

# Top Producers Path to Gold

## FOR MORE INFORMATION:

If you want to learn more about how to implement the strategy discussed, you can contact one of the following from our Program Management Resource Center: Tom Ostrand, Olivia Millrad, Cynthia Pollard.

## Include an insurance review at your regular meeting in order to unlock assets for them and uncover investment opportunities.

Most clients in their mid-50s and early 60s are looking to understand whether they have saved enough for retirement, and how retirement distributions will be made to them. But, when it comes to their life insurance contracts, they are at an age where they generally already have existing policies. They may think they have their life insurance needs covered but may be paying costly premiums. When asked to review their existing life insurance coverage, the client's usual response is: "Don't worry about the life insurance. I am covered." When the client is pressed to do a simple review, it can uncover an expensive variable life or whole life policy that may not make sense for them. A thorough life insurance review creates the opportunity for you to save your clients money and add value.

## Top Producer Success Corner –

### Mike Mullen and Justin Parks

Mike Mullen along with his business partner, Justin Parks, continue to build their book of business each year. While offering their investment services to three Bellco Credit Union branches they recently added two branches in Wyoming with WyHy Credit Union as well as one more Bellco branch in Denver. Traveling distances to service clients/members is not new to the team since they also serve Bellco Credit Union in Grand Junction Colorado which is roughly an 8 hr. roundtrip drive from Denver.

Despite all the traveling and handling the multiple branches, Mike and Justin have achieved past success in hitting monthly goals and currently on pace for Gold Pacesetters.

When asked what they would recommend to others that handle multiple locations, they offered a few suggestions:

1. **Create a detailed business plan each year:**
  - The business plan they use each year contains both quantitative and qualitative goals. It contains details on branch focuses, referral focuses, branch rotations, investment mixes (broken out to help forecast GDC), daily point system, seminars and events scheduled for the year, etc.
  - The calendar is updated each year and breaks out quarterly as well as monthly focuses to help with getting wholesaler support for referral contests, happy hours, client events, etc.
  - When making your business plan, take your time. Once created then each year it is just updating that needs to be done. Their business plan contains a 10-page word document as well as an excel document with 6 different worksheets.
2. **Review the business plan on a recurring basis and reevaluate your approach:**
  - Once a quarter would be great; however, at least semiannually.
  - Are you on pace? How much progress have you made towards the annual goals? Are the seminars/events going as planned and which ones or events are coming up the next quarter or over the next 6 months that you need to get support for?
  - What can you change or do differently to reach your goals or focus?
3. **Focus where you get your clients from:**
  - Evaluate where you get a majority of your clients from- branch referrals or client referrals? If branches, which branches?
  - Adjust your focus and rotations to take advantage of your scenario.
  - Plan events/seminars/referral contests that focus on using your time in the best possible way.

They believe that this has helped them achieve either the Gold or Silver Pacesetters each year since 2012. Feel free to call or email if you have any questions.

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### Story continued from front

- **The overfunded and unnecessary variable universal life policy:**  
Many clients have been sold permanent insurance policies to address very specific short-term needs. For example a 62-year-old small business owner, at age 41 purchased \$500,000 of insurance; to cover his mortgage debt and children's education. Through an insurance review it was discovered he was paying \$500 per month for 20 years toward a variable universal life policy. After review of the policy it was determined there was cash value of approximately \$102,000. A review of the financial portfolio indicated there was no longer a need for this amount of coverage. The advice was to obtain a small 10 year term policy which would cost significantly less than the \$500 per month. The client would be able to walk away from the policy with \$102,000 of cash value tax-free, which could then be invested in his portfolio.
- **Whole life policies purchased as young adults:**  
A client purchased a \$38,500 death benefit whole life policy at age 24. He had paid his scheduled premiums since age 24, and now has a \$145,667 in cash surrender value in a whole life insurance policy with a \$231,448 death benefit. The client no longer has the estate planning need for this life insurance policy and has adequate liquid assets to leave an inheritance to his heirs. Many clients are not able to secure traditional long term care policies. For this client, a \$145,667 lump sum premium payment transferred from his whole life insurance policy to a hybrid long-term care insurance policy may make sense. This alternative would allow the client to surrender his overfunded whole life policy, potentially eliminate taxes on the surrender value of the whole life policy, and prepay potential future long-term care costs (while also providing a return of the premium to his children if the funds were never used for long-term care).
- **Another option might be a 1035 exchange to an annuity to make capital available and defer taxes.**  
The client could transfer the cash value of the policy to a variable annuity through a tax-free 1035 exchange. By doing so, he would reduce his annual insurance costs, defer his tax liability, and have access to the money (subject to the liquidity provisions of the annuity contract)

It is important to convey to your clients the importance of doing an insurance review. In order to broach these topics, you should include a broad review of existing Insurance policies, and insurance needs, as part of every client meeting. Most clients become interested in the potential savings and you to at least review their existing coverage. Broach the insurance topic—they may resist at first, but when all is said and done, your clients will be thanking you.

*Clients should consult a tax consultant prior to surrendering or exchanging a policy for tax advice regarding their specific situation.*

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