

A Special Publication for CENCO Related Agents

CENCO STREET JOURNAL

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Check Out The Cenco Website:

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**

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CD's vs. Fixed Deferred Annuities

For individuals concerned that their CD's do not pay sufficient income and who are concerned that what income they make is taxed away by the U.S. Government in their increasing need to create revenue, a deferred annuity is an option to consider.



Listed below are several differences between CD's and tax deferred annuities:

	<u>CD</u>	<u>ANNUITY</u>
Will this product provide safety of principal?	YES	YES
Access to principal? (subject to surrender charges)	YES	YES
Does the entire principal remain unreduced by commissions?	YES	YES
Will the product provide tax deferred growth?	NO	YES
Does the product provide for flexible contributions?	NO	YES
Will this product avoid the costs and delays associated with probate?	NO	YES
Can earnings on the product be automatically recontributed without being currently taxed?	NO	YES
Can the product provide guaranteed lifetime income without the principal first being taxed?	NO	YES
Can the product provide social security advantages by reducing taxable income that would make social security taxable?	NO	YES
Can the product provide potentially higher yields?	NO	YES

Clients should contact their attorney or tax advisor on their specific situation.

Call Cenco for more information on deferred annuities.

It's Not Disability Insurance—It's Income Protection

Over the past couple of years you may have noticed that the language around **Income Protection** has changed slightly. Reason being, in an industry sense it's **Disability Income Insurance** - but in a practical sense, **Income Protection** is for clients who want affordable, simple protection that can help cover bills should they be unable to work due to illness or injury.

For the same reason we don't refer to Life Insurance as Death Insurance - because no one wants to buy Death Insurance.

The word *Disability* to many is very scary and associates them being incapacitated or stuck in a hospital bed. When it simply means we just can't do our job because we got sick or hurt.

So, what is the most effective way to engage your client in a conversation about **Income Protection** if they got sick or hurt and could not work?

USE THESE CONVERSATION STARTERS:

- How would you protect your income should you be unable to work due to illness or injury?
- How much do you have in savings?
- Do you have enough set aside to make ends meet for several months if you are off work?
- Where will the money come from when your savings runs out?

These work great because although clients recognize the need for **Disability Insurance (DI)**, the number of folks who actually get a DI policy is much lower.

Producers who sell DI as **Income Protection** say their clients are more open to focusing on how they would financially manage a disruption in pay - especially when the majority of Americans don't have enough in savings.

From there, you can sketch out how **Income Protection** fits in with their overall financial protection plan and how simple it is to get affordable coverage. And once they see how easy the process is, chances are they'll be sold.

WHAT'S NEXT?

Simply let your clients know you are in the **Income Protection** business. Your clients likely want **Income Protection**, but just don't know where to get it. They want to purchase protection from someone they know and trust - YOU! Many clients assume they can only get an employer-sponsored plan - unaware they can purchase an individual **Income Protection** plan if they get sick or hurt.

Call Cenco for more information. We offer a large portfolio of DI carriers to meet your needs.

Understanding Loan Options Within IUL Policies

Indexed Universal Life (IUL) is a popular product choice for cash value accumulation because of its potential for higher interest crediting rates based on the performance of a selected index over a given period of time. **A big selling point for the IUL product line is the assurance that the client will never lose a single cent of their accumulated cash value due to poor market performance.** Unlike Variable UL policies which are subject to market performance and allow for both gains and losses on your account value, IUL uses a floor rate to protect your cash value from losses when your index account allocations have negative returns.

This makes for a great story during the accumulation phase. But what about the distribution phase? What is the best way to distribute the funds from the policy?

Understanding the different options available is the key to making the best decision for your client. Most IUL policies allow for either fixed or variable loans.

The fixed loans have a stated interest rate on the outstanding loan amount so there is no question about the cost of the loan. After a certain number of years, the IUL product will often provide for a “wash loan” or preferred loan” where the amount being charged on the loan is the same as the interest being credited to the cash value (thereby resulting in zero net cost on the loaned funds.)

