



Imeriti, Inc.

## Life Insurance Overview

### Session 4: Successful Life Insurance Sales

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# Disclosures

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# Life Insurance: Which is the Right Choice?

Product	Description	Highlights
<b>Level Term/ Term with ROP</b>	Term insurance is best suited for a temporary need that will expire at some time in the future. Term insurance may also be appropriate for young people who cannot afford permanent insurance. Term with return of premium is attractive because at the end of the term, all premiums are returned if no death benefit has been paid out.	<ul style="list-style-type: none"> <li>• Temporary Insurance Protection</li> <li>• Lowest initial cost</li> <li>• More coverage per premium dollar</li> </ul>
<b>Fixed Universal Life</b>	Fixed UL is attractive to customers accustomed to receiving periodic interest on their financial investments. Some want the luxury of an increasing death benefit. Others want to focus on the cash value build-up for future needs. All want guaranteed coverage for life at a fixed price with premium and death benefit flexibility.	<ul style="list-style-type: none"> <li>• Flexibility of premiums</li> <li>• Flexibility of death benefit</li> </ul> May Provide: <ul style="list-style-type: none"> <li>• Fixed premiums for life</li> <li>• Cash value accumulation</li> <li>• Coverage for life as long as premiums are paid</li> </ul>
<b>Whole Life</b>	With whole life, the customer can permanently transfer the risk of premature death to the insurance company. Whole life is generally bought by conservative clients interested in long-term security and premium that's fixed for life.	<ul style="list-style-type: none"> <li>• Fixed premiums for life</li> <li>• Cash value accumulation</li> <li>• Guaranteed cash value</li> <li>• Coverage for life as long as premiums are paid</li> </ul>
<b>Indexed Universal Life</b>	Indexed UL offers death benefit protection with policy cash value interest credit linked to the performance of one or more stock market indices (e.g. S & P 500 Index).	<ul style="list-style-type: none"> <li>• Flexibility of premiums</li> <li>• Flexibility of death benefit</li> </ul> May provide: <ul style="list-style-type: none"> <li>• Fixed premiums for life</li> <li>• Cash value accumulation</li> <li>• Coverage for life as long as premiums are paid</li> </ul>
<b>Single Premium Universal Life</b>	Single payment life is generally sold as a way to protect customer's estate and increase its value at the same time. Many customers are conservative investors between 55 and 85 years old. They have a nest egg to pass on to children, other family members, or charity.	<ul style="list-style-type: none"> <li>• Increased estate value</li> <li>• Tax-deferred gain in contract</li> <li>• No income tax to beneficiary</li> <li>• Safety of medical provisions</li> </ul>
<b>Other Life</b>	Other options for direct stock market participation include Variable Universal Life (VUL) products, which may be discussed in further detail with your licensed Representative.	



# Approaching Insurance Prospects

What to say – How do I approach them?

1. Invite them to come in to get an update and find out more about their Bank/Credit Union.
2. Listen & look for where life insurance may fit – without saying the words ‘life insurance’.
  - Concepts that could trigger a discussion.
    - Supplemental tax-free future (e.g. Retirement) income
    - College funding
    - Asset transfer
    - Pension offset protection
    - Save-the-tax-strategy – 401(k), IRA, other future taxable situations



# Approaching Insurance Prospects

What to say – How do I approach them?

## 3. Change how **YOU** approach the subject of ‘Life Insurance’

- ❑ Identify as an ‘**Asset Class**’
- ❑ Identify as a ‘means for **tax savings**’
- ❑ Identify as a ‘**savings** vehicle’
- ❑ Identify as a means for ‘**transfer** of funds’:
  - ❑ Asset {‘Wealth’} Transfer – Estate Planning
  - ❑ College Funding
  - ❑ Guarantee Income



# Where are your assets?

<b>Tax Now</b> Each year you pay income taxes on any earnings you receive.	<b>Tax Later</b> Earnings accumulate tax-deferred. You pay taxes when you withdraw your money.	<b>Tax Never</b> Earnings accumulate tax-deferred and may be income-tax free and penalty-free.
Savings account	Traditional IRA	Roth IRA <sup>2</sup>
Checking account	SEP IRA	Municipal bonds
Certificates of Deposit (CDs)	Simple IRA	529 plans
Stocks	401(k), 403(b), & pension plans	Universal life insurance death benefit <sup>1</sup> – with cash accumulation value <sub>1</sub>
Bonds	Annuities <sup>3</sup>	
Mutual funds	Savings bonds <sup>3</sup>	

<sup>1</sup> Death benefit is income-tax free to your beneficiaries. Cash value may be accessed income-tax free and penalty-free through loans and withdrawals if the policy is not a MEC. Policy loans will reduce available cash values and death benefits and may cause the policy to lapse, or affect guarantees against lapse. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax.

