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**Life Insurance Sales Script**

Thanks for the opportunity to speak with you about this important topic of legacy planning. I would like to start our discussion with a few questions, may I?

1. Do you currently own any life insurance?
2. When was the last time you had a life insurance review with an agent?
3. How much life insurance coverage do you currently have?
4. What type of life insurance coverage do you have today?
5. How do you feel about life insurance?

Most people have put aside talking about life insurance because it is not a very pleasant subject. I want you to look at it in a different perspective. Let’s talk about the very definition of life insurance. This is one of the best quotes I have come across. “Life insurance is one of the greatest concepts invented by the mind of man to overcome financial problems.” Let me define that for you briefly. For the average person, to protect their families, no matter how much income they earn, they would have to take their entire paycheck and put it in a short term savings account so that it could provide for their family. And you know it wouldn’t be enough. But with the invention of life insurance, an average person could put a very small amount down and have their entire economic career paid to their family. That is true; it is called “The Law of Large Numbers’. You are able to delegate that to a company, to match your earning potential through your entire career with a policy.

One of the most overlooked parts to a financial plan is the protection needs for your family. In other words if you are working you will be able to provide for your family but if you have a premature death who will provide for your family. It is important that we plan for your premature death or disability. What I am excited about is the fact that life insurance really has gone through an evolutionary process. I want to talk about some actuary science. Let me ask you a question: “If you had a goose that lays golden eggs and you had golden eggs and you had to make an investment in one or the other, which would you invest in?” Most people would say the eggs. In fact, we insure our eggs every day, don’t we? Think about it, we insure our homes. Do you know what the odds are of your home burning down this year? One in twelve hundred. We all buy automobile insurance, that’s another egg. One in two hundred and forty chance of being in an accident. We all have medical insurance, the actuary science says, one in fifteen percent chance of using that this year. Long term care, if you are over the age of 85, are you ready for this? One out of two. Chances of passing away, one hundred percent! Let’s face it, we don’t like to talk about it, but we are all going to pass someday. And the question you have to ask yourself is, what type of legacy do you want to leave? Have you had to pay for any family member’s funeral? It is not fun and it is very expensive, when the solution is to buy life insurance to solve the problem. I am going to share with you another story. It is the story about some horsemen who were riding across the Sahara Desert and they heard a booming voice that said, “Get off your horses and fill your pockets. And, what’s going to happen is, tomorrow morning, you are going to be happy but you are going to be sad”. So the guys listened to this booming voice, they got off their horses, they filled their pockets. When they woke up in the morning, sure enough, they were happy, but they were also sad. Why? Because what they were putting in their pockets were diamonds! So they were happy they put them in their pockets they were sad that they didn’t pick up enough. And believe it or not, the same thing applies with life insurance. The time that you need it the most, you wish you had the most. Yet, so many people just have the bare bone minimum, or none at all.

So the good news is that today we are going to be able to calculate how much life insurance you need.

So let’s get to it. The first thing that I like to do is talk about the different types of life insurance. First of all we have what is called whole life insurance. And for some people, this makes all the sense in the world. This gives you stability because you know that this policy will last until you are 120 years old. Chronologically, we should live that long. But right now, longevity takes you to about 77.7. However, if you are 65 years old, you’ve got a pretty good probability, in fact a 50% probability, of living to age 92. That’s either you or your wife. Now if you are happily married at 65, that’s 20 years longevity and if you are a wife, that’s 23 years. So we are living longer than ever before, but eventually we will pass away. That’s why a lot of people like whole life insurance, because whole life insurance gives you a level premium, it also helps you build up your cash value that you could borrow from later on if you need to. But that is just one option that is available to you.

The other is term insurance. Just as the name denotes, term insurance is protection for you, but it’s only for a specific amount of time. Plus there is no cash value build up. Typically this is good for people who have a short term need. Like for instance, they want to make sure their kids go to college or they want to pay off a mortgage. It’s a temporary need, so in that case it makes all the sense in the world to perhaps have a term insurance. The other option would be return of premium. After the term period many companies have a provision that will pay you back all your premiums. I think that is pretty special. Now remember, you will pay more in premium to have this feature, but for some individuals it really is a great idea. I call it almost a for savings plan.

