

# NGL Funeral Trust Funding

*Unlimited Opportunity with Existing Clients*



**NGL Final Expense**

*It's about people.*

# ***Consider this . . .***

- ▶ Most significant events in our lives require planning.

***You rarely just let them happen.***

- *You consider options.*
- *You plan.*
- *You save.*

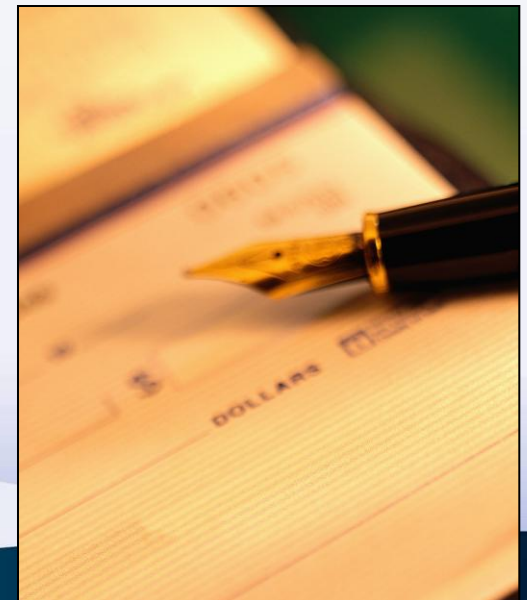


# ***Funeral and Final Expenses Aren't any Different . . .***

- ▶ Someone will need to determine services and pay the bill. The question is who and when:
  - The deceased prior to death?
  - The survivors afterward?

## ***NGL offers choices:***

- Plan and pay for the funeral (Preneed) or
- Pay for the anticipated expenses (Final Expense).



# ***How Much Does a Funeral Cost?***

- ▶ Today's funeral costs less than you might think.
- ▶ The U.S. Senate Committee on Aging shows the average adult funeral to be \$8,495.

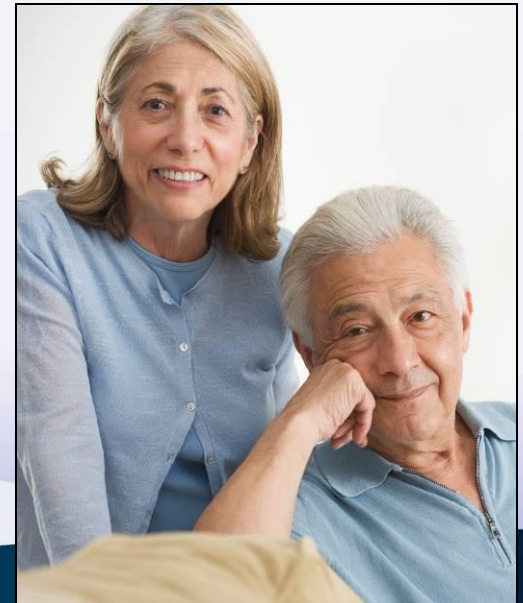
***If something happened to you yesterday, how would your funeral be paid for?***

Professional Services	\$1,283
Embalming/ Cosmetology	\$537
Memorial Service	\$670
Flowers	\$250
Transfer of Remains to Funeral Home	\$186
Hearse	\$170
Limo (2)	\$260
Service Van	\$100
Graveside	\$400
Cemetery Charges	\$1,400
Casket	\$2,477
<u>Vault</u>	<u>\$757</u>
<b>Total</b>	<b>\$8,495</b>

# ***What is the Opportunity for You?***

- ▶ In a National Survey, 72% thought it was a good idea to preplan but 64% had not taken any steps to do so...

