

How to sell Long Term Care Insurance to The Affluent and their Employers and Employees



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About Corporate Compensation Plans

For more than 25 years we have designed and implemented innovative and tax-effective insurance programs for many of the largest corporations and professional partnerships in the country. These efforts have successfully sold life insurance to fund pension plans to closely held corporations as well as life insurance to fund deferred compensation programs for public companies. With our focus on protecting today's dollars to build tomorrow's assets, we developed specialized long term disability plan designs to do just that. The "Disability Retirement Completion Plan" was our pioneer concept for one of the largest investment banks in the country. Its implementation resulted in, at the time, the largest sale of individual disability insurance policies.

Subsequently, we were able to transform the plan into a patented 401k plan feature – "401kSecure®" – an insurance program that continues contributions directly into disabled employees' 401k accounts so their retirement assets will grow just as if they were working – a benefit that IBM has made available to its employees. In addition, we have a patent pending on "WealthSecure®", a disability plan that continues contributions into disabled employees' nonqualified deferred compensation plans.

To support these product innovations, CCP synthesized key factors – such as personalized benefit and premium illustrations, modeling tools, and data security – to create the first e-signature web-based enrollment platform for the communication and enrollment of individual disability insurance – a platform that has been used by major disability insurance carriers for our joint marketing efforts in the public corporation sector.

We have taken these cutting edge skills, our experience, and our innovative background into the world of Long Term Care Insurance and proven that the Affluent – their employers and employees – will (and should) buy Long Term Care Insurance. Now we are extending this LTCI success pattern through the CCP Long Term Care Insurance Group to qualified insurance agents and brokers who want to substantially increase their long term care insurance sales – and by doing so, help their customers preserve their assets, protect their retirement income, and reduce their estate taxes.



The “Affluent Individual” Long Term Care Insurance Opportunity

The conventional wisdom is that Affluent Individuals do not need long term care insurance – that they have sufficient assets to self-insure any care costs they may incur. This leads to the conclusion that they should not waste premium dollars on protection they can do without.

Most insurance salespersons have accepted this theory at face value and so few of them attempt to sell long term care insurance to Affluent Individuals. And, when they do make the attempt, they usually use conventional long term care “need” selling that often includes the “if *you* don’t buy long term care insurance you will go bankrupt and lose everything” proposition.



There is an almost unlimited premium capacity to buy LTCI

The typical answer from the Affluent to that argument is, “*I have sufficient assets to pay for long term care if I ever need it so why should I buy long term care insurance?*”

That question has been a sales stopper for the great majority of salespersons and, as a result, relatively few Affluent Individuals have purchased LTCI. This means that an LTCI market for the Affluent exists with the following extremely profitable characteristics:

- A *small* degree of market penetration.
- An almost *unlimited* capacity to pay premiums.
- *Little* competition from other insurance agents.

In short, this is a tremendous sales opportunity for those who know how to capitalize on it.

Taking Advantage of the Opportunity

To successfully market LTCI to the Affluent, sales persons need:

- a different *perspective* about LTCI.
- *innovative* and *tax-orientated* LTCI concepts.
- workable and relevant LTCI *modeling tools*.



