SOLARUS / BUSINESS OWNER SERIES

Leveraged Retirement, explained

The idea. The trade-offs. The next conversation.



A practical guide to understanding a financing-based approach beyond your traditional retirement foundation.

SOLARUS INSURANCE AGENCY • NOVEMBER 2026

01 | Start with the outcome, not the product

What are you trying to improve?

You may already be saving through a 401(k), building assets outside the business and working with a CPA. Yet a question remains: how should your next available dollar support your future without ignoring the needs of the business today?

That is a planning question before it is a product question. Write down whether your priority is additional retirement resources, family protection, business continuity or preserving liquidity. Those goals overlap, but they are not interchangeable. A strategy built primarily for protection should not be evaluated as though it were simply another investment account.

What “Leveraged Retirement” means in this guide

The phrase is a marketing description, not the name of a standard 401(k) or IRA. Here it describes a planning approach that combines permanent life insurance with borrowing to help fund premiums. The financing and insurance contracts are separate parts of the arrangement. Exact terms vary by insurer, lender and design.

The attraction is the possibility of meeting a legitimate protection need while committing less of your own cash upfront to premiums. Keeping other assets in place may be useful, but it is not a free benefit: borrowing adds cost, repayment obligations and conditions. The question is whether the complete arrangement makes sense for your goals. [4]

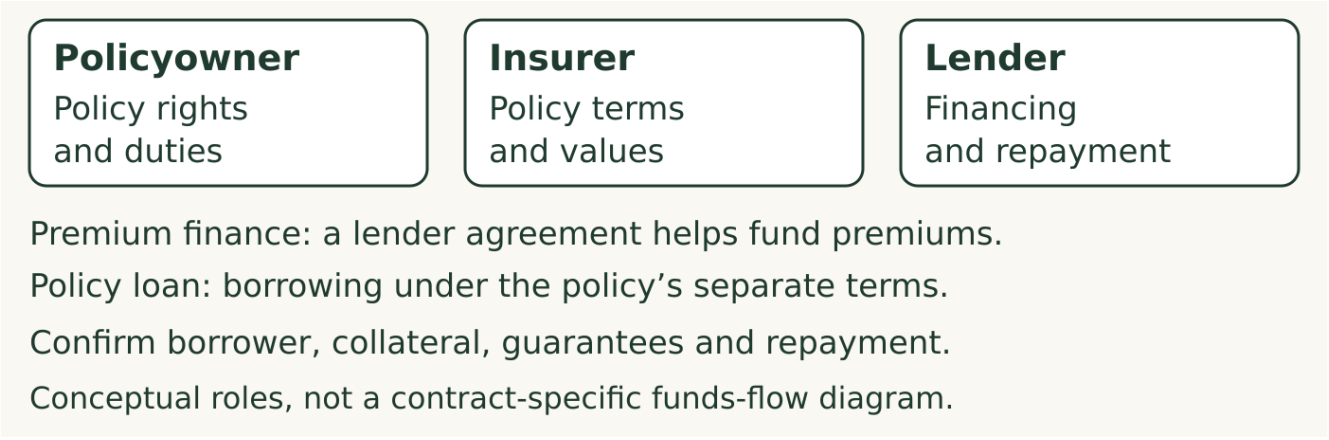
Put the foundation first

Consider your existing retirement plan, accessible reserves and genuine insurance need before adding complexity. Being a high earner or reaching a contribution limit does not by itself make financed insurance suitable. An informed review can conclude that a simpler approach is preferable.

