

CENCO STREET JOURNAL

Volume 23, Issue 6

June 2023

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- Quotes
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QoL Max Accumulator+ III - Income For Life

How does a guaranteed stream of lifetime income with optional cost of living increases sound?

The stream of lifetime income is guaranteed to the policy owner until the first of one of the following two events occurs: 1) The insured reaches age 121 or 2) the insured passes away. This feature is available through the **Income for Life** rider on **QoL Max Accumulator+ III** policies.

With the Income for Life rider, the cash values can be used to produce a guaranteed stream of payments to the policy owner with optional annual adjustments to help offset cost of living increases. There is no additional cost to add this rider to the policy, only a one-time charge deducted from the account value when you choose to activate the feature and receive annual payments.

The Income for Life rider is an innovative feature that offers guaranteed income when there is cash value in the policy. The ability to lock in a guaranteed income stream may be very attractive for those in retirement or nearing retirement.

After activating this feature, the guaranteed income stream will never decrease even in the face of declining values elsewhere - and the policy will retain a life insurance benefit, a feature other guaranteed income instruments may not provide. Plus with a built-in "step-up" feature, the income amount may increase if the index interest credit is sufficient. On each policy anniversary, the step-up feature will increase the guaranteed income amount if the policy's performance exceeds a target level set in the rider.

A trade-off in activating the Income for Life rider is that the guaranteed income amount may be less than the policy values that might have been produced long-term, but that potential growth in policy values is not guaranteed. The choice of whether or not to activate this feature is up to the policy owner.

Contact Cenco for more information at 916/920-5251.

Policy Reviews

When was the last time you spoke with your clients about their life insurance? Probably not since they purchased their policy - several years ago.

Now is the time to contact your clients and go over the issues you discussed in determining the type and amount of coverage that they needed. - and how many of those issues have changed since then.

- Has their marital status changed?
- Have their children graduated college and moved out on their own?
- Have they purchased a new home or paid off a mortgage?
- Have they started a business - or sold one?
- Has a promotion or job change altered their income situation?
- Have there been changes in the tax laws that apply to them?
- Have they received an inheritance?
- Have they acquired assets (such as real estate) that have increased their financial worth?

If they answered “yes” to one or more of these questions, it is time to sit down with your client to see if their coverage is still working for them.

How A Policy Review Works

A policy review is actually a very simple process. You'll sit down with your client and go over their current coverage with the following questions in mind:

- Is the death benefit amount in line with their current situation? Life events and changing homes, reducing or increasing mortgage sizes could mean more or less coverage is needed.
- Is the product type the best option for your client right now? For example, if they have a term policy because of the lower premiums, it might be time to look at converting it to a permanent policy.
- Is their beneficiary designation still accurate?
- How has the policy been performing? Take a look and see if their choices are still aligned with their objectives and their risk tolerance.
- Is the product still competitive based on today's standards? Changes to product designs, interest rates and lifestyles have helped to reduce prices in recent years. You can discuss the benefits and limitations of both their current coverage and new products to help decide what steps (if any) are appropriate.

This brief but thorough process will provide you and your client with the information required to bring their coverage up to date with their needs.

Benefits Of A Policy Review

Most people like to know if they are on track with their life insurance coverage and periodic reviews can help provide that insight. Even though such a review might appear to be unnecessary at the time, most clients are quick to recognize the benefits it yields, including:

- The reassurance that their insurance coverage is in line with their family's needs.
- The assurance that their tax-advantaged planning is in line with the current environment.
- The opportunity to look at their entire financial situation, which could uncover other changes they may want to think about.

If it's been a few years since you have contacted your clients about their life insurance coverage, call them today and set up an appointment.

Are You Following Up On Your Term Sales?

Term Insurance is often sold to clients who simply want the lowest cost death benefit protection for a specified period of time. Clients and producers alike will preach the concept of buying **Term** and investing the savings.

While we'd like to think that clients and the investors hold themselves accountable for this strategy and do invest their cost savings, we know it is more likely that the clients pay for the **Term** coverage and then spend their savings elsewhere. The **Term Insurance** is then forgotten over time only to be revisited once the level **Term** period has expired and the client does not want to pay the escalated premium.

One way to help your clients effectively plan for their long-term needs is to discuss the Term Conversion option.

CONSIDER THIS:

By completing a conversion application, the client can change their coverage from a **Term** plan to a Permanent policy without any additional underwriting. This is usually allowed up to a certain age (commonly 65, 70 or 75 depending on the provider). The cost of these conversions is based on the insured's attained age at the time of the request so the longer your client waits to exercise their conversion option, the more expensive the premium will be.

This should be a topic that you address with your clients on a regular basis to ensure that you do not let the conversion privilege expire and also that you are converting at the earliest, most appropriate time which can save your clients significant premium costs. It will also ensure that your clients have the coverage in place when they need it most - when they pass away. Since the average life expectancy is in the mid-80s, more often than not, the level **Term** policy will expire before your client expires.