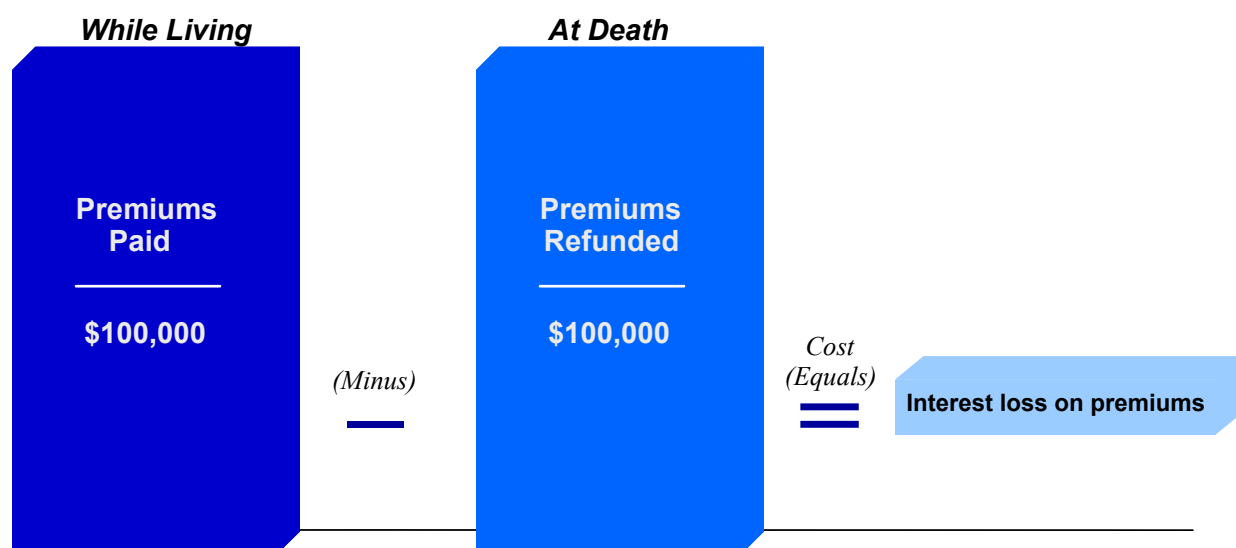
CCP can help you become a more successful LTCI salesperson

Perspective

Since the “*If you don’t buy long term care insurance you will go broke if you ever need it*” proposition doesn’t work very well with the Affluent, what will?

The first answer is to frame LTCI as a *financial transaction* that has a *measurable* cost so it can be compared with alternative investments.

This can be accomplished by adding a feature to the LTCI policy that *refunds* premiums to the insured’s beneficiaries at death, less any benefits received. With this feature, the *maximum* cost of the insurance is ultimately *converted* into an *interest* factor: the interest that could have been earned if the premiums had been invested. For example:



The second answer is to present LTCI in terms of preserving assets and reducing taxes. When this concept is combined with the fact that LTCI is property, you can bring your Affluent prospects this value proposition.

