A Special Publication for CENCO Related Agents

CENCO STREET JOURNAL

Volume 21, Issue 8 August 2021

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Inside this issue:

Economy's Impact On Insurance Needs

What if the current interest rate environment made your client's life insurance coverage inadequate?

BACKGROUND

In 2011, Terry (47) needed enough life insurance to provide his wife, Becky (45), $45K per year, adjusted each year for inflation, until Becky reaches age 90 (45 years).

To calculate the necessary insurance amount, two rate assumptions were used;

Long-term Inflation Rate: to determine how much to increase Becky's income each year. A 4% inflation rate made sense to them in 2011.

Long-term Investment Rate: to determine how much is needed to be invested to generate Becky's inflating income stream. A 7% rate seemed conservative to them in 2011.

Their financial professional contacts them to review their policy. They explain that their coverage is still adequate because nothing significant has changed.

PROBLEM

But something has changed in 2021, Terry and Becky are more conservative as a result of the economic turmoil and uncertainty of the last decade.

- They still want $45K per year, adjusted each year for inflation. That number is now $54K based on the Consumer Price Index over the last 10 years.
- Terry still wants the income to last Becky to age 90 (36 years).
- Terry and Becky decide to change their rate assumptions:
  Inflation Rate: Reduce the inflation rate from 4% to 3%
  Investment Rate: Reduce the investment rate from 7% to 4%

Terry and Becky's financial professional calculates that, at these new rates, the $1Mil will only last 21 years when Becky's 75 years old.

SOLUTION

Add $500K of coverage to provide Becky's income need - accommodating Terry and Becky's current, more conservative, position.

RESULTS

While the couple saw no initial reason to review their insurance needs, they realize that their future was not simply impacted by their own actions. The economic forces around them have changed their needs and life insurance can help provide for those needs.

AIG's QoL Value+ Protector II - A Powerful Solution With Fast, Efficient Processing

The QoL Value+ Protector II has competitive premiums, cash value accumulation potential, strong guarantees and attractive built-in living benefits. It also offers a non-medical underwriting process that is available for issue ages up to 50, risk classes from Standard to Preferred Plus, and face amounts up to and including $1,000,000! Applications submitted for non-medical underwriting are often issued in 5 days making the buying experience simple for clients.

SCENARIO:

Let's look at a typical client that also qualifies for non-medical underwriting.

Rick, 50 years old, is comfortable paying premiums until retirement and is interested primarily in death benefit protection but also finds cash value access features attractive. He also wants to secure a death benefit guarantee that extends past life expectancy. Rick is looking to secure life insurance fast, so he can have the peace of mind knowing he and his family is well protected with the right coverage.

SOLUTION: QoL Value+ Protector II

Monthly Premium	$1,291	Guarantee to Age	90
Cash Value Year 20	$389,888	Age 100 Death Benefit	$1,845,213
Total Cash Value in Excess of	$80,048	Age 121 Death Benefit	$6,072,317

The table above shows that when comparing the total premiums paid over the course of 20 years to the cash value in year 20, the client could have accumulated over $80,000 more than what he originally put into QoL Value+ Protector II! Not only that, but his death benefit of $1,000,000 may also grow throughout the years. He also enjoys having built-in living benefits to cover expense for qualifying chronic, critical and terminal illnesses or conditions with a guaranteed minimum benefit and an accelerated maximum benefit up to $2,000,000.

Show your clients the power of QoL Value+ Protector II. Enjoy the added benefit of an expedited underwriting process available on QoL Value+ Protector II to set them on the fast-track in reaching their financial goals.

When Should A Client Accelerate Their Death Benefit

In the life insurance industry, ABR's are a must have for most if not all of your clients. ABR's have taken this business by storm and there are multiple riders available from a wide assortment of carriers. It is important to educate yourself on the various riders. There is a Golden Rule that says you always understand your product before you sell it. Would you sell it to your mother? Life Insurance with ABRs? Of course you would.

The key point to make in this ABR discussion is to understand when the time is right to consider accelerating a rider. As we already know, Accelerated Benefit Riders were designed to be available for assistance when the time is right.

