

CENCO STREET JOURNAL

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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:

Open Doors With BOE Insurance	2
Essential Elements of Successful GSI DI Cases	3

May Is Disability Insurance Awareness Month

Think about it. All of your clients' plans for the future - from buying a home, to putting their kids through college, to building a retirement nest egg - are based on the assumption they will continue to earn a paycheck until they retire. But what happens if those paychecks suddenly stop if they are unable to work because of illness or injury?

- ◆ 27% of American say they would have difficulty financially supporting themselves immediately following a disability; 74% say they would face financial trouble within six months.
- ◆ Almost three in ten of today's 20 year olds will become disabled before reaching age 67.
- ◆ 43% of all people will have a long-term disability event prior to age 65.
- ◆ The average long-term disability absence lasts 31.6 months.
- ◆ 69% of the private sector workforce has no long-term disability insurance.
- ◆ The number of disabled workers in America has risen by 35% since 2000.

When your clients have individual disability income insurance, they will receive a monthly benefit that is based on their salary and bonus income. Should they change jobs, their disability insurance coverage remains intact - even if their duties change or they lose their job - as long as they continue with their scheduled premium payments.

Talk to your clients about income protection.

A disability can happen to anyone...at anytime; grow your business with individual disability insurance.

For more information visit <https://disabilitycanhappen.org>.

Open Doors With BOE Insurance

Business owners understand the importance of cash flow. If you can help them understand the likelihood of disability and the effects it can have on that cash, you can help them understand the importance of Business Overhead Expense (BOE) Insurance. That can open the door to other discussions, including the business owner's need for additional disability and life insurance coverage.

Business owners have a great need for revenue to help keep the business doors open if they become too sick or hurt to work. BOE is designed to help cover the fixed-cost expenses and obligations of the company or practice.

The essential component in most small businesses is the business owner. It's the owner who holds the company together and keeps it running. If the owner becomes too sick or hurt to work, it could be detrimental to the business. Besides the normal monthly expenses of employee salaries, rent or mortgage payments and other company expenses; the owner may also need to consider hiring a temporary replacement in order to keep their business functioning.

BOE has some significant advantages in the marketplace:

- ◆ Few agents market BOE.
- ◆ The product has tax advantages and is relatively inexpensive versus other disability products.
- ◆ Allows you to focus the interview and discussion not only on the immediate needs of the business, but also the needs of the owner. It may lead to additional business or personal protection strategies using insurance.

Target Market

Business Overhead Expense Insurance is for medical/dental professionals and small business owners who are actively engaged in their business on a full-time basis. The day-to-day presence of these business owners is vital to the business and a disability will result in a definite loss of revenue to the company or practice. These businesses have a great need for income in order to keep the doors open, retain current customers or patients and remain viable if they suffer a disability.

Key Selling Points

- ◆ The product is designed with relatively short elimination periods (30, 60 or 90 days). This lessens the need of the business owner to use receivables or other savings to keep the doors open.
- ◆ The benefit periods are 12, 18 or 24 months. This recognizes that it is likely at some point that the business owner will look at other options if the disability looks like it will go long-term. Those options might include bringing in other like-professionals or selling the business.
- ◆ The policy recognizes both residual (partial) and total disability days towards the satisfaction of the elimination period. Benefits like these recognize that every disability is unique and these features provide the most protection for the owner and their business.
- ◆ The policy provisions can handle the variable nature of business expenses. Expenses vary month to month, and the BOE policy can deal with those fluctuations throughout the course of the disability.
- ◆ A BOE policy is tax-deductible to the firm as a normal business expense. While benefits received upon claim approval are treated as income, the income is used to pay covered deductible expenses, generally resulting in net tax-free benefits.

Essential Elements of Successful GSI DI Cases

Build Trusting Relationships

Whether you sell individual disability income insurance on a guaranteed standard issue basis or individually, successful disability insurance sales are **relationship sales**.

