

PRODUCER'S GUIDE

TO

SINGLE PREMIUM LIFE





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6 STEPS TO SINGLE PREMIUM SALES



There's rarely a bad time to review life insurance needs with your clients. As a matter of fact, an insurance checkup should be one of the easier topics to bring up with clients. Financial goals and objectives can and do change dramatically over time, and talking with your clients about those changes can lead to additional protection for them and additional sales for you. Here are a few approaches you can take to find out if a single premium indexed universal life insurance policy is right for your clients.

1. **Review your existing client base for clients who keep rolling over CDs or who never plan to access their annuities.** Did you know that you already have some of the best leads money can buy? When expanding your product offerings to include single premium life, the place to look for leads is your own client base.
2. **Look for clients with life insurance policies they are still paying on but who are looking for ways to pick up additional cash.** If they transfer the cash value into a single premium indexed universal life policy, they get paid-up coverage that could free up additional cash to spend on other things.



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3. **Prepare to cross-sell a SPIUL when you deliver an annuity contract.** Ask the client about extra funds they may have. Delivering policies is a great time to cross-sell another product. Hopefully, the client is happy with your first recommendation and will be even more receptive to another solution.
4. **Look for clients who have grandchildren.** Single premium life is a great way to fund a grandchild's college education. Many grandparents want to help with their grandchildren's education. Instead of funding a 529 Plan, they can fund future education needs with a single-premium life product and avoid 529 Plan rules.
5. **Prequalify your clients and prospects without bringing up life insurance at all, and it's as simple as asking them how they're doing.** Engaging your clients in friendly conversation not only takes the stress out of fact-finding, but it can also yield information that will help you determine if a point-of-sale underwriting product is right for them.
6. **Ask your clients or prospects about their life insurance needs each time you meet with them.** It's probably the number one key to selling life insurance. If you're not asking your clients about SPIUL, you can bet their banker is asking them about it.

It's no big secret that banks have been expanding into the insurance market, so don't leave your clients vulnerable to an aggressive sales pitch from their local banker. Even if they don't buy a policy from you, they will at least be more educated on the topic if you have already spent time with them going over the benefits of a single premium life product.



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ANATOMY OF THE SALE



It's common knowledge that the age 60 plus population is the largest in the country and will continue to grow for many years to come. It's also a fact the many who have retired or will soon retire have millions and millions in assets.

For Agents, there are three (3) areas that produce sales:

1. Medicare Supplements
2. Investments such as annuities where clients still need to grow dollars for retirement income.
3. Single Premium Life Insurance Sales - you need to know where to find premium dollars and the questions to ask your clients or prospects.

Finding Life Insurance Premium Dollars

Assuming you have asked the appropriate questions of clients, these are where premium dollars will be found:

1. Monies sitting in CD's
2. Money in Annuities
3. Cash value in life policies
4. Money in other investments



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QUESTIONS TO ASK CLIENTS



For any Client: Do you have any lump sums of money you will not need for retirement and have already earmarked to pass to your heirs?

Sale would be: Single Premium Life

For any Client: Some people have what's referred to as "Leave Behind Money." It's money they will not need for retirement. Do you have any earmarked for your heirs?

Sale would be: Single Premium Life

When a client does not want their money locked up yet again in an annuity: There is a guaranteed product that would immediately and significantly increase your money and allow it to all pass income tax free to your heirs.

Sale would be: Single Premium Life, and if there are surrender charges, compare the current annuity value with the tax-free death benefit of the SPWL.



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CASE EXAMPLES & PREMIUM



In all of these cases the Agent found the Client's "LEAVE BEHIND" Money by asking questions. The results clearly benefitted their Beneficiary(s) through better planning.

