

Foresters  
Financial

Learning  
Academy

Presents

# SMART Universal Life Fully Underwritten



For Producer Use Only  
414927B US (04/17)

# Agenda

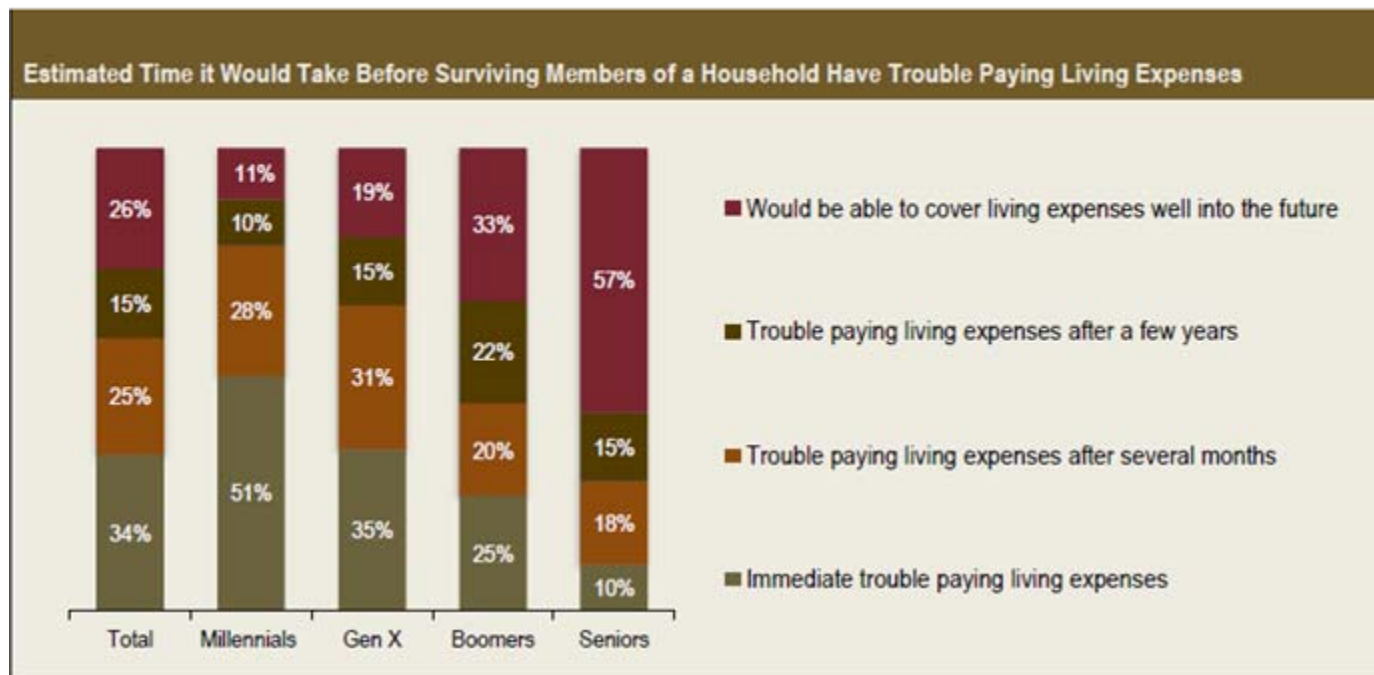
## SMART UL

- Opportunity
- Product highlights
- Sales strategies



## Where is the opportunity?

- Given the loss of primary wage earner
  - 1 in 3 households would have immediate trouble paying living expenses



Stats provided by 2016 Insurance Barometer Study completed by LIMRA.

# Fully Underwritten SMART UL

## Delivering a solution- SMART UL

- **Medical death benefit options**
  - **Issue age (age nearest birthday) & death benefit limits**
    - **Band # 1: (less than \$500,000)**

Ages	Minimum D.B.	Maximum D.B.
0-15	\$150,001	\$499,999
16-70	\$100,000	\$499,999
71-75	\$50,000	\$499,999
76-85	\$25,000	\$499,999

- **Band # 2: (over \$500,000)**
  - » Available for all issue ages
  - » Maximum: subject to underwriting approval  
(illustration maximum of \$10m; anything over subject to home office approval)

## Delivering a solution- SMART UL

- **Medical death benefit options**
  - **Death benefit options**
    - **Level death benefit**
    - **Increasing death benefit**
  
  - **Death benefit amount changes**
    - **Increases & decreases available**
      - » **After 1<sup>st</sup> certificate anniversary**
      - » **Subject to certain restrictions**
      - » **Requires evidence of insurability (increases)**

## Delivering a solution- SMART UL

### – Underwriting classes

- Non-Tobacco

- Preferred Plus Non-Tobacco
- Preferred Non-Tobacco
- Non-Tobacco Plus
- Non-Tobacco
- Juvenile (ages 0-15)

- Tobacco

- Tobacco Plus
- Tobacco

- Substandard medical ratings available

- For issue ages 71-85

- Preferred Plus, Preferred, Tobacco Plus, and Non-Tobacco Plus underwriting classes available only with a minimum face amount of \$100,000



## Delivering a solution- SMART UL

- **Definition of Life Insurance**
  - **Guideline premium test (GPT)**
    - Limits premiums paid relative to death benefit
  - **Cash value accumulation test (CVAT)**
    - Limits cash values relative to death benefit
  - **Why do insurance companies follow these guidelines?**
- **Modified Endowment Contract**
  - **What is a MEC?**
  - **What are the effects?**