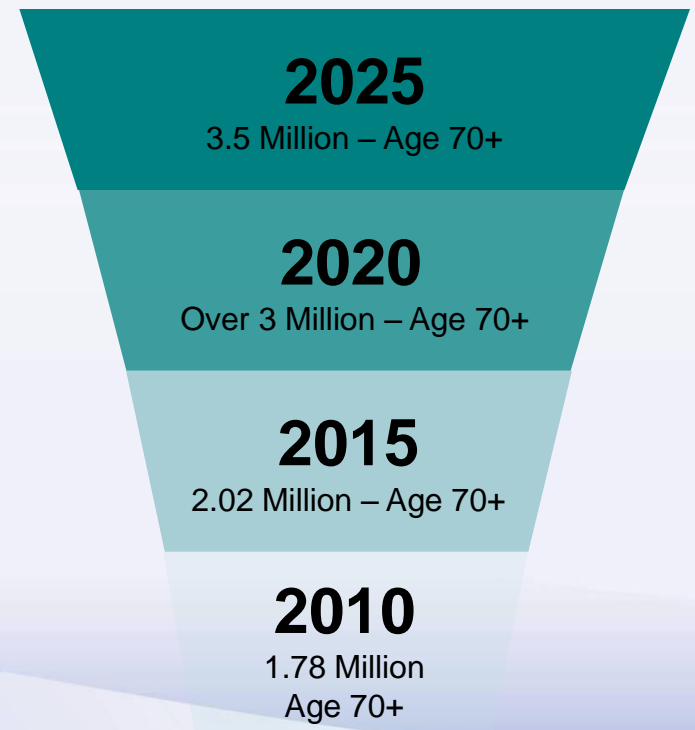
***Your clients are no different.***



# ***How Big is the Market?***

- ▶ Over the next 20 years, 80 million people are expected to file for Social Security benefits

***By 2025, there will be almost twice as many seniors as today.***



# ***Plus, consider this...***

- ▶ 43% of all Americans older than 65 will need nursing care.\*
- ▶ The national average cost of long-term care is over \$70,000/year
  - Annual growth of 4% over the past five years.\*\*

***And, many people who need long-term care will need to qualify for Medicaid.***



\*Kemper & Murtaugh, New England Journal of Medicine (1991)

\*\* Genworth Financial Cost of Care Survey (2008)



# ***So How Does this All Fit Together?***

## ***NGL AssetGuard and Funeral Trusts***

- ▶ Blends the financial protection of life insurance with the advantages of an irrevocable funeral trust.
- ▶ Allows your client to plan ahead by permanently setting aside the funds they'll need for final expenses.
- ▶ By using a trust to hold the funds for funeral expenses, your client is effectively “spending down” their assets
  - May help prevent them from being counted as excess monies during Medicaid consideration.





# ***NGL Irrevocable Trusts***

- ▶ Protection from creditors
- ▶ Benefits are income tax-free
- ▶ Funds available *immediately*\*
- ▶ Trusts are *FREE*
- ▶ Everyone qualifies for trust assignment
- ▶ Death proceeds used for funeral expenses avoid probate costs and delays
- ▶ Funds totally portable

**NGL Insurance  
+ NGL Irrevocable Trusts  
= An Unbeatable Team**

*\*Upon submission of all required claim documentation.*

# How the Trusts Compare

	Protected from Probate	Protected from Lawsuits	Protected from Creditors	Protected from Income Taxes	Protected from Medicaid Spend Down	Benefits Paid Directly to Any Funeral Home
CD	No	No	No	No	No	No
Savings	No	No	No	No	No	No
Annuity	Yes	Depends on State	Depends on State	No	No	No
Life Insurance *	Yes	Depends on State	Depends on State	Yes	No	No
<b>Irrevocable Funeral Trust</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes**</b>	<b>Yes</b>

*\*Without a Funeral Trust. \*\* Some states may vary on Medicaid rules and eligibility is not guaranteed; please consult an elder law attorney in your state for assistance.*

## ***NGL Funeral Expense Trust***

## ***NGL Estate Planning Trust***

<ul style="list-style-type: none"><li>• \$15,000 maximum (or state limit, if less)</li></ul>	<ul style="list-style-type: none"><li>• \$50,000 maximum (or state limit, if less).</li></ul>
<ul style="list-style-type: none"><li>• The ability to help exclude assets in order to qualify for Medicaid and SSI* when applying <b>immediately</b></li></ul>	<ul style="list-style-type: none"><li>• The ability to exclude assets in order to qualify for Medicaid and SSI <b>after 5-year look back</b></li></ul>
<ul style="list-style-type: none"><li>• The Trust will pay funeral costs with any excess funds going <u>to the estate of the insured</u></li></ul>	<ul style="list-style-type: none"><li>• Funds used to pay funeral expenses. Any excess funds returned <u>to a designated beneficiary or the insured's estate</u></li></ul>

