

Housing trends and opportunities

Tap into the ongoing real estate boom with Foresters Financial™ term insurance.



Mortgage trends and opportunities
Tips on finding prospects before they buy that new home
How to position term insurance as the better alternative to creditor insurance
Foresters term sweet spots for homebuyers
5 years later: converting term to permanent

Need for mortgage protection will rise due to growing housing market

Foresters Financial has prepared this special report to provide you with the expertise you need to tap into the \$29.6 trillion¹ (and growing) housing market.

Many homebuyers will appreciate the expertise of an agent in helping them understand their options and how term insurance can be an attractive option for protecting the largest investment they will probably make in their lifetime.

In 2016, the US housing market grew by 5.7% to **\$29.6 trillion** and has now regained all the value lost during the 2008 housing crisis.¹

The annual median sales of new homes rose by 6.1% and the price of new home rose by 5.9% to **\$308,200** in January 2017, according to the US Census Bureau.²

Annual sales of existing homes increased by

5.4%

in February 2017 and annual median price rose by 7.7% to \$228,400.³

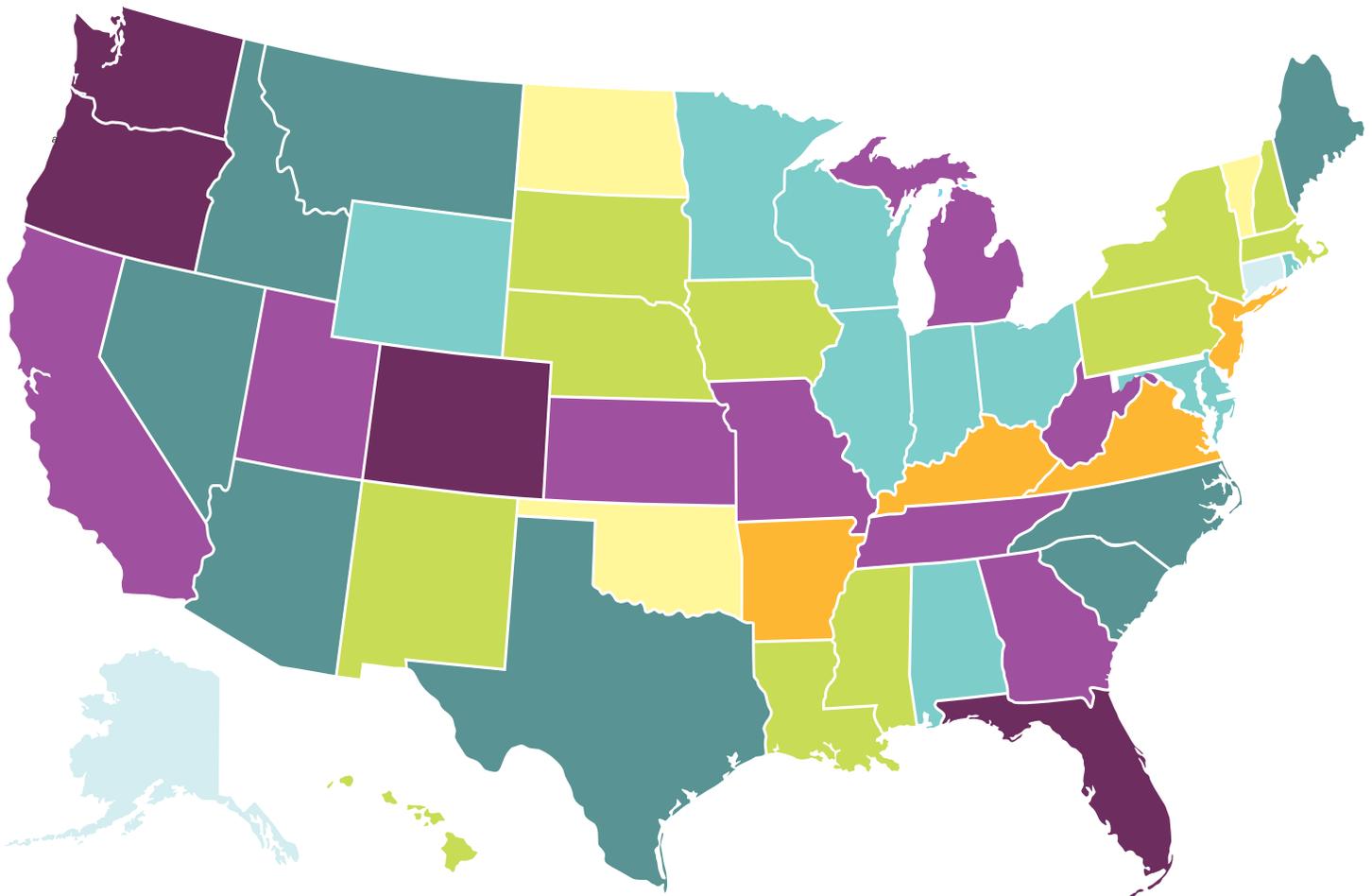
In 2016, cities in the Southeast, Southwest, and Northwest saw the highest number of sales per agent with Salem, Oregon, Reno, Nevada and Denver, Colorado ranking in the top three respectively.⁴



