

A Special Publication for CENCO Related Agents

CENCO STREET JOURNAL

Volume 21, Issue 5

May 2021

Check Out The Cenco Website:

www.cencoinsurance.com

You will have access to:

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

Inside this issue:

Avoiding "Sticker Shock" With Disability Income Sales	2
Global Atlantic's Accelerated Access Rider (AAR) Available in CA	3

May Is Disability Insurance Awareness Month

Think about it. All of your clients' plans for the future - from buying a home, to putting their kids through college, to building a retirement nest egg - are based on the assumption they will continue to earn a paycheck until they retire. But what happens if those paychecks suddenly stop if they are unable to work because of illness or injury?

- ♦ 27% of Americans say they would have difficulty financially supporting themselves immediately following a disability; 74% say they would face financial trouble within six months.
- ♦ Almost one in four of today's 20 year olds will become disabled before reaching age 67.
- ♦ 43% of all people will have a long-term disability event prior to age 65.
- ♦ The average long-term disability absence lasts 31.6 months.
- ♦ 69% of the private sector workforce has no long-term disability insurance.

When your clients have individual disability income insurance, they will receive a monthly benefit that is based on their salary and bonus income. Should they change jobs, their disability insurance coverage remains intact - even if their duties change or they lose their job - as long as they continue with their scheduled premium payments.

Talk to your clients about income protection.

A disability can happen to anyone...at anytime; grow your business with individual disability insurance.

For more information visit <https://disabilitycanhappen.org>.

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!

Global Atlantic's Accelerated Access Rider Available in CA

Global Atlantic's Accelerated Access Rider (AAR) is now available in California. The rider is available on Lifetime Builder ELITE, Lifetime Foundation ELITE and Global Accumulator. This version of the rider includes a Critical Illness component that was not present in the first version of the rider. In addition, the calculation for determining the eligible amount has been simplified. There is no cost to add the rider. Rider benefits will accrue with interest and the total (benefits plus interest) will reduce the death benefit. The accrued interest effectively is the cost of the rider.

Is the rider available to everyone?

- ♦ Issue Ages: 18-64
- ♦ Minimum Base Policy Face Amount: \$100,000
- ♦ Subject to certain limitations
- ♦ Rider is only available at policy issue

Global Atlantic's Accelerated Access Rider (AAR) provides the protection when your client needs it the most - when the unexpected happens. The rider also provides an optional living benefit of a life insurance policy that allows early access to a portion of the death benefit if the insured becomes **chronically or critically ill**.

Chronic Illness - How It Works:

If the insured becomes chronically ill and the eligibility requirements are met, the policy owner may elect to receive benefit payments either monthly or as an annual lump sum. Any benefits paid under this rider, along with accrued interest on those benefits, will reduce the policy death benefit payable to the beneficiary in the form of a lien. The benefit amount will be based on a percentage of the current policy death benefit less any outstanding liens at the time of claim. The maximum monthly benefit is 2% of the Eligible Amount.

The insured must either:

1. Be unable to perform, without Substantial Assistance, at least two of the six Activities of Daily Living - bathing, continence, dressing, eating, toileting and transferring.
2. Require Substantial Supervision to be protected from threats to health and safety due to Severe Cognitive Impairment.
3. The condition must have occurred during the 90 consecutive calendar days immediately preceding the certification of chronically ill.

Critical Illness - How It Works:

If the insured becomes critically ill with a Critical Illness (certain cancers, stroke, heart attack, end-stage renal failure, major organ transplant, etc.) and all eligibility requirements and elimination periods are met, the policy owner may elect to receive a benefit payment as a single lump sum. The insured may request up to two Critical Illness benefit payments over the life of the policy for unrelated illnesses. Any benefits paid under this rider, along with accrued interest on those benefits, will reduce the policy death benefit payable to the Beneficiary in the form of a lien. The benefit amount will be based on a percentage of the current policy death benefit less any outstanding liens at the time of claim. The non-guaranteed maximum benefit amount under this rider is the lesser of 50% of the policy death benefit.

Living longer may mean your clients will need more financial protection in the event of a Chronic or Critical Illness. That's exactly what Global Atlantic's AAR is designed to deliver. They have created an AAR resource page that provides everything you need to assist your clients at

globalatlanticlife.com/AARCA

**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

*HELPING AGENTS
SUCCEED.....IS
OUR BUSINESS!*

We're on the web!
www.cencoinsurance.com

**May
2021**

***Selling DI To The
Middle Market
Details Inside!***

**Non-Medical Underwriting
On QoL Max Accumulator+ II
And QoL Value+ Protector II**

- Ages 0-50
- Face amounts \$50K to \$1 Million
- No lab tests, exams or APS required
- All rate classes are available
- Part B AIG-ordered tele-interview
- 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...