So what is that time? Well that is a good question and the answer will depend on the individual and their situation. If a policy holder files a claim and his or her Life Expectancy is long, a smaller and in some cases zero payment could be available. If their Life Expectancy is short due to their qualifying condition, a much larger payment could be available. Simply having a qualifying condition does not always mean you need to accelerate immediately or at all.

Here Are Some Examples:

- A 53-year-old male with a $100,000 of 10-year term, which has been in effect for 1 year, has what is considered a very mild Heart Attack. As an avid CrossFit athlete, he was found to have a 90% occlusion in one of his arteries. His condition was resolved with a coronary stint and improved with a proper diet management and continuation of his exercise regimen. Negligible damage to his heart was done and his Cardiologist indicated he has at minimum 30 years to live. A Heart Attack is a qualifying condition. Is this a good time to accelerate? No because his Life Expectancy (30 years) or mortality has not changed. The present value of the future premiums (30 years) are deducted from the present value of the death benefit. Take into account present value of nine years of 10 year term premiums and 21 years of ART premiums being deducted from the present value of $100,000; this would result in an unpayable claim.
- A female age 45 with $500,000 IUL diagnosed with ALS (Lou Gehrig's disease) given a life expectancy of 2 years. She had minor symptoms at time of diagnosis. Was it time to accelerate? Yes, it would be a good idea to at minimum do a partial acceleration now. Use that partial and enjoy some time with her family while she is still functional. Further, accelerate when needed for expenses or reasons when needed. Here again, Life Expectancy is very short resulting in a larger payment. She actually beat the odds and lived 3.5 years so acceleration was appropriate and put to good use when really needed.

Accelerated Benefit Riders are a wonderful tool to provide peace of mind for future events should they occur. The important part is understanding how they are calculated and when is the best time to utilize them. As you have seen, simply having an event does not always mean immediate acceleration is needed. However, sometimes it does and that is the backbone of what these riders are for. Protection when you really need it.

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August 2021

Can Healthy Habits Impact Your Life Insurance Policy? 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
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SALES IDEA SERIES

Global Atlantic FINANCIAL GROUP

Can healthy habits impact your life insurance policy?

Age

Tom, 45

Occupation

Web Developer

Life Status

Married

2 kids, active

Goals

Affordable coverage

Does not want to outlive his policy

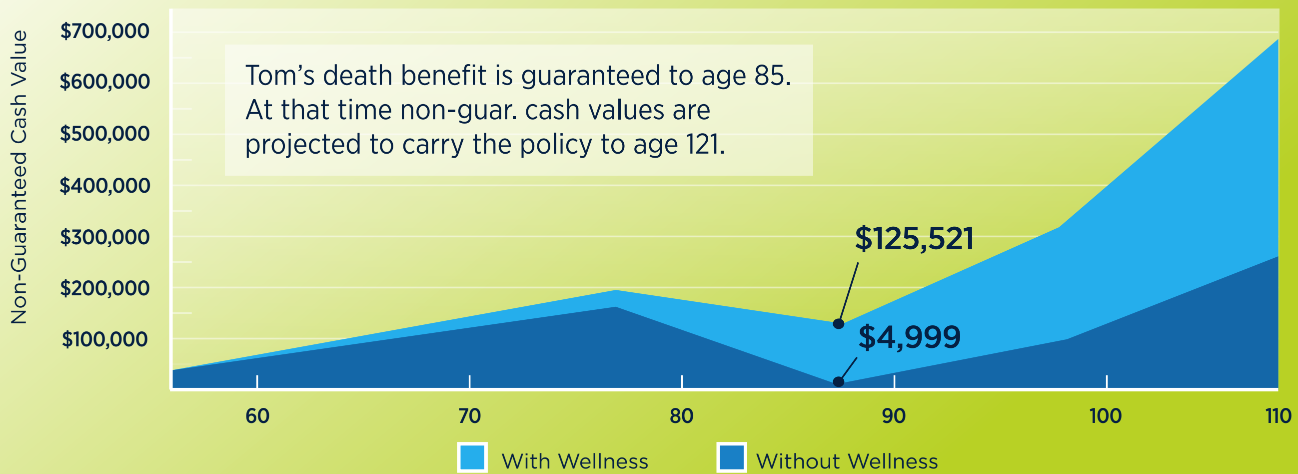
Tom, age 45, likes the flexibility of permanent life insurance and knows he's in good health, however he is concerned about outliving his policy. Tom is looking for a simple, affordable and secure solution to address his needs.

