Transcript of Pamela Yellen's

Interview with Dan Proskauer

on Bank On Yourself®

Pamela: This is Pamela Yellen, President of Bank On Yourself, and I'm thrilled to be talking today to Dan Proskauer. I think you'll find Dan's insights into *Bank On Yourself* very helpful and revealing. He's a graduate of Cornell University Engineering, who is currently Vice President of technology engineering for a subsidiary of a major health care company, and he holds three U.S. patents.

Like most engineers, Dan is very analytical, and before implementing Bank On Yourself for himself and his family, he did quite a bit of due diligence and analysis - he sliced and diced the Bank On Yourself Concept a thousand ways until Sunday. Dan has a way of sharing his findings that I think you'll find simple, entertaining and compelling.

Whether you already use Bank On Yourself or you've been considering adding it to your financial plan, I'm confident you will learn something of value. You'll discover the reasons why Dan has already started seven different Bank On Yourself-type policies and why he says the more that he studies Bank On Yourself, the more sense it makes to him.

Dan, thank you so much for taking time out of your very busy day to talk to us.

Dan: Thank you very much, Pamela. I'm very happy to be here, and I'm looking forward and hoping that sharing my experiences can help other people start the same journey that we've been on.

Pamela: Yes, and I know you've been very generous with your time. I'm wondering if you can give us a little bit more background on who is Dan Proskauer?

Dan: I'm afraid that you may find me kind of boring. I grew up in New England, and I live in New England. I've been working pretty much since high school in technical positions, evolving ultimately to where I am right now in an executive leadership role.

I'm 41 years old. I'm married. My wife is 44. We have three children. Their ages are 14, 10 and 7, and we have two cats. Although the cats' main function seems to be sleeping a lot.

Pamela: So you don't have policies on the cats yet?

Dan: Nothing on the cats and my wife has been very fortunate that she has had both the inclination and the ability to stay home with our kids, but she is now looking forward to a second career as an educator in museum settings.

Pamela: So I know that you have a pretty good background in various types of investing. What experience do you have in that area?

Dan: Well, I've been very much a by-the-book-investor. I was taught by my mother to be very frugal and live within my means and save money, and she taught me well. My first three pay increases, when I got my first job out of college, were dedicated to enrolling in, and then ultimately maximizing my contributions in, various employee sponsored plans, like stock purchase plan and 401(k) plan. I've been continuing that since then.

After building up some savings, I started to, I would say, expand my horizons a bit, and I began trading stocks. Ultimately started trading options. I was writing covered calls, buying puts and advising other people just on the side of ideas that I had around that.

All through that time I was very careful. About the only place I was taking that kind of risk of trading stocks like that was in my own after-tax money, and all of my retirement savings, ultimately college savings plans for my kids, were very strict asset-allocation dollar-cost-averaging. Everything that we were told was the right way to save and invest.

Pamela: Okay. So how and when did you first hear about Bank On Yourself?

Dan: It was an interesting and unusual thing and certainly nothing I would have ever predicted that would turn out to become a foundation in our financial planning for our family.

I was driving on my weekly commute from my main office to a subsidiary office where I have some employees, and I was listening to CNBC on my satellite radio, and I heard an advertisement for *Bank On Yourself* on the satellite radio; and something about the ad interested me enough that I jotted down the website.

Pamela: What made you so open to investigating Bank On Yourself then, and what was your investigative process?

Dan: It all comes down to timing I think. The time that I heard that ad was right at the depth of the recent financial crisis. It had to be in November of 2008 I think. I was really dwelling on money, and that's not something that I like to do. We've been fortunate that we don't have to worry too much about money, but in the financial crisis I realized just how vulnerable we really were.

We had almost no cash reserves left. I had money invested in the stock market, which had vaporized rather quickly and too quickly for me to get out in front of it. I realized that all of our other savings was tied up in tax advantaged funds: IRAs, 401(k)s, 529 plans for our children's college savings, and we really couldn't touch it without incurring massive penalties.

Because of that I was thinking there *has* to be something better. I've lost all this money. I had gone through the bursting of the tech bubble and lost a lot of money, but that was kind of not real money to me, because it wasn't money that I had saved and earned. It was money that, because I happen to work in technology and invested in technology, it was handed to me, and I never cashed it in, so it felt like I never had it.

This case was different. This was money that I had saved and earned and money that was going away, so I was angry and betrayed that I had done all the right things and here I was on the losing end of the stick.