Visit aig.com/qol for your Marketing Resources and Selling Tools.

It is now easier to find everything you need to succeed. From life insurance product know-how to valuable tools like Generation Station, Life to the Max and the new improved Campaign in a Box, it's all here and within reach.



**SALES
IDEA
SERIES**

A SMART, Flexible approach to planning for the future

Age

Jeff, 40

Life Status

Father, growing family

Goals

Fund a life insurance policy to assist with children's college expenses

Families today are concerned about the cost of a college education. They want their children to have the opportunity of higher education, but are unsure of how they will fund it. What if a life insurance policy could protect a family and potentially help with education-related expenses? A Global Accumulator indexed universal life policy can do that.

Jeff has children who are very young and still years away from college. He knows that starting to save early may significantly reduce the amount needed to be borrowed from other sources. Jeff also believes life insurance is an important part of overall financial planning, as it provides financial protection from the unexpected. With permanent cash value life insurance, Jeff can achieve both goals.

What Jeff didn't realize is that some types of cash value life insurance have favorable tax characteristics. Plus, unlike a dedicated college savings plan, Jeff doesn't have to use the cash value of a permanent life insurance policy for college expenses. The cash value could be used for other purposes in the event his children do not need these funds for college. Finally, the cash value of a life insurance policy is generally not considered when determining the need for financial aid.

Average Federal Student Loan Debt:

\$32,731

Source: Friedman, Z.
(2020/02/03) Student Loan
Debt Statistics. www.forbes.com

The Global Accumulator solution in this hypothetical example consists of 3 components

Funding

18-year funding period

(Age 40 - 58)

- Jeff's Global Accumulator policy is funded with a \$500 monthly planned premium which provides an initial non-guaranteed face amount of \$169,613.
- At age 58, after paying \$108,000 in total planned premiums, the non-guaranteed cash value is projected to be \$153,522 with a projected non-guaranteed death benefit of \$323,135.

Cashflow

4-year policy loans

(Age 58 - 62)

- With a daughter in college, Jeff would like to provide some financial assistance to cover a portion of her expenses. Over a period of 4 years, Jeff chooses to access his life insurance policy's cash value through policy loans of \$35,000 per year.

Death Benefits & Accumulated Cash Values

(Age 70+)

- At age 70, and with Jeff fully in retirement, the non-guaranteed cash value of his policy has grown to a projected \$80,151 with a projected death benefit of \$130,067. At that time, he can choose to access his cash value, or he may choose to allow those values to continue to accumulate.

Male, 40, preferred NT, min non-MEC death benefit, Increasing DB switch to level @58, premium of \$500 PAC/Monthly to age 58, variable interest rate loan with max 0.5% spread. Assumes a SMART Buy-Up Performance non-guaranteed illustrated rate of 5.84%. For corresponding guaranteed rates and values, please refer to the Basic Illustration for the specific scenario depicted.

Global Accumulator also offers:

- Death benefit protection that can grow as cash values increase
- Interest crediting based, in part, on the performance of a financial index
- SMART Buy-Up indexed strategies that offer greater accumulation potential, for a charge
- **New** Maximum Variable Loan Interest Rate of 6%*
- New Accelerated Access Rider (AAR) maximum payout per critical illness occurrence of \$75,000

Global Accumulator

SMART. Flexible. Accumulation.

CONTACT US

globalatlanticlife.com

(855) 887-4487, option 3

salesupport@gafg.com

* Only available on Global Accumulator

Global Accumulator is issued by and all policy benefits are the responsibility of Accordia Life and Annuity Company, 215 10th Street, Des Moines, Iowa. Accordia Life is a subsidiary of Global Atlantic Financial Group Limited. Policy forms ICC19-IULF-A20, IULF-A20. Rider form ICC16-LCCABR2-I16, LCCABR2-I16. Endorsement form ICC19-IULBU1PTP-A20, IULBU1PTP-A20, ICC19-IULBU2PTP-A20, IULBU2PTP-A20,

Global Atlantic Financial Group (Global Atlantic) is the marketing name for Global Atlantic Financial Group Limited and its subsidiaries, including Accordia Life and Annuity Company and Forethought Life Insurance Company. Each subsidiary is responsible for its own financial and contractual obligations. These subsidiaries are not authorized to do business in New York.