They are personal, one-on-one, interactions that confirm in the customers' eyes that you are worthy of their trust. This is true whether you are pitching to an owner, CEO or other decision-makers of a business, or to individual prospective customers.

And because relationships will drive success, it is essential the employer allows you direct access to employees.

Establish Your Expertise and Credibility

Your knowledge of what you sell matters because your customers will look to you as the expert on guaranteed standard issue and individual disability insurance.

The extent to which you are able to confirm that expertise, combined with the trust you've built, will determine if the employer is willing to consider your recommendations.

Qualify the Sale

Almost any business can be a good fit for a GSI plan. The best tend to be businesses with existing group long term disability plans in place.

Groups with many high-salary earners and/or executive tiers that offer LTD that does not cover incentive income also make good GSI prospects.

Plan (Then Plan More)

GSI sales differ from traditionally underwritten IDI sales in that you must pay particular attention to planning, organization and coordination - and you must start planning early.

Instead of locating your prospects one at a time, with a GSI case you reach a group of prospective customers, possibly across different states.

Given the scale of GSI cases, your organization and coordination with the companies' benefits administrators are essential for the success of the case. If organization and planning are not your strengths, look to include people with those skills as part of your team.

GSI cases can open many doors at once, saving you time you would have spent locating individual prospects. Your planning and organization must take into account the number of prospects, possibly different geographic locations of different offices, the business enrollment schedule and the preference of the business's benefits administrators.

Call Cenco for more information. We have many DI carriers that offer Guaranteed Standard Issue DI programs.

**CENCO
INSURANCE
MARKETING
CORPORATION**

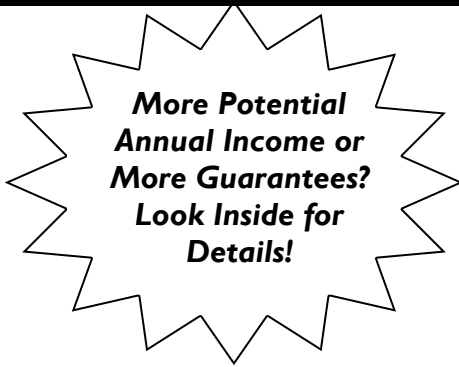
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**May
2019**



**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**.
Everything you need is here!

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



QOL GUARANTEE PLUS GUL II

Income, Guarantees OR BOTH?

What additional benefits do you need most from life insurance?
More potential annual income or more guarantees?



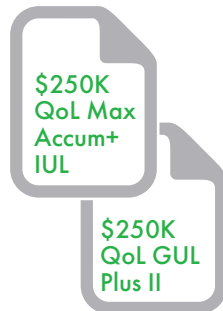
\$9,700/yr **or** \$9,700/yr

SOLUTION 1



\$500K
QoL Max
Accum+
IUL

SOLUTION 2



\$250K
QoL Max
Accum+
IUL

\$250K
QoL GUL
Plus II

BACKGROUND

For long-term life insurance needs, there are a variety of 'permanent' insurance options. Some focus on guaranteeing that insurance coverage is there when it is needed, while others provide the potential for tax-advantaged, cash benefits – which may be used to supplement retirement income. Is one right for you?

SCENARIO

- A mid-40s pediatrician; married with three kids; needs \$500K of additional coverage.¹
- His investments suffered in the recent recession; wants to ensure family's long-term protection.
- Likes the long-term guarantees in a Guaranteed Universal Life (GUL) policy; but there's not enough cash value for potential income.
- Likes potential for supplemental retirement income from Index Universal Life (IUL), but there are fewer guarantees than in GUL.
- Willing to contribute \$9,700/year for 20 years (to age 65) for additional coverage and potential supplemental retirement income.