CD Monies: Female age 70. Two CD's totaling \$155,000 earmarked for her Grand kids. Bought a Single Premium Life with a guaranteed death benefit of \$255,135 immediately increasing the tax-free amount to heirs by \$100k. **Agent earned \$15,500**

Surrendering an Annuity: Female 81 with a variable annuity worth \$285,000 that she would never need but previous agent put her money there anyway. Net was \$270,000 after surrender charges. However, the Single Premium Life guaranteed a tax-free death benefit of \$362,000! **Agent earned \$18,900**

Surrender of Stocks: Male age 73 sold a couple different stocks that were not doing him any good. This resulted in a single premium of \$126,000 which purchased an income tax-free death benefit for his 2 daughters of \$190,562. **Agent earned 12%**



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SPL BENEFITS: EXAMPLE 1

Product Highlights

Below is a sample product benefit explanation. With \$200,000 deposit, client receives more than double that in tax-free death benefit, strong monthly LTC benefit, including home health care and assisted living, plus 100% ROP ("Money Back Guarantee"), S&P 500 earnings – ALL with NO exam, fluids or paramedical!

Agent commission: \$22,000




Product features based on a \$200,000 premium deposit.

Initial Face Amount: \$444,602	Premium Outlay: \$200,000.00
Initial Death Benefit Option: Level (Option 1)	
Riders: PUR, ROP, ABR	

POLICY BENEFIT HIGHLIGHTS

Guaranteed Minimum Death Benefit	\$444,602*	The minimum lifetime death benefit guarantee.
Minimum Monthly Qualified Care Benefit	\$8,892.05*	Minimum guaranteed monthly benefit. 2% of face amount paid monthly up to \$10,000 not to exceed \$500,000.
Qualified Care Benefit Elimination Period	90 Days	Minimum consecutive days of qualified care required (six months in CT).
Residual Death Benefit	\$12,500	Minimum reduced face amount allowed with Qualified Care Benefit.
Minimum Terminal Illness Benefit	\$250,000*	Minimum amount paid if insured is diagnosed terminally ill.
Return of Premium	\$200,000*	Guaranteed amount available upon surrender after premium is paid.

NON-GUARANTEED SUMMARY OF BENEFITS** Offering Flexibility for Your Future

Legacy Benefits	Living Benefits	Liquidity Benefits
 Death benefit for your loved ones (beneficiaries) if you die Income Tax-Free+ Death Benefit to Beneficiaries	 Accelerated Living Benefits if you become terminally ill Qualified Care Benefit Paid Monthly Income Tax Free***	 If you want access to your cash, the Cash Value is available for partial surrenders or loans Cash Surrender Value available for partial surrenders or loans



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SPL BENEFITS: EXAMPLE 2

Product Highlights

Below is another sample product benefit explanation. With \$200,000 deposit, client receives *LIFETIME* (yes, lifetime!) LTC payout, home care and assisted living care along with a strong tax-free death benefit. Benefits cover husband AND wife.

Agent commission: \$16,000

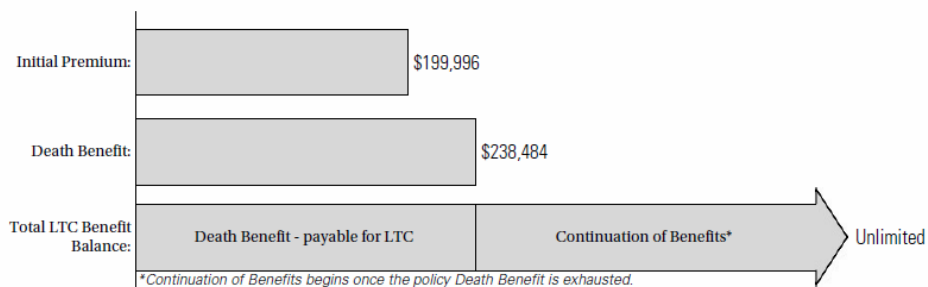
Product features based on a \$200,000 premium deposit.

