



**WSB
Financial
Foundation
Educational
Program**

W o r k b o o k

*A National Campaign for
Financial Literacy*

BUILDING A
STRONG FINANCIAL
FOUNDATION
—
PROPER
PROTECTION

