

CENCO STREET JOURNAL

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September Is Life Insurance Awareness Month

This year marks the 15th anniversary of Life Insurance Awareness Month (LIAM), an effort to raise awareness among consumers and producers about the need for life insurance. With disposable income at an all-time low, American families have to make difficult decisions to determine their financial priorities. Unfortunately, life insurance is not at the top of the list. Yet, many American families say they could not last a month without the breadwinner's salary.

Now more than ever, it is vital that consumers protect their financial security. Life insurance has been providing this kind of protection to Americans for more than 200 years.

According to LIMRA, during the past 5 years, approximately 6 million potential life insurance buyers got away - people who didn't buy but had issues or concerns that if addressed could have turned them into buyers.

When LIMRA talked with some of them, these shoppers offered insights into what life insurance professionals like you could have done to turn them into buyers.

- ◆ **Reach Out At Key Moments** - Contacting consumers at optimal life events (marriages, births, home purchases, business start-ups) is a good strategy.
- ◆ **Build Relationships** - Not only are prospects more likely to buy from a sales rep they consider to be their financial advisor or who they have done business with before, they are also more likely to provide referrals.
- ◆ **Help Prospects Understand** - When you help your prospects gain insight into what product and how much of it they should buy, they are more likely to take the final step and purchase coverage.
- ◆ **Follow Up With Prospects** - Most of the people you will talk to believe they need life insurance, although they may be struggling to make the final commitment to buy. Don't give up too soon.
- ◆ **Connect with Current Clients** - Who's more likely to buy from you, a stranger or a client who has already shown their trust in you? Current clients can be a good source for sales.

Resources: <https://www.lifehappens.org>

With LTC Hybrid Sales Humming, Why There's Still Room To Grow

Life insurance and annuities with long-term care riders have far surpassed standalone LTC insurance policies in sales, with tens of millions of Americans aged 50 or older still lacking any coverage, according to LIMRA data.

Less than 7% of consumers over age 50 have LTC coverage, two experts from the industry research organization and its Secure Retirement Institute said in an analysis last week. Yet 52% of seniors 65 and older will need long-term services, according to the Department of Health and Human Services.

Standalone policies usually offer more robust benefits, but higher prices and carriers' exits from the market over profitability concerns, have cut sales by more than a half over the past five years, LIMRA says. Hybrid life policies and annuities have more than gobbled up the difference, with more than \$4 billion in sales last year.

The gap in coverage remains, though. By 2040, LIMRA predicts 82 million Americans will be retired. Fewer than 40 million people aged 65 or above had left the labor force in 2016, according to labor participation rates from the Bureau of Labor Statistics.

In light of the need and the demographic trends, clients and advisors aren't discussing LTC enough, according to studies cited by HHS and private-sector experts on aging. Current sales fill some of the demand, but insurers will need to expand their offerings to tap the market, LIMRA says.

A lot of the innovation in new life products has come from carriers that were already in the market, for annuity/LTC combination products, "the market is a niche where only a handful of companies are actively offering products," LIMRA researchers have said. "While sales have been on the rise, the number of carriers active in this market have declined slightly over the past few years."

Long-Term Trends In Long-Term Care

LIMRA has been tracking LTC insurance sales since the early 90's, when few combination or hybrid products had hit the market, according to the researchers. The organization started measuring hybrid sales in 2006, and 20 to 25 firms now offer life insurance policies with LTC or chronic illness benefits.

The number of hybrid life policies sold first eclipsed purchases of standalone LTC policies in 2015, and their total premiums last year of \$3.6 billion were nearly 16 times those of standalone LTC insurance, LIMRA says. Hybrid annuity premiums outpaced standalone premiums in 2014.

Some 6 out of 10 consumers say they would consider such combination products, according to the researchers. The hybrids offer greater flexibility than standalone policies, although the products' costs and benefits vary too much to compare their prices against each other.

While we don't expect to see a rise in individual LTC sales soon, combination products are a great way to fill the gap the declining individual long-term care insurance sales has left, while still meeting at least a portion of consumers long-term care needs.

Life Doesn't Stand Still - Time For A Policy Review

Some clients are puzzled when their financial professionals ask to schedule a review of their life insurance coverage. "I haven't had any problems with my policies," they often point out, "so why do I need a review?"

You can answer their question by asking how their life may have changed since they purchased their policies. Was there a marriage or divorce? Did they start a new business? Acquire new property? Perhaps they earned a promotion, changed jobs or have children entering college - or finishing college and settling out on their own?

Additionally, competitive forces over the past several years within the life insurance industry have provided unique designs in features, benefits and costs, which may need to be considered in their planning process.

Chances are, their life is quite different now from when they purchased their policy - and so are their insurance needs. A systematic policy review with their financial professional is the best way to ensure that their coverage continues to keep up with their needs. To illustrate this point even further, take a look at a hypothetical representation for illustrative purposes only case study.

