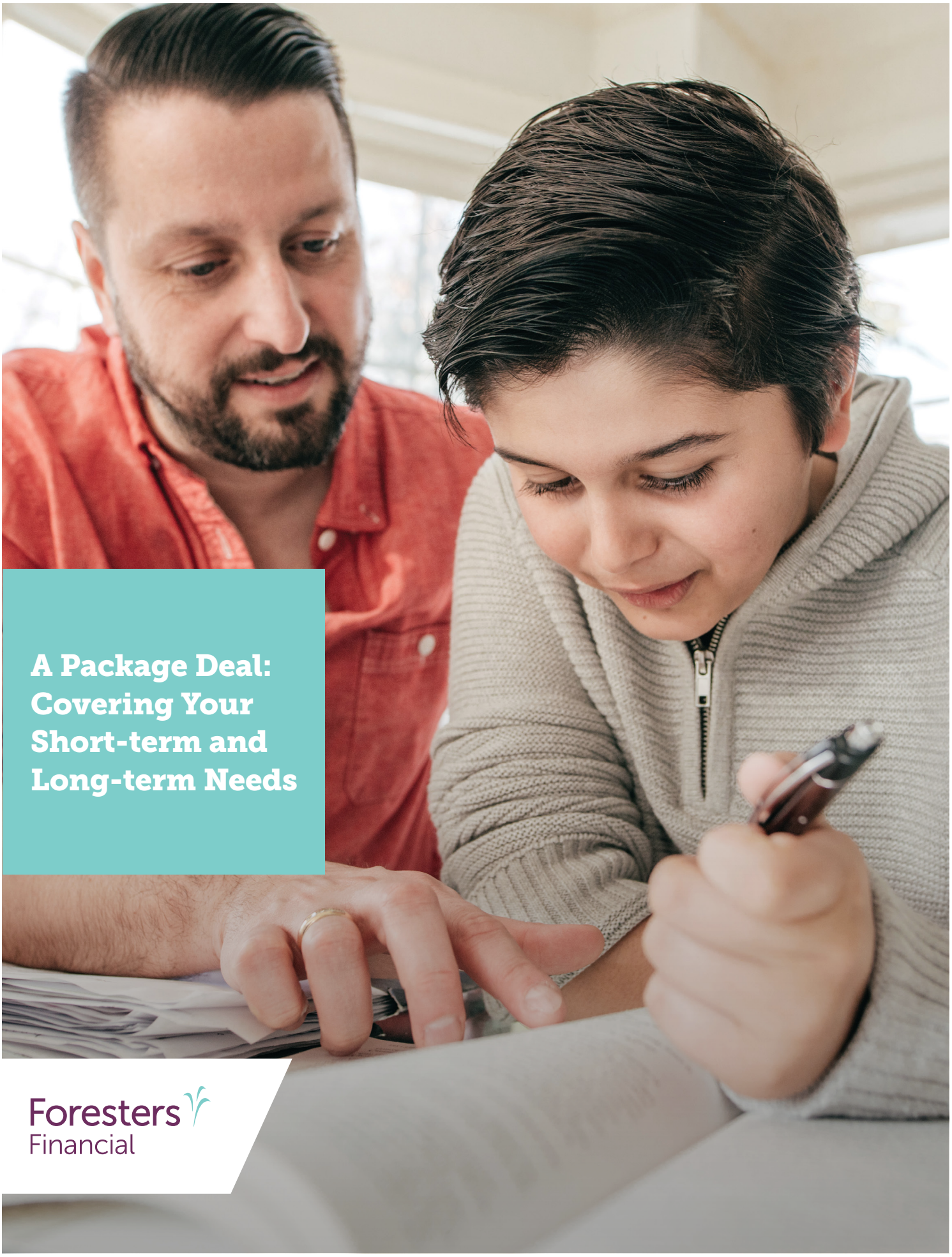

A Package Deal: Covering Your Short-term and Long-term Needs

Foresters Financial

A Package Deal: Covering Your Short-term and Long-term Needs

- Single
- Few responsibilities

- Settle down
- Buy a house
- Have children

- College
- Spouse support
- Income protection

- College ends
- Mortgage is paid
- Children are independent

- Final expenses
- Retirement income for spouse
- Leaving a legacy

Situation

For many clients, there is an inverse connection between their age and the amount of life insurance they require. As people grow older, their insurance needs diminish as mortgages are paid off and their children graduate college. But what happens if a person's needs evolve in a way that wasn't expected? Can their life insurance solution change with them?

The Strategy

A Package Deal is a strategy designed to help clients protect both their short-term and long-term insurance needs, while offering flexibility to adapt coverage as appropriate.

By utilizing Foresters Advantage Plus II Whole Life[1] Insurance with Foresters Financial™, a client has the ability to create a foundation of permanent coverage to meet their long-term needs while taking care of their short-term needs utilizing either a 10-year or 20-year Term Rider[1]. This product is a participating whole life certificate, which means if dividends[2] are declared, it can be used in a few ways, such as to purchase paid-up additional coverage resulting in additional death benefit protection. As well, the Term Rider gives them the ability to convert to permanent coverage without evidence of insurability or even cancel the Term Rider depending on how the client's needs change over time.

