



Gallagher

Insurance | Risk Management | Consulting

Optimizing Premium Outlay

REVENUE GENERATING SALES IDEA

The Challenge:

Many clients desire a life insurance policy which includes significant guarantees, however the cost to guarantee their death benefit to age 100 may be prohibitive.

The Solution:

Design a premium funding strategy which will guarantee the death benefit to age 90 (past life expectancy) with the option to extend the death benefit to age 100 at a higher premium if needed.

Consider a male Age 55, preferred rate class, seeking \$1,000,000 of coverage:

Level Premium to Guarantee to age 100:	\$12,857
Level Premium to Guarantee to age 90:	\$9,052
Premium Savings over 35 years:	\$133,175 (30% savings)
Kick-up Premium ages 91 to 100:	\$46,712
Life Expectancy:	88
Crossover Year for IRR on Death Benefit:	98

The bottom line is that by being cognizant of the carriers with the most attractive dial down/kick-up features, the advisor was able to deliver a creative illustration design which provided permanent protection at the optimal cost.

Life insurance policies may contain fees and expenses, including cost of insurance, administrative fees, premium loads, surrender charges and other charges or fees that will impact policy values. Keep in mind that most life insurance policies require health underwriting and, in some cases, financial underwriting. Each case is individually underwritten as the severity of medical conditions varies among individuals. Formal underwriting evaluation and pricing is based on the individual characteristics of each case. Guarantees and benefits are based on the claims paying ability of the issuing insurance company.

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