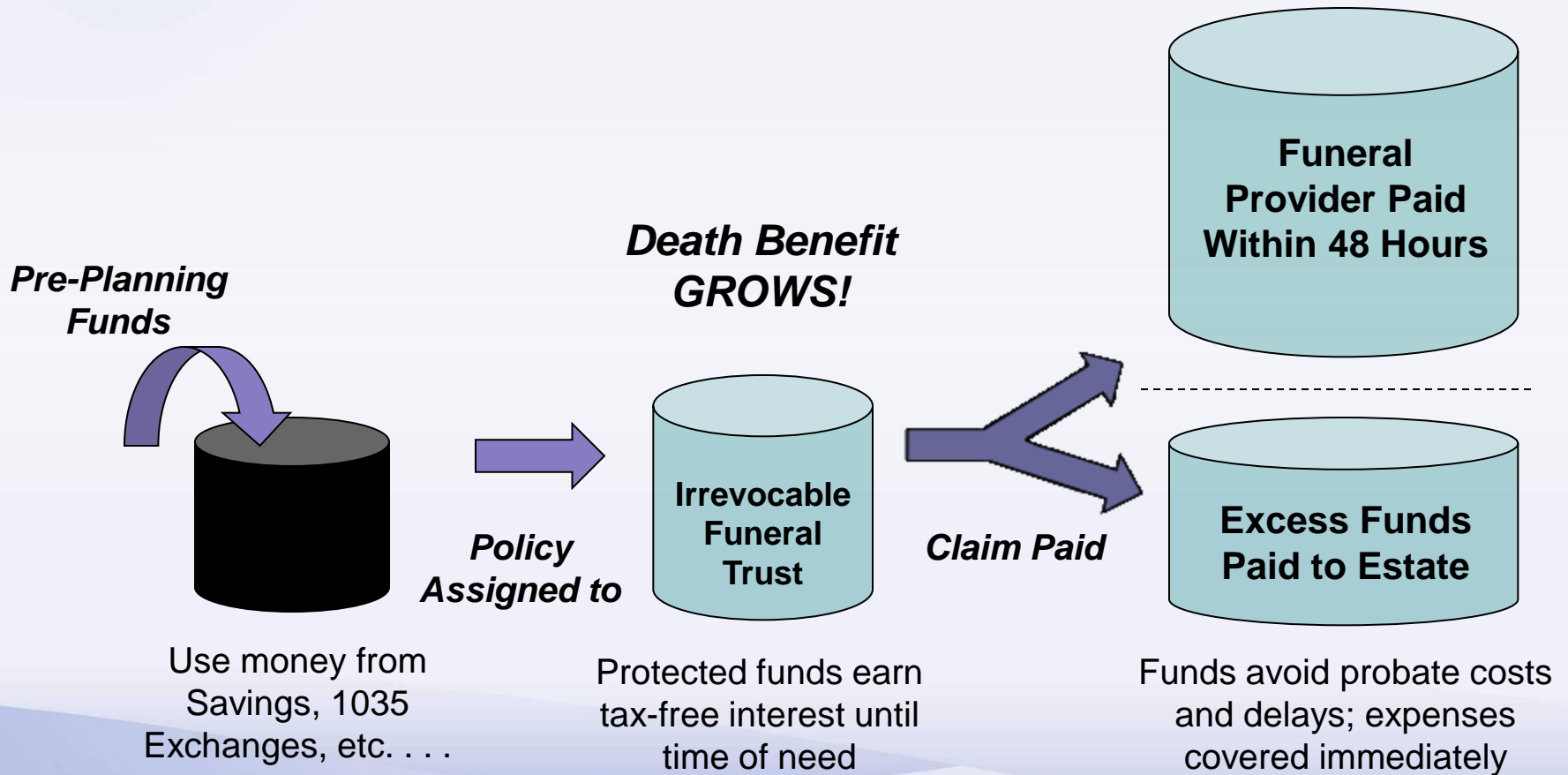
*\* Some states may vary on Medicaid rules and eligibility is not guaranteed; please consult an elder law attorney in your state for assistance.*