Tom's insurance agent tells him that Lifetime Foundation ELITE's approach to death benefit guarantees can address his concerns by providing a death benefit guarantee beyond his life expectancy. Knowing that Tom is conscious about his health, his agent also mentions that the optional Wellness for Life® rider can potentially boost his policy's values, supporting the policy's death benefit beyond the guarantee period.

The chart below illustrates the advantage of adding the Wellness for Life® rider to Tom's policy while keeping his premium the same. If Tom qualifies for Level 2 Wellness for Life Rewards®, the impact of the guaranteed COI reductions on his projected non-guaranteed cash values is a difference of $120,522 at age 90. That's a meaningful boost!

Impact of the Wellness for Life® Rider

Lifetime Foundation ELITE, 45, Preferred Non-Tobacco, $1,000,000 Death Benefit, $6,750 Premium, Non-Guaranteed Illustrated Rate 6.0%



For the corresponding guaranteed rates and values please refer to the Basic Illustration for the product and parameters assumed.

By adding the Wellness for Life® rider, Tom has the potential to extend his policy on a non-guaranteed basis — giving him greater financial security for his future.

How Wellness for Life® works:

When your clients elect the Wellness for Life® rider, they can earn Wellness for Life Rewards®. These Rewards can help them to build cash value within their policies through cost of insurance reductions, thereby extending the length of the policy.

There are two levels of Rewards that a client may be eligible for:

- **Level 1 Rewards** allow your client to receive discounts on their cost of insurance charges by simply going to the doctor once every two years.
- **Level 2 Rewards** offer clients greater discounts by going to the doctor AND maintaining their weight within a reasonable range determined at policy issue.

To learn more about the Wellness for Life® Rider, look for **An Agent Guide to Wellness for Life® - LR2009** available at **globalatlanticlife.com**

CONTACT US | *globalatlantic.com* | (855) 887-4487, option 3 | salessupport@gafg.com

Wellness for Life® Rider is not available in all states.

Products issued by Accordia Life and Annuity Company, 215 10th Street, Des Moines, Iowa. Accordia Life is a subsidiary of Global Atlantic Financial Group Limited. Policy forms ICC17-IULC-C18, IULC-C18. Rider forms ULWFL-E14

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.

Availability varies by product, state and product issue date.

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SALES IDEA SERIES

Global Atlantic FINANCIAL GROUP

Lifetime Foundation ELITE

A product for all of life's seasons

Age
Emily, 40

Occupation
Vice President

Life Status
Single

Goals
Protection and Accumulation

An innovative approach to lifetime guarantees

Can Emily, a single mom, find the right insurance solution to cover her needs now and in the future? Lifetime Foundation ELITE offers the right mix of living benefits with a death benefit guarantee at a very attractive price.

Emily Walsh, 40, was recently promoted to vice president of her company. The new job comes with a significant annual bonus, and the mom of two children, ages 8 and 11, wants to be sure she's using the money to do more for her family. One thing she's always thinking about is how to ensure her kids are well provided for if she's not there to help them herself.

Emily's concerns are:

Providing for her children

Keeping the family home

Paying for her children's education

Covering unexpected needs later in life

Emily has decided she needs a life insurance policy with a $2 million death benefit

A solution with flexible options

Emily's life insurance agent suggests she look at Lifetime Foundation ELITE because it provides a death benefit guarantee to a reasonable life expectancy. At 40, Emily can imagine living beyond age 80, and her agent explains that cash value in the policy could carry the death benefit even further. Adding the Wellness for Life® rider and qualifying for Wellness for Life Rewards® will help her accumulate a little extra cash in the policy, even without paying a higher premium, and this could help her policy stay in force long past the death benefit guarantee period.

