Selling Life Insurance to Your Prospects and Clients
The Value of Growing Life Sales

- Maximizing overall sales
- Growing new sales rather than shifting sales
- Further strengthen the agent/client relationship
- Competitive compensation
If You Don’t Sell Life Insurance to Your Clients, Somebody Else Will.
Ways to Help Grow Life Sales

What Are the Easy Life Sales YOU Could Be Missing?

*FOMO
Do you have it?
*fear of missing out
Ways to Help Grow Life Sales

Personalize your own version at www.thebrokerageinc.com (in the “Resources” tab).
Ask Basic Questions...

- Have you planned for your final expenses?
- Would you like to leave a legacy gift to a special person, organization, or charity?
- Have you prepared for your long-term health care expenses?
  - If you suffered a stroke today and could not take care of yourself, how would you pay for long-term care services?
- Do you have a “rainy day fund”?
  - Are you happy with the rate of return you are receiving on that investment?
Life Sales You Could Be Missing

- Final Expense
- Policy Review
- Using RMDs (Required Minimum Distributions)
- Charitable Bequest
Final Expense Plans

- Dear Prospect –
- As an independent agent, I offer a complimentary review to help find a better buy in preparing for final expenses. Do you have a moment to answer a few questions?
- What is your age?
- What do you estimate your funeral expenses to be?
- Do you look to leave a legacy gift to any special person, group, or charity?
- Thank you. What day/time would be best for me to drop by and review the results with you?
- I confident that the companies I represent will be able to provide a program you will be provide real value to you. I look forward to meeting you and helping you get a better buy for your premium dollar.
Use the Legacy Safeguard System

The Legacy Safeguard – United of Omaha presentation brochure includes information about the Legacy Safeguard service and United of Omaha’s Living Promise Whole Life Insurance product to help you discuss final expense coverage with your clients.

This brochure is easy to use and can be used as a sales script for your client presentations.
Final Expense Plans

Statistics:

- A one-time Social Security Death Benefit payment of $255 is payable to the surviving spouse if he or she was living with the beneficiary at the time of death, OR if living apart, was eligible for Social Security benefits on the beneficiary's earnings record for the month of death.

- The average funeral in the United States costs $6,500, according to the National Funeral Directors Association. The true sum can easily reach $10,000 once a burial plot, flowers and other costs are included, AARP says.
Final Expense Plans

- Twenty-four million U.S. households (22 percent) have no life insurance protection at all.
- Even among households with individual life insurance, almost half carry coverage on only some household members.
- Almost one third of adults have no life insurance protection, the same as for the past two decades.
Final Expense Plans

- Final Expense Insurance policies are more flexible than funeral insurance “pre-need plans” in several ways. Most important is that the proceeds may be used for any purpose – burial expenses of course, but also for outstanding debts to be paid, bequests to individuals can be specified, or just leaving a cash balance for your beneficiary is possible. The choice of beneficiary is not limited.

- This insurance is designed to be readily purchased by people between the ages of 50 and 80 who are in a reasonable state of health – not perfect health. “Simplified issue” policies are recommended as first choice, as their cost will be the lowest and the face value benefits will be payable immediately.
Wealth Transfer

- Single-premium asset transfer into a life insurance policy
- Immediately larger death benefit for heirs
Wealth Transfer – Case Study

- 65 female, Standard Non-Tobacco
- $50,000 asset transfer
The information presented is hypothetical and not intended to project investment results. Illustration is not complete unless all pages are included.
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Life Insurance Policy Review

• Look to improve client’s situation through:
  ◦ Lower cost for same coverage
  ◦ More coverage for same premium
  ◦ Improved death benefit guarantees
  ◦ Enhanced policy performance

• Tips:
  ◦ Identify policy goal
  ◦ Discover new sales opportunities
  ◦ Beat their expectations
Final Expense Quote Engine
Quick – Easy – Results

• Policy Review can help you:
  ◦ Uncover additional client needs
  ◦ Gain more sales without more clients
  ◦ Get more referrals
Using Required Minimum Distributions (RMDs)

The truth for many clients:

- Hasn’t taken distributions and doesn’t want or need to.
- Would rather leave money for children or grandchildren’s benefit.
RMD Sales Opportunity

- Case Study– Bill
  - Age 70 (turning 70½ this year)
  - $200,000 in qualified funds (entirely taxable)
  - Currently in 25% tax bracket
  - Has to take RMD of $7,300 this year

RMD Sales Opportunity
Bill’s Options

1. Withdraw entire amount
2. Take RMDs and invest
3. Buy life insurance with...
   - Single-premium
   - RMDs
   - Annuity
## Withdraw - Buy Life Insurance

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<th>Year</th>
<th>Invest (assumes 5% taxable rate)</th>
<th>Life Insurance</th>
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<td>NOW</td>
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<tr>
<td>10 years</td>
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<td>20 years</td>
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*Assumes 30% tax bracket on lump sum*

Life insurance amount hypothetical.
Insurance values hypothetical and not to be used to predict actual results.
## Compare RMDs to Lump Sum

<table>
<thead>
<tr>
<th>Year</th>
<th>Lump sum and invest</th>
<th>Lump sum and Life Insurance</th>
<th>RMD and invest</th>
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<td>Year 20</td>
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<td>$322,124</td>
<td>$360,501</td>
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Assumes 5% return and 25% tax bracket (25% on lump sum)

Life insurance amount hypothetical.
Insurance values hypothetical and not to be used to predict actual results.
Use RMDs to Buy Life Insurance

- Steady income stream that can be used to buy life insurance
- Remaining qualified funds grow tax deferred*
- Excess RMDs can be invested
- $5,475/yr ($7,300 after 25% tax) buys $154,455 death benefit

Life insurance amount hypothetical. Insurance values hypothetical and not to be used to predict actual results.