# ***The Insurance Product Inside:***

## **NGL Asset Guard**

- ▶ Issue age 0-99 (SP), 0-90 (MP)
- ▶ Payment plans from single pay up to 1, 3, 5, 7 and 10 year plans
- ▶ Underwriting:
  - ▶ One health question
  - ▶ Standard and guaranteed issue available on all ages
- ▶ Maximum face amount”
  - ▶ Single and 1 Pay: \$50,000
  - ▶ Multi-Pay: \$25,000
- ▶ Increasing death benefit at growth rate you select

# ***How the Trusts Work***



# ***Presenting to Clients***

## **Annual Review**

- ▶ Review issues and discuss needs

## **Present Funeral Trust Funding**

- ▶ Stress the benefits of planning ahead
- ▶ Can be used with any funeral home
- ▶ Can 1035 Exchange existing life insurance\*

## **Close the Sale**

- ▶ Client will have peace of mind knowing they've planned ahead and funds are protected

# ***How to Present?***

- ▶ “If you had died yesterday, how would your family pay your final expenses today?”
- ▶ “If you have set aside funds, are those monies protected from:
  - Medicaid?
  - Creditors?

*So the money will be there when needed.*



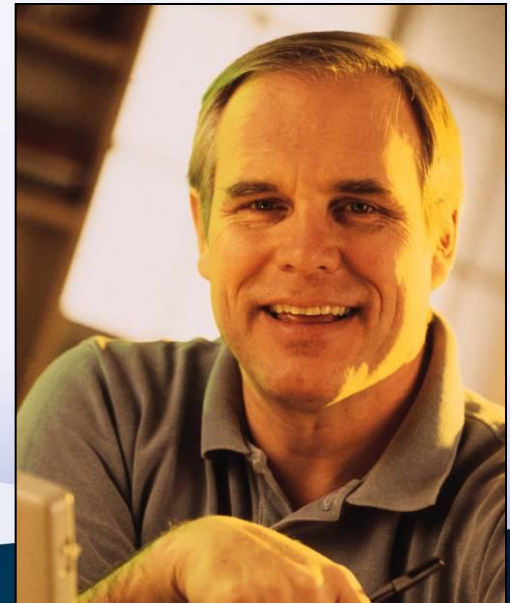


# ***Another Approach:***

“Over the years, we’ve worked together on planning for significant life events such as college tuition, retirement, weddings...

But, one thing we’ve never talked about is how to fund your final expenses...”

***The conversation is easy to start!***



# *Where do You Find the Money?*

- ▶ CDs
- ▶ Money Markets
- ▶ Other Insurance
- ▶ Investments
- ▶ Savings Accounts
- ▶ Cash

***Your clients already have the funding! Not new money.***

# Financial Snapshot

Client Name \_\_\_\_\_ Spouse Name \_\_\_\_\_  
SSN \_\_\_\_\_ SSN \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Occupation \_\_\_\_\_ Occupation \_\_\_\_\_

Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Home Phone \_\_\_\_\_ Email \_\_\_\_\_  
Annual Household Income \_\_\_\_\_

## Life Insurance

Insured	Year Issued	Death Benefit	Annual Premium
Total			

Long Term Care?      Yes   No

## Assets

	Current Value	Monthly Contribution
Checking Account(s)		
Savings Account(s)		
CD's		
Money Market Account(s)		
Annuities		
Mutual Funds/Stock Market		
Total		

Insurance provided by National Guardian Life Insurance Company or its subsidiaries. National Guardian Life Insurance Company is not affiliated with the Guardian Life Insurance Company of America, s/k/a The Guardian or Guardian Life.

