The Advisor's Edge

Sales Strategies You Can Use

Family Financial Planning

"Why didn't we keep it in the family?"

Tony O'Kussick, CLU
Director of Operations

The fate of a family asset

"It was a great beach house…been in our family for decades. It was where we all got together every August. Yeah, we had a love affair with that house—but now it's gone. All I know is it shouldn't have happened," said the 41-year-old father of three. *"All I can say is that my kids will be missing out on something special."*

The father went on to explain what happened. *"My parents were up in years and the house had become a burden they couldn't handle, what with the cost of upkeep and taxes. My siblings and I are spread out and we have our own financial obligations. As much as we loved the beach house, we couldn't take it on."*

What happened next decided the fate of the beach house. The elderly father took ill and required long-term care. The house had appreciated in value. So, reluctantly, the family agreed to sell it to cover the cost of his care.

As one advisor noted, *"It was the end of an era in the life of that family."* Then he added, "*The sad part is that it didn't need to happen."* It's a story that is repeated

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Why clients should plan for the loss of a business partner

Gregory A. Schwabe, FMLI
Brokerage Manager

Even though the likelihood of fire claim is only 0.48%, 99.8% of all small business owners have Fire Insurance coverage. But how many have insurance to protect their company from the premature death of an owner?

What are the odds a business could lose an owner due to death before age 65? A one-owner business for a male age 45 has a 7% chance of a premature death prior to age 65. With two 45 year-old males, the odds of a premature death increase to over 13%, and it would be over 20% with three similar age owners.

Should your business owner clients plan for the loss of a business partner? Odds are that they should.

PRESIDENT'S MESSAGE

Your clients need you more than ever

Ken Shapiro
President

In times of crisis, we think about protecting our loved ones. This is also when there is an uptick of interest in life insurance. It's happening now, but with a notable difference. This time an unseen enemy separates us from one another, including our clients.

Your clients need you now and here is a plan to help make a difference in their lives.

1. Isolation is the breeding ground for worry, particularly financial outcomes. You are well equipped to help them answer the questions on their minds. Don't underestimate your importance. It's immense. They want to talk with someone who knows their situation and who they can trust.

2. There is no better use of your time than making direct contact with your clients. Because having a conversation is the goal, personal telephone calls should be an advisor's #1 task. Let them know you're concerned about them. Inquire as to how they're doing, listen to their questions and concerns, and see if there is a need you could help with. Above all, listen carefully and be a friend.

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President's Message
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3. The Covid-19 crisis is changing client needs. It's no longer business as usual. Carefully laid plans, dreams, and priorities are up for grabs. Much is up for review with clients. Some may be ready to discuss exchanging a whole life policy for one with a long-term care living benefit, another may be open to an annuity's secure life-time income, particularly when these plans can be individually tailored. Careful listening uncovers needs.

Clients respond to security and flexibility

Make annuities a focus. Amid uncertainty, clients opt for annuity guarantees. Our annuity sales were up 32% last year because you were speaking to your clients about it.

Share the benefits of life plans with living benefits. These client-friendly policies have tremendous consumer appeal. It's exciting to hear the response from the advisors who are actively marketing them.

First American is ready. Our entire staff is prepared to support you professionally and technologically to deliver what you need for your clients without you leaving your office. To make it clear, here's our Three-Point Promise:

1. **100% online processing and delivery.**
2. **Accelerated underwriting that's on target.**
3. **"You need it now" service.**

I look forward to your comments and questions, I can be reached at 781.449.6800 or kshapiro@faiu.com.

Be well and stay healthy,

Ken

Overcoming Millennial Resistance to Disability Income Insurance

Derek Wakefield
LTC and DI Specialist

Millennials come up with all sorts of reasons for their lack of interest in Disability Income protection. Some just don't want to be bothered. Others say they can't afford it or will look at it later. A few will say, *"I'm all set. My employer provides it."*

Millennials can be tough prospects for all types of insurance, particularly Disability Income protection. Here's why: Millennials don't believe they are going to get sick.