In just a few years, Emily will need to make tuition payments rather than life insurance premium payments. Her agent suggests a 10-pay scenario designed to meet the minimum premium requirement, sustaining her death benefit guarantee while freeing up her budget at a time she'll need it.

All that's left is to choose a 10-pay premium that could carry her death benefit beyond the initial guarantee — without spending beyond her budget. With Lifetime Foundation ELITE, many of the monthly charges that keep the policy in force end at age 90, on a current non-guaranteed basis. This means it could take significantly less cash value at 90 to carry the policy to age 121. Here, we show the premium it takes for Emily to have $5,000 in cash value at age 90, which should be enough under current assumptions:

Carry solve	Premium	Coverage period
Required Minimum 10-pay	$16,952	Guaranteed coverage to age 80
10-pay with $5,000 in cash value at age 90	$18,250	To age 121, on a non-guaranteed basis

At the end of their conversation, her agent explains Lifetime Foundation ELITE's Accelerated Access Rider (AAR), which enables her to access a portion of her death benefit proceeds in the event she is diagnosed with a critical or chronic illness. Emily has watched her parents care for her aging grandfather. With AAR, she may be able to alleviate some of the stress to her loved ones if she ever needs care.

Put this all together, and you see that Lifetime Foundation ELITE is a simple, affordable and secure solution to many clients' needs. Why not run an illustration for your next death benefit sale using Lifetime Foundation ELITE?

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[1] Assumes female, age 40, preferred NT, $2 million death benefit 10 pay, using a 6% illustrated rate.

Open Doors with BOE Insurance

Sales Idea

Business owners understand the importance of cash flow. Explaining the effects a disability can have on that cash, can help them understand the importance of Business Overhead Expense (BOE) insurance. These conversations can open the door to other discussions, including the business owner's need for individual disability coverage as well as coverage for their employees.

Business owners have a great need for revenue to help keep the business doors open if they become too sick or hurt to work. BOE is designed to reimburse small business owners for normal and customary expenses necessary to maintain their business in the event a sickness or injury prevents them from working.

The essential component in most small businesses is the business owner. It's the owner who holds the company together and keeps it running. If the owner becomes too sick or hurt to work, it could be detrimental to the business. Besides the normal monthly expenses of employee salaries, rent or mortgage payments and other company expenses; the owner may also need to consider hiring a temporary replacement in order to keep operations going.

BOE has some significant advantages in the marketplace:

- Few agents market BOE.
- The product is relatively inexpensive compared to other disability products and has tax advantages.
- Allows you to focus the interview and discussion not only on the immediate needs of the business, but also the needs of the owner and any employees.

Target market

Business Overhead Expense insurance is for medical/dental professionals and small business owners who are actively engaged in their business on a full-time basis. The day-to-day presence of these business owners is vital to the business. Not being able to work due to a disability caused by a sickness or injury would result in a definite loss of revenue to the company or practice. These businesses have a great need for income in order to keep the doors open, retain current customers or patients and remain viable in the event the owner would become disabled.

Ameritas® fulfilling life®

Key selling points

- The product is designed with relatively short elimination periods (30, 60 or 90 days). to reduce or eliminate the need for the business owner to use receivables or other savings to keep the business operating.
- Offers 12, 18, 24-month benefit periods because it is likely at some point, the business owner will need to look at other options, if the disability appears to be long-term. Options might include bringing in other like-professionals or selling the business.
- The policy recognizes both residual (partial) and total disability days towards the satisfaction of the elimination period. Benefits like these recognize that every disability is unique and these features provide the most protection for the owner and their business.
- The policy provisions can handle the variable nature of business expenses. Since many expenses can vary month-to-month, BOE is designed to address those fluctuations throughout the course of the disability.
- The premium on a BOE policy is tax-deductible to the firm as a normal business expense. While benefits received upon claim approval are treated as income, the income is used to pay covered expenses, generally resulting in net tax-free benefits.

For more information on Business Overhead Expense insurance, contact your Ameritas representative.

Ameritas® fulfilling life®

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