

The Advisor's Edge

Sales Strategies You Can Use



How to Succeed in the Foreign Nationals Marketplace

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The burgeoning Foreign Nationals life insurance market offers life insurance advisors unique opportunities and rewards. It's also underserved. The

barriers can appear daunting at first glance. Most advisors are totally unfamiliar with the market. They don't know what it takes to be successful if they were to get into it.

I felt this was five years ago. It was then that I ventured into working with Foreign National prospects. But I discovered this was the same as entering any other new market. Having a positive attitude makes it a lot easier. Here's a guide for getting into it.

Identify the prospects. Foreign Nationals are individuals born outside the US who compose three segments:

1. A US citizen, permanent resident or green card holder living outside the US up to 6 months a year.

2. A citizen of another country living in the US for more than six months a year without a permanent visa.
3. A citizen of another country living outside the US more than 12 weeks a year.

Understand the market.

1. Learn more about the demographics of the three market segments. Focus on profitable markets and workable methods for entry.
2. Understand why prospects benefit from life insurance coverage. This includes tax reasons for purchasing life insurance, wealth accumulation, transfer niches unique to each prospect, and the rules, laws, and regulations of a prospect's country pertaining to potential insurance purchases.
3. Get to know the insurance carriers that play in the Foreign Nationals marketplace, such as strengths and weaknesses of particular products, rules of engagement and underwriting criteria and restrictions.
4. Understand carrier participation; rules and methods allowed for engagement, particularly for Foreign Nationals who are residents of other countries.

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PRESIDENT'S MESSAGE

Selling Life Insurance Tools For Doing More Business in 2019

Ken Shapiro, *President*



Studies show that consumers are unclear about such basic life insurance issues as what it costs, who needs it, and how much they should have. With a situation

such as this, is it any wonder they aren't standing in line to buy it? Is it surprising that they don't want to talk about life insurance?

Fortunately, innovative and advisor-friendly life insurance tools are now available for engaging prospects and fulfilling their expectations:

• Fast and easy.

Dazzle prospects with fast, accurate offers on term life policies without a medical exam or a physician's statement if they are in good health and have good credit. You can make it happen with Accelerated Underwriting. Clients can have policies in their hands in 24- to 48-hours—sometimes the same day.

Don't confuse Accelerated Underwriting with "Guaranteed Issue" policies. Accelerated Underwriting is fully underwritten using algorithms. While there's no medical exam with guaranteed issue, policy limits are lower and premiums are higher.

There's no need to say, "I'll get back to you as soon as I can." Get them what they want at just the right moment—when they're interested and motivated to make the purchase.

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Cross-Selling Wrap-Up

Advisors recently gathered at Gillette Stadium for First American's 6th Annual Cross-Selling event to learn new Annuity, Long-Term Care, and Disability sales ideas.

Here is one sales idea:

By exchanging a current non-qualified annuity into a specialized annuity, you can potentially turn the existing gains into tax-free LTC benefits

For more information, contact our Annuity Wholesaler, Paul Heffernan at pheffernan@faiu.com.

Sales



THINK APPLICATIONS

- When a client has a life insurance need
- When I have people to see
- When I have something to present
- When I am actively seeking to make sales
- When I have someone cheering

• Do it now

You may know it as Drop-Ticket (an electronic platform called Express Complete). Use it for those prospects who are adamant about getting it done right now. If you can't take care of them, they'll find someone who will. When you say, "Let's do it right now," you'll not only get their attention, you'll land their business.

There's no need to meet with a prospect when using ExpressComplete. Since everything is done online, you can do it all from your office, using the app. Better yet, the entire process is paperless. You'll save even more time, since the carrier will arrange a phone interview with the client, and policies are approved quicker.

• More retirement money

Yes, Index Universal Life (IUL) is one of the most effective tools for helping consumers meet their financial goals. It continues to lead in life insurance sales—even after being on the market for nearly three decades. It's so popular that the IRS limits the amount that can be put into it, so it doesn't get too "hot."

While it has the benefits of Universal Life plans, it's the accumulation values that make it so appealing to consumers, which are tied to the S&P 500 Index. Although there's a company-set cap on the upside, there's also a company-set floor for safety in not so good times. In other words, clients participate in stock market gains and minimize risks.

On top of all this, IUL is a two-stage product offering significant flexibility during accumulation and distribution. It's particularly appealing to consumers since their invested funds grow tax-free. They also see their IUL plans as a living benefit since it can serve as way to supplement their retirement income.