Next, is Universal Life Indexed. This is kind of a new hybrid type of insurance. Universal Life indexed simply means that the cash value is tied to outside indices, and typically, it is the S&P 500, which really is a good gauge of our domestic market place. So, universal life, it’s going to have an ebb and flow, it depends on interest rates. And that’s where the fixed universal life comes in. When money market rates are high, you get more cash value buildup, when it’s lower, obviously you won’t have quite as much growth.

And then you have variable life. Variable life simply has a cash value linked to pure equity subaccounts. Now the other thing is, I have a whole array of companies, but my favorite is American National, 22.2 billion dollars in assets. You want to make sure you are with a strong company.

Another thing that I can do for you is a beneficiary audit. You may have old life insurance policies that you have forgotten about. I can go through it and make sure you have the proper designation for those beneficiaries. Invariably what happens is you may have an ex spouse on one of your old policies that fortunately you are going to catch or a deceased grandparent that is no longer with us. You need to change those beneficiaries. This will give you a chance to review everything you have and make sure your financial house is in order.

Let’s talk about calculating your insurance needs. First of all, when we pass away, what happens? Believe it or not, we create debt. When you look at the price of a casket, a tombstone, a plot, a service, flowers, minister you could be looking at upwards of $10, 000. Somebody has to pay that. Wouldn’t it be nice to delegate that cost to an insurance company. Write down what you think it would cost for burial insurance.

Next is clearing up debt. How much debt do you have right now not including a mortgage? Write that number down. $5000, $10,000, $50,000? Wouldn’t it be nice to leave your family debt free? The next item is a mortgage. How much would it cost today to pay off that mortgage? I always tell people the greatest sign of love is to give your family a paid off home. That is something that could stay in the family for many generations. How much do you spend in food? How much are the property taxes? Why not have a fund set up to pay those costs. You can do that with life insurance. Put that number down. Next is an emergency fund. I recommend having at least having 6 months worth of your budget in a short term account. Education/vocation. How many children do you have? What are their ages? If you are not going to be here, wouldn’t it be nice for them to be able to go to college, completely all bills paid? You can do that with life insurance. I can tell you the price currently at a state university is about $25,000. Child home care. If you’ve got small children and your wife is at home taking care of those kids and she is no longer with us, somebody has got to take care of those children. Or if you have a husband who is working or maybe you are a stay at home dad. If you are a stay at home dad and you’re not there, your wife is going to have to pay someone to watch the kids. So in that case, you need to allocate money for that. Next is legacy. Most people forget about legacy. If you are contributing to your family, maybe there is a family member that you need to help; maybe you are supporting a church, a university or a charitable organization. If you are no longer in the picture, these organizations still have economic needs. Wouldn’t it be nice to replace your contributions via life insurance? And that’s what you can do. That gives you a real quick brush with how to calculate your life insurance needs. Now what I say, if you add all that up together, now you are going to subtract. You want to subtract your existing investments, cash on hand and also existing life insurance. What I would highly recommend is to let me give you a current quote on your existing life insurance. I’ll tell you a little inside secret, mortality expenses have gone down, believe it or not. If you compare the 1956 tables to the tables we have today, you would be shocked. Insurance is one of the only things that have gone down in value and I think it will continue to do so. As products become more competitive and so do companies throughout the world. Get a quote and subtract it. Here’s what I’d like you to do. Take a look at the number. What you are going to have are three numbers. You are going to have your existing insurance, which let’s say you have a $50,000 policy. You may have a total need of $250,000. So $50,000 comes off, that leaves you with $200,000. Let’s assume you have $100,000 in savings and investments. That leaves you with $100,000. I can do 3 quotes for you. First, I can quote on what you currently have, to see if I can save you money on the $50,000. I’m going to get you a quote on the deficit. In this case the deficit is $100,000 additional dollars to take care of this need. And I will get you a quote on the entire amount, which is the $250,000, so that your investments can basically stay with your family. That’s a very clever way of making sure you take care of the important people in your life. Now, let me ask you a very important question. Let’s assume that you can’t get the insurance. Let’s assume you have been diagnosed with some sort of terminal illness and you are not able to get it. Is there any other place that you can go right now to get $250,000 to take care of your family? Most people say no. That’s why I would always recommend to, please, get the insurance as soon as possible. Because once you get it, it can never be taken away from you. Do you realize that? Especially if you have permanent insurance. You know you are going to have that from day one. So many people think, ‘Well, if I get cancer, can they cancel my policy?” NO THEY CAN’T. This is a unilateral contract. Meaning, the company is obligated to honor its agreement with you as long as you pay the premium. I have some interesting statistics for you. This is real live information. There was a death claim, a 42 year old salesman was diagnosed with lung cancer, and he had the policy in force for only 5 months and 3 days. He paid $425 for the policy, the company paid out $52,000 to his family. An attorney was killed in an automobile accident. He was only 33. He had the policy for four days. He paid $125, $45 claim. A teacher that died at home from an accident; she had the policy for two months. She paid $75, the family was paid $12,000. The fact of the matter is, the policy doesn’t have to be in force for a long period of time for it to pay. You never know when your ticket is going to be punched. And that’s why it is important to have insurance, so you have peace of mind knowing that it will be there for you.