SOLUTIONS

For \$9,700/year, his financial professional offers him two interesting options:

SOLUTION 1 - Emphasizing the income potential

A \$500K QoL Max Accumulator+ IUL policy:

- Takes advantage of the current markets for growth potential;
- Offers an illustrated \$28K/year of tax-free income at retirement lasting 20 years;
- Current (non-guaranteed) coverage that can last his entire life;
- Guaranteed coverage ends at his retirement.²

SOLUTION 2 - Focusing on guarantees

A \$250K QoL Max Accumulator+ IUL policy AND a \$250K QoL Guarantee Plus GUL II policy:

- IUL policy offers an illustrated \$18K of tax-free income at retirement lasting 20 years;
- GUL policy provides guaranteed insurance coverage until age 100;
- This scenario provides a 30-year income stream.
- This GUL policy provides a guaranteed income of \$19K/year (after tax) for 10 years starting at age 86. (This GUL policy includes the CustomerChoice Lifestyle Income Solution[®] Rider that provides income right from the death benefit - guaranteed!²)



Policies issued by American General Life Insurance Company a member of American International Group, Inc. (AIG). Guarantees are backed by the claims-paying ability of the issuing insurance company.

¹ This is a not an actual case. It is a hypothetical representation for illustrative purposes, only.

² For the purpose of easing the explanation, all numbers have been rounded. The numbers in both solutions were based on illustrations dated 12/7/2018 for a 45-year-old male, preferred non-tobacco with premiums paid until age 65. The IUL policies showed the increasing death benefit option until age 65 and all distributions were illustrated using tax-free loans. Policy loans will reduce the life insurance death benefit and cash value and could reduce the duration of coverage. Policy owners should consult a tax advisor to determine the effect of these proportions. The IUL policies illustrated assume the use of Max Accum's MLSB strategy illustrating at 7.40%. Please ask your financial professional for a Basic Illustration. Certain features and riders are optional and subject to specific terms, limitations and restrictions. Please refer to the policy for details.

