



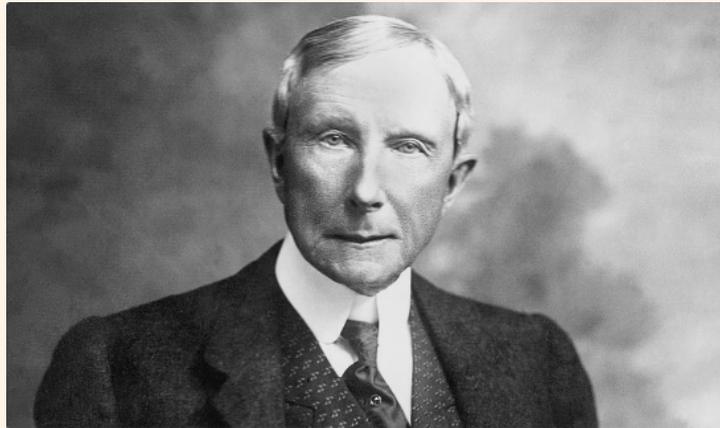
The Waterfall Method: Building Wealth

A Case Study in Generational Wealth Preservation

The content of this material is for educational purposes only and should not be considered a recommendation.

The Waterfall Method

The Rockefeller and Vanderbilt Families represent power and wealth. However, while the Rockefellers have preserved and multiplied their fortune, the Vanderbilt fortune has dissipated over the years.



John D. Rockefeller: A Success Story

The family centralized its wealth through a family office founded in 1882, aimed at managing investments, real estate, and philanthropy. This structure allowed them to centralize decisions, reduce costs, and maintain control over their wealth.