Here is something for the guys. Do widows remarry? This is an interesting study that was done by the actuary association. It’s actually in the American Tables and it talks about the experience of the industry on remarriages of widows after age 30. Here is what is amazing. Widows after age 30; 403 of every thousand will remarry. Age 40; 193 out of every 1000 will remarry. Age 50; only 86 out of 1000 will remarry. And at age 60; only 46 will remarry. Guys, that is important information. If you are in your 40’s or 50’s, you have to realize that your wife may not remarry. So many guys tell me, “Well listen, my wife is going to marry someone else who will take care of her.” That doesn’t always happen. If we love our spouses, the greatest way to show that is through life insurance. Give that some thought. I want to share with you two more bits of information. One of them is a study that was done by Dr. Tom Holmes of the University of Washington, called “Money can’t prevent illness.” He came up with a very interesting study and it basically talks about events and how stress can cripple you. I am going to give you some of the scales of impact. Death of a spouse would be 100 points. Divorce is 73. Sexual difficulties are 39. Change in financial status is 38. Mortgage over $10,000 is 31. Change in living conditions is 25. What hi is saying is that if you accumulate these points, if they get over a certain number, they can cause real problems. And what he indicated was the accumulation of 200 or more life changing units in a single year may be more disruptive that an individual can withstand and make them vulnerable to depression or other illnesses. Having additional money can minimize the stress factors caused by these problems.

And lastly, I have a couple of passages from one of my favorite columnists, Ann Landers. These are from widows who wrote in to her column. “The ironic part of the story is that less than one month before he died, I asked him to buy some life insurance. He refused saying that the smart thing to do was put is in a savings account where he could earn interest. When he died the bank gave me $2,200. Had he have bought the policy, I would have gotten a check for $50,000.”

Here is another one. “Every time our agent suggested Mel increase his life insurance, I would come up with that stupid remark, ‘We are insurance poor’. The truth is that I, like so many wives, thought my husband would live forever. Widowhood was something else. Last week when I was going through my husband’s drawer, I came across an insurance proposal for $40,000. The cost of it was only $21.57 a month, but I wanted to spend that on other items. Today, I am working in a steak restaurant trying to keep my family together. Believe me, its tough!”

The truth of the matter is we have people who are relying on us for our income. When we pass away our income stops. So, in order to take care of our family, we need life insurance. Life insurance is the simplest thing we can do to replace our incomes and protect our families.