Positioning the Value of Term Plus

[On the screen]

Positioning the Value of Term Plus

Dan: All right, let's get going. Thank you everyone for joining us for today's webinar. I am happy to say this is kind of a back to basics in probably the best way possible. You know, sometimes when we get so focused on some of the more complex sales ideas. We forget about the foundational protections that we're really here to provide for our clients, whether they're individuals, families, or business owners. But, often our clients, when we try to commoditize protection too much, they lose sight of them. The other important features and benefits that quality protection can have in place. And, so, for those of people are newer to Ohio National, this is going to be a little bit of a refresher on some of the core tenants of our term portfolio. But, we, we've got some meat for the rest of you as well on different planning opportunities and some concepts. Just to remind you that maybe, it's maybe new at one point, but maybe haven't utilized in awhile or, or forgotten about.

[On the screen]

Webinar will be recorded

We'll send you a link to today's presentation

Dan: And we'll be here to answer your questions, as well. As a reminder, we record every single webinar we have for use either by yourselves, or maybe just share with your agency. We will send you a link to that webinar tomorrow to make it easier for you to listen yourself or share with others.

[On the screen]

Chat with us today! We will chat back or answer your questions on air

Dan: We encourage you to send us questions throughout the webinar. We'll probably answer most of those at the end of today's event, but please submit those along the way. I'll be keeping an eye on that question and answer section that you see on your screen. And, we'll get back to you either during the webinar, at the end of the Q&A, or if for some reason we don't get to your question, don't fret, we will follow up with every question we received to make sure you get the answer you're looking for.

[On the screen]

Next up in our webinar series…

Thursday, May 7 @ 2:00 PM (EDT)

ONdex Annuities: Product, Marketing and Sales Support Overview

Register at: bit.ly/ONdexFIA

Tuesday, May 12 @ 2:00 PM (EDT)

Business Valuation Service: Help Clients and Generate Sales

Register at: bit.ly/BizVal

Dan: Couple quick reminders of upcoming webinars in our series. This Thursday, in case you missed the news, we have launched our ONdex fixed index annuity. And this Thursday we've got a webinar are with our annuity marketing team to reviews with the product features and some of the marketing, marketing and sales support that we have for our financial professionals. And then on Tuesday next week, Jim Barbie from the Advanced Planning team, joins me to talk about our business valuation service. This is a phenomenal, low cost opportunity that if you are not familiar with, you need to be familiar with. We have seen so many great sales opportunities come in for our financial professionals by using this business valuation service. It's a great way to open doors with business owners to bring some value to their business and help them navigate some important planning conversations. So, if you are not familiar with our very low cost business valuation service, please join us next Tuesday for this webinar. I think you'll get a lot of good information from it.

[On the screen]

Today’s host

Dan Griesemer

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Dan: In case you don't know me, my name is Dan Griesemer, I help lead product marketing here at Ohio National. Don’t hesitate to connect. I'll be your host for many of these webinars, but not all of them. But certainly here to help answer any product questions you have, as well.

[On the screen]

Today’s guest

Brittany Bell

Product Marketing Consultant | Life & Competition

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Dan: But, today I'm joined by one of my colleagues, Brittany, who is a product marketing consultant. But she also wears a second hat here at Ohio National, too, and helps with some of our competition analysis, as well. So, Brittany, thank you for joining us today. Brittany is going to be your, your key presenter. I'll be here watching the questions, but Brittany let me pass it over to you. Thanks for joining us and let's get going.

Brittany: Alright, thank you for having me. So the exciting thing we are going to talk about today, as Dan mentioned, is our term plan. But, not just term itself but Term Plus, which is our convertible product.

[On the screen]

Which would you choose?

- 40 year old male
- Best class non-smoker
- $1,000,000 face amount
- 20-year term

- Term Policy A - $635.00 annually
- Term Policy B - $685.00 annually

Brittany: So, we're going to start off nice and simple. We're going to have a 40 year old male, super preferred at Ohio National, as our best class. When you discussed with the client, it was determined that they needed twenty year term, at least, and $1,000,000 face amount. So, as an agent, if you have two policies and that's all the information that is given, one is $635 a year, one is $685. If you don't know the difference between the two plans, which one is the client going to pick? Most of the time you'll see them lean towards term policy A. Using term policy A, which is our, it's a lower cost term. They want the biggest bang for their buck, so they're going to go for whatever is cheapest. Right? Well, throughout this presentation I'm going to talk about why maybe you want to lean towards term policy B.

[On the screen]

Top reasons to purchase term

- Low cost death benefit
- Protection to cover life plans in event of death
    - Mortgage
    - College Tuition
    - Debt

- Loans
- Final expenses

Brittany: So, what we're going to hop into are the different reasons that your clients might be looking to purchase term, or why you, as an agent, might be looking to sell term. The key factor of term insurance is that it makes a low cost death benefit. You can get term pretty cheap, especially when you're clients are young. It can help your client and their family with protection when it comes to their mortgage, any debts, personal or even business loans. And, kids are going to grow up and you need to prepare for their college tuition. I always joke that you can't start early enough when it comes to college planning. So, having that death benefit protection just in case something were to happen, is not a bad way to go. And, of course, you have these final expenses if and when the insured finally passes.

[On the screen]

But what happens when things don't go according to plan?

What happens when your client outlives their policy?

What future does their life insurance save?

