REAL SALES IDEAS. *REAL* RESULTS.

Successful approaches YOUR peers are using to close sales!

WHAT'S OLD IS NEW

Here's an idea that isn't a new idea in the market, but a new and perhaps easier way to sell it to your producers and their clients. There are some firms and their producers who are very successful at generating significant sales with this approach.

We all know many or most of you have sold annuities to some of your producers/clients in the past and probably still do.

And we all know that annuities are sold to clients with retirement being the primary purpose in mind. They're typically sold to clients in their 30s, 40s, and 50s. Annuities are sold as an investment rather than an insurance product…although most clients don't realize that they are actually just another type of insurance product.

Annuities and life insurance have some similar attributes as we all know — tax deferred cash build up for example. However, the major difference between an annuity and a life insurance policy is that unlike annuities, life insurance has a tax free death benefit paid to heirs. Most clients are not aware of this significant difference.

Not to say annuities weren't sold to the client for the right reason at that point in their life — when saving for retirement was their primary concern.

However more than **85%** of all annuities sold will actually **NEVER** be used for the purpose they were intended. So those annuities will pass to heirs in the client's estate. It is imperative that the client is asked what they intend to use their annuity for, and if they say they plan to use it for **ANYTHING** other than income, then you probably have a potential new sale…

So here's how people are approaching this sale differently than you hear or maybe even present it yourself.

Let's take Mary…

Mary is 70 years young, she lives alone, is retired, and enjoys spending as much time as possible with her family. You may even know someone like Mary. Mary has many passions from cooking, golfing, and even plays a mean game of bridge. However, her real passion is spending time with Tommy 7, and Katie 5 — the "grandkids."

You've known Mary for years and actually sold her an annuity among other investments years ago. You are meeting with her and begin to review her assets and her goals and objectives. When asked what she intends to do with the annuity, she says she would prefer to pass it on to her heirs as she really doesn't need it at all. She says that it's nice to have if she wants to buy a house or a car with it but doesn't expect to use it.

So her annuity is currently worth $300,000. You ask her if she were to buy a house with it, would she get the full $300K cash? And the answer would be no — you explain to her the "net" amount would be around $230K (assuming a 100K cost basis and 35% tax bracket).

That's how much she would have to buy a house. But remember, Mary doesn't really need or want a house but does want to pass this to her grandchildren.

You tell her — "What if I can take that full $230K and put it into another insurance product (reminding her that an annuity is also an insurance product), and on Day 1 that it goes in, you can double or triple that amount (so about 450K-700K) **AND** that amount will be transferred to Tommy and Katie tax free. Would you do that for them? They would have significant funds to use for college or their own families, etc. Now you have to *qualify* for this new product which requires an exam, etc. but it is quick and easy, and I will help you. And for peace of mind there is still cash in this new policy IF you ever need to access it even though that is unlikely given your objectives." (If you want to take it a step further with the LTC rider then do so…)

This is a more simplistic and easy approach to this type of repositioning sale — all done in a few, short steps rather than multiple steps by liquidating the annuity and putting it into a SPIA or making withdrawals from the annuity. Sure that is how some are sold but it can be a more difficult sale to the client as it can become a longer process as well as explaining the SPIAs AND life insurance to the individual. There are many cases where clients receive the annual income from the SPIA and "forget" to pay the premium for the insurance or do something else with the money, which then depletes the original intention of the plan.

Here you can accomplish her objectives and "set it and forget it" in one step.

Think about it. If it were your parent's, wouldn't you consider this way as an option?

Okay, now how do you help your producers find the right clients that they should approach first? Ask them to write down a list of 10 clients who they have the BEST relationship within their book of business and 10 clients who need to review their annuities. Then look at both lists and cross reference clients who show up on BOTH lists — they are your first shot at this sales idea because you're choosing clients that you have a great relationship with but also clients who have money and may not need the income.

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Depending on the annuity and the basis in the annuity, surrendering the annuity could lead to adverse tax consequences. Consult you tax advisor.

The purchase of life insurance has costs and risks associated with it, including the cost of insurance. If the design of the life insurance policy does not meet the requirements of life insurance in the Internal Revenue Code, it will be classified as a modified endowment contract (MEC). Withdrawals and loans from a MEC may be subject to tax at the time the withdrawal or loan is made. A federal tax penalty may also apply if the withdrawal or loan is taken from a MEC prior to age 59 ½. Please consult your tax advisor.

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