

# 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**

## Inside this issue:

<b>Avoiding “Sticker Shock” With Disability Income Sales</b>	2
<b>Stop Selling Insurance And Start Solving Problems!</b>	3

## Social Security Planning Sales Idea

Most Americans need help when it comes to understanding how to get the most out of their Social Security benefits. But financial professionals aren't very knowledgeable about the ins and outs of the program, either. Advisors often don't provide the best advice to their clients - especially on the optimal age for claiming benefits. Benefit claiming decisions are one of the most critical factors affecting retirement security - and in most cases, a delayed filing is highly beneficial.

Unless your client has sufficient guaranteed pension and Social Security benefits to cover all of their basic expenses, they will most likely need to supplement their retirement income with savings. Investments such as savings accounts, CDs and mutual funds generally don't provide a lifetime income. An annuity can turn assets into a steady, guaranteed income stream. This means that no matter how long your client lives, they can always depend on this source of income. A Single Premium Immediate Annuity provides a guaranteed income for whatever time period your client specifies.

In addition to providing a valuable death benefit, the cash value in a permanent life insurance policy can also provide supplemental retirement income. Tax law permits a policy owner to withdraw life insurance policy cash values up to the policy owner's basis or investment in the contract without income tax consequences.

What if your clients don't need the Social Security benefit? If they want to leave a legacy you could suggest they purchase a life insurance policy that is an effective tool for passing wealth on more efficiently.

Talking about Social Security planning is just the beginning of the Retirement Income conversation. It creates opportunities for you to help clients and develop new business. Learning more about Social Security may mean new business and larger case sizes. It's a natural segue to discuss their financial assets and to start seeing you as their retirement income planning professional. Better education that encourages pre-retirees to consider the big picture - how much income the retiree can expect from all sources, and consideration of the long haul of retirement. **For more information visit the official Social Security website ([socialsecurity.gov](http://socialsecurity.gov)).**

## Avoiding “Sticker Shock” With Disability Income Sales

Have you ever presented disability income insurance to a client, and found that with one look at the price tag they are reluctant to purchase? While it is true that a DI plan could be costly for some - it certainly doesn't have to be.



### **Avoid the “sticker shock” with your clients:**

*The general rule for the amount a client should spend on their Income Protection plan is **3% or less of their annual income.***

If the premium is higher than the 3% amount, the client is more likely to experience “sticker shock” and, even if you are able to place the policy, the likelihood of it lapsing is much higher. The client will then have no protection and you will not have a renewal commission.

### **How to keep premiums under 3% of a client’s income:**

By adjusting both the Benefit Amount and Elimination Period (EP), you are able to make the policy more cost effective.

- Adjust the benefit amount to cover just the basic monthly expenses such as rent/ mortgage, utilities, groceries, etc.
- Approximately 75% of fully underwritten policies have a 90 day Elimination Period. If your client has enough savings, offer a 180 day Elimination Period.

Creating a mixture of Base Benefit and Social Insurance Supplement (SIS) coverage, is another solution to keep a client’s premiums low.

- The idea here is to get the most coverage for the lowest premium. Since the SIS coverage can be offset by Social Security, State DI or Workers Compensation, the premium is less expensive than that of the Base Benefit.
- A good mixture of SIS and Base coverage can generally keep the premium within a client’s budget, yet provide them with the coverage to ensure their financial stability in the event they are unable to work.

### **A Fun Fact to share with your “sticker shocked” clients:**

Over 80% of disability income claims are settled within 5 years because the client recovered and returned to work, or they passed away. In lieu of a less than 20% chance your claim will go past 5 years, a 5-year benefit can be very affordable.

Not every client needs all the available costly riders the carrier offers - choose only the riders that will actually benefit a client. And if in doubt of which rider(s) would be the most suitable, contact Cenco to discuss the best options. We are here to help!

## Stop Selling Insurance And Start Solving Problems!

The time has come to stop selling insurance - critical illness, income protection, life and long term care insurance. The insurance industry has to change its focus. We need to stop talking about product and start talking about what the product does. Selling is 98% understanding human nature and 2% product knowledge. As an industry, we have turned that around. We place 98% of our conversations on product and 2% on understanding human nature.



Prospects do not care about all the technical details of an insurance product. Too many details confuse them and take the focus away from the problem you are solving. Customers don't care how an air conditioner works. All they want to know is that it will keep them cool on hot days.

No one wants to buy insurance, but they have problems that only insurance can solve. Therefore, we need to stop talking about the product and emphasize what it does...it solves problems.

