



It's About Your Business

A newsletter for life agents & financial advisors
specializing in coaching growth-oriented producers



Welcome to the new life insurance business

Kenneth A. Shapiro | President's Message

If we were asked to design the perfect business, it would include offering a product with a 100% guarantee from companies that have never defaulted on their promises. It would also be a business that offers its representatives significant rewards; it would be the life insurance industry. Few others can come close to matching our business.

There are some, however, who will be quick to burst our bubble, reminding us that life insurance is somewhat sleepy and lacking in excitement. In fact, they might say that it's downright dull.

Even so, all that's the ghost of life insurance past. While the image may linger on in the minds of some consumers and some advisors, there are new and remarkable words to describe what's happening to our business—*innovative, responsive, and flexible*.

Whether it's product or process, a historic transformation is taking place in the life insurance business. What's happening is breathing new life in our industry in ways that benefit consumers and advisors alike. Here are a few examples:

- **Flexibility:** life and annuity riders designed to meet specific consumer needs
- **Rewards:** significant life insurance premium credits for healthy living

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How I made \$150,000 in five months

Doug Martin | Internal Sales Support Team

Having a steady flow of new prospects is the most daunting task facing life insurance brokers. I know because that's what hit me when I started selling life insurance in 2007, after being laid off by a Fortune 500 company.

Then, in my third year I finally exceeded \$150,000 in commissions in just five months. And I did it by prospecting exclusively on two social media sites. Using targeted messages to LinkedIn and Facebook groups, I began to capture sales.

One of my targeted messages got me the most responses. It was brief and here's what it said:

"Recently laid off from your job and within 10 years of retirement? Please give me 15 minutes of your time to talk about options for your retirement savings that are guaranteed to protect and grow your money."

This led to several million dollars of indexed annuity sales over the next few years from just two corporate "alumni" groups. The opportunities are immense, since there are literally hundreds, if not thousands, of similar groups on social media.

Just Google "life insurance quote" and you'll see that most life carriers have online quoting and application tools as they adapt to the preferred practices for Generation Xers and Millennials. Since much new business today is done electronically or over the phone, why limit your sales to your area code, city or even state?

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Why life insurance advisors don't go after Foreign National prospects

Alan D. Gersten, CLU, ChFC, CFP® | Chairman & Chief Underwriter

It's not just the size of the Foreign Nationals market that's appealing. The

prospects have what every life insurance producer dreams about: need, urgency, and means. What's more, there's the possibility of writing large cases with motivated high net worth individuals.

Then, why are so few advisors working in this market? The short answer is that they don't know how to do it. That said, here's what advisors need to know:

1. The prospects

- Non-Resident Aliens owning U.S. assets, but who reside permanently in another country, and working professionals who spend considerable time in the U.S.
- Resident Aliens, Foreign Nationals living in the U.S. who own assets subject to U.S. estate tax, and U.S. citizens married to non-U.S. citizens.

2. Their problems

- Non-Resident Aliens: those with assets located in the U.S. subject to

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And here's the good news. Insurance brokers today can promote their practice without spending a lot of money up front marketing generic messages that may have little widespread appeal. Social media sites, such as LinkedIn and Facebook, allow you to customize your message and reach a wealth of prospects that possess the potential of expanding your practice far beyond a local footprint.

HERE IS HOW TO GET STARTED ON LINKEDIN AND FACEBOOK:

- Create a strong brand for your LinkedIn and Facebook business profile, one that summarizes your skills, expertise, experience, education, and includes client recommendations.
- Have your own personal business website where you can direct prospects for questions and information. This is important because it lets visitors know more about you and establishes you as a capable professional.
- Connect with groups and subgroups where you have a common interest (previous employers, college and high school, hobbies and special interests, etc.).
- Keep your message simple and focused on a particular need.
- Request that interested prospects contact you directly by displaying your phone number and email address.
- Don't target individuals, even if you are already connected with them. Many of these people will never respond and will be turned off by being singled out. They will contact you when they're ready or if your message resonates with them.
- Invest in a high quality scanner and open a fax mail account, as most of your business will be driven from outside of your area.

Whether it's life insurance, annuities, long-term care, or disability income, there are prospects looking to protect their assets. It will serve you well to reach out to them.

CASE STUDY

Annuity strategy for older clients

With Americans living longer than ever and health care costs at an all-time high, long-term retirement planning is essential, particularly for older consumers.