They also used **trusts and life insurance** to protect and transfer their wealth with tax efficiency, ensuring its growth across generations.

To this day, the family continues to use these same tools to preserve and grow their legacy.



Cornelius Vanderbilt: A Dynasty That Did Not Endure

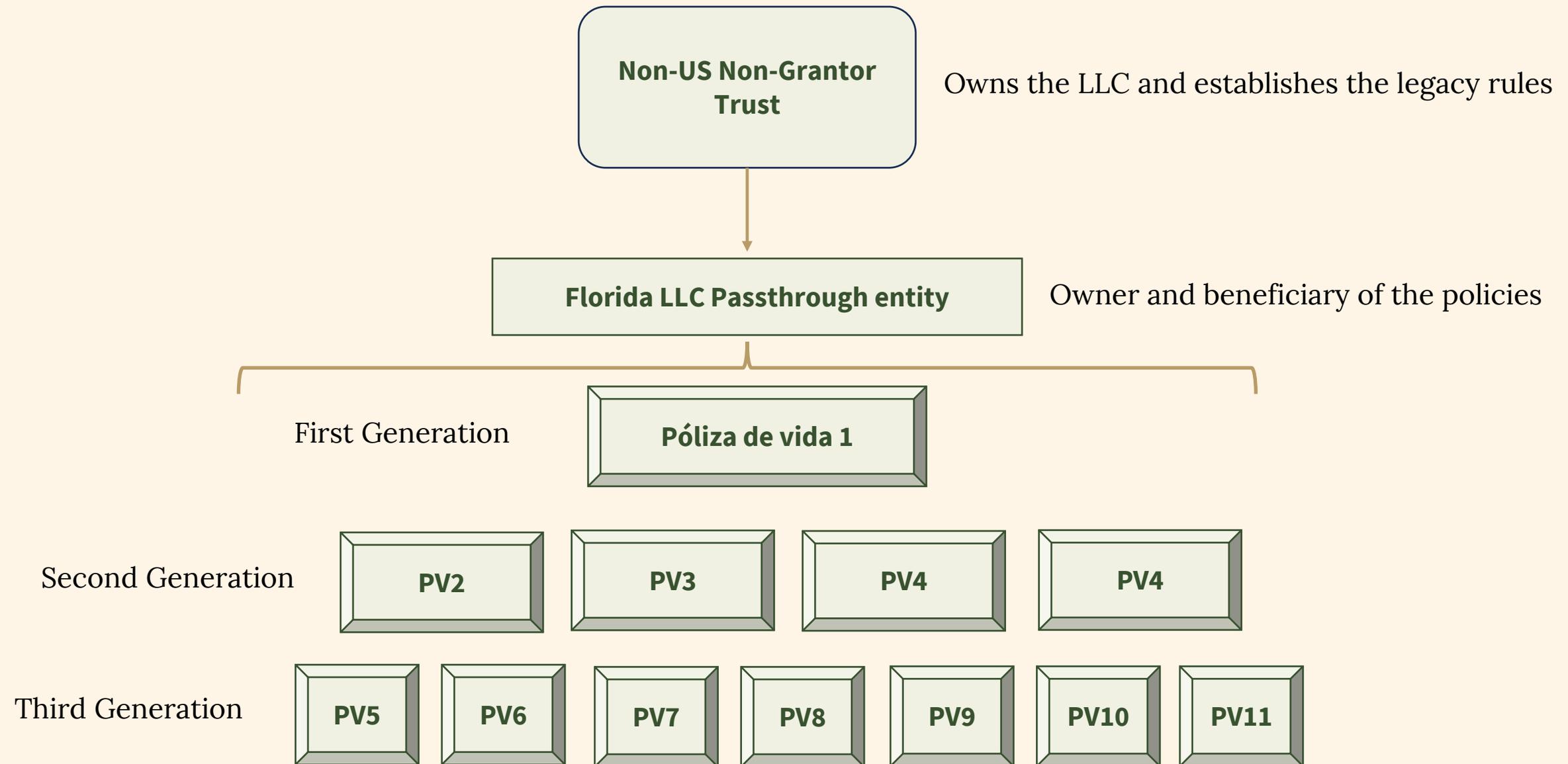
Unlike the Rockefellers, the Vanderbilt family did not structure a solid system to preserve its wealth. Although Cornelius Vanderbilt amassed one of the greatest fortunes of his time, his heirs did not adopt wealth management mechanisms like family offices, trusts, or life insurance.