That's why I think I wrote down the website and started to investigate, and I hope you're not offended by this Pamela, but my first thought was this has got to be a scam, and let me go find where the scam is and how it works.

Pamela: That's actually very common, and you'll see in my book, Bank On Yourself, quite a number of the people we interviewed said that that was their process as well, that they were determined to find the flaw.

Dan: Right. When I arrived at my office I went on the website. I downloaded the free report. I read through that. I started to look on things as simple as Wikipedia about dividend paying whole life, because I really knew nothing about it despite 20 years of investing experience.

I did some Internet research, looking for what other people were saying about Bank On Yourself. I actually located and ordered another book on a similar concept and read through that. Ultimately I made the decision to get the analysis and meet with an advisor, and it was that advisor who maybe a few weeks later actually sent me your book, Bank On Yourself, which had just been published. It actually hadn't been published at the time I heard the ad.

I just kept asking questions and kept learning, and despite hundreds of hours of trying, I never found the flaw.

Pamela: And you really literally have spent hundreds of hours investigating this. I know you've shown me some of the things that you have done and the tools that you have come up with and so on. You told me once, it had gotten under your skin in a *good* way.

Dan: That's right. It was something that I kept thinking about and trying to understand better because it was intriguing, and if it really could do what it purported to do, it could be very, very valuable for me and my family.

Pamela: The one thing that we hear quite often is we hear people say things like, "Bank On Yourself is either only for the very wealthy… or it's for those who don't have the discipline to save and/or who are in debt."

And you have focused a lot on how Bank On Yourself works for people like yourself, and I would describe that as people who live within their means, have significant savings discipline and a more sophisticated financial background.

Can you tell us why you feel Bank On Yourself is so helpful to people in your type of situation?

Dan: Sure. I understand why people might ask that question. Some of the descriptions of Bank On Yourself really resonate with folks who maybe are in debt or who have been trouble saving, and because of that I had to really dig through and understand the concept for myself, because we were not in the habit of financing things like cars and vacations. We would pay cash for things like that.

We didn't need the discipline of redirecting our money into premiums to help us save, so we really had to look at what were the key things that Bank On Yourself brought to us that we valued. Those things really were about flexibility, about access to the money, about guaranteed returns at least in the terms of not losing money, and a reasonable expectation of good returns on the money in addition to that.

If you think about what was going on at the time of the financial crisis, we did not have access to our money. We were losing money, a lot of money, and we really had *no* security, whereas we *thought* we were very secure.

Pamela: Exactly, and those people who had Bank On Yourself plans when the financial crisis hit, myself included, we had access to capital - the equity in our policies - by answering just *one* question: How much do you want? And it was quite a revelation to people who found that you really don't have access to these things, and in the event that you do, you will pay penalties and so on.

So that brings us to the question of why did you stop funding your 529, the so - called 529 college savings plan, and why do you put those dollars into your Bank On Yourself policies instead?

Dan: There are really two reasons for that, and they're actually very simple. The first one is that after ten years of making really significant contributions every quarter into those, using dollar-cost averaging, several of the accounts were actually under water. They had lost money even after ten years.

The others that hadn't lost money were basically flat, so we had no return. We could have put the money under a mattress and accepted the fact that a mouse was eating some of the money along the way. That's not even talking about inflation.

Pamela: Right. During that period of time, inflation was over 30%.

Dan: Across the ten years, yes, cumulatively. The other thing you mentioned and I had mentioned earlier, was access to the money. We had saved a considerable amount of money for our three children's education. In fact, I had accounts for my four nephews as well, but we couldn't touch it unless we wanted to lose 40% of it right off the top.

So what the 529 offered to us was the opportunity for tax free growth in return for locking up our money. But there *was* no growth, so that wasn't much of a bargain.

Pamela: Good point. So why are you considering stopping funding your 401(k)? You have said that the only reason you were currently continuing to fund it is to get your employer's 3% match, but you're not even convinced that that's worth it.

Dan: Yeah, and it's along the lines of the same reasons, but an additional wrinkle I think on retirement funds is that the time horizon is even longer. So for college savings you may start saving, if you're disciplined, you may start saving when your child is born, and you'll start drawing that money down when they're 17 or 18 years old.

