

# Sales MAKERS

**American General**  
Life Companies

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## The Math Hasn't Changed

As you may have noticed, industry rates for insurance coverage have been on the upswing recently, and in most cases, premiums for AG ROP Select-a-Term<sup>SM</sup> have increased. But it's important to remember that the math remains the same. With the new rates, clients write larger premium checks, but those who survive and maintain the policies will also receive larger endowment benefits at the end of the level term period. Their net cost is still zero, not taking into account the time value of money.

Even at higher prices, when offered the choice, many consumers will embrace the notion of getting money back if they survive to the end of the level term period. Let's revisit the viability of some tried-and-true sales applications for AG ROP Select-a-Term in light of the new pricing.

**Just Ask:** This approach doesn't change at all. Every time you quote term life with a level premium term from 20 to 35 years, always ask, "How would you like to pay less for your term insurance by paying more?" The response will typically invite you to explain how AG ROP Select-a-Term works. The math has not changed. Offer the choice and let the client decide.

**Mortgage Coverage:** With 17 level term durations, AG ROP Select-a-Term enables you to structure coverage to match the remaining mortgage term for most clients. If the client dies during the level term period, the mortgage is paid. Clients who survive to the end of the level term period get the equivalent of their base premiums paid in the form of an endowment benefit. Some clients may consider purchasing level term coverage a few years shorter than the mortgage, using the endowment benefit to pay off the mortgage early. AG ROP Select-a-Term should accommodate this concept because of the range of durations available.

**Term to Retirement:** Clients who buy AG ROP Select-a-Term to their retirement ages provide income replacement coverage for their families until they retire and no longer need the protection. Those who survive to retirement get all their base premiums back to help transition into retirement. It's forced savings that is guaranteed to be there if the policy is maintained, and it's now an even larger check.

**College protection:** Clients can buy AG ROP Select-a-Term to provide extra coverage on themselves until the youngest child finishes college and settles into a job, e.g. age 25. Clients who survive to the end of the level term period can use the endowment benefit to help pay off college loans. Just like with Term to Retirement, this forced savings is guaranteed to be there if the policy is maintained.

**Divorce:** When children are involved, most divorce decrees require that one or both parties maintain life insurance on themselves until the children reach a specified age. Most people cover this need with term life. Clients may be able to use AG ROP Select-a-Term to match the duration of the need more precisely and receive an endowment equal to receiving their base premiums back if they survive to the end of the level term period. For those who can afford to buy this type of coverage, the premiums paid are not a lost expense.

**Key Employee Coverage:** With 17 durations to choose from, AG ROP Select-a-Term enables a business owner to better match key employee coverage to the precise duration of the need., e.g. retirement age. If the employee survives to the end of the level term period, the employer can use the endowment benefit as cost recovery or elect to pay it to the employee as a bonus to reward long-time service. It's an idea that still works.

continued on next page



**Buy-Sell Agreements:** Many buy-sell arrangements are best funded with permanent coverage because the duration of the need is unknown. But if we know when an owner plans to retire, term can be a good fit, particularly when you can choose among many term durations. Using AG ROP Select-a-Term, if the owner survives to the end of the level term period, the endowment benefit provides some cash that can potentially be used as a down payment on the retirement buyout.

**Get Extra Premium Back at Death:** One objection some clients have to AG ROP Select-a-Term is that if they die during the level term period, their beneficiaries receive the same death benefit they would have received from AG Select-a-Term.<sup>SM</sup> The extra premium paid for the endowment benefit is lost. An easy solution is to increase the face amount by the projected endowment benefit, rounded to the next highest \$5,000. This way if the client dies prior to the endowment maturing, the beneficiaries receive a death benefit that includes the originally projected endowment benefit. The higher face amount does increase the premium slightly, but even that increase becomes part of the endowment benefit.

Even though AG ROP Select-a-Term premiums have increased, the basic concept and sales applications haven't really changed. It still makes sense as it had before if the client can afford the higher premium. The numbers have changed, but the concept remains the same.

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