Ask yourself if you have a process in place to address your clients who have purchased **Term Insurance**. Even if converting their **Term** plan isn't the most appropriate course of action at this time, the review discussion may uncover additional needs for insurance or lead to referrals.

Cenco can help you determine if your client's **Term** plan has a conversion option and provide you the marketing support needed to turn these cases into permanent sales.

If you have any clients that may be approaching their conversion deadlines or who may be appropriate prospects for a policy review, call Cenco (916/920-5251) today and we can help get the process started for you.

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**Non-Medical Underwriting
On QoL Max Accumulator+ III
And QoL Value+ Protector III**

- Ages 0-59
- Face amounts \$50K to \$2 Million
- No lab tests, exams or APS required
- All rate classes are available
- Part B AIG-ordered tele-interview
- Faster processing times using the iGO eApplication, leads to faster commissions for the agent

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Help clients maximize income for the early, active retirement “Go-Go” years

Offer MORE income for the “Go-Go” years

Research from the U.S. Department of Labor has shown that income spending of retirees is the largest at the beginning of retirement (the active, “go-go” years) and declines as they get older (the “slow-go” years)! Research shows that overall expenditures actually decline throughout retirement.

The Early Years: “Go-Go Years”

Income need: HIGH

- Travel
- Vacation home or home improvements
- Grandchildren

The Middle Years: “Slow-Go Years”

Income need: MODERATE

- Less travel
- Downsizing

The Later Years: “No-Go Years”

Income need: LOW

- Stay close to home
- Not as much entertaining

Total annual expenditures by age

Annual Spending	Age 65-74	Age 75+	% Change 65-75+
Apparel & Services	\$960	\$617	-36%
Entertainment	2,723	1,682	-38%
Food & Alcohol	6,750	5,046	-25%
Healthcare	6,695	6,627	< -1%
Housing	18,492	15,937	-14%
Transportation	7,676	4,205	-45%
Miscellaneous & Other	5,360	5,360	—
Personal Insurance & Other	3,700	1,365	-63%
Total Expenditures	\$52,356	\$40,839	-22%

Retirement spending generally declines over time in retirement.

\$52,356



\$40,839

*Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, September 2021.

Lifetime Income Choice guaranteed living benefit rider’s **Max Income option** offers high initial withdrawal rates of up to **8.25%** (ages 72+, single life) with up to 4.5% Protected Income Payment Percentage (PIPP) for life!

¹Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, September 2020

Offer clients a powerful income advantage for the Go-Go years

Max Income Option vs. 5% for life

Hypothetical example assumptions, \$100,000 premium, single life, issue age 65, 0% growth rate net of fee, and withdrawals starting immediately.

With 7.00% annual withdrawals at age 65, Max Income would provide clients with **38% more** cumulative income at age 80 than a 5% level income withdrawal strategy.

Clients can withdraw the Max Income rate each year until the contract value (CV) is depleted to \$0 due to withdrawals and the annual rider fee. Only when the CV reaches \$0, clients will receive the Protected Income Payment Percentage (PIPP) for life, which has a lower percentage.

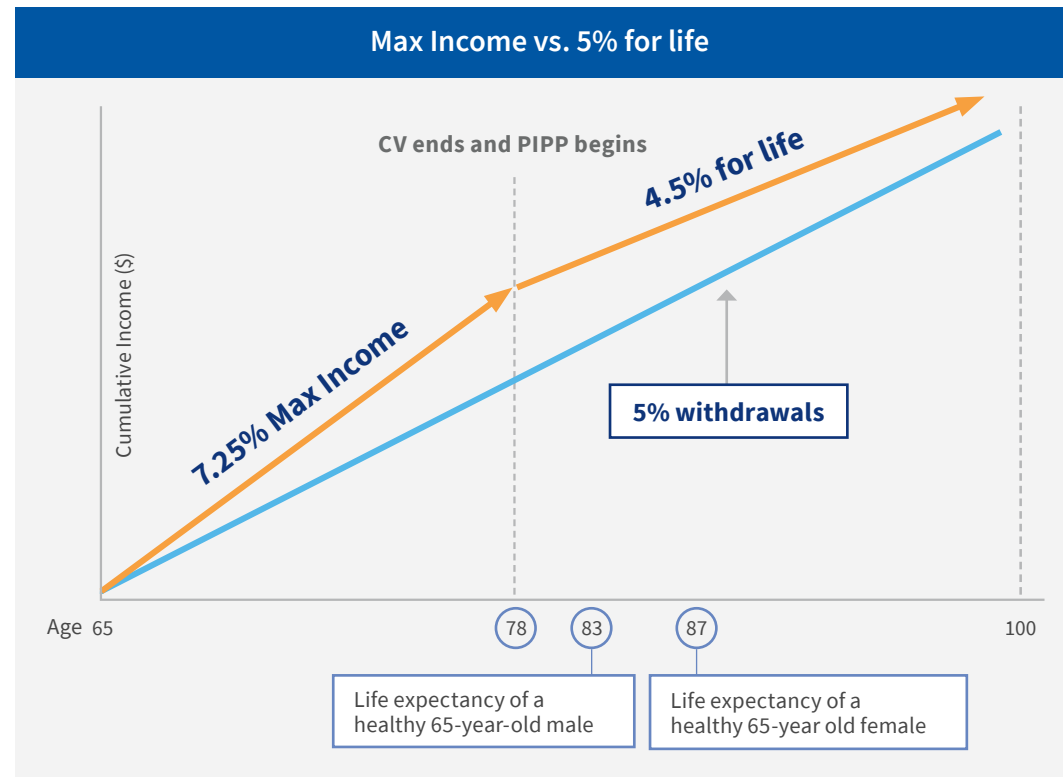
Cumulative income from Max Income remains higher than a 5% level stream of income until age 100 in this example!

