



With Fall here, are you ready to rake up the extra cash by selling more?

Pension Maximization, more for your client & more for you

Fall 2008

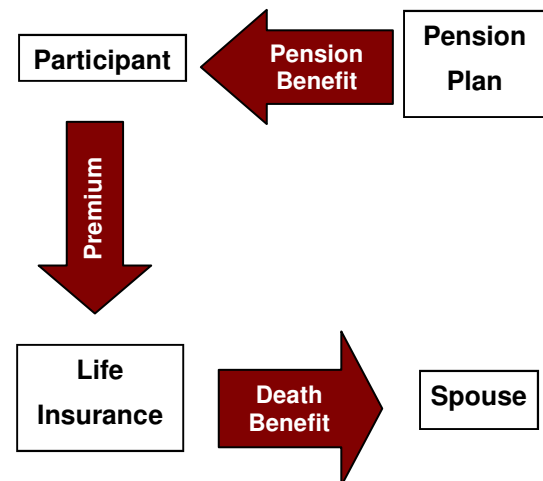
If you have clients that are retiring with a pension, would you like to help them get the most out from their Pension Plan?

The Situation

1. Defined benefit plans must offer two annuity payment options
 - Single Life
 - Joint Life
2. Single Life option will not provide for spouse if participant dies prematurely

Disadvantages of Selecting Joint Life Annuity Payment

1. The Joint Life option significantly reduces the annual benefit (30-50%).
2. Participant may benefit greater from the Single Life annuity payment
 - Participant and spouse may both live long lives
 - Participant may outlive spouse



The Solution

1. Participant elects to take a Single Life

annuity payment.

- Needs waiver from spouse
2. Participant uses after-tax funds to purchase a policy on his or her life
 3. At participant's death the annuity payment ends, but the life insurance death benefit pays to the spouse.

Summary

1. Pension income is increased while participant is alive.
2. Should the participant predecease the spouse, the life insurance death benefit replaces the discontinued income.
3. If both die prematurely, the remaining death benefit may be passed to their heirs.

Life insurance policies on retiring clients can make you more money.

Call GAIN for a quote today!

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Are you on our email list? To start receiving weekly emails with sales ideas, underwriting tips, product news and updates, send email to Varsha at vgrogan@gain1776.com.

Ways to increase your sales... Call GAIN to discuss

1. Do you have clients who are alternate tobacco users and would like a non smoker rate?
2. Do you have a scuba diver who can qualify for a preferred plus rate?
3. Have you talked to your client's beneficiaries with their permission to see if they need insurance?
4. Do you have a client who quit tobacco use 12 months ago that can get preferred rates?
5. Did you loose a sale recently because your client was table rated? Would you be able to place a standard policy instead?
6. Are you asking your clients if they have a pension plan at work?

Underwriting Sleep Apnea West Coast Life Style

Sleep apnea is not simply loud snoring resulting in a poor night's sleep. According to the National Institutes of Health, obstructive sleep apnea strikes 12 million Americans. If untreated, it can lead to severe weight gain, diabetes, hypertension, heart disease, and stroke.

The most common contributing factor is obesity. People with a body mass index over 30 tend to have large tongues and large soft tissue at the back of the throat which relaxes and closes during sleep. The most common treatment for sleep apnea is CPAP –

continuous positive airway pressure. It's a mask worn at night that forces air into the airway to keep it open.

Unfortunately, the mask is not very comfortable. Also, with the air being forced through the tubes, it's quite loud. This can result in poor compliance. However, when compliant with the treatment, most patients report significant sleep improvement and marked decrease in daytime sleepiness.

When treatment with CPAP is successful, we can be pretty lenient - even in some severe cases.

ent - even in some severe cases.

Mild cases – almost always standard

Moderate cases – standard is available for applicants under age 50 if successfully treated for over a year. Applicants age 50 and over can be standard if successfully treated for six months.

Severe cases – standard is available for applicants that are successfully treated for over a year.

Next time you have a client with sleep apnea, take a deep breath, rest easy, and think of West Coast Life!

“GAIN the Freedom to Sell the Best and Earn the Most”

(800) 847-6426

Additional IRS Guidance on Treatment of Partial Exchanges on Annuities

Tax free annuity exchanges require that the same person or persons are the obligee(s) under both the old and the new contract. Back in 1998, in the Conway case, the Tax Court held that the direct exchange of a portion of an existing annuity to a new company (for a new annuity contract) was a tax free exchange under IRC1035. The IRS finally gave in on this.

Treasury and the IRS are concerned that some taxpayers may enter into a transaction similar to the transaction at issue in Conway (commonly referred to as a partial exchange) to reduce or avoid the tax that would otherwise be imposed. Via the Revenue Ruling 2003-51 IRS stated that if surrenders occur with 24 months of a partial exchange then they will be deemed to be for tax avoidance.

Example: If a taxpayer withdraws \$10,000 from an annuity contract with a cash surrender value of \$20,000 and investment in the contract of \$8000, the entire \$10000 of the withdrawal would be treated as income pursuant to ' 72(e)(2).

However, that same taxpayer can assign 50 percent of the cash surrender value of the existing annuity contract via a partial exchange into a new annuity, such that the cash surrender value of each contract after the exchange is \$10000 and the investment in each contract after the exchange is \$4000. They can then surrender either the existing annuity contract or the new annuity contract, under ' 72(e)(2) and have only \$6000 be included in income since \$4000 would be excluded as a return of principal in the contract after 24 months of the exchange.