• Don't use it—don't lose it

Life carriers were on the right track when they responded to rising nursing home costs with Long-Term Care insurance policies 30 years ago. "Who's going to take care of me?" and "Nursing home costs could wipe us out financially." These were the ever-present consumer concerns.

While the carriers had the right vision, the pricing design failed to meet buyer expectations. First, they fell victim to a lack of guarantees and ever-increasing

premiums. Second, prospects didn't buy into losing their investment if they didn't use the coverage. Over time, carriers abandoned standalone products.

With long-term care costs surging, calls for protection continued unabated, another example of pent-up consumer demand at work. This time the carriers responded with the right product: long-term care riders for both permanent life insurance products, as well as annuities.

Riders have erased the criticisms of both the "use it or lose it" and the rising premium complaints of the standalone long-term care policies. All or a portion of the coverage is available for long-term care services and whatever isn't used, if any, goes to the beneficiary. Or, if long-term care is not needed, the total coverage becomes the death benefit. The additional premium for the rider is guaranteed, overcoming the objection to standalone policies. Like IUL policies, riders are an example of life insurance for the living.

• There's business waiting for you

Some may recall that in the late 1990's regulators became concerned that some life insurance companies were under-reserved and, at least potentially, in financial jeopardy.

To help solve this problem, they adopted the Triple-X regulation that required higher reserves and, consequently, higher premiums. This set off a massive sales effort, particularly in 20-year guaranteed level term-life sales.

Now, many of those policies are reaching maturity and policyowners are facing large premium increases in the 21st year. Many are dropping the coverage, while others are writing checks. Because so many policies are out there, this is an opportunity for advisors to work with these policyowners and find solutions that fit their situation.

But even having the right tools is not enough to get us to the goal of doing more business in the year ahead. That takes the commitment to put our tools to work.





How to Succeed in the Foreign Nationals Marketplace

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5. Expand your practice model to include Foreign Nationals business. The key is always thinking Foreign Nationals. Somebody always knows somebody. The more you ask and the more you make inquiries, the better.

You may be working with another advisor, another professional, or a client with connections that can give you access to this marketplace. Ask your top clients for referrals. Some clients may be connected to a multicultural

community with Foreign Nationals. Someone you know will be familiar with the tax and estate issues facing them.

You may be surprised when leads come your way out of the blue. An advisor had gone to an acupuncturist for over 20 years and they became well acquainted, and knew he was working with clients in China. One day, while sticking needles in him, she said her husband's brother's son was a financial planner in Hong Kong and was looking to access U.S. life insurance products. A meeting with her husband followed on how it would work and how to move forward. The advisor tells the story frequently and adds, "You just don't know what can happen so keep asking."

You don't need to wait for leads to pop-up, however. Partnering with other professionals is a way to uncover prospects. Focus your efforts on three groups that are interacting with the people you are seeking as clients: immigration and tax attorneys, property and casualty insurance brokers, and real estate agents.

There is also the multi-cultural business community, along with associations and multi-national corporations in which various cultures and nationalities are represented.

Don't ignore colleges and universities. Foreign National students often pay a premium to attend these schools. The majority are from wealthy families that buy real estate and make other investments. Together, they represent opportunities for making connections that can become life insurance clients.

Needless to say, referrals are the best way to establish relationships. But, as every advisor knows, that takes time. There are other situations when forming partnerships are more efficient when it comes to penetrating a market. Foreign Nationals may be one of them.

By committing yourself to work in this extraordinary marketplace, you can become known as the "go-to" advisor for Foreign Nationals' life insurance business.

Positioning Indexed Universal Life

Tony O'Kussick, CLU
Director of Operations



As with any trend, there are reasons to back it up. IUL is the fastest growing individual life insurance product. LIMRA shows 2018 third quarter growth at 24%. In its simplest form, it is a universal life product supported by the cash value that is credited by the index it is tied to and the deposits the client funds it with. By far, the most common index is the S&P 500.

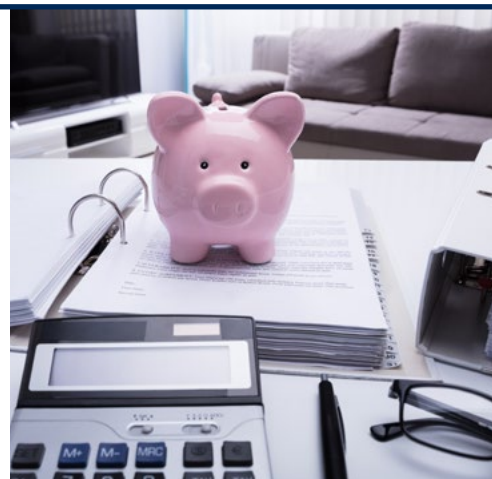
The other information that helps with the positioning idea I am about to share is that there is a cap and a floor associated with the product meant to share in the upside of the index and limit the downside in years the index has a negative return. So, based on this knowledge here is how to position this as a product to help when planning for retirement.

