

CARRIER NEWS

Premier Brokerage Services, Inc

Introducing Zurich Insurance Company LTD

Premier Brokerage Services is happy to introduce its newest carrier, Zurich Insurance Company LTD. Zurich's products include single life Fixed UL and Indexed UL, with a 2nd-to-Die product coming first quarter of 2012. Zurich offers retention up to \$20 million age 80, and is considered a strong underwriting carrier with specialty in the foreign national market.

Nationwide

Introducing YourLife Indexed UL

On November 7, Nationwide introduced YourLife Indexed UL, which is designed to provide death benefit protection, minimum guarantees, strong indexed-linked cash value accumulation, and flexible access for supplemental cash needs.

YourLife Indexed UL, which targets clients ages 35 to 55, provides flexible death benefit guarantees, with a 20-year base policy death benefit guarantee (reduced for issue ages 65 and above, plus the optional Extended Death Benefit Guarantee Rider. It provides for cash accumulation and distribution for target clients, performs well for long-term cash value accumulation and distributions, and competes well in protection-oriented premium solves. YourLife Indexed UL also offers two-year rolling target premiums with a one-year chargeback. The product's indexed interest strategy is a multi-index blend.

Among the rate classes available for YourLife IUL, which include preferred and standard tobacco, and preferred plus, preferred and standard nontobacco, guaranteed issue and simplified issue are available for corporate-owned and corporate-sponsored arrangements. Current premium charges are 6 percent, which guaranteed premium charges at 10 percent.

Other available riders on YourLife Indexed UL include the indemnity-style Long-term Care rider, Overloan Lapse Protection rider, Children's Insurance rider, Accelerated Death Benefit rider, Accidental Death Benefit Rider, and Spouse Insurance rider.

Nationwide's new Indexed UL product has a current participation rate of 140 percent, which will be applied before the 12 percent cap rate.

Lincoln Benefit Life

True Term Rates Reduced

Effective November 21, Lincoln Benefit Life will reduce rates for its True Term product. The rates will see a reduction in select cells up to 20 percent in the range of 5 to 15 percent. While not all rates will change, there will be no rate increases.

True Term rates will be reduced for 10-, 15-, & 20-year guarantee periods, \$1 - \$4.9 million band, and ages 45-65, Standard Select & Standard Non-Tobacco customers (for select ages, preferred rates will also be reduced).

Policies issued on or after November 21 will automatically receive the new rates. Policies that want to receive the new rates cannot be backdated prior to November 21 to save age. Policies with application dates on or after October 21 and issued prior to November 21 may have their policy reissued to receive the new rates without additional underwriting. Policies issued before November 21 with an application dated prior to October 21 must follow LBL's regular replacement rules in order to receive the new rates.

Banner

Term Rates Decreased

Banner reduced its term rates, effective for all policies issued November 1 and later.

These changes apply to base plan and riders, with selective decreases across selected rating classes. There are no increases, nor change in compensation.

The new rates will apply to all applications received at the respective home office on or after November 1. Policies recently issued can be considered for reissue with the new rates provided the free look period has not expired. ■



SAVE THE DATE



Premier Brokerage

Holiday Party

TUESDAY • DECEMBER 6, 2011

4:30 PM - 8:30 PM

HILTON PHILADELPHIA CITY AVENUE

4200 City Avenue • Philadelphia, PA 19131



Looking for the right annuity for your client?
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NOVEMBER 2011						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4	5