House Price Appreciation by State⁵

Period ended December 31, 2016.

State	1-year percentage change	State	1-year percentage change	State	1-year percentage change
Oregon (OR)	10.98%	Massachusetts (MA)	6.26%	Iowa (IA)	4.27%
Colorado (CO)	10.62%	Kansas (KS)	6.26%	Hawaii (HI)	4.20%
Florida (FL)	10.40%	Missouri (MO)	6.17%	Mississippi (MS)	4.09%
Washington (WA)	10.19%	Wisconsin (WI)	5.98%	District of Columbia (DC)	4.06%
Nevada (NV)	8.95%	Rhode Island (RI)	5.84%	Nebraska (NE)	4.00%
Montana (MT)	8.37%	Illinois (IL)	5.82%	Pennsylvania (PA)	4.00%
Texas (TX)	7.69%	Alabama (AL)	5.80%	Virginia (VA)	3.84%
Idaho (ID)	7.41%	Minnesota (MN)	5.67%	Kentucky (KY)	3.77%
Arizona (AZ)	7.36%	Ohio (OH)	5.62%	New Jersey (NJ)	3.10%
Maine (ME)	7.14%	Indiana (IN)	5.51%	Arkansas (AR)	3.08%
North Carolina (NC)	7.08%	Maryland (MD)	5.28%	Vermont (VT)	1.90%
Tennessee (TN)	6.94%	South Dakota (SD)	4.65%	North Dakota (ND)	1.56%
South Carolina (SC)	6.90%	New Mexico (NM)	4.59%	Oklahoma (OK)	1.05%
Georgia (GA)	6.82%	Louisiana (LA)	4.59%	Connecticut (CT)	0.99%
California (CA)	6.64%	New Hampshire (NH)	4.42%	Alaska (AK)	-0.59%
Michigan (MI)	6.33%	New York (NY)	4.32%		



Housing Trends

First-time homebuyers now account for about 35% of home purchases versus 32% in 2015, according to the National Association of Realtors.⁶

Millennials and baby boomers are expected to dominate the housing market in 2017.⁶

Low inventories of both new and existing homes remain a primary reason for rising home prices.⁷

59% of homeowners planned to spend on home improvement projects in 2017 and nearly a quarter (23 percent) plan to spend \$10,000 or more.⁸

The most common riders purchased by new homeowners are Waiver of Premium and Disability Income Riders.

Opportunities

Use your website and social media to position yourself as a mortgage-protection expert by posting educational material that helps prospects understand how term insurance can help them.