For example, when someone is diagnosed with cancer, they face emotional and financial stress. That's the problem we can address. Critical illness protection solves that problem. By providing a cash benefit upon diagnosis of a covered condition, critical illness protection reduces the financial stress and, as a result, reduces emotional stress.

Here's another example: Your clients want to have enough money to provide an adequate income when they retire. That's a problem. The solution is systematic accumulation of funds through cash value life insurance.

We need to help our prospects understand they have a problem and that insurance is the solution.

Years ago, an agent in the industry had been trying to sell life insurance to two partners to fund a buy/sell agreement. They kept putting him off, until he asked one partner these two questions:

**First:** How would you like to be in business with your partner's widow?

**Second:** If your partner died, how would you talk with his widow to determine the price for her share of the business?

After hearing those questions, both partners completed applications the next day. Until he asked those questions, he was selling life insurance. Those questions identified a problem that was solved with life insurance.

Remember, you don't need prospects, you just need to find someone with a problem that only insurance can solve.

There are lots of people with problems that only you can solve with critical illness, disability income protection, life and long term care insurance. Now is the time for you to solve their problems!

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**December  
2018**

**Do Your Clients  
Need More Than  
Just Guarantees?  
Look Inside For  
"The Bridge to  
IUL"!**

**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
- All rate classes are available
- Faster processing times using the iGO eApplication, leads to faster commissions for the agent

**The Definitive  
Marketing  
Publication  
For Life &  
Disability  
Insurance**

**For Your Information...**

Check out the new **QoL Master Playbook** on the website [aig.com/QoLMasterPlaybook](http://aig.com/QoLMasterPlaybook).  
**Everything you need is here!**

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





## Do you need more than just guarantees?

If you are considering GUL, you may also consider what your dollars can buy with a protection-focused IUL. In many cases, if you pay the same GUL premium into a protection-focused IUL policy, you can receive strong guarantees plus cash value growth potential for retirement.



Same IUL premiums can deliver:

- Similar guarantees to GUL
- More cash value than GUL

### Background

Guaranteed Universal Life (GUL) offers many benefits including strong guarantees. However, it does have some limitations:

- Limited liquidity or flexibility
- Limited (if any) cash accumulation
- Designed primarily for death benefits.

QoL Value+ Protector IUL offers a strong guaranteed death benefits like traditional GUL products while also providing flexibility and meaningful cash accumulation. Many families know they need life insurance, but also know they need more money saved for retirement.

Is one better for you?

### Scenario

- Meet Jason; 50-years old; married; two kids; needs \$500k of permanent life insurance coverage.
- Likes the security of a Guaranteed Universal Life (GUL) policy, but not the limited cash value.
- Likes the growth opportunity within an IUL, but is still concerned about guarantees

### GUL & IUL Solutions

For \$467 per month, Jason's financial professional offers him two possible solutions.



Policies issued by American General Life Insurance Company

## Solution 1: \$500K Guaranteed UL - QoL Guarantee Plus GUL II

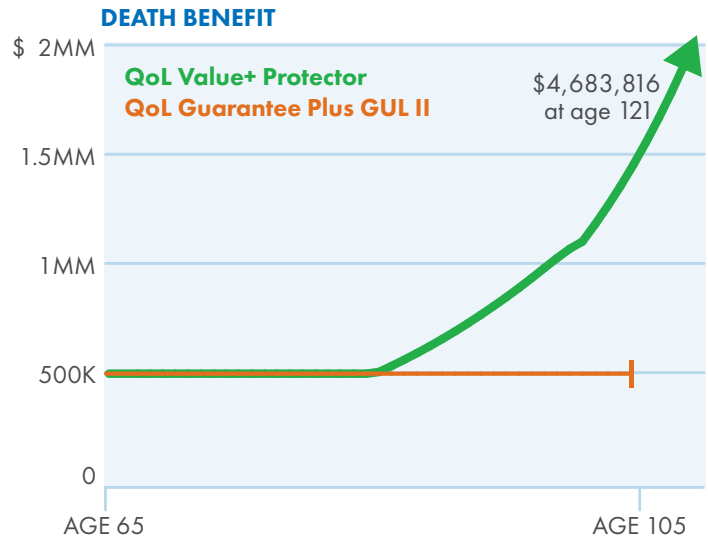
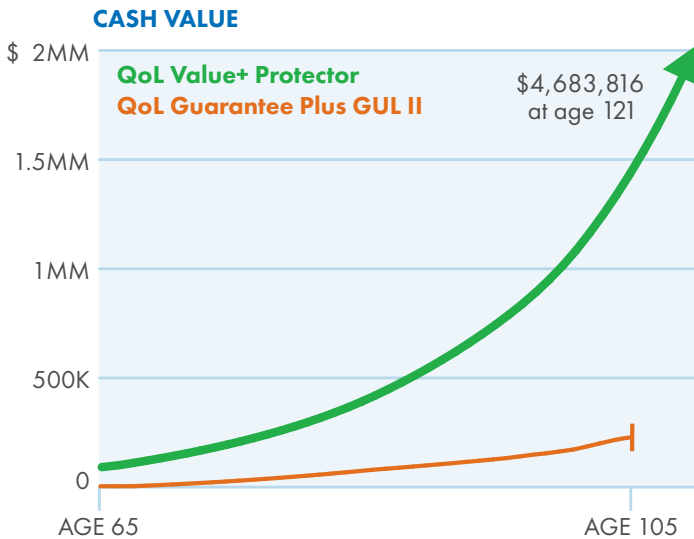
- Offers guaranteed insurance coverage until age 105
- Partial withdrawal capability – if Jason has built up some cash value in his policy and his needs change, he could withdraw some funds from his policy. It's important to note that this would result in a proportional reduction of accumulation value and death benefit. His advisor also explains there is often less cash value in the policy for retirement needs compared to an IUL.
- Return of Premium – if needs change, Jason could also receive some or all of his paid premiums back at year 20 or 25.<sup>1</sup>

