Why High Interest Rates Don't Break the Stream Plan

And how it works in high rate environments

Stream
An asset you can bank on

When interest rates climb, every leveraged financial product gets the same question: will this still work? For the Stream Plan, the answer is not a shrug and a hope that rates come back down. It is a design decision we make before a plan is ever built.

Here is why the model is built to absorb rate volatility, and what a higher rate environment actually changes.

A track record across every kind of rate environment
The premium-financed life insurance model that powers the Stream Plan is not new. It has been used through the high rate years of the 1990s and the rock-bottom rates of the 2010s, and every cycle in between.

What is new with Stream is not the model. It is the access. By pooling high income earners into a single tranche, we open a strategy historically reserved for ultra-high-net-worth clients to a much broader group of HENRYs (high earners, not rich yet).

Every Stream Plan is stress tested before it is built
Before a single dollar is committed, our team runs each client's plan through prolonged high interest rate scenarios, projecting elevated borrowing costs across the entire life of the plan to confirm it still performs against the client's goals.

If the plan cannot hold up under stressed conditions, we redesign it. Period. No client should be surprised by a rate environment we could have modeled in advance.

Quick Summary

- The strategy was never built on a rate forecast, so one Fed decision does not change the design.
- Every Stream Plan is stress tested against prolonged high rate scenarios before launch.
- Your contribution schedule is set at the outset and does not change when rates move.
- Higher rates can expand the carrier's options budget, which supports index crediting.
- The 0% floor means a down index year is not credited as a negative return.

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Your contribution is fixed before rates ever move

Your contribution schedule is set at the outset and does not change when the Fed moves. What a rate change affects is how the structure performs over time, which is exactly what the stress testing is built to answer.

Here is the mechanism most people miss. Clients fund a substantial share of each annual premium themselves across the first five policy years, so the bank is financing the remainder rather than the whole premium. Interest accrues on that smaller balance, which is why the client's effective cost of capital is dramatically lower than the headline borrowing rate.

Judging this structure by the headline rate alone will lead you to the wrong conclusion. We would rather walk you through an unfavorable rate scenario before you commit than explain one to you after.

Higher rates can work in the policy's favor

Carriers fund index crediting from an options budget, and that budget is generally larger when interest rates are higher. That is the mechanism worth understanding.

It does not guarantee a better result in any given year, and caps and participation rates are set by the carrier and can change. But the assumption that a higher rate environment is automatically bad for an indexed policy does not hold up.

What the 0% floor does, and what it does not do

In a year when the index is down, the policy is credited zero or a small minimum rate depending on the carrier, rather than a negative return.

That floor applies to index crediting. Policy charges still apply in any year, so the floor protects you from market losses being credited to the policy, not from all movement in cash value. It is real downside protection and we would rather you know precisely what it covers.

The bottom line

A Stream Plan is engineered for the long term and built to weather volatility. Stress tested before launch, with a contribution set before rates move and a floor on index crediting. None of that depends on guessing where the Fed goes next, which is the point. A strategy that only survives one version of the future was never a strategy.

Connect with Us!

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