## Delivering a solution- SMART UL

- Premiums
  - Payable to age 100
  - Premium flexibility
  - Minimum premium no-lapse guarantee
    - 10-year guaranteed protection subject to premium requirements

Premium Mode	Minimum Premium
Monthly PAC	\$25 (\$17 ages 0-15)
Quarterly	\$75 (\$51 ages 0-15)
Semi-Annual	\$150 (\$102 ages 0-15)
Annual	\$300 (\$204 ages 0-15)

- Interest Rates:
  - Guaranteed minimum rate: 3%
  - Current rate: 5.60%



## Delivering a solution- SMART UL

### – Expenses

- Surrender charge
  - Decreasing charge for 15 years
  - Death Benefit increases will receive a charge for 15-years on increased portion
- Premium expense charge
  - 6% of premiums for first 20-years
  - 0% years 21+
- Monthly administration charge of \$12 per month
- Face amount deduction
  - Charge in first 10 years based on face amount
  - Face amount increases will receive a charge for 10 years on increased portion
- Cost of insurance (COI)
  - Charge for the cost based on amount at risk
- Monthly rider deduction

## Delivering a solution- Smart UL

- Certificate loans:
  - Available if there is cash value
  - Maximum loan
    - Account value **minus**
      - » Surrender charges
      - » 3 months deduction
      - » Existing loan
  - Certificate used as collateral
  - Interest rate
    - 5%
    - Preferred loan: 3% after 7<sup>th</sup> certificate anniversary
    - Interest is charged daily on loan amount
  - Loan collateral
    - Credited at 3%
  - Certificate terminates if loan amount and accrued loan interest exceeds the account value



## Delivering a solution- SMART UL

– **Certificate withdrawals:**

- **Minimum: \$500**
  
- **Maximum withdrawal:**
  - **Account value minus**
    - » **Surrender charges**
    - » **3 months deduction**
    - » **Existing loan**
    - » **Change fee**
  
- **Available after 1<sup>st</sup> certificate anniversary**
  
- **Decreases the account value**
  
- **May be subject to surrender charge**
  
- **Decreases face amount on level death benefit**
  
- **Remaining face amount must meet minimum face amount requirements**

## Delivering a solution- SMART UL

- **Lapse of certificate**
  - Monthly anniversary if the cash value is less than monthly deduction
  - During the minimum premium payment period (10-year NLG) if requirements are not met
  
- **Grace period**
  - 61 days from due date of defaulted monthly deduction
  
- **Reinstatements**
  - Within 3 years of the date of lapse, subject to
    - Evidence of insurability
    - Premiums required to keep certificate in-force during grace period
    - Plus premiums to keep certificate from going into grace period for 3 months after reinstatement

## Delivering a solution- SMART UL

- **Change fee**
  - \$25 per transaction
    - Withdrawals
    - In-force illustrations in excess of 1 per year
    - Face amount decreases
    - Rider cancellations or decreases
    - Change in tobacco status.
  
- **Illustration**
  - Require for certificate issue
  - Require client signature on either
    - Illustration certification form
    - Signed illustration matching the product as applied for

Note: Foresters reserves the right to increase or decrease this fee in the future but will never exceed \$50

## Offering options for your client- SMART UL

### Riders available:

- Value added riders:  
(automatically included for no additional premium)
  - Accelerated Death Benefit Rider
  - Family Health Benefit Rider
  - Common Carrier Accidental Death Rider
  
- Optional riders:
  - Disability Income Rider (Accident only)
  - Waiver of Monthly Deductions Rider
  - Accidental Death Rider
  - Children's Term Rider
  - Guaranteed Purchase Option Rider



Foresters products and riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations and state variations.

## Sales strategies- SMART UL

- Estate maximization
- Retirement income
- Succession planning
- Buy/sell agreements
- Charitable remainder trust
- Spousal lifetime access trust
- Dynasty trust





# Disclaimer

- **This presentation cannot be used for the purpose of avoiding penalties that may be imposed on a taxpayer. Neither Foresters nor its Representatives engage in rendering legal, business, estate tax, accounting or tax advice. The information in this presentation is intended as a general overview. Please advise your clients to consult their individual tax or legal advisors regarding their specific situation. This report is not intended to provide advice regarding the sale or purchase of specific investments, financial or insurance products. Treasury Department Circular 230.**
- **All information is intended to be general in nature. All Foresters fraternal requirements need to be considered including the requirement that proceeds must benefit the Foresters member or the member's dependents.**
- **The information contained in this presentation is for information purposes only. There are other tools available to support your learning needs. You must ensure that you correctly represent, to a customer or prospect, the product features based on the actual wording of the applicable certificate and riders for your state.**

# Thank you!

Any questions?



Our Foresters Financial Sales Support team is only a call away, 866-466-7166, option 1 Monday-Friday 8:30-7p.m. ET.

If you're looking for a deeper dive on a particular module or additional training needs please let us know at [USLearning@foresters.com](mailto:USLearning@foresters.com)

Foresters Financial and Foresters are trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society, 789 Don Mills Road, Toronto, Canada M3C 1T9) and its subsidiaries.