

A Special Publication for CENCO Related Agents

# CENCO STREET JOURNAL

Volume 19, Issue 11

November 2019

## 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:

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## 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)).**

## November Is Long Term Care Awareness Month!

November is LTC Awareness Month - time again to devote your efforts to helping people understand the importance of planning for their future long-term care needs. Here are some things your clients should consider when developing a plan for LTC:



- **Planning for long-term care is important.** Most people will tell you they plan to live a long life. In reality, 70% of people who reach age 65 will need LTC services at some point in their lives.
- **LTC services are expensive.** A cost-of-care survey revealed that just one year in a nursing home can cost nearly \$80,000 and home health care, which is less expensive, can cost \$36,000.
- **You can't rely on Medicare.** Many people mistakenly believe their LTC needs are already covered. In reality, Medicare only covers services for a short time - typically just long enough to help people get back on their feet after an illness or injury.
- **Medicaid isn't for everyone.** Medicaid does not cover LTC services but it is for people with low incomes and limited resources. That may mean your clients would have to spend down their assets just to qualify.
- **There's a hidden cost to family caregivers.** It's easy to say, "my family will take care of me". The fact is family caregivers frequently suffer from stress and illness themselves. Not to mention lost wages if they have to give up a job or reduce work hours.
- **The best time to start planning is now.** Having a plan in place when that day comes can help alleviate the emotional strain many families face.
- **The cost of waiting can be high.** The ability to obtain an LTC policy is based on age and good health so if there is a change in health status, they may not be able to qualify.
- **Some coverage is better than none.** Without a policy to help pay the bills for LTC services, they have to liquidate assets, sell property etc. to come up with the cash they need. Even a modest LTC policy offers some protection for their important assets.

**For more information on Long Term Care Awareness Month visit the American Association For Long Term Care Insurance website: <https://www.aaltci.org>.**

## Accelerated Access Solution Rider

### *An LTC Alternative*

The Accelerated Access Solution Rider has an innovative and flexible design which allows clients to customize their chronic illness coverage and monthly benefit payout according to their financial needs. It helps with unexpected healthcare costs as well as other expenses due to chronic illness even if it is **NOT** a permanent condition. Besides, it pays benefit on an indemnity basis - no receipts required and family care is covered! **This rider is available on the QoL Max Accumulator+, QoL Value+ Protector and QoL Guarantee Plus GUL II policies.**

#### Top Reasons To Sell AAS:

- ♦ **Additional paid Chronic Illness accelerated death benefit rider available on QoL products** - Accelerate up to 100% of accelerated death benefit rider, up to \$3,000,000, in the event of a qualifying chronic illness.
- ♦ **No permanency requirement** - A “chronic” condition does not need to be considered “life-long” in order to be eligible.
- ♦ **No additional licensing requirement** - Long-term care certification NOT required.
- ♦ **Multiple benefit payment options** - Three options available for monthly benefit payments: 1) IRS maximum per diem (potentially fastest payout option), 2) 2% of AAS benefit per month and 3) 4% of AAS benefit per month.
- ♦ **Unique benefit payment option** - IRS maximum per diem amount of time claim begins - providing a form of inflation protection for the policy owner's benefit.
- ♦ **Waiver of monthly deduction** - Policy deductions stop (including base policy + all riders) while eligible for benefits.
- ♦ **Flexible option with total benefit amount** - Select any amount between 50% - 100% of the base policy death benefit amount.
- ♦ **Care coordination services available** - Variety of optional and free support services available to the insured at time of claim.
- ♦ **Benefits increase if death benefits grow** - AAS lifetime benefit amounts are locked in at the time of initial claim. If policy death benefit increases as the cash value in the policy grows, AAS benefit can be potentially higher than the initial death benefit.