Company	Product Name	A.M. Best	S&P	1st Year Rate	Rate Thereafter	Average Annual	Guar Period	
Genworth	SecureLiving Liberty	A+	AA-	4.05% (11)	1.55% yr. 1	1.96% (11)	1	
American National	Palladium	PRODUCT TEMPORARILY WITHDRAWN						
Genworth	SecureLiving Liberty	A+	AA-	2.75%	1.55% (yrs. 2-3)	2.15% (11)	3	
American National	Palladium	PRODUCT TEMPORARILY WITHDRAWN						
American National	Palladium	A+	AA	2.00% (2)	1.00% yrs. 2-5 (2.75)	1.20%	5	
Genworth	SecureLiving Liberty	A+	AA-	2.35% (11)	1.55% (yrs. 2-5)	2.22% (11)	5	
Protective	Sure Advantage	A+	AA	2.31% (1)	1.30% yrs 2-5	1.50%	5	
American General	HorizonMYG	A++	AA+	5.35%	1.35% yrs. 2-6	2.02%	6	
American National	Palladium	A+	AA	1.70% (2)	1.70% yrs. 2-6 (2)	1.70%	6	
Protective	Sure Advantage	A+	AA	2.57% (1)	1.55% yrs. 2-6	1.72%	6	
American National	Palladium	A+	AA	2.85% (2)	2.85% yrs. 2-7 (2)	2.85%	7	
Protective	Sure Advantage	A+	AA	2.87% (1)	1.85% yrs. 2-7	1.99%	7	
American National	Palladium	A+	AA	2.55%	2.55% yrs. 2-8 (2)	2.55%	8	
Protective	Sure Advantage	A+	AA	3.07% (1)	2.05% yrs. 2-8	2.18%	8	
American National	Palladium	A+	AA	4.20% (2)	2.20% yrs. 2-8 (2)	2.42%	9	
Protective	Sure Advantage	A+	AA	3.22% (1)	2.20% yrs. 2-9	2.31%	9	
American National	Palladium	A+	AA	3.45% (2)	2.45% yrs. 2-10 (2)	2.55%	10	
Protective	Sure Advantage	A+	AA	3.37% (1)	2.35% yrs. 2-10	2.45%	10	

For agent use only - Rates, product specs and commissions are subject to change without notice - Call for current rates and state availability.

- (1) Includes bonus 100K+. (2) .10% add'l rate over 100K not included (3) Includes 2% Bonus for deposits 100K+. (4) Includes 3% Bonus for deposits 100K+.
- (5) Includes 4% Bonus for deposits over 100K. (6) .25% lower in UT, VT, WA. (7) 2% less comp in MN, PA, OR, WA. (8) .25 basis points less comp in IN, MD
- (9) Includes 1% first year bonus over 75K (10) Less at older ages (11) Rates for contracts 100K-249,999. Bailout Feature available. Average annual rate calculated using a base rate. - Call for more details

***3.00% in CT & OR**

Effective 11/9/2011

These are the current rates as of the last day of the previous month

ADVANCED SALES

Sales Strategy

Supplemental Executive Retirement Plans (SERP)

By John Hancock

RETAIN, REWARD, AND RECRUIT

For many highly compensated executives, savings in qualified retirement plans will not be sufficient, due to qualified plan contribution and income limits. A Supplemental Executive Retirement Plan (SERP) can be a great benefit to offer highly compensated employees, because it can help alleviate worries that an employee may have about retirement income shortfalls. A SERP can be used to fill in the gap between the retirement income that highly compensated employees are eligible to save in qualified plans and the amount of retirement income that the employee needs to receive to maintain a certain standard of living in his or her post-retirement years.

Since a SERP is a non-qualified deferred compensation plan, the employer has flexibility in selecting the employees and the amount of benefits that it wants to provide for each employee. This flexibility differentiates the SERP from qualified plans. Qualified plans require participation by all “rank and file” employees and have a number of limitations, such as the amount that the employee may contribute, and the amount of total compensation that can be used to calculate retirement benefits. A SERP is desirable for many top executives because the benefits are not taxed until the employee receives the income. Moreover, SERPs can offer survivor benefits in the event of an early death.

WHAT IS A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)?

A SERP is an employer-sponsored, non-qualified de-



ferred compensation plan. It allows employers to provide key, highly compensated employees with additional retirement benefits beyond those provided by qualified plans, such as a 401(k) plan. A SERP is financed with employer contributions only and is typically offered in addition to a qualified plan as a way to retain, reward, and recruit talented employees. The employee does not contribute to the plan. A SERP can also provide a survivor benefit payable to the employee's spouse upon the death of the employee.

HOW DOES IT WORK?

