

Effective strategies for positioning permanent life insurance plans

Motivating your clients to action

Language to consider – Some general terms:

- Say “**Deposit**” vs “Premium” or “Cost” or “Expense”
 - “**Reallocation**,” “**Transfer**,” “**Move from one vehicle to another**”
- Say “**Insurance solution**,” “**Exempt contract**,” “**Tax efficient tool**” vs “**Policy**”
- People tend to choose to avoid risk, so they will be attracted to terms like:
 - “Reduce risk”
 - “Preserve”
 - “Retain”
 - “Avoid loss”

Language to consider – Estate planning:

- “It is a **process** that **helps you grow** and **transfer your wealth** while **managing the tax implications** during life and at death.”
- Motivate clients to action by saying ...
 - “**Estate planning** is about leaving **your mark**, your **legacy**.”
 - “**Estate planning** reflects your **values**.”
 - “**Estate planning** helps you **fulfill the purpose** of the wealth you have created.”
 - “**Estate planning** puts **you in control**, not the government.”
- “It is a process that can be **satisfying, empowering, settling**.”

“Many of my affluent/business owner clients like yourself include life insurance in their portfolio to...”

✓ **Diversify**

- “Many high-net-worth individuals include an insurance solution in their portfolios to improve diversification.”

✓ **Reduce the risk in their portfolio and increase return**

- “Would you be interested in exploring a unique asset class that lowers your risk and increases your return?”

✓ **Reduce tax today and at death**

- “Values within the insurance solution grow tax-deferred and the death benefit is paid tax-free.”
- “An insurance solution does not create annual investment income, so it does not reduce your company’s *Small Business Deduction*.”
- “An insurance solution positioned in a corporation can reduce capital gains tax on shares by up to 50% with post-mortem planning.” (using capital loss carry-back post-mortem planning)

✓ **As a tax efficient way to create funds at death; magnify the wealth you leave behind; avoid losing money to the government; release trapped surplus; take full advantage of your company’s capital dividend account for your family**

- “Life insurance can magnify your estate compared to investing in taxable investments.”
- “Life insurance can have an even greater impact if it’s positioned within a corporation.”

✓ **Provide liquidity when it is needed**

- “Life insurance can provide the money **exactly when it is needed to**:”
 - Pay taxes, settle debts, fund inheritances
 - Keep a business running – payroll, operating cash, reassure creditors/employees/suppliers
 - Buy out a deceased shareholder, provide funds needed to replace a key person
 - Replace income
 - Fund tuition

✓ **Keep a family business in the family**

- “How much of the wealth you have created in your business will be preserved for your family?”
- “What taxes will have to be paid?”
- “Where will the money come from to pay the taxes? Will your family have to ...”
 - “... **sell your personal assets**? Will it be a good time to do that?”
 - “... **sell business assets**? What taxes will your business pay to do that?”
 - “... **sell a portion** of the company?”
 - “... turn to a **lender** for a loan?”
 - “... bring on an **investor** or **partner** to raise the money to pay the taxes?”
- “An insurance solution can provide the money needed to pay the taxes and keep the family business in the family.”

✓ **Keep the family cottage in the family**

- “Do you know how much tax will be due when the kids take over ownership?”
- “Where will the money come from to pay the taxes?”
- “An insurance solution can provide the money needed to pay the taxes so the cottage can stay in the family.”

✓ **Take care of estate liabilities most efficiently**, ensure your wealth is not eroded, preserve/retain your wealth.”

Connecting to the client’s professional advisors

- Involve them early.
- Provide information needed to understand your recommendation and offer their support.
- Create a “safe” space for them to ask questions.
 - Meet without client if possible and appropriate.
 - Allows advisors to ask questions without feeling awkward.
- Defer to accountant’s expertise and always ‘stay in your lane’.
- Show that you are professional and have mutual client’s best interests in mind – not just selling an insurance product.
- If they do not have the expertise, ask if anyone in their firm does, or is there someone they refer clients to for this type of work? Allow them to keep control of the client relationship.
- Engage Equitable’s Large Case team for support!

Starting the conversation: Ways to ask the client to connect you to their professional advisors:

1. “Do you rely on someone for tax advice?”
2. “Will you ask them for comment on the ideas we discuss?”
3. “Would it make sense to connect us so we can discuss your situation on your behalf?”