Case Study: Greg's Family

As a partner in a prestigious law firm, Greg enjoys a comfortable lifestyle with his wife Sara and their two teenage sons, Justin and Kevin. Greg remains very actively involved in the management of his securities portfolio - but he hasn't thought about life insurance since just after the boys were born.

When Greg purchased his life insurance policy, he and Sara were living in a modest two-bedroom home, still paying off their student loans, and earning a combined total of \$100,000 a year. Their insurance agent at the time recommended \$500,000 in coverage. In the fourteen years that have elapsed since then, the family has:

- Moved twice, each time to a larger and more expensive home
- Enrolled the boys in private college-prep schools
- Purchased a lake house - and a boat to go with it - for summer vacations
- Gradually adopted a more upscale lifestyle as Greg's income grew
- Planned to send the boys to college at Princeton
- Begun taking care of Sara's mother

So if something were to happen to Greg with his current coverage, the family would find it difficult to maintain their way of life. Perhaps Sara would have to bring in more income by going back to work, or perhaps the boys would have to change their college choice.

Fortunately, Greg's current financial professional alerted him to the importance of a regular policy review. After taking this step, the advisor recommended that he augment his coverage to ensure the continued protection of his loved ones and their way of life. Greg has now established a means of protecting his family and transferring his wealth in a tax-efficient manner.

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September 2010

**Are Your Clients
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Expenses?
Look Inside For
Details!**

**Non-Medical Underwriting On
QoL Max Accumulator+**

- Ages 0-50
- Face amounts \$50K to \$499,999
- No lab tests, physical exam or APS required for proposed insured
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- Faster processing times using the iGO eApplication, leads to faster commissions for the agent

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Everything you need is here!

- ◆ QoL Producer Website
- ◆ QoL Training Playbook
- ◆ QoL IUL Playbook
- ◆ QoL Term Conversion Playbook
- ◆ And more.....



Are you paying for more than you need?

Most term life insurance policies offer five-year increments. But American General Life's term life insurance allows you to choose the specific time period that works best for you. With American General Life, you buy just what you need, saving you money.

MORTGAGE FUNDING - Why buy 25 year term insurance if you only need 21?



1 OUT OF 2
American families have **21 or more** years remaining on their mortgage



The median American mortgage debt is **\$121,324**

SOURCE: "AMERICAN HOUSING SURVEY, 2013," U.S. CENSUS BUREAU AND DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. ACCESSED JANUARY 2, 2018.

SOURCE: "AMERICAN HOUSING SURVEY, 2013," U.S. CENSUS BUREAU AND DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. ACCESSED JANUARY 2, 2018.

You could save over

\$6,000
OVER 21 YEARS*

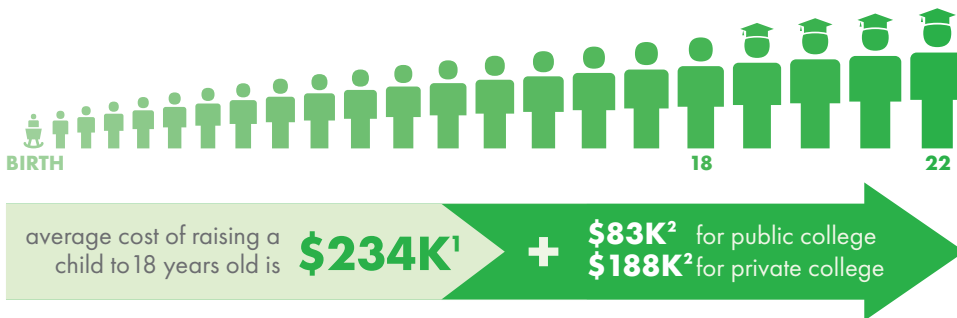
with a

21
YEAR
POLICY

vs.

25
YEAR
POLICY

EDUCATION FUNDING - Cost of raising a child to age 22



The average cost of raising a child to the age of 18 is:

\$233,610¹

Add the cost of a four-year college tuition, raising a child to age 22 will cost as much as:

\$421,410²

1. SOURCE: "EXPENDITURES ON CHILDREN BY FAMILIES, 2015," UNITED STATES DEPARTMENT OF AGRICULTURE. ACCESSED JANUARY 2, 2018.
2. SOURCE: "TRENDS IN COLLEGE PRICING, 2017," COLLEGE BOARD. ACCESSED JANUARY 2, 2018.

INCOME REPLACEMENT



Those with life insurance carry enough to replace their income for just **3.4 YEARS**



38% say that they would feel the financial impact from the death of the primary wage earner in **1 month**

SOURCE: "LIFE INSURANCE IN FOCUS: U.S. PERSON LEVEL TRENDS, LIMRA 2016." LIMRA. ACCESSED JANUARY 2, 2018.