02 | Understand the moving parts

Follow the money in both directions

A typical financed-insurance discussion involves three participants: a policyowner, an insurance company and a lender. The policyowner, borrower and any guarantor may be different parties. The contracts determine each party's obligations; the insurer provides the policy and the lender provides financing. Ownership, guarantees, collateral and repayment must be confirmed for the specific proposal. [1]



Insurance is central, not incidental

Permanent insurance can combine a death benefit with cash value. Premiums pay for insurance and other policy charges as well as supporting policy values. Cash value is not the same as premiums paid, a bank deposit or a guaranteed pool of spendable retirement money. Some values in an illustration depend on assumptions rather than promises. [2]

Two kinds of borrowing are not the same

A premium-finance loan helps pay premiums and is made under a lender's agreement. A policy loan is borrowing against a policy under its own terms. Do not assume that an illustration showing later policy loans means the earlier lender obligation disappears. Ask the advisor to show each loan separately, including interest, repayment and its effect on remaining benefits. [3]

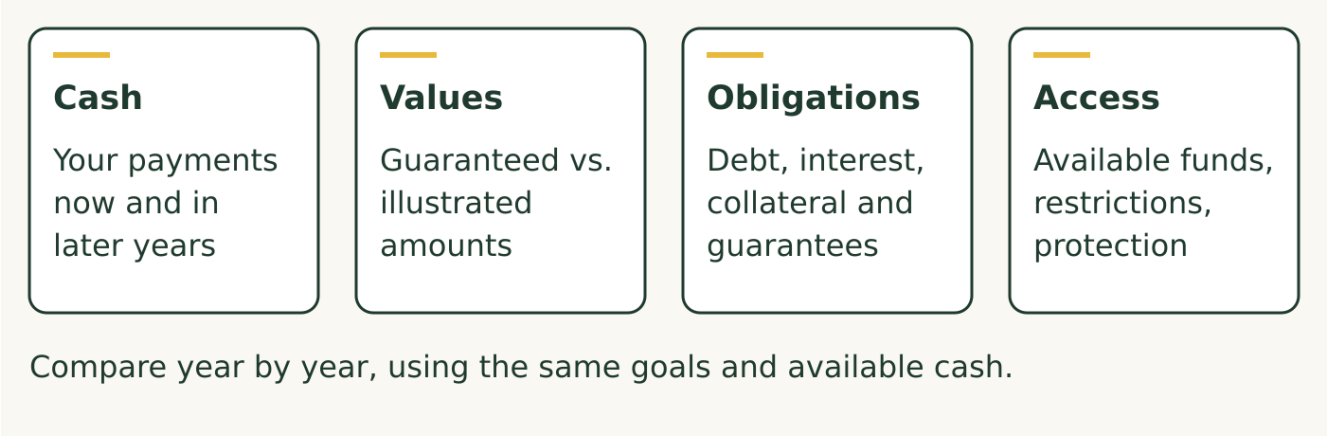
A useful reading habit

For each agreement in the diagram, ask: who pays, when, from which funds and under what conditions? If the explanation skips an obligation, the review is not finished. You should be able to describe the cash commitments in ordinary language before studying projected outcomes.

03 | Compare the whole arrangement

A projection is the start of a discussion

A large projected future value can be appealing. It is more useful when shown beside what you contribute, what you owe and what you can access. Ask for an annual view that separates your cash payments, loan balance, policy values and benefits. Do not treat a favorable projection as a promised result.



Use the same questions for every option

Compare the proposed arrangement with paying premiums without financing and with other ways to address your stated goals. Keep the protection need, time horizon and cash available for planning consistent. Otherwise, a comparison may reward one option simply because it assumes more money, more time or a different benefit.

Cash commitment: What must I pay at the beginning and later? Which amounts could change?

Access: What money could I actually access at each stage, after contractual restrictions and charges?

Obligations: Which debts, collateral requirements or guarantees would remain?

Protection: What benefit would be available to the intended beneficiaries, and what could reduce it?

Read costs as part of the design

Ask for policy charges, financing costs, professional fees and any surrender charges to be identified rather than folded into a single attractive number. Early surrender can be expensive, and policy loans can affect benefits and policy stability. The tax treatment of withdrawals, loans, surrender or lapse needs qualified review; “tax-free retirement” is not a substitute for that explanation. [3]

04 | Test a plan against real life

An illustrative owner conversation

Jordan owns an established professional-services business. Jordan wants additional long-term flexibility and has a legitimate need to protect the family. Most wealth is tied to the business, and keeping operating cash available matters.