<sup>2</sup> “Qualified distributions” from Roth IRAs are income-tax free and penalty-free.

<sup>3</sup> Income tax-free returns of basis or premium.



# Approaching Insurance Prospects

What to say – How do I approach them?

4. Don't lead off with the product, trying to get it to fit the client.

- Financial/Insurance/Retirement **Needs Analysis** –

Fact Finding is a valuable tool because it allows you to take prospect clients from the point of whether they need life insurance to the point of knowing exactly how much coverage they and their families need.

- Once finished the analysis, confirm your prospect client's acceptance of the need:
  - “This sums up the analysis of your current situation.
    - Is there anything we have overlooked or anything you are not sure of?
    - Would you say this is an accurate assessment of your needs?”
  - Let him or her decide what objectives or assumptions he or she wants to change.



# Approaching Insurance Prospects

What to say – How do I approach them?

5. Remember:

The question you want to position in your prospect client's mind is

**not** “How much life insurance do I need, and how much is it going to cost?”

**but** “What life insurance product is best for me?”

6. Don't overstate expectations or promised results.

- Present a scenario.
- Get them to sign off to the concept.

7. Remember:

Life Insurance is not an 'either-or' proposition;  
it is a complementary asset.



- If someone depends on you financially, you probably need life insurance.
- Life insurance can provide cash to your family at your death when they need it most.
  - If you died tomorrow, how would your loved ones fare financially?
  - Would they have the necessary money to make ends meet for the mortgage, groceries, funeral costs, medical bills, education, etc.?
- So whether you are young or old, married or single, have children or don't, take a moment to consider how life insurance might fit into your financial plans.

### **Adding it all up.**

- Everyone's insurance needs are different.
- The best way to calculate yours is to complete a financial needs analysis. This analysis will determine your obligations and resources you may require to meet those obligations.
- The worksheet will help give you an idea of how much life insurance is right for you.



## If you died today...

Reset  
Fields

Show  
Fields

Hide  
Fields

### Expenses – immediate cash needs

#### 1. Final Expenses

The cost of the funeral, final medical expenses, etc. \_\_\_\_\_ 0  
The average funeral costs \$6,000 - \$10,000.

#### 2. Outstanding Debt

Include mortgage, credit cards, car loans, etc. \_\_\_\_\_ 0

#### 3. Education Funds

The total cost of sending your children to college \_\_\_\_\_ 0

#### 4. Total Cash Needed for Immediate Needs

Add lines 1, 2 and 3 \_\_\_\_\_ 0

### Future income needs

#### 5. Total Annual Income Your Survivors Would Need

Your family will need to replace between 60-80% of your current gross annual household income \_\_\_\_\_ 0

#### 6. Annual Income Available from Other Sources

Spouse's income, Social Security, interest, rental property, etc. \_\_\_\_\_ 0

#### 7. Income to be Replaced

Subtract line 6 from line 5 \_\_\_\_\_ 0

#### 8. Current Capital Needed for Income

Multiply line 7 by factor in Chart 1  
Income needed for 5 years; Factor 4.45 \_\_\_\_\_ 0

#### 9. Total Cash Needed

Add lines 4 and 8 \_\_\_\_\_ 0

Continued on next page...

### Available assets

#### 10. Savings and Investments

Bank accounts, CDs, stocks, bonds, etc. \_\_\_\_\_ 0

#### 11. Retirement Savings

IRAs, 401(k)s, Keoghs, pensions, etc. \_\_\_\_\_ 0

#### 12. Current Life Insurance

Include all life insurance, including coverage through your employer \_\_\_\_\_ 0

#### 13. Total Income Producing Assets

Add lines 10, 11 and 12 \_\_\_\_\_ 0

#### 14. Additional Life Insurance Needed

Subtract line 13 from line 9

YEARS INCOME NEEDED	FACTOR
5	4.45
10	8.11
15	11.12
20	13.59
25	15.62
30	17.29
35	18.66
40	19.79

#### Chart 1

This chart assumes a 4% net rate of return, i.e. an 8% return on investments and a 4% inflation rate. Changing either assumption will change the results.

Now that you have a better understanding of life insurance, it may be time to take the next step and take advantage of how life insurance can benefit your financial future.



## Summary

**Always keep in mind that 'Life Insurance' is:**

1. a Corollary to everything you're doing now;
2. a Problem-Solving tool, not a product-sale; and
3. don't over-promise – manage expectations.



# Life insurance offers a potentially powerful combination of benefits, protections and advantages

I wish to Thank You for attending.  
And now, Questions

For Case Design and Life Product assistance,  
contact an **Imeriti Representative** at 800.921.3100