Brittany: However, what happens when things don't go according to plan? Term is great. Don't get me wrong. But, what happens when your client doesn't pass away during that level period? Was is it all for nothing if they outlive their contract? What are ways that you can ensure that they have a future for their life insurance?

[On the screen]

Things to consider:

- Client needs
- Length of term
- Riders available
- Conversion options

Brittany: But, some things that you need to consider. What are your clients needs? Why are they looking for life insurance, or why do you feel that they need life insurance? And, what's the best length of term for them? Ohio National offers 10, 15, and 20 year term. But, which one works for your client? More importantly, though, we went to see what writers are available. It's a benefit that you can add to a policy that doesn't have as much cost as the actual contract itself. And, then lastly, what conversion options are available? If your clients walked into a plan that doesn't have any conversion, there's no future for that plan outside of their level term. You'll also have clients that come to you and say, oh, I don't need conversion options. I, I just need the level term. I'm covering my, the length of my mortgage. I used to work on the FASTeam and I heard over and over again, that we don't need it. We don't need the conversion. Well I'll go back to the question. What happens when life doesn't go the way it's supposed to? What happens if, during that level term period, your clients health deteriorates and they're no longer eligible for that super preferred, or preferred non-smoker, that they had when they started? So, we're going to talk about the different types of term and why one might be more beneficial to your client than the other.

[On the screen]

Three types of term

Non-convertible: At the end of the level period, there is NO option to convert the death benefit to a permanent product.

Limited conversion: Either limited product choices - OR - Limited time frame in which to convert.

Fully convertible: Allows for conversion to ANY permanent policy for the full level term period.

Brittany: So, as you all might know, there are three different types of term, when it comes to conversions. You have your non-convertible product, which means that at the end of the level term period there's, there's nothing. There's no policy for you to convert to. The term just ends. You also have the limited conversion options, which is where a company will either limit the products that you can convert to or they will limit how long you can convert. So, say like a 10 year term plan, but you can only convert within the first five years. And, then the last one is your sky is the limit product, our fully convertible plan. It allows you to convert to any permanent policies for the full amount of the term policy. Do you have a 10 year term? Convert all 10 years.

[On the screen]

Ohio National's term

Term Basic

Term Plus

Recap Term

Brittany: Ohio National has products that fit into most of these categories. We don't have a non-convertible term, but we do have a limited conversion in our Term Basic. We limit what product it is converted to, which is our, currently our Virtus Basic II, which is a universal life product. And, then we have our Term Plus and our Recap Term that are both fully convertible products.

[On the screen]

Competition comparison

Carrier	Conversion period equal to the full level term period	Participating WL	Current Assumption UL	Indexed UL	Guaranteed availability of any individual permanent product	Opportunity for conversion credits during full level term period
Ohio National	✓	✓	✓	✓	✓	✓
Ameritas	✓	✓	✓	✓		✓
Guardian	✓	✓	✓		✓	
MassMutual		✓	✓		✓	
New York Life	✓	✓	✓			
Northwestern Mutual		✓	✓			
Penn Mutual	✓	✓		✓	✓	✓

Brittany: We're going to discuss now, a little bit, how the competition fairs when it comes to that. As you can see, Ohio National at the top. We have a checked mark across the board. Your conversion period equals the full term of the. The level period. You can convert with our Plus product to any of our available permanent products. We have guaranteed availability that there will be a permanent product available for your client. And, then we have the opportunity for conversion credits. You'll see that below, our competition, they’ve got check marks. They're not too terrible, but none of them are an across the board product. They all have some sort of limitation.

[On the screen]

Term Plus conversion privilege

- Ohio National's Term Plus plans are fully convertible.
- Policies are eligible for conversion during the full level term period, up to age 70.
- No product limitations – clients can convert to ANY of the available permanent policies available at the time of conversion

Brittany: As we discussed before, our Term Plus product is a fully convertible contract. They are eligible for conversion during the entire length of the level term period, with the stipulation of up to age 70. And, then our conversion availability allows for the client to convert to any of our permanent policies that are available at the time of conversion. So, as trends change and new products come out, when they convert, all those products are available at that time or what they are able to convert to.

[On the screen]

Recap Term: Drive clients to take action!

- A 10-year term product with a unique conversion feature
- Fully convertible for the 10-year period
- If the client converts within the first five years, they will receive a cumulative conversion credit

Brittany: And, then you'll notice before, I had separated out Recap Term. And, that's because it's a little gem. Recap Term is a Plus product in the sense that it is fully convertible. It can go to any of our permanent products. It is a 10 year term product, but it does have a unique conversion feature. If your client converts within the first five years, they receive a cumulative conversion credit. So, say, three years in your client wants to convert, their conversion credit would be a cumulative of those three years that they had paid into the contract. The incentive works for multiple reasons. When your client purchases Recap Term, you know that they're looking to convert early. Or, at least sooner rather than later. But, they also have that added benefit of a cumulative conversion credit, which is being applied to their first year premium of the new contract.

