

A Special Publication for CENCO Related Agents

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Basics of Annuities Sales Idea

Annuities can be very powerful tools, whether your client is looking for growth in their investments or if they need income. The challenge is getting past their perceptions about annuities and educating them about how they work.

An annuity can be an integral part of your clients' long-term retirement planning strategy, providing direction to help them overcome unnecessary risks and important optional benefits to help protect their financial future. Annuities offer guaranteed death benefits and payment options to help meet retirement income needs.

Investments such as savings accounts, certificates of deposit and mutual funds generally don't provide a lifetime income. An annuity can turn assets into a steady, guaranteed income stream. This means your client can always depend on this source of income, no matter how long they live.

While annuities provide many benefits, most people don't understand them. In a recent study, 54% of 44 to 75-year olds express distaste for the word annuity, despite the fact that 80% find an annuity-like solution attractive when it is described to them without calling it an annuity.

Two financial products were described: one with a 4% return and a guarantee against losing value and another that offered an 8% return but was subject to market risk. Approximately 80% preferred the first product - an annuity.

In reality, people who actually own annuities expressed overwhelming satisfaction with 76% saying they were very happy with their purchase. Consumers ranked annuities second highest in satisfaction among all financial products.

Start your discussion without trying to sell an annuity. Find out what is important to your client. What do they want their money to accomplish for them? What is their attitude toward risk? Have they identified retirement expenses that will be essential and discretionary? Educate them on what options are available and what benefits they provide. This conversation may lead them to see why an annuity is suitable for their needs.

Cenco offers a wide array of annuity products. Call us today!

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.

Review Individual Federal Tax Returns to Boost Sales

How many of you have studied federal income tax returns? If you're not asking for copies of tax returns to analyze, then one of your competitors probably is. But it won't do any good to start doing this if you don't know what to look for.

The first place to start in the examination of an individual tax return is the Form W-2 (wage and tax statement). First, see if there is a difference between line one (wages, tips, other compensation) and line three (Social Security wages). If so, this difference indicates that a person could be a participant in a 401(k) plan, a 403(b) plan or a Section 125 plan.

The same section of the W-2 indicates the taxable portion of group term life insurance in excess of \$50,000. The premium attributable to the first \$50,000 of group term insurance is tax-free. This information is important because it raises several questions:

- ◆ Is there a need for additional individual owned life insurance coverage?
- ◆ Is the client's employer a prospect for group and individual life insurance coverage?
- ◆ Could you position yourself to review the employer's existing employee benefit plans?

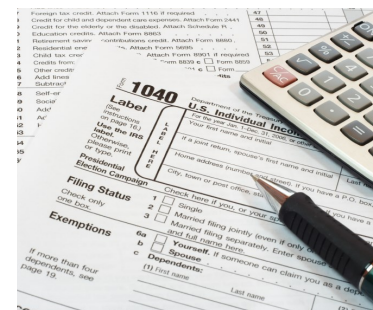
In addition to the W-2, the Form 1040 must also be assessed in order to provide clients with the highest level of service. When engaged in any type of financial planning you must always request that clients provide copies of tax returns from the last 2 to 3 years so that you can establish a thorough financial plan.

When reviewing the Form 1040 begin by evaluating the tax rate schedules for each filing status, which highlights the difference between marginal and real tax brackets. Remember that taxpayers do not pay taxes on their income at marginal tax rates. Instead, income taxes are paid based upon average tax rates.

Also, on the form 1040 is a section where dependent children of any age are listed. Addressing this section with your clients or prospects is sure to open up some important discussions and create a natural sales opportunity. Several questions should be asked at this point:

- ◆ Are you planning to set up a fund for your children's future education?
- ◆ What happens to your children if you should die or become disabled permanently?
- ◆ Are there dependents that do not live with you due to divorce or separation?
- ◆ If so, where do these dependents live and who is responsible for their care?

If you have never reviewed their tax returns, then you probably don't know everything about your clients from a financial standpoint. But if you will take the time and make the effort, you can uncover many sales opportunities, create the trust necessary for long-term relationships and become an expert at uncovering problems and needs that will make you all the more valuable.



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**What Do You Do
When The Market
Drops 1,000 Points?**

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
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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.....