**NGL®**  
*It's about people.*

NEED HELP? CALL 800.988.0826

2742 03/09

# ***Some of the Biggest Challenges***

- ▶ **Getting comfortable with the concept**

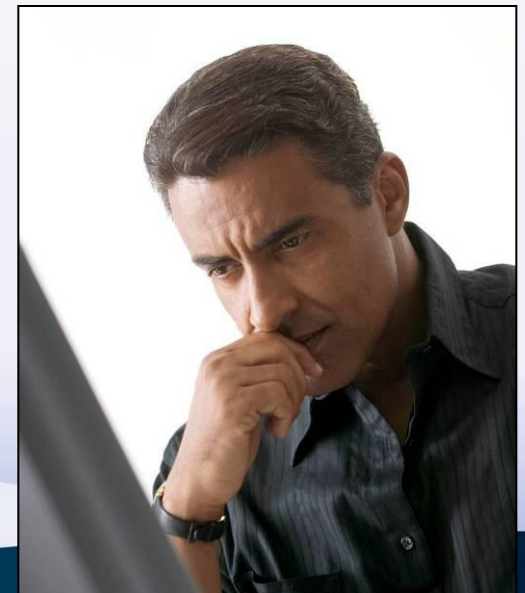
- Remember, your clients believe preplanning is a good idea

