

Comprehensive Review



August 2011

CPI HIGHLIGHTS

Check it out!! We have unveiled our new website! If you haven't visited us on-line yet, please take the time to do so. There are many new features the website has to offer. Such as, up-to-date product news; Vital Signs reports for all our carriers; a comprehensive annuity search engine and much more. Contact Anthony for access to the agent portal, and click to visit... www.cpicompanies.com

CPI Companies also put some extra effort into upgrading our annuity portfolio. As mentioned above, you can use the search engine on our website to obtain rates, company information, and more. If you prefer a personal touch, just give Anthony or Jim a call to get what you need for your annuity clients.



You Talked, We Listened!

We've heard you loud & clear! You no longer have to view your weekly case status through the Paperclip email. You can now log into our in-house data base, LifeWeb, to view live updates on your cases. LifeWeb is accessible from the "Life Brokerage" section of our website. Don't forget to get your user name and password from Anthony first.

Anthony Giannone
Account Manager

anthony@cpicompanies.com

800-732-8062

HEADLINER

New Carrier on Board!! With the continued shift of wealth outside of the US, we're seeing an increased demand for coverage on Foreign Nationals. In order to better serve that market, we have decided to add...

PAN AMERICAN LIFE

to our already solid stable of carriers. Founded in 1911, Pan-American Life's expertise is based on a deep knowledge and understanding of both the U.S. and Latin American markets. Our experience in dealing with them on cases involving South American residents has been muy bueno!

FEATURED PRODUCT

Opting for Laddered Term?

If you've been around this business for a while, you know that level term plans can often be "laddered" to address the different time horizons associated with the need for life insurance, particularly when dealing with buy/sell coverage.

Banner now offers 10, 15 and 20 year term riders on their **OPTerm** base plans:

- No rider policy fees
- Same bands/rates as **OPTerm**, based on individual rider face
- Consolidated billing
- Full commissions
- Multiple riders of shorter durations can be laddered
- Separately convertible while in-force
- Coverage and premiums drop after the rider expires
- Underwriting based on total face amount including riders

Kudos to Banner for a great idea!

BREAKING NEWS...

Goodbye Sun Life... Sun Life is no longer selling life insurance in the private sector. All contracts will be terminated after 9/30/11. Call Anthony for more details.

ING is asking for your patience

please... As you've probably heard, extreme snowmelt in North Dakota, Montana & Canada, combined with limited reservoir capacity and heavy rains, have resulted in severe flooding around the ING New Business Service Center in Minot, ND over the last couple of months. Although the Service Center campus is not currently in the flood zone, many ING employees have had to evacuate their homes. ING is continuing to process business as quickly as possible with a smaller staff. The associates able to make it into the home office are working additional hours so they can continue to meet the needs of our applicants.

Life Settlements: It's Back!

The secondary market is alive and looking to make deals. In addition to a straight out policy purchase, new programs exist for consumers seeking to retain some life insurance while eliminating premium payments. In some situations, policy owners can now receive cash settlements and retain a portion of the death benefit.

However, kindly do not call for premium financed cases. There's little interest for those policies; although, self financed policies are OK!

PRODUCT UPDATES

Product of the Month Reminder!!

Don't forget to look-out for the "Product of the Month" (POM) e-blast every month. The selected product will be announced prior to the beginning of every month. Simply submit a completed application during that month and CPI will increase your commission by 10%. August's POM is AXA/Equitable's – Athena Indexed UL. Check out the POM page for more details!



Met Life is at it again. Effective immediately, *Guaranteed Level Term* rates are **decreasing**. Be sure to ask for both old and new rates, so your clients can see the savings. Please click the [link](#) for more details.

Rates continue to decrease at **Prudential**. Products include the *Guaranteed UL Protector* ([click for more info](#)), and the *Term Elite & Term Essential* ([click for more info](#)).

Effective immediately, **Mutual of Omaha** has introduced their new 'Guaranteed Universal Life Portfolio'. GUL is a competitively priced, fully guaranteed UL, and GUL Plus is fully guaranteed and offers great cash accumulation. Be sure to quote this product on 1035 and large rollover scenarios. The 'Guaranteed Universal Life Portfolio' is approved in all states, except for AZ, CA, NV, NY & OR. Click [here](#) for more information!

John Hancock has officially introduced their 'Protection SUL' product. Survivorship cases will never be the same. This product offers extremely competitive pricing,

Continuation from last column...

guaranteed death benefit to life expectancy, and tremendous cash value accumulation. Make sure this product is quoted for all Survivorship cases!!! (Approved in all states, except NY).