Don't just focus on first-time buyers. Baby boomers interested in downsizing or upsizing are a significant part of the market that should not be overlooked.

Buyers are looking for ways to reduce the costs of purchasing a home, so focus on the affordability of term insurance over creditor insurance when speaking with clients.

Talk to your clients about whether they're planning to renovate and ask them to consider if those costs should be included in the amount of coverage they need.

Riders are not only an additional sale, they are also a way to distinguish term insurance from most creditor insurance, which may not be customized to address all of a prospect's concerns and financial needs.

Tiny houses: fad or trend

Tiny houses have recently become a bit of a phenomenon due in part to the success of 3 ongoing series on HGTV. These diminutive homes became popular after the 2008 housing crises. Many Americans turned to tiny houses as a way to live mortgage free. 68% of tiny house owners have no mortgage compared to 29.3% of all U.S. homeowners.⁹

If there is no mortgage to protect, you may think there is no opportunity to sell insurance. But keep in mind that the purchase of a house, no matter how small, is still a major life event. It is a time when most people are reviewing their financial situation.

Prospects may be interested in covering other debts or insuring income replacement during key income-earning years. Remember, the majority of tiny home owners are price conscious making term insurance a perfect fit.

While the chances of meeting a client thinking of purchasing a tiny house may still be small, the opportunity to provide them financial protection is not tiny.

A survey by Bankrate Money Pulse found that almost **60%** of Americans have life insurance, leaving 40% uninsured.¹⁰



Explain and help prospects identify and understand how term insurance is an appealing option to their need for mortgage protection.

Find prospects before they buy that new home

Tap into the ongoing real estate boom by finding prospects early in the process of house hunting.

Here are some tips to help you find prospects before they buy that new home.

Create strategic partnerships with realtors

Offer to refer real estate agents to your existing clients who may be looking for a new house. Realtors' customers will appreciate your expertise regarding how term insurance can give them affordable mortgage protection.

Door hangers on houses for sale

If they're selling, it's most likely they're also buying. Door hangers can be an inexpensive way to find prospects and have them call you for life insurance. Visit some of those high turnover neighborhoods and get busy placing door hangers!

Place advertising in real estate listings or on mortgage calculator apps

The majority of research for any major purchase today is done online and this includes selling or buying a home. Make sure you're visible on popular real estate websites as well as mortgage calculator apps.

Position yourself as the mortgage protection expert

Establish yourself as an agent who helps people find the best solution to their financial services needs. Help consumers understand how term life insurance fits as a solution to their need to provide financial protection for their loved ones

Leverage social media

Find out which social media platforms your prospects hang out on and establish a presence there too. Focus most of your time on social media "listening" to discover what people are saying then determine problems you can help solve. And make sure you also highlight your expertise on your LinkedIn profile.