SOURCE: "2016 INSURANCE BAROMETER STUDY." LIMRA, ACCESSED JANUARY 2, 2018.



To learn more contact your financial professional.

NOT A DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | MAY LOSE VALUE | NO BANK OR CREDIT UNION GUARANTEE | NOT FDIC/NCUA/NCUSIF INSURED

*Savings reflect a 21 year versus a 25-year AG Select-a-Term \$1 million policy for a male, age 43, preferred plus underwriting class. Premium rates current as of January 22, 2018, rates may vary by state. Premiums available for other rate classes, ages and payment plans. Premium charges depend on evidence of insurability. Premiums increase at the end of the guaranteed level premium period if renewed. Death benefit remains level.

Policies issued by: American General Life Insurance Company (AGL), Policy Form Numbers ICC16-16901, 16901, ICC16-16900 and 16900 except in New York, where issued by The United States Life Insurance Company in the City of New York (US Life), Policy Form Numbers 16901N and 16900N. Issuing companies AGL and US Life are responsible for financial obligations of insurance products and are members of American International Group, Inc. (AIG). Products may not be available in all states and product features including rates may vary by state. All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

LIFE INSURANCE

Differences Between Individual and Employer (Group) Life Insurance

If you need more life insurance, you may be faced with a question: Do I purchase an “Individual” life insurance policy? Or, do I just get it at work?

Nearly 60% of employees have access to life insurance through work¹ (commonly referred to as “group life insurance”). How does this coverage differ from an “Individual” life insurance policy (which is purchased separately from work)? When does it make sense to buy an individual policy?

DID YOU KNOW?

64% of adults agree they personally need life insurance and **30%** say they need more than they have?²

Over **85%** of employees in their late 20s have been with their current employer less than five years.³

Over **75%** of employees in their 30s have been with their current employer less than five years.¹

40% of employers don't offer life insurance.²



BASIC Term Life Insurance Policy:

For some, the policy coverage is a flat amount (e.g., \$25K of coverage). For others, it is based on one's salary (e.g., coverage = 1 x salary).

- Advantages:
 - **Convenient**—Sign up at work, premiums get deducted from paycheck
 - **Guaranteed coverage**—No questions, no tests, no underwriting
 - **Free**—Generally free, regardless of age, health, etc.
- Disadvantages:
 - **Work-Related Restrictions**—Coverage typically requires “active” working status. If you become ill and unemployed before dying, the insurance may not pay.
 - **Not Portable**—Can't take policy with you if you leave the employer. Next employer may not offer life insurance (40% don't²).



SUPPLEMENTAL Term Life Insurance Policy:

Some employers offer the option to buy additional life insurance – which can be 2x salary, 3x salary, etc. This can be added to the “Basic” coverage.

- Advantages:
 - **Convenient**—Sign up at work, premiums get deducted from paycheck (if issued).
 - **Minimal Underwriting (if any)**—There may be some high-level medical questions (e.g., “Have you ever had a heart attack?”) or a medical exam.
 - **Potentially Lower Costs for Unhealthy**—Have health issues? Your premiums may be lower than for an “Individual” policy because they are based on covering a group (the young, old, healthy and unhealthy).
- Disadvantages:
 - **Work-Related Restrictions**—Like the “Basic” coverage, typically requires you to be “actively” working.
 - **Not Portable**—Can't take policy with you if you leave the employer. If your next employer doesn't offer “Supplemental” insurance, then you may need to purchase an “Individual” policy to maintain the same level of coverage – paying higher premiums based on your age and health.
 - **Increasing Premiums**—Typically, costs increase each year as you age.
 - **No Options**—Employer coverage typically offers few or no bells and whistles that an “Individual” policy may include.

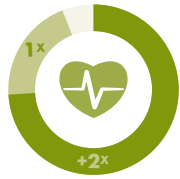


Policies issued by American General Life Insurance Company

The United States Life Insurance Company in the City of New York

Are you prepared for life's unexpected expenses?

Life insurance products that provide access to cash while LIVING put policy holders in control of how and when to access funds - for some of life's unexpected expenses.