Without strategic planning, the wealth quickly diluted across generations, marked by overspending and lack of long-term vision.

In just a few decades, most of the Vanderbilt fortune disappeared—becoming a clear example of how wealth without structure can fade over time.

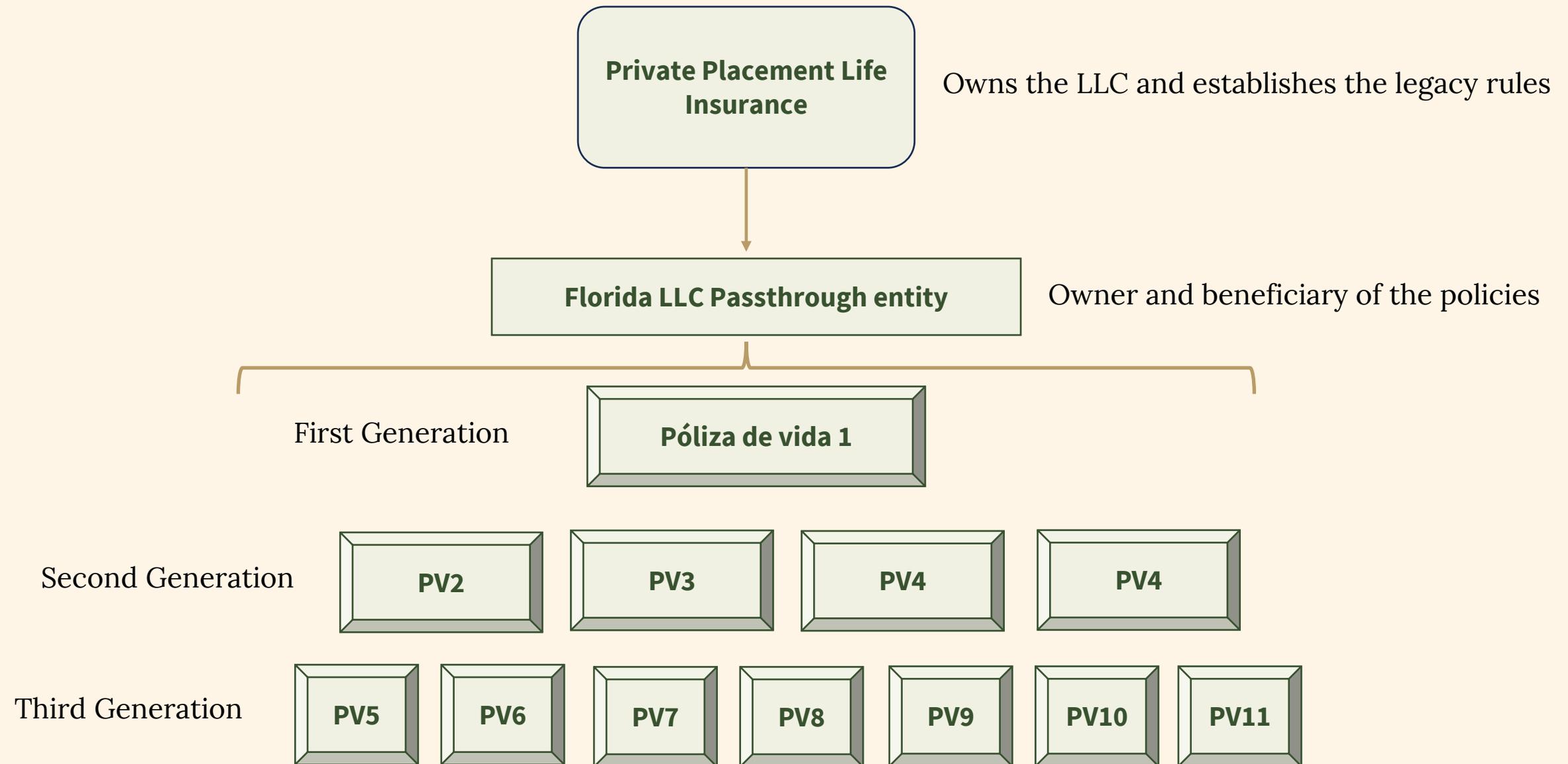
The Structure: Option A

The trust centralizes ownership of the life insurance policy and distributes its value among multiple family members.



