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## Are you Enjoying the Summer?

Summer 2008

### Plant the seed and get prospects thinking!

#### Inside this issue:

The hot summer weather is a perfect time to take off to relax and spend time with your loved ones. You can still plant the seed at any time to get your prospects thinking whether you are on vacation or just meeting some people at a summer outing. Then you can have a list of prospects to contact when you get back from the vacation to your office.

#### Some ideas to get your prospects thinking:

1. If you have not recently evaluated your existing insurance policies, I can help you review them at no cost to you. (You don't have to be their agent in order to review their existing policies).
2. Do you have insurance policies at work? Most insureds who have policies at work have the following **myths** about their policies:
  - a. I don't have to pay anything for my policy.
  - b. If I leave this job, I will get another policy at the next job
  - c. Since my employer is endorsing this policy and we have group rates, it must be the cheapest option available.

d. If my health changes I can buy more from the group policy at no additional cost.

3. Has your employer changed the health insurance benefits you were receiving? You might want to remind your prospects about the impact of the increasing cost of benefits to the employer and their ability to have a policy.
4. Have you reviewed the beneficiary and ownership designations on your existing policies to ensure that they are meeting your estate planning needs?
5. Are you responsible for the care of your elderly parents or grand parents / relatives? Just asking them questions about their family can lead to leads.
6. Did you know that the newer insurance policies offered today are based on improved mortality tables and hence cost less than the ones issued five years ago?

Upon policy review, if you find that the prospect is properly insured, ask them to refer you to their friends that might benefit from such a review. Now your prospects will

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refer you more easily to other prospects since they have experienced your professionalism and found that you will not sell them unnecessary policies.

So enjoy the summer and be ready to write cases when you get back to your office.

## Estate Equalization strategy for a closely held business.....

If your client has created a successful closely-held business, have one or more children actively involved in it, they may be faced with a significant challenge: planning for the smooth continuance of the business, and treating all of their children in a fair manner.

### The Scenario

- John & Mary, both aged 60
- Successful closely-held business of thirty years.
- Assets in their estate total approximately \$5 million
- \$4 million of the \$5 million estimated to be the value of John's business.
- Three successful and independent children.
- One child, John Junior, age 32, actively in the business for 7 years.
- Two other children have no interest in the business.

### John's exit strategy:

Sell, or upon his death, give the business to John Junior.

**Problem: John Junior would receive the bulk of John's assets, leaving little else for the other two children.**

### An Undesirable Outcome

Without planning, possible outcomes may be – John Junior takes over the business upon the parents' death, If their wills call for an equal division of their es-

tates, John may be forced to

- incur significant debt to keep the business and buy his siblings out of the business
- or liquidate the business at a forced sale price to satisfy the equal distribution demands of his parents' wills.

### A Better Way

John can accomplish his goal, and provide fair estate distributions to all his children by

- Providing a properly structured life policy to substitute cash needs so as to assure his other children of a fair and caring distribution of assets
- His active son becomes 100 percent owner of the business\*

**For example:** With no planning, if John's \$5 million estate were divided equally among his three children, each would receive approximately \$1,667,000 of estate distribution.

John can do the following:

- Purchase a life insurance policy for \$2,334,000
- The remaining \$1 million of non-business estate assets added to the life policy would be sufficient to give each non-active child \$1,667,000.

### Ownership and Beneficiaries

There are several options to arrange the insurance policy:

- Estate owner, John, would own and pay for the policy on his life.
- Each non-active child could be an equal beneficiary of the policy proceeds.
- Have a will provision splitting John's non-business assets between these two children.

**or**

- Create an irrevocable life insurance trust (ILIT)
- Trust would apply for, own and pay for the policy on John's life
- Make premium payments from annual gifts John makes to the trust.

### The Next Step

1. Identify clients who have this type of need
2. Provide life insurance to create an additional cash asset in your clients estate and
3. Offer them the ability to distribute their assets in a "fair and caring" plan,
4. Avoid having to leave a legacy of forced asset liquidation or the imposition of large debt.

(Courtesy: Partial text from AIG American General's piece)

\*Assumes that the estate owner and/or spouse is insurable.