## Solution 2: \$500K Index UL - QoL Value+ Protector

- Tax-advantaged cash accumulation with 3 simple index strategies to choose from. Enjoy upside market potential without downside market risk.
- Guaranteed death benefit coverage until age 94.
- Non-guaranteed death benefit coverage and cash value that can last Jason's full lifetime if funded correctly.
- Strong Index Performance liquidity feature allows for withdrawal of excess cash value, after 20 years or at age 85, with no decrease in the death benefit or guarantees, if certain conditions are met.<sup>2, 3, 4</sup>

## Compare the solutions

Issue age 50, male preferred non-tobacco, \$500k death benefit, solve for premium to guarantee GUL to age 105, full pay. Using same premium for an IUL run at 6.09% illustrated rate, the guaranteed death benefit coverage is available until age 94 while cash value and death benefit coverage can last Jason's entire life.



## Summary

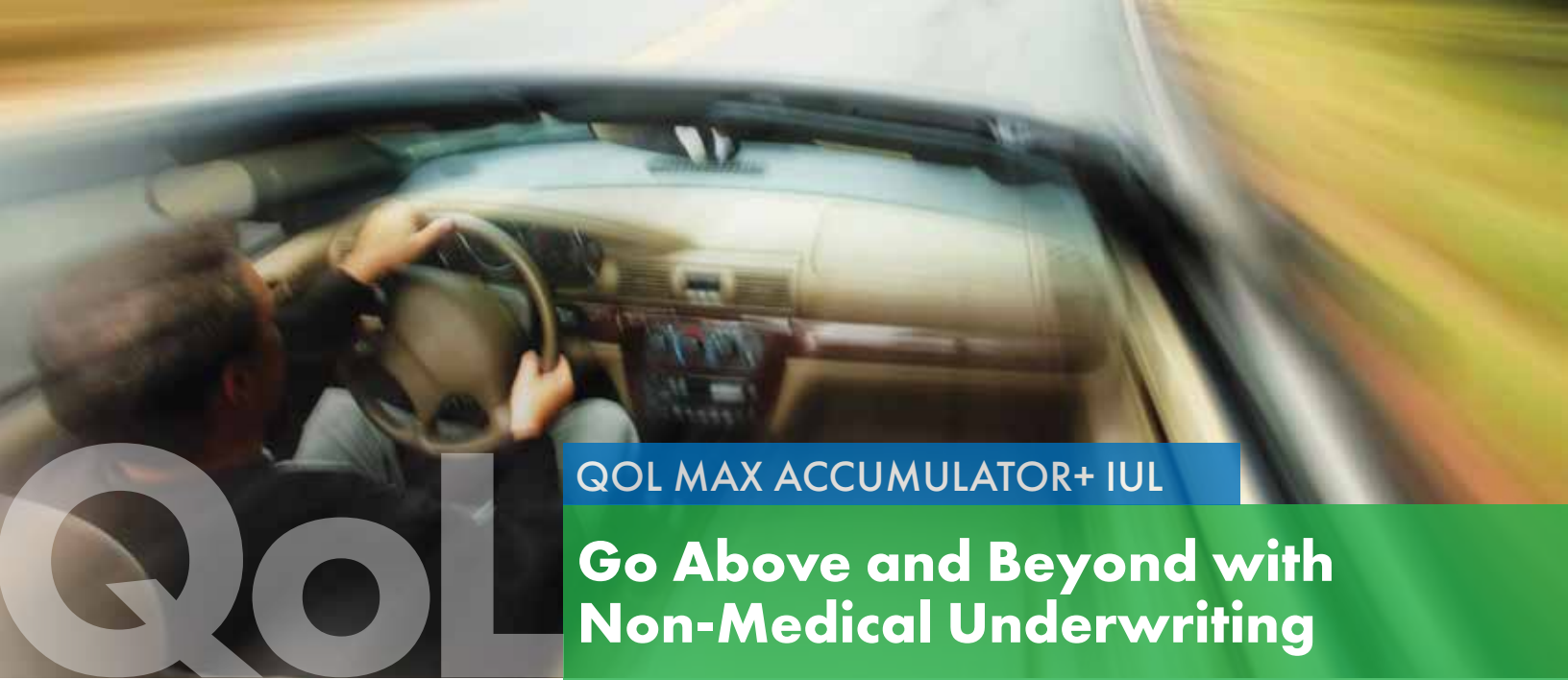
Jason wanted the most out of his insurance program. For \$467 per month his financial advisor provided him with two options. Which do you think he chose?