On average a homebuyer will spend¹¹

30-60
days
shopping

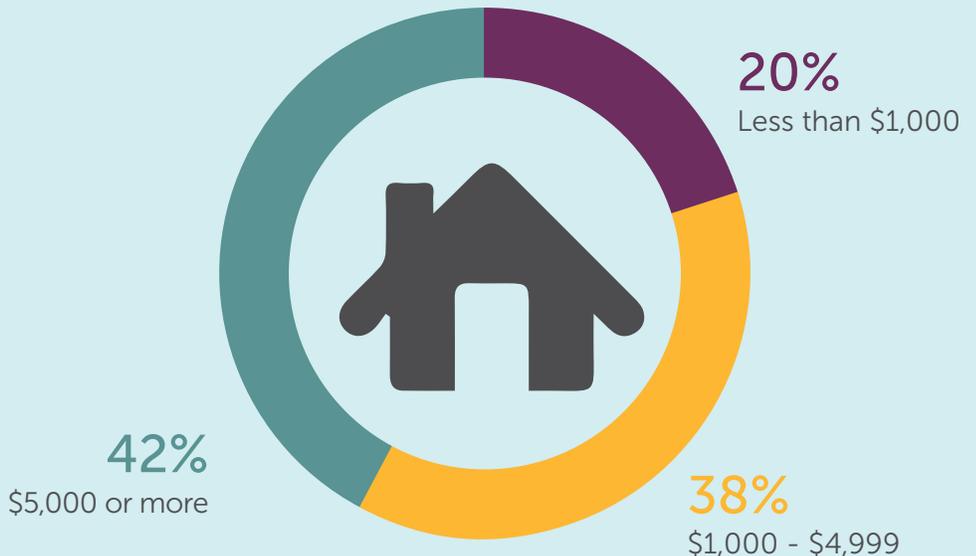
14-60
days
from contract
to close

14-45
days
or so before
their first
mortgage
payment
is due

Covering additional expenses

New homeowners often plan to renovate soon after they move in. They may need term to cover shorter-term debt.

Amount homeowners plan to spent on home improvements in 2017.⁸



Term versus creditor insurance

When someone purchases a home, it's likely the largest investment they'll ever make so buyers will be interested in a way to protect that investment.

There are important differences to highlight when speaking to your customers to help them understand the differences and advantages of term insurance over creditor insurance:

	From some creditors	From Foresters
Ownership Who owns the insurance?	Typically owed by the lender. The lender may control what happens to the coverage.	Owned by the client. They control what happens to their life insurance coverage.
Beneficiary Who determines who will get the benefits?	The lender is often the beneficiary and receives the proceeds to pay off the mortgage. Clients may have no choice in how the proceeds are spent.	The client decides who is named beneficiary and receives the proceeds.
Renewability Can someone other than the policy owner cancel coverage?	Yes. The lender or issuing company may cancel the policy. Often, coverage ends with the expiry/cancellation of the mortgage.	No. Although the coverage offers mortgage protection, it's not tied to a specific mortgage or need. When the mortgage is finished, coverage may remain in force, except in the event of non-payment of the life insurance premium.
Portability Can coverage continue if the client changes companies or moves?	Creditor insurance lacks portability and may end when the mortgage is repaid, assumed, canceled, the house is sold or the group policy terminates.	Yes. Coverage is portable and can be used to cover another mortgage, if desired.
Benefit amount Is the benefit amount level?	Benefit typically declines proportionally to the outstanding mortgage balance. If it's decreasing term insurance.	Yes. Amount of benefit can remain level even though the mortgage balance reduces.
Can clients apply for more coverage than the mortgage amount?	Benefit amount is usually only for the amount of the mortgage and there are limited options if changes to health occur.	Yes. Coverage can be higher than the mortgage amount to cover other needs.
Customization Can the plan be customized to meet individual needs?	The plan is often mortgage-specific and may not be customized to fit individual financial protection needs.	Yes. Other benefits and features can often be added through optional riders.

Introducing Foresters Your Term Life Insurance

As an agent, you know how important it is for clients to protect their investment of home ownership should unanticipated challenges occur.

Foresters Your Term is a newly designed and competitively priced product that allows clients to face the future with less worry and more certainty about achieving their financial goals.

With enhanced features like the new Charity Benefit provision, lower minimum premiums and multiple term periods, Your Term is an attractive product for those needing mortgage protection.

Highlights

- Guaranteed level premiums
- Terms of 10, 15, 20, 25 and 30 years for both non-medical¹² and medical plans
- Issue ages from 18 to 80 for non-medical and medical plans
- Can be renewed annually after initial term
- Can be converted to permanent coverage without the need for new underwriting requirements
- Medically underwritten face amounts from \$100,000 with **no stipulated maximum amount**
- Low minimum premium requirements:

- \$10 monthly
- \$30 quarterly
- \$60 semi-annually
- \$120 annually

- **New Charity Benefit Provision**
An automatic benefit for no additional premium. This benefit pays¹³ an additional 1% of the face amount so clients can contribute to their favorite causes.