First, position this to be used for a portion of your retirement plan. The key is not all of the plan but a portion. IRA's, 401k's and other qualified plans

should certainly be considered for use as accumulation vehicles. They have the advantage of potentially being tax deductible when contributions are made, but there is a limit as to how much can be placed in them.

Second, both the qualified plan and the IUL grow tax-deferred. Therefore, the IUL is best utilized when the client has exhausted their tax-deductible contributions so is looking for other options to put away more money and receive tax favorable treatment. In this case, tax deferred growth and a method to take money out with no taxes.

Third, IUL's caps and floors benefits as product features. Your presentation is showing clients an actual history of the S&P 500 and have them pick a 20-year period to represent their retirement time frame. Point out the negative years and ask them which of their accounts they would draw from as a source of income. A brokerage or investment account that is down represents using money that is at a loss. If that account is qualified not only is it down, but they need to withdraw more to cover the taxes owed and to receive the same net income.

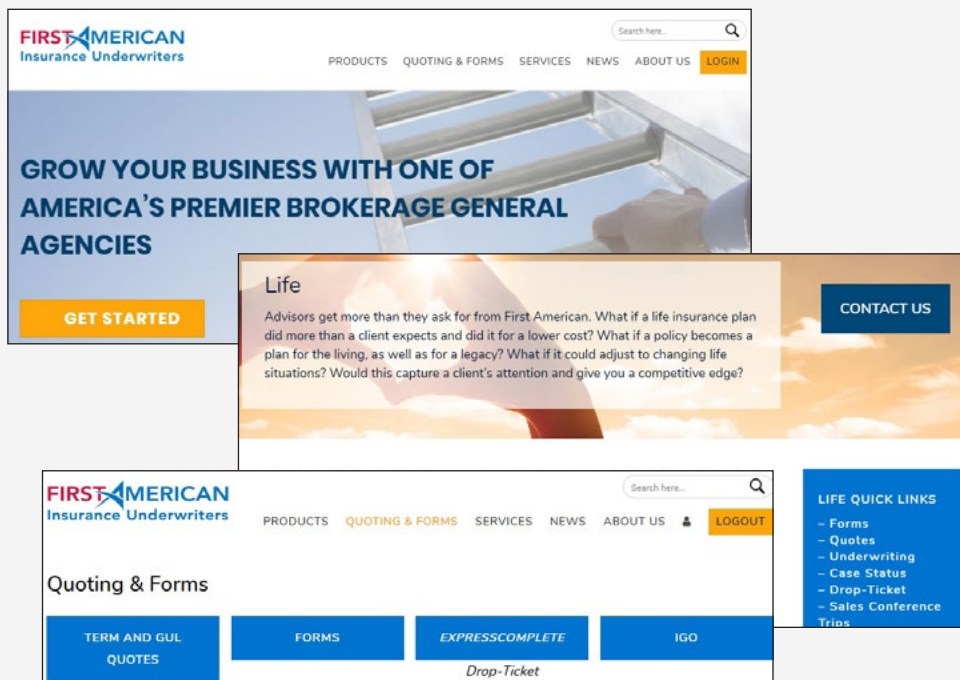


What if part of your income money source has a floor, even 0%, so there is no negative loss and you could withdraw that income tax-free while waiting for the market to turn positive and then have the "choice" to go back to their other sources? Years you don't use it provide the opportunity to participate in the upside of the index it is tied to.

This is the case for clients to put some of their money in an IUL product. From there, they can leverage the death benefit, tax-free transfer to beneficiaries and other benefits, such as riders tied to life insurance. It's this flexibility that has a strong appeal to clients. It gives them choices for exercising control over their financial situation.

Have you visited our redesigned website?

Aside from the fresh look and feel, our single sign-on feature gives you access to all the tools you need to help you in your practice. Check it out today and let us know your thoughts! www.faiu.com



Did you know that indexed universal life (IUL) is the fastest growing individual life insurance product?

- IUL premium increased 10% in the third quarter; 12% year to date
- IUL represented 24% of total individual life insurance premium on the first three quarters of 2018

Contact us to get all the tools you need to start your IUL sales!

According to 2018 3rd quarter LIMRA results