I started saving for retirement when I was 23, and who knows when I'm going to retire, but it's already been more than 20 years. So you could argue that the market is safer over those kinds of time horizons, but I've been looking at a lot of data that really illustrates the fact that the kind of assumption that everybody has out there that if you put your money in the stock market, you can expect 8% to 10% returns, is *wildly* unrealistic. Even over periods of decades.

I know for my own decades I don't think I've made a dime. And certainly corrected for inflation, I've lost in those accounts. The other thing that I'm worried about is the government changing the rules. There is a lot of money tied up in these accounts right now that will never be taxed, depending on how people take it out, and I can see the government trying to get their hands on some of those taxes, and I certainly can't conceive of tax rates going down in the future.

So at this point I'm thinking maybe I should just pay my taxes now, have control over the money and not be susceptible to someone changing the rules like that.

Pamela: Well I know a lot of people are thinking along the same lines as you've just talked about, and earlier you mentioned the phrase "employer-sponsored" retirement plans. I'd like to point out that that's a bit of a misnomer.

It's actually a *government*-sponsored retirement plan that is *administered* by employers. Government sponsored means the *government* controls the money in those plans. That's why when you want to take it out, there are taxes, there are penalties and so on. That's something most people never even think about until it's too late and they actually need to get access to some of that money.

Dan: Right. That's a big concern, and the 3% match that I'm getting now - it's hard to walk away from that, but at the same time, I've moved all that money into money markets at this point because I just can't continue to take the risk of losing the kind of money that I've seen us lose.

Pamela: And I have seen studies showing that what we have been taught to be the case about 8% to 10% long term returns in the market is a huge myth, and there are many, many studies to back that up.

What's interesting is that after digging very deeply into what they call the internal rate of return of a Bank On Yourself-type policy, you concluded that it paints a very good picture, but you've also talked about the intangible benefits of Bank On Yourself. What do you see as those intangible benefits?

Dan: The combination of the actual expected return and the intangible benefits is tremendous, and that's really what has made me so enthusiastic about Bank On Yourself as a concept.

The policies, the Bank On Yourself type policies *do* provide a good return over the long term. I wouldn't be able to afford to put my money into something that at least didn't provide a good return.

The other aspects of this kind of approach include no risk of losing money, ready access to the funds if you need them, the flexibility to adjust your premium contributions if you need to, or even stop temporarily if you have enough cash value in your plans, the ability to repay policy loans on your *own* schedule, the ability in the long term to draw down the value on a tax free basis in retirement - at least under current tax laws, that's the way it can work - and of course the death benefit, which is a huge benefit to your loved ones.

And something that was really interesting to me when I really understood how it works is you can also structure plans to help you pass wealth between generations and create really a culture within your own family of building wealth this way. And that's something that most investment vehicles just don't have.

Pamela: Right. It's a true legacy for future generations, and that's definitely one of the things that I love about this, and we are setting that up in our own family.

You already have seven different Bank On Yourself type policies. I talk about how many I have. I currently actually have 19. I just started a new one a couple months ago, so you do have a way to go to catch up with me. People often ask, "Why do you have so many separate policies?" What are *your* goals for your various policies, Dan?

Dan: I think there are a number of reasons to have multiple policies, and one of the first and I think most important reasons is that with anything significant like this, you have to start slowly. Both to gain confidence that you have a full understanding of how everything works and also to allow cash value to build up in your initial policies before you may draw down other cash reserves to fund additional premiums.

You also want to maximize the cash value buildup in each policy. So that means that you want to put in as much Paid Up Addition Rider as you can, right up until the legal limit. So if you have extra money available after that, you really can't put it into that policy, you need to start a new one.

If you look out into the future, you want to have flexibility in your policies so that you can use them in different ways in how you draw down and take retirement income, so you could have some policies that you convert to "reduce paid-up" earlier than others, depending on how much income you need to take.

Some of our policies are actually structured as you described that you have done - to help us transfer ownership to our children later in life to give them a ready source of capital when they need it, once they've demonstrated financial responsibility and that they're up to it.

Pamela: Children *and* grandchildren. We have two grandchildren that we started a couple policies for, so like I said, it truly is multi-generational. You did reference the phrase "Paid Up Additions Rider", and for anyone who might not remember what that term means, that is the option that a Bank On Yourself Authorized Advisor will add to the policy when it is structured that *supercharges* the growth of your cash value in the policy.

Dan, with seven different type Bank On Yourself policies - and I know you've even talked about starting a couple more - how and where did you find the money to fund all your policies?