[On the screen]

Benefits of conversion

- Converting term to permanent insurance secures:
    - Death benefit
    - Guaranteed cash value growth
    - Access to living benefits

- Maintain initially underwritten health class
    - Regardless of changes to health during the term period
- Conversion credit of the last year’s term premium

Brittany: We keep talking about conversion, conversion, conversion. But, what does that actually mean for your client? When they're converting their term policy into a new permanent plan, couple of things happen. They're locking in a death benefit, which can be a full conversion of their entire term, death benefit, or partial if the permanent plan is too expensive for them. But, they’re locking in that death benefit to protect them for life. All of our policies at Ohio National, of the permanent plans, have a guaranteed cash value growth within them. So, they are locking in that living benefit. And, then they also have the ability to add either our Lifetime Advantage Rider or Accelerated Benefit Rider, which are living benefit riders to their policies, the permanent policies, which allow them to have terminal and/or chronic illness coverage. One of the best parts about conversion is that it's based on the initial underwritten health class. So, if your client is preferred when you write the term, as we mentioned before, say something happens, they're no longer preferred, nonsmoker when they go to convert, it doesn't matter what health changes they've had during their term period. They would still have their new policy at that preferred, non-smoker rate class. It's a nice way to lock in the health and ensure that your client has a lower cost life insurance for life. And, then, as we've discussed, that conversion credit of the last year term premium. Or up to five years if you are on the Recap Term.

[On the screen]

Available riders

- Waiver of Premium for Total Disability (WPD)
- Accelerated Benefit Rider (ABR)
    - Term has terminal illness benefit only
    - Permanent products have terminal and chronic illness benefits
- Guaranteed Purchase Option
- Accidental Death Benefit
- Family Term

Brittany: Other benefits that you have with conversion are the riders that we have available. You can add them to the term plan, but some of these are also available when you convert to the new plans. So, you'll see we have Waiver of Premium for Total Disability, which can be added to the term plan and then carry over during the conversion. You also have the Accelerated Benefit Rider, which is our terminal and chronic illness rider I was mentioning before. You'll see that term only has the terminal illness portion of it. So, it can be expanded as long as your client is eligible upon conversion to this full Accelerated Benefit Rider. Now, we're going to dig into those two a little bit more here in a moment. But, one rider that I always see overlooked, and is actually a brilliant rider, is our Guaranteed Purchase Option. It is a great addition, especially with your younger clients. What it does, it's similar to the conversion benefits that you have. It locks in the underwriting for your client, allowing them to exercise this rider into a new plan without having to go through underwriting. The options happen every three years starting at age 25, going up to age 40. So, that means that if you have a client that's 25, 24, they could go and add up to $600,000 worth of death benefit without having to go through additional underwriting. So, to me, that's a pretty cool rider that gets missed out on a lot. You'll see we have the Accidental Death Benefit rider around here. This is available on our term plans and allows for an additional death benefit bump should your client die during an accident. And, then last but not least, is our Family Term rider. This is the quick and easy way to give a child within your clients' family, both biological and adopted, up to $25,000 worth of coverage. As long as it is, the term policy is still inforce and active, while the child turns 18. They are able to convert to a permanent plan, which right now would be our Prestige 100 II. And, the neat part about this rider is that whether you're covering one child or five children, it has the same rider cost. Right?

[On the screen]

Waiver of Premium for Total Disability

- 5-year "own occupation" disability definition
- If insured is on claim for WPD
    - Term Plus policy automatically coverts at the end of the level term period to a permanent plan of Ohio National's choice
        - Currently Prestige Value IV
    - Premiums will continue to be waived on the new permanent plan as long as the insured is still eligible for waiver

Brittany: As I mentioned, we'll hop right in to discuss these top two. We'll start with our Waiver of Premium. One thing that Ohio National does really well, is that our Waiver of Premium for Disability is a five year Own-Occ, or Own-Occupation is the definition for disability with us. And then any occupation after those five years. What a lot of people don't know, is that if your client is on claim for Waiver of Premium at the end of their term period, so we have a 10 year term, client becomes disabled in year nine, they are still disabled through to the end of their term, then Ohio National will automatically convert that policy, which at the moment would be to our Prestige Value IV. And, we will continue to waive the premiums on that new plan. But, one little caveat that I like to throw in there is, if your client chooses to convert, so instead of waiting until the end, they decide that I want my policy to go to a Prestige 10-Pay, they would then be on the hook for their premiums. So, just a little sidebar on that.

[On the screen]

Accelerated Benefit Rider (ABR)

- As long as a client is eligible based on their term rate class, the Accelerated Benefit Rider can be added to their new permanent policy without additional underwriting
  - Rider not available if the insured is table C or higher, has a flat extra higher than $5 per $1,000, or any combination of table and flat extra.
- The Accelerated Benefit Rider (ABR) accelerates a portion of the death benefit if the insured is chronically or terminally ill, as defined by the rider

Brittany: The next rider that we said we would discussed was our Accelerated Benefit Rider. And, you'll see a lot of lingo that says as long as the client is eligible. The rider itself has rules on who is able to get the rider, and this will still be based off their under, their initial term risk class. So, as long as they were table B or better, they didn't have a flat extra, more than $5000, or $5 per thousand, or combination of the two, they are eligible to have the Accelerated Benefit Rider on their policy with no additional underwriting. It is just a form they fill out and send it in. This allows them to accelerate their death benefits, hence its name. In order to cover chronic or terminal illness costs. Now, there are specific ways that they qualify for this rider. And, there is a guide on what actually qualifies as chronic or terminally ill through Ohio National.

[On the screen]

What if I told you…?

- 40 year old male
- Best class non-smoker
- $1,000,000 face amount
- 20-year term

- Term Policy A = Term 20 Basic (limited conversion) - $635.00 annually
- Term Policy B = Term 20 Plus (full conversion) - $685.00 annually

Would your choice still be the same?