* The tax-deferred feature of the universal life policy is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your client’s needs. Before purchasing this policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.
## Taking RMDs – Invest or Life Insurance

<table>
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<th>Year</th>
<th>Invest Only</th>
<th>Life Insurance</th>
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<td>Year 20</td>
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Assumes 25% tax bracket, 5% return on outside funds

Life insurance amount hypothetical.
Insurance values hypothetical and not to be used to predict actual results.
Another Option?
SPIA– Single Premium Immediate Annuity

- Use a SPIA to buy the life insurance
  - Guaranteed payout for life
  - Potentially larger payouts
Monthly Income SPIA

$1,321 for life*
$1,853 life -10 year certain**

- Extra premium buys extra death benefit
  - Life only = $323,380
  - Life with 10/yr certain = $454,277

* $991 after tax
** $1,390 after tax

Insurance and annuity values hypothetical and not to be used to predict actual results.
# Life Insurance & Annuitize vs RMDs & Life

<table>
<thead>
<tr>
<th>Year</th>
<th>RMDs and life insurance</th>
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<td>Year 10</td>
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</table>

Assumes 25% tax bracket, 5% return on outside funds, and Life only SPIA

Insurance and annuity values hypothetical and not to be used to predict actual results.
## 5 Options—Which is Best Solution?

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<th>Year</th>
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<th>Lump sum and Life Insurance</th>
<th>RMDs and invest</th>
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Insurance and annuity values hypothetical and not to be used to predict actual results.
PLUS!

- Plan can be guaranteed with a death benefit guarantee universal life product*
- Money can be accessible
  - Cash surrender value
  - Acceleration of death benefit

* Subject to premium payment requirements.
A Charitable Bequest?

A charitable bequest is a gift intended to serve a religious, educational, political, or general social purpose to benefit mankind, aimed at the community or a particular segment of it.

- Life insurance is an excellent tool for making charitable gifts for a number of reasons. Life insurance provides an "amplified" gift that enables you to purchase immortality on an installment plan. Through a relatively small annual cost (the premium), a benefit far in excess of what would otherwise be possible can be provided for charity.
A Charitable Bequest?

- Life insurance can be a self-completing gift.
- If the donor becomes disabled, the policy can remain in force through the "waiver of premium" feature (if elected). This guarantees the ultimate death benefit to the charity and, in some cases, the same cash values and dividend build-up that would have been earned had disability not occurred.
- Even if the donor dies after only a few premium payments, the charity is assured a full gift.
- The death proceeds can be received by the designated charity, free of federal income and estate taxes, probate, and administrative costs, and without any delay, fees, or transfer costs.
Charitable Bequest Planning Ideas

There are a number of methods for including life insurance in a charitable gift plan.

- Make an absolute assignment (gift) of a life insurance policy currently owned, donate a new life insurance policy, or have the charity purchase life insurance on the donor's life and pay the annual premiums (assuming insurable interest and state law permits). Each of these allows a current income tax deduction.
Charitable Bequest Planning Ideas

- Use of dividends from existing policy. Assign all annual dividends to charity. This eliminates out-of-pocket contributions, yet still creates a deduction as dividends are paid. Amplify the gift by having these dividends purchase a new policy of which the charity is the irrevocable owner and beneficiary.
Charitable Bequest Planning Ideas

- Name a charity as the primary or contingent beneficiary of an existing or new life insurance policy. Although this will not yield a current income tax deduction, it will result in a federal estate tax deduction for the full amount of the proceeds payable to the charity, regardless of policy size. This can be particularly applicable in situations where there is only one logical beneficiary, or where insurance is used to fund a supplemental retirement benefit and the death benefit is of little importance to the insured.
Charitable Bequest Planning Ideas

- Most estate planning techniques become even more effective when coupled with other techniques. By giving appreciated long-term capital gain property to the charity (e.g., stocks, real estate, mutual funds, etc.), the donor avoids capital gains tax and receives a deduction for full-market value (with notable exceptions). Using this cash to then fund a life insurance policy provides even more leverage, creating an even larger gift.
Discover the Value of Life Sales

- Maximizing overall sales
- Further strengthen the agent/client relationship
  - Referrals
  - Additional Sales Opportunities
- More compensation for a sale
- Growing new sales rather than shifting sales
Time for Action

1. Identify a concept you’d like to use
2. Gather client names to visit
3. Put it into practice
4. Use the resources at your disposal
5. Opportunity to earn competitive compensation!
Time for Action

Consider multiple marketing programs to augment your own client base.

- Legacy Safeguard Sales System
- Custom calling list
- Faith-Based opportunities
- Direct mail
- Internet leads
- “Brokerage Bucks”
Questions?