Dan: Well we started very conservatively. So our first policies, the one on myself and the one on my wife, were funded by explicitly indentified diversions from existing cash flow.

So for example, we had unrelated to Bank On Yourself, recently started a refinance on our house, so we had cut our mortgage payments by $200 or $300 a month. So we allocated that $200 or $300 a month to premiums. We had quarterly contributions going into the 529 college savings plans, which we redirected into the Bank On Yourself premiums.

Every dollar of the premiums for those first two policies, we knew exactly where it was coming from, and we didn't expect to have any impact on our current cash flow in any other part of our lives because we wanted to start in a way that we knew was safe and would let us ramp that up.

Our second policies were funded really out of our current cash flow - at that point we understood how the system worked. This was actually five additional policies, so one each on myself and my wife and one each on our three children. We were, again, fortunate that we had been accumulating cash because we were living below our means, so we were able to make those additional premium payments right out of our cash flow.

You mentioned that I was talking about starting even more policies, and now we're looking at cash value that we have in our existing policies, and can we draw down our cash reserve kind of emergency reserve kind of funds and start to pay premiums and then expect that our income will be going up in the future and cover those premiums in the future through additional income.

Pamela: You are in a fortunate position. As you said, you've learned quite early and even starting to save for retirement at what - did you say 22 or 23 years old?

Dan: Yep.

Pamela: Which is a bit unusual, but you mentioned that you have lived below your means, and you were taught that. You were brought up that way. So you probably had a little more easy access to cash flow than some people might.

I do want to point out that that should not be something that gets in people's way, because the Bank On Yourself Authorized Advisors are *masters* at helping people restructure their finances, look at your full picture and help you restructure your finances to free up the maximum seed money possible without necessarily cutting into your lifestyle, although sometimes that is an appropriate thing to do.

Dan, why do you believe Bank On Yourself will hold it's own against things that people are worrying about these days like inflation, deflation and fluctuating interest rates?

Dan: I've thought a lot about that because we've had a period of, I would say, extreme volatility and really unusual times in the financial markets and in interest rates. I mean we have mortgage rates right now that are lower than they've been in 50 years, so we're living in a time of extremes, and anything that you're doing these days needs to factor that in.

I've looked at scenarios where interest rates go way up, where they go way down, where inflation goes up or inflation goes down, or we even enter deflation - and every case that I've been able to think of, I believe that between the guaranteed and the non-guaranteed dividends that a Bank On Yourself type policy will almost self-correct for those things.

For example, if there is very high inflation, it's likely that there is going to be correspondingly high interest rates, and those correspondingly high interest rates will help the insurance company generate additional returns, which would cause the non-guaranteed dividends to go up and ultimately cover that inflation.

Alternately if there were deflation, which is something people are talking a lot about these days, the guaranteed dividend payments would make the policy incredibly attractive because real interest rates would be negative.

Pamela: Actually, historically when those things have happened, we have been able to track that the insurance companies have been able to pay dividends that do tend to track these trends very, very closely over time; and that's very interesting.

The other thing that I have really appreciated about the way a dividend paying whole life policy is structured is that it has a growth curve that is *exponential*, meaning simply that the growth curve steepens the longer you have it. And that happens just because you held onto it, not because you did what most people try to do, which is to find the next great investment to be in; and that has not worked historically for people.

But having something that is automatically designed to increase at that exponential rate… it's actually growing at the best possible rate at the time that most people need it most, and that's in their retirement. It's inherent to the way these policies are structured.

So you have looked long and hard, I know. What are the downsides to Bank On Yourself? I know you've tried to find them. What have you come across? Have you found something that you could say "this is a downside"?

Dan: I've found two things that I can articulate. The first one is that it's really related to the previous question around external environment. If the stock market goes on a tear and goes up 50% or 60%, a Bank On Yourself type policy is not going to go up 50% or 60%, so you may feel left out. That's one.

On the other hand, if the stock market goes down by 50% or 60%, you won't participate in that either, so that's a kind of trade off that you have to make; and that's a trade off that I can sleep at night and make.

The second is that Bank On Yourself is a long-term investment. It's not a get-rich-quick scheme. In fact, I think I would probably characterize it as a get wealthy slowly and steadily scheme. So the downside related to that is if you start down the path and you change your mind in two or three years and stop, you'll end up losing money due to the start up costs.

So this is really sort of a financial lifestyle decision that you need to make. You need to make it carefully, and you need to follow through. But as a long-term saver and investor myself, that risk is something I can easily quantify and manage.

