A Special Publication for CENCO Related Agents

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- Forms
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Inside this issue:

New Markets To Grow Your DI Sales

The need for an income protection plan is not just for the Executive, Doctor or Attorney earning in excess of $150,000. According to the United States Census Bureau, the average annual income in the United States was $51,017 from all occupations. Everyday working people (Middle Americans) are just as dependent on their income to provide for themselves and their families as anyone in those higher tax brackets.

Opportunities are endless - reach out to your existing clients, friends and family - ask if they have an income protection plan in place should they get sick or hurt. You can offer an affordable plan to protect them and their family. Most Life Insurance Agents, Health Insurance Agents and P&C Brokers are not talking to their clients about income protection and how affordable it an be. You can differentiate yourself as an advisor just by offering this valuable coverage to your clients - coverage that likely no one has spoken to them about previously.

Examples: The premium for a 45 year old Office Clerk for $2,500 monthly benefit is only $51 per month. There are affordable plans even for part time Dental Hygienists and Registered Nurses working as little as 24 hours per week. Talk about opportunities - there are over 192,800 Dental Hygienists in the US earning an average annual income of $70,000, and 2.7 million Registered Nurses earning approximately the same income.

Never let premium be the reason a client's income is left unprotected from an injury or sickness - the new, affordable DI plans can fit most any budget.

The premium for a 35 year old Dental Hygienist for $2,500 monthly benefit is only $54.20 per month and a 40 year old Insurance Agent can purchase $4,000 monthly benefit for $54.66 per month.

Your clients want to buy Income Protection, but they need someone they know and can trust to ask them about it. **You are at the front line to educate your clientele about the vital need for income protection in the event of an injury or sickness, and how affordable it can be.**

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 educational 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, the 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 the National Association For Fixed Annuities at (nafa.com).

Breaking Into The Business Market: Selling A Key Person Insurance Policy

Key person life insurance offers business owners a flexible option to help ensure continuity of operations should a key person die or leave for another opportunity.

Step 1: Determine the need
- Can your business survive the loss of one of these owners or key employees?
- How much money and time will it take to bring the business back to the same level?

Step 2: Identify the key people
- Who are the key people whose daily contributions are instrumental to the operation and success of the business?
- Who has special skills and knowledge about the products, services and operations?
- Would competitors have an advantage if a certain employee was hired away or left?
- Who is the relationship builder and has the contacts that are critical to generating sales?
- Who would you trust to run the business in the event of your retirement, death or disability?

Step 3: Implement a strategy using a life insurance policy

How it works:
- The business is the owner and the beneficiary of a life insurance policy it purchases insuring the key person.
- The face amount is determined by estimating the cost of losing the key person. A good rule of thumb is approximately 5-10 times the key person's salary.
- The business should include IRS Form 8925 (Report of Employer-Owned Life Insurance Contracts) as part of its Federal income tax return each year.

Benefits of using life insurance:
- Provides the business protection due to the death of the key person and helps replace lost revenue.
- Supplies a death benefit that can be used to pay current expenses, attract a replacement employee, make loan payments and reassure creditors.
- Provides cash value as an asset on the company's balance sheet. It can even be maintained after the key person's departure and utilized for any purpose, including recruiting a suitable replacement.
- Can be used down the road to recover costs of a non-qualified plan, or it can be transferred to the key person at retirement.

Taxation:
- Premiums are not tax deductible.
- Cash values accumulate tax deferred and may be accessed on a tax-advantaged basis.
- Death benefit is generally income tax-free, assuming the requirements for employer-owned policies are met.

Contact Cenco for more information. We are here to help.

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June 2019

Adapt to Changing Circumstances With The Return of Premium Feature! 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
- 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

Adapt to changing circumstances with the Return of Premium feature

Life happens and your needs change over time. A multiple policy solution with the return of premium feature can be for consumers seeking flexibility in their life insurance planning.

THE POWER OF OPTIONALITY®

The Enhanced Surrender Value Rider provides two opportunities to receive a return of premium:

- **Option 1:** Surrender the policy during the 60-day period following the end of policy year 20 and receive back 50% of premiums paid.[1]
- **Option 2:** Surrender the policy during the 60-day period following the end of policy year 25 and receive back 100% of premiums paid.[1]

SCENARIO

Glen and his wife, Susan, are both 50 years old.[2] Glen wants to provide financial protection for his wife Susan in case he were to die prematurely, but has some questions about the amount of coverage he should purchase.