- ▶ **Learning how to present**

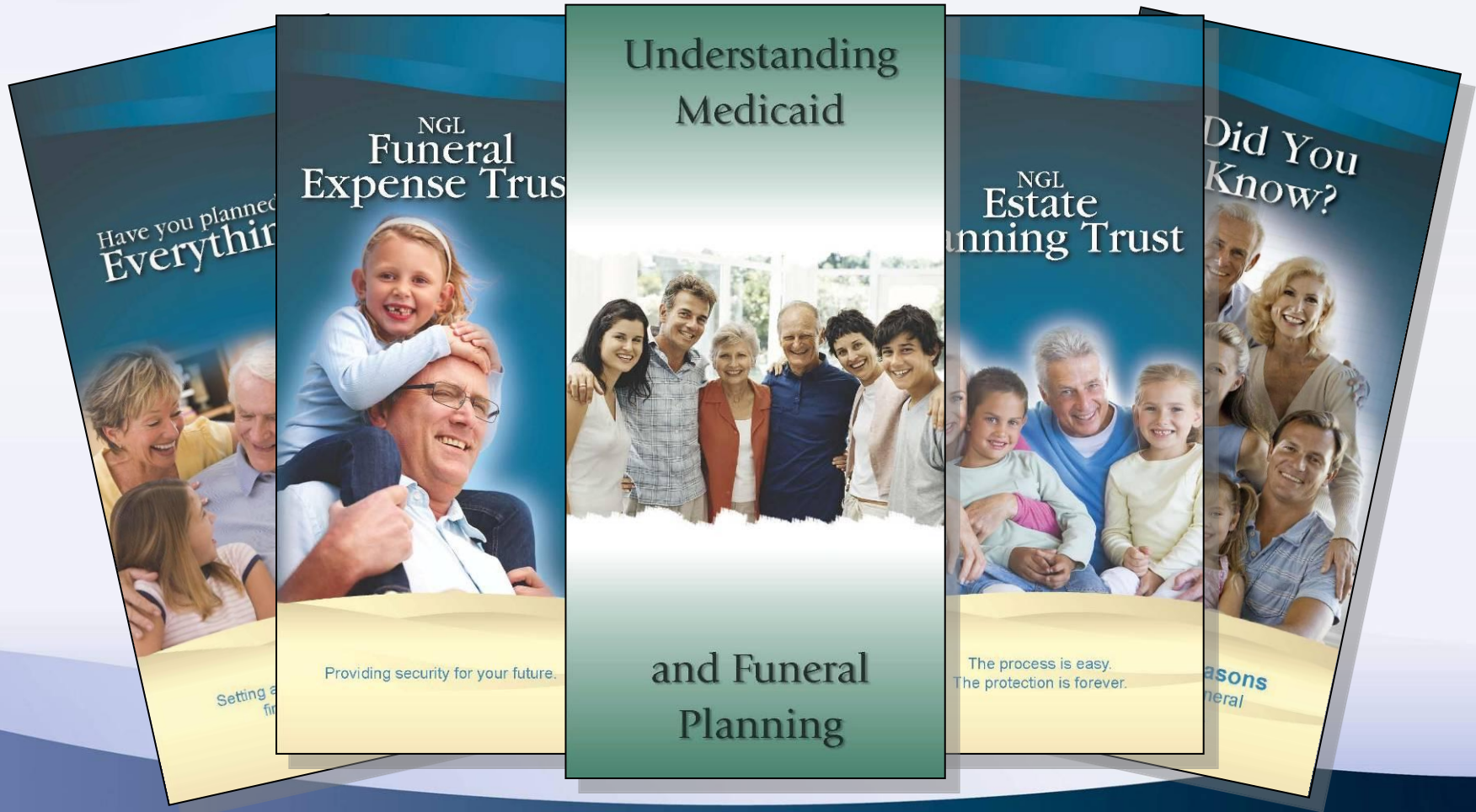
- Stress the benefits of preplanning

- ▶ **Keeping it “top of mind”**

- Every client, every day



# Marketing Brochures





# Presenting to your Client

Have you *really*  
planned  
for everything?



Like most people, you've probably set aside money to pay for the important events in your life: a new house, a vacation, college tuition for the kids, and maybe a wedding. Planning ahead is a good idea because you can make sure the money will be there when needed.

What about Funeral Planning?  
Have you given that any thought?

*"We have money in savings."*

*"We have Life Insurance."*

*"We have a 'special' account to cover funeral costs."*

and familiar? Like other major life events, pre-funding your funeral will give you peace of mind, comfort, and assurance knowing that money will be there to pay your final expenses.

According to a 2005 study by the National Funeral Directors Association, 90% of respondents said they are interested in pre-funding their funeral. Yet, according to a 2007 survey by AARP,<sup>6</sup> 7% of respondents have never been contacted about pre-funding their funeral.



Source: <sup>6</sup>AARP Funeral & Burial Planning survey published November 2007

If you haven't planned for a funeral, there's a lot to consider...

## How much does a Funeral cost anyway?

According to a 2004 AARP report, the total can easily reach \$10,000 when the costs of cemetery property and a grave marker are included. If you already own cemetery property, then plan on spending at least \$6,000. Of course, the actual cost will vary depending on what type of service you ultimately would like to have.

### Average Funeral Costs

This chart represents the most commonly selected services and merchandise according to the U.S. Senate Committee on Aging (2001*).	Professional Services	\$1,283
	Embalming	\$402
	Cosmetology	\$135
	Memorial Service	\$370
	Flowers	\$250
	Transfer of Remains to Funeral Home	\$186
	Hearse	\$170
	Lime (2)	\$260
	Service Van	\$100
	Graveside	\$400
	Cemetery Charges	\$1,400
	Casket	\$2,477
	Vault	\$757

**Total \$8,495**



\*Most recent data available. Prices are subject to change and additional costs may be incurred.

# 1035 Exchanges

## 1035 Exchanges

*Transferring money from an existing policy to a new policy without tax consequences.*

1035 is a section of the United States Tax Code that allows a policyowner to directly transfer money from one policy (life insurance, annuity or endowment policy) to another without tax consequences. As long as the transfer or exchange from the existing carrier to NGL is direct, it is not considered a taxable event. Any gains in the existing policy will transfer to the new policy. They will not be subject to tax penalty unless the new policy is surrendered. If the policyowner takes possession of the money, even briefly, the funds will be subject to any applicable taxes.

### What Qualifies as a 1035 Exchange?

- The Insured and Owner must be the same on the new policy as on the existing or former policy.
- An annuity can be exchanged to only another annuity. Please see NGL Specific Guidelines below regarding annuities assigned to a trust.
- An endowment or annuity cannot qualify for an exchange into a life insurance policy.
- Some policies are not assignable under their current contract provisions, which means they cannot be 1035 exchanged under any circumstance.

### Important Information Regarding 1035 Exchanges:

- Insurance companies have up to six months to make a transfer of funds. A typical timeframe for NGL to receive the funds from the other carrier is 30 to 60 days.
- Not every company allows for a partial 1035 Exchange. Please check with the current carrier to see if they allow a partial exchange before proceeding.
- The new NGL policy is issued when the funds are received from the current carrier(s).
- A family or joint policy may not be eligible for a 1035 Exchange. Please consult with the current carrier to determine if the family or joint coverage can be waived.