Brittany: We're gonna take a step back. Hopefully, you remember the client from before, our 40 year old male, super preferred, non-smoker, $1,000,000, 20-year term. What if I told you that Term Policy A was Ohio National Term 20 Basic, though a limited conversion for $635? Term Policy B is the 20 Plus with the full conversion for $685. Knowing what you know now about the benefits of term and the ability to convert, that $50 shouldn't seem as big as it was before. If you're able to express the benefits of client, the Term 20 Plus will probably seem like a better option for them, giving them further protection throughout their lives.

[On the screen]

The value of Term Plus & Recap Term

- It is not just about the lowest cost death benefit
- Life changes. Ohio National's Term Plus conversion provides a safety net for future needs while covering the client today

Brittany: So, just to recap, it's not just about the lowest cost death benefit. We want to make sure that we're providing value to the clients, and you can do that with the Term Plus and the Recap. Our motto here at Ohio National is "Life changes. We'll be there." An,d the Term Plus plan allows us to provide that safety net for them for when life gets a little rocky, when things change. But, it also provides them the security and the death benefit that they need today. Right?

[On the screen]

Sales ideas

Brittany: So, what we're going to do next is how do you sell it? We've talked the talk. Now, let's try to walk the walk. But, what are some ideas that you can either bundle or you can layer these products in order to better help your clients in the future?

[On the screen]

"Laddering" term

- With the ladder strategy, the client purchases multiple term life insurance policies so that they expire or are converted over time based on the client's financial situation
- Example: Client purchases Recap term and Term 20 Plus to allow for death benefits at multiple lengths and varying conversion option lengths.

Brittany: So, the first one that I'm going to talk to you about is called laddering. When you ladder term, it is purchasing multiple term policies at the same time. Normally they're at different lengths. So, you would have a 10 and a 20. So, that when they are ready to convert their 10-year term, they still have 10 years left on their 20-year term. We see some examples of clients purchasing Recap Term with a 15 or a 20-year term in order to not only use up that conversion credit option that the Recap has, but also to extend the length of the term.

[On the screen]

Converting the ladder

- The Recap term’s five-year recapture conversion credit incentivizes a fast conversion
    - This is the portion they are confident they will convert
    - The 10 or 20-year locks in longer conversion options
    - Giving them a longer timeframe to convert

Brittany: So, when you convert your ladder, as you can see here, we have the Recap Term example I gave you or recapturing that five year conversion credit, which incentivizes again the client to convert sooner rather than later. And, then you have a longer term plan, so even the 10, I would still consider a little bit longer because you have the ability to, or you have the option to still convert. So, that's the Recap, but you don't get the cumulative after the five years. This gives them a longer time frame so they can build up that income, build up their careers throughout their life, and then be able to afford the converted policies later on.

[On the screen]

Layering term with permanent

- Purchasing permanent insurance is much cheaper when a client is young and healthy
    - However, most cannot afford the amount of insurance they will need for their lifetime
- Layering a term policy with a smaller permanent plan allows the client to lock in their better health

Brittany: The next option I'm going to talk about is going to sound similar to laddering, but this one is actually called layering. Layering is when your client buys a term policy with a permanent policy. And, similar to the laddering, we know that your clients at the younger ages aren't going to have the same income that they have at older ages. But, you want to lock in that health class. You want to make sure that while your client is healthy, they're buying up the death benefit that they are going to need. So, this allows them to lock in a permanent plan upfront. It will be a lower death benefit so that it's still affordable for them, but also have a term plan that they can convert in the future as they feel that they can afford it. It allows your client, like I said, to have that permit death benefit, but also to feel comfortable with the premiums where they're going to be paying and then work their way up to their final, so final resting place, but to their, their final death benefit number and premium number in the future.

[On the screen]

Life + DI discount

- You sell life insurance to help protect against the loss of an untimely death. But what happens if your client becomes too sick or hurt to work?
- By offering life and DI coverage together, your client helps protect against these losses and may be eligible for a 10 percent discount on the DI premium.

Brittany: And, then one of the things that's most exciting about Ohio National, and I believe it's pretty unique to us, is a Life + DI discount. Which is where you purchased two different types of plans. You have your term life insurance. It could also be whole life insurance or universal life. And then you have your disability plan. So, if you protect against their livelihood and their life together, you're making sure that you're covering anything that could really change with them. So, when you bundle them together, you have life and disability written at the same time. They're eligible for a 10% discount on their disability premium.

[On the screen]

Life + DI discount: How it works

In order to qualify for the discount, your clients' coverage must meet the following criteria:

Policy	**Minimum Face Amount**
Term Plus, Recap Term or combination	$1.5 million
Whole life, universal life or combination	$250,000
Combination of term and whole life	$1.5 million with the combination calculated on a ratio of six parts term to one part whole life (e.g. $100k whole life = $600k term)*

*Using the 6:1 term to whole life calculation, the minimum combination to qualify for the discount would be $900,000 term and $100,000 whole life

Brittany: Okay. So, you'll see that these are the stipulations for the Life + DI discount itself. If you're writing term only, so Term Plus or Recap Term, the death benefit has to be a total of $1.5 million. If you're writing whole life or universal life, it's $250,000. And, then you'll see a combination, but if you write part term, part whole life, part DI, and then your DI plan. There's a calculation that will go into it. Using the ratio, that's here. You'd have to have about $900,000 of term and $100,000 of whole life to qualify.

