Breakthrough Life Insurance Solutions That Make Sense for Today's Generations

Find Out How Successful Brokers Are Closing More Life Insurance Sales by Reaching These Two Key Markets!

Introduction

The life insurance market has always relied on traditional milestones to prompt the demand for certain life insurance products. Events such as getting married, having children, and buying a new home are just a few of the go-to "why buys" for brokers when it comes to selling term and whole life insurance. But over the past decade, demographic trends have shifted significantly, creating new market opportunities for brokers looking to substantially grow their life insurance book.

With the continued growth of dual-income households and the wave of more than a quarter-million baby boomers turning 65 every month[1], the opportunity to capitalize on the growing needs of these two middle-

> Over the past decade, demographic trends have shifted significantly, creating new market opportunities for brokers looking to grow.

income markets has never been greater. In this white paper, we explain why this is the ideal time to reach these two demographics, and how joint whole life insurance can be THE solution for meeting the life insurance needs of today's generations.

Life insurance solutions for the modern family

Most married couples looking for life insurance typically purchase two separate policies, insuring the lives of both spouses. Joint whole life or first-to-die life insurance works differently in that it allows married couples to share one life insurance plan. When one spouse dies, the policy pays the death benefit to the surviving spouse, replacing a portion of the income that has been lost. And because only one policy is needed, joint whole life can be a cost effective way to get the coverage that many married couples need without paying premiums for two individual policies.

However, with all of its benefits, joint whole life has been one of the less common coverages for brokers to sell. Not that it doesn't provide solid coverage, but more traditional life insurance products such as term, whole and universal life have historically appeared to better suit the times. But if events over the past several decades have shown us anything, it's that nothing stays the same.

Take generational changes, for example. It used to be that a typical family unit included a primary wage earner and a stay-at-home spouse whose full-time occupation was to care for the children. Fast-forward to today when only 19 percent of married couples with children depend on a primary breadwinner, compared with 36 percent back in 1967[2]. Based on these numbers, you can see how it used to make more sense to cover only the primary wage earner rather than covering the lives of both spouses.

Then came the Baby Boomer generation of Americans born between 1946 and 1964. Today, they face a laundry list of tough financial challenges compared with what their parents experienced—especially when it comes to retirement. For example, pre-boomer generations might have had a lower per-capita income, but they also had corporate pensions that allowed them to save more and retire with a nice nest egg. Sailing into retirement, they lived comfortably off these pensions and Social Security benefits.

Today, many boomers haven't amassed enough in personal savings to retire comfortably, and most don't have meaningful pensions compared with those of their parents. Moreover, future Social Security benefits may be substantially reduced or could vanish altogether. Baby boomers in or near retirement will need a way to build and supplement their retirement incomes while providing for the surviving spouse financially when the first spouse dies.

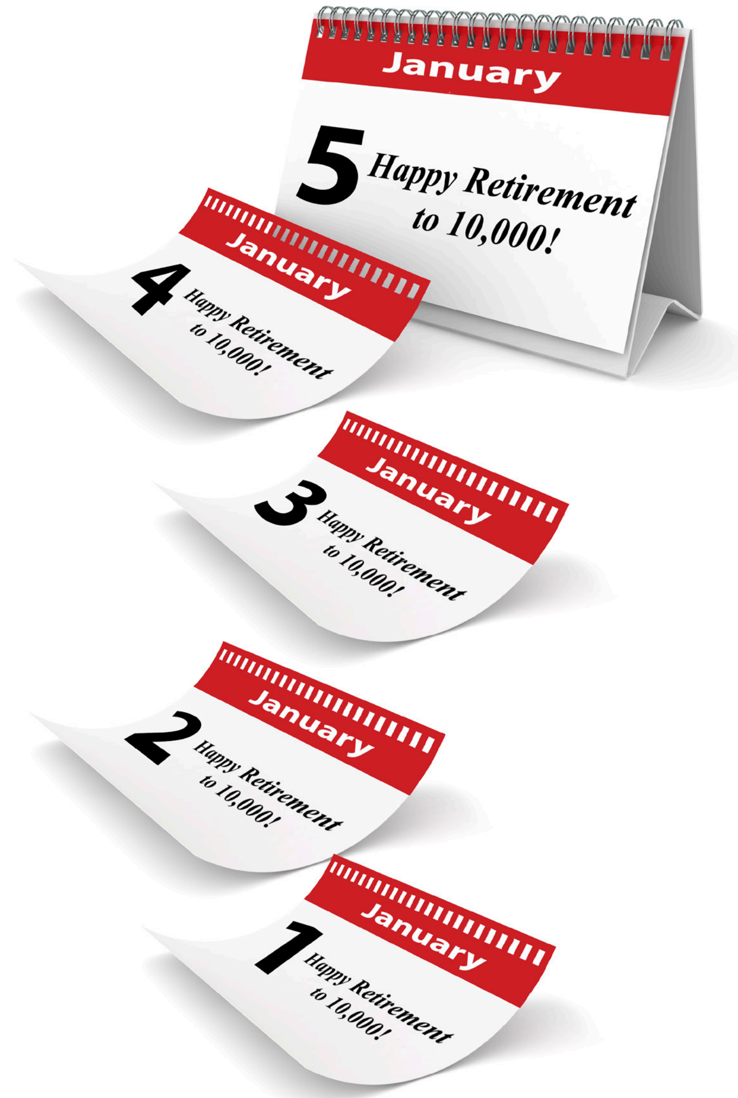
With generational changes that include more dual-income working couples and baby boomers getting ready to retire, producers have an incredible opportunity to capitalize on an untapped market while providing clients with coverage options that will best meet their needs. Here's what you need to know about marketing to these two growing demographics.

