

Now there is a Third Guarantee; Death, Taxes and ING LifeDesign *Guaranteed UL*

The three most common questions from fee-only advisors about permanent Life Insurance include:

- How can we extend the death benefit guarantee to age 100 on the Universal Life?
- If we give up some high early cash values, could the premiums be lower?
- Can we pay less and decrease the cash value accumulation in the older ages?

For those of you who have asked these questions, the answers are in the new low load ING LifeDesign Guaranteed Universal Life (LDGUL)* underwritten by ING Security Life of Denver Insurance Company. This product is appropriate for clients where guarantees are important. This might include the areas of Estate Planning, 1035 Exchanges, Wealth Transfer, Charitable Giving or Business Continuation. The advantages are the best features of term, whole life and

universal life combined into one policy.

It has the advantages of term which are low guaranteed premiums and guaranteed death benefits, without the disadvantages of term which are no premium flexibility, no cash values, tough underwriting to get the best rates and no term to 100.

It has the advantages of whole life which include premiums that can be guaranteed to age 100, a death benefit that can be guaranteed to age 100 and beyond, and either a level or increasing death benefit. But it doesn't include the disadvantages of whole life which are high annual premiums, premiums that force the policy to endow (cash values equal death benefit at age 100), no early cash values, and no flexibility of premiums or death benefit.

It has the advantages of a low load Universal Life with the features you're used to; flexible premiums, death benefit options, high immediate cash sur-



render values and lower premiums than whole life since the policy isn't forced to endow. In fact, the policy holder can select the length of time the death benefit is guaranteed up to the insured's age 100 and beyond.

Think of low load LDGUL as term-to-100, or choose the age to guarantee the coverage, but in a low load UL form.

This new approach to life insurance offers lower premiums with much longer guarantees. What policy holders give up over the accumulation low

CONTINUED ON P. 3

LTC for Small Business Owners – Benefits as good as they get

Do you advise small business owners? Perhaps these business owners are candidates for Long Term Care insurance. Or are you the owner of a financial planning practice looking for LTC coverage for yourself? There are several benefits of buying a tax-qualified Long Term Care policy as a small business owner. Here's how it works:

1. Purchase the LTC policy on your self (and spouse)
2. The company pays the premiums which are tax-deductible
3. No additional taxable income for the business owner

4. If an insured goes on claim, all benefits are tax-free

Additionally, you can attract, retain and reward employees with the same benefit:

1. Select the employees you want to offer the benefit (no restrictions)
2. Deduct company-paid premiums on the employees policy
3. Choose limited pay options so that the policy is paid up when they retire
4. Again, no taxable income for the employee and benefits paid are tax-free

5. Employees can use retirement funds for retirement, not LTC

And because these are stand-alone policies, if employees leave before retirement, they are locked into a policy at an earlier, healthier age, and can begin paying the premiums individually.

If you'd like to have more information on this plan or obtain a *Sample Votes and Minutes of the Board of Directors Authorizing the Establishment of a Long-Term Care Insurance Benefit Plan* document, please contact MarkMaurer@LLIS.com. ♦

CASE STUDY CORNER

Thanks, Dad, but No Thanks!

Kathleen Rehl of Rehl Financial Advisors in Land O'Lakes, FL, called when her client, Marie (age 53), brought in two small whole life policies. When her father died, Marie suddenly became the owner of these policies that had been purchased by her father in the 1960's on Marie's life. The discussion began with the age old question: What should clients do with their old baby policies? In this particular situation, the problem soon became more complex.

The father (who ironically had been an insurance agent) had taken out policy loans 30 years ago. At the same time,

he also stopped paying premiums and had selected a combination of automatic policy loans and dividends to pay the premiums due. Marie's windfall quickly became a tax liability. Because the policy loans had the interest capitalized into the loans and all the premiums due had been added on top of that, the policies were about ready to lapse.

Worse yet, Marie would be forced to pay income taxes on over \$10,000 of phantom income or she would be forced to start paying premiums and interest payments just to keep two small (total death benefit less than \$4,000) policies in force. Kathleen called to ask if there was a good way for Marie to get out of these policies without paying taxes.

Initially, the LLIS answer was, "No, these two little policies don't have enough cost basis to overcome the loans."

But we asked, "Does your client have any other permanent life insurance?"