[On the screen]

Life + DI discount in action

Hannah

Female age 35, SPNS

Small animal veterinarian

Income < $100,000

DI occupation class = 4A

She buys a DI policy with a $4,800 monthly benefit (+ riders) along with a 10-year $1.5 million Term Plus policy*

She saves $27.62 on her monthly DI premium, bringing the extra out-of-pocket cost for her term to just $1.79/month

Brittany: And while charts are all well and good, let's actually see the Life + DI discount in action. But, I'd like you all to meet Hannah. She's a small animal vet, but she makes less than $100,000 a year. Based on DI occupation classes, she'd be what we consider a 4A. Below you'll see the details of the DI policy that she's going to purchase and have $4,800 monthly benefit. And, then she is also purchasing our 10-year Term Plus for $1.5 million. The 10% discount that she got with her DI policy is worth $27.62. And, the term policy only costs $1.79 more than what she saved in her discount. So, that term plan that she's purchasing is really an only additional $1.79 out of pocket for her. So, whether or not they're looking for DI is a very smart thing to add to their term, especially with this benefit. I know we threw a lot at you. We went a little bit back to basics when it came to term life insurance.

[On the screen]

Questions?

Brittany: But Dan, did we get any good questions during that?

Dan: Quite a few questions came in. So, this could keep us talking for a little bit here. So, I'm gonna try to break these questions into teams. And again, if there are questions we don't quite get you during the chat today, everyone don't worry. I will either I, or Brittany, or others will follow up with you directly to make sure those questions are answered. So, thank you for all the good questions that came in. Brittany, some of these are going to get a little bit in the weeds. So, I've got resources available too if we want to bounce back and forth. Just let me know. Let's talk on. The first one is about partial conversion. So, you know, the question is, can, if someone has a term policy, what regulations do we have around doing partial conversions along the way?

Brittany: That's a good question. So, when you convert the term policies, the rules are that partial conversions are allowed, but they have to meet the minimum requirements of the new permanent plan that you are purchasing. If your client is converting to a Prestige 100 II, they can have a $25,000 death benefit to convert off to that plan. If they're converting to a Prestige 10-Pay II, they would have to have a minimum of $100,000 on the new policy. The term plan will be deducted by the amount that is converted. So, if you have a $500,000 policy, they're converting $100,000 into the 10-Pay II, for example, they'd have $400,000 left in the term plan, which will then have a re-calculated premium based on the new death benefit.

Dan: It also, just clarify for everyone that, you know, the remaining term length still stays in place. So, a very specific question that came in was, you know, can a $1,000,000, 10-year term convert half a million of it to whole life and then keep the remaining, it's a half a million remaining term length? And the answer is yeah, yeah, absolutely. So, keep that as a nice kind of advantage in your back pocket. Basically keep that full conversion privilege.

[On the screen]

Life + DI discount in action

Hannah

Female age 35, SPNS

Small animal veterinarian

Income < $100,000

DI occupation class = 4A

She buys a DI policy with a $4,800 monthly benefit (+ riders) along with a 10-year $1.5 million Term Plus policy*

She saves $27.62 on her monthly DI premium, bringing the extra out-of-pocket cost for her term to just $1.79/month

Dan: Uh, request to go back. I'm going to jump back a couple slides here about the Life + DI discount. Let's walk through that one more time 'cause there are some people trying to understand how the term was just $1.79. And, you're talking about the net impact. Right? Once the discount is applied, what is the out of pocket difference? Can you run through that one more time, Brittany?

Brittany: Correct. So, what I was explaining here is that our DI policy discount itself is the $27.62. Our term policy premium a month was $29.00. Mental math isn't working with me today, but $29.00, and so our difference between the two was the $1.79 a month. So, by adding $1.5 million of term, if you take out the discount, her net is only $1.79 on that term policy. She would still be paying the $29.00, but she is getting the money back in the sense that it is, it is getting deducted from her DI discount.

Dan: As a side question, that yeah, as a side question that came in, by the way, this is in doubt. We would be careful, this being a small animal veterinarian, but this has nothing to do with its occupation. We just want to give Hannah a job. So, she happened to be, a lot more, veterinary, but this has nothing to do with the specific occupation class. You know, sometimes we had to put a, we had to put a job class for Hannah so that we could determine what her DI class would be. If you're not as familiar with DI, you know, your rates and coverage limitations are tied very heavily to the type of work that you do. So, you know, we had to give her an occupation, so we could determine her, her DI occupation class. But, this Life + DI discount is available for all kinds of occupations. We just needed one example for this scenario that we did. Um, let's talk a little bit about.

Brittany: I made her a vet so that we could calculate it. Oh, sorry, Dan.

[On the screen]

Layering term with permanent

- Purchasing permanent insurance is much cheaper when a client is young and healthy
  - However, most cannot afford the amount of insurance they will need for their lifetime
- Layering a term policy with a smaller permanent plan allows the client to lock in their better health

Dan: Let's talk, let's talk a little bit about the concept of just layering. Hits into that one more time, you know. Can you give me just a quick example of when someone might layer policy and why? And, that might help clear up some of the questions that came in the chat.