**Call Cenco for more information on this innovative rider.**

**CENCO  
INSURANCE  
MARKETING  
CORPORATION**

1501 El Camino Ave., Suite 1  
Sacramento, CA 95815

Phone: (916) 920-5251  
(800) 45-CENCO  
Fax: (916) 920-8734  
[www.cencoinsurance.com](http://www.cencoinsurance.com)

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SUCCEED.....IS  
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**November 2019**

**On The Road To  
Retirement - Which  
Vehicle Best Suits  
Your Clients  
Financial Needs?  
Details Inside!**

**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.....





## 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

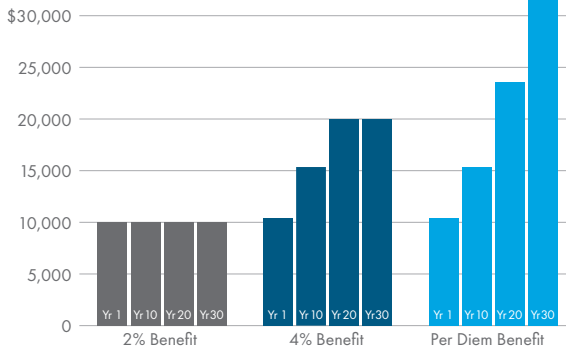
Lisa meets with her financial professional, Greg, to discuss options to help protect her and her family in the event of an untimely death or a chronic condition. Greg explains there are now life insurance products with optional chronic illness riders that can protect her from both sets of risks. Greg 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.



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. ©2019. All rights reserved.

# On the Road to Retirement

## Which vehicle best suits your financial needs?

### Do you know what's driving the growth of your savings?

Many have their money parked in traditional products like bonds, CDs and money market funds. But these products typically offer meager returns, and definitely don't benefit from the growth potential of equity markets. Fixed index annuities are different, because not only do they offer principal protection, but their gains are often tied, in part, to the performance of an equity index.



#### BONDS

##### Going in reverse

If interest rates go up, bond values go down. **Bond values have been steadily decreasing since 1982.**<sup>1</sup> Increasingly, many are withdrawing their money from bonds in order to better protect and help maintain the value of their retirement portfolios.

*CDs*

*Cash*

*Money Market*

*Savings*



#### TRADITIONAL SAVINGS PRODUCTS\*

##### Inching through traffic

People are concerned about losing money, so they've protected \$15.2 trillion<sup>2</sup> in cash, CDs, money market funds and savings accounts. These options typically offer meager returns, so **money in these accounts grows slowly with little accumulation.**



#### FIXED INDEX ANNUITIES

##### Always moving forward

Fixed index annuities (FIAs) can continue to accrue value steadily over time, and without the setback of market-based performance losses, they have **no recovery period after slow economic times.**

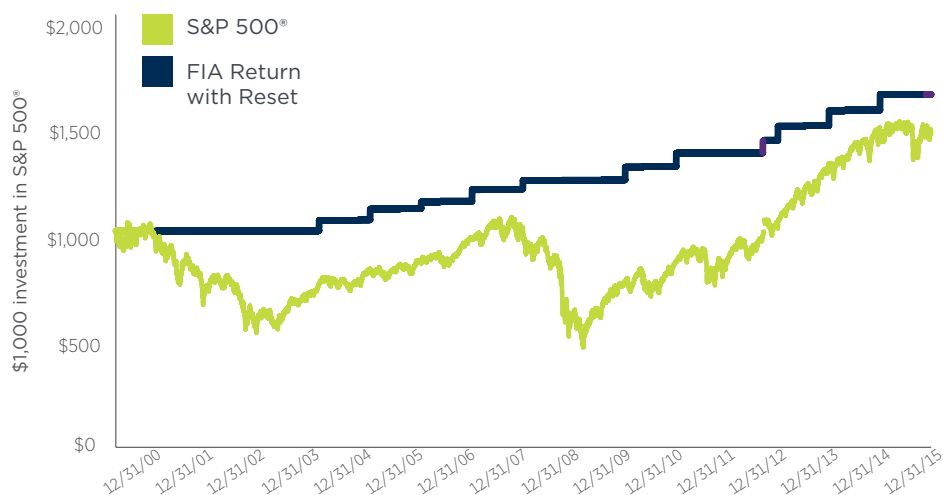
<sup>1</sup> Source: Multpl.com, 10 Year Treasury Rate by Month <http://bit.ly/1pzc3A2>

<sup>2</sup> Federal Reserve, Financial Accounts of the United States Q1 2017, Table L. 100 <https://www.federalreserve.gov/Releases/Z1/current/z1.pdf>



# Stay steady on the road to success

FIAs feature what is known as a “reset,” which locks in accrued values after every crediting period. This means that for each crediting period, the ending value of the index becomes the next year’s starting value. So, if the index has dropped, there is no recovery necessary. You can continue to earn interest on your contract value without having to make up for a prior period’s market loss, if any.