Not available in all states.

Guarantees provided are subject to the financial strength of the issuing insurance company; not guaranteed by any bank or the FDIC.

FOR PRODUCER INFORMATION AND REFERENCE ONLY. NOT FOR USE WITH THE PUBLIC.



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

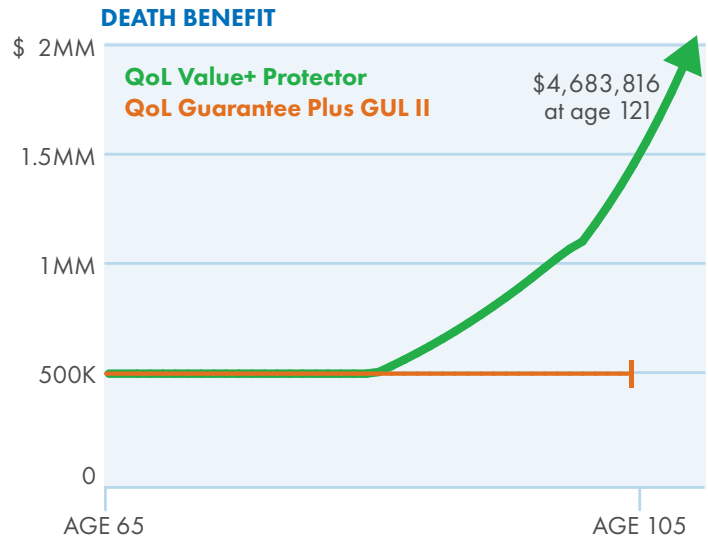
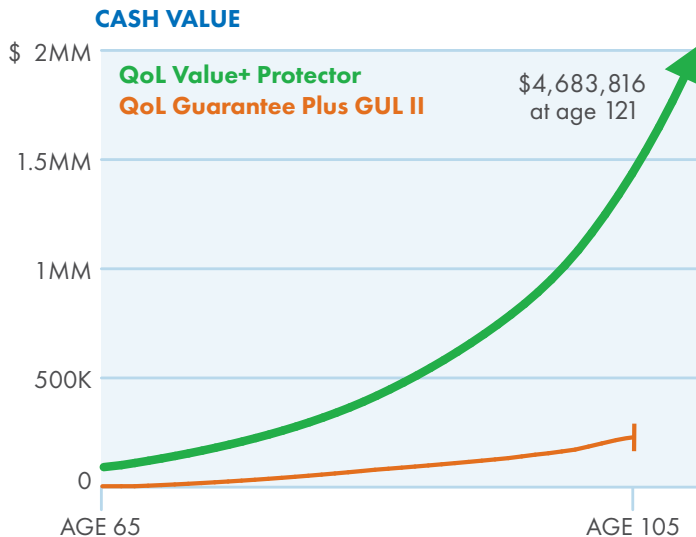
- Offers guaranteed insurance coverage until age 105
- Partial withdrawal capability – if Jason has built up some cash value in his policy and his needs change, he could withdraw some funds from his policy. It's important to note that this would result in a proportional reduction of accumulation value 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.

Selling DI to the Middle Market

Sales Primer

The middle market is huge and has gone unnoticed in the disability income (DI) insurance marketplace. There are immense opportunities to reach out to this market with information on the need for disability income planning and the need for purchasing insurance protection.

The middle market is defined as individuals earning between \$40,000 and \$100,000 who identify themselves as part of the middle class. They often work for smaller firms or are self-employed and have little, if any, access to employee benefits such as group long-term disability.

