

# THE GFD ADVISOR



## NEW & IMPROVED LEVERAGED PLANNING® PORTALS NOW AVAILABLE

For several years, Global Financial Distributors has been happy to provide advisors like yourself with a complimentary Leveraged Planning® Portal designed to show your clients the benefits of Leveraged Planning solutions.

We are very excited to announce that we have upgraded these complimentary sites to improve a host of features including:

- Improved graphics
- Better integration of the Leveraged Planning video
- Updated feedback tools for your clients
- Upgraded navigation tools
- And much more – all still 100% complimentary!

If you currently have a custom Leveraged Planning Portal, the initial rollout of the new sites will be seamless to you. Our team

has pre-selected one of the new templates and migrated your site, including all of the content you've created.

When you have a chance, we invite you to take a look at your new site and then make changes as you see fit (including choosing one of 5 other templates, or staying with the pre-selected template). Please note that your URL did not change, but your password did. You were sent an email with all of the details you would need to access it, but if you need it resent to you, please contact your FSM at 800-515-2599.

**If you do not already have a custom Leveraged Planning Portal, but would like one, now is a great time to set one up. To do so, please access the following url and complete the simple steps to create yours today:**

summer 2014 issue SEVENTEEN

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<http://gfdprograms.net/signup.cfm>

If you have any questions regarding your site or need assistance in setting up a new site, please contact your FSM.



## Spotlight on: Shanna Thomas

*Agency Case Manager, Shanna Thomas, may not be someone you talk to at GFD on a regular basis, but she certainly keeps things running smoothly behind the scenes. In this quarter's Spotlight, she'll share with us her instrumental role at GFD and provide some insight on how to ensure a seamless Leveraged Planning® transaction.*

### **How long have you been in the insurance industry?**

*I've worked in the insurance industry for over 15 years now - with the past 3 years being at GFD.*

### **Where did you get your start and what brought you to GFD?**

*My career in the insurance industry began with Assurant Solutions where I was a Team Specialist. I then worked for ING supporting their Client Relationship Development. After working with ING, I joined Old Mutual Financial Network as a Senior Regional Coordinator prior to becoming an Agency Case Manager at GFD.*

### **What brought you to GFD?**

*I've always been interested in advanced planning concepts and providing different sale approaches to advisors. When I was first introduced to Leveraged Planning solutions, I was very intrigued and really liked the idea of focusing more on the business owner marketplace. Of course, since joining GFD, we have expanded into the high net worth marketplace as well.*

### **What does your role at GFD entail?**

*As an Agency Case Manager, I provide support for the Financial Services Managers by managing pending in-house cases with the insurance carriers, running illustrations as needed, and working with our lending affiliate to ensure they have all of the documents necessary to process the case.*

*My role is to provide assistance to the FSMs once we receive the initial Loan Underwriting Form (LUF) all the way through to closing the case.*

### **What have you found to be the most common occurrences that delay a case?**

*Time and time again, I see agent's carrier appointments not in order prior to solicitation of business, which then requires new applications to be dated after the appointments are completed.*

*I also often encounter missing information on the life or annuity application dates, agent appointment codes, social security numbers, and background questions not answered on the application.*

### **What tips do you have for GFD affiliates who are submitting their first case?**

*I would recommend that the agents submit all applications to our office for an initial reviewing of the application submission. This way we can audit applications and assist with gathering any missing information that is required from the insurance carriers. Although this may seem like an extra, unnecessary step, we are often able to speed up the turnaround on an application if changes are needed.*



GFD is excited to announce that we will again be attending the NAILBA Annual Meeting this year. NAILBA33's Annual Meeting will be held on November 20-22, 2014 in Hollywood, FL.

If you're also attending, be sure to stop by our booth (#714) to say hello and enter to win a pretty extraordinary giveaway.



# CASE STUDY

## Rescuing an “Encumbered” Life Insurance Policy

### THE SITUATION:

*John Wynkoop, age 62, purchased a whole life policy in 1985. Many years and a policy loan later, he needed new options to restructure the ongoing funding of the policy. The ideal outcome would be to reduce the impact of the loan he’d taken earlier and improve his death benefit protection without taking out an entirely new policy. Global Financial Distributors provided him with the options he required.*

### POLICY DETAILS PRIOR TO THE LEVERAGED PLANNING® SOLUTION:

The table below illustrates the specifics of Mr. Wynkoop’s situation prior to implementing a Leveraged Planning solution.

