

# An Option For Underperforming UL Insurance Policies

## USING COLONY<sup>SM</sup> TERM UL

# Sales Concept

### Your Client

Agents conducting a policy review for a client may find that the policyowner's current universal life (UL) insurance policy has not performed as expected and may terminate soon unless more premiums are paid.

### Strategy

Before the cash values in the old policy are exhausted, initiate a 1035 exchange to a Colony Term UL policy. The cash value may be sufficient to purchase an equal or greater amount of life insurance with a longer death-benefit guarantee<sup>1</sup>, depending on the client's age and health.

Colony Term UL combines the flexible premium structure of UL with the affordability of term life insurance. It accepts a variety of premium payment patterns including a single payment from a 1035 exchange. Even a relatively modest 1035 exchange may purchase coverage with an initial death-benefit guarantee period of 10, 15, 20, 30 years or more.

### Example

Peter, age 55, purchased a \$750,000 universal life insurance policy several years ago when interest rates were higher. The projection he received then showed that his \$1,500 annual premium would keep the death benefit in force until about age 85, based on the current interest crediting rates and non-guaranteed charges.

Since his purchase, interest rates have fluctuated and the interest credited to his policy has generally been below the original projection. He recently requested an in-force illustration and it shows that his policy will only last 17 more years if he keeps paying his current planned premium. The policy has approximately \$38,825 of cash surrender value. Peter wants to be sure his death benefit will last until age 85 and wants to know what his options are.

You show him how Colony Term UL 30 can restore his coverage to age 85 – on a guaranteed basis. By transferring his existing \$38,825 cash value and continuing to pay his \$1,500 planned premium, Colony Term UL 30 will provide him a death-benefit guarantee lasting 30 years. If he decides later that he will need his coverage longer than planned, he can extend his coverage by increasing his planned premium to an amount that will carry the guarantee for as many additional years as he needs.

### Important Information

The Genworth Financial companies wrote this to help you understand the ideas discussed. Examples are hypothetical and used only to help you understand the ideas. They may not reflect your client's particular circumstances. For full information about products' features, benefits and limitations read the policy.

Colony<sup>SM</sup> Term UL is a flexible premium, adjustable life insurance policy, commonly known as universal life (UL). Colony<sup>SM</sup> Term UL products, riders and benefits are subject to state availability and terms, issue limitations and conditions of these Policy Form Nos: ICC09GA1002 or GA1002-0709 et al. (Genworth Life & Annuity), ICC09GL1002 or GL1002-0709 et al. (Genworth Life), GY1002-0709 (available only in NY through Genworth Life of New York).

All guarantees are based on the claims-paying ability of the issuing insurance company.

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<sup>1</sup>The death-benefit guarantee can keep the policy in force even if there are no policy values. This guarantee is conditional and depends on paying the planned premium as scheduled. In addition, certain UL policy rights, if exercised, like loans and withdrawals, can end the guarantee.

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## Why choose Colony Term UL?

Planned premiums are so attractive they compete with term life insurance for 10, 15, 20 or 30 years of coverage – they’re even in the term section of the usual quote engines. However, unlike term, if clients want to extend their coverage beyond the initial period, they’ll know upfront exactly how much it will cost later to do so. That’s because all death-benefit guarantee costs are fixed and guaranteed when the policy is issued, even those that extend coverage beyond the initial period. Higher premiums will be required to guarantee coverage beyond the initial period selected. The amount of premium necessary depends on the length of the guarantee period and the frequency of planned-premium payments.

## Colony<sup>SM</sup> Term UL 30

Policy Form No. ICC09GA1002, Flexible Premium Adjustable Life Insurance

**Prepared for:** Peter Smith, Age 55, Male, Preferred Best No Nicotine Use, \$750,000 Death Benefit

| 3% Interest Rate, Guaranteed Basis |         |  |                         |              |                          |               |
|------------------------------------|---------|--|-------------------------|--------------|--------------------------|---------------|
| Year                               | Age     | Total Planned Premium Outlay During Each Policy Year (Paid Annually) | Lump Sum or 1035 Amount | Policy Value | Net Cash Surrender Value | Death Benefit |
| 1                                  | 55      | 40,315.40  | 38,825.00               | 0            | 0                        | 750,000       |
| 2                                  | 56      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 3                                  | 57      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 4                                  | 58      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 5                                  | 59      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 10                                 | 64      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 15                                 | 69      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 20                                 | 74      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 25                                 | 79      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 30                                 | 84      | 1,490.40   | 0                       | 0            | 0                        | 750,000       |
| 31-50                              | 85-104  | 107,308.99   | 0                       | 0            | 0                        | 750,000       |
| 51-66                              | 105-120 | 201,161.66   | 0                       | 0            | 0                        | 750,000       |

Premiums shown are paid during the policy year, at the beginning of each payment period.

Cash surrender values shown are end-of-year values. Death Benefits shown are beginning-of-year values.