This hypothetical example is for illustrative purposes only and not intended to be the performance of any specific product.

This chart assumes no fees, charges, or withdrawals are taken from the FIA during the illustrated period.

Index past performance is not indicative of future results. The hypothetical performance of the fixed index annuity, as illustrated, assumes a \$1,000 premium, a cap of 5% (using the Annual Point-to-Point with Cap crediting method) and assumes no withdrawals or surrender charges during period shown.

“Standard & Poor’s,” “S&P,” “S&P 500,” “Standard & Poor’s 500,” and “500” are trademarks of The McGraw Hill Companies, Inc. and have been licensed for use by Forethought Life Insurance Company. Forethought Life’s Fixed Index Annuities are not sponsored, endorsed, sold or promoted by Standard & Poor’s and Standard & Poor’s makes no representation regarding the advisability of purchasing the product. Past performance of the S&P 500® is no guarantee of future results. Any examples utilizing the S&P 500® Index are for illustrative purposes only. The S&P 500® Index is a price index and does not reflect dividends paid by the stocks underlying the index. The index is unmanaged and not available for direct investing.

***A fixed index annuity could be the appropriate vehicle for people who are concerned about protecting their money from the volatility of the stock market. An FIA is designed to keep you from going in reverse.***

[globalatlantic.com](http://globalatlantic.com)

\*There are a multitude of different products that may be accessed for retirement and long-term care needs. For example, bonds and other certain equity-based products are securities and have different risk/reward characteristics, liquidity properties and tax consequences, particularly when compared to products such as CDs, savings accounts, money market accounts and fixed annuities. Certificate of Deposits (CDs) are bank products that are FDIC insured. Money Market funds are securities and are not FDIC insured and although these funds seek to preserve the value of an investment at \$1.00 per share, there is no guarantee they will maintain this value.

This material is intended to provide educational information regarding the features and mechanics of the product and is intended for use with the general public. It should not be considered, and does not constitute, personalized investment advice. The issuing insurance company is not an investment adviser nor registered as such with the SEC or any state securities regulatory authority. It’s not acting in any fiduciary capacity with respect to any contract and/or investment.

**Guarantees are based on the claims-paying ability of Forethought Life Insurance Company and assume compliance with the product’s benefit rules, as applicable.**

A fixed index annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed index annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments or index.

Taxable distributions (including certain deemed distributions) are subject to ordinary income taxes, and if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Payments from IRAs are taxable in accordance with the normal rules surrounding taxation of payments from an IRA. Early surrender charges may also apply. Withdrawals may reduce any optional guaranteed amounts in an amount more than the actual withdrawal.

This information is written in connection with the promotion or marketing of the matter(s) addressed in this material. The information cannot be used or relied upon for the purpose of avoiding IRS penalties. These materials are not intended to provide tax, accounting or legal advice. As with all matters of a tax or legal nature, you should consult a tax or legal counsel for advice.

Fixed index annuities are issued by Forethought Life Insurance Company, 10 West Market Street, Suite 2300, Indianapolis, Indiana.

Global Atlantic Financial Group (Global Atlantic) is the marketing name for Global Atlantic Financial Group Limited and its subsidiaries, including Forethought Life Insurance Company and Accordia Life and Annuity Company. Each subsidiary is responsible for its own financial and contractual obligations.

**Products and features are subject to state availability and variations. Read the Contract for complete details.**

Indices are not available for direct investment.