Glen owns a successful small business that he plans to sell once he reaches retirement age. His objective is to use the proceeds from the sale of the business to support him and Susan during retirement. Glen recently met with his financial professional, Jordan, to discuss his current financial situation as well as his goals for the future. During this meeting, Jordan asked Glen what would happen to Susan, who depends on Glen for support, if he were to die unexpectedly. Glen didn't have an answer. Jordan suggested that Glen purchase life insurance to protect Susan.

Jordan suggests he purchase a guaranteed universal life insurance policy equal to the future projected income ($1,000,000) that Susan would need after he passes away.

QoL Guarantee Plus GUL II	• Death benefit $1,000,000 • Guaranteed to age 105 • Annual premium $17,868 for 15 years • Total premium paid $268,020

AIG®

Policies issued by American General Life Insurance Company, member of American International Group, Inc.

[1] Premiums paid received - subject to no partial withdrawals or outstanding loans on policy. The Enhanced Surrender Value is capped at 40% of specified face amount; for example, the benefit under a policy with a $1,000,000 specified amount could never be greater than $400,000. See the Rider for details.

[2] Not an actual case, and is a hypothetical representation for illustrative purposes only.

Glen agrees that he needs the insurance, but questions the amount. What if he does live and ends up selling his business at retirement? Could he decrease the amount of insurance to save money since he would no longer need protection from an unexpected death? Jordan explains that once he has sold his business and retired, he could certainly lower the death benefit to a lesser future need of $500,000. But what about all the premiums he has paid to cover the current $1 million until then? This could be expensive. Is there a more flexible solution?

ALTERNATIVE

A potential alternative would be to purchase two QoL Guarantee Plus GUL II policies; each with a death benefit of $500,000. This still provides the entire $1,000,000 of coverage, but under two policies.

BENEFIT

The return of premium feature (Enhanced Surrender Value Rider) provides greater flexibility for Glen. By owning two policies, at the end of the 20th policy year he has the option to surrender either policy and receive back 50% of the premiums paid or if year 20 wasn't the right time, he could wait and use the 2nd option at the end of year 25 and receive back 100% of premiums paid! This action would assume he has sold his business and has enough money to support himself and Susan during retirement and leaving only the need for the $500,000 for potential lost social security income, funeral expenses and financial support for Susan if Glen were to pass away first.

	POLICY #1*	POLICY #2*
	$500,000 Death Benefit	$500,000 Death Benefit
	Guaranteed to age 105	Guaranteed to age 105
	Annual premium $9,790 for 15 years	Annual premium $9,790 for 15 years
	Total premium $146,850	Total premium $146,850
OPTIONALITY	**SURRENDER POLICY #1**	**SURRENDER POLICY #2**
Option 1	End of year 20, receive $73,425	End of year 20, receive $73,425
Option 2	End of year 25, receive $146,850	End of year 25, receive $146,850

* Please see the basic illustration regarding guaranteed and nonguaranteed elements of the policy, including surrender values, accumulation values, loans, withdrawals, death benefits and other important information. Premium rates current as of December 7, 2018, rates may vary by state.

FOR MORE INFORMATION

Financial Professional
Name
Email
Telephone
License No. (if req'd)

Premiums available for other rate classes, ages and payment plans. Premium charges depend on evidence of insurability.

The Company, its financial professionals and other representatives are not authorized to give legal, tax or accounting advice. Applicable laws and regulations are complex and subject to change. Any tax statements in this material are not intended to suggest the avoidance of U.S. federal, state or local tax penalties. For advice concerning your situation, consult your professional attorney, tax advisor or accountant.

Policies issued by American General Life Insurance Company (AGL), Houston, TX. Policy Form Numbers ICC15-15442, 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. AGL does not solicit business in the state of New York. Issuing company AGL is 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 or rates may vary by state. There may be a charge for each rider selected. See the rider for details regarding the benefit descriptions, limitations and exclusions. Riders are not available in all states.

QOL VALUE+ PROTECTOR

Cost-effective life insurance and chronic illness protection

QoL Value+ Protector is a flexible product designed to help provide long-term financial protection for your client's family or business. It combines many of the advantages of guaranteed universal life insurance, but with special features and interest crediting strategies that are designed to reduce costs and help deliver maximum value.