The employer and employee enter into an agreement that states that the employer will provide the employee with a certain amount of money at retirement. In most instances, a survivor benefit is included in the

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ADVANCED SALES | *BATL Plan*

plan design. This benefit will be paid to the employee's spouse if the employee dies before retirement. A SERP may be financed in several different ways. One of the best ways is to informally fund it with a life insurance policy. A variable life insurance policy with a potential for high cash value accumulation can be a good choice for funding a SERP. The employer purchases a life insurance policy on the life of the executive and is the owner and beneficiary of the policy. The employee does not pay any costs associated with the policy.

Upon retirement, the employee will receive the deferred compensation benefit from the employer. This benefit payment may be in either a lump sum or in a series of installments. The employer will use the policy cash value to recover its cost of the benefits. The employee will pay ordinary income taxes on the benefits received, and the employer may take an income tax deduction on the benefits. The plan terminates upon the death of the executive and the employer then receives the death benefit of the life insurance policy. The policy death benefit is used to recover the employer's cost of implementing the plan.

BENEFITS

- **Flexibility for Employers.** Employers can select which employees will participate in a SERP and how much they will contribute to the plan.
- **Supplemental Income for Key Employees.** A SERP can be used to supplement qualified plan savings with additional retirement income for highly compensated executives.
- **Tax-Deferred Growth.** If a SERP is informally funded with life insurance, the policy cash value will grow tax deferred.
- **Tax Deduction for Employer.** When benefits are paid to the employee, the employee will recognize taxable income and the employer should receive an income tax deduction. The employer should receive the policy death benefit free of income tax.
- **Wide Range of Investment Options.** John Hancock's variable life insurance policies such as Accumulation VUL offer a diversified array of separate account options that covers nearly every major asset class and investment style, managed by some of the nation's leading asset managers.

CONSIDERATIONS

- **Full Taxation of Benefits.** Once an employee has "constructive receipt" of deferred compensation benefits, the entire benefit may be included in his/her taxable income.
- **Informal Funding and Creditors Claims.** To avoid the majority of ERISA requirements, SERPs should not be for-

mally funded (i.e., plan assets should remain part of the general assets of the employer and may be subject to the claims of corporate creditors.)

- **Must Meet 409A and COLI Best Practices Requirements.** SERPs will need to comply with Sections 409A and 101(j) of the tax code.
- **Avoid Creating a MEC.** Policies classified as MECs may be subject to tax when a loan or withdrawal is made.
- **A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.** Therefore, life insurance purchased for a SERP should not be structured as a MEC.
- **Policy Charges.** Variable life insurance policies have charges associated with them, including withdrawal charges, cost of insurance charges, and investment management charges. Your clients should consult the prospectus of the specific variable life insurance product offered for a detailed explanation of all charges and fees.
- **Death Benefit Reduction.** Withdrawals and loans can reduce the policy death benefit and cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause the loss of the death benefit and potential adverse income tax consequences.
- **Cash Value Not Guaranteed.** Cash values are not guaranteed if the client is invested in the investment accounts.
- **There are risks associated with each investment option, and the policy may lose value.**

