

# Cash Value Life Insurance— Keeping Business Dreams Alive



James Cash Penney, founder of JCPenney department stores; Walt Disney, founder of the Disney empire; Ray Kroc, founder of McDonald's; Max and Verda Foster, founders of Foster Farms; and Doris Christopher, founder of Pampered Chef. All of these famous entrepreneurs had one thing in common—their cash value life insurance policies helped save their businesses and dreams.

In 1898, James Cash Penney was one of three partners to the Golden Rule Store, a dry goods store. In 1907 he bought out his partners and expanded to 34 stores by the time he moved the company to Utah and renamed the company, the J.C. Penney Company. By 1929, there were more than 1,400 stores, but then the Great Depression struck. Mr. Penney was able to borrow the cash values from his life insurance policies to weather the storm and continue day-to-day operations.<sup>1</sup> JCPenney is now a publicly traded company with 865 stores throughout the country.

The Disneyland Source Book quotes Walt Disney: "I could never convince the financiers that Disneyland was feasible because dreams offer too little collateral." Undeterred, he borrowed against his life insurance and sold his second house in 1953, just to develop his idea to the point where he could show others what he had in mind.<sup>2</sup> Everyone knows what Disney has become—a huge conglomerate of theme parks, movie productions, television stations, publishing, merchandising and more. Imagine what might have been if Walt Disney was unable to secure financing and didn't have cash value life insurance to borrow against, to demonstrate his vision.

In 1955, Ray Kroc opened his first McDonald's in partnership with Dick and Mac McDonald, whom he later bought out in 1961. Ray did not take a salary for the first eight years and borrowed the cash values from two of his life insurance policies and a bank loan to cover the salaries of key employees and to give life to the Ronald McDonald marketing campaign. McDonald's grew to more than 700 restaurants in 10 years, and now there are more than 30,000 locations.<sup>3</sup>

In 1939, Max and Verda Foster borrowed \$1,000 against a life insurance policy. They purchased a few hundred chicks to start a farm in Modesto, California. Eighty years later, Foster Farms remains a family-owned and family-managed company.<sup>4</sup> It is the largest poultry producer in California with extended lines of businesses generating \$2.4 billion in revenue.

In 1980, Doris Christopher, a home economics teacher, took \$3,000 from the cash values of a life insurance policy and started Pampered Chef. By the time Warren Buffett bought out her company, annual sales exceeded \$740 million.<sup>5</sup>

Life insurance helps to protect your most valuable assets. For individuals, that's your ability to create and accumulate wealth, and to preserve that wealth. For businesses, it helps to financially protect the business from the untimely death of the owner and the key people who work hard to generate the customers, sales, revenue and profits of the business. If the life insurance is a cash value type policy, in a crunch, those cash values can help you—just like Walt Disney, Ray Kroc, and others—to weather some personal and business storms.

<sup>1</sup>Anderson, Brian. "Slideshow: 6 Famous Brands Started or Saved by Life Insurance." ThinkAdvisor. <https://www.thinkadvisor.com/2012/04/06/slideshow-6-famous-brands-started-or-saved-by-life/> (accessed March 16, 2020).

<sup>2</sup>Malloy, Betsy. "Overview of Disneyland's Amazing History." TripSavvy. <https://www.tripsavvy.com/history-of-disneyland-1477799> (accessed March 16, 2020).

<sup>3</sup>Anderson, loc. cit.

<sup>4</sup>Foster Farms. "Our History." FosterFarms.com. <https://www.fosterfarms.com/our-story/our-farms/> (accessed March 16, 2020).

<sup>5</sup>Encyclopedia.Com. "The Pampered Chef Ltd." <https://www.encyclopedia.com/books/politics-and-business-magazines/pampered-chef-ltd> (accessed March 16, 2020).

**To see if cash value life insurance is appropriate for your individual personal or business situation, contact your local Security Mutual Life insurance advisor today.**

Policy loans reduce the cash value and death benefit of the life insurance policy. Policy loans are not subject to income tax as long as the policy remains in force until the death of the insured, does not lapse and is not a Modified Endowment Contract (MEC). Outstanding policy loans accrue interest.

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