A financed-insurance approach might be worth discussing, but those facts do not decide the answer. Jordan asks the team to compare it with an unfinanced insurance arrangement and separate retirement saving. The team must explain which need each option addresses, the cash required and the conditions under which Jordan would prefer a simpler choice.

This is a fictional teaching example, not a client result or a suitability recommendation.

Change one assumption, then combine changes

Financing costs rise. Ask how payments and the long-term comparison change, and what Jordan would have to fund personally.

Policy values develop more slowly. Ask whether additional collateral or a different repayment approach could become necessary. [1]

Financing ends or is not renewed. Ask where repayment would come from if a loan expires, is not renewed or must be repaid sooner than expected. [4]

The business needs cash sooner. Ask what happens if Jordan wants to sell the business, reduce work or redirect available funds. A plan that depends on cash remaining available should be reviewed against competing needs.

Several things change together. Do not stop after testing each issue separately. Ask the advisor to show a plausible combination of less favorable conditions and the decision points it creates.

The practical lesson

A useful review does more than present an optimistic case. It identifies what you would monitor, what would trigger a change and who is responsible for the follow-up. “We will revisit it later” is not a complete review plan.

05 | Build your one-page conversation brief

Keep this page private

Do not submit account numbers, balances, health information or tax records through a public advertising form. Use an agreed secure process if a professional needs supporting documents.

My main planning goal:

_____

The protection need I want addressed:

_____

Cash the business and household must keep available:

_____

A future change the plan must accommodate:

_____

The alternatives I want compared:

_____

Six questions for the advisor

1. What exactly would I own, borrow and be responsible for?
2. What would I pay, and which amounts can change?
3. Which illustrated values are guaranteed, and by whom?
4. How do I repay or exit if conditions are less favorable?
5. What happens to access, benefits and taxes if I change course?
6. Why is this preferable to a simpler approach for my actual goals?

Your next step: a clearer conversation

Ask Solarus for a Leveraged Retirement review

Bring your conversation brief, not a decision to buy. Ask for a plain-English explanation of the proposed structure and a coordinated review with the appropriate insurance, lending, tax and financial professionals. Confirm who owns each part of the analysis and what you will receive in writing.

If you are interested but unsure which planning issue comes first, an advisor may use Smart Money Strategy to organize the discussion. It is optional and does not establish suitability. You do not need to complete it to start a conversation.

Contact Solarus to discuss your next step

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solarusinsuranceagency.com/ContactUs.htm

What a useful next meeting should accomplish

You should leave knowing what the arrangement is intended to solve, which alternatives deserve comparison, what information is still missing and who will answer the remaining questions. Moving forward, gathering more information or deciding not to proceed can all be reasonable outcomes.

A few terms worth knowing

Premium: payment for insurance coverage. **Cash value:** value within a cash-value policy, governed by its terms. **Collateral:** assets pledged to support borrowing. **Illustration:** a presentation of policy values and benefits, including assumptions where applicable. **Surrender:** ending a policy for its available surrender value. [2,3]

Educational notes and sources

This guide explains general concepts, not a specific Solarus policy or loan offer. It is not individualized financial, insurance, tax or legal advice. Financing and insurance involve costs and risks. Actual product terms, underwriting, lender requirements, tax treatment and personal circumstances require professional review. No return, income, tax result, loan approval or suitability is promised.

[1] U.S. Bank, “Insurance Premium Financing.” General financing rationale and risks; not evidence of Solarus terms or an endorsement.

Read source

[2] National Association of Insurance Commissioners, “Life Insurance Buyer’s Guide,” 2026. Coverage, cash-value concepts and illustrations.

Read source

[3] California Department of Insurance, “Life Insurance Guide,” revised March 2018. Costs, surrender and policy-loan considerations.

Read source

[4] Truist, “Life Insurance Premium Financing.” General financing purpose and secured-lending considerations; not Solarus terms.

Read source

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