SITUATION

Malcolm K. knew that he would soon need to take required minimum distributions (RMDs), although his preference would be to set those funds aside for the possibility of future medical expenses.

His advisor pointed out to him that even though he can't defer all of his RMDs, he is able to defer RMDs on the lesser of \$125,000 (or 25%) of his IRA assets by purchasing a Deferred Income Annuity as a qualifying longevity contract (QLAC).

Since Malcolm and wife were both close to 70 years of age, the advisor pointed out that

a couple their age has a 70% chance of living to age 92.

SOLUTION

By placing \$125,000 in a QLAC, it would generate lifetime income of just over \$21,000 a year starting at age 80. If he lives to 95, the approximate total income he would receive over his lifetime is \$340,000. By purchasing the QLAC, Malcolm was able to defer about \$68,000 of RMDs, prior to age 80.

The strategy could have a significant impact on Malcolm's ability to pay the later-in-life expenses that concern him. He also recognizes that in exchange for receiving a guaranteed income stream, he would forgo the opportunity to withdraw any funds, including earnings, prior to receiving income payments.

For more information, contact Paul Heffernan, annuity wholesaler at 781-449-6800 or pheffernan@faiu.com.

LARGE CASE STRATEGY

Informal quotes help you close more cases

Tony O'Kussick | Director of Operations

Advisors are often edgy with large cases—and for good reason. They want everything to go smoothly and quickly, particularly with more sophisticated prospects, and there's a lot at stake. With informal underwriting death benefit requirements averaging \$1 million for permanent life and \$5 million for term life, these tend to be larger cases.

In these situations, advisors quite often focus on selling the product rather than the process. Since people like to know that they are receiving special attention, it can be a game changer to explain the extra steps and effort they will receive.

HERE'S WHAT THEY'LL RECEIVE:

1. Begin with quick quotes to determine carrier interest and determine best offers.
2. A review to narrow down the offers
3. Carriers may be challenged to take a second look
4. Chosen carriers will receive the full medical records
5. Firmer offers will now come in and be reviewed
6. Any needed discussions with the underwriter will now occur
7. Compare offers again
8. Compare products
9. Compare costs
10. Compare carrier strengths
11. Determine appropriate carrier, product and cost to go with

These extra professional steps produce the best results for a client. Taken together, they create what is nothing less than a great experience, one that exceeds expectations. It's also one that clients are eager to talk about to others.

SALES STRATEGY

ROP Term & Level Term vs. GUL with ROP

Gregory E. Schwabe, FLMI | Brokerage Manager

SITUATION

Applicant male, age 55, Non-Smoker Standard

An advisor submitted a \$175,000 ROP term app to Prudential, with his ex-wife as beneficiary, and a \$100,000 OP Term 20 app to a Banner, with his children as beneficiaries. The insured was the owner of both policies.

Prudential and Banner premiums

- Prudential ROP Term premium for \$175,000 benefit, \$4,216
- Banner OP Term 20 premium for \$100,000 benefit, \$652
- Total projected annual premium outlay for the next 20 years, \$4,868

FAIU PROPOSAL

GUL with ROP with ROP alternative with UOO with guarantees to age 100 for \$275,000 guaranteed to age 100; \$4,388 annual premium

- Premium savings of \$480
- ROP options at years 20 thru 25 (rather than just year 20 like the ROP Term)
- Submitted coverage ends at age 75, unless a term conversion is exercised
- Proposed coverage continues to age 100 with no premium increase
- Submitted coverage ROP in year 20, \$84,320. Proposed coverage ROP in year 20, \$87,754

Notes: As it turned out, the applicant was rated Table B for build at 5'11" and 276 lbs. ROP plan not available with a table rating. UOO FIT credits allowed the case to remain Standard.

- *Convenience:* faster application process
- *Simplicity:* electronic underwriting
- *Innovation:* repositioning of existing life policies to meet challenges of life changes
- *Responsiveness:* accelerated underwriting and electronic delivery systems

All this is not just so much talk or something that's coming down the pike at some later time: *it's happening right now.* Here's just one example: 35% of First American's cases are delivered the same day they are approved.

This is the future of our industry and we fully embrace it because of what it means to you and your clients.

And much more is on the way.

FAIU employees dish it up at The Jimmy Fund Scooper Bowl

FAIU employees volunteered at the recent 34th Annual Jimmy Fund Scooper Bowl event on Boston's City Hall Plaza. This all-you-can-eat ice cream event benefits cancer research and treatment at the Dana-Farber Cancer Institute and is part of FAIU's charitable commitment.