Income Advantage of Lifetime Income Choice		
Age	Lifetime Income Choice cumulative income	5% withdrawals cumulative income
65	\$7,250	\$5,000 (per year)
70	\$43,500	\$30,000
75	\$79,750	\$55,000
80	\$110,500	\$80,000
85	\$133,000	\$105,000
90	\$155,500	\$130,000
95	\$178,000	\$155,000

Traditional “5 for Life” and “4 for Life” features referenced are hypothetical. They are for illustrative purposes only and not intended to be an actual comparison to a feature offered by a competitor. The comparisons above illustrate a mathematical principle, assume all other potential variables between annuity contracts and income features are the same and do not reflect any gains, income credits or fees associated with any product or feature.

There are two lifetime income options available with Lifetime Income Choice: Max Income and Level Income. The name Max Income does not imply that this option will provide more cumulative income than the Level Income Option. Max Income Option is designed to provide higher initial income than other options and will deplete the contract value quicker than a level income stream. The option’s initial rates will last until the contract value is depleted, at which point the client will receive the lower Protected Income Payment Percentage (PIPP) for life. Rider and option must be selected at contract issue and cannot be changed thereafter.

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In this example, Max Income offers

- \$7,250 per year until contract value is \$0 at age 78
- \$4,500 per year for life, 4.5% PIPP



Smart moves with QoL Flex Term **new rates!**

May 22, 2023

PRODUCT BULLETIN

23019

New Term Rates with No Increases

Effective May 22, 2023, QoL Flex Term is repriced in all states where it is sold. There are no premium increases, and almost 70% of cells have lower premiums with an average decrease of roughly 2%. The lower rates can be seen across all bands!

Face amounts \$500,000+ also remain strong!

- Top 2 ranking in 97% of the premium cases versus term products with living benefits

Low monthly modal factor

- Nationwide, our low monthly modal factor remains 8.45% and is among the very lowest for the top term products in the market today

Agile Underwriting+

- **Fast:** Opportunity to avoid the paramed and receive the offer 24 hours after the interview
- **Clear and Transparent:** Improved detail on underwriting offer explanations. If approved less than best class, we will now provide up to 5 drivers for the decision.
- **Simple:** Optional Agent completed Part B within iGO full eApp. Receive decision 48 hours after submission.
- **Reliable:** Increased underwriting offers as applied for

Rated Case Advantage

- QoL Flex Term continues to offer some of the very lowest premiums among leading carriers for rated cases leveraging Special Class

Transition rules

- See page 2

Smart moves with...

- **Agile Underwriting+ (AU+)**
Slide into policy approval that may not require labs.
 - Agent completed Part B option for iGO full eApp
 - Latest [Underwriting Updates](#) (login required)
- **Marketing Materials**
Full range of marketing materials is available on [Stand Out with QoL](#)
- **Rapid Rater**
Instant quotes for all classes and durations are available on Rapid Rater. Visit aig.com/QoLRapidRater for more information. New rates will be available May 19, 2023, after 8PM CST.

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Transition Rules

Paper applications

- New premium rates will be available effective May 22, 2023
- Applications received in the Home Office prior to May 22, 2023, will receive the old premium rates
- Applications received in the Home Office May 22, 2023, and later will receive the new premium rates
- Reissue requests to new rates will NOT be honored
- New applications submitted to replace existing inforce coverage with the new rates will not be honored within 90 days of the existing coverage going inforce

iGO full eApp

- New product rates will be available effective May 20, 2023
- Applications received in the Home Office prior to May 20, 2023, will receive the old premium rates
- Applications received in the Home Office May 20, 2023, and later will receive the new premium rates
- Reissue requests to new plan will NOT be honored
- New applications submitted to replace existing inforce coverage with the new rates will not be honored within 90 days of the existing coverage going inforce