Selling to the baby boomer market

Consumers are often confused when it comes to the need for life insurance in retirement. The primary argument is that once you're retired and no longer have dependents relying on you for financial support, you don't need life insurance coverage. Unfortunately, that reasoning may be great in theory, but it's not necessarily true in practice—especially when it comes to the baby boomer generation. Here's why:

For the pre-boomer generation, retirement planning used to be a lot simpler. You worked for 40 or so years, paid off your mortgage, and then lived off your savings and Social Security benefits. However, today's baby boomers will have a harder time pulling off a financially secure retirement as they continue to experience the effects of a slow-to-recover economy.

Thirty years ago, pensions guaranteed many retirees and their spouses a fixed monthly payment for life[3]. But today, with many traditional retirement plans quickly eroding, more Americans will depend on Social Security to help fill the gap. Unfortunately, Social Security Trust reserves are projected to run out in 2034[4]. If this happens, beneficiary payments could be cut by up to 23 percent. This presents a very real challenge for the 9 out of 10 Americans 65 or older who depend on Social Security for retirement income[5].



The sad truth is that most married couples in retirement rely heavily on a dual Social Security income. In fact, 52 percent of married couples age 65 or older receive 50 percent or more of their income from Social Security[6]. Unfortunately, when a spouse dies, a widow or widower doesn't receive two monthly Social Security checks. Instead, they'll receive either a payment based on their own work record, or else a percentage of the deceased's basic Social Security benefit that's based on their spouse's work record[7]. And no matter how a married couple elects to receive Social Security benefits (early or at full retirement age), the reality is that most households will suffer a substantial reduction of income when a spouse passes away.

For baby boomers nearing or in retirement, joint whole life can be an affordable way to replace the Social Security benefits that will be reduced when the first spouse dies. And with approximately 10,000 Americans turning 65 every day, the opportunities for marketing and selling joint whole life insurance to this generation have never been greater.

Key points for marketing to baby boomers are:

1. **Affordable premiums.** By not having to pay for two separate death benefits, joint whole life can provide baby boomers with an affordable life insurance option compared to more traditional life insurance products. This savings is a key selling point for older couples who are in or near retirement and looking for economical coverage regardless of their age.
2. **Cash-value growth.** In addition to providing a death benefit, joint whole life has the potential to earn dividends that can be used to supplement retirement income.*
3. **Replacing lost retirement benefits.** When a spouse dies, joint whole life insurance can help support a surviving spouse with income at a time when he or she needs it most.

Selling to the dual-income market

The dual-income family has become commonplace. It's defined as both spouses maintaining separate careers and both contributing to the financial success of the household. Simply put, the dual-income market includes any two people in the same household who depend on two incomes. Among dual-income married couples with no kids (also known as DINKs), 53 percent rely on earnings from both spouses, compared with 44 percent in 1967[8].

Life insurance is designed to insure against the loss of income provided by the primary wage earner. For this reason, policies are often sold on the premise of covering the main breadwinner of the family. That may have been fine back in the '50s for Ward Cleaver, who brought home the bacon while June cared for Wally and Beaver, but times have changed. Today, not only has the number of dual-income families grown, but more married couples have since taken on equal roles, and often a spouse will earn as much as or even out-earn the traditional breadwinner of the family[9].