### NGL Specific Guidelines:

- This Insured starts a new two-year contestability period with a new NGL policy unless a guaranteed issue policy is written.
- Excess proceeds cannot be refunded.
- If an Insured dies prior to the funds being received by NGL, the 1035 exchange will still be processed because the application was signed prior to the Insured's death. NGL will process the policy as a not-taken and return the premium equal to the amount of the exchange value received to the Estate of the Insured.
- NGL does not allow exchanges from an existing NGL policy.
- 1035 Exchange requests cannot be faxed to NGL as original documentation is required.
- Neither the NGL Estate Planning or NGL Funeral Expense Trust can be used with an annuity.

## How does a 1035 Exchange work?

Many of NGL's customers fund a funeral policy with money from another policy. It's fairly common and called a 1035 Exchange. Basically, a 1035 Exchange is a way to transfer money directly from one insurance policy to another without creating tax consequences for the policyowner.

### NGL's Process:

1. You decide you're going to prefund your funeral expenses and are going to do it with funds from another life insurance policy.
2. An NGL agent fills out an application for an NGL life insurance policy and an assignment for the NGL Funeral Expense Trust or NGL Estate Planning Trust, both of which are signed by you.
3. To allow the money from another insurance policy to be transferred to NGL, you complete a 1035 Absolute Assignment of Policy form (#2337), and Replacement Form(s). These forms instruct the other insurance company to release funds to NGL for the new policy.  
*NOTE: The Owner and the Insured of both policies must be the same. If you are the Owner of the first policy, you must be the Owner of the new policy. You cannot transfer money to buy a policy for your spouse or any other family member.*
4. Once the application, assignment and replacement forms are received by NGL, we send a request for the funds to the original company. The original company then has up to six months to release any funds that have been requested. To make sure the process stays on track, NGL sends a reminder after three weeks, and then every two weeks after that to make sure the original company is processing the request in a timely fashion.
5. Once the other insurance company sends the funds to NGL, the policy is issued with an effective date as of the date when the funds are received. The policy is mailed once the processing is completed.  
*NOTE: Should a death occur prior to the funds being received by NGL, the 1035 Exchange will still occur but the policy will be processed as a not-taken and premiums equal to the amount of the exchange value will be returned to the Estate of the Insured.*

For more information please contact NGL at 800.988.0826.



Two East Gilman Street - Madison WI 53703  
800.988.0826 - [www.nglinc.com](http://www.nglinc.com)

©2009 National Guardian Life Insurance Company, Madison, WI. National Guardian Life Insurance Company is not affiliated with The Guardian Life Insurance Company of America, which is The Guardian of Guardian Life. We recommend consulting a Legal Advisor for complete details on irrevocable assignments, Medicaid eligibility and on using a trust to protect your assets. 1035 Brochure 07-09