Not a bank deposit	Not FDIC/NCUA insured	Not insured by any federal government agency	No bank guarantee	May lose value	Not a condition of any banking activity
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# AGE MATTERS

TRANSAMERICA LIFE INSURANCE

## PREMIUMS BASED ON TRUE AGE MAY MEAN LOWER COSTS FOR YOUR CLIENTS

There are many benefits to getting older. Term life insurance premiums are not one of them. In fact, generally the older your clients are, the more expensive they are to insure, raising the annual premiums they pay.

Many insurance companies write life insurance policies using the “Age Nearest Birthday Method,” meaning, the age your client will be closest to when the policy is written. That could put them at a year older than they are, and therefore increase the premium paid over the life of the policy.

At Transamerica, our current individual life products are priced using the “Age Last Birthday Method,” based on their actual current age, no rounding up or down.

You already know to talk to clients about benefits of getting coverage at a younger age. Now let them know how the Age Last Birthday method may be beneficial to them when they buy insurance before their birthday, instead of before their “half birthday!”

### HOW IT WORKS:

A policy for a female, standard risk, 30-year term insurance with a face value of \$1,000,000



Jane is a 45-year-old woman in relatively good health. She wants to take out a life insurance policy to help financially protect her two daughters if something should happen to her.



A *Trendsetter Super*® policy from Transamerica written at Jane's current age of 45, the age of her last birthday, would have an annual premium of **\$2,620** per year.

An insurance policy written by an Age Nearest carrier, within a couple of months of her birthday, is based on her being 46. It would raise the annual premium to **\$2,769**.

▶ That's an extra **\$149** that she would be paying per year — translating to as much as \$4,470 over the life of the policy.

Source: Compulife. Information believed to be accurate as of September 25, 2019.

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TRANSAMERICA®

## AGE NEAREST IMPLICATIONS

Many carriers use the "Age Nearest Birthday Method" (see below). In addition to the extra cost to clients over the life of the policy, there are other facts to keep in mind.

- For six months of the year, some carriers round up to the older age.
- Agents may have awkward conversations with clients about why insured age is older than actual age.
- This is not only confusing for clients at policy issue, but also when it comes to conversion privileges and dates surrounding end of level term period if they choose to continue their policy.

### "AGE NEAREST" CARRIERS (NOT ALL INCLUSIVE)

- |   |   |
|---|---|
| • American General Life Insurance Company | • Midland National Life Insurance Company |
| • American National Insurance Company     | • North American Co for Life and Health   |
| • Ameritas Life Insurance Corp            | • Pacific Life Insurance Company          |
| • AXA Equitable Life Insurance Company    | • Penn Mutual Life Insurance Company      |
| • Banner Life Insurance Company           | • Principal National Life Insurance Co    |
| • Lincoln National Life Insurance Company | • Protective Life Insurance Company       |

## Take action

Consider Transamerica for all clients seeking insurance within six months of their next birthday. For more information contact your Transamerica sales desk or visit **[transamerica.com](https://transamerica.com)**.

*Trendsetter® LB* is a term life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA. Policy Forms ICC16 TL23 or TL23. **Premiums increase annually beginning in year 11 for the 10-year policy, in year 16 for the 15-year policy, in year 21 for the 20-year policy, in year 26 for the 25-year policy, and in year 31 for the 30-year policy.** This policy is not available in New York. *Trendsetter® Super* is a term life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA. Policy Forms ICC17 TL24 or TL24, or in New York, issued by Transamerica Financial Life Insurance Company, Harrison, NY. Policy Forms 3-322 38-111, 3-306 38-111, 3-305 38-111, 3-304 38-111, 3-303 38-111, or 3-334 38-111. **Premiums increase beginning in year 11 for the 10-year policy, in year 16 for the 15-year policy, in year 21 for the 20-year policy, in year 26 for the 25-year policy, and in year 31 for the 30-year policy.** Policy forms and numbers may vary, and these policies and their riders may not be available in all jurisdictions. Insurance eligibility and premiums are subject to underwriting. In most states, in the event of suicide during the first two policy years, death benefits are limited only to the return of premiums paid.

This comparison is not a comprehensive analysis and does not account for possible advantages or disadvantages of the policies compared. Competitors' information have been obtained from publicly available sources and are believed to be accurate as of September 25, 2019.

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