IRS has since deemed that partial surrender from a partial exchange is okay if the taxpayer can show a life changing event (divorce, loss of employment, etc) that occurred between the date of the 1035 and the date of partial surrender or withdrawal.

It's also okay if no amounts are withdrawn (or surrendered) from either contract during the 12 months following the date of the premiums transferred (directly from company to company) into the new policy.

Be careful with 1035 exchanges where the client wants to take partial surrenders or withdrawals.

Neither GAIN nor its employees are tax professionals. Please advise your client to seek independent tax advice.

Check Out New Product Introductions!

Banner Life Insurance Company introduces Life Umbrella UL 120 effective September 15, 2008. The Banner Life Umbrella UL 120 is simple to understand as it provides lifetime no-lapse guaranteed coverage with straightforward lifetime and limited payment options.

- Higher Targets
- 24-month rolling target premiums
- 2001 CSO mortality tables
- Lapse protection flexibility at single pay, short pay and lifetime
- Maturity age 120, but extended maturity is available upon request
- Issue ages 20-85
- Level death benefit option only
- Catch up provision
- Available for conversions

Destination Income 15 Destination Income15SM offers ul-

mate flexibility and control of retirement income, by providing a Guaranteed Lifetime Income Benefit along with easy access to your money.

- **9% Commission Ages 0-75!** 7.5% Commission Ages 76-85.
- **15% Bonus Fully Vested Day One!** Applied to Guaranteed Lifetime Income Account Value.
- **5% Bonus On Top of 15% Bonus!** Applied to Guaranteed Lifetime Income Account Value if Guaranteed Lifetime income Benefits is exercised prior to the 6th contract anniversary date.*

Two Competitive Products from West Coast Life

LifeTime Platinum III 7/08 The LifeTime Platinum III 7/08 is a flexible premium, adjustable death benefit universal life product with a built-in lapse protection provision that can guarantee death benefit coverage up to the lifetime of the insured.

LifeTime Platinum III Plus The LifeTime Platinum III Plus has all of the same great features as the LifeTime Platinum III 7/08, but for a little more premium it has an added bonus—greater cash accumulation. Unlike many guaranteed death benefit universal life products, the LifeTime Platinum III Plus gives clients the ability to accumulate attractive cash values that can be used to meet a variety of future financial needs.

Introducing at GAIN:

AVIVA Income Edge Plus With this product your client's Income Account Value can Double* in 10 years! Quadruple* in 20 Years!

There is a new marketing piece -- The Power of 7.2 foldout brochure -- designed to show your clients the power of 7.2 % compound interest on the Income Account Value on the Income Edge Plus Rider. **You can order the brochure by calling our office at (800) 847-6426.**

Cash Value Life Insurance as a college funding vehicle

Why use cash value life insurance as a funding vehicle to pay for college education? Consider the following advantages assuming the policy is purchased on one of the parents:

1) Cash value life insurance is a complete plan because it provides cash value if needed for college or death benefit if the parent dies prior to child reaching college.

2) Money grows tax-deferred and can be removed tax-free to use for college expenses via

policy loans.

3) If the child does not go to college, the policy will be a tax favorable wealth building/retirement tool for the parent

4) After borrowing from the policy, it will still have cash in it and should grow for years to come. That means that money can be removed tax-free later on when the parent is in retirement.

5) Money in a cash value life insurance policy is not a countable as-

set when a child goes to apply for financial aid for college.

Talk to your clients about using cash value life insurance instead of other types of plans as a vehicle for funding college education for their children. The additional funds going into the life insurance policy will help build significant cash values very quickly.

We have several competitive carriers offering Indexed Universal Life, Dividend Paying Whole Life, and Cash Value Universal Life policies. **Call for a quote today!**

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100 W PFLUGERVILLE
PARKWAY, #106
PFLUGERVILLE, TX 78660

Phone: 800-847-6426
Austin: 512-989-2223
Fax: 877-847-6426
Austin: 512-251-1912

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Annuity Corner: Common Annuity Myths— Need for income Annuities

GAIN Annuity Carriers

AIG American General
American Investors / AVIVA
American National
Forethought
Fort Dearborn Life
Lincoln Benefit Life
Mass Mutual
North American
Old Mutual Financial Network
Presidential Life
Symetra
West Coast Life

Annuity Myths

Has your client made the following comments when discussing Income Annuities?

1. They cost too much
2. What if I get sick and need the money?
3. What if inflation occurs?
4. Why don't I mimic the behavior of the insurance company and eliminate them?
5. What if I am not able to leave any money to my kids?
6. What if I loose control of my money by putting it in an irrevocable annuity?
7. I am going to wait for interest rates to go up.

These statements give you an

opportunity to make a case for why they need it.

Need for SPIAs

1. Decreasing levels of social security benefits
2. Demise of defined benefit pensions
3. Aging of the Baby Boom generation
4. The emergence of post boomers Generation X (1965 to 1979) and Generation Y (1980-2001)
5. Increasing longevity of the American population

A Case for Annuitization!

1. Enough assets for the monthly income needs
2. Risk of outliving the assets