Transamerica has unofficially announced that they are eliminating the Trendsetter Term products, and replacing them with *TransTerm*. *TransTerm* will offer lower premiums, and is built on a UL chassis, which allows for **conversion** rates to be known at issue!!! As always, Transamerica remains extremely competitive. Watch for our e-blasts, or check our website for an official announcement.

Effective immediately, **AVIVA Life** is re-pricing their entire *No Lapse Guarantee* product portfolio. Enhancements include more competitive pricing for \$1 million face amounts in most fully pay scenarios. Both the *Advantage Builder* and the *Guarantee UL Solution* products will be affected. Please click [here](#) for more info and state approvals.

*Don't hesitate to call
Jim Hoffman with any
product questions.*

COMMISSION ISSUES

It's a new day and age! Almost every carrier has gone paperless, and urging, if not requiring electronic payment of commissions to all brokers. To make sure you are paid on a timely basis, be sure to sign up for Electronic Funds Transfer (EFT) immediately, if you have not already done so. Contact Gayle Mergenthal for specific carrier requirements or commission questions, gayle@cpicompanies.com.

UNDERWRITING MATTERS!

NEWS FLASH!!!



All of the insurance carriers are trying to cut costs. In doing so, most have changed their requirements & fee reimbursement limits when ordering APSs. If your office orders your own APSs, please check with us first to make sure the APS is necessary and/or will be reimbursed. Or allow us to order APSs for you. We are extremely diligent on follow-up and know what to order and when.

I Second that Opinion...

Banner/William Penn policies now contain **FREE** & private access to MediGuide America. This new benefit offers the insured free access to a 2nd opinion when they are faced with a serious illness. The program is easy to utilize and offers a comprehensive review in just 10 days with no out of pocket costs or travel requirements. It is as simple as making a phone call to MediGuide, who will then walk the insured through the process. What a great benefit!!

MetLife has a new stance on U.S. Residents living part-time in Israel!!! They will consider offering a "Preferred Elite" class, if the client otherwise qualifies. Of course, clients traveling to the Gaza Strip and/or the West Bank will not be offered coverage.

A REMINDER!! Please have ALL clients sign our CPI HIPAA authorization, even when submitting a formal application. This keeps us compliant and allows us to obtain & discuss medical information seamlessly with underwriters and physicians.

More Underwriting Matters...

We love it when a case is placed!

However, before you pick up a check for the premium payment, please be aware of a few important items. If the policy is trust owned, the premium check must come from the trust account. If business owned, premiums must come from the business account. Because of "Anti-Money Laundering Regulations", carriers will not accept 3rd party checks, money orders, or bank checks. We have gotten a few exceptions in the past, but that is becoming increasingly more difficult to do. Thank you!

LICENSING & POLICY SERVICE

Banner & William Penn are going high-tech. Effective immediately, policy owners can make online premium payments by going to ... LGAMERICA.com. First time users must enroll on the LG America website, and need to know their policy number & SS#/Tax ID# to register. Once registered, users can make payments and request electronic reminders. Call Dana Keeler if you'd like more information.

West Coast Life is transitioning into Protective Life Insurance Company. For those who are already appointed with WCL, you will need to complete Protective contracting paperwork. No new WCL producer appointments will be accepted after September 1, 2011. New Business application on WCL paper will no longer be accepted after December 1, 2011 and all pending applications will be closed out by February 28, 2012. Please contact Kelly Lokken with questions or to obtain contracting paperwork.



CURT'S CORNER

As hard as it may be to believe these days, there are still people out there sitting on the least effective wealth transfer tools available—unneded retirement plans. When all is said and done, only 30-40% of the plan balance will end up with the family. The rest goes to the IRS.

The most simple and effective fix for these plans is to take distributions from the plan and gift them to a trust in order to fund a life insurance policy. Since the policy proceeds are tax-free at death, the net result is the ability to pass on the entire value of the plan.

While the majority of sales from this structure come from clients in their 70's, did you know that people in their 50's are viable prospects? The IRS permits early retirees to access their retirement funds prior to age 59 ½ without penalty as long as they take distributions under a plan of substantially equally periodic payments (rule 72t). Once started, these payments must continue for the longer of 5 years or their attainment of age 59 ½. Therefore, once a 72t distribution plan is started, these become mandatory distributions subject to the early withdrawal penalty if ceased.