To overcome this objection, try putting on a Millennial Hat for a moment and ask yourself, *"What do they care about most?"*

You might put their social life as their #1 priority. However, there's something else that tops it: Millennials are deeply concerned about their retirement, namely, their 401k accounts.

Remember, they lived through the Great Recession and saw what happened financially to families, their own and those of their friends. It's not surprising that many decided it wasn't going to happen to them, so they strive for financial independence. They get it.

To refresh your memory, here's a Millennial Prospect Profile:

- Ages 25 to 40
- Annual income $75,000 or more
- Have at least a bachelor's degree
- Work full-time in a professional field (Sales, IT, medical fields, etc.)

It's also helpful to know the key issues in working with Millennials:

- They look for guidance in how to become financially independent.
- They respond to tangibles. This is why they constantly check their 401k accounts. So, present Disability Income protection as a rock solid cornerstone of their retirement plan.
- Compare the cost of a Disability Income policy with the cost of their monthly phone bill, student loan payment or utility bills. They will see the value of this investment.
- Millennials are drawn to purchases offering value, that are also quick and easy. Most of the Disability Income process happens electronically, with only a few phone calls. No pain and no strain.

You might want to summarize your message to Millennial prospects this way: *"Because your income is your most important asset it, it's smart to start protecting it now."*

Oh, By the Way, Did You Know?

- That there is a carrier that will match trial or formal application offers from an approved list of more than 15 companies up to $2.5 Million through age 70?
- That if you have a case that was postponed, withdrawn, or incomplete (not declined), there is a 2nd chance program available that might consider these cases?
- That the average Social Security benefit was $1,461 per month in January 2019, a 2.8% increase or $17,532 a year. Recipients can expect 1.7% or $298 more in 2020. Enough to retire on?

Sales Idea
Have clients and prospects nearing retirement?

Ideal prospects: Those age 60-65 nearing retirement with an inforce Disability Income policy.

Sales concept: Is disability a major threat or primary concern of someone close to retiring? If they were to become disabled, they probably have short-term DI coverage. If it's a long-term DI policy, it may have a waiting period and then only pay a portion of their income, which could end at age 65. If so, it wouldn't have much of an impact on their future plans.

It may be better to stop paying the DI premium and apply the money towards protecting against a future long-term care need. After all, they probably could take an early retirement and if they became disabled and the disability lasted, it could fall under an LTC plan.

This would protect them throughout their retirement when there is a high probability of need, while shielding more of their income and assets. If a DI plan isn't used, it would probably end in the next few years when they retire.

Opportunity: Such a conversation is a door opener, particularly with the many current options available to cover LTC, that can help people really enjoy their retirement.

Want more information or assistance? Contact our Case Design Team at 781-449-6800.

Family Financial Planning **"Why didn't we keep it in the family?"**
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time-after-time today and one that, unfortunately, advisors hear all-too-often. If it isn't a second home, it's a farm, a boat, a business, or some other cherished family asset.

Making it work for the family

The advisor was correct, the sale of the beloved beach house didn't need to happen. A good solution would have been permanent life insurance with a Long-Term Care rider. Having the proceeds of a life insurance policy can help leverage current funds, thus opening the way for additional solutions, such as:

- Funds for compensating family members who are unable to benefit from the use of a family asset so others can inherit it.
- Money needed to pay future expenses on the asset.
- Funds from an LTC rider for parental care and property preservation.

In the case of family assets, it can assure parents of continued comfort, while knowing that they are providing many years of happiness and fond memories for the family.

Keep in mind this strategy is useful for more than just a vacation property. A farm, large hobby, large collection like auto, art, jewelry and of course small businesses are all possibilities.