In fact, I wish personally, that I could rewind the clock and have started down this path when I was 22 or 23, or maybe when I was 30 and starting my 529 plans, because we would be that much farther down the path, and we would be more into, as you described, the exponential growth part of the time.

Pamela: The important thing is that you *did* start. You *did* take action. Why do you think it's so important to work with a knowledgeable Bank On Yourself Authorized Advisor? I mean couldn't you just go to any advisor and say, "Hey, can you help me do this?" Give them a copy of my book or report or whatever?

Dan: I think there is a one-word answer to that, and that word is "complexity." I pride myself… I'm thinking I'm a pretty smart guy, but it's taken me a long time to realize that there is a lot I don't know yet about how this works.

While Bank On Yourself may seem simple in concept, there are a lot of variables, and if you do one thing wrong structuring a policy, it can dramatically impact its long-term rate of return.

You can also make mistakes about over-committing to policy premiums, especially early on, and that can result in the same kind of financial stress that you're probably turning to Bank On Yourself to try to avoid.

If you don't understand the options for how you can take income from the policies down the road, that can lead you to make bad long-term financial planning decisions or even worse, pretty significant tax consequences if you take the money out incorrectly, and an Authorized Advisor has the detailed knowledge that any individual or an untrained insurance agent could never match.

The other thing that I have been very impressed with in the advisors that I've interacted with - and certainly in my own advisor - is that the relationship is a long-term one. It's not a "let me sell you something, okay, I'll see you later." It's let's get started. Let me understand your family situation, understand your financial goals, understand your risk tolerances, what are you looking for and what makes sense?

My advisor, if I try to ignore him, will come find me every six months and force me to sit down and review everything all over again.

Pamela: The advisors also become lifetime Coaches, and they *do* stay on top of what's going on and how are changes in your life affecting things, what changes should you make and how you're managing your policies and so on.

I think that's very, very important because a lot of people don't realize that a significant part of how much money you will ultimately have in retirement has to do with how the advisor structures the policies, but *also* how you *use* the policies over your lifetime. So that is another thing that the advisors are trained on and why they remain your coach for life.

Dan, what advice would you give to someone who has been hearing about Bank On Yourself, they're on the fence, they've been hearing Suze Orman and Dave Ramsey and everyone else who doesn't even know about and have never heard about this type of policy, say you shouldn't buy whole life insurance, etc. It's a lousy investment.

What advice would you give to someone like that who has been considering it but just hasn't gotten started with it yet?

Dan: I would say the first thing is absolutely keep an open mind. Bank On Yourself is different than any other financial instrument or investment strategy that I've ever encountered, and I've been fairly active, if not trying things, at least *learning* about things.

So even if you're keeping your open mind to find the scam, that's good enough, because once you approach it with an open mind and start learning things, I think you may find some things that are really worth pursuing.

The other is look at it from all angles. It's not just about the rate of return. It's also about the intangibles and the other things that the Bank On Yourself approach offers that you can't get from other investments. Finally, talk to an advisor and don't be afraid to ask questions.

Pamela: Good advice Dan. I really thank you so much for your valuable insights. I know I've been learning a lot from you, and I am sure that our listeners are learning from you as well.

I would say this to those who are listening, if you already use the Bank On Yourself method, you know exactly what Dan means when he says that he wished he had known about and implemented Bank On Yourself years ago.

If you haven't yet added Bank On Yourself to your financial plan, it's *not* too late to take back control of your financial future, and you can take the first step by requesting a FREE Bank On Yourself Analysis by going to: www.bankonyourself.com/analysis-request-form

When you request your Analysis, you'll get a referral to one of only 200 financial advisors in the country who have taken the rigorous training program and meet the requirements to be a Bank On Yourself Authorized Advisor like the one that Dan is working with.

No two Bank On Yourself policies or programs are the same. Each one is individually tailored to help you reach your unique short term and long-term goals and dreams in the shortest time possible. It's **free**, and there is **no obligation** to find out what your bottom line numbers and results could be if you added Bank On Yourself to your financial plan.

So, go to www.bankonyourself.com/analysis-request-form now (or click on the "Analysis Request Button" at www.bankonyourself.com), so you can have the peace of mind that comes with knowing your financial future will be one that you can predict *and* count on.

Thanks again, Dan, and thank you to our listeners for joining us today.