COMPARE THE SOLUTIONS

Compare the Illustrated Income Potential

SOLUTION 1: \$500K QoL Max Accumulator+

Ages 66-85

\$28,000/year

SOLUTION 2: \$250K QoL Max Accumulator+ and \$250K QoL Guarantee Plus GUL II

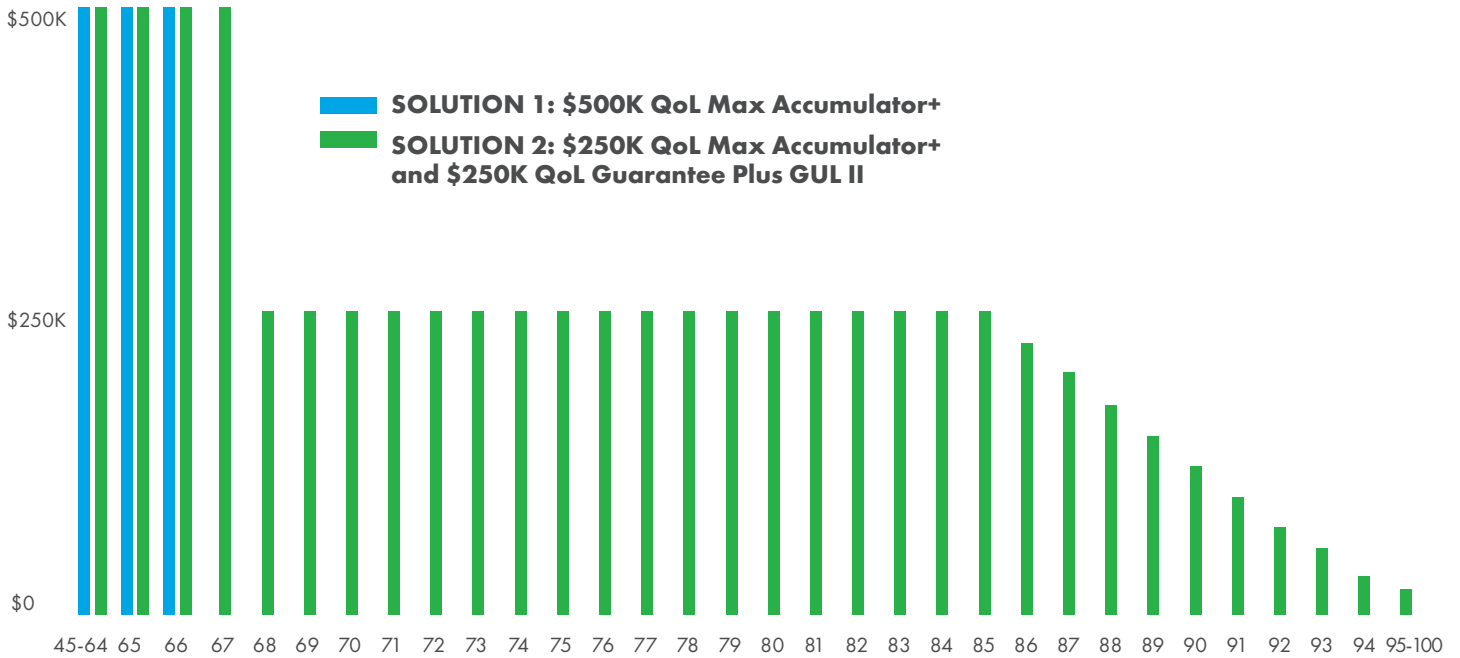
Ages 66-85

Ages 86-95

\$18,000/year

\$19,000/year

Compare the Guaranteed Death Benefit



SUMMARY

The man wanted the most out of his insurance program, but had concerns about guaranteeing his family the protection they deserve. His financial professional offered two solutions: 1) Maximize the potential for supplemental income; or 2) Lower income potential with greater death benefit and income guarantees. Which one do you think he chose?

This hypothetical example assumes a 7.40% annual index interest calculation and is for illustrative purposes only. It does not reflect current interest crediting rates, cap rates or participation rates. It does not reflect the return of any investment and is not a guarantee of future income.



Policies issued by American General Life Insurance Company (AGL), Houston, TX. Policy Form Numbers 11CC15-15442, 15442, 15442-5, 15442-10A; Rider Form Numbers ICC15-15602, 15602, ICC15-15603, 15603, ICC15-15604, 15604, ICC15-15600, 15600, 15972, 15972-5, ICC18-18012, 18012, 18012-5, 82012-CA, 82410, 88390, ICC14-14002, 14002, 14002-5, 15990, 13600-5, AGLA 04CHIR-CA (0514), AGLA 04CRIR, and AGLA 04TIR. Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). Guarantees are backed by the claims-paying ability of the issuing insurance company. AGL does not solicit business in the state of New York. Products may not be available in all states and product features may vary by state. Please refer to your policy.

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life and DI combo sales sales strategy

With a disabling injury occurring in the US every 1 second¹, how can you afford not to offer disability income insurance to your clients? Not only would a disability affect their financial plan, but if they aren't able to pay their premiums, how will that affect your financial plan?

Protect Your Sales With One Application

If you had a client come to you wanting to put a plan in place to protect their family's financial future, would disability income insurance be a part of that conversation? Many people are unaware of the danger that they may become disabled, or of the resulting loss of income they may suffer due to a prolonged disability. As a result, disability income insurance is often overlooked.

The truth is, only 18% of consumers recall being approached about buying disability insurance—less than half as many as those being approached for life insurance². Life insurance is one of the easier products to sell because most people view it as a necessity and understand its concept and benefits. While it may be difficult to initiate a conversation about disability income insurance, insuring against premature death and disability are equally important parts of safeguarding a family's future.