Shown here:

(left 1st row) Firoze Kohli, Tony O'Kussick & Jen Goodman (left 2nd row) Ada Paddock, Venera Tsonkova, Ashley Coukos & Eduardo Mayoral.

Why life insurance advisors don't go after Foreign National prospects Continued from page 1

federal estate and gift tax are allowed a \$13,000 tax credit that only protects the first \$60,000 of an estate from estate taxes.

- Resident Aliens: worldwide assets are subject to U.S. estate and gift tax. Also, they don't qualify for certain tax advantages of U.S. citizens, thus creating a need for estate planning. May also be subject to expatriation taxes when no longer U.S. residents.

3. How U.S. life insurance solves their problems

Buying life insurance in many foreign countries is expensive and uncertain, making U.S. life insurance appealing:

- Provides liquidity for paying U.S. estate tax, and enhances an estate plan, if necessary.

- Helps avoid selling assets, perhaps at a discount to meet estate tax obligations.
- A way to transfer additional funds to a non-citizen spouse.
- Lets Non-Resident Aliens own life insurance on their own without setting up a third-party trust or some other legal entity, and the death benefit will not be subject to U.S. estate tax.
- Life insurance-based estate plans can be modified to fit changing client needs.
- Tax-deferred cash value accumulation.

4. Finding prospects

- Where are they? Their business and real estate investments tend to be in and around major metropolitan areas.
- How do you find them? With research and patience. Start with your networking and contacts. Then, move to CPAs, attorneys, family offices, real estate organizations, chambers of commerce

and groups serving those from foreign countries, and business owners and executives.

5. Getting the job done

- Position yourself as the go-to advisor. Since you know the life insurance business, you're well on your way since Foreign Nationals' needs are similar to those of your current clients.
- Have proper technical support. Your task is prospecting, not backroom issues. With the right resource to answer questions, give sound advice, help getting medical records translated, and having relationships with life insurance carriers that write large cases on Foreign Nationals. In most cases, that's a BGA.

If you like working with large cases, get into the Foreign National market. Even though it's not easy, the rewards can be significant.

Sales ideas that make a difference

- 1 Clients can reduce their future COI's by documenting their healthy lifestyle and, therefore, pay less for their insurance in future years.
- 2 Guarantee Issue life insurance is available beginning at age 25, and applicants can get up to \$750,000 of accidental death in most states, with no medical questions.
- 3 There are at least three carriers that will now consider coverage on applicants that are HIV-positive.

MARK YOUR CALENDAR!

Fourth Annual Cross-selling Event

When: Wednesday, October 26, 2016

Time: 3:00 PM – 5:00 PM

Cocktails & hors d'oeuvres follow

Location: TPC Boston

Experts from the Annuities, DI & Long-Term Care fields will provide valuable information to use in growing your practice.

Stay tuned for more details!

BEAT THE COMPETITION

Creating the right client experience

Tony O'Kussick | Director of Operations

Even those who say they want life insurance don't get around to buying and point to one reason: "the dread factor." They picture the experience as time-consuming, drawn out, difficult, and worst of all, expensive. Most assume life insurance costs far more than it does.

In other words, good prospects are often turned away and lost because of mistaken and damaging perceptions. Don't let this happen. Wow them by providing an experience that's far better than what they expected.

Because we're well aware of this, we start by tracking the time it takes applications to go from submitted to receiving a final underwriting offer. While there can be mitigating circumstances, the major problem is applications with inaccurate and/or incomplete information.

Having to go back to a client for additional information or answers to new questions

disrupts the sales experience. It's embarrassing and can do unnecessary harm.

Happily, there's a way around this problem using the new electronic applications or drop ticket process. Since electronic apps reject paperwork that's not in good order, this is a way to make sure carriers start the underwriting quickly. Then, if an exam and/or APSs are needed, the carrier can avoid delays by seamlessly initiating these during a tele-interview.

Speaking of APSs, medical records can be a key factor in how fast an offer is obtained. Based on our underwriting knowledge and experience, we facilitate the process by determining if medical records will be required. If so, we go ahead and obtain the necessary records.

Clients are more sensitive to delays and interruptions than ever—and less forgiving. They expect the professionals they work with to get it right the first time.

And from an advisor's viewpoint, that means taking the steps that satisfy clients who then are pleased to talk positively and make referrals.