Advise your clients to consult with their tax advisor before implementing any estate equalization plan and its tax implication on their personal / corporate tax situation.

**"GAIN the Freedom to Sell the Best and Earn the Most"**

Do you have a **Business Checklist** that can help your client get started on **Succession Planning**? Call us for an easy to use 5 question checklist that gets the client thinking. Would it help you to have a list of questions that you can ask your client to get him to act on his thinking? We can help you with that. Please call **(800) 847-6426** and ask **Varsha** for more details.

## Annuity Corner.....

### **GAIN Annuity Carriers**

AIG American General  
Fort Dearborn Life  
Lincoln Benefit Life  
North American  
Old Mutual Financial Network  
Presidential Life  
Symetra  
West Coast Life

### **Spotlight: Income Annuities**

#### Income Annuities reduce retirement depression:

Do you have clients who are concerned about the financial well-being of an elderly parent? Let them know you have a solution they might want to consider.

A recent study by the Rand Center for the Study of Aging found that

- Retirees with lifetime annuity income are less likely to suffer from depression than

those who manage their own withdrawals from investments.

- The fear of outliving income, the aversion to financial uncertainty, and the stress of managing investments (especially in declining years) erodes mental health and happiness.

#### Ask your clients:

- Did you know that even people without traditional pensions can create an income stream they cannot outlive.
- Offer to run a quick, no-obligation quote for an immediate annuity.

(Courtesy: Excerpts from Symetra Life Insurance Company)

#### **Why Medically Evaluated Immediate Annuities?**

- Good for clients with serious medical impairments

- They could provide a higher income stream compared to a regular immediate annuity.

Insurance Companies have designed an alternative for people with serious illness and shorter projected lifespan – medically evaluated immediate annuities.

#### Here's how it works:

Medical evaluation makes assessments based on your client's medical condition(s) and their life expectancy by rating their age higher (rated-up) than it actually is.

(Courtesy: West Coast Life)

#### Sample:

Female age 65 buying a \$100,000 **regular SPIA**

**Lifetime Income: \$662.66/ mo**

**Medically evaluated SPIA** for the same female with medical impairments rated up to age 71

**Lifetime Income: \$755.38/ mo**

## Several Company /Product Updates! Did You Know....?

**AIG/ American General introduced its innovative ROP Select-A-Term product** Ask us for the Rapid Rater to increase your sales and premium dollars per case! Don't forget the second **5 for \$500 Bonus** on all "off period ROP Select-A-Term"

**AXA introduced their next generation survivorship policy Athena SUL III!** This is a very competitive product

for short pays and full pay options. They also illustrate very well on smokers.

**Union Central has their very competitive Dinamic 2000 DI** product that is very competitive in the physician market. Their Business overhead expense policy is a must have for business owners.

**West Coast Life introduced**

**new Lifetime Platinum III Universal Life! This is by far the lowest cost guaranteed UL across the board.** Very competitive rates have strengthened the excellent position West Coast Life maintains in the standard risk classification. Those that quit tobacco for 12 months can qualify for preferred rates.

**Call today for Quotes!**

**(800) 847-6426**

# GENERAL AGENTS INSURANCE NETWORK

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## GAIN Agent Resources and Sales Tools.....

You can count on GAIN to provide you with resources and sales tools you need to succeed.

### Personalized Brochures:

- Term Insurance: Are you paying too much for life insurance?
- Return of Premium Term: Do you want to receive money back on your term insurance?

### Prospecting letters:

- General Prospecting: Introduction letters, professional referral requests, client re-

ferral requests, request for appointment letters and much, much more.

- Policy review: Policy review templates, letters requesting appointments for policy review etc.

### Brain sharks for you:

- ROP term & divorce sales idea
- Special needs planning

### Educational Resources for you:

- 12 Life insurance mistakes
- Charitable planning using life

insurance

- Life insurance alternative to a Roth IRA.

### Sales Tracks:

- Mortgage payoff protection
- Renting vs buying an insurance policy
- Let social security prospect for you
- Help baby boomers with their aging parents

For these and many more resources, call today!

**(800) 847-6426**  
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