Top 10 reasons to sell fixed annuities

Annuities issued by
American General Life Insurance Company (AGL) and
The United States Life Insurance Company in the City of New York (US Life)



All guarantees are backed by the claims-paying ability of the issuing insurance company.

Get SET for opportunities ahead.

The first baby boomers turned 65 in 2011. Be ready to help them solve financial challenges with guaranteed interest earnings and principal protection.

Here are 10 reasons to consider a fixed annuity:

An annuity is the only financial product available that can guarantee income payments the contract owner won't outlive.

1. **Competitive interest rates.** We offer the flexibility of several interest rate guarantee options. Your clients can lock in the initial interest rate guarantee that works best for them.
2. **Tax-deferred growth.** While money remains in the annuity, the principal earns interest and the earnings earn interest.
3. **No up-front sales charges or administrative fees.** Once the contract is issued, 100% of your clients' money will begin earning interest.
4. **Protection from market volatility.** Fixed annuities have no market participation.
5. **Guaranteed death benefit.** Upon the death of the owner, the annuity value is paid directly to the beneficiary, without any withdrawal charges or market value adjustment (if applicable), generally avoiding the probate process.
6. **Access to funds.** Our fixed annuities allow for penalty-free withdrawals up to a specific amount and there are multiple withdrawal charge waivers that can be used under certain defined circumstances.*
7. **Systematic withdrawals of interest.** Clients can receive payments monthly, quarterly, semiannually or annually.*
8. **Guaranteed income for life payout option.** With the annuitization option, electing the lifetime payout option will transform the contract balance into a guaranteed income stream for life.
9. **Diversification.** A tax-deferred fixed annuity can serve as a conservative addition to any retirement portfolio.
10. **Extra help to grow your business—marketing and sales support.** We provide comprehensive sales training including materials to both agents and bank customers.

* Taxable withdrawals are subject to ordinary income tax. Withdrawals taken prior to age 59½ may be subject to a 10% federal early withdrawal tax penalty. Contractual withdrawal charges may also apply.

Not a deposit | Not insured by any federal government agency | May lose value | No bank or credit union guarantee | Not FDIC/NCUA/NCUSIF insured

GUARANTEED WITH EASE

TRANSAMERICA LIFETIMESM PRODUCT HIGHLIGHTS

10/19

Your clients deserve to know what they're getting with their whole life policy, and with *Transamerica Lifetime*SM, it's a triple guarantee: Guaranteed* level death benefit, guaranteed level premiums, and a guaranteed cash value — not to mention the living benefit riders you've come to love.

FACE AMOUNT	\$25,000-\$2,000,000
ISSUE AGES	To age 100—pay option: 15 days to 80 10-year pay option: 15 days to 80 20-year pay option: 15 days to 79 30-year pay option: 15 days to 69
PREMIUM PERIOD	Level premiums to age 100 10-year paid up 20-year paid up 30-year paid up
MATURITY DATE	Attained age 121
RIDERS	Accidental Death Benefit Rider Children's Benefit Rider Chronic Illness Rider (min FA: \$100k) Critical Illness Rider (min FA: \$100k) Disability Waiver of Premium Guaranteed Insurability Rider Income Protection Option Term Insurance Rider ¹ Terminal Illness Accelerated Death Benefit Rider
UNDERWRITING CLASSIFICATIONS (Preferred Classes minimum \$100k)	Preferred Elite Preferred Plus Preferred Nontobacco Preferred Tobacco Tobacco Juvenile
EXPRESS PROTECT UNDERWRITING SM FLUIDLESS ACCELERATION LIMITS	Ages 0-65: Up to \$499,999 Ages 0-55: Up to \$999,999 Ages 18-45: Up to \$1,999,999

¹Term Insurance Rider is limited to 3x the base policy face amount.

*Guarantees are based on the claims paying ability of the issuing company.

What do you do when the market drops 1,000 points?



Market volatility is a part of investing, but there are ways to make sure you have some protection in a downturn.

After steadily—and quietly, for the most part—heading upwards during 2017, the stock market rudely got investor’s attention in early February 2018. However, by the end of that week, the market recovered some ground to end down by slightly more than 5 percent.¹ March continued to be volatile, with the Dow having five major drops, the lowest being 742 points. Market analysts believed investors were spooked by the prospect of rising inflation.

