



June 2018



Letter from the C.E.O.

Important Changes That Will be Effective This Month!

The insurance world is changing. Several carriers have revised the cost of insurance on large books of policies. Now, most of our term policies can't be converted to a more competitive permanent product.

1 - Effective June 29, 2018, Protective Life will change its conversion product to one that's equal to a rated contract based on 4 to 6 tables. This includes all carriers that Protective Life has purchased as well, which is more than 25 companies. On the plus side, Protective Life has never raised the cost of insurance on any of their companies or the one's that they manage. Prudential, Cincinnati Life, Columbus Life, Lafayette Life, New York Life, and a few others still allow conversion to the most competitive contracts being offered.

2 - On business insurance plans, Key man, Deferred Compensation, and any life insurance on company employees must comply with IRS Code Section 101(j), which applies to all contracts that are issued after August 17, 2006 (with very few exceptions). The Notice and Consent rule requires the following:

- Prior to the issuance of the contract, the employee is notified in writing that the applicable policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued.
- Provide written consent to being insured under the contract and that such coverage may continue after the insured terminates employment.
- Proceeds are payable upon the death of the employee.

See the attached [Notice-and-Consent application](#).

Consider the impact to your clients' current term policies, and call us today for more information about converting to a permanent policy. Thanks for your business, and Happy Summer!

Tom

Tom Archer
President
Elite Marketing
Direct: 713.507.1018
Fax: 713.507.1090
www.elitemktg.net

June 2018



- **Maximizing Tax-Free Retirement**

The Key to Maximizing Tax-Free Retirement Income by Using Equity Indexed Universal Life

Those of us who work in the industry know how to access life insurance policy cash values through withdrawals-to-basis and through low-cost, fixed-rate loans. But the introduction of Indexed Universal Life brought a new way to access cash values through the use of participating loans. The cash values will continue to earn the indexed interest that is listed in the policy, which causes them to increase in value over time. If you credit a policy at 6%, but the cost to borrow these funds is 4.5%, your policy will continue to earn 1.5% on them. Fixed rate loans don't include this option.

Case Study:

A 45-year-old male funds an IUL policy at \$50,000 a year for 20 years. And the initial death benefit is \$1.09 million, which increases over time. We'll also assume a 7% crediting rate to the policy. At age 65, he'll be able to take out \$15,000 every year until the age of 100. And if we take a snapshot of this case at age 90, the policy will have \$1.68 million in cash value and a death benefit of \$2 million. If we use participating loans at the same age and with the same \$150,000 distribution, we will see an extra cash value of \$4.6 million with a death benefit of \$5.2 million. That's a big difference. Call us today for an illustration of how participating loans can enhance your client's life insurance plan distribution. We will not only show you why and how it works, but we will also show you how to address some of the following concerns that most advisors have with this type of plan:

- The lurking tax time bomb that can occur if policy loans exceed its net cash values.
- How to use the overloan protection rider if it's needed to avoid an unfavorable tax situation.
- What to do if the loan costs exceed the long-term crediting rates.
- Whether you can switch between loan types once the plan is in force.
- How much income to take out of these plans.

Call us today so we can discuss your case. We'll go over all the details and help you select the distribution strategy that's right for your client.

Clay Lund

Director Financial Institutions
Insurance Designers of America /
Elite Marketing
Direct: 713.507.1016
Fax: 713.507.1090
Mobile: 281.798.5661
www.elitemktg.net

June 2018



- **Avoid the Most Common Mistakes Insurance Agents Make**

12 Life Insurance Mistakes That Agents Need to Know

Most people need to buy life insurance, but they often make serious and costly mistakes during the process. Agents need to be aware of the common errors that buyers make while they look for a life insurance policy. And with some education and awareness, you can help your clients to avoid them.

Twelve of the most common mistakes that buyers make when they purchase life insurance include:

- Lack of education
- Putting three people on single policy
- The business “unholy trinity”
- Not naming a successor owner
- Naming an estate as the beneficiary
- The policy becomes subject to estate tax
- Not meeting notice and consent requirements on an employer-owned contract
- Gifting a policy that’s subject to a loan
- Exchanging a policy that’s subject to a loan
- Pledging a modified endowment contract
- Taking policy withdrawals within the first fifteen years
- Not reviewing a policy

The ones that we have listed aren’t all the mistakes that people make when they purchase a life insurance policy. But hopefully, it can make both agents and buyers aware of some of the common problems. Protecting your family and place of business with life insurance is a matter that should be taken seriously. And if you don’t take certain details into careful consideration, you could do a disservice to you clients. The role of any competent advisor is to serve the client’s interests, so you don’t want to overlook any of these important details.

If you want more information about each of these twelve mistakes and how to avoid them, be sure to click on the following link.

[12 Life Insurance Mistakes That Agents Need to Know](#)

Carol Clover
Assistant Vice President,
Brokerage Services
Elite Marketing Group
Direct 713.507.1026
Fax 713.574.2787
www.elitemktg.net

June 2018



- **Making the Underwriting Process an Easier Process**

Are Your Policies Taking a Little too Long to Issue?

If your policies are taking too long to issue, then there are some things that you should keep in mind because it will make the underwriting go a little more smoothly. You want to make sure that you have all the current forms, and you can find most of the application packages on our website. You also need to make sure that you type or print the information in a legible manner.

You will need to add important information about the insured or owner, which includes:

- Date of birth.
- Social security number.
- Complete address.
- Place of birth and citizenship status.
- Driver's license information if it's available.

You will also need to include the following product information:

- Plan name.
- Death benefit amount.
- Riders (which should match the illustration).
- Quoted rate class.
- Payment mode.

Be sure to include a signed illustration if it's applicable, so let us know if you need one. If the applicant already has a life insurance policy in force or has been recently lapsed, you will need to include a replacement form even if you have no intention of replacing the coverage. And you will need to provide a reason for the replacement.

If you need to order an exam for the applicant, we'll be happy to do it for you. If you choose to order it yourself, just let us know that you've placed the order. And be sure to tell us the name of the vendor with which the order has been placed.

The last thing you will need is all the right signatures, and they have to be in the right places. These include:

- The insured's signature on all forms.
- The owner's signature (if applicable).
- The agent's signature on all forms.

All the signatures and dates need to be the same, so be sure to double-check.

Application submission:

Email: newbusiness@elitemktg.net

Fax: 713-574-2790, Attention: New Application Processing

If you have any questions on how to fill out any of the forms, be sure to give us a call. We would be happy to help you, and we look forward to your business!

June 2018



- **Learn to Recognize Phishing Scams**

What is Phishing?

Phishing is one of the easiest ways for criminals to steal your data, including your login credentials, banking information, and credit card numbers. It's usually carried out via email, but it has now spread to social media, messaging services, and apps.

In its basic form, phishing occurs when an attacker that's masquerading as a trusted entity fools a victim into opening an email, instant message, or text. And the recipient is tricked into clicking a malicious link or to reveal sensitive information that could include email addresses, user ID's, and passwords. It can even include various forms of financial data like credit card lenders or online banking sites. Sometimes, personal data like his or her date of birth, address, and social security number is taken. If an attack results in unauthorized purchases, the stealing of funds, or any kind of identity theft, it can have devastating effects – especially if they're tied to a corporation or government entity. A phishing attack on a business network can lead to the installation of malware or the freezing of the system as part of a ransomware attack, which can give this person a more immediate profit.

More complex phishing schemes involve hackers who use fake social media profiles and emails to build a rapport with the victim over the months or even years. And in these cases, specific victims are targeted for a certain type of data that they would hand over to someone they trusted. If you want to learn more about phishing emails, be sure to visit the National Cyber Security Alliance at staysafeonline.org