- Optional Riders¹⁴ to customize coverage:
 - Accidental Death Rider
 - Children's Term Rider
 - Waiver of Premium Rider
 - Disability Income Rider (Accident Only)
 - Disability Income Rider (Accident & Sickness)
- Value added features at no cost:
 - Family Health Benefit Rider
 - Common Carrier Accident Death Rider
 - Accelerated Death Benefit Rider



Foresters Your term “sweet spots” for homebuyers

Medically Underwritten

\$250,000

Age	10 year				20 year				30 year			
	MPPNT	MNT	FPPNT	FNT	MPPNT	MNT	FPPNT	FNT	MPPNT	MNT	FPPNT	FNT
35	\$11.38	\$18.38	\$10.29	\$15.32	\$14.22	\$26.47	\$12.69	\$22.97	\$22.97	\$41.57	\$20.13	\$34.13
40	\$14.66	\$24.51	\$12.91	\$22.54	\$18.82	\$34.13	\$16.63	\$30.19	\$30.63	\$59.94	\$26.04	\$45.94
45	\$18.38	\$26.74	\$15.97	\$26.26	\$29.76	\$51.85	\$22.76	\$42.44	\$47.26	\$90.13	\$36.54	\$68.47

\$350,000

Age	10 year				20 year				30 year			
	MPPNT	MNT	FPPNT	FNT	MPPNT	MNT	FPPNT	FNT	MPPNT	MNT	FPPNT	FNT
35	\$13.48	\$23.38	\$11.95	\$18.99	\$17.46	\$34.61	\$15.32	\$29.71	\$29.71	\$55.74	\$25.73	\$45.33
40	\$18.07	\$31.86	\$15.62	\$29.10	\$23.89	\$45.33	\$20.83	\$39.82	\$40.43	\$81.47	\$34.00	\$61.87
45	\$23.28	\$34.61	\$19.91	\$34.31	\$39.21	\$70.14	\$29.41	\$56.97	\$63.71	\$123.73	\$48.70	\$93.41

Non-Medical Underwritten

\$250,000

Age	10 year				20 year				30 year			
	MNT	MT	FNT	FT	MNT	MT	FNT	FT	MNT	MT	FNT	FT
35	\$28.66	\$75.47	\$23.85	\$67.82	\$42.01	\$96.91	\$35.44	\$86.63	\$65.63	\$147.88	\$56.22	\$122.29
40	\$41.57	\$119.66	\$32.16	\$107.63	\$62.35	\$154.66	\$51.85	\$138.69	\$96.69	\$236.91	\$76.79	\$180.69
45	\$56.22	\$176.76	\$43.97	\$164.51	\$85.76	\$229.26	\$80.29	\$213.29	\$144.16	\$335.35	\$106.10	\$253.97

\$350,000

Age	10 year				20 year				30 year			
	MNT	MT	FNT	FT	MNT	MT	FNT	FT	MNT	MT	FNT	FT
35	\$37.67	\$103.21	\$30.94	\$92.49	\$56.36	\$133.22	\$47.17	\$118.83	\$89.43	\$204.58	\$76.26	168.75
40	\$55.74	\$165.07	\$42.57	\$148.23	\$84.84	\$214.07	\$70.14	\$191.72	\$132.92	\$329.22	\$105.05	\$250.52
45	\$76.26	\$245.01	\$59.11	\$227.86	\$117.61	\$318.51	\$109.95	\$296.15	\$199.37	\$467.04	\$146.09	\$353.11

MPPNT=male preferred non tobacco, MNT=male non tobacco, MT=male tobacco, FPPNT=female preferred non tobacco, FNT=female non tobacco, FT=female tobacco

5 years later: Converting term to permanent

Your clients' needs change over time. The term insurance they got when they first purchased a home may no longer meet their needs.