An effective Package Deal using Advantage Plus II:

- Can be more affordable than either:
  - > Purchasing all permanent insurance
  - > Replacing term insurance with new coverage later in life
- Will be more cost-effective for younger and healthier clients. Buying staggered policies can result in higher premiums on later policies if coverage is needed long-term
- Secures insurability, with the permanent coverage becoming the foundation. If health declines, the client still has valuable life insurance coverage inforce at a time when the cost of a new certificate may be prohibitive or unavailable due to health
- Provides flexibility; if additional insurance is needed to meet long-term needs, the client has the ability to convert part or all of the term coverage to permanent insurance (during the conversion period), without providing evidence of insurability
- Provides the ability to leverage any declared dividends to help meet changing needs
  - > If more coverage is needed, apply it towards paid-up additions
  - > If additional coverage is not necessary, apply it to on deposit with interest
  - > If reducing future premiums becomes important, apply it towards premiums
  - > If income is desired, apply it towards being paid in cash

A Package Deal: Covering both your short-term & long-term needs

How a Package Deal Plan Works

Case Study

- Bob (34), married with a 12 year-old child
- Sole income provider for the family; salary $120,000
- An outstanding mortgage of $200,000
- His goal: Wants a plan that provides his wife with the ability to pay off the mortgage, pay for college for their child and cover final expense needs in retirement.

STEP 1

Bob meets with his insurance producer to discuss his needs. A fact finder is used to determine the appropriate amount of short-term and long-term protection needed.

STEP 2

Based on the fact finder, it's determined that Bob needs $300,000 of coverage for his short-term needs and $25,000 to cover his long-term needs. Bob decides to purchase a Foresters Advantage Plus II Whole Life, with an initial death benefit amount of $25,000, with any declared dividends[3] purchasing paid-up additions. Additionally, he includes a 20-year Term Rider[1] for $300,000, Waiver of Premium Rider[1] and Child Term Rider[1] for $25,000.

STEP 3

Bob applies to Foresters and is approved Standard Non-Tobacco. His initial monthly premium is $92.36. Once all riders expire, his monthly premium will be $32.97.

STEP 4

Each year, Bob's producer conducts a review of his coverage to make sure his life insurance still fits the family's needs. During one of their reviews, in the 15th year, they discuss if the permanent coverage amount is sufficient. Bob shares his desire to be in a position to leave a legacy for his grandchild. They decide to convert $50,000 of the term insurance to permanent insurance coverage as the conversion period is expiring, and name his grandchild as a beneficiary for this portion of the coverage.

STEP 5

At Bob's death, the tax-free[3] death benefit proceeds from his coverage may be used by the beneficiary to cover the final expenses incurred, and the coverage he converted will provide a legacy for his grandchild.

A Package Deal Fact Finder

Clear Form

Date M M / D D / Y Y

1 Personal Information

Client Name | Date of birth

State of Residence | Smoker ◯ Y ◯ N | Underwriting Class (Preferred, Standard, Etc.)

Spouse Name | Date of birth

State of Residence | Smoker ◯ Y ◯ N | Underwriting Class (Preferred, Standard, Etc.)

Children (#) | Married Children (#): | Grandchildren (#)

2 Financial Information

$ Client's Annual Salary | $ Client's Other Income | $ Spouse's Annual Salary | $ Spouse's Other Income

$ Total Adjusted Gross Income | % Income Tax Bracket | $ Total Amount of Outstanding Debt: (Mortgage, Rent, Loans, Credit Cards, etc.)

$ Capital Anticipate Needing For College | $ Funeral & Other Final Expense Needs

$ Total Amount of Liquid Assets (Bank Accounts, Money Market Accounts, CDs, etc.) | Client: $ Spouse: $ Total Amount of Retirement Assets:

What Do You Consider As Your Short-Term Financial Needs (less than 20 years):

What Do You Consider As Your Long-Term Financial Needs (20 years):

3 Current Estate

Will - Date of Last Review | Power of Attorney - Date of Last Review

Medical Directive - Date of Last Review | Trust - Revocable/Irrevocable/Other

Do You Make Annual Gifts (Y/N) | $ If Yes: Amount of Annual Gifts | Client: $ Spouse: $ Lifetime Annual Gift Exclusion Used

$ Total Gross Estate Value | % Annual Estate Growth Rate | # Of Years?

[1] Foresters Advantage Plus II Whole Life insurance and applicable riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations, contract terms and conditions and state variations. Refer to the applicable Foresters Producer Guide and the insurance contract for your state for these terms and conditions. Underwritten by The Independent Order of Foresters.

[2] Dividends are not guaranteed and vary depending on factors such as gender, band, smoker, preferred/standard, and premium-pay period.

[3] Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, legal or tax advice. The information given here is merely a summary of our understanding of current laws and regulations. Advise your clients and prospective purchasers to consult their tax or legal advisor.

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