In this case, Marie had two other small whole life policies with face amounts of \$31,000 and \$56,000. She was paying premiums of \$59 monthly (\$708 annually). Her fee-only advisor said she felt Marie's total need for insurance was \$100,000 of lifetime coverage.

We recommended applying for a new \$100,000 Low Load Universal Life policy and combining the cost basis, the cash values and the loans from all four little policies so they could be treated as if they were in one policy. The tax-free 1035 Exchange with a policy loan also rescues the policy loans in the transaction. By combining all four policies into one policy, we eliminated Marie's \$10,000 tax bill, increased her life insurance protection and eliminated her current premium payments.

Here are the numbers:

Policy	Net Death Benefit	Loan	Surrender Value	Taxable Gain	Cost Basis
Policy 1960	\$ 1,020	\$ 7,476	\$ 1,267	\$ 3,736	\$ 5,007
Policy 1968	\$ 2,080	\$ 6,500	\$ 970	\$ 6,650	\$ 820
Policy 1981	\$ 31,440	0	\$ 10,160	0	\$ 7,335
Policy 1983	\$ 56,500	0	\$ 7,765	0	\$ 7,508
TOTALS	\$ 91,040	\$13,976	\$ 20,162	\$ 10,386	\$ 20,670
2004 No Load UL	\$ 100,000	NA	\$ 20,162	NA	\$ 6,694

Trust Owned Life Insurance

When your clients are applying for life insurance and thinking about creating an Irrevocable Life Insurance Trust or a Testamentary Trust to be the policy owner, be sure to notify our New Business department or the policy Case Manager. Preliminary applications signed by the proposed insured can be in process during the time when your clients are working out the trust details, but a new application will be required once the trust

is completed, dated and signed. The signatures of the trustee as owner are required before the policy is issued.

If a policy is issued and *then* your client decides to set up a trust, the home offices can require new underwriting. In addition, advance notice saves time and effort for everyone involved in the process. If you have questions about underwriting for policies owned by trusts, please contact ClaudetteLansrud@LLIS.com. ♦



Looking for a NAPFA Study Group Speaker?

Low Load Insurance Services has speakers available for presentations on insurance matters for small study groups with discussion time. Our seminars are half-day programs that cover a variety of subjects, include case study examples and encourage questions. If your group would like to learn more about program availability or schedule a guest speaker for a future meeting, please contact JudithMaurer@LLIS.com. ♦

load product is some early cash value accumulation and most cash value at age 100.

This policy can work very well for clients who are risk adverse and who want long term guaranteed coverage. This policy can also work very well for "rescuing" some older whole life or universal life plans that now have reappearing premiums. From experience, this has been especially true for clients 55 and older. The most important features for you and your clients include:

- **Flexible Guaranteed Period:** Policy holder can select the length of time the death benefit is guaranteed up to the insured's age 100. (Requires minimum premiums to be paid to maintain positive Lapse Protection Value; see Product Guide for details.)
- **Flexible Funding:** Policy holder can select the number of years they want to pay premiums, includ-

ing any 1035 exchange money.

- **Catch-up Provision:** This feature allows the insured to pay less than the level premium required to keep lifetime coverage in-force, even skip a premium payment, and "catch up" later to keep lifetime coverage in effect.
- **Maturity Extension*:** If the insured is still alive at age 100, the full death benefit will be extended with no additional charge.
- **Low Premiums and Early Cash Values:** This Low Load product has **no surrender charges, immediate cash values and low cost.** Extending the guarantees to and past age 100 requires no cash values at age 100, providing guaranteed premium has been paid.
- **Three Death Benefit options:** The death benefit can be level face amount, face amount plus cash values, and death benefit

plus premiums paid—all on a guaranteed basis.

If your clients have old policies where premiums are returning or increasing, or have a need for a guaranteed death benefit and aren't interested in cash value growth, please call our office for a quote. Or use the website request form at www.LLIS.com. Type in LDGUL in the blank that says Years to Pay Premiums and the age that you'd like the death benefit guaranteed. For example, LDGUL-100. Your quote will be returned within 24 hours. Or call with your questions toll-free at (877) 254-4429. ♦

**ING Life Design GUL, policy form #1166 3/04 (varies by state and may not be available in every state), is issued by Security Life of Denver Insurance Company, a member of the ING family of companies.*

All guarantees are backed by the financial strength of the issuing company who is solely responsible for all obligations under its policies.

