

BROKERAGE BULLETIN

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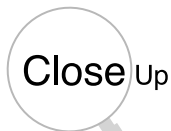
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Our Staff:

Lynn Aiken	x426
Licensing Specialist	
Richard T. Brown	x360
Consultant	
Sandy Hamilton	x368
Assistant Vice President	
Lynn A. Johnson, CLU, ChFC	x322
Marketing Manager	
Karen Knippen, RHU, REBC	x345
Senior Vice President	
Vera Kopkowski	x315
Senior Account Manager	
Penny Morris	x441
Case Manager	
Janice Rogalin	x334
Senior Account Manager	

Editor
Pamela D. Mitroff

Contributor
Richard T. Brown



The average nursing home stay is 2.6 years.

Immediate Annuities Protect Assets

by Pamela D. Mitroff

The immediate annuity can be a difficult product to discuss. The premise is a simple one: The client pays a sum of money for a guaranteed, fixed payment for the rest of his/her life. (There are, of course, variations on this idea with survivor benefits and minimum pay-outs and the like.)

Where the wrinkle often comes in is that prospects feel like an immediate annuity is a bet. **The insurer, they believe, is betting that the client won't live very long, maximizing the insurer's profit. The individual, of course, wants the outcome to be one where they live a long and fruitful life – and the insurer takes a financial bath.**

But, the reality can be quite different. A study was conducted by an economist for the non-profit pension company, TIAA-CREF and reported in *The Wall Street Journal*. The economist looked at whether a 65-year-old would outlive his retirement assets.

The results showed that the retiree could reduce the likelihood that he would outlive their assets by annualizing 50% of his assets. The economist used a complex model that considered different types of portfolios and different results.

The analysis found another factor in favor of the annuity. The certainty of the monthly annuity payment provides peace of mind that monthly bills and the like will be paid. As a result, the retiree can be more flexible in how to invest his remaining assets to maximize their growth. With monthly bills out of the way, the client can be more open to the idea of long term care insurance. Premiums can be covered through the annuity payment or through the remaining assets. They will not be seen as a drain on resources needed for other expenses. The discussion can then focus on how LTC insurance can provide care options while protecting assets.

Broker of the Month

Please join me in congratulating **Steve Avvisati of SA Financial Services** in Arlington Heights as our August Broker of the Month.

Steve has submitted over 20 policies through our agency, 50% of which are annuities. Steve, we appreciate the business!

977 Oaklawn Avenue, Elmhurst, Illinois 60126
630-833-1120 • Outside Chicagoland: 800-345-7868 • Fax: 630-833-0198
www.richardbrownagency.com • www.euclidmanagers.com

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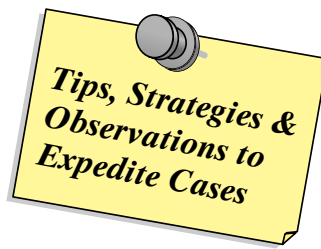
News You Can Use!

from Sandy Hamilton

First Penn-Pacific: First Penn-Pacific has slashed Preferred Best and Preferred Non-Tobacco rates on face values of \$250,000 or more. Check out these new rates at www.richardbrownagency.com (click on Get A Quote, click on Term Life Quotes) or call us, today.

First Penn-Pacific will also be introducing their online application process in addition to their Teleapp.

Principal Brokerage announces expansion of additional insurance program. This program is designed to bridge the gap between current coverage and future death benefit needs without the hassle of new exams, EKG's and blood tests. Clients can apply for up to \$1 million with streamlined underwriting if they have purchased life insurance from



Principal or any of 36 qualifying peer companies within the past three years. Call us today for more details. The program expires September 15, 2002.

GE offers an impaired risk option on their immediate annuity. This option can actually increase the payout to your client or reduce the premium for the same monthly annuity income. Call us today for more details.

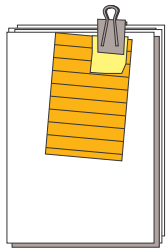
GE/First Colony also introduces their new Lifetime Protector Universal Life Insurance. The GE Lifetime Protector can provide you with even more

flexibility and opportunities for sales. The GE Lifetime Protector offers lower lifetime guarantee premiums, issue ages 0 to 90, shorter surrender charge period (nine years), three death benefit options and more competitive current crediting rate! Call us today for more details.

Empire General offers a simplified Issue Term Program for banks, credit unions and other approved financial institutions or affinity groups. Call us today to learn more about this interesting product.

Please remember to submit the complete list of policy delivery requirements. The carriers do not issue commissions until all requirements are submitted. We're here to help you get paid as quickly as possible.

For more information on any of the above topics, contact Sandy Hamilton (ext. 368).



Case of the Month

One of our agent's prospects was applying for \$1.5 million and was declined due to elevated liver studies. This was the first the client was aware of any type of liver concern. We advised him to return to his physician, which he did. A biopsy was completed which showed no evidence of hepatitis. We were able to get the case issued as standard for an annual premium of \$2,600.

The Basics of Social Security Disability

by Pamela D. Mitroff

One of the beliefs held by many people is that if something bad happens to them — such as disability — that there is a government program to make them whole. There are, indeed, government programs to help some people. But, they are not as easy or as certain as most people expect. They are also rarely as complete an insurance arrangement as an insurance policy purchased with a specific individual's needs in mind.

The Social Security Administration (SSA) actually administers two different disability programs. The Title II program provides disability benefits for people who are deemed disabled and that have paid into the system. The SSA calls someone an "insured"

who has made contributions to the Social Security Trust fund through taxes on their earnings.