Brittany: Sure, of course. So, layering, as I said, is term plus a permanent plan. So, you could have a client who just graduated with their Masters. He sounds very much like my life. They haven't hit the full potential of their income yet, but they, say because they have a great agent who works for Ohio National, they know that they need to have some sort of permanent coverage in order to one build cash value from day one, but also to make sure that they are protected for life. However, they do want to lock in that insurability. They're a healthy person who just graduated school, maybe super preferred, preferred. So, what we can do is set them up with a Prestige 100 II or a Prestige 10-Pay II. And, that's just, I don't mean to harp on those two products, they just they go so well together in my head. But, any of our whole life or universal life plans they can select, have a lower death benefit that they feel comfortable with. That they're able to pay the premiums on now. With a bigger term death benefit on top of it. So at 10, 20-yearr term. And, what they can do is over that 20 year period, if they do the 20, they can convert off of it into like almost like a rolling policy growth. So, they'll have multiple policies each time they converts. It'll add a new ones to their portfolio, but it allows them to increase their death benefit, while keeping that same underwriting class they had from before. But, really just locks in that potential for their future.

Dan: Let's talk a little bit about, and by the way, a different question came into it. For those of you who do something like, you know infinite banking, be your own banker, or any type of a strategy where you are focusing on building up cash accumulation within the policy for potential, you know, flexibility, distribution. I highly recommend that on any model like that, you tend to look for the conversion privilege on the term as well. You know, one thing that we, we always talk about is that, as you're trying to build cash, fight for the future never forget about your protection needs in the present. And, whenever you're trying to purchase a life insurance policy that's designed for cash accumulation and distribution, those policies intentionally aren't designed to provide as much leverage on death benefit. You know, you want as much of that premium going towards cash accumulation as possible. And, so you know you were talking about layering a little bit earlier, Brittany, too. You know, when someone is just getting started with trying to, you know, build up cash value within life insurance for later use, their current budget may not be the same as their future budget as they continue to proceed throughout their career. So, this is a great example of layering here. They buy a policy to get started that's affordable to their budget, but they also get a convertible term policy, as well. And, once they see that permanent policy building a value for, for later use, they say that that works pretty well. I want to do more of that. You've got that convertible term in your back pocket to keep chipping away at it and to potentially buy more additional permanent coverage. So, you have that as an angle that you use in planning for your clients. Don't under look, under look, new word, overlook, the importance of, don't overlook the importance of fully convertible level term. And, remember that ability to choose any product that they want or that you wanted, the financial professional, is really, uh, you know, locking in their whole planning opportunities. They get to pick, you get to pick, not the insurance company. Uh, that's a lot different though than laddering. Right? So, let's go back to laddering for just a moment. So, layering is when I get perm and terminating, permanent, term, and perm, it together in one sale. Laddering is when I stagger differing term lengths on different policies.

[On the screen]

"Laddering" term

- With the ladder strategy, the client purchases multiple term life insurance policies so that they expire or are converted over time based on the client's financial situation
- Example: Client purchases Recap term and Term 20 Plus to allow for death benefits at multiple lengths and varying conversion option lengths.

Dan: Can you talk about that for just a moment, Brittany? I'll go back to that slide here, too.

Brittany: And, I do get that the terms are very similar and they're kind of just colloquialisms. But, laddering is going to have two different term policies. So, rather than buying a term in a permanent, these are two different term plans. And, normally they're of varying lengths. So, like instead of this example that we have on this slide, we have a Recap Term that has that brilliant five year recapture of the conversion credit on it, and then we have a Term 20 Plus. Very similar to what we were talking about before, but it allows the client to use all the benefits of, say like that Recap Term. Gotta convert it quickly so that we have it. But, it also allows them to have the, that longer death benefit so they can convert along the way. Do you have any other additional?

Dan: No, I think it's, so, you know, let's think about let's think of a couple examples here, right? So, a quick example might be that, you know, there are different ways that I might be calculating how much total protection I need. Sometimes it's, it's a calculation based upon multiple by income that I want to make sure that my family, or my business, or, you know, those that I care about, have a certain number of years of income in place. Until I get to retirement, but maybe then as I approach retirement, I need fewer years left. So, you can either buy a very large term policy for a longer period of time, or realizing that your needs decrease over time, perhaps you layer different policies on helping each other. So that initially, you've got a couple term policies inforce that combine that up to your total amount that you need. But, as maybe the kids get older, as a mortgage paid off, you know, whatever the case might be, if your needs do decrease, you know, be careful, we can’t always pick what our future needs are, so be careful before you under insure in later years, that’s a different topic altogether. But, if you've got strong confidence that you'll have other assets or protections in place, and not need as much term coverage permanently, laddering term can be a great way to stagger down your coverage to a lower amount in later years. And, so make sure you've got enough early on. Let's talk about a couple of popular riders. I see quite a few questions coming in about Waiver of Premium for Disability. So, let me jump back to that slide for a moment. And, I guess a key point that we want to, if I can find this slide, you know, one of the key things we want to talk about here is that you know many carriers either use a very limited. Here we go, a very limited definition of disability.

