

UNIVERSAL LIFE INSURANCE

gives you more  
opportunities to talk with  
**BUSINESS** owners



## Your clients' businesses operate in a world of constant change.

Fortunately, universal life insurance is highly adaptable to change. So the more change your clients experience, the more opportunities universal life insurance gives you to talk with them.

Click examples for details on each opportunity.

### financial changes

- Your client is generating excess cash flow from their successful, established business. They're also looking for tax-saving opportunities.
- Your client's business experiences short-term hardship.
- Your client's business experiences long-term hardship.
- Your client's annual tax burden from investments has increased.
- Your client's business pays off a loan.

### unexpected events

- Your client's business experiences an unexpected event, for example, a fire.
- A key person dies or leaves your client's business.

### business decisions

- Your client's business has an opportunity to expand.
- Your client or another key person is within 10-15 years of retirement.
- Your client's business purchases a significant asset (building, equipment).
- Your client's business expands to include additional owners.
- Your client decides to leave their business to one of their children.

### market changes

- Taxable assets of your client's business have increased significantly in value (building, land).
- In a market downturn, the performance of the investment options in your client's policy is suffering.
- Your client's business is growing.

## Opportunities based on **financial changes**



**Your client is generating excess cash flow from their successful, established business. They're also looking for tax-saving opportunities.**

### REASON TO TALK TO YOUR CLIENT

Business owners with excess cash flow, or excess wealth in their corporation, are typically looking for strategies to:

- Tax-efficiently access their corporate assets while living
- Tax-efficiently transfer their assets at death

They may be concerned about the high tax rates on passive investments in their corporation. They may be looking for strategic diversification opportunities.

### CONVERSATION OR SOLUTION

Show them the *Corporate Asset Transfer + sales strategy*, available in KeySource:

- Show how they can use their policy as an outlet for their excess cash flow
- Show how they can achieve additional tax efficiencies with their policy

If they have annually increasing payments, consider paying more than the minimum in the early years. This could put more money to work in their policy and increase the growth of their policy's account value. This growth is tax-free while inside their policy, subject to government limits.



**Your client's business experiences short-term hardship. For example:**

- Cash-flow shortage
- Illness or injury to the client or other key person

### REASON TO TALK TO YOUR CLIENT

Discuss ways to keep their payments affordable during this temporary hardship.

### CONVERSATION OR SOLUTION

If their policy's account value is large enough, they could temporarily reduce or stop making out-of-pocket payments.

If they've been paying more than the minimum, illustrate a lower payment that keeps their policy active and makes their coverage more affordable.



## Your client's business experiences long-term hardship.

### REASON TO TALK TO YOUR CLIENT

The hardship could affect their long-term ability to pay for their coverage.

### CONVERSATION OR SOLUTION

Re-assess their coverage needs, payment options and investment options, to ensure their policy is as affordable as it can be.

Illustrate how reducing their coverage or changing their payment option could make their payments more affordable. (If they reduce their coverage, underwriting is required if they want to increase it again later.)

If they have annually increasing payments, consider switching to level payments. This stops their minimum payments from rising each year.

If they have Coverage Plus payout, consider changing to level payout. With level payout, as their account value increases, the amount at risk decreases, and so their required payments decrease. Depending on their policy's account value, they could potentially stop making out-of-pocket payments altogether.

If their coverage is joint first-to-die, consider switching to joint last-to-die in order to lower the cost of insurance. They could potentially reduce their payments while keeping the same coverage. When the first person dies, the policy's account value could help offset the ongoing payments.



## Your client's annual tax burden from investments has increased.

### REASON TO TALK TO YOUR CLIENT

Are some of their corporate investments not being used to run their business? If so, they may be paying more tax than they have to.

### CONVERSATION OR SOLUTION

Illustrate the *Corporate Asset Transfer* + sales strategy, available in KeySource. Show how their policy could offer additional tax efficiencies.



## Your client's business pays off a loan.

### REASON TO TALK TO YOUR CLIENT

They could take the amount of their financing payment and direct it to their policy. This could increase the growth of their policy's account value. This growth is tax-free while inside their policy, subject to government limits.

### CONVERSATION OR SOLUTION

Illustrate how redirecting money from their loan to their policy could:

- Increase their policy's account value
- Accelerate the time when they might be able to stop making out-of-pocket payments
- Let them take fuller advantage of their policy's tax benefits

Also consider illustrating a switch to limited-pay. This can shorten their payment period and increase their policy's account value.

# Opportunities based on **unexpected events**



Your client's business experiences an unexpected event, for example, a fire.

## REASON TO TALK TO YOUR CLIENT

Discuss the implications. Determine whether their policy's account value could help cover the financial burden.

