

A Special Publication for CENCO Related Agents

CENCO STREET JOURNAL

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- Forms
- Introduction Kits for Our Core Carriers
- Archived and current issues of the **Cenco Street Journal** and the **Cenco eNews**

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Is Your Business Ready For The New Year?

Between planning for the holidays and tying up the year's loose ends, this time can be a busy one. While you may have a lot on your plate right now, you'll still want to get your 2020 off to a good start. Here are some tips to help your business ring in the New Year on the right note:



- ♦ **What's Your Resolution?** - Some people make many resolutions for the New Year, and others only have one. Be sure revisiting the prospective clients that have slipped off your radar is at the top of your list for next year.
- ♦ **Get Your Business to Underwriting** - Don't wait until the end of the month or next year to get your business submitted. Send as much as you can into underwriting as soon as possible prior to 2020.
- ♦ **Fill Your Schedule** - Who will you speak to after the holiday season has come and gone? Develop a list of clients to contact during the first quarter next year, so your focus can be on closing sales.
- ♦ **Get Your January Calendar Set** - Schedule your January meetings as soon as you can! Use this step-by-step to get started:
 - 1) Make a list of prospects that weren't ready to commit during the previous year.
 - 2) Mention that you heard a great idea that made you think of them.
 - 3) Be sensitive about the time of year and be genuine. Keep the conversation light hearted.
 - 4) Set the expectation to get together in January.
- ♦ **Review Term Cases** - Are there conversion opportunities within your existing business? Review your term cases to uncover new ways to help your clients and new avenues to enhance your book of business.

While the end of the year can be overwhelming, come this time next year you will be thankful you put in the extra work to get your 2020 off to a good start.

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 riders would be the most suitable, contact Cenco to discuss the best options. We are here to help!

Using Life Insurance For Annuity Maximization

Even the best financial plan can run into unforeseen problems with taxation that could leave your client's heirs with less than planned. By using life insurance to maximize annuity funds, you can help provide your clients with the most value for their annuity funds without the limitations of income or estate taxes.

Many of your clients have used annuities as a savings vehicle. Some of your clients may no longer need the money in the annuity for themselves. Instead, they plan to pass the money on to their heirs. But did you know that the gains on your client's annuity (the portion that exceeds the original investment) could be taxable income to heirs? In addition, the full value of the annuity is includible in your client's taxable estate, which could result in a diminished inheritance.

To maximize your client's annuity dollars, one strategy is to purchase a life insurance policy with the annuity funds. The beneficiaries of the policy would then be paid a generally tax-free benefit and avoid the taxes associated with inheriting annuity funds.

Annuities are subject to income taxes and estate taxes after the owner dies. An annuity's cash value could be severely reduced after beneficiaries are hit with tax liabilities, often determined by the type of annuity, the total value of the annuity, the income tax brackets of the heirs and the size of the estate.

Life insurance on the other hand, provides a generally income tax-free death benefit and can be structured to be excluded from the owner's taxable estate, thereby avoiding any potential estate taxes.

There are two common ways to the annuity maximization strategy:

- ♦ **Single premium** - Surrender the annuity and use the lump sum to purchase paid up, guaranteed universal life policy on your client's life or leverage lump sum dollars into the largest guaranteed death benefit for heirs.
- ♦ **Spread out premium payments** - Annuitize or 1035 exchange the annuity into a SPIA and then use the income stream to fund a life insurance policy. Your client retains access to cash accumulation and the heirs receive the life insurance death benefit, generally tax-free.

Both options present different advantages and disadvantages—depending on your client's goals. Talk to your client today about this strategy to maximize annuity funds for their heirs.

Call Cenco for more information.

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**January
2012**

***Transamerica's
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Competitively
Priced!
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

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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.....





LIFE INSURANCE

Differences Between Individual and Employer (Group) Life Insurance

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

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

DID YOU KNOW?

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

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

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

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



BASIC Term Life Insurance Policy:

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

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



SUPPLEMENTAL Term Life Insurance Policy:

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

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



Policies issued by American General Life Insurance Company

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



What is an “Individual” term life insurance policy?

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

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



How do I decide what to do?

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

FOR MORE INFORMATION

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

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

² 2015 Insurance Barometer Study, Insurance Happens and LIMRA

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



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.**¹ 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 trillion² 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

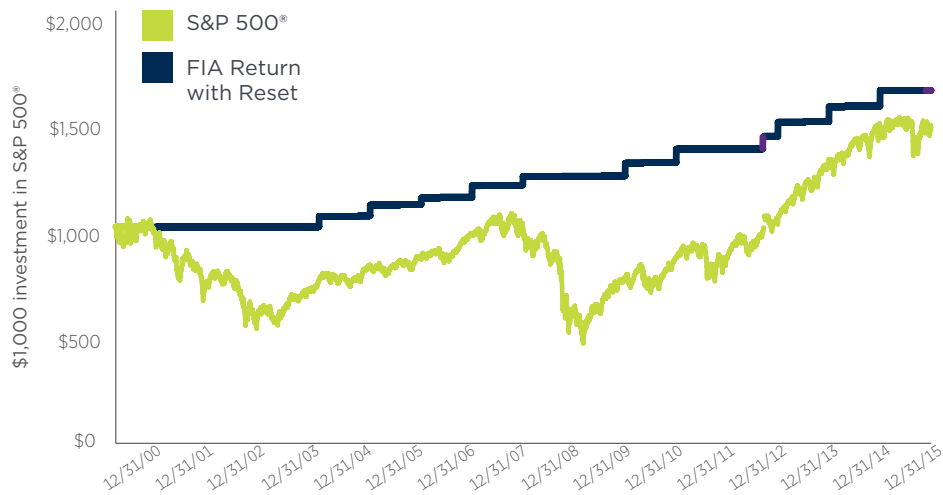
Fixed index annuities (FIAs) can continue to accrue value steadily over time, and without the setback of market-based performance losses, they have **no recovery period after slow economic times.**

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

² 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

*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.