Presented by:
Valued Agent

Prepared for:
Valued Customer
Female, 65
Class: Non-Smoker

Valued Customer
Male, 67
Class: Non-Smoker

Total Initial Premium:	\$199,996
Death Benefit:	\$238,484
Total LTC Benefit Balance / Benefit Period:	Unlimited / Lifetime



Initial LTC Benefit Limit, Per Individual:	\$7,154 Monthly \$85,848 Annually
Initial LTC Benefit Limit, For One or Both Individuals**:	\$14,308 Monthly (\$7,154 per person) \$171,696 Annually (\$85,848 per person)

**If both insureds receive long-term care benefits at the same time, the long-term care benefit will last for a shorter period of time than if only one insured receives long-term care benefits.

Product Features:
Single Premium - \$147,214
Guaranteed Return of Premium***
3% Acceleration Rate / 33 Months
Guaranteed Cash Value Accumulation
***Excludes cost of enhanced LTC monthly payout

Continuation of Benefits Data:
Single Premium - \$52,782
Benefit Balance - Unlimited
Benefit Period - Lifetime
Inflation Option - None



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STEERING THE CONVERSATION

Products

- No Exam is required - just health questions and a phone interview
- Some offer a 100% Return of Premium from day one (State specific)
- Some offer an LTC Benefit and Terminal Illness Benefit (State specific)

Underwriting Paradigm

If you think that because this market consists of people who won't qualify for life insurance, you need to change your paradigm. We rarely see a case where the client did not qualify. Knockout questions are available up front.

Suggested Vocabulary Alternatives

- Use the term Tax-free legacy instead of Life Insurance
- It makes sense for you to OWN this product instead of using the term BUY this product
- Use the term LEVERAGE your money when moving it to these products
- Use the term MONEY BACK GUARANTEE instead of Return of Premium
- Use the term SINGLE DEPOSIT INSURANCE instead of Single Premium Life

What's Your Next Move?

OK, so you've met with a client(s), asked a bunch of questions, took notes and may possibly have a Single Premium Life sale that could really benefit the client and their heirs. But you have questions and need some expertise.

Advanced Wealth Transfer Strategy

Situation: Client has available cash, earmarked for family or charity - but wants to retain access in event of personal medical expenses.

Solution: A Single Premium Life program - creates a tax-free increase of 20% of 90% increase while transferring the benefit to beneficiaries without probate, and gives the owner liquidity to cover expenses later years.

Sample Comparison SPL vs. CD vs. Annuity

Betty, a 62-year old female non-smoker with \$50,000 earmarked for her grandchildren. She is concerned about health-related expenses during her lifetime, such as medical costs or nursing home care.



Scenario 1: Amounts to Grandchildren at Betty's Death

Betty Dies	CD ¹ (2%)	Annuity ¹ (3%)	Single Premium Life	
			Guaranteed	Non Guaranteed ²
Immediately	\$50,000	\$50,000	\$103,500	\$103,500
10 Years Later	\$57,884	\$62,381	\$103,500	\$107,710
20 Years Later	\$67,494	\$79,020	\$103,500	\$115,110

¹Assuming a 28% tax bracket. Values assume CD value less all taxes paid in prior years. Actual CD death benefit will be current CD amount less income tax withheld in year of death. WealthSure Life is an insurance product and is not FDIC insured. ²Assuming 4.9% current interest rate.

Scenario 2: Health Problems Occur Ten Years Later

Assume Betty 1) develops a terminal illness, 2) requires nursing care confinement, or 3) requires chronic care.

Reason	CD ¹	Annuity ¹ (after tax)	Single Premium Life
Terminal Illness	\$57,884	\$62,381	Up to 100% of benefit *
Nursing Care Confinement	\$57,884	\$62,381	Up to 100% of benefit *
Chronic Care	\$57,884	\$62,381	Up to 100% of benefit *

¹ May be subject to early withdrawal penalties and fees. * Access varies by insurance company and product.