[On the screen]

Waiver of Premium for Total Disability

- 5-year “own occupation” disability definition
- If insured is on claim for WPD
    - Term Plus policy automatically coverts at the end of the level term period to a permanent plan of Ohio National’s choice
        - Currently Prestige Value IV
    - Premiums will continue to be waived on the new permanent plan as long as the insured is still eligible for waiver

Dan: Uh, or they've got, potentially, a shorter window of time where the definition is applied. So, let me speak to that for just a few moments and then Brittany if there's anything you want to add, please don't hesitate to do so. But, the most common timeline that I see for, even if a plan has an own occupation definition, and this is kind of like our old term product that we had. If the, for example, a two-year definition for what was their own occupation, then it shifts to being more about any occ after two years. You know, five years, and a longer window of time where they have an own occupation, definition. And, any occ on the surface sounds better, but it's actually not as strong for the policyholder. The narrower the definition of disability, the more likely it is that the client is going to qualify as being disabled. When you broadened that to be any occupation, it's saying they're unable to perform any type of a job. That's the higher bar that they have to cross before they are defined as being disabled under the definition of policy. So, you know, that five-year own occupation definition is a really strong feature to be able to talk about. And, Brittany when you were, before Brittany moved into her current role, Brittany was a FASTeam representative. I would say Waiver of Premium, probably not offered, as often as maybe we think it, it should be. What are your thoughts? Did you? Did you see a lot of Waiver of Premium for Disability? And, and for those agents who used it, I guess, why was it so compelling for them?

Brittany: Sure, we saw at least, as everybody knows, if you've talked to your FASTeam member, their regional lives. So, the regionals that I worked with loved Waiver of Premium, but overall I think as a company we don't have Waiver of Premium on policies enough. It's definitely a benefit that a lot of clients might be like, well, I'm never going to need it. So, why put it on my plan? But, I don't think they realize that if they need it, it. it's too late. So, adding it to their policy when they're young, healthy, and look for, they're in need of some sort of Waiver of Disability plan at all is actually what's best for clients because they can really see the benefits when they need it. And, I say when, not if, because I feel like more often than not, it's a win.

Dan: Some questions came in about the Guaranteed Purchase Option rider. Now we talk about that, the Guaranteed Purchase Option rider is only available on the term policy, but it's used to buy permanent insurance. Can you talk a little bit about the GPO, Brittany, on, on how that works and when they can exercise the GPO option?

[On the screen]

Available riders

- Waiver of Premium for Total Disability (WPD)
- Accelerated Benefit Rider (ABR)
    - Term has terminal illness benefit only
    - Permanent products have terminal and chronic illness benefits
- Guaranteed Purchase Option

- Accidental Death Benefit
- Family Term

Brittany: Of course, so our Guaranteed Purchase Option, as Dan pointed out, is only technically exercised unless I converted that exercise to a permanent plan. It is of the clients choosing. The rider itself can be put on a plan for up to $100,000, which means that each time they exercise it, they have the ability to go up to $100,000 each time. And, it is every three years starting at age 25. So, if you have a client that is 23, their first one will be 25. And, then 28, and so on and so forth, until they're age 40, which will be their last one. So, it's a total of six. And, the times that they can exercise it early would be if they have a, what would you call it, a life change, so they get married, they have a child, and they have a need for life insurance earlier rather than later. They can exercise ahead of time, which would just mean that instead of having it at say 28, they have it at 27, and then they would skip to the next one, which would be four years later rather than three. It's definitely a good option again, for either your juveniles or your younger clients who again will need more life insurance down the road. The Guaranteed Purchase Option doesn't require then to go through underwriting, or have their insurability question so they can, they can exercise this rider to new plans. And, it will be a new plan each time they exercise it. So, say where to exercise it every time by the end, including the original policy, they would have seven.

Dan: Some questions came in on that Family Term rider. Sometimes people called it the Children Term rider. Can you elaborate on that one a little bit more Brittany?

Brittany: I sure can. So, just to kind of cover where I was before, the Family Term rider can be added on children, or it can be added to a parent policy for children anywhere between the ages of 15 days old, and then, I apologize, Dan, I forget our cutoff for adding the children. It'll cover the children from anywhere. Are you gonna pull it up?

Dan: So, that you said. Well, I've got it, but yeah. So, it's the insured has to be between 18 and 50, and it covers children up to age 21. But, that coverage expires before the child’s 25^{th} birthday. So, you can't purchase the rider and have it cover a 23 year old, but if they were covered before age 21, they're covered up through age 25.

Brittany: And, then if you put it, say on a Term 10, if at the end of the ten years your child is not 18, they don't have the conversion option unless you move it over to their new, the parents new permanent plan. But, if you had a child that became 18 during the level period of their parents’ term, they can convert that to their own permanent policy. Which, like I said right now, is the Prestige 100 II. And, I did see a question on how much they can convert. It is five times the riders’ death benefit with a maximum of $100,000. So, if you wrote this, the rider for five, the most they could write the new plan for it would be 25.

Dan: Let's talk a little bit about the pricing differences. Now this can vary by age and rate class. So, this is probably a great question for people to be asking of their

FASTeam member to run some quotes. Uh, but the cost of adding things like the Guaranteed Purchase Option rider, Waiver of Premium for Disability, again, it is subject to age and rate class. But, it's, it's not as expensive as maybe people think that is in their head. And, and certainly if you're talking about the ability to have it carry over the permanent policy, as well, you're locking in that insurability to the term, and it's portable to the person. It's a phenomenal benefit to have. But, Brittany, I guess, just, I know this is mental math, but from what you saw, you know, roughly what is the difference in premium? You know, not as much as people might think it is, to have these riders added onto a term policy.

Brittany: Oh goodness, um. I say I know that waiver is probably one of our most expensive riders to add, but even then it's not a grand cost. And, I always say that adding waiver on every person is cheaper than add waiver down the road when they're like table B. Right? So, I believe in uncertainty.

Dan: On a young and healthy individual, you're probably, I think that moment. Go for it Brittany.

Brittany: I would say I believe it's like 9%, but that might be wrong.