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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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WE HEARD YOU

TRENDSETTER® SUPER IS NOW MORE COMPETITIVELY PRICED

Growing your business just got easier with **Trendsetter Super's** new low rates. With lower rates in over 99% of our targeted quoting scenarios, it's simpler than ever to help protect the financial futures of your clients and their families. It's part of our commitment to being the top choice in term life insurance.



REPRICE TARGETS

Our new pricing covers a wide range of potential policyholders:

Ages:
18-55

Risk Class:
Preferred & Preferred Plus

Face Amount:
\$100,000-\$1,999,999

QUOTING SCENARIOS

The updates affect 634 of 640 quoting scenarios with a variety of face amounts, ages, and terms. Of those scenarios, we're in the top three for 74% and number one in 49%. While the average rate decrease was 18%, the maximum rate decrease was 56%.

Top 3
74%

#1
49%

Maximum Decrease
56%

DID YOU KNOW ...

63%

of surveyed respondents
who forgo life insurance
do so because they think
it's too expensive.

"2018 Insurance Barometer Study," LIMRA, 2018

SEE HOW TRANSAMERICA STACKS UP

\$500,000 Face Amount					
20 Year Term					
Male Age 35 Preferred Plus			Female Age 35 Preferred Plus		
RANK	CARRIER	RATE	RANK	CARRIER	RATE
1	Transamerica	245	1	Transamerica	205
2	Lincoln National	249	2	Banner	213
2	Pacific Life	249	2	Pacific Life	213
2	American General	249	4	Lincoln National	214
5	Protective	250	5	Protective	215
6	Banner	255	5	SBLI	215
6	North American	255	5	American General	215
8	Protective	258	8	Protective	224
9	Nationwide	260	9	AXA	225
10	ANICO	270	9	North American	225
17	Transamerica (old)	350	18	Transamerica (old)	305

\$500,000 Face Amount					
30 Year Term					
Male Age 25 Preferred Plus			Female Age 25 Preferred Plus		
RANK	CARRIER	RATE	RANK	CARRIER	RATE
1	Transamerica	340	1	Transamerica	270
2	Banner	350	2	Banner	282
3	Protective	354	3	Protective	285
3	Pacific Life	354	3	Pacific Life	285
5	American General	360	5	American General	290
6	North American	365	5	North American	290
7	SBLI	366	7	SBLI	294
8	Cincinnati Life	370	8	Cincinnati Life	300
8	Lincoln National	370	8	ANICO	300
9	Protective	373	8	National Life	300
6	Transamerica (old)	360	6	Transamerica (old)	290

\$1,000,000 Face Amount					
20 Year Term					
Male Age 35 Preferred Plus			Female Age 35 Preferred Plus		
RANK	CARRIER	RATE	RANK	CARRIER	RATE
1	Transamerica	400	1	Transamerica	330
2	Lincoln National	412	2	Lincoln National	349
2	Pacific Life	412	3	Pacific Life	350
2	Protective	412	4	American General	350
5	American General	413	5	Protective	362
6	Lincoln National	423	6	Lincoln National	364
7	AXA	425	7	AXA	365
7	North American	425	8	SBLI	370
9	Protective	437	9	Protective	375
10	Nationwide	445	10	Banner	375
17	Transamerica (old)	600	18	Transamerica (old)	500

\$1,000,000 Face Amount					
30 Year Term					
Male Age 45 Preferred Plus			Female Age 45 Preferred Plus		
RANK	CARRIER	RATE	RANK	CARRIER	RATE
1	Banner	578	1	Transamerica	450
2	Transamerica	580	2	Banner	461
3	Protective	585	3	Protective	467
3	Pacific Life	585	3	Pacific Life	467
5	American General	600	5	American General	470
6	North American	605	6	SBLI	483
7	Cincinnati Life	615	7	North American	485
8	SBLI	616	8	Cincinnati Life	495
9	Protective	623	9	Protective	501
10	ANICO	650	10	Lincoln National	514
5	Transamerica (old)	600	6	Transamerica (old)	470

Help your clients build a solid financial foundation for today and tomorrow.

To learn more, call your sales desk or visit transamerica.com.

These comparisons are not a comprehensive analysis and they do not account for possible advantages or disadvantage of the policies compared. Competitors' premiums have been obtained from publicly available sources and are believed to be accurate as of October 14, 2019.

Trendsetter® Super are term life insurance policies issued by Transamerica Life Insurance Company, Cedar Rapids IA. Policy Forms [ICC17 TL24 or TL24]. Policy forms and numbers may vary, and these policies and 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.

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