One way to make the process easier is by offering the Life and DI Limited Underwriting Program. Through this program you can:

- Obtain up to \$300,000 in life insurance for your client
- Replace up to 60% of your client's income in the event of disability
- Sell both products with one application
- Sell both products with reduced underwriting—no exam or lab work is required

You can also make the process more affordable by using the 2% Strategy. Some clients may object to having both policies, thinking it is more than they can afford. The 2% Strategy bases the premiums paid for both policies on just 2% of your client's current gross income.

The Facts Speak For Themselves

Look at a typical female, age 35. She's 5'4", 125 pounds and a non-smoker who leads a healthy lifestyle. She has worked as a graphic designer for three years and earns just over \$75,000 per year. She has the following risks³:

- A 24% chance of becoming disabled for 3 months or longer during her working career
- A 38% chance that the disability would last 5 years or longer
- The average disability for someone like her lasts 82 months

Use the Life and DI Limited Underwriting Program to cover all of her future income risks. As a Preferred NT for life and a 5A occupational class for DI, earning \$75,000, she may get⁴:

- 10 year term life insurance with a \$250,000 death benefit = a monthly premium of \$12.92
- Guaranteed Renewable DI insurance with a \$3,900 per month benefit⁵ = a monthly premium of \$110.54

Her annual premiums would equal \$1,481.52, or 2.0% of her annual gross income.



Now take a typical male, age 35. He's 5'10", 170 pounds and a non-smoker who leads a healthy lifestyle. He has worked as a Systems Analyst for several years and earns just over \$75,000. He has the following risks³:

- A 21% chance of becoming disabled for 3 months or longer during his working career
- A 38% chance that the disability would last 5 years or longer
- The average disability for someone like him lasts 82 months

Again, the Life and DI Limited Underwriting Program can protect him from future income risks. As a Preferred NT for life and a 5A occupational class for DI, earning \$75,000, he may get⁴:

- 10 year term life insurance with a \$250,000 death benefit = a monthly premium of \$13.78
- Guaranteed Renewable DI insurance with a \$3,900 per month benefit⁵ = a monthly premium of \$62.55

His annual premiums would equal \$915.96, or 1.2% of his annual gross income.

Help is Just a Phone Call Away

Despite the fact that more than 70% of American households rely on two incomes to make ends meet, only 26% of Americans have any type of disability insurance.⁶ Considering that disability is more common than most people realize—in the last 10 minutes, 498 Americans became disabled⁷—it is imperative that you initiate a conversation with your clients about the importance of income protection.

Your Ameritas Sales Development Team, 800-319-6903, option 1, is available to answer your questions and discuss how to meet all of your clients' protection needs.

Target Market

Your prospects will tend to be relatively young professionals, executives or business owners earning an average of \$65,000 in income. They will usually have limited discretionary income and savings and most likely live from paycheck to paycheck.



¹ National Safety Council, Injury Facts 2008 Ed

² Facts from LIMRA May 2010 Multimedia Fact Sheet, based on findings from LIMRA's life insurance consumer studies.

³ Source: http://www.disabilitycanhappen.org/chances_disability/disability_stats.asp

⁴ Premiums are based on 1/1/2012 rates and are subject to change.

⁵ Coverage includes: Guaranteed Renewable DI insurance with a \$3,900 per month benefit (base plus Social Insurance Substitute Rider), 90 day Elimination Period, Benefits Payable for 10 years, Enhanced Residual rider, Future Increase Option rider for \$2200, and Automatic Increase Rider. Disability is defined as Own Occupation for the length of the benefit period.

⁶ Facts from LIMRA May 2010 Multimedia Fact Sheet, based on findings from LIMRA's life insurance consumer studies.

⁷ National Safety Council, Injury Facts 2008 Ed.

The Life and DI Limited Underwriting Program is not available in California. Life insurance products and disability income products are issued by Ameritas Life Insurance Corp. in approved states. In New York, Life insurance products and Disability Income products are issued by Ameritas Life Insurance Corp. of New York.

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