Curious about Height/Weight Ratios and the Effect on Term Rates?

In order to qualify for the very lowest term rates, your clients must be slim and trim. In fact, some companies have sex distinct weight limits and some companies simply group people by height only. For example:

A male, 5'10" can qualify for the best rates on sex distinct charts if his weight is less than 189-196. A female, 5'4" tall must weigh under 140 to 161 to get the lowest rates on sex distinct charts. The ranges vary with individual company build charts.

For companies where there is no differentiation for sex, the most a 5'10" person can weigh is 191-202. A 5'4" person can weigh under 157-162 and be considered for the lowest rates.

Companies do take so called yo-yo dieting into account and most ask questions about weight loss in the past 12 months. If a person indicates rapid weight loss, the under-

writer may look at a range of weights over the past few years in the review of medical records.

The weight recorded on the medical exam is the weight used, since most examiners bring a scale with them. To obtain a height/weight chart from any of our term companies, please contact ThereseWisniewski@LLIS.com. ♦

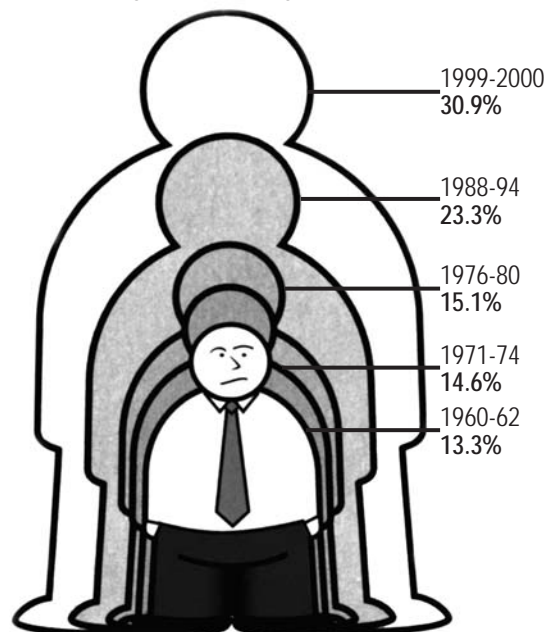
....and Speaking of Weight

A recent article in the National Underwriter dated May 10, 2004 states that "group disability insurers have increased their interest in rising obesity rates because obesity is more likely to lead to disability than to death." If group underwriters notice one obese employee in a group of 30 or 40 healthy, desirable employees, they will probably offer the employer group coverage. But, if several employees are obese, "they could turn the group down." ♦

PUTTING ON THE POUNDS

THE WORKFORCE'S EXPANDING WAISTLINE

Percentage of workers age 20 - 74 who are obese



Source: National Center for Health Statistics
Graphic courtesy of National Underwriter

For more information:



Toll Free 877.254.4429

Phone 813.902.0002

Fax 813.902.0007

www.lis.com

Judith R. Maurer, President
2907 W. Bay to Bay Blvd., Suite 103
Tampa, FL 33629-1706

*Registered Representative.
Securities offered through
Legend Equities Corp.
Member NASD/SIPC.*


**We're the advisor's
insurance advisor.**



Product List*

Low Load Universal Life

(Individual)

Ameritas Life

ING Security Life of Denver

Low Load Survivorship Universal Life

Ameritas Life

ING Security Life of Denver

(coming fall 2004)

Low Load Variable Universal Life

Ameritas Life

ING Security Life of Denver

Annuities

Deferred & Immediate Annuities
from Selected Carriers

Long Term Care Insurance

(Not Low Load)

GE Capital Assurance

John Hancock Life

UNUM

Disability Income Insurance

(Not Low Load)

Principal Financial Life

UNUMProvident Life

Standard Life

Term Life Insurance

(Not Low Load)

American General Life

Ameritas Life

Banner Life

Empire General

First Colony Life

John Hancock Life

North American Co. L&H

ING ReliaStar Life

NEW UL with No Lapse Guarantees:

American General Life

ING Security Life of Denver *(Low Load)*

John Hancock Life

Pacific Life

Principal Life

****Not all products approved in all states.***

FOR ADVISOR USE ONLY - NOT TO BE USED WITH THE PUBLIC

Newsletter Design: Beth Wetherington, dragonladyw@mindspring.com • E-mail inquiries, specify Graphic Design in the subject line.