With life insurance, no one will say, *"Why didn't we keep it in the family?"*

Underwriting Case Studies

Cholesterol

- 68-year-old female
- Very low Cholesterol at 112HDL at 28, very low BMI
- Maintains a low Cholesterol diet
- Exercises regularly and has stable weight with no recent weight loss, in good health
- Initially, there were a number of Standard offers, and mildly Rated offers
- Approved for $3.5 Million GUL
- Offered Preferred Non-Smoker
- Annual Premium $75,434

HIV Positive

- 58-year-old male
- HIV diagnosed 15 years ago, normal build, stress test normal, urine tests were OK, kidney functions were somewhat abnormal, with normal liver function tests
- Stable HIV tests for past 7 years
- Approved for $1 Million UL
- Offered Table 8
- Annual Premium $32,500

Various Impairments

- 58-year-old male
- History of moderately severe obstructive Sleep Apnea and CAD (Coronary Artery Disease) with no blockages, and no catheterization
- Various Skin Cancers and Mohs surgery. Multiple Orthopedic issues
- Approved for $15 Million Term
- Offered Standard Non-Smoker
- Annual Premium $31,885

? Questions for engaging prospective clients

Adele Revella, author of *Buyer Personas*, suggests asking eight questions that will help give you the information you need to engage prospective clients:

1. When did you first become aware that a solution for [retirement, long-term care, buy-sell, etc.] was needed?
2. Were there circumstances in your life or a situation that made you open to the idea of working with an advisor?
3. Once you decided to invest time considering working with an advisor, what outcome in your personal life (or business, etc.) did you desire to achieve?
4. Were there any hesitations in the process?
5. How did you solve those questions/ hesitations?
6. Did anyone influence your decision to work with an advisor?
7. Was there some type of due diligence or online research you did prior to working with an advisor?
8. Was there a side-by-side comparison with other product/ service or other advisors?

How to identify annuity clients

Jason Lang, Annuity Wholesaler

Since many advisors are not familiar with annuities, they may shy away from marketing them to prospects and clients. This is understandable since life insurance and annuities play two different roles in a client's financial portfolio.

Number one, it's important to recognize that current economic conditions need not be a consideration when discussing annuities. It makes no difference if the stock market is up or down or the times are good or bad, when it comes to annuities.

Second, the purpose of an initial annuity discussion is to find out the client's goals and objectives. Typically, the response will be 1 or 2 of the following:

1. Preserve principal from risk
2. Guaranteed income stream
3. Passing money on to others
4. Creating a personal pension
5. Avoid losing money

If a client/prospect can articulate any of these concerns, next comes selecting the type of annuity that meets the objective. Of the four types—Fixed, Immediate, Variable, and Indexed—one has a solid appeal currently.

Indexed annuities, like other indexed products, provide a guaranteed minimum return and possible upside growth. In exchange for this benefit, there may be a cap, spread, or participation rate.

Among the 200 or so Indexed annuity products, the top rated 5 or 6 come close to mirroring each other. As a result, selection becomes a matter of preference.

Unlike some other investments, there is no wrong time to purchase an annuity. When an annuity meets a client's objective, it's the right time.

Jason Lang is First American's in-house Annuity Wholesaler. For more information, contact him at 781-449-6800 or jlang@faiu.com.

Where life insurance sales are hiding

Advisors have long been aware of how 'life events' influence buying decisions — marriage, birth of a child, buying a home, a promotion, and retirement, among others. Now, research by Dr. Kathrine Milkman, a psychologist at The Wharton School, takes this a step further with what she calls the 'Fresh Start' effect.

Research indicates that we often act impulsively, then regret letting ourselves down, and vow to do better with a fresh start. As It turns out, some dates are more meaningful than others: first day of the month, week, or year; starting date of a new job; and a birthday, among others.

Here's the point: a high percentage of consumers say they want to buy life insurance but never get around to doing it. Since you now know about the 'Fresh Start' effect, suggest to the prospect that their upcoming birthday, wedding anniversary or other date is the time to do it. You might even say, "The first of the month is coming up, how about meeting then?"