

A Special Publication for CENCO Related Agents

# CENCO STREET JOURNAL

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## Check Out The Cenco Website:

[www.cencoinsurance.com](http://www.cencoinsurance.com)

You will have access to:

- Quotes
- Forms
- Introduction Kits for Our Core Carriers
- Archived and current issues of the **Cenco Street Journal** and the **Cenco eNews**

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## Life Insurance The Smart Way

With AIG Partners QoL Flex Term, your clients can build their life insurance on their terms! They can choose the exact amount and period of coverage they need. Not only does QoL Flex Term let them customize their loved ones' coverage, it can help them save money on premiums with a technique called "laddering" which means they buy multiple smaller policies that custom tailor their needs rather than one large policy.

### See It In Action...

Larry, age 39, has two children, ages 5 and 8. He wants to purchase life insurance to provide for his family in the following situations:

- \$250,000 of coverage on himself until his youngest child reaches the age of 21
- \$500,000 of coverage until retirement at age 62 to protect his family's income needs
- \$250,000 of coverage to pay off his mortgage, which has 27 years remaining

Larry could buy a single \$1 million policy, but the closest available term period offered by most major companies would be 30 years. With QoL Flex Term, he can buy a separate policy for each of his three situations. Building life insurance on his terms allows him to only pay for the coverage he needs.

**For more information go on to the Cenco Website and select Introduction Kit for AIG Partners**

## Made Just For You - New QoL Producer Site!

Your brand new AIG Partners QoL website is here! And it's loaded with all the tools you will need to Learn, Train, Promote & Sell. Go to <http://www.aig.com/QoL> and be sure to save the site. You'll want to check back often for updates!



## **Increase Your DI Sales With This Fast Track Sales Tip**

The first step, conveying the need for income protection to your clients is the most important. Many advisors jump right to the solution before making sure their clients really understand what is at stake should they get sick or hurt and not be able to work and provide an income.

### **Start By Finding Out What's Most Important To Them.**

The things your clients value the most require protection. Family, Home, Financial Plans, Secure Futures - help clients identify what will be at risk should something happen to their ability to earn an income, and acknowledge that it's a problem needing attention.

### **Financial Security: If The Paychecks Stop, How Will They Pay Their Monthly Bills?**

Few middle income families have enough savings to make ends meet if they should lose their income for more than a few weeks. When the paychecks stop, monthly bills will begin to deplete savings - setting back any other plans or priorities, perhaps even for years. For these clients, the definition of income protection is about knowing they can meet their financial obligations and protect their future plans.

### **Supporting The Family: What Changes Will They Face?**

On top of losing a paycheck, a disabling illness or injury can mean changes for the whole family. Plans are put on hold, routines are changed, other family members must pitch in more - and the calendar fills with doctor's appointments, which leads to more medical bills, and the urgent question becomes "when will things get back to normal?" For these clients, it's important to know there's a way they can still support their families and keep life as normal as possible if they become unable to work.

### **Focus On Recovery: How Will They Recover If The Stress Of Finances Is Haunting Them?**

The last thing someone needs when they've experienced a disabling illness or injury is the stress of worrying about bills and other financial obligations while they recover. It's difficult enough to be facing an uncertain future without the constant worry of financial set-backs. For these clients, it's important to know they'll have a plan in place and monthly DI benefits which will help keep things on track, so they can focus on getting well.

### **Sales Tip: Be Sure To Thoroughly Cover The Need Before Jumping To The Solution.**

Remember consumers must better understand the problem they didn't know they had: what is at stake if they lose their ability to make an income if they get sick or hurt. To better identify what is at stake for your clients and create a personal profile that shows exactly what is at risk, go to [www.whatsmyeiq.org](http://www.whatsmyeiq.org).

**Contact Cenco for guidance - we'll help you identify the best solution for each of your clients' needs.**

## June is National Annuity Awareness Month!

As an insurance professional with in-depth knowledge of products and services available, the advantages of annuities are no surprise to you, yet they can be surprisingly hard to sell. Many clients have preconceived ideas of what they are, how they work and have some sort of second-party horror story from friends, family members or even someone in a magazine who fell victim to withdrawal fees or disability.

As the National Association for Fixed Annuities (NAFA) says, National Annuity Awareness Month was created in 2014 to “help educate financial professionals and the public on the important role annuity products play in helping Americans save for retirement as part of a secure retirement plan”. While many Americans understand the importance of saving money in a 401 (k) from a young age and making investments in property, the stock market and other financial vehicles, they are often unaware of the numerous benefits annuities offer and how they can positively affect your cash flow during retirement.

To curtail misconceptions about the annuity, trade associations such as NAFA, Annuity Awareness Association (AAA) and Society for Annuity Facts and Education (SAFE) are providing education material, webcasts and social media communications, and an array of awareness tools to consumers throughout the month in order to stress the important role annuity products can play in helping Americans save for retirement.

