

ILLINOIS LIFE & HEALTH KEY FACTS

- A real-estate producer, because of her fluctuating income, might purchase Adjustable Whole Life.
- On Modified Whole Life, the premiums are lower than normal for the first five years, but then increase to a higher-than-normal fixed premium thereafter. The face amount is level.
- On Graded Premium Whole Life, the premiums gradually increase for the first five years, then remain level at a higher-than-normal amount thereafter. The face amount is level.
- The client may skip, reduce, or increase premiums on a Universal Life policy. The policy will not lapse as long as there is enough cash value to cover expense deductions.
- Variable Universal Whole Life allows the client to self-direct the cash-value investment.
- Variable products have no guarantees and are not backed by the Guaranty Fund.
- An Increasing Term policy's limits increase each year by the amount of premium paid. An Increasing Term policy is sometimes called a Return-of-Premium policy.
- Term insurance is renewable without a physical examination, up to a certain age.
- Term insurance may be converted to Whole Life, but not the reverse. Conversion is based on the client's current age, but without a physical exam.
- Credit Life is a type of Decreasing Term. Benefits are paid directly to the creditor.
- Credit Life is usually NOT used as Mortgage Protection coverage, since most mortgages are too long.
- The policy limits on Credit Life cannot exceed the amount of the loan.
- Limited-Pay Whole Life policies, though paid up earlier, do not mature until the client's age 100.
- Universal Life offers flexible premiums.
- Investing in Variable products is considered a hedge against inflation.
- All Annuities are for life. You cannot outlive the income from an annuity.
- Annuities are the opposite of Life insurance. Life insurance creates an estate. Annuities systematically liquidate your estate over a period of time.



- Annuities, both Individual and Group, contain a 30-day grace period.
- Fixed Annuities guarantee a fixed rate of return and are backed by the Guaranty Fund.
- If you die during the Accumulation Period of an Annuity, the account value will be paid to your beneficiary or to your estate. Any taxes due will be paid at the estate level.
- A Life Income Annuity (Straight or Pure Life Annuity) has no beneficiary, and is the most risky option for the annuitant.
- A Refund Annuity has the least amount of risk, to the client
- The premium for a \$100,000 Immediate Annuity is \$100,000, regardless of the client's age, health, sex, etc. It is the Pay-Out that depends on these factors.
- Variable Life producers do NOT have to be registered with the New York Stock Exchange (NYSE). They DO have to be registered with the National Association of Securities Dealers (NASD) as a Variable Contracts producer.
- Client funds invested in a Variable Life contract or Variable Annuity must be kept in the insurance company's Separate Account, which is similar to a mutual fund.
- Client funds used to purchase Whole Life and Fixed Annuities are kept in the insurance company's General Account, which is invested more conservatively.
- Whole Life policies must contain a table showing their Guaranteed Cash Value at the end of each year (Anniversary Date) for the first 20 years. It is shown per unit (per \$1,000). The Mortality Table and interest rate used in determining those values must also be shown.
- A combination policy with Decreasing Term plus Whole Life, both written on only the Primary Insured, is called a Family Income policy. It does not cover dependents.
- On a Family Income policy, the lump-sum Whole Life proceeds are paid out AFTER all of the monthly payments have been paid out.
- A combination policy that automatically covers dependents, including newborn children at no extra premium charge is called a Family policy.
- The S.E.C. is a federal agency that regulates securities.
- The N.A.S.D. is an association that regulates its own members.
- On a 20 pay life, the cash value will equal the face amount at maturity (age 100).
- Annuities tables are different than mortality tables since there is no insurance protection.
- On a "graded" premium policy, the face amount remains level, but premiums increase gradually.

- Whole life & Limited Pay life both reach maturity at the same time (age 100).
- A single premium may buy a policy that is paid up for life.
- Annuities are often used as Life insurance settlement options.
- Modified or Graded Whole Life is sold to clients whose income is expected to increase in a few years.
- Universal Life, Variable Life and Variable/Universal Life are all interest sensitive whole life products (adjustable whole life is NOT).
- UL has a choice of death benefits, options A or B.
- Variable Whole Life is an insurance and a securities product, hence it is regulated on the state level by the Department of Insurance and on the federal level by the S.E.C.
- In order to renew renewable term the insured only has to pay the premium.
- A flexible premium annuity allows the client to pay in whatever amount they wish, whenever they wish.
- A joint and survivor annuity would pay while either party is alive.
- An immediate annuity would be funded with a single premium and would begin payments one month later.
- On a Family Policy, the base plan (primary breadwinner's coverage), provides coverage for longer than the riders.
- On a variable annuity, during the payout period, the annuity is valued in annuity units.