To learn more about QoL Value+ Protector please visit [AIG.com/QoL](https://www.aig.com/QoL) or, see your **AIG representative.**

<sup>1</sup> 50% in year 20, 100% in year 25, capped at 40% of the policy's lowest specified amount.  
<sup>2</sup> Option election dates are at the end of the 20th policy year (for issue ages 0-64) and the later of age 85 or the end of the 5th policy year (for all issue ages).  
<sup>3</sup> Paid-Up additions option is available on the Strong Index Performance Feature. Only available for Standard or better rated clients.  
<sup>4</sup> Policy cash surrender value must exceed benchmark assumptions due to strong index performance.



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## QOL MAX ACCUMULATOR+ IUL

# Go Above and Beyond with Non-Medical Underwriting

Combine an increasing death benefit with Chronic Illness protection and still receive Non-Medical Underwriting!

## Imagine your client getting valuable life insurance protection,

with all of the benefits provided in a cash accumulation IUL, issued in as little as 5-business days with no labs, exams, or APSs!

Our QoL Max Accumulator+ IUL offers a non-medical UW process that is based on the issue age of the insured (ages 0-50) and the initial death benefit on the application (under \$500k).

### Why is the “initial” \$499K maximum so significant?

It means you can design a case for supplemental retirement income with an initial death benefit below \$500K that may increase above the \$500K maximum over the life of the policy. Simply select the “minimum increasing death benefit” option at issue.

Additionally, chronic illness protection can also be provided with non-medically underwritten cases.

### And what does that mean for you and your clients?

It gives you an opportunity to provide an attractive life insurance solution for your clients who are concerned about saving enough money for retirement, while providing them the added-bonus of valuable chronic illness protection at up to best rate class than other carriers – still with no labs, exams or APSs!

### How do we offer access to a potentially higher chronic illness benefit?

Some carriers bind the potential chronic illness benefit to the DB amount at issue (or “initial” DB). What’s significant about the Accelerated Access Solution® (AAS) rider is that it bases the eligible amount of acceleration off of the face amount at the time of claim, not the time of issue.

Ultimately, you can utilize the increasing death benefit option during the accumulation phase to help grow your client’s policy cash value; which in turn grows your potential AAS benefit! See example on the next page.



## Example

<b>Initial Death Benefit</b>	\$211,506
<b>Premium</b>	\$1,000 per month to age 65
<b>Age 65 Cash Value</b>	\$238,975
<b>Age 65 Death Benefit</b>	\$450,482
<b>Chronic Illness Protection at age 65</b>	\$18,019 per month! * *
<b>Annual Loan Amount</b>	\$25,325
<b>Total Income at age 85</b>	\$506,500

\* Male age 50 PNT. Minimum, increasing DB to age 65 then level thereafter. \$25k per year until age 65. Participating loans from age 66-85. Max illustrated rate using MLSB index. 100% AAS rider with 4% monthly payout option. Rates as of 6/29/18

\*\* Maximum amount available. Monthly benefit may not exceed the IRS Per Diem at time of claim.