Advantages of a Single Premium Life vs Bank CD or Annuity:

- Provides a larger legacy transfer to the beneficiaries
- Allows access to a tax-free benefit in the event of a major medical expense
- SPL is the only option that provides a benefit to beneficiaries free of federal income taxation
- Some SPL programs provides a full refund of the original deposit, without any surrender charges or fees
- Simplified underwriting process - telephone interview with client, less than 15 minutes
- No medical exam, blood or urine tests
- Underwriting decisions can be made in less than 48 hours or in some cases, instantly over the phone!

LTC PLANNING

WHO WILL PAY FOR CARE?

Too often, long term care conversations come far too late for families, which leaves them scrambling for options and resources when a loved one has an LTC event. Planning ahead for potential LTC needs is crucial to protecting a family's financial, emotional and physical health.

WHO WILL PAY FOR LONG TERM CARE?

Not health insurance

Not Medicare

Medicaid
only under certain circumstances

COSTS TO FAMILY & FRIENDS



Americans spend
\$48 billion
on long term care expenses for themselves or family members.
By 2050 they could spend
\$135 billion



Family caregivers in the U.S provide
37 billion hours
of unpaid care, which is worth an estimated
\$470 billion
(more than total Medicaid spending - \$449 billion)

CAREGIVING SHORTAGE HAS ALREADY STARTED A STEEP DECLINE

2010

7.2 potential family caregivers to person age 80+



By

2030

it will fall to 4 to 1



By

2050

it will fall to 3 to 1



NURSING HOME COSTS RISING



The cost of nursing home care
increases by ~4.5% annually

The average cost of a one-year stay in a nursing home will increase

2014

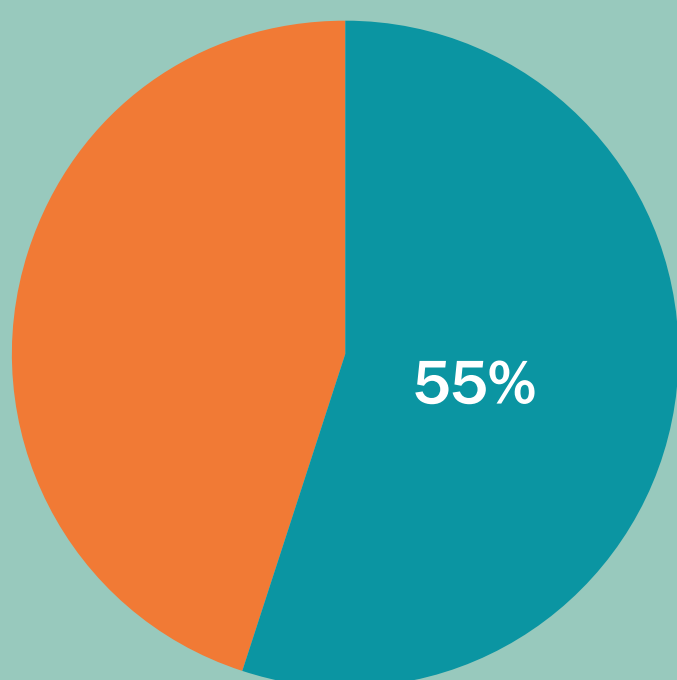
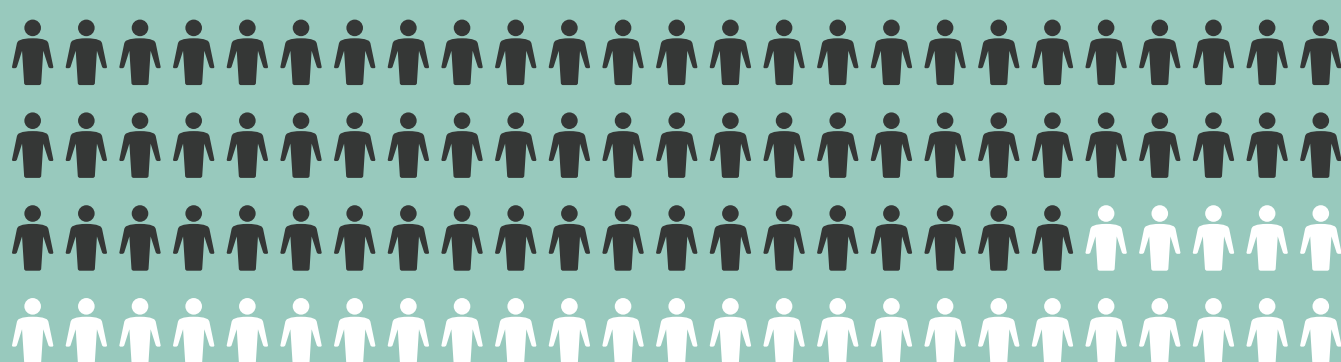
\$81,000