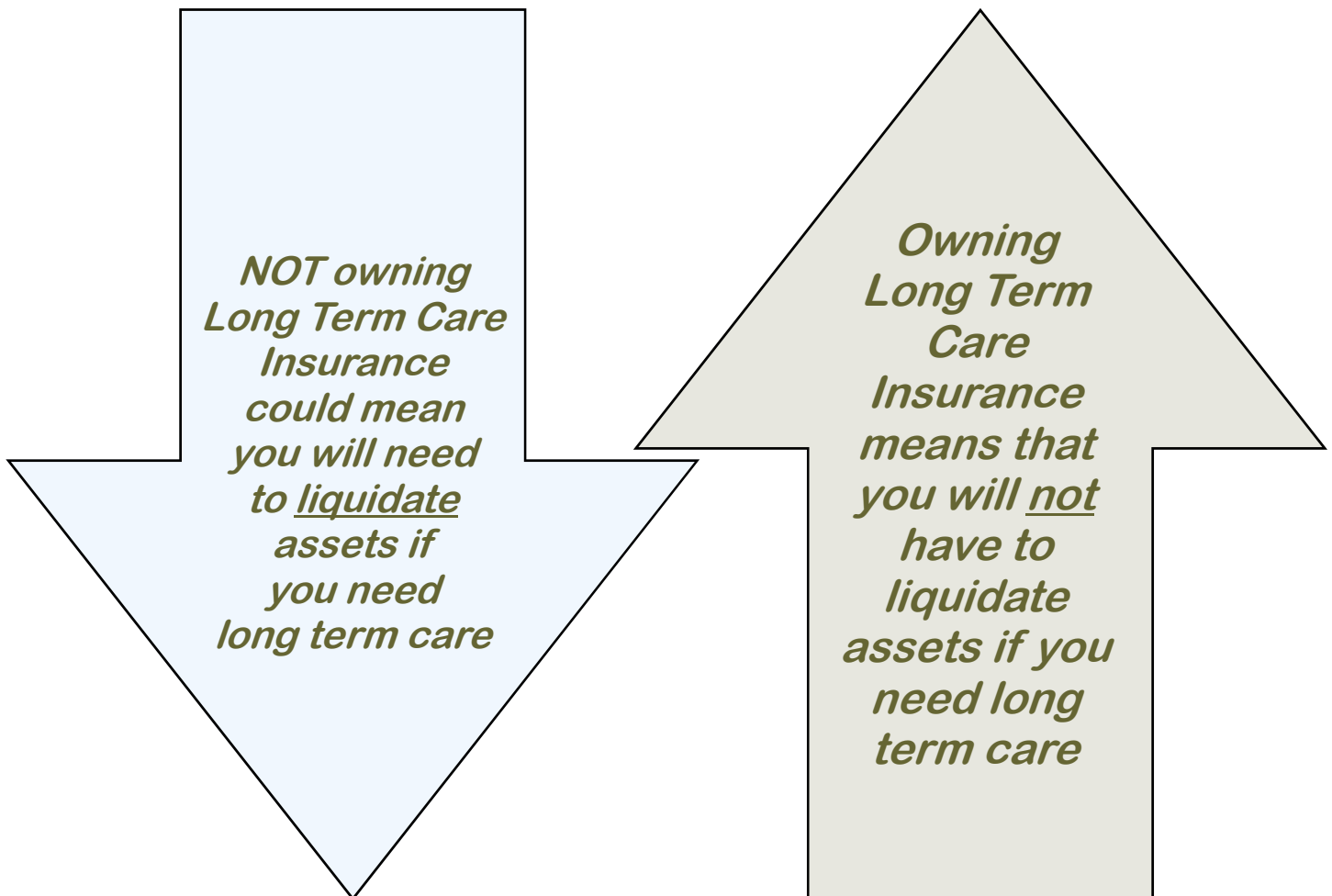
Here is an insurance plan that will help you to:

- *Preserve your assets*
- *Protect your retirement income*
- *Reduce your estate taxes*
- *Transfer wealth to your family members **without** a gift tax*

And

- *Refund your premium payments to your family at your death if you have never received any benefits from your policy*

This is *surely* a perspective that will generate great interest from your prospects, the companies they work for, and the people who work for them.



LTCI Sales Concepts for The Affluent and their Employers

Selling LTCI to the Affluent and their Employers is not a product sale – it is a *concept* sale and here are some proven *imaginative, tax-effective, and innovative* LTCI concepts to consider:

For the Affluent

- You may be able to use LTCI, in conjunction with an irrevocable trust, to *reduce* your estate taxes and transfer wealth to family members on a *tax-advantaged* basis.
- You can buy LTCI protection for your *parents* and in-laws and then *recover* your premium costs when they die.
- You can buy LTCI with a premium refund feature that converts the maximum cost of protection to *interest* – the interest you could have earned on your premiums if you had invested them.
- Your *closely held* corporation can pay your LTCI premiums for you and your spouse, *tax-deduct* the premiums *without* imputed income to yourself, and any long term care insurance benefits payable to you will be generally income *tax-free*. And, at your death, the *total* of your company's premiums will be refunded to your *personal* beneficiaries.
- You may be able to use your LTCI policy as part of a *charitable giving* program.
- You can design an LTCI plan for yourself and your spouse with *tax-deductible* premiums if you are a sole proprietor, an S corporation shareholder, a member of an LLC or a partner.
- New York State – through its LTC premium tax credit – can pay *20%* of your premium if you are a resident (Virginia can pay 15%).