Five years later, that young couple is now more established in their careers and earning more money. The older couple may be starting to experience changes in health and need the assurance of being able to convert to a permanent plan before their term period expires.

It's important to regularly check in with your clients to make sure their insurance needs have not changed. Talking with clients in a caring and informative way about why they should consider converting establishes trust, in addition to creating potential business opportunities for you.

Permanent life insurance is a good option for those who want or need protection beyond their current term policy limits, for those who want to build up a nest egg inside their policy, and for those for whom a medical exam would not be beneficial due to changes in health.

Explain to your clients the benefit of converting to permanent coverage at a younger age to avoid higher premiums, as they get older. Highlight the value of converting from their term policy to permanent protection without having to provide proof of insurability.



Foresters Member Benefits¹⁵

When clients place their trust in Foresters, they join a financial institution that's been enriching lives and building strong communities since 1874.

Foresters not only helps families at every life stage achieve financial security but it also provides complimentary membership to a global community that is more than a million strong.

Benefits such as **Competitive Scholarships, Community Grants, Everyday Money** and **Legal Link** are just some of the comprehensive and unique features enjoyed by members and in turn, supports your client relationships.

Capitalize on the rising real estate market by aligning your sales efforts with first-time homebuyers, or those once again entering the housing market.

Designed to meet the needs of everyday people at various life stages, Your Term can be the best and most affordable solution to your client's need to protect their valuable real estate investments.



For more information about Your Term, log on to our **ezbiz portal** or call Foresters Financial Sales Support **866-466-7166, option 1.**

¹ Zillow Real Estate, U.S. Housing Worth Record-High \$29.6 Trillion in 2016,

<http://zillow.com/mediaroom.com/2016-12-30-U-S-Housing-Worth-Record-High-29-6-Trillion-in-2016>

² United States Census Bureau, New Residential Sales Historical Data, https://www.census.gov/construction/nrs/historical_data/index.html

³ National Association of Realtors, Existing-Home Sales, <https://www.nar.realtor/topics/existing-home-sales>

⁴ Smartasset, The Top 10 Cities to be a Real Estate Agent in 2016, <https://smartasset.com/mortgage/the-top-10-cities-to-be-a-real-estate-agent-in-2016>

⁵ Federal Housing Finance Agency, U.S. House Price Index Report – Q4 2016,

⁶ National Association of Realtors, Profile of Home Buyers and Sellers, <https://www.nar.realtor/reports/highlights-from-the-profile-of-home-buyers-and-sellers>

⁷ National Association of Realtors, NAR, Realtor.com® Identify Growing Rift Between Housing Availability and Affordability, <https://www.nar.realtor/news-releases/2017/02/nar-realtorcom-identify-growing-rift-between-housing-availability-and-affordability>

⁸ LightStream, 2017 Home Improvement Survey, <http://blog.lightstream.com/2017-home-improvement-survey/>

⁹ Fox News, What Is a Tiny House?, <http://www.foxnews.com/real-estate/2016/08/29/what-is-tiny-house-huge-trend-explained-in-simple-terms.html>

¹⁰ Bankrate, Survey: How many of us have life insurance? And how many have enough of it? <http://www.bankrate.com/finance/insurance/money-pulse-0715.aspx>

¹¹ Homes.com, How Long Does It Take to Buy a House?, <http://www.homes.com/blog/2016/03/how-long-does-the-home-buying-process-take/>

¹² Insurability depends on answers to health and lifestyle questions and an underwriting review.

¹³ Foresters will pay the eligible designated charitable organization in the name of the insured. The maximum payment under this provision is \$100,000. The designated charitable organization must be an accredited 501(c)(3) organization under the Internal Revenue Code and eligible to receive charitable contributions as defined in section 170(c) of that code.

¹⁴ Each rider mentioned requires additional premium unless otherwise noted.

¹⁵ Foresters Financial member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or cancelled without notice.

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