The more commonly illustrated policy loan distribution is the Variable Loan. Using a positive arbitrage (the illustrated interest crediting rate for cash value is higher than the interest rate being charged on outstanding policy loans) allows an illustration to reflect a gain on the outstanding loan rather than a charge. **Because this can make an illustration more attractive due to the higher cash value accumulations during the distribution phase, it’s what many producers prefer to show to their clients.** It is imperative that producers understand how these loan features work and communicate to their clients that they also have the potential for a negative arbitrage which can create considerable interest due on outstanding policy loans.

Depending on your client’s risk tolerance and whether or not they plan on paying outstanding policy loan interest as it accrues, either policy loan option can be appropriate. If you do not have an understanding of how your clients would like to approach their policy loans and simply elect the variable loans due to the potential for positive arbitrage, you may be setting yourself up for a difficult conversation if the loan interest charged exceeds the interest crediting rate for cash value and the amount available for distribution decreases well below your clients anticipated income amount.

Agents who are selling IUL products and highlighting the ability to generate an income stream from the policy should have a thorough understanding of the loan provisions and be able to help their clients to better understand which feature is in their best interest.

Cenco’s Life Sales Team is here to help you navigate the various options and make the most suitable recommendations for your clients. Contact us today!

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SUCCEED.....IS
OUR BUSINESS!*

We're on the web!
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**February
2020**

**QoL Flex Term
Gets Even More
Competitive!
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.....





ACCELERATED ACCESS SOLUTION:

Is your client worried about protecting their assets from rising health care expenses?

DID YOU KNOW?

92% OF OLDER ADULTS

have at least one chronic condition, and 77% have at least two.³

EVERY 40 SECONDS

an American has a heart attack⁴—50% of people who suffer a heart attack survive more than five years⁵

EVERY 40 SECONDS

an American has a stroke⁶

\$260^K OUT-OF-POCKET

equals the healthcare costs throughout retirement for an average 65-year old couple retiring now⁷

60% OF AMERICANS

are concerned about paying for health care in retirement⁸



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

By adding the Accelerated Access Solution (AAS) rider to a QoL Guarantee Plus GUL II, QoL Value+ Protector or QoL Max Accumulator+ policy, clients can access income tax-free death benefits if diagnosed with a chronic illness.^{1,2}

SCENARIO

As the sole breadwinner, Julia* is a 45 year old single mother who wants to protect the financial stability of her family's financial future. Without knowing what will happen in the future, she would like to build in some protection in the event she should develop a chronic illness or pass away prematurely.

SOLUTION

Julia purchases a \$500,000 QoL Guarantee Plus GUL II policy. With the optionality built into the policy, she has the following choices:

- Choose an Accelerated Access Solution total benefit amount anywhere between \$125,000 and \$250,000
- Three monthly benefit payment amount options as shown in the chart on page 2.

Julia 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

Thirty years later when Julia was 75 and in retirement, she has a stroke and activates the rider to access a portion of the death benefit each month². Because she chose the per diem option, the monthly benefit amount had increased to approximately \$35,515.20 (See Fig. 1) in the year she went on claim, and was payable for up to 16 months.

Julia passes away 6 months after going on claim and therefore still had \$286,908.80 { \$500,000 - (\$35,515.20 X 6) } in death benefits that were payable to her beneficiaries. The Accelerated Access Solution allowed her family to use the funds to pay for her medical care and protected family assets from being depleted as a result of the illness.

*This is not an actual case. This hypothetical example is for illustrative purposes only.