EXAMPLE:

Harold, Age 56, and Wanda, Age 54, have a net worth of \$20 million. Included in that total is an IRA worth \$600,000. In 30 years, the value of the plan plus the required distributions would be \$1.9 million (assuming a 5% return). At death, the after-tax amount the family will end up with is only \$700,000.

Continued in next column...

Using rule 72t, they can immediately begin pulling \$33,000 out of the IRA. After paying income taxes, they can make an \$18,175 gift to a trust and purchase a \$2,225,000 survivorship policy with a lifetime guarantee. In 30 years, the value to the family at death would be \$2,382,624—more than 3 times more! The net-after tax return on the transaction is 4.70%, which is equivalent to a 7.84% pre-tax rate. Certainly not a bad addition to a client's investment portfolio!

Taking it a step further, the IRA assets can be transferred into an immediate annuity, with a joint and 100% survivor payment option. In so doing, we are able to fully guarantee the plan. What other asset class is there that can guarantee a 7.84% return?

The biggest objection we've gotten is: "What about liquidity if I decide I need the money a few years down the road?" Fortunately, there are products at our disposal that can get over that hurdle. The annuity that we use has a unique commutation feature that allows surrenders after 3 years (the value is approximately the deposit less payments received). The latest trend in life insurance policies is long-term guarantees with attractive cash value build-up. So should clients decide to cash out, they can.

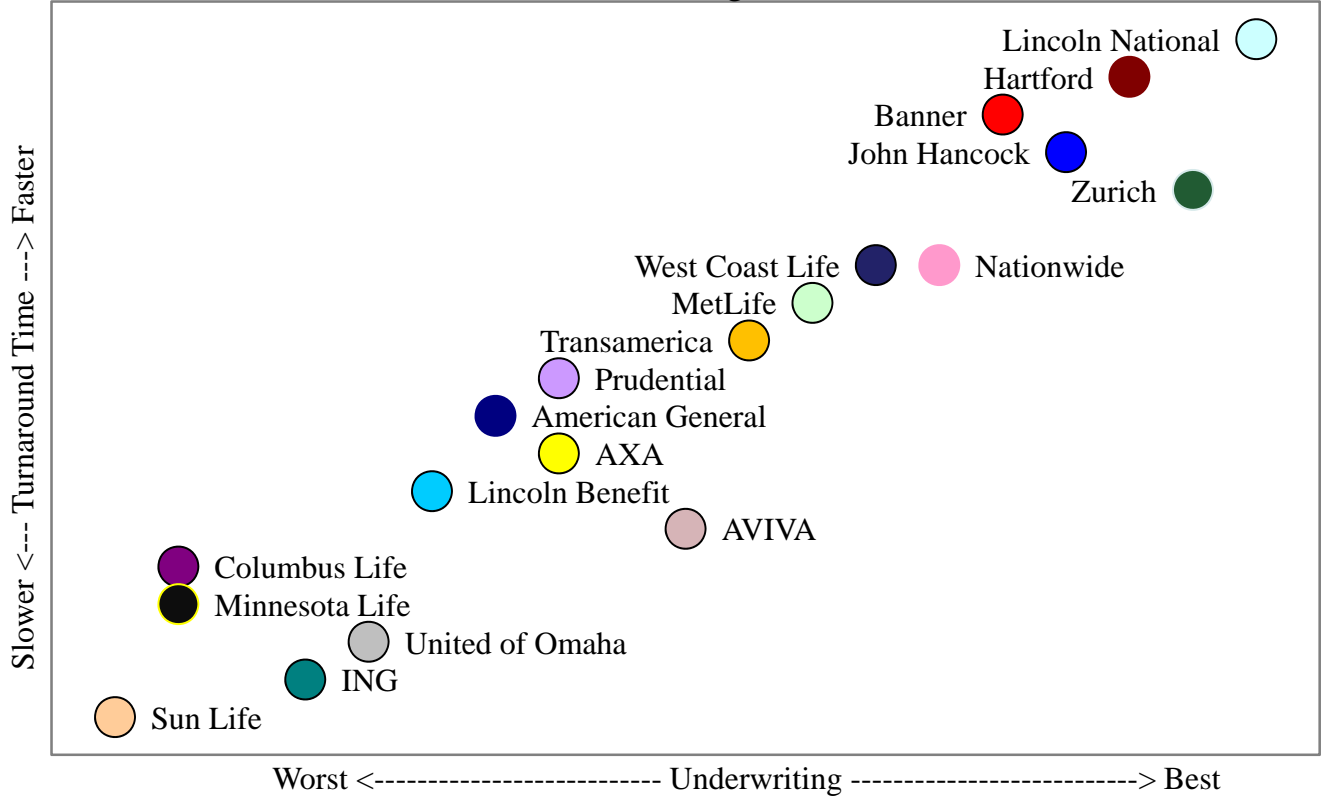
The Comprehensive Review offers our agents and brokers brief reminders, ideas and methods to help ensure that everyone receives the most efficient and professional services.