INFORMALLY FUNDING A SERP WITH LIFE INSURANCE

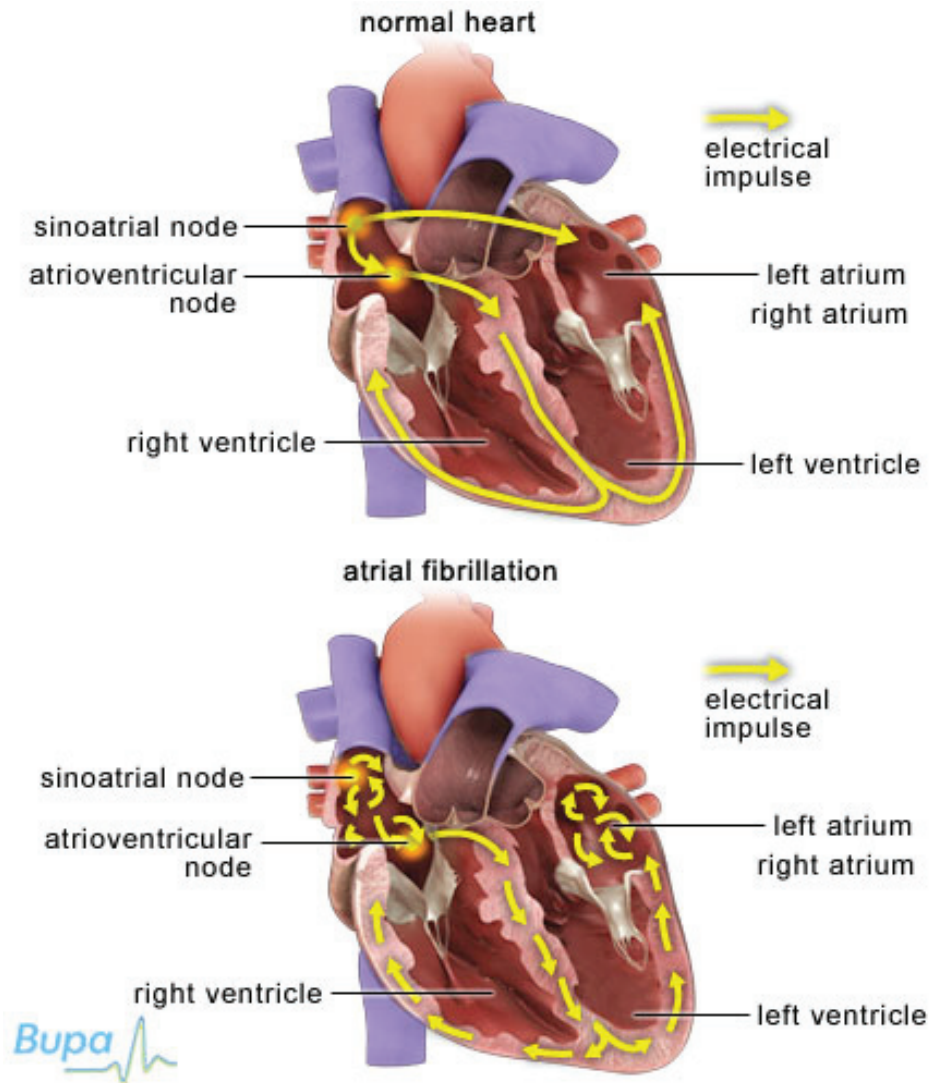
A SERP may be funded a number of different ways. It may be financed with mutual funds or marketable securities, or funded only from the employer's balance sheet. However, by paying from the company's existing assets, the company may be strapped for cash if a number of employees retire at the same time. When a SERP is financed with mutual funds or securities, the employer has to pay tax on the income earned each year. However, when an employer elects to informally fund a plan with life insurance, they receive all the tax benefits of a life insurance policy. The potential cash value grows tax deferred; thus more of the cash value will be available to recover cost. The employer is able to take loans and withdrawals from the policy on a tax-deferred basis and the employer receives the death benefit free from any income taxes.

UNDERWRITING CORNER

Rx for Success...

Atrial Fibrillation

By Prudential



Atrial fibrillation/flutter (AF) is an arrhythmia which produces a characteristic irregularly irregular pulse. It may be paroxysmal (intermittent) or chronic (permanent).

Causes of AF include: mitral valve disease, coronary heart disease, cardiomyopathy, hyperthyroidism, fever, and alcoholism. The presence of atrial fibrillation/flutter often signifies an underlying heart disease, but not always. Studies have shown that chronic AF, even without other significant heart disease, carries an increased mortality risk. Clients with chronic AF are at

a higher risk of developing blood clots which may lead to a stroke. When AF is found, medications or electrical stimulation are used to try to convert the heart rhythm back to normal (i.e. cardioversion). If successful, often the client will be continued on some medication to keep the rhythm normal. Multiple recurrences of AF increases the likelihood of developing chronic AF. If cardioversion is unsuccessful and chronic AF develops, medication is used to control the heart rate, but it remains irregular. Often, the client will also be on a blood thinner to decrease the risk of stroke. ■

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