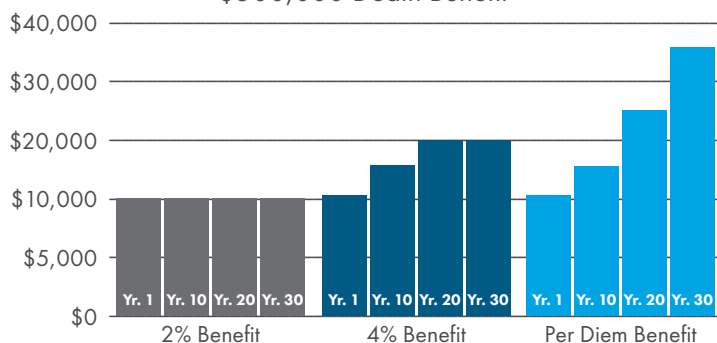
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MONTHLY BENEFIT OPTIONS

\$500,000 Death Benefit



NOTE: IRS caps the maximum daily rate each year. For 2019, the maximum per diem is \$370/day or \$11,254.16/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.

BENEFITS OF ACCELERATED ACCESS SOLUTION*

- Multiple benefit payment options—three options available for monthly benefit payments:
 - IRS maximum per diem amount at time claim begins – providing an increased payout the older policy owner gets
 - 2% of the AAS benefit per month
 - 4% of the AAS benefit per month
- Waiver of monthly deduction—all policy deductions stop (including base policy + all riders) while receiving benefits
- Flexible options 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
- No receipts required—benefits paid irrespective of actual costs incurred
- Dollar-for-dollar death benefits payout—know the benefit to be received at the time of rider purchase - no discount applied at time of claim⁹
- Not a “use or lose it” policy—benefits are paid no matter what... either when the chronic illness requirement is met or via death benefits
- Control over how money is spent—up to the policy holder how the funds are used, not restricted via the policy
- No waiting period—chronic illness benefits are available as soon as policy is issued (90 day elimination period applies)¹⁰

*This is not a restricted list



Quality of Life...Insurance®

¹ Based on current federal income tax laws, policy owners should consult a qualified tax advisor.

² Insured must be certified as chronically ill by a licensed physician and meet all eligibility requirements.

³ National Council on Aging, Fact Sheet: Healthy Aging, 2018

⁴ American Heart & Stroke Association, Heart and Stroke Statistics 2017 At-a-Glance

⁵ The New York Times, Health Guides to Disease and Stroke, 2017

⁶ Center of Disease Control and Prevention, Stroke Facts, 2017

⁷ Fidelity, Health Care Costs for Couples in Retirement Rise

⁸ PLANSponsor, Most Americans Concerned About Health Care Costs in Retirement, 08/17/2016

⁹ Subject to the \$3 million lifetime cap

¹⁰ Benefit payout subject to 90 day elimination period. See outline of coverage for details.

Important Consumer Disclosures Regarding Accelerated Benefit Riders

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

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

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

Policies issued by American General Life Insurance Company (AGL) Houston, TX. Policy Form Numbers 15442-5, ICC15-15442, 15442-10A, 15646, 15646-5, ICC15-15646, 16760, ICC16-16760; Rider Form Numbers 15602, ICC15-15602, 15603, ICC15-15603, 15604, ICC15-15604, 15600, ICC15-15600, 15972, 15972-5, 82012, 82012-CA, 82410, 88390, 14002, 14002-5, ICC14-14002, 14306, 14306-5, 07620, 15997, ICC15-15997, 15996, 15996-5, 15994, ICC15-15994, 15271, ICC15-15271, 15274, ICC15-15274, 15272, ICC15-15272, 15273, ICC15-15273, 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. 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. Please review the policy and outline of coverage for your state. © 2019 AIG. All rights reserved.

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GROOVY



New term rates!

Choose Wisely. Choose QoL Flex Term.

We're starting 2020 out with good vibrations- and upcoming new term rates. As of February 1 2020, QoL Flex Term gets even more competitive in some of the most popular issue ages and classes.

The premium changes are a mix of increases and decreases, and some cells will be left unchanged.