**For the Agent**

**For the Client**



# NGL

*It's about people.*

---

100 Years of Service

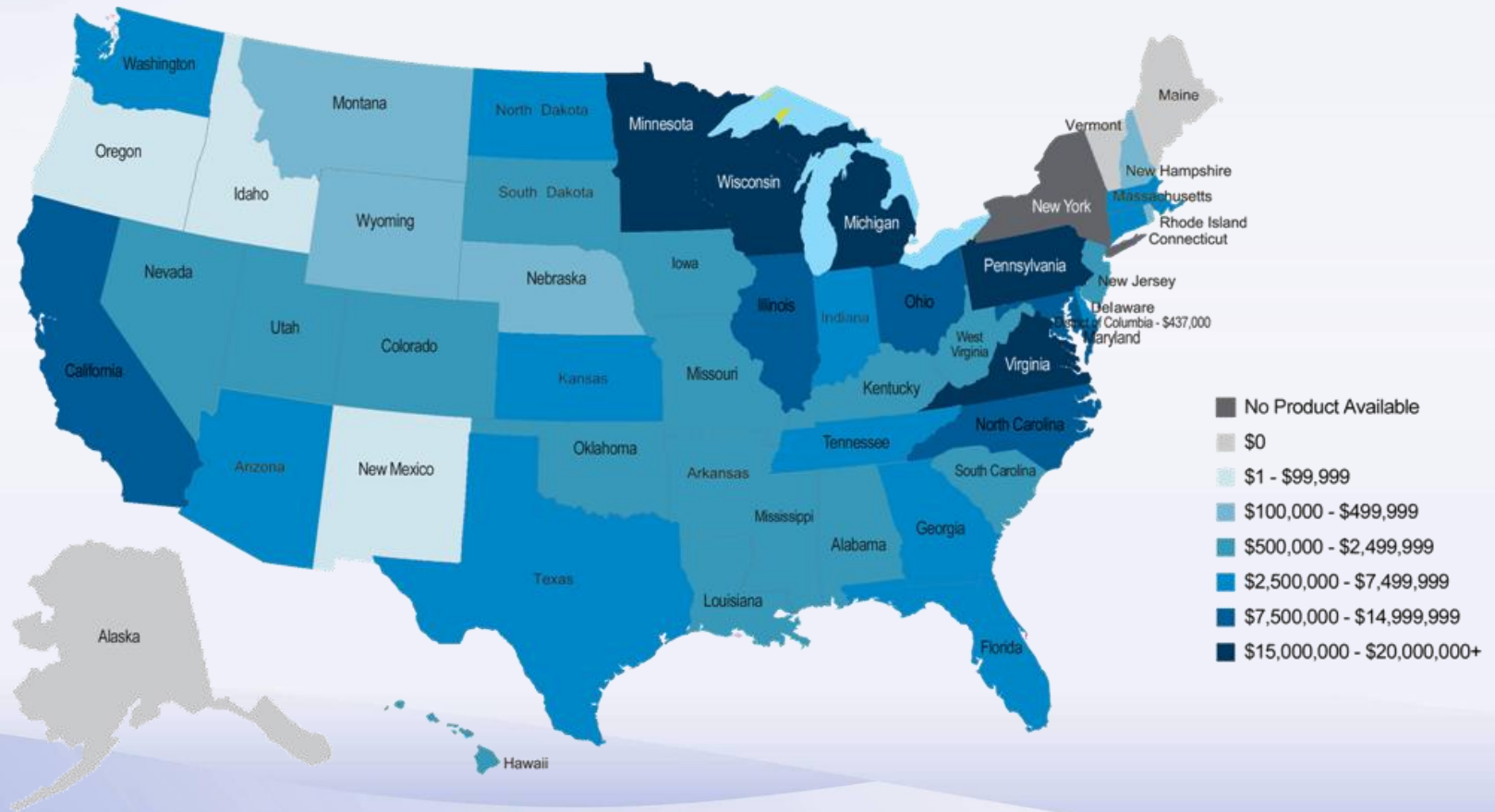


# ***NGL: A Company Focused on the Needs of our Customers in 3 Lines***

- ▶ Preneed
- ▶ Funeral Trust Funding
- ▶ Group Markets
  - Group Dental & Vision
  - Accident Only
  - Critical Illness
- ▶ Future focused needs products



# ***Nationwide Distribution***



# ***National Guardian Life***

## ***A 100 Year-old Mutual Insurance Company***

- ▶ Insurance In Force     \$7 Billion
- ▶ Assets                     \$2.14 Billion
- ▶ Surplus                    \$188 Million
- ▶ Policy Owners            855,887\*
- ▶ Industry Ratings
  - A- (Excellent) AM Best (A- or better since 1963)
  - Api S&P (Strong Financial Security)
  - B+ Weiss (thestreet.com)



# ***Why Sell this Product?***

- ▶ Your clients need it and are thinking about it - every one of them
- ▶ Excellent income opportunity
- ▶ Trusts are free:
  - NO fees
  - NO other professionals possibly advising your clients
- ▶ Funds totally Portable (any FH provider)
- ▶ All backed by 100 year-old, A- rated mutual insurance company with over \$2B in Assets
- ▶ Provides peace of mind for your clients

***And, if you don't, someone else will...***



# NGL Final Expense

*It's about people.*

**© 2010 National Guardian Life Insurance Company, Madison, WI.**

*For agent use only.*

*Insurance coverage provided by National Guardian Life Insurance Company. National Guardian Life Insurance Company is not affiliated with the Guardian Life Insurance Company of America, a/k/a The Guardian or Guardian Life.*