To review, benefits of annuities include (but are not limited to):

- ◆ Guaranteed lifetime income
- ◆ Not being subject to market volatility
- ◆ Deciding when you want the payout to begin
- ◆ Being tax-deferred
- ◆ An option to add riders (benefit, long-term care, etc.)

Who doesn't like the sound and the reality of having guaranteed retirement income they can't outlive or the option to add extra riders on to the annuity with the option of getting the money back, should you not use it? Annuities were created to offer consumers a more stable way to invest as they age and are less keen on investing in risky financial vehicles, yet they aren't stressed enough.

Don't let your peers fall by the wayside. Educate and inform them using unbiased easy-to-understand information showing the benefits of annuities so they can make retirement planning a forethought, not an afterthought. With more educated and informed consumers, they would be looking to you for guidance in deciding, customizing and purchasing annuities, as well as other financial vehicles for their retirement income portfolios.

For more information on how you can get involved with Annuity Awareness Month, visit Annuity Awareness Month ([annuityawarenessmonth.org](http://annuityawarenessmonth.org)) and The Society for Annuity Facts and Education (SAFE) ([annuityed.org](http://annuityed.org)) websites or contact a member of CreativeOne's sales team at 800-992-2642 for more information on how to best position annuities.

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**Did You Know....**

Timing is everything! Especially when it comes to underwriting for your clients with impairments or special circumstances. Make sure you know when the timing is right to revisit a case that was previously declined or rated - you may have a sale waiting for you. Changes in your client's circumstances, market conditions, medical advancements or underwriting rules can all affect the final outcome of your client's cases.

Cenco is available to assist you about when you should revisit a past case. The time may be right - contact us today at 800-452-3626.

# Breaking the Ice with Business Owners

Life insurance can provide a solution for many of the needs and concerns faced by business owners. Unfortunately, business owners often fail to recognize these issues until it's too late. The below questions provide a starting point for you to “break the ice” with business owners on these issues and begin exploring if life insurance makes sense for their business plans.

## INTRODUCTORY QUESTIONS

- How is your business doing?
- How big is the business today?
- Is the business impacted by the current economy?
- Has it faced any special challenges?
- If the business is succeeding, what would you attribute it to?

## QUESTIONS REGARDING KEY ISSUES

ISSUE	TOPIC OPENERS	COMMON CONCERNS
<b>Key Person Insurance Coverage</b>	<ul style="list-style-type: none"> <li>• <i>Do you have any key employees?</i></li> <li>• <i>Who do you turn the keys over to when you go on vacation?</i></li> <li>• <i>Do you know who the key people are and what makes them so crucial to your business?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Can your business survive the loss of one of your key employees?</i></li> <li>• <i>What have you done to help protect against lost revenues if you were to lose a key employee?</i></li> <li>• <i>Would you need funds to keep the business afloat while you replaced the key employee?</i></li> </ul>
<b>Executive Bonus</b>	<ul style="list-style-type: none"> <li>• <i>Have any of your employees recently left?</i></li> <li>• <i>Are you ever concerned about any of your employees leaving and going to work for one of your competitors?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Are you providing enough benefits to keep your employees happy?</i></li> <li>• <i>Have your employees ever indicated dissatisfaction with their compensation package?</i></li> </ul>
<b>Liquidity to Buy Business from Partner's Estate</b>	<ul style="list-style-type: none"> <li>• <i>If your partner dies, who gets the stock?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Would you have the cash to buy out your partner's spouse/heirs if something were to happen to him or her unexpectedly?</i></li> <li>• <i>Are you okay with your partner's spouse/heirs becoming your new business partner(s)?</i></li> <li>• <i>Have you documented and funded a Buy/Sell agreement to purchase the outstanding stake of the business if your partner dies or becomes disabled?</i></li> </ul>