How unusual is this most recent spurt of market volatility? Not very—market swings are common although each individual event may have a different cause. Fear of loss is a very common reaction, and that fear can manifest itself in a variety of ways. The worst reaction is panic-induced selling, while a more moderate reaction might involve seeking reassurance from a financial advisor.

For others, market volatility is a byproduct of investing and they don’t make rash decisions because of their emotions. While there is no right reaction to a market drop, pausing to consider what reaction is most appropriate and in your best interest is better than panicking and selling. Discussing risk tolerance, diversification, asset allocation and strategies to produce guaranteed income during retirement with a financial advisor can help reassure investors that their portfolios are on the most appropriate path to meet its/their objective.

Reducing Risk

Risk tolerance involves assessing an investor’s ability to handle loss in an investment portfolio. Think about it as the “sleep at night” factor—if investment loss has the potential to keep an individual up at night, it is probably too risky. Risk tolerance depends on many factors, including an individual’s age, occupation, and portfolio balance.

An investor’s perception of risk changes throughout their life. For those who are younger and still working, risk can mean opportunity. That’s because they are actively contributing to their investments. A market downturn may represent an opportunity for this group because they can buy more securities at a lower price when the market is down. In fact, by regularly investing a fixed amount and buying more

or less depending on market conditions, these individuals may be able to reduce the average price per share of their investments, giving them an opportunity to save more over time. This is known as dollar-cost averaging.² When investing for the long term, patience works because an investor has time to ride out the ups and downs of the market.

Near-retirees and retirees, however, generally perceive risk from a very different viewpoint. Retirees have a relatively shorter time horizon. They have more to lose if the market drops and less time to recover from it. Their risk tolerance also changes to become more risk adverse. They don’t know how long they are going to live, and many fear running out of money.

One way to guarantee income for life is through an annuity. Annuities can help protect retirement savings from market uncertainty and provide ongoing income, relieving anxiety about the direction of the market and performance of investments.

Creating Diversification

One of the best ways to lessen market risk is to diversify. Diversification, which involves putting money into a variety of different investments, is an important component of risk reduction. Through diversification, invested funds may be placed into stocks, bonds, cash and other investments, such as annuities.

Many investors work with an experienced financial advisor to create a diversified portfolio that is in line with their goals and risk tolerance. Advisors use a specific asset allocation strategy to build a diversified investment portfolio.³

Protection During Downturns

For those who are nearing retirement or who are retired, market volatility and large market declines can lead to concern, if not actual worry. After all, you’ve been saving your entire career, and a down market could be devastating to your retirement investment portfolio.

Annuities help protect pre-retirees and retirees when the market falls, ensuring that they will have guaranteed monthly income to enjoy a secure retirement. There are many different types of annuities: Index Annuities, Variable Annuities, Fixed Annuities and more. Investors should consult with a financial advisor to determine the most appropriate type for their situation. For example, during the Great Recession, when

the S&P 500 fell 38 percent in 2008,⁴ an investor who solely invested in the market lost a great deal, whereas retirees with index annuities would have had less to worry about, since their principal and monthly income would not have declined due to market downturns;⁵ instead, no interest would have been earned during this volatile time.

In contrast, the individual who was 100% invested in the market may have had to cut back on his or her lifestyle. The investor might have also jumped out of the market at just the wrong moment because of fear and missed out on the subsequent gains as the market rebounded. In fact, the S&P roared back with a 26.46 percent gain in 2009 and didn't have a down year until 2018.⁶ Please note that past performance is not a guarantee of future results.

Building Long-term Retirement Security

Consulting with an experienced financial advisor can help avoid the pitfalls created by emotions. An advisor who has worked with clients through several bull and bear market cycles understands how to position portfolios for appropriate risk and return. With retirements lasting 30 or more years, mixing opportunities for growth with investments carrying guaranteed income can help ensure security into and through retirement.

Don't leave your retirement security to chance. Consider the steps you need to take to help create enough ongoing, secure income to enjoy your retirement, cover your expenses and ensure that you don't run out of money.

¹ "U.S. Stocks Rebound as Wild Week Ends," The Wall Street Journal, Feb. 9, 2018, <https://www.wsj.com/articles/global-stock-slump-continues-1518138066>

² Dollar cost averaging does not guarantee profits or prevent losses in a declining market. This strategy requires regular investment regardless of fluctuating prices. Potential investors should consider their financial ability to continue purchases through periods of low price levels.