91% OF ELDERLY CITIZENS have at least **one** chronic condition; **73%** have at least **two**



1 IN 3 non-elderly adults report having difficulty paying their medical bills

SOURCE: WWW.NCOA.ORG/IMPROVE-HEALTH/CENTER-FOR-HEALTHY-AGING/CHRONIC-DISEASE, 2014

SOURCE: KAISER FAMILY FOUNDATION ANALYSIS OF 2012 NATIONAL HEALTH INTERVIEW SURVEY (NHIS) DATA

HEALTH

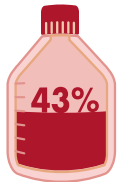
\$1,266



The average cancer patient can expect to **PAY \$1,266** in out-of-pocket expenses each month

SOURCE: WWW.CLEARHEALTHCOSTS.COM/BLOG/2011/08/BY-THE-NUMBERS-OUT-OF-POCKET-COSTS-FOR-CANCER-TREATMENT

LONG-TERM CARE



Among people needing long-term care, **43% ARE UNDER THE AGE OF 65**

AVERAGE COST OF LONG TERM CARE:

ASSISTED LIVING FACILITY



\$39,516 PER YEAR

PRIVATE ROOM IN A NURSING HOME



\$83,628 PER YEAR

SOURCE: ROBERT WOOD JOHNSON FOUNDATION, 2014
WWW.RWJF.ORG/CONTENT/DAM/FARM/REPORTS/ISSUE_BRIEFS/2014/RWJF410654

SOURCE: WWW.LONGTERMCARE.GOV/COSTS-HOW-TO-PAY/COSTS-OF-CARE/, 2014

SUPPORTING OTHERS



38% OF RETIREES are supporting their children/grandchildren in retirement

SOURCE: SOCIETY OF ACTUARIES, 2013



44% OF PARENTS provide their 18 to 29 year olds with support for living expenses

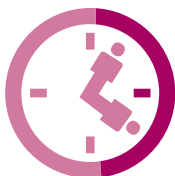
SOURCE: THE CLARK UNIVERSITY POLL OF PARENTS OF EMERGING ADULTS, 2013



NEARLY 47% OF ADULTS are either raising a young child or financially supporting a grown child (age 18 or older)

SOURCE: PEW SOCIAL TRENDS, 2013

EARLY RETIREMENT



49% RETIRED EARLIER THAN EXPECTED, primarily due to health problems or disability, company closure or downsizing or having to care for a family member

SOURCE: THE 2014 RETIREMENT CONFIDENCE SURVEY: CONFIDENCE REBOUNDS - FOR THOSE WITH RETIREMENT PLANS, EBRI



52% of pre-retirees expect living expenses to **decrease in retirement**, but actually, **65% OF RETIREES SAW THEIR COSTS RISE** in retirement.

SOURCE: GENWORTH STUDY: WWW.FA-MAG.COM/NEWS/THESE-RETIREMENT-STATS-PAINTS-A-TROUBLING-PICTURE-16493.HTML, 2014



Life insurance with **Optionality**[®] - Your needs. Your choices. Your way.

Contact an American General Life representative to find how life insurance can provide **Optionality**.

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What is an “Individual” term life insurance policy?

A policy purchased from an insurance company or a licensed agent – outside of the workplace.

- Advantages:
 - **Potentially Lower Costs for Healthy**—Coverage is dependent on your circumstances via underwriting. Healthy people will typically experience significantly lower premiums compared to “Supplemental” insurance.
 - **Level Premiums**—Term policies lock in the premium for a fixed period (e.g., 10 years, 20 years).
 - **Portable**—Since this policy is not connected to your employer, it is completely portable, providing you continuous coverage.
 - **No Work-Related Restrictions**—This means that an “Individual” insurance policy is more likely to pay out benefits than employer-provided coverage.
 - **Multiple Options**—Can choose from large selection of term policies which offer variety of special features and riders that provide flexibility.
- Disadvantages:
 - **Underwriting process**—Policies are, typically, fully underwritten, meaning that your policy will be based on your health and other factors. There will be more questions than for the “Supplemental” insurance, and may include some medical tests.



How do I decide what to do?

1. Always take advantage of free “Basic” employer-provided coverage.
2. Determine how much insurance you’d like to have.
 - Online calculators, available at aig.com/calculators, can help determine the right amount. Or, you can work with a licensed insurance professional.
3. Get quotes for both “Individual” and “Supplemental” group life insurance for the coverage needed in addition to the “Basic” employer policy.
 - Get an “Individual” life insurance policy quote from a licensed insurance professional.
 - Get the price for “Supplemental” coverage from your employer benefits office.
4. When making your decision, consider the features/benefits that are important to you.

FOR MORE INFORMATION



| Feature/Benefit | SUPPLEMENTAL Employer Insurance Policy | INDIVIDUAL Insurance Policy |
|----------------------------------|----------------------------------------------|--------------------------------|
| Convenient/Least Underwriting | ✓ | |
| Best Price – Healthy | | ✓ |
| Best Price – Less Healthy | ✓ | |
| Level Premiums | | ✓ |
| Portable | | ✓ |
| No Work-related Restrictions | | ✓ |
| Multiple Options/Features/Riders | | ✓ |



¹ Bureau of Labor Statistics, News Release July 22, 2016

² 2015 Insurance Barometer Study, Insurance Happens and LIMRA

³ Bureau of Labor Statistics, Economic News Release, last updated July 11, 2016