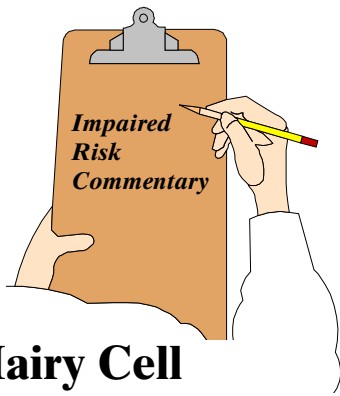
The Supplemental Security Income program (SSI) provides payments for people who are disabled and have limited income.

There is, generally, one definition of disability used by SSA to determine if benefits are available under either program. This definition is spelled out in law as: "the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment(s) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."

The Social Security disability program requires that someone who is deemed disabled wait five months after the established onset of the disability to receive benefits. Someone filing as a disabled child of a worker is not subject to the waiting period.

Obtaining SSA disability benefits is not easy. Sixty percent of initial claims are denied. During the year 2001, 25% of cases were reconsidered. Of these cases only 4% were approved. About one out of 100 cases are appealed to the federal courts.

More information is available regarding disability programs through the SSA on the Internet at www.ssa.gov.



Hairy Cell Leukemia

by Richard T. Brown

Hairy Cell Leukemia is viewed as a chronic disease for which there is no definite cure; but it can be easily controlled and many cases will have good prognosis.

Removal of the spleen has been the mainstay treatment for this disease

and half of those with splenectomy will need no further treatment.

New chemotherapy drugs have had an impact on survival and the most common drugs used are: interferon, 2-cdA (e-chlorodeoxyadenosine) and pentostatin (deoxycoformycin). These new drugs will produce a remission in 60% - 90% of cases.

Bone marrow transplantation is reserved for refractory cases not successfully treated with the above therapies and who are otherwise young and healthy.

A few patients with Hairy Cell Leukemia will never require treatment and are followed by close observation and CBC tests alone.

Expected Underwriting Action:

Stable, no treatment required, normal CBC: Table B

In remission with normal CBC following treatment with splenectomy, interferon, deoxycoformycin or 2-cdA: Table B-E

Abnormal CBC following treatment: Individual Consideration

Progressive or not responsive to treatment: Decline

Treated by bone marrow transplant with apparent cure:

Within 5 years: Decline

6-10 years: Table G

Thereafter: Table B

We have an excellent source for individuals with Hairy Cell Leukemia; just call Sandy Hamilton (ext. 368) for a specific case discussion.

Proven Formula For Successful Selling

by Richard T. Brown

It's in the middle of one of those summer hot spells in Chicago and trying to get over the inertia to write this piece is not easy. So instead of being creative, I decided to reflect on some success stories of the past. In doing so I recalled an interview with an industry great of years gone by, George Severance, in which George shared the concepts that led him to the high level of success that he achieved in his outstanding career as a life insurance agent.

Here are George's rules for success:

1. Don't believe in luck for that is the break you get by following the success formula. Rather do believe: the harder I work, the luckier I will get.
2. Don't forget the value of little things. A tiny spark may cause the greatest conflagration the world has ever known; a loose screw may play havoc with the greatest machine every built by man.
3. Don't be misled that persistency doesn't pay off.
4. Don't spend more than you make. James J. Hill, the great railroad

builder said: "if you can't save money, the seed of success is not in you."

5. We must know how to communicate. As an example, at a meeting of a local service club, the speaker walked around to the front of the table and said: "Ladies and gentlemen, if you do not understand me, please do not misunderstand me. Misunderstanding is the basis of all confusion and disorder and when you properly understand, there can be no confusion and disorder."

Make it easy for your prospect to understand you. If you were to say to your prospect: "If you don't die before you're 65, you will surely die after 65," I'll bet your prospect will understand that. So make all communications that simple.

6. Remember, we all need help. No man stands alone.
7. We must think positively and we must get in tune. Mark Twain's wife wanted to teach Mark a lesson because of his frequent use of profanity. She broke a couple of plates in front of him and cussed furiously. He turned to her and

said, "Dear, you may know the words, but you're out of tune."

8. We must find words and phrases that explode in the prospect's mind.
9. We must set a goal and believe we can reach that goal. We must believe and become excited about our business. John Wesley, one of the great Evangelists, talked before multitudes of people. He was asked how it was possible to gather groups of twenty, thirty, even forty-thousand around him at a time. He answered simply: "First I set myself on fire and the people come to see me burn." He realized that he had to have conviction if he wanted to convince others. "And so we must be enthused, we must get on fire, if we want to incite our prospects to action. Logic creates men's interest, but it is emotion that sets men into action."

So, there you have it – one very successful agent's formula for success. Maybe some of these ideas will be helpful to you. Then, maybe someday someone will be quoting *you* on your ideas for a successful career in this great business we are in.

Richard T. Brown Agency

a division of Euclid Managers

977 Oaklawn Avenue, Elmhurst, Illinois 60126
630-833-1120 • Outside Chicagoland: 800-345-7868 • Fax: 630-833-0198
www.richardbrownagency.com • www.euclidmanagers.com

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The *Brokerage Bulletin* is a publication designed to provide profit-making ideas and creative sales concepts for the life, disability, annuity and LTC producer. The Richard T. Brown Agency celebrates over 25 years experience in the industry with a portfolio of over 30 carriers.

Visit www.richardbrownagency.com to quote your own policies, access forms and supplies for all of our carriers, review the most updated annuity rates and links to many of our carriers.

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