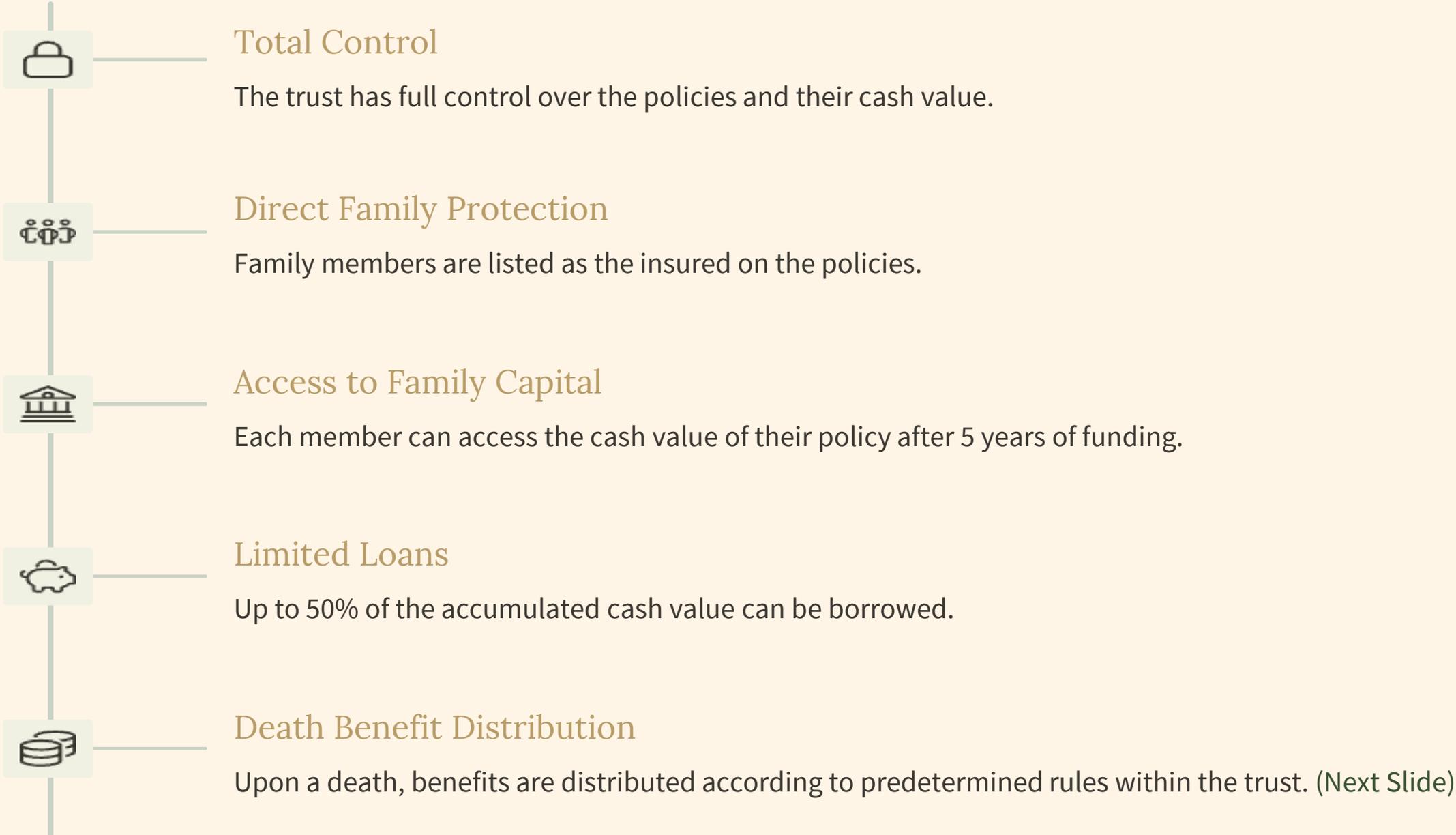
The Structure: Option B

The trust centralizes ownership of the life insurance policy and distributes its value among multiple family members.



Recommended Legacy Rules – Trust Level

The trust manages and regulates the use of life insurance policies, following clear principles of control, access, and capital distribution:



Recommended Legacy Rules – Death Benefit Distribution

The trust follows clear and structured rules to distribute death benefits, ensuring generational continuity and fairness:



Distribution starts equitably to the highest generational level from the trust.



If a family member has a loan, they may repay it to restore their 50% loan-to-value (LTV) access.



If the deceased had a policy loan, their family line receives 1/3 of the death benefit minus the loan; this amount remains in the trust for general family office use.



The remaining 2/3 stay in the trust to fund new family members, support the family office, and purchase new policies for the next generation.

Recommended Legacy Rules – Loan Usage

The cash value in each policy can be strategically used by family members for key goals:



Family education
(University, Master’s programs)

Medical expenses

Investment in personal
businesses



First home purchase

Joint family office
investments

Funeral expenses

Infinite Banking: Structure Your Family's Private Bank

Infinite banking is a strategy, not a type of life insurance. It's commonly used with whole life policies, which include a cash value component and typically last for life.

Foundations

Strategy based on whole life insurance with cash value component.
Functions like your own family bank, offering access to capital when needed.

How It Works

Borrow against the accumulated cash value.
No traditional credit check; the policy is the collateral.

Considerations

Loans accrue interest but offer high flexibility.
Repayment is optional but will affect the final inheritance..

Guarantees and Risks

Cash value secures the loan, but excessive use may impact coverage.
It's your money, but it accrues interest and must be managed responsibly.



Wealth Bank Considerations

Insured individuals do not have to repay loans taken against cash value. However, not repaying can reduce the amount beneficiaries receive when the insured passes.

While life insurance with cash value has benefits, it also has limitations. Using a whole life policy as an infinite banking vehicle can be risky—especially if the cash value is not carefully managed.





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