THE SITUATION

Lisa is a 50-year-old recently divorced mother of two children (ages 15 and 14), whose mother recently passed away.* Because of Lisa's mother's advanced Alzheimer's, Lisa spent a lot of time caring for her due to insufficient funds for nursing facility care. Lisa is concerned about what would happen if she were to contract some type of chronic illness, or much worse, if she were to pass away unexpectedly. She doesn't want to rely upon her children to care for her or leave them without the necessary funds to continue on after her passing.

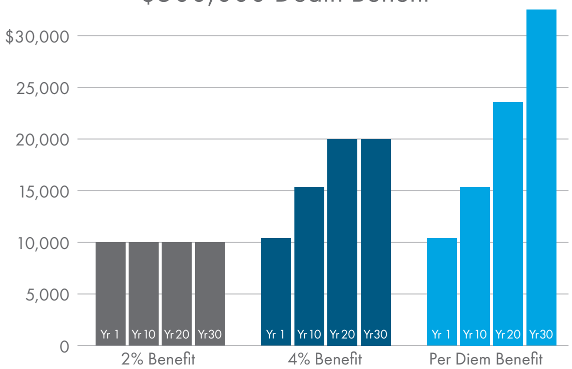
A SOLUTION

Lisa meets with her financial professional, Greg, to discuss options to help protect her and her family in the event of an untimely death or a chronic condition. Greg explains there are now life insurance products with optional chronic illness riders that can protect her from both sets of risks. Greg presents an index universal life (IUL) policy (QoL Value+ Protector) with a chronic illness rider, the **Accelerated Access Solution**®. This particular rider has the added benefit of not requiring conditions to be permanent.

Policies issued by American General Life Insurance Company (AGL), Houston, TX, member of American International Group, Inc. (AIG).

MONTHLY BENEFIT OPTIONS

$500,000 Death Benefit



NOTE: IRS caps the maximum daily rate each year. For 2019, the maximum per diem is $370/day or $11,254/month for a thirty-day month. In the chart above, hypothetical per diem increases based on IRS 2019 per diem in year 1, and increasing 4% each year thereafter. Whether or not the IRS per diem limit will change over time is not guaranteed. Hypothetical representation for illustrative purposes only.

	QOL VALUE+ PROTECTOR
Death Benefit	$500,000
Guaranteed to Age	90
Carry To Age	121
Annual Premium	$5,442

Hypothetical example for Female, Age 50, standard non tobacco. $500k DB, solve for premium to carry policy to age 121. 100% AAS rider with IRS Per Diem option. 6% illustrated rate. Rates as of 1/10/19.

Greg explains that not only does the QoL Value+ Protector offer guaranteed protection to age 90, it requires a lower premium compared to alternative GUL options. The QoL Value+ Protector also offers strong cash value, making it a valuable product solution.

Greg also explains the chronic illness protection options. Lisa has the following choices in regard to the chronic illness rider:

- Choose an **Accelerated Access Solution** total benefit amount anywhere between $250,000 and $500,000.
- Three monthly benefit payment options as shown in the chart on the left.

Lisa chose the 100% total benefit option giving her a $500,000 **Accelerated Access Solution** benefit. She also chose the per diem benefit payment option at the time of purchase.

FAST FORWARD

Lisa decides to purchase the $500,000 **QoL Value+ Protector** life insurance policy with an initial per diem AAS benefit of $11,254 per month. Her policy offers not only chronic illness protection, but also monthly premium savings and valuable liquidity options not available on many IULs and GULs. Twenty years go by and Lisa has a stroke but has the ability to access her death benefit while she is alive to pay for the cost of the care needed.

AIG® Quality of Life...Insurance®

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 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.

*Not an actual case and is a hypothetical representation for illustrative purposes only.

NOTE: The payout options in this hypothetical example do not apply to the state of California. California residents should contact their agent for more information.

Policies issued by: American General Life Insurance Company (AGL) Houston, TX. Policy Form Numbers 16760, ICC16-16760; Rider Form Numbers ICC15-15600, 15972, 13600, ICC13-13600, 13600-5, ICC13-13601, 82012, 82410, 88390, ICC14-14002, ICC15-15992, ICC15-15997, ICC15-15271, ICC15-15272, ICC15-15273, ICC16-16110, and 16110. Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). 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. Guarantees are backed by the claims-paying ability of the issuing insurance company.