In addition to new rates, there are changes to the product which include:

- Discontinuation of the Term conversion credit
- New Annual Renewable Term (ART) rates and changes to the ART design
 - Death Benefit will have a onetime reduction at the end of the level period
 - The first three premiums during the ART period will remain level with annual increases thereafter

Keep Jamming with QoL Flex Term!

LIVING BENEFITS – Ability to Access to the death benefit while living in the event of a qualified Critical, Chronic or Terminal illness or condition

18 TERM PERIODS – Clients can choose the policy durations that match their specific needs: 10, 15-30 years and 35-year term

FULL CONVERTIBILITY – Convert to a permanent life insurance policy up to the end of the level-premium period, or age 70, whichever comes first, without evidence of insurability or additional underwriting

State Approvals

Not approved in California, where old rates will remain until state approval is obtained. Look for future announcements regarding California once approved.

Marketing Materials

Click [here](#) for the complete library of QoL Sales and Marketing Material.

Key Points & Dates

- Revised product and premium rates are available 02/01/2020. **New Rates will NOT be available to be quoted until 2/1/2020**
- Applications received in the Home Office before 02/01/2020 will automatically get the old product/rates unless the new product is specifically requested.
- **Any requests for pending applications received prior to 2/1/2020, to get the new product, must be made prior to policy issue or conditional issue.**
- Applications received in the Home office 02/01/2020 and later will get the new product/rates.
- for full transition rules refer to page 2.

Questions?

Call the sales desk at
1.800.358.5753

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QoL Flex Term Transition Rules

- Revised product and premium rates are available 02/01/2020.
- Applications received in the Home Office before 02/01/2020 will automatically get the old product/rates unless the new product is specifically requested.
 - Any requests for pending applications received prior to 2/1/2020, to get the new product, must be made prior to policy issue or conditional issue.**
- Applications received in the Home office 02/01/2020 and later will get the new product/rates.
- Reissue requests to the new plan will NOT be honored.
- New applications submitted to replace existing inforce coverage with the new product will not be honored within 90 days of coverage going inforce.

Applications Received via iGO Full e-Application

Status of Case	Case Submitted 01/31/2020 or Before	Case Submitted 02/01/2020 or Later
Start New Case	Old product rates and benefits are assigned.	Revised product rates and benefits are assigned.
Un-Lock Existing Case	Old product rates and benefits are assigned.	Revised product rates and benefits are assigned.
Locked Case	Old product rates and benefits are assigned.	Revised product rates and benefits are assigned. Note: Cases locked prior to 2/1/2020 must be submitted within 15 days after the case was locked to retain the old product rates and benefits.

Fast Quotes on Rapid Rater

Instant rate quotes for all classes and durations are available on Rapid Rater. Visit www.aig.com/qolrapidrater for more information. The new rates will not be available until Jan 31, 2020 after 4PM CST.

Illustrations

QoL Flex Term is available in Winflex Web and Winflex Desktop. The new rates will not be available until Jan 31, 2020 after 4PM CST.

QoL Advantage

The QoL Advantage program available on QoL Flex Term offers clients policy fee and banding discounts on term policies. You can offer the benefit of bundling discounts, PLUS a \$2 million max Accelerated Benefit Rider acceleration.

Policies issued by American General Life Insurance Company (AGL), Houston, TX. 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 including rates may vary by state. Guarantees are backed by the claims-paying ability of the issuing insurance company. ICC19-19311, 19311, ICC19310 and 19310, and Riders ICC15-15602, 15602, ICC15-15603, 15603, ICC15-15604, 15604, AGLA 04CRIR, AGLA 04TIR, AGLA 04CHIR-CA (0514)



Do you need more than just guarantees?

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



Same IUL premiums can deliver:

- Similar guarantees to GUL
- More cash value than GUL

Background

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

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

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

Is one better for you?