2030

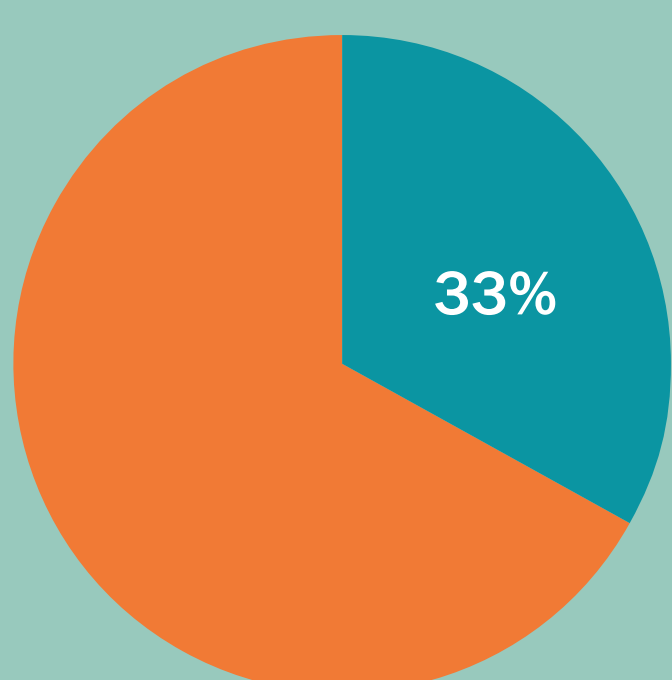
\$146,000

PLANNING FOR LONG TERM CARE

70% of people turning age 65 can expect to use some form of long term care during their lives.



More than half of Americans are concerned about paying for LTC services.



Only 1/3 of Americans over 40 have set aside money to plan for LTC needs

**Don't wait until it's too late.
Talk about LTC planning today.**

THE WALL STREET JOURNAL.

YOUR MONEY

Long-Term-Care Insurance Isn't Dead. It's Now an Estate-Planning Tool

Hybrid policies, aimed at affluent Americans, offer long-term-care benefits along with potential death benefits

By Leslie Scism

Updated June 11, 2018 12:01 p.m. ET

Last year, after finishing with college tuition for their three children, Jessica Galligan Goldsmith and her husband, James, treated themselves to something she had long wanted: **long-term-care insurance.**

It hasn't been cheap. The couple, both lawyers in their mid-50s, **will shell out more than \$320,000 between them over a decade. For that, they will be able to tap into benefits topping \$1 million apiece by the time they are in their 80s, the age when many Americans suffer from dementia or other illnesses that require full-time care.**

Plus, the policies pay out death benefits if long-term care isn't ultimately needed, and most provide 10% to 20% of the original death benefit even if the long-term-care proceeds are fully tapped.

Such policies that combine long-term-care coverage with a potential life-insurance benefit are called "hybrids," and they are reshaping the long-term-care niche of the U.S. insurance industry just as it had appeared headed for obsolescence, financial advisers say. The Goldsmiths were among 260,000 purchasers last year nationwide of these hybrids, according to industry-funded research firm Limra, far outpacing the 66,000 traditional long-term-care policies sold in 2017.