Policy Death Benefit	\$2,019,670
CSV	\$93,324
Policy Dividends (2013)	\$96,079
Outstanding policy loan balance	\$2,335,702
Annual premium payments out of pocket	\$28,711

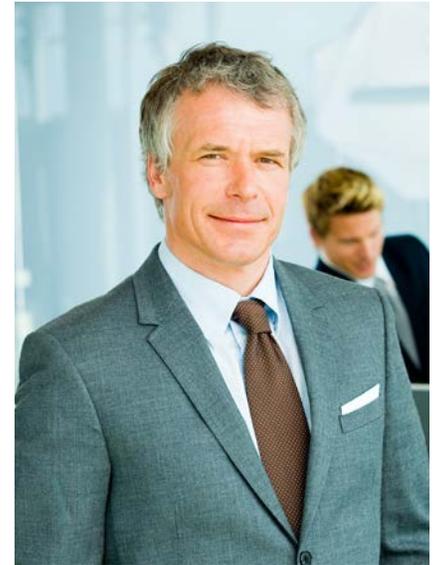
were used to purchase paid up additions. Meanwhile, Mr. Wynkoop was making annual premium payments out of his own pocket. Lastly, the death benefit was significantly less than what he wanted to leave to his family.

### POLICY DETAILS AFTER IMPLEMENTATION OF THE LEVERAGED PLANNING® SOLUTION:

Working with Mr. Wynkoop and his financial advisors, Global Financial Distributors put together a solution that doubled the death benefit and increased the policy’s cash surrender value by 20x. The table below illustrates the new specifics of Mr. Wynkoop’s policy.

Policy Death Benefit - After Leveraged Planning Solution	\$4,097,976
CSV - After Leveraged Planning Solution	\$2,497,207
Policy Dividends (2013)	\$96,079
<b>Outstanding policy loan balance</b>	<b>\$0</b>
<b>Annual premium payments out of pocket</b>	<b>\$0</b>
<b>Leveraged Planning loan</b>	<b>\$2,428,017</b>

now freed-up policy dividends. The principal was to be paid either at the end of the loan term from the policy’s cash value or another source of funds. Alternatively, the loan could be renewed for another term if Mr. Wynkoop chose.



By 2013, his policy had a loan against it that left less than \$100,000 in current cash surrender value. The policy was paying annual dividends which

To fund this dramatic improvement of the policy’s value, Mr. Wynkoop worked with GFD to take out a 10 year loan for \$2,428,017. The loan required simple interest payments of approximately \$92,000 annually which could be paid with the

(cont’ on P4)

## CASE STUDY (cont')

With dwindling cash value in his policy and a large outstanding loan, Mr. Wynkoop's choice to work with GFD to implement a policy rescue loan enabled him to simultaneously accomplish several goals including:

- **Elimination of an existing policy loan**
- **Improvement of the policy's cash surrender value**
- **Better utilization of policy dividend payments**
- **Lower out of pocket cost**

GFD provides clients with unique expertise and abilities in crafting "rescue" loans for life insurance policies that are potentially very strong, but currently significantly encumbered. Call your FSM today to discuss these insurance financing solutions – and the many others – that GFD can offer.

- *GFD does not provide tax advice. All clients must confer with their financial and tax advisors on matters of deductibility or tax treatment.*
- *Annual interest payment reflects decision by client's advisors to deduct interest expenses. Policy growth assumed as illustrated.*
- *The client's loan utilized a variable interest rate based on the 1 year LIBOR rate plus spread.*
- *Additional collateral may be required in future years.*
- *Savings represents difference between aggregate interest payments and accumulated premium payments.*
- *Mr. Wynkoop is a hypothetical client, plan specifics are based on actual loan and insurance policy illustrations, and subject to the terms of the definitive executed plan documents.*

## upcoming **WEBINARS**

As we head into the final months of the year, we'll be offering two new/updated webinars for advisors: **Leveraging "OPM" in the Business Owner Market Space** and **Managing the Case Process**.