Dan: On average, unless you get to the higher ratings, you know I, I think a good rule of thumb is you're probably looking at about a 10% differential roughly for Waiver of Premium on kind of your, your standard rate classes for the younger middle age. The older you get, the more likely you are to become disabled. Therefore it gets more expensive. So, probably dangerous to jump to that question. My apology, but you know, that's a great one to talk through with your FASTeam member. And, you'll, you'll start to get then a sense of, based on age and rate class, how much of a premium swing in either direction. But, one question that came in from quite a few people, as you know, can you go back and add these riders after the fact to existing policies? And, in most cases, the answer is unfortunately going to be, you know, no. Some of them you can, if you look at your own term marketing guide, you know which ones can actually be added at issue and which one can be added after issue. But, for some of these riders were, you know, we are trying to underwrite for that risk during the initial underwriting process. And, then to go back and look at the policy once it's inforce at second time for different types of risk or changes, changes this scenario pretty substantially. When, once we no longer have access to current record. So, we can look at your term marketing guide and it will explain to you what riders can and can't be added after issue. Let's see here. That I think when we take a final skim, there's some additional questions I'll be flying with people on directly. One thing that I do want to ask about was this, Brittany. So the topic is Recap Term and it's partial conversion. So, you know, what if someone doesn't want to convert all of the Recap Term, how does that work?

Brittany: So, it's actually very similar to not converting all of their term policy. Your conversion credit on the Recap Term is still going to be a cumulative premium, or a cumulative conversion credit that'll be prorated based on the amount of the death benefit that you convert. So, if you only can, they buy a $500,000 Recap. We convert $250,000 of it in year three, which is for an example. In year three, that conversion credit would only be calculated on $250,000 worth of that term premium, rather than the full $500,000. And, then if you come in and you convert the rest of it by the fifth year, then you would have five years of that, the rest of the $250,000. So, it is prorated based on the definite amount that you convert. Not just because you're converting.

Dan: Great question, right? All right, so there's some brief, we're getting towards the top of the hour, so Brittany, I think now is a pretty good place for us to route.

[On the screen]

We're here to help

Brittany Bell Rush

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FASTeam | 877.665.2468 (Option 3, 1)

Orientation Success Team | 800.877.0489 (for new GAs)

Advanced Planning | 877.665.2468 (Option 9, 2)

Dan: And, for any questions we didn't get you during the webinar today and we will follow up with you all directly. But, you know, can you spend a few moments already just kind of talking through some of the different support we have here at Ohio National for those who are looking for additional information?

Brittany: Of course, our FASTeam, which is going to be our top, right, phone number. Right there is a group of amazing individuals that are trained in depth in life insurance, both policies, illustrations, and to help answer any questions you might have about riders and eligibility. They also will help connect you to underwriters, if they have additional questions. They are, again, the team I used to be on. They're a great one stop shop if you need illustration, help, or if you need help running the illustrations. If you would like to run them as well, they could help walk through that type of situation. Our Orientation Success Team is for new GAs that are within their first six months of hire with Ohio National. They help get everybody launched and ready to go so that you can progress to the FASTeam. They are a little more hands on, but they do trainings and they are also a great team. If you have questions about products and riders, and as well as, illustrations. And, then a group that I've got to know even more lately, is our Advanced Planning team. We have lawyers on staff that will help with various advanced planning cases such as estate planning or charitable donation. If you have any questions about more advanced or more legal situations when it comes to life insurance, they're the team to go to.

[On the screen]

Webinar was recorded

We'll send you a link to today's presentation

Dan: All right, well Brittany, I appreciate you taking time with us today for today's webinar. A reminder again, everyone will pop on any questions we weren't able to get them.

Brittany: Thank you for having me.

[On the screen]

Next up in our webinar series…

Thursday, May 7 @ 2:00 PM (EDT)

ONdex Annuities: Product, Marketing and Sales Support Overview

Register at: bit.ly/ONdexFIA

Tuesday, May 12 @ 2:00 PM (EDT)

Business Valuation Service: Help Clients and Generate Sales

Register at: bit.ly/BizVal

Dan: Oh, it's great to have you. I appreciate it so much. I hope everyone joins us for our next webinars this Thursday. We've got one on our brand new ONdex annuity. It's a fixed indexed annuity. Uh, and that will be this Thursday at 2:00 o'clock Eastern. So, please register. We have a link on your screen. You can also head over to ON-Net to get the registration link, and then on next Tuesday we've got our Business Valuation Service. Jim Barbie from the Advanced Planning team that Brittany was just talking about will be joining us to talk about how that can open up great sales opportunities with business owners.

[Disclosures shown on the screen]

Applicants qualify for the Life + DI = 10% discount when they apply for the DI policy alongside the life policy, or within 90 days of the life policy issue date. Minimum face amounts are required for the life policy which can be term, permanent or a combination of the two. Discount availability may vary by state. Only one 10 percent discount can be applied. No additional discount if DI case also qualifies for any other discount.

The Accelerated Benefit Rider is an acceleration of the death benefit for an individual that is certified as being permanently chronically ill or terminally ill. It is not designed to be a substitute for long-term care insurance, health insurance, or nursing home insurance. An acceleration creates a lien against the policy death benefit and accrues carrying charges. Please review available marketing materials, as well as policy and rider language for complete details.

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[Company information shown on the screen]

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[Ohio National Financial Services logo]

Dan: Everybody thanks for taking time out of your day to join us. We appreciate it and look forward to seeing you at future events.