Contact us by phone at 800-732-8062. Comments, suggestions and contributions are always welcome! Visit our website www.cpicompanies.com.

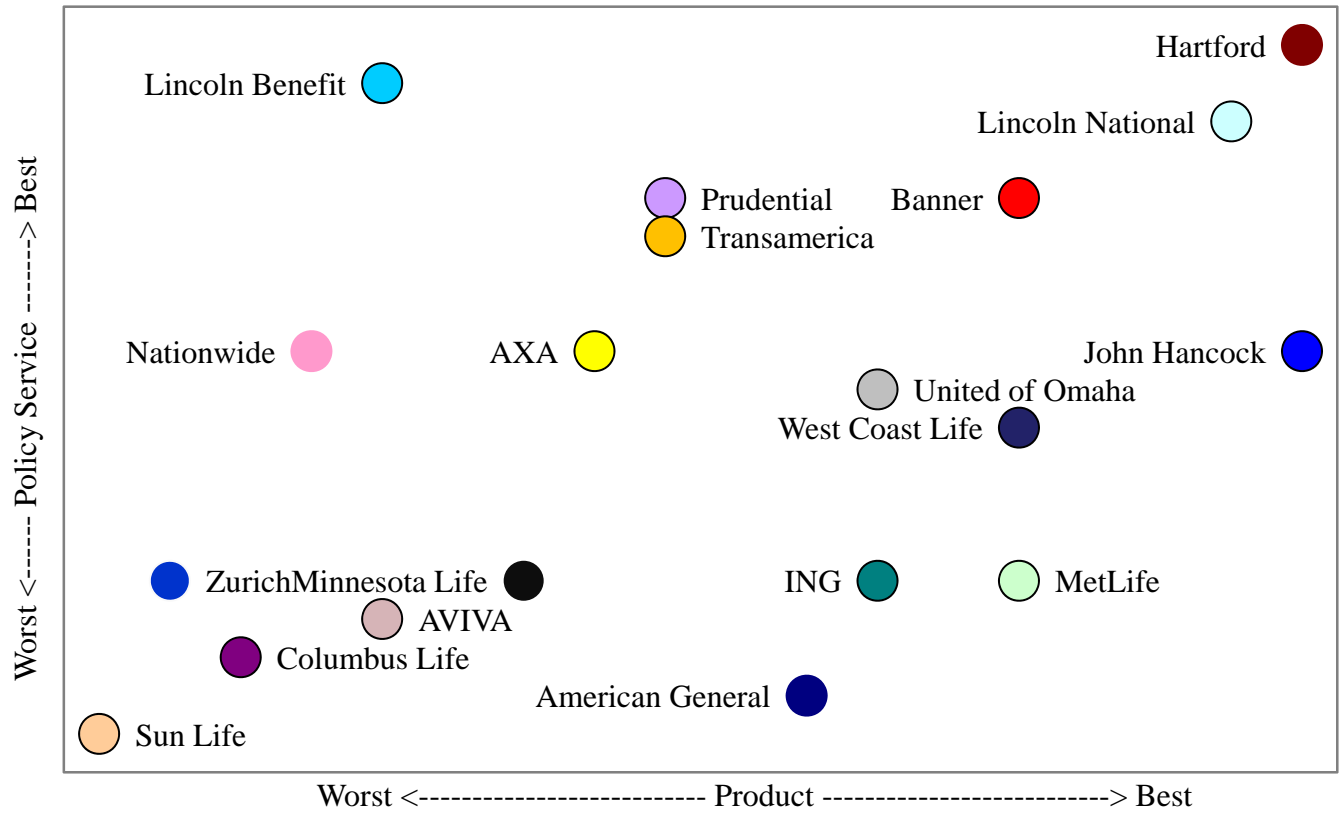
Survey Says...

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Underwriting



Products and Service



Please note: This survey is based on CPI's premier carriers, and based on the opinions of our entire brokerage team.

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