The middle market presents a large opportunity for DI insurance sales:

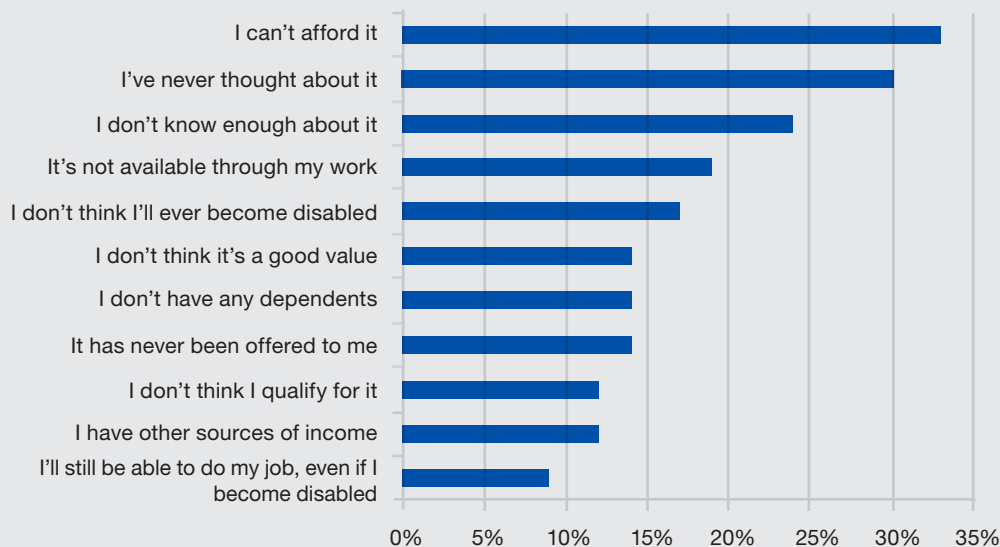
- The market is huge (about 75-100 million people).
- This market is seldom approached on disability planning.
- Many employers don't offer disability income insurance as a benefit.

While middle market households want to make sound financial decisions, they aren't always sure where to start. They're looking for financial advice, but don't typically know where to get it. Starting the conversation on disability insurance is essential.

While the financial and insurance industry has primarily focused on the affluent market, it's important to remember that those in the middle market need DI just as much, if not more, than their wealthy counterparts. 60% indicate that they are concerned about having enough money to pay bills during a period of sudden income loss¹, yet 57% of working Americans have no disability insurance coverage².

What's stopping them from protecting their income?

Consumers give the following reasons for not having DI insurance².



Educate

There is a great need for educating the middle market. There are many misconceptions about the risks of disability and how it would impact one's financial security². Discussing a client's needs and what they are trying to accomplish for their family can give them a better understanding of how a disability could financially impact them. In fact, 32% of people without DI would consider it if they knew more about it².

It can be affordable

Cost can be a source of stress for middle market consumers. However, 41% of working adults would consider buying if it was less expensive². Ameritas has positioned our DI products to compete in the middle market:

- DInamic Foundation offers flexibility to tailor coverage based on the client's needs, including the Guaranteed Renewable option which makes it more affordable.
- DInamic Fundamental offers a lump sum benefit, a more affordable option to the traditional monthly benefit products. Plus it provides simplified underwriting and issuing processes.
- The DInamic Foundation Business Overhead Expense (BOE) policy is designed with lower pricing and built-in benefits and riders to meet the needs of small business owners.
- Business Owner Upgrade Program allows eligible, small business owners to upgrade their occupational class by one or two classes.
- Business Owner Income Enhancer allows eligible, small business owners to increase their insurable income by 20% to cover the loss of company perks.



Ameritas Life Insurance Corp
Ameritas Life Insurance Corp. of New York

¹ GenRe Disability Fact Book, seventh edition, 2013-2014

² CDA 2014 Disability Awareness Study

In approved states, DInamic Foundation (forms 4501NC, 4502GR and 4503NCBOE) and DInamic Fundamental® (form 4504LS) are issued by Ameritas Life Insurance Corp. In New York, DInamic Foundation (forms 5501-NC, 5502-GR and 5503NCBOE) and DInamic Fundamental® (form 5504-LS) are issued by Ameritas Life Insurance Corp. of New York. Policy and riders may vary and may not be available in all states.

This information is provided by Ameritas®, which is a marketing name for subsidiaries of Ameritas Mutual Holding Company, including, but not limited to: Ameritas Life Insurance Corp., 5900 O Street, Lincoln, Nebraska 68510 and Ameritas Life Insurance Corp. of New York, (licensed in New York) 1350 Broadway, Suite 2201, New York, New York 10018. Each company is solely responsible for its own financial condition and contractual obligations. For more information about Ameritas®, visit ameritas.com.

Ameritas® and the bison design are registered service marks of Ameritas Life Insurance Corp. Fulfilling life® and DInamic Fundamental® are registered service marks of affiliate Ameritas Holding Company.

© 2020 Ameritas Mutual Holding CompanyFor producer use only. Not for use with clients.