When long-term-care insurance took off in the 1990s, insurers aimed for the broad middle class of America. The pitch was that policies would save ordinary families from entirely draining their savings, leaning on children or enrolling in the federal-state Medicaid program for the poor. (Medicare pays for nursing-home stays only in limited circumstances.)

Now, many insurers are finding their best sales opportunity with wealthy Americans. Many of these people may be able to afford costly care later in their lives, **but they are buying the contracts to protect large estates, advisers say.**

Ms. Goldsmith wanted long-term-care coverage partly because her legal specialty is trusts and estates and she has seen families whose seven-figure investment portfolios were devastated by years of care for spouses.

"What felt like a good nest egg" can be hit by "astronomical expenses," says Ms. Goldsmith, of Westchester County outside New York City. Their policies are from a unit of Nationwide Mutual Insurance Co.

According to federal-government projections, about a quarter of Americans turning 65 between 2015 and 2019 will need up to two years of long-term care. **Twelve percent will need two to five years, and 14% will need more than five years.** At \$15 an hour, around-the-clock aides run **\$131,400 a year**, while private rooms in nursing homes top \$100,000 in many places.

Hybrids can cost even more than traditional standalone products because they typically include extra features. There is wide variation across the hybrid category and the type the Goldsmiths bought (known as "asset-based long-term-care") **includes a particularly valuable feature: a guarantee that premium rates won't increase.**



ILLUSTRATION: LEHEL KOVACS

Long-Term-Care Packages

Here is a comparison of the features and costs that a 55-year-old couple in standard health would see on two types of long-term-care insurance policies.

Initial monthly tax-free LTC benefits...

compounding at 3%

\$7,500
per spouse

\$7,500
per spouse

...up to a total of

\$821,250 shared

\$582,157 per spouse

After 30 years...

Monthly tax-free LTC benefit, with inflation

\$18,204
per spouse

\$17,674
per spouse

...up to a total of

\$1,993,404 shared

\$1,371,891 per spouse



Guaranteed level premiums?

☒ No, subject to potential increases

☒ Yes, premiums don't increase

Death benefit?

None

minimum
\$180,000
per spouse

Note: Policies vary widely across insurers.

Source: Karp Loshak Long Term Care Insurance Solutions based on industry data, including from Lincoln Financial (hybrid)

Traditional long-term care policies fell from favor in the mid-2000s after many insurers obtained approval from state regulators for steep rate increases—some totaling more than 100%—due to serious pricing errors. In May, Massachusetts Mutual Life Insurance Co. began applying for average increases of about 77% that would apply to about 54,000 of its 72,000 LTC policyholders. Until this move, MassMutual hadn't previously asked longtime policyholders to kick in more to better cover expected payouts.

Affluent buyers also can afford to pay for their hybrid policies within 10 years, as many insurers require. However at least one big carrier, Lincoln National Corp., has begun allowing people in their 40s and early 50s to spread payments over more years, provided they fully pay by age 65.

Besides the death benefit—which is as much as \$432,000 on a combined basis for the Goldsmiths—hybrids also include a “return of premium” feature. This allows buyers to recoup much of their money if they want out of the transaction, albeit without interest.

“We call these ‘live, die, change your mind’ policies,” says Natalie Karp, the Goldsmiths’ agent and co-founder of Karp Loshak LTC Insurance Solutions, a brokerage in Roslyn, N.Y.

About a dozen insurers still offer traditional long-term-care policies that typically lack those features. They charge more and provide shorter benefit periods than they did in the past. But Tim Cope, a financial adviser in South Burlington, Vt., for insurance brokerage NFP, says the good news is that “policies continue to pay for much-needed care, and changes in their policy design, pricing and underwriting are an effort to minimize premium increases on recently issued and new policies.”