Who wouldn't want to reduce their estate tax?

For the Employer

- Your company can provide employees of *its* choice – and their spouses – with LTCI under these favorable terms:
 - Your company's premium is *deductible* but *not* taxable to your employees.
 - Insurance benefits payable to your employees are generally income *tax-free*.
 - Your high net-worth employees may be able to make their insurance payments estate *tax-exempt*.
 - When your employees die your company's premium payments can be *refunded* to their *personal* beneficiaries. In addition, the plan can be designed so that your company can *recover* its premium payments at the death of your employees.
- Your company – as a tax-exempt organization – can use LTCI to provide, in essence, *deferred compensation* benefits to your key employees without the need to comply with IRS Section 457f and 409A regulations.

Tax concepts referred to in this summary reflect our understanding of possibilities under the current law but we are not offering legal or tax advice; therefore you need to consult with your own, and your customers' tax and legal advisers. Further, we did not write this material for use by any taxpayer to avoid any IRS penalty.

Financial Modeling Tools

Bringing attractive LTCI financial concepts to your prospects is not enough: they have to be *quantified* into dollars and cents so that they – and their advisors – can analyze them properly.

Our *LTCProtect* software provides that capability by *converting* abstract financial concepts into *concrete* financial proposals. Each of the following software Sales Wizards produces proposals and reports that can be packaged into a single, comprehensive, and comprehensible marketing presentation:



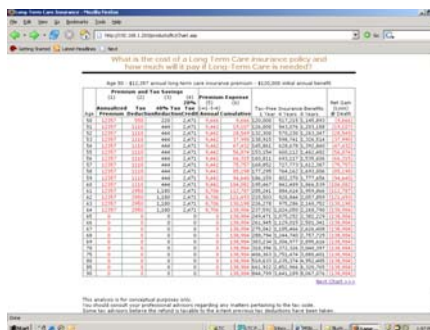
The Affluent Individual Sales Wizard

- Compares purchasing LTCI with alternative investments.
- Projects insurance and tax benefits over a 30-year period.
- Indexes the “eligible premium” to the cost of medical care.
- Quantifies and projects tax deductions for sole proprietors, “S” corporation shareholders, partners and members of LLCs.
- Illustrates Wealth Transfer and Estate Tax reduction opportunities using the Return of Premium benefit and an LTCI irrevocable trust.
- Quantifies loss of retirement income due to a long term care event using variable rate, cost, and tax assumptions.
- Measures the number of monthly insurance benefits necessary to recover premium costs in any given year.



The Closely Held Corporation Sales Wizard

- Projects premiums, tax deductions, and state tax credits over a 30-year period.
- Illustrates using LTCI to reduce corporate income taxes and the potential tax on “excess” accumulated earnings under IRC Section 531.
- Illustrates how LTCI can reduce personal estate taxes.
- Compares LTCI results with paying the premium-equivalent as compensation; retaining it in surplus, or paying it as a dividend.



* For release in the near future.

Financial Modeling Tools *(continued)*

The Public Corporation Sales Wizard*

- Illustrates consolidated cash flow including effect on the financial statements.
- Illustrates life insurance as a cost recovery feature and projects cash values and death benefits as part of consolidated cash flow summaries.
- Provides personalized projections of benefits to each eligible employee.
- Shows how LTCI can provide survivorship and paid-up LTCI benefits.

* For release in the near future.

Your Own Branded LTCI Website

Being recognized as an LTCI expert happens when you have keen *knowledge* of the subject and the ability and tools to *share* it. When you join the CCP LTCI Group, you can obtain a *branded* website in *your* name, or in the name of your organization. The content and presentation are of the highest quality and are certain to differentiate you, your firm, and your LTCI marketing efforts.

In addition it can easily be built into your current website, if desired.



Help your clients better understand the value of Long Term Care insurance through the website .