## CONVERSATION OR SOLUTION

Illustrate how a partial withdrawal could help offset their unplanned expenses or lost revenue. (If they borrow or withdraw money from their policy, it can reduce their policy's account value and their payout. Withdrawals are taxable.)

Or use *Corporate Plan Comparison with Accessing Cash* sales strategy, available in KeySource. Show how a policy loan could cover their unexpected expenses.



A key person dies or leaves your client's business.

## REASON TO TALK TO YOUR CLIENT

Discuss the implications of the key person's departure. Review their coverage and determine if any changes are required.

## CONVERSATION OR SOLUTION

Illustrate how their policy's account value could help buy out the share of the person who died or left. (If they borrow or withdraw money from their policy, it can reduce their policy's account value and their payout. Withdrawals are taxable.)

Discuss whether their company's insurance needs have changed, due to the change in ownership.

# Opportunities based on **business decisions**



## Your client's business has an opportunity to expand.

### REASON TO TALK TO YOUR CLIENT

Discuss how their policy's account value could support the expansion.

### CONVERSATION OR SOLUTION

Illustrate how they can borrow against their policy's account value. (If they borrow or withdraw money from their policy, it can reduce their policy's account value and their payout. Withdrawals are taxable.)

They may be able to borrow from a bank or other third-party lender, using the policy's account value as collateral.

The policy's account value is considered a company asset. It can boost their balance sheet and help them get a loan.



## Your client or another key person is within 10-15 years of retirement.

### REASON TO TALK TO YOUR CLIENT

While they still have an income, look for ways to get their policy paid up before retirement.

If they're planning to use their policy's account value for retirement income, discuss ways to increase their policy's account value today, while they have an income.

### CONVERSATION OR SOLUTION

Determine how much longer they have to make payments. Assess what they need to do for their policy to be paid up at retirement.

If they have been making more than the minimum payments, illustrate how switching to limited-pay could lock in their payment amount and pay their policy off sooner.

Illustrate their policy's estimated account value at retirement. Determine if it's enough to help meet their income needs. (If they reduce their coverage, underwriting is required if they want to increase it again later.)



## Your client's business purchases a significant asset (building, equipment).

### REASON TO TALK TO YOUR CLIENT

If the asset has an outstanding mortgage or loan against it, they may need to increase their coverage to pay off the debt in the event of death.

### CONVERSATION OR SOLUTION

If they have a level payout, consider changing to Coverage Plus. With Coverage Plus, when their policy's account value grows, so does their potential payout.



## Your client's business expands to include additional owners.

### REASON TO TALK TO YOUR CLIENT

Review their coverage to see if changes are needed because of the expanded ownership.

### CONVERSATION OR SOLUTION

Help your client consider all possible co-owner scenarios. For example:

- Co-owner dies
- Co-owner becomes disabled
- Co-owner is forced to leave the business
- Co-owner chooses to leave the business

Consider using the *Funding a Buy/Sell Agreement* sales strategy, available in KeySource. Show how the policy can fund a buyout. A buyout with life insurance is typically more cost-effective than using profits from the business or taking a loan. (If they borrow or withdraw money from their policy, it can reduce their policy's account value and their payout. Withdrawals are taxable.)



## Your client decides to leave their business to one of their children.

### REASON TO TALK TO YOUR CLIENT

On death, the payout from their policy can help equalize the legacy they leave their children. It can provide extra money for the children who do not receive the business.

### CONVERSATION OR SOLUTION

Illustrate a succession planning scenario that:

- Shows the business being transferred to one child
- Provides a payout for children not involved in the business





# Opportunities based on market changes

**↕** Taxable assets of your client's business have increased significantly in value (building, land).

REASON TO TALK TO YOUR CLIENT

There could be negative tax implications at time of death.

CONVERSATION OR SOLUTION

Discuss how they can adapt their policy to cover the increased taxes payable at death on their assets' growth.

**↕** In a market downturn, the performance of the investment options in your client's policy is suffering.

REASON TO TALK TO YOUR CLIENT

Their current payment amount, combined with the returns on their current investment options, may not be enough to pay for their coverage.

CONVERSATION OR SOLUTION

Determine whether:

- They need to adjust their selection of investment options
- They can afford higher payments to maintain their current coverage
- They need to reduce coverage to keep their policy affordable. (If they reduce their coverage, underwriting is required if they want to increase it again later.)

**↕** Your client's business is growing.

REASON TO TALK TO YOUR CLIENT

Discuss increasing their coverage to align with planned growth.

CONVERSATION OR SOLUTION

If they have a level payout, consider changing to Coverage Plus. With Coverage Plus, when their policy's account value grows, so does their potential payout.