

Leverage A Small Cash Value Policy To Buy More Death Benefit USING COLONYSM TERM UL

Sales Concept

Your Client

Young parent has an old whole life insurance policy purchased when he/she was a child. The death benefit is not enough to meet the current life insurance needs of a parent with growing children.

Strategy

Use the cash value in the old, low face amount life insurance policy to purchase Colony Term UL via a 1035 exchange. Although its cost is as affordable as term, Colony Term UL is universal life insurance. Clients can leverage its flexibility to purchase a guaranteed death benefit with a single payment.

The length of the death-benefit guarantee¹ will depend on the amount of 1035, the specified amount of coverage and the age and health of the insured. However, with costs as affordable as the Colony Term UL policy's, even modest amounts of cash value from an old, out-of-date policy, may help purchase a significant death benefit for 10, 15, 20, or 30 years.

Example

John and Mary are the parents of two small children. Both have careers and they recently purchased their first home, based on both incomes. They recognize they need life insurance to help protect the family should either of them die prematurely. They contact their insurance broker to discuss purchasing life insurance to supplement insurance they already have from their employer.

Two small whole life policies are among their existing policies. John has a policy with a death benefit of \$50,000 that his grandmother bought for him. It currently has about \$17,562 of cash value. Mary has an old policy for \$35,000 with about \$13,900 of cash value.

John is age 35 and Mary is 34 and both are in excellent health. They're interested in 30 years of coverage. John and Mary recognize that these cash values will only provide the death-benefit guarantee for 30 years. If their life insurance needs extend beyond that period, their insurance premiums will increase significantly. Their broker shows them how to leverage these small policies into coverage that will provide significantly higher death benefits. Moving the cash value from both policies to new Colony Term UL 30 policies via a 1035 exchange will provide John a death benefit of \$981,641 and Mary a death benefit of \$962,970.

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.

ColonySM Term UL is a flexible premium, adjustable life insurance policy, commonly known as universal life (UL). ColonySM 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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¹The 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 like loans and withdrawals, if exercised, 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, the flexible premium structure allows clients to pay their premium in any amount and at any time, as long as they pay enough to maintain the death-benefit guarantee. Colony Term UL can even accept 1035 exchanges from old, out of date life insurance policies. And, if clients want to extend their coverage beyond the initial period, they’ll know exactly how much it will cost later to do so. How much higher will depend on how long the client wants to maintain coverage. 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.

Example: John and Mary, Colony Term UL 30

John, age 35, Preferred Best No Nicotine Use – 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	34	17,562.00	17,562.00	12,757	0	981,641
2	35	0	0	9,948	0	981,641
3	36	0	0	7,051	0	981,641
4	37	0	0	3,945	0	981,641
5	38	0	0	742	0	981,641
6	39	0	0	0	0	981,641
7	40	0	0	0	0	981,641
8	41	0	0	0	0	981,641
9	42	0	0	0	0	981,641
10	43	0	0	0	0	981,641
15	48	0	0	0	0	981,641
20	53	0	0	0	0	981,641
25	58	0	0	0	0	981,641
30	63	0	0	0	0	981,641
Years 31-71		19,079.04	0	0	0	981,641
Years 72-87		92,312.93	0	0	0	981,641

Mary, age 34, Preferred Best No Nicotine Use – 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	34	13,900.00	13,900.00	9,997	0	962,970
2	35	0	0	7,723	0	962,970
3	36	0	0	5,284	0	962,970
4	37	0	0	2,653	0	962,970
5	38	0	0	0	0	962,970
6	39	0	0	0	0	962,970
7	40	0	0	0	0	962,970
8	41	0	0	0	0	962,970
9	42	0	0	0	0	962,970
10	43	0	0	0	0	962,970
15	48	0	0	0	0	962,970
20	53	0	0	0	0	962,970
25	58	0	0	0	0	962,970
30	63	0	0	0	0	962,970
Years 31-71		14,773.18	0	0	0	962,970
Years 72-87		71,299.77	0	0	0	962,970

These projection excerpts are for educational purposes only. The initial period is for 30 years.