Selling LTCI to Employer Groups with CCP's Multi-Life System

Selling LTCI to an Affluent Individual is gratifying and profitable; even more gratifying and profitable is selling a *group* of Affluent Individuals!

But the employer-paid or sponsored sale has its own challenges. One of them is that the Director of Human Resources will almost *always* ask you one, or more, of these questions:

- *What* organizations have you worked with to implement your LTCI plan?
- How *long* have you been in business?
- *What* is your “business plan” for communicating and enrolling this new benefit?
- *How* will you implement this plan for our numerous offices located throughout the country?
- *How* do we confirm that you have the capabilities to execute a flawless communication and enrollment plan for my employees?
- *How* will you service and administer the plan?



The sales representative who cannot answer important questions will rarely close an employer-sponsored LTCI case

If you cannot answer these important questions, you might want to *partner* with us on your larger employer sponsored cases. By doing so you can use our *web based* multi-life communication and enrollment system that has the following key features:

- It has been used to communicate and enroll employees in some of the *largest*, globally operated, corporations in the country.
- It is a true “*Fortune 500*” tool and has complete e-enrollment capabilities.
- It delivers secure *personalized* benefit and premium information to each eligible participant.
- It’s message, content, and appearance can be *tailored* to suit the culture and tone of the sponsoring organization or company.
- It can be used as a *direct* link to/from the employer’s own intranet.

In addition we can help you implement the *entire* enrollment process including, when applicable, a projection of eligible participants’ tax deductions and tax credits – a benefit that is particularly valuable with law firm partners and medical faculty practice plan physicians.

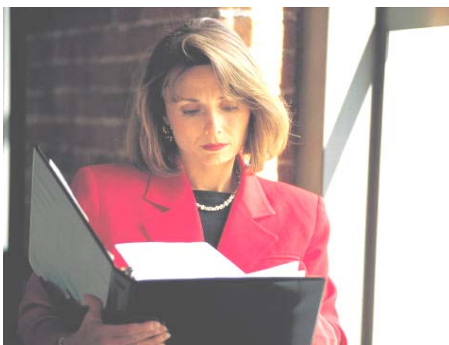
The CCP Long Term Care Insurance Group

If you are interested in increasing your LTCI sales by selling to Affluent Individuals and their Employers we invite you to join *The CCP Long Term Care Insurance Group*. Doing so will give you the following advantages:



Being recognized as an LTCI expert happens when you have keen *knowledge* of the subject and the ability and tools to *share* it

- You can *license* our powerful *LTC Protect* Software *without* cost to yourself – the only licensing “fee” is a requirement to meet a modest production objective with our insurance carrier partners.
- You will receive continuing *enhancements* to our *LTCProtect* software platform *without* cost.
- You can choose any carrier you wish to illustrate *LTCProtect* software reports.
- You can obtain your own *privately branded* LTCI website which will *differentiate* your marketing efforts and help to establish you as a true professional in LTCI.
- You can use our dynamic *LTCI Multi-Life* system to market LTCI to large employers and partnerships.
- You will be connected to our *CCP Communications’* website to give you 24/7 access to the *LTCProtect* software system.
- You will receive full *administrative support* so that you will not have to underwrite the cases you submit through us.



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**Visit our site:
www.corpcompinc.com**

*You earned it,
Now keep it!*

For more information on how to increase your LTCI marketing effectiveness call or write:

Philip Davis at 203-792-7300 or
PTDavis@corpcompinc.com.

Selling to the Affluent just got easier!

Inside this edition, Philip Davis, president of Corporate Compensation Plans shares the key elements of selling to a different part of the LTCI market.

Right now there is a small degree of market penetration in one particular area of LTC sales which presents a tremendous opportunity.

With *LTCProtect* you can provide your clients with key financial concepts to help them protect themselves against the costs of long term care.



**Make an appointment
with success!**

Need more information about *LTCProtect*?
Contact us at 800-334-6447