



# CASH VALUE LINE OF CREDIT:

## The Best Liquidity Strategy You've Never Heard Of

You're probably familiar with the phrase "cash is king." Financial uncertainty can cause a lot of stress, so having access to cash can be especially important, as it provides the stability to make it through hard times. Equally important is having liquid funds during the good times, which allows clients greater flexibility when opportunities arise.

However, clients are often advised not to have too much sitting in cash besides an emergency fund — and with good reason. Money sitting idle runs the risk of losing purchasing power due to inflation or missing out on potential for greater returns elsewhere.

If you have clients looking for guidance on accessing cash for events like investing in real estate, buying a second home, assisting family members, addressing an emergency situation such as necessary home repairs, or even making a luxury purchase — this article will provide some insight on important questions you may have.

A Valley Bank client had money set aside for retirement and was opening a new family business that required cash flow. He considered a few different options to borrow money, including a home equity line of credit and a refinance for his home. But the advisor he worked with suggested Valley Bank's Cash Value Line of Credit, which is a line of credit secured by the cash surrender value of one or more whole life insurance policies.

### Acting in the client's best interest

As a trusted financial advisor, you know how important it is for your clients to choose wisely when it comes to where, when and how frequently they access their money.

You are now able to offer a unique borrowing solution for their liquidity needs, which can strengthen the relationship you have with them. That's why it may be beneficial to have clients borrow money secured by the cash value of their whole life insurance policy.

However, many people have never heard of Valley Bank's Cash Value Line of Credit. They don't know what it is, how it works or why it's advantageous. Read on to discover everything you should know before you recommend it to clients.

### What is a Cash Value Line of Credit?

Valley Bank's Cash Value Line of Credit (CVLC) is a line of credit that allows the owner of the policy to borrow money secured by the cash value of their whole life insurance policy. Valley Bank's program often offers a rate that is typically more competitive when compared with the rate of a loan provided by the insurance carrier directly against the policy.

The best candidates for a Cash Value Line of Credit are clients with a whole life insurance policy that has accumulated significant cash value. Valley Bank's CVLC enables the client to borrow up to 95% of the cash value in their policy or multiple policies.

Clients access the line of credit via a checkbook, which provides an easy and efficient way to access money as needed.

### **What can a client use a Cash Value Line of Credit for?**

When your client inquires about a solution for getting money quickly, obtaining a Cash Value Line of Credit may be a strong, viable option.

There are plenty of times in life when clients want to take advantage of an investment opportunity, buy a home or purchase a second property. Having access to capital means they may have the edge over others competing for the same opportunity.

There may also be times when clients are looking to buy a luxury item or take a once-in-a-lifetime trip, but they can't justify taking money from other areas of their portfolio or depleting emergency reserves. By providing access to a resource such as a whole life insurance policy with cash value, the CVLC is an ideal solution to get access to funds they need without the potential downside of taking money out of other investments.

Clients may also need cash when they are experiencing challenging times. In 2020, during the height of the pandemic, the financial impact of the economy coming to a halt affected many small and large business owners. They found themselves in difficult situations where they needed an injection of cash to make

payroll or buy a new piece of equipment that would enable them to keep their doors open.

With a Cash Value Line of Credit, the client can access the funds needed in times of financial uncertainty.

### **What are the benefits of Valley Bank's Cash Value Line of Credit?**

There are numerous benefits to using a Cash Value Line of Credit.

Here are a few:

- › Ability to borrow up to 95% of the cash value of the whole life insurance policy.
- › Lines of credit ranging from \$65,000 to \$5 million.
- › Opportunity to refinance existing policy loans at competitive rates.
- › Ability to use multiple policies as collateral for one line of credit.
- › No prepayment, application or closing fees.\*
- › Simple application process.
- › Easy access to the line of credit via a checkbook.

Clients may be considering a variety of options to get the funds they need, such as policy loans, personal loans or home

equity. These options may come at a higher interest rate or there may be a cumbersome process to get additional funds from these sources in the future, should they need them.

### **What if the client doesn't have a whole life insurance policy?**

Knowing the benefits of using a Cash Value Line of Credit may be a reason to have proactive conversations with clients about purchasing whole life insurance. Besides leaving a legacy for heirs, a whole life insurance policy can serve other purposes, in addition to being used as collateral for a Cash Value Line of Credit.

It's possible you have clients who purchased a term life insurance policy in the past. Is it one that can be converted into whole life insurance?

Exploring whole life versus term life may help clients make a decision that is ideal for their specific situation.

### **How does a client apply for a Cash Value Line of Credit?**

Do you have a client who may be interested in hearing more about a Cash Value Line of Credit?

The trusted subject matter experts at Valley Bank are happy to discuss their Cash Value Line of Credit program with you and your clients.

# Contact Valley today at **800-522-4100, ext. 1461.**

\*Florida applicants may be subject to the Florida Documentary Stamp Tax Fee.