ISSUE	TOPIC OPENERS	COMMON CONCERNS
<b>Financial Security for your Family</b>	<ul style="list-style-type: none"> <li>• <i>If you die, who gets your stock?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Can your business survive without you?</i></li> <li>• <i>Can one of your family members continue the business?</i></li> <li>• <i>What will happen to your family if the business fails after you die?</i></li> <li>• <i>What about your key employees?</i></li> <li>• <i>Do you have a plan with a successor who is qualified to run the business?</i></li> <li>• <i>Do you have Buy/Sell agreement documented and funded?</i></li> </ul>
<b>Fair Treatment of Children Not Active in the Business</b>	<ul style="list-style-type: none"> <li>• <i>If one of your children will take over the business, do you have other children who are not involved?</i></li> <li>• <i>Are you planning to give all a share of the business?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>How do you plan to fairly distribute your estate between children who are both active and not active in the business?</i></li> <li>• <i>How will the children who have worked hard to operate the business feel if their siblings suddenly also become owners?</i></li> <li>• <i>Do you have liquidity to give the non-active children a share of your estate without making them owners?</i></li> </ul>
<b>Liquidity for Estate Taxes</b>	<ul style="list-style-type: none"> <li>• <i>What do you believe your net worth is?</i></li> <li>• <i>Does your net worth expose your estate to taxation?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>If you died today and an estate tax is due, how will your estate pay the tax?</i></li> <li>• <i>Will your estate need to sell the business or take an expensive loan?</i></li> <li>• <i>Even if your current estate is under the exemption, could it grow to a point where it will be taxable?</i></li> <li>• <i>Will your estate have to pay state estate taxes?</i></li> </ul>
<b>Retirement</b>	<ul style="list-style-type: none"> <li>• <i>Are you saving a sufficient amount for your retirement?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Does your company offer a retirement plan?</i></li> <li>• <i>If so, are you able to put away enough money for your retirement in your company plan?</i></li> <li>• <i>If not, how are you saving for retirement?</i></li> </ul>
<b>Foreign Nationals Estate tax</b>	<ul style="list-style-type: none"> <li>• <i>Did you know that non-U.S. citizens may be impacted differently under federal estate tax law?</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Did you know that the unlimited marital deduction (tax-free transfer between spouses) is not available for a transfer to a non-citizen spouse, even if he or she is married to a U.S. citizen?</i></li> <li>• <i>Are you aware that if you are not a permanent resident, you are still taxed on U.S. situs property and have a lifetime exemption of only \$60,000 in 2015?</i></li> </ul>

**CONTACT US**

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# “Sandwich Generation” needs flexibility for competing needs

## Client Profile:

- Tom, age 40
- Seeking a vehicle offering protection and strong accumulation potential with the flexibility to serve multiple needs:
  - Tax-advantaged supplemental retirement savings
  - Potential educational resources for his son Tyler, 10
  - Prepare for potential care expenses for his mother Grace, 65

Tom, like many his age, is joining the “sandwich generation,” a group of Americans who are caught between older and younger generations, both dependent on them for their financial well-being. Balancing needs of their children and parents with the ever increasing need to save for their own retirement creates a challenging scenario.

Consider that the sandwich generation is facing some startling facts:

- 57% of families think non-medical home care for an aging parent will be less than \$40,000 per year when in reality it is closer to \$46,000 per year. And only 36% are saving for it.<sup>1</sup>
- The national average cost of a four-year college education rose from \$14,939 in 1994 to \$24,706 in 2014<sup>2</sup>
- The average retirement savings of a 50-year-old in America is just \$42,797<sup>3</sup>

## What can Tom do to address his concerns?

Tom’s insurance agent recommends indexed universal life insurance (IUL) for the protection and financial flexibility to help meet Tom’s needs. Tom decides to purchase a \$150,000 Lifetime Builder IUL. The policy:

- Provides a tax-advantaged death benefit for either Tyler’s college education or Grace’s care, should she need care down the road, if Tom dies prematurely.
- Builds cash value that will grow tax-deferred and is accessible later when Tyler goes to college, if Grace needs care, or to supplement his retirement savings.
- Is sustained in the event he becomes disabled prior to 65, since he purchases the Waiver of Specified Premium rider.
- As the table below shows, whether for Tyler’s college, Grace’s care or Tom’s retirement, there are tax-advantaged funds available during both Tom’s life or at his premature death.

<sup>1</sup> Care.com/seniorcaresurvey.

<sup>2</sup> National Center for Education Statistics, Tuition costs of colleges and universities, <http://nces.ed.gov/FastFacts/display.asp?id=76>

<sup>3</sup> <http://www.statisticbrain.com/retirement-statistics/>

## What can Tom do to address his concerns?

Tyler, age 18,  
begins college

Grace, Age  
75, faces a  
possible long  
term care  
situation

Tom, age  
65, reaches  
retirement age

Year	5	6	7	8	9	10	15	20	25
Non-guaranteed Cash Value				\$43,691		\$59,504	\$112,500		\$199,687
Non-guaranteed Death Benefit				\$195,595		\$210,932	\$262,738		\$262,738

Based on Lifetime Builder IUL, 6.0% illustrated rate, 15 year increasing death benefit, \$5500 planned premium for 15 years, issued male age 40, standard non-tobacco with Waiver of Specified Premium. Total premiums paid over 15 years are \$82,500. For guaranteed rates and values please refer to the Basic Illustration for the product and parameters assumed.

Managing competing demands on financial resources can cause stress and hardship. Clients need a flexible option that can adapt to their changing needs while providing protection for loved ones. Tom's example is far from unique. Find out how Lifetime Builder can help your clients with a personalized sales illustration.

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