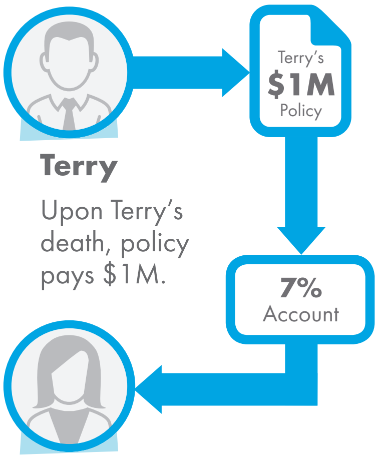
LIFE INSURANCE

WHAT IF. . .the current interest rate environment made your life insurance coverage inadequate?

2007 PLAN:

Terry and Becky's[1] insurance professional calculated that approximately $1 million could provide the needed income.[2]

A $1 million dollar policy was purchased.



Terry

Upon Terry's death, policy pays $1M.

Becky

Amount: $45k per year
Inflation Adjustment: 4%
Duration: 45 years

[1] Not an actual case, and is a hypothetical representation for illustrative purposes only.

[2] Using a net present value calculation, $1,082,822 is the amount one would need in an account, which is earning 7% each year, to provide $45,000 in the first year, then adjusting that amount each year for a 4% inflation rate. At this rate, the account would run out of money in 45 years.

BACKGROUND

In 2007, Terry (47) needed enough life insurance to provide his wife, Becky (45), $45,000 per year, adjusted each year for inflation, until Becky reaches age 90 (45 years).

To calculate the necessary insurance amount, two rate assumptions were used:

Long-term Inflation Rate: to determine how much to increase Becky's income each year. A 4% inflation rate made sense to them in 2007;

Long-term Investment Rate: to determine how much needed to be invested to generate Becky's inflating income stream. A 7% rate seemed conservative to them in 2007.

Their financial professional contacts them to review their policy. They explain that their coverage is still adequate because nothing significant has changed in their personal circumstances (same income, same home, etc.).

PROBLEM

But something *has* changed. In 2017, Terry and Becky are more conservative as a result of the economic turmoil and uncertainty of the last decade.

- They still want $45,000 per year, adjusted each year for inflation. That number is now $54,000, based on the Consumer Price Index over the last ten years;
- Terry still wants the income to last Becky to age 90 (36 years);
- The more-conservative Terry and Becky decide to change their rate assumptions:
  - **Inflation Rate:** Reduce the inflation rate from 4% to 3%;
  - **Investment Rate:** Reduce the investment rate from 7% to 4%.

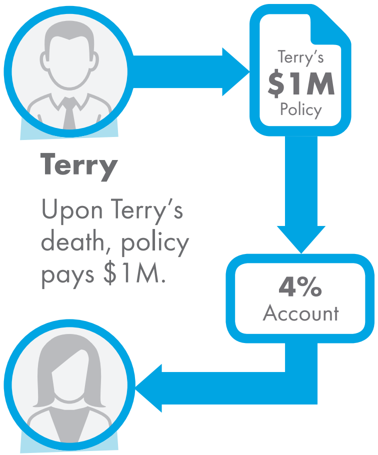
Terry and Becky's financial professional calculates that, at these new rates, the $1 million will only last 21 years–Becky's age 75.

AIG

American General Life Insurance Company and United States Life Insurance Company, AIG member companies.

2007 PLAN IN 2017:

With the new rates, Becky's income would run out in 21 years!



Terry

Upon Terry's death, policy pays $1M.

Becky

Amount: $54k per year
Inflation Adjustment: 3%
Duration: 21 years

$500K additional funds needed to provide the income to Becky's age 90.[1]

[1] Using a net present value calculation, $1,549,388 is the amount one would need in an account, which is earning 4% each year, to provide $54,000 in the first year, then adjusting that amount each year for a 3% inflation rate. At this rate, the account would run out of money in 35 years. Since there is already a $1M policy in place, an addtional $500K should accomodate their needs.

SOLUTION

Add $500,000 of coverage to provide Becky's income need – accommodating Terry and Becky's current, more-conservative, position.

RESULTS

While the couple saw no initial reason to review their insurance needs with their financial professional, they realize that their future was not simply impacted by their own actions. The economic forces around them have changed their needs–and life insurance can help provide for those needs.

FOR MORE INFORMATION

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AIG