³ Diversification and asset allocation do not guarantee a profit, nor do they insure against market loss.

⁴ S&P 500 Annual Total Return, YCharts.com, https://ycharts.com/indicators/sandp_500_total_return_annual

⁵ Principal may decline due to withdrawals and/or fees associated with optional features.

⁶ S&P 500 Annual Total Return, YCharts.com https://ycharts.com/indicators/sandp_500_total_return_annual

Variable annuities are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges, expenses and other information regarding the variable contract and its underlying funds, which should be considered carefully before investing. Individuals may contact their financial advisor or call 1-800-445-7862 to request a variable annuity prospectus. Please read the prospectus carefully before investing.

Annuities are designed for long-term retirement saving. In the Accumulation phase, annuities can help you build assets on a tax-deferred basis. In the Income phase, they can provide you with guaranteed income through standard or optional features. Variable annuities are subject to costs that include a separate account fee, a contract maintenance fee, expenses related to the operation of the variable portfolios and the costs associated with any optional features elected.

Early withdrawals may be subject to withdrawal charges. Partial withdrawals may reduce benefits available under the contract, as well as the amount available upon a full surrender. Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59½, an additional 10% federal tax may apply.

Index annuities are not a direct investment in the stock market. They are long-term insurance products with guarantees backed by the claims-paying ability of the issuing insurance company. They provide the potential for interest to be credited based in part on the performance of the specified index, without the risk of loss of premium due to market downturns or fluctuations. Index annuities may not be suitable or appropriate for all individuals.

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The purchase of an annuity is not required for, and is not a term of, the provision of any banking service or activity.

Annuities are issued by **American General Life Insurance Company (AGL)**. Variable annuities are distributed by **AIG Capital Services, Inc. (ACS)**, Member FINRA. AGL and ACS are members of American International Group, Inc. (AIG). The underwriting risks, financial and contractual obligations and support functions associated with products issued by AGL are its responsibility. AGL does not solicit business in the state of New York.

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May Lose Value • No Bank or Credit Union Guarantee
Not a Deposit • Not Insured by any Federal Government Agency





EXPRESS PROTECT UNDERWRITINGSM

NEW ACCELERATED UNDERWRITING

We understand you're busy, which is why we're making it easier than ever to do business. Our new streamlined underwriting process is designed for faster issuing, more consistent application decisions, and seamless functionality.

- **New electronic application process:** Help minimize those back-and-forth application pains with our iGO e-App®. This allows you to capture as much information as possible from applicants during their first submission, even allowing for fluidless acceleration.
- **Automated:** Several medical and financial risk factors traditionally handled by an underwriter are now being automated. This means only the cases that need manual intervention will be processed by the underwriting team.
- **Fluidless Acceleration:** Some clients may qualify for Fluidless Acceleration and accelerated underwriting decision without the need for traditional fluids (blood and urine). Please see the age/face amount parameters to see if your client is a candidate.
- **Best classes available:** In the past, clients could only exceed the standard rate class through full underwriting (exams/labs). Now the best two preferred classes, plus juveniles and nonmedical, may qualify for the fluidless acceleration and an express protect decision.
- **Avoid unnecessary requirements:** Transamerica will order paramed physical findings and labs only when needed.
- **New teleinterview process:** Depending on the case, your client may qualify for a teleinterview exam over the phone. Convenient and available 24/7, this allows an examiner to obtain your clients medical history over the phone and helps get cases issued faster.

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TRANSAMERICA®

SALES IDEA

Top 10 reasons to sell fixed annuities

Choose a company with an outstanding track record.

As retirement planning continues to become increasingly complex, more people will likely look to financial professionals for solutions to help protect their money from taxes, market risk and longevity risk. Distinguish yourself through our fixed annuity products.

This information is general in nature, may be subject to change and does not constitute legal, tax or accounting advice from any company, its employees, financial professionals or other representatives. 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.

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AIG is a leading international insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. All products and services are written or provided by subsidiaries or affiliates of AIG. Noninsurance products and services may be provided by independent third parties. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange. www.aig.com.

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