Many advisers favor standalone and hybrid offerings of three of the nation's largest and financially strongest insurers: MassMutual, New York Life Insurance Co. and Northwestern Mutual Life Insurance Co.

Ms. Goldsmith says she was attracted to the Nationwide hybrid because it doesn't require submission of receipts to obtain the long-term-care proceeds. Benefits are payable in cash when a physician certifies a severe cognitive impairment or inability to perform basic activities, such as bathing, eating and dressing. Payments are capped at specified monthly amounts. For the Goldsmiths, the monthly benefit starts at \$9,000 per spouse and grows with an inflation adjustment to more than \$15,000 in their 80s.

“Receipts are very hard for older people to deal with, especially when stressed by caring for a disabled spouse or being disabled themselves,” Ms. Goldsmith says.

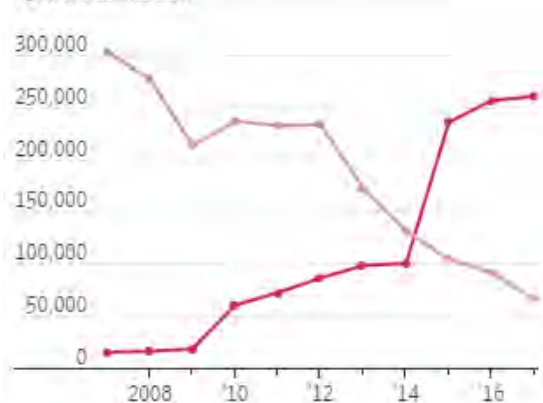
The Rise of the Hybrids

As sales of traditional long-term-care insurance has declined, Americans are increasingly buying “hybrid” policies that add a life-insurance aspect to their coverage

Individual long-term care policies sold

Traditional Hybrid

350,000 policies sold



Source: Limra

Write to Leslie Scism at leslie.scism@wsj.com

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Planning for Long-Term Care Needed to Alleviate Burdens on Family Members¹

Among family caregivers, 60% said they had no idea how demanding it would be, and that an insurance product to help with long-term care could have alleviated some of this pressure, according to Lincoln Financial Group.

By [Lee Barney](#)

A new Lincoln Financial Group study released during Long-Term Care Awareness Month finds that nearly 75% of Americans believe they will be responsible for caregiving of a family member, but **70% fear they will not be able to provide adequate care**. Women surveyed were significantly more likely than men to believe that caregiving responsibilities will fall on them, and 65% of those surveyed said parents expect more help with long-term care from their daughters than from their sons.

More than half of people turning 65 are expected to need some form of long-term care, typically beginning in the home with family caregivers. Among those who are providing care, 60% said they had no idea how demanding it would be, and that an insurance product to help with long-term care could have alleviated some of this pressure.

“A long-term care event is a difficult time for a family, including the person in need of care, as well as the children or spouse making decisions and often providing the care,” says Karen DeRose, president and managing partner of DeRose Financial Planning Group, a registered representative of Lincoln Financial Advisors. **“Planning before care is needed is the best way to ease those stresses.** Think about the type of care you’d want, and discuss your preferences with your family and adviser. Then, together, you can determine strategies on how to make those preferences a reality if the need arises.”

More than half of respondents said they would hire professional services to relieve the burden on their children or spouse.

“In those instances where family members have to provide long-term care for a loved one, women are often expected to step in and assume responsibility for caregiving,” DeRose says. “Think about how all family members can contribute to caring for a loved one, and the role professional services may play.”

When it comes to hiring professional help, **survey respondents said being able to receive care in the home and more experienced care are the two top advantages**. To help with this issue, Lincoln has created a [What Care Costs](#) website where people can see what long-term care costs in their area. Enter code “Lincoln” in the upper right hand corner.

¹ <https://www.planadviser.com/planning-long-term-care-needed-alleviate-burdens-family-members/>



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