## FOR MORE INFORMATION

## QoL Max Accumulator+ offers the opportunity for supplemental retirement income and coverage

in the event of a chronic illness condition in as little as 5 business days...with no labs, exams or APSs.

## Who wouldn't want access to all those additional benefits?

### Important Consumer Disclosures Regarding Accelerated Benefit Riders

An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long-Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy's death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Federal Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of an ABR will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state, or local government. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.



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PAGE 2 OF 2





## QoL Max Accumulator+ IUL Non-Medical Underwriting on a Budget

Not all potential clients want to go through the hassle of the medical underwriting process for their life insurance policy. Imagine your client getting valuable life insurance protection, with all of the benefits provided in a cash accumulation IUL issued in as little as **5 business days with no labs, exams, or APS!**

Our QoL Max Accumulator+ IUL offers non-medical underwriting for clients ages 0-50 on policies with an initial face amount below \$500,000.

Additionally, chronic illness protection with our AAS rider can also be provided with this process.

Is budget a concern for your clients? For a low monthly premium you can provide your client valuable life insurance protection, the opportunity for supplemental retirement income, and coverage in the event of a chronic illness condition. In as little as 5 business days...with no labs, exams or APS!

Check out the next page to see what \$200, \$300 or \$400 per month can provide!



Policies issued by  
American General Life  
Insurance Company

AGLC111874

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PAGE 1 OF 2

MONTHLY PREMIUM	ISSUE AGE	TOTAL PREMIUM @65	INITIAL DB	DB @65	ANNUAL INCOME AGES 66-85	TOTAL INCOME	AAS @65** MONTHLY BENEFIT
\$200	25	\$96,000	\$103,076	\$548,494	\$47,652	\$953,040	\$21,940
\$200	30	\$84,000	\$84,897	\$378,645	\$31,268	\$625,360	\$15,146
\$200	35	\$72,000	\$71,416	\$268,202	\$20,872	\$417,440	\$10,728
\$200	40	\$60,000	\$59,448	\$184,291	\$13,174	\$263,480	\$7,372
\$200	45	\$48,000	\$50,008	\$125,711	\$7,928	\$158,560	\$5,028
\$200	50	\$36,000	\$50,000	\$91,657	\$4,294	\$85,880	\$3,666

MONTHLY PREMIUM	ISSUE AGE	TOTAL PREMIUM @65	INITIAL DB	DB @65	ANNUAL INCOME AGES 66-85	TOTAL INCOME	AAS @65** MONTHLY BENEFIT
\$300	25	\$144,000	\$157,672	\$839,228	\$72,981	\$1,459,620	\$33,569
\$300	30	\$126,000	\$130,248	\$587,296	\$48,843	\$976,860	\$23,492
\$300	35	\$108,000	\$109,463	\$416,558	\$32,729	\$654,580	\$16,662
\$300	40	\$90,000	\$89,173	\$280,891	\$20,297	\$405,940	\$11,236
\$300	45	\$68,000	\$75,011	\$191,344	\$12,249	\$244,980	\$7,654
\$300	50	\$51,000	\$63,452	\$130,662	\$7,004	\$80,080	\$5,226

MONTHLY PREMIUM	ISSUE AGE	TOTAL PREMIUM @65	INITIAL DB	DB @65	ANNUAL INCOME AGES 66-85	TOTAL INCOME	AAS @65** MONTHLY BENEFIT
\$400	25	\$192,000	\$212,268	\$1,129,958	\$98,309	\$1,966,180	\$45,198
\$400	30	\$168,000	\$175,348	\$790,749	\$65,809	\$1,316,180	\$31,630
\$400	35	\$144,000	\$147,334	\$560,771	\$44,106	\$882,120	\$22,431
\$400	40	\$120,000	\$119,931	\$383,966	\$28,080	\$561,600	\$15,359
\$400	45	\$96,000	\$100,015	\$260,700	\$17,021	\$340,420	\$10,428
\$400	50	\$72,000	\$84,602	\$175,310	\$9,496	\$189,920	\$7,012

\* Male PNT. Minimum, increasing DB to age 65 then level thereafter. Monthly premium until age 65. Participating loans from age 66-85. 7.44% illustrated rate. 100% AAS rider with 4% benefit option. Rates as of 6/29/18.

\*\* Maximum amount available. Monthly benefit may not exceed the IRS Per Diem at time of claim.

To learn more about Non-Medical Underwriting visit  
[aig.com/QoL](http://aig.com/QoL)  
 or see your representative.



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