Leveraging "OPM" in the Business Owner Market Space is a new webinar which replaced the Understanding Leveraged Planning Solutions webinar. This webinar is ideal for the advisor new to Leveraged Planning Solutions or looking for a refresher.

The updated Managing the Case Process webinar is designed for the advisor who is familiar with how the solutions work and is interested in learning how the process works from application to close.

You can register for either of these webinars by accessing the Webinar Calendar under the Resources tab available at [www.globalfd.com](http://www.globalfd.com).

### OCTOBER 2014

#### LEVERAGING "OPM" IN THE BUSINESS OWNER MARKET SPACE

October 15, 2014, 12:00pm - 1:00pm ET

### NOVEMBER 2014

#### MANAGING THE CASE PROCESS

November 5, 2014, 12:00pm - 1:00pm ET

## interesting **STATISTICS**

Average length of retirement: **18 yrs**

**80%** of people ages 30-54 believe they will not have enough money put away for retirement.

Source: U.S. Census Bureau, Saperston Companies, Bankrate, 2014

**UTAH** was rated as the most small-business-friendly state in the nation in a survey of 12,000 small-business owners.

Source: Kauffman Foundation



According to Transamerica Center for Retirement Studies, the majority of Generation X workers have an average of **\$70,000** in retirement savings for their household.

# Using Premium Finance with a SERP

Attractive benefit packages help recruit in-demand talent, but not every business owner has the resources to fund these employee perks. Sometimes, when growing a business, cash crunches from expansion and marketing make it almost impossible to offer vital benefits such as the supplemental executive retirement plan (SERP).

Thankfully, by utilizing an affordable premium finance program, you can find a way to fund the SERPs your executives deserve without liquidating assets or redirecting capital.

## Premium Finance with SERPs

When they want to offer talented executives an added pool of funds for their retirement, many business owners turn to the supplemental executive retirement plan (SERP). SERPs are attractive for many reasons, including:

- **They can be provided to only select groups of employees, such as managers and highly compensated executives.**
- **As a non-qualified, deferred compensation plan, SERPs aren't subject to qualified plan limits, although reasonableness of compensation is a factor.**
- **SERPs provide tax-free growth and are employer funded.**

When a SERP is funded by a financed life insurance policy, the benefits to the employee can be immense.

The business starts by working with a partner like GFD to implement and fund a cash value life insurance policy with the employee as the insured. This provides some protection to the business owner in the event that the employee passes away and they need to recoup costs. It also provides for a survivor benefit. The cash value growth inside the policy is used to fund the SERP and pay back the premium finance loan to GFD's lending affiliate, G1. Essentially, through this design, the business owner is able to provide a benefit to his or her employee that costs

them little to nothing because it self-funds.

## Which Kind of Cash Value Policy to Choose?

There are several different cash value policies business owners can use to fund SERPs, but the most advantageous is the indexed universal life policy (IUL). With an IUL, cash values in the policy grow based on the rise and fall of a chosen index (subject to caps and participation limits). Because the performance is tied to the market but the funds aren't actually in the market, there is no risk of loss should the index drop in value. Instead, the policy's floor (which may include a low guaranteed interest rate) kicks in and prevents losses to accumulated cash values.

IUL policies feature a unique combination of potential for aggressive growth and preservation. Policies can be further enhanced with supplemental riders. One such rider is the early cash value rider. This rider reduces surrender charges in the policy and increases the rate at which cash values grow, which can positively affect the business's balance sheet.

Some carriers give policyholders the option of choosing dollar-cost averaging premium crediting option. With this feature, premiums are initially placed in a fixed-interest account. A pre-determined percentage is transferred out to the indexed account at regular intervals, minimizing the risk of value fluctuation and ensuring that entire premiums aren't hamstrung by sudden market downturns.

Whether you want to recruit industry influencers or provide incentives to the executives you already have on board, a SERP offers a great way to do just that. When funded with a premium finance loan and built around an indexed universal life insurance policy, you're maximizing the benefit provided while minimizing the cash your business spends. Give us a call today to find out how our Leveraged Planning® solution can help fund your SERP and keep your executives loyal.