Scenario

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

GUL & IUL Solutions

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



Policies issued by
American General Life
Insurance Company

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

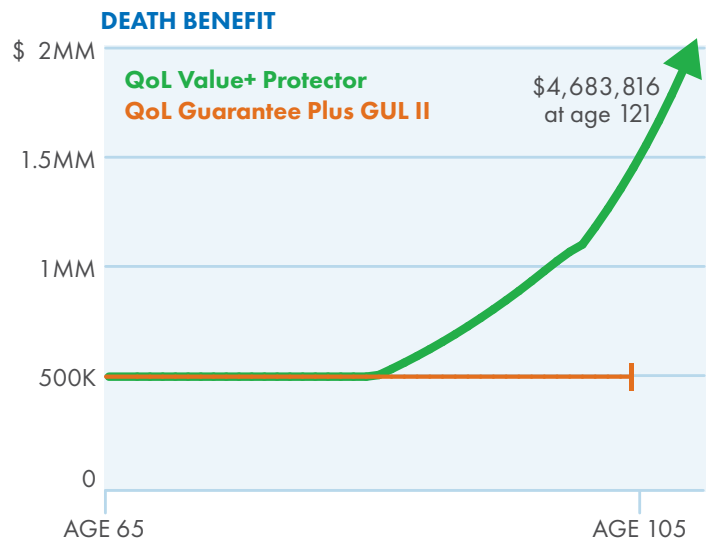
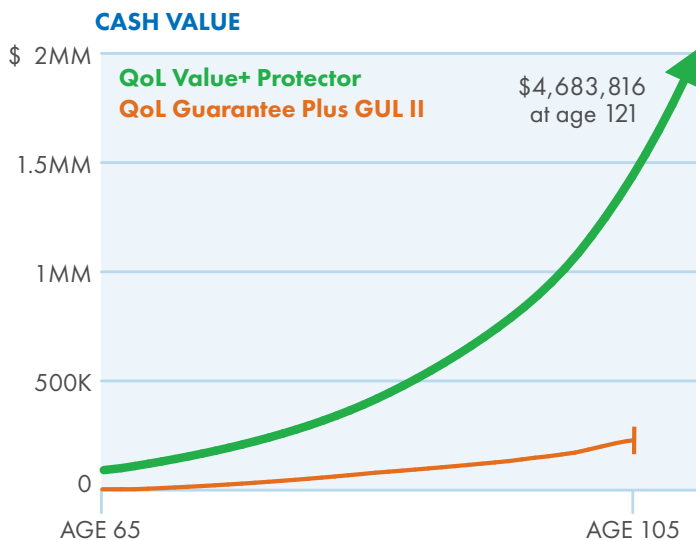
- Offers guaranteed insurance coverage until age 105
- Partial withdrawal capability – if Jason has built up some cash value in his policy and his needs change, he could withdraw some funds from his policy. It's important to note that this would result in a proportional reduction of accumulation value and death benefit. His advisor also explains there is often less cash value in the policy for retirement needs compared to an IUL.
- Return of Premium – if needs change, Jason could also receive some or all of his paid premiums back at year 20 or 25.¹

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

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

Compare the solutions

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



Summary

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

To learn more about QoL Value+ Protector please visit AIG.com/QoL or, see your AIG representative.

¹ 50% in year 20, 100% in year 25, capped at 40% of the policy's lowest specified amount.

² Option election dates are at the end of the 20th policy year (for issue ages 0-64) and the later of age 85 or the end of the 5th policy year (for all issue ages).

³ Paid-Up additions option is available on the Strong Index Performance Feature. Only available for Standard or better rated clients.

⁴ Policy cash surrender value must exceed benchmark assumptions due to strong index performance.



Policies issued by American General Life Insurance Company (AGL), Policy Form Numbers 15442, ICC15442, 15646, ICC15-15646; Rider Form Numbers, 13600, ICC13-13600, 82012, 82410, 88390, 15990, ICC15-15990, 15972, 13601, ICC13-13601 and 82001. 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. © AIG 2018. All rights reserved.