With the breadwinner cards stacked equally, the loss of either spouse's income would create serious financial consequences, making a strong case for insuring both lives.

This is the real world of shared economics and the financial risks that many couples with dual incomes now face, which presents a unique opportunity to sell joint whole life insurance to this ever-growing demographic.

> The reality is that most households will suffer a substantial reduction of income when a spouse passes away.

Key points for marketing to dual-income households are:

1. **No more wasted premiums.** Joint first-to-die life insurance covers the lives of two people at the same time. If a family's household income is equally weighted, then a dual-income family with no kids really needs only one death benefit. Eliminating wasted premiums can enable the couple to use the savings to purchase additional coverage, enhance the cash value, or both.
2. **Asset protection.** Because a dual-income household has more earning power, the couple often will feel more comfortable in making substantial purchases. For newlyweds, that may be a new home or a second vehicle, while more established couples with no children may be looking at a vacation home, rental/investment property, or even a new business venture. Regardless, joint whole life can protect a surviving spouse from defaulting on loans or having to adjust his or her lifestyle to meet these financial obligations.

Among dual-income married couples with no kids, 53 percent rely on earnings from both spouses.

3. **Affordable income replacement with peace of mind.** For dual-income couples who are just starting out, joint whole life insurance is typically a more affordable choice. Often couples on a budget can afford to insure only one person. If the unprotected person dies first, the survivor gets nothing. Joint whole life provides peace of mind so that both spouses are protected regardless of who dies first. In addition, joint whole life provides both baby boomers and dual-income households with such benefits as:

- An income tax-free death benefit
- A guaranteed death benefit
- Guaranteed cash values
- Dividends that build over time*
- Tax-deferred growth
- Living benefits
- Premiums that will never increase with age
- Access to cash values through policy loans/withdrawals**
- Optional benefit riders that will allow a policy-owner to customize their policy
- A dual death benefit paid to a beneficiary(s) for spouses that die within 24-hours of each other

Conclusion

Success selling life insurance requires meeting the needs of your clients. Your customers are looking to you, as their trusted adviser, to pair them with the life insurance product that best matches their individual needs and budget. Whether you're a new broker or a seasoned life insurance professional, it's important that the policies you're marketing are keeping up with the times.

Today, the joint whole life insurance market is wide open when it comes to selling to the baby boomer and dual-income demographics. Now is the time to beat your competitors to the punch by proactively focusing on these key markets. Don't miss out on a golden opportunity to substantially grow your life insurance book (and commissions) by taking another look at joint whole life insurance from Assurity.

Sources

[1] U.S. Census Bureau.
[2] Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, Working wives in married-couple families, 1967–2011 on the Internet at http://www.bls.gov/opub/ted/2014/ted_20140602.htm.
[3] U.S. Bureau of Labor Statistics, December 2012.
[4] http://www.ssa.gov/OACT/TRSUM/index.html.
[5] http://www.ssa.gov/news/press/basicfact.html.
[6] http://www.ssa.gov/news/press/basicfact.html.
[7] http://www.ssa.gov/planners/survivors/ifyou5.html.
[8] Bureau of Labor Statistics, U.S. Department of Labor, June, 2015, The Economics Daily, Working wives in married-couple families, 1967–2011, on the Internet at http://www.bls.gov/opub/ted/2014/ted_20140602.htm.
[9] Source: Pew Research Center analysis of 2011 American Community Survey.

About Assurity Life Insurance Company

Assurity Life Insurance Company is a Lincoln, Nebraska based mutual organization with a 125-year legacy of helping policyholders through difficult times.

Specializing in life insurance, disability income and critical illness plans built to meet the needs of today's consumers, Assurity designed LifeScape® Joint Whole Life specifically for the two markets outlined in this report.

For more information about Joint Whole Life, please call 800-276-7619, ext. 4264 or email sales@assurity.com.

*Dividends are not guaranteed and are determined by company expenses and investment earnings.
**Any policy loans that are not paid back can reduce the death benefit that is paid to the beneficiary.

Policy Form Nos. ICC15 I L1505 or I L1505 underwritten by Assurity Life Insurance Company of Lincoln, Neb.
Product availability, rates and features may vary by state.

Assurity®
Life Insurance Company
www.assurity.com