



# TOWER FINANCIAL PLANNING

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## Tower's Headlines

**Premium Financing....Page 1, Column 2**

**New Term Product... Page 1, Column 1**

**Underwriting Updates...Page 1, Column 2**

**Processing Info...Page 2, Column 1**

**Year End Tax Planning... Column 2**

**A/R success..Page 2, Column 2**

**2nd Quarter Table Shaving Grid...Pgs 3-4**

**Meet the Staff... Page 2, column 2**

**The Scope of Tower...Page 2, Column 2**

**Group Insurance- Page 6**

## HOT NEW TERM PRODUCT

Your client may be paying too much for his or her term policy. We have a new term policy that allows the advisor to choose the guarantee period. Anywhere between 12 and 30 years is available. This opens up a giant opportunity to save clients money by replacing existing term policies. Term policies have been hard to replace in the past. This is because premiums on term policies increase significantly over time as clients get older. The only way policies can generally be replaced is by obtaining a better health class than originally issued. Tower is always willing to work with our advisors to shop for the best rates, but now we have a new tool on our side. This tool being a product that allows us to offer a policy priced accordingly to the amount of years the client needs. This allows them to pay for only what they need. Please give Adam De Marco a call to see if your client is paying too much.

Also check us out on the web at:

**WWW.TOWERFP.COM**

## Financed 162 Bonus Plans: A Non-Qualified Alternative to 401K plans

Tower is always on the lookout for unique and groundbreaking programs that allow our advisors to present original concepts to their clients. Our spotlight this quarter is on a program that allows for the same benefits of a 162 bonus plan, but through use of a third party lender, the client's income tax liability can be borrowed and placed into the policy. This has been used as a low cost alternative to the "double bonus" plans that have been used in the past.

Since section 162 plans are fully deductible, our advisors have used this as an alternative to safe harbor 401K plans, as well as profit sharing plans. The advantage being that since 162 plans are non-qualified, they are not limited by the maximums of the aforementioned qualified plans. Over time the costs of this plan will be significantly less than the cost associated with putting the same amount of money away in a safe harbor 401K plan. The owners will also ensure that they will not be spending their contribution dollars towards non-highly compensated employees.

What makes this version of the 162 plan unique is that by utilizing the third party lender the client will reap the benefits of the entire contribution being able to work for them gaining interest over the life of the policy. The employer can also use the fact that there is an outstanding loan against the policy to their advantage. The loan will ultimately have to be paid off and the employer could agree to pay it off on behalf of the client using the loan as golden handcuffs to retain the key employee. The products used are equity indexed based, and the loan is issued using simple interest crediting. The client can take advantage of an arbitrage that exists over time between crediting at a compound interest rate and borrowing at simple interest.

Let us help you work with a lender to maximize non-qualified benefits for your clients.. Use some else's money instead.

## Choose your own Conversion

In addition to providing coverage for a temporary need term policies also have an important role in protecting a client's insurability. This is essential as a client will never know how their health will be in the future. Another uncertainty is what products will be available for conversion in the future. A few of our carriers have programs available for conversion or simplified issuance to their products from existing term policies. This allows our advisors to have multiple options for their clients instead of being tied down to the current carrier. In a lot of instances the best term carrier does not necessarily have the most competitive permanent products. Conversions are available to guaranteed no-lapse UL products, as well as, whole life. If you would like any further information on these programs, please contact Adam De Marco at (856) 627-1126.

## Underwriting Updates

In the past quarter our carriers have made several changes to their underwriting requirements. The following topics are worth noting for your clients that have concerns in these areas.

- Tobacco- One year of no cigarettes possible Preferred. Current "social smoker", possible non-smoker rates. Unlimited non-cigarette tobacco usage, Standard Plus rates.
- Foreign Travel- Up to 8 weeks of travel to India/Israel, no ratings, all health classes may be available. Choosing the right carrier is literally the difference between a \$2.50/thousand flat extra and Preferred Plus rates.
- Pilots- Up to 200 hours a year of flying, and your experienced pilot clients can still get a Standard Plus policy.
- Table shaving on term cases- We currently have two carriers that table shave on term policies.

As always we will point you in the direction that is best for your client. We also want to keep you informed, so join our mailing list, if you have not already done so. To join the mailing list send your contact information, including your preferred e-mail address to Adam De Marco. Adam's e-mail address is: adam@towerfp.com. This way when we know, you'll know.

## The Scope of Tower...

412(i)...Defined Benefit Planning  
 Accounts Receivable Financing  
 419e Plans...Welfare Benefit Plans  
 Micro"K" Plans...Retirement planning for the self-employed  
 Deferred Compensation...Cash planning with Insurance  
 Premium Finance...Loaned premium payments  
 Life Insurance...*Family protection*  
 Guaranteed UL's...Peace of mind protection  
 Second-to-die...Estate protection  
 Travel Cases...Insuring overseas  
 Table Shaving...Rated policy protection  
 Sub-Standard...*Superior offers*  
 Term...Issuing between 0-90  
 Annuities...Revenue stream for Life  
 Long-Term Care...Protection from old age  
 Disability Insurance...*Protection from injury*  
 Lloyd's of London...*High profile clients*  
 Group Life and Health...Coverage for employers and employees  
 40+ carriers...*Top Rated*

## Processing Information

To help ensure that we can place your cases in the most efficient manner, we ask that you please do not fill out applications in blue ink.

Tower Financial is pleased to announce a new addition to our team, Melissa Auriemma. Melissa's role will be as one of Tower's two full time underwriters.

We also would like to hear from you. If there are any suggestions from you that would make our process better please e-mail Rosanne Sacchetti (Rosanne@towerfp.com) or Melissa Auriemma (melissa@towerfp.com).

## Don't be intimidated by Private Split Dollar

The target market for this concept is affluent clients who desire long term death benefit, as well as, supplemental income. For married individuals, private split dollar can be used to purchase cash value life insurance that can serve two purposes. Through private split dollar plans, a client can keep the death benefit out of their estate, while allowing their spouse access to the cash surrender value. The spouse can then take income tax free withdrawals and loans from the policy. This is done by using your clients' spouse and an ILIT as co-owners of the policy. The trust can pay either the pure Table 2001 rates, or the ART of the issuing carriers' 1 year term, while the spouse pays the remainder of the premiums.

We are able to illustrate these plans in a very detailed and easy to present presentation. Many of you, much like myself, are biased to selling cash value life insurance. Private split dollar makes cash value life insurance a much more attractive product by turning the product into more of an asset purchase than an expense. Clients who view life insurance as an expense, associating it with other forms of insurance (Medical, Homeowners, Auto), have had a change of heart when they can see what this powerful concept can do. Just like any other concept, it is nothing without the right product. Index universal life products, especially some of the more recent products, can earn on average 9% a year. This can create a nice income stream in addition to the death benefit.

Allow Tower Financial Planning to help educate you on this process. We will help you from the beginning of the sale by helping choose the right product to creating presentations, all the way through, by providing specimen documents for your client's legal team, as well as, any other pertinent information you may request. Call Anthony Mento or Adam De Marco for additional information/case design.

## Select Premium Financing— A Traditional Premium Financing Program

The target market for this program is affluent clients between the ages of 30 to 65 who have a life insurance need. The traditional premium finance marketplace now has the product to make it work. Historically clients would borrow premium without the opportunity for an interest rate arbitrage. This would cause the program to fold because after a few years the interest payments would be higher than what the premium would have originally been. History has taught us that Libor based rates and general account UL products do not make much economic sense and often have dangerous outcomes for the client.

Tower Financial Planning has been marketing a program that involves a 5 pay indexed UL that your client will be responsible for paying 2 annual premiums (or a single 1035 exchange in lieu of out of pocket premiums), then taking a non recourse loan for the 3 additional premiums. The equity indexed product used gives access to multiple indices including European and Asian markets coupled with an increasing death benefit to keep pace with the increasing loan. The highest spread over LIBOR is 120 bps, with an 100 bps origination fee on the smallest scale loans. These spreads decrease with higher loan amounts.

The combination of favorable lending rates and historical product performance allow clients to accrue interest and principal with the loan to be paid off upon the death of the insured. Contact Anthony Mento for details/case design.

## Meet the Staff

- **President :** Leonard Sussman — Ext 12. Fax #(856) 627-1127
- **Commissions/ Accounting:** Mary Palma — Ext 16 Fax # (856) 627- 1127
- **Group Life/ Health Brokerage Manager:** Jodi Sussman — Ext 14 Fax # (866) 835-9566
- **Advanced Sales/ Brokerage Manager:** Anthony Mento — Ext 17 Fax # (856) 783-2006
- **Underwriting:** Melissa Auriemma — Ext 11 Fax # (856) 783-1125
- **Assistant Underwriter:** Rosanne Sacchetti— Ext 18 Fax # (856) 627-1127
- **Illustrations/Marketing Associate:** Adam De Marco — Ext 20 Fax # (856) 783-3611
- **Group Retention Specialist:** Lilian Bollero — Ext 15 Fax # (856) 627-1174
- **Policyholder Services/ Licensing Coordinator:** Debbie Kapust — Ext 10 Fax # (856) 627- 1127
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## 2007 2nd Quarter Updated Table Shaving Guide

<b><u>INSURANCE COMPANY</u></b>	<b><u>Tables shaved</u></b>	<b><u>Flat Extras</u></b>	<b><u>Product</u></b>	<b><u>Age Limit</u></b>	<b><u>Face Amt</u></b>
<b>AXA</b>	2	flat extras, facultative	UL	70	\$10 MIL
		reinsurance, driving	SUL (1)	70	\$20 MIL
		restrictions not eligible			
<b>The Hartford</b>	3	do not qualify	UL/SUL (2)	0-70	\$10 MIL
			UL	71-80	\$5 MIL
<b>John Hancock</b>	3	Health Styles Program— allows John Hancock to select a better risk and offer better rates by applying credits.			
<b>Lincoln Benefit Life</b>	4	Sherlock Program (3)— Applies credits from tables 1-6 and offers better rates.			
<b>Lincoln Financial Group</b>	3	medical flat extra of	UL	70	\$10 MIL
		\$25 or less is standard	SUL	70	\$10 MIL
<b>National Life Group/Life of Vermont</b>	4(4)	————	All products	Up to 69	\$5 MIL
<b>National Life Group/Life of the Southwest</b>	4(5)	————	UL/Term/WL	70	\$5 Mil
<b>Penn Mutual</b>	2	——	UL	70	\$2 Mil
<b>Principal Financial Group</b>	5 (6)	reduced table ratings	UL	75	\$5 MIL
		on specific conditions	SUL	75	\$5 MIL
<b>Phoenix</b>	3	do not qualify	UL	70	\$5 MIL
			SUL	70	\$5 MIL
<b>Security Mutual</b>	2(7)	do not qualify	UL	70	\$750K

## Table Shaving Grid Rules and Exceptions

- 1) **For AXA/Equitable Survivorship only one life will be eligible for Table Shaving.**
- 2) **Hartford only shaves one (1) insured to standard on an SUL.**
- 3) **Lincoln Benefit Life offers the Sherlock Program. In this program they review medical histories and add “applicable credits”.**
- 4) **National Life of Vermont offers table shaving for UL, Term and Whole Life products up to age 69.**
- 5) **Life of the Southwest shaves up to 4 tables to their “Express Standard” health class. Express standard is a lower and more expensive class than policies that are truly standard. True standard cases are given the class “Verified Standard”**
- 6) **Principal has two separate table shaving programs. Through their healthy life styles program a table 5 client may be eligible for a table 3 rating if they are following a physician’s advice and are living a healthy lifestyle according to Principal’s underwriters. From a table 3, a client may fit into their shaving program and be eligible for standard rates.**
- 7) **Security Mutual shaves to tables from table 2 to table 12. For example they will shave a table 12 to table 10.**