

Life Insurance

This Session:



Presenting and Closing a Life Sale

Goal:

To Present and Close the Sale of a Life Product

METHODS
Understand Risk
Build Wealth
Protect What Matters Most

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METHODS
Understand Risk
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Life Insurance

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METHODS
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Agenda

1. Why do you need life insurance?
2. How much insurance do you need?
3. What type is best for your present need?



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Why Do We Insure Our Valuable Assets?

Your Home?



Your Car?



Your Jewelry?



What is your **most valuable** asset?

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Your Greatest Asset

Your potential earnings by age 65

Annual Income	At Age 25	At Age 35	At Age 45
\$35,000	\$2,359,089	\$1,536,595	\$894,063
\$50,000	\$3,370,128	\$2,195,135	\$1,277,233
\$65,000	\$4,381,166	\$2,853,676	\$1,660,403
\$90,000	\$6,066,230	\$3,951,243	\$2,299,019
\$120,000	\$8,088,306	\$5,268,324	\$3,065,359
\$150,000	\$10,110,383	\$6,585,405	\$3,831,699

Based on your current annual income and assuming a 2.5% increase each year

METHODS
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It Protects...

The purchase of insurance protects the most valuable asset your family has **when YOU are at work.**



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It Protects...

Insurance can't replace you emotionally, but it can replace you financially **when INSURANCE is at work.**



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How Much Insurance Do You Need?

Replacement Value
 In general the amount of insurance you require will be based on the amount needed to replace your income.

Capital Needs
 Plus any cash your family requires such as a mortgage fund, emergency fund, child education fund, final expenses, etc.

For detailed calculations, please refer to the "Financial Needs Worksheet"

METHODS
 Understanding Life Insurance Matters Most
 Better Wealth Protection. What Matters Most.

Which Type is Best for You?

Understanding life insurance is easy.
 There are only 3 basic types:



1
Term Plan
(Rent)



2
Permanent Plan
(Lease)

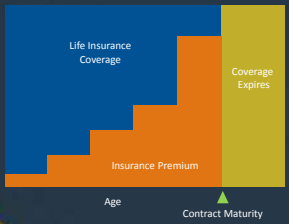


3
Permanent Plan
(Own)

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Which Type is Best for You?

Term Plan (Rent)



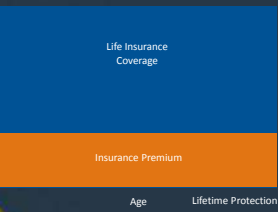
Plan Features:

- ▶ Low initial cost
- ▶ Pays out only if the insured dies
- ▶ Rates usually go up after the term
- ▶ Plan expires at certain age

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Which Type is Best for You?

Permanent Plan (Lease)



Plan Features:

- ▶ Level premium for lifetime
- ▶ Coverage never expires
- ▶ You control the policy; company can't change or terminate it

METHODS
Understand how
Build Wealth
Produce More Returns Faster

Which Type is Best for You?

Permanent Plan (Own)

Plan Features:

- ▶ Guaranteed 10, 15 or 20 pay
- ▶ Coverage never expires
- ▶ Cash values and loan values
- ▶ You control the policy; company can't change or terminate it.

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The Changing Need for Life Insurance

Life Insurance Solutions

The right life insurance solution for you depends on your immediate needs and long-term goals. Term life insurance and permanent life insurance are two very different kinds of protection that satisfy different needs.



What is Your Replacement Value?

When You Can't Work, **Your Money Needs To**
Life Needs

Value of People at Work

- 1. Working Spouse's Income: _____
- 2. Other Spouse's Income / Value of Working in the Home (see Chart): _____

What would be necessary to replace your income for your family?

	Income Requirement (People at Work)	Income Requirement (Money at Work)
YOU	_____	_____
SPOUSE	_____	_____

Capital to Replace Income

Name	Income Requirement	Anticipated Long-Term Interest Rate (%)	Capital Required	Subtract Life Insurance	Additional Life Insurance Needed
YOU	_____	_____	_____	_____	_____
SPOUSE	_____	_____	_____	_____	_____

What is Your Replacement Value?

When You Can't Work, **Your Money Needs To**

Combined Needs

Value of People at Work

	Client Name	Income
Your income (or/+ value of work in home)	_____	_____
Spouse income (or/+ value of work in home)	_____	_____

Capital to Replace Income

Life Needs - Capital to replacement 75% - 100% of gross income for life (includes payments for mortgage and other debt.)

Name	Income	Percentage (80%)	Rate of Return	Capital Required	Subtract	Total
YOU	_____	_____	_____	_____	_____	_____
SPOUSE	_____	_____	_____	_____	_____	_____

Critical illness Needs - Range is 1-5X income

Name	Income	Multiplier	Capital Required	Subtract	Total
YOU	_____	_____	_____	_____	_____
SPOUSE	_____	_____	_____	_____	_____

Disability Needs - Maximum % will decrease as income rises.

Name	Income	Percentage (Max. 70%)	Capital Required	Subtract	Total
YOU	_____	_____	_____	_____	_____
SPOUSE	_____	_____	_____	_____	_____

Your Signature: _____ Spouse Signature: _____ Date: _____

How Much Life Insurance Does My Family Need?

The answer to this question differs from one person to the next.

Consider the following:

- ▶ What would be the financial impact on your family if they lost 100% of your income?
- ▶ What would be the financial impact on your family if they lost 75% of your income?
- ▶ What would be the financial impact on your family if they lost 50% of your income?

Answering these questions will help you decide what percentage of your income you will need to provide your loved ones. In addition to this amount, you need to consider the rate-of-return you believe that your loved one's can earn on the invested death benefit.

The chart below will help you to decide how much life insurance to purchase:

First choose the amount of annual income you would like to provide annually in the left column of the chart.

Now, select the average rate of return from the top rows that you feel your loved ones can earn on the invested death benefit. From there, run your finger down the column to the desired income you selected to see the amount of life insurance that you should buy.

Replacement Income Table

Desired Annual Income to Replace	What Average Rate of Return Do You Feel Your Investments Will Earn?			
	4%	6%	8%	10%
	Below is the amount of Life Insurance needed to produce the income desired			
\$10,000	250,000	167,000	125,000	100,000
\$20,000	500,000	334,000	250,000	200,000
\$30,000	750,000	500,000	375,000	300,000
\$40,000	1,000,000	667,000	500,000	400,000
\$50,000	1,250,000	834,000	625,000	500,000
\$60,000	1,500,000	1,000,000	750,000	600,000
\$70,000	1,750,000	1,167,000	875,000	700,000
\$80,000	2,000,000	1,334,000	1,000,000	800,000
\$90,000	2,250,000	1,500,000	1,125,000	900,000
\$100,000	2,500,000	1,667,000	1,250,000	1,000,000

