say, well, of course it is. We're talking about the future, here. It's all speculation. But when given the choice of analyzing possible future states of affairs in terms that align with theoretical, historical, international evidence as opposed to apocalyptic fantasizing, I think the professional, conservative, sober choice is the former.

Zooming out a bit, what matters in all future sets of economic circumstances, and with respect to particular durable good, what I prefer, generally speaking, is that I get more than what I pay in. This is a simple, one-step elaboration of the idea that I want more benefit than cost. In terms of whole life insurance, I want more cash value and death benefit than what I pay in premium.

And that's exactly what happens.

"The problem is the problem. The premium is the solution." — James Neathery



*Forty-third in a monthly series of Nelson Nash's personally written Becoming Your Own Banker© lessons. This lesson concludes this series..*

## Part V, Lesson 9, Points to Consider

Content: Page 85, BECOMING YOUR OWN BANKER – The Infinite Banking Concept.

1. There are only two sources of income — people at work and money at work. In the typical American family, through the first half of the Twentieth Century, the father worked outside the home and the

mother managed the home, nurturing the family and instilling spiritual values as the children matured. Now it is widely accepted that “a family can't make it without both spouses working outside the home. It takes two incomes ‘just to make ends meet.’” Could it be a fact that this modern family has no money at work?

2. If you knew, at passive income time, that you would be getting back everything that you paid into a system — tax free — would you object to putting more money in it?

3. When you get paid for your work, you put all of it into “someone else's bank” and then write checks from the account to buy the things of life. So, “someone else's bank” gets all of your money. If you owned a banking system, wouldn't you want to run all of your business through your bank? If this is so, then life insurance premiums paid each year should ultimately equal annual income. This can't be done immediately. It will take the average person about twenty years to reach this level. If this message is taught to succeeding generations, then a perpetual banking system can be achieved.

4. When government creates a problem (onerous taxation) and then turns around and grants you an exception to the problem they created (any tax qualified plan) aren't you just a little bit suspicious that you are being manipulated? Tax-qualified retirement plans were all created under the guise of “giving you a break.” First, there were pension plans for corporate employees, and then came HR-10 plans for partners and sole proprietors, and finally, IRA's for individuals. Now everyone “had an exception” to the IRS Code. If the government really wanted to “give you a break” — all they had to do is cut out the taxes! Do you really think they want to do that?

5. Wealth has got to reside somewhere. Where would you prefer to have it reside?

- Real Estate? Then take a look around and see what happens when one needs liquidity. Real estate is very much a “frozen asset.”
- The Stock Market? Then, try reading from my

Recommended Reading for Those Interested in the Stock Market on page 91 in this book. Until you have done so, are you qualified to make an intelligent decision about such action?

• Or, free contract with other free persons (Life Insurance)? From this base of financial operation you can do any of the other things in life that you desire.

6. You finance everything you buy. You either pay interest to someone else or you give up interest you could have earned elsewhere. There are no exceptions.

7. Your need for finance, during your lifetime, exceeds your need for life insurance protection. If you solve for your need for finance through life insurance cash values, you will end up with so much life insurance; you can't get it past the underwriters. You will have to insure every person in which you have an insurable interest.

Take control of your financial world by  
**Becoming Your Own Banker**

Find a Practitioner Near You

Before you look for a practitioner, we suggest listening to the following two episodes of *The Lara Murphy Report*.

***How-To Guide for Starting IBC, Part 1*** How to begin your study of Infinite Banking, including finding an Authorized Practitioner.

***How-To Guide for Starting IBC, Part 2*** How to prepare for your first meeting with an Infinite Banking Authorized Practitioner.

***You can view the entire practitioner listing on our website using the Practitioner Finder.***

*IBC Practitioner's* have completed the *IBC Practitioner's Program* and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our

monetary and banking institutions.

The *IBC Practitioner* has a broad base of knowledge to ensure a minimal level of competency in all of the areas a financial professional needs, in order to adequately discuss IBC with his or her clients.

The following financial professionals joined or renewed their membership to our ***Authorized Infinite Banking Concepts Practitioners*** team this month:

### New Members

- Mike Schwallie, Homewood, Alabama
- Joseph Fuller, Mesa, Arizona
- Michael Hunter, Bolton, Ontario
- Reginald Victoria, Redondo Beach, California
- Wes Keeton, Dallas, Texas
- Christina Wyatt, Dartmouth, Nova Scotia
- Jaie Locke, Katy, Texas

### Membership Renewals

- S. Paul Horsley, Morristown, Tennessee
- Monty Flack, Mesa, Arizona
- Raymond Ward, Fairfield, Iowa
- Steven Holtz, Los Angeles, California
- Barry Page, Ocean Springs, Mississippi
- Nathan Dean, Marshall, Texas
- Donald Zielinski, Austin, Texas
- Justin Bauer, Cannon Falls, Minnesota
- Allan Johnson, Osoyoos, British Columbia
- M.C. Laubscher, Newtown, Pennsylvania
- Tom Neeser, South Bend, Indiana
- Todd Skinner, Williamsburg, Virginia
- Valerie LaRoque, Seattle, Washington
- Dwight Mitchell, Johnson City, Tennessee
- Scott Cordier, Pickering, Ontario
- Brian Fleming, Hartford, Wisconsin
- Scott Gannon, Dartmouth, Nova Scotia
- Michael Hession, Cranston, Rhode Island



## THE FOUNDATIONS OF IBC

This online **video series** for the general public provides a comprehensive introduction to the *Infinite Banking Concept*.

The first four modules are free, you can view them here:  
[infinitebanking.org/foundations](https://infinitebanking.org/foundations)

The remaining eight modules are subscription-based, costing \$49.95 for all eight.

*Or contact an **Authorized IBC Practitioner** and ask for a coupon code that will enable you to watch all twelve modules FREE.*

Module 1: [Introduction to the Nelson Nash Institute](#)

Module 2: [What the Infinite Banking Concept Is](#)

Module 3, Part 1: [How IBC Works](#)

Module 3, Part 2: [Policy Loans & The Nature of Collateral](#)

Module 3, Part 3: [How to Read a Policy Illustration](#)

Module 4: [Why Nelson Calls It The Infinite Banking Concept](#)

Module 5: [The Life Insurance Industry](#)

Module 6: [Why Not Buy Term and Invest the Difference?](#)

Module 7: [Using IBC to Pass Wealth to Future Generations](#)

Module 8: [The MEC Rule and Policy Design](#)

Module 9: [Does IBC Work for Older People?](#)

Module 10, Part 1: [IBC for the Business Owner](#)

Module 10, Part 2: [IBC for the Business Owner](#)

Module 11, Part 1: [Using Your IBC Policy: Premiums, Dividends, and Policy Loans](#)

Module 11, Part 2: [Using Your IBC Policy: Premiums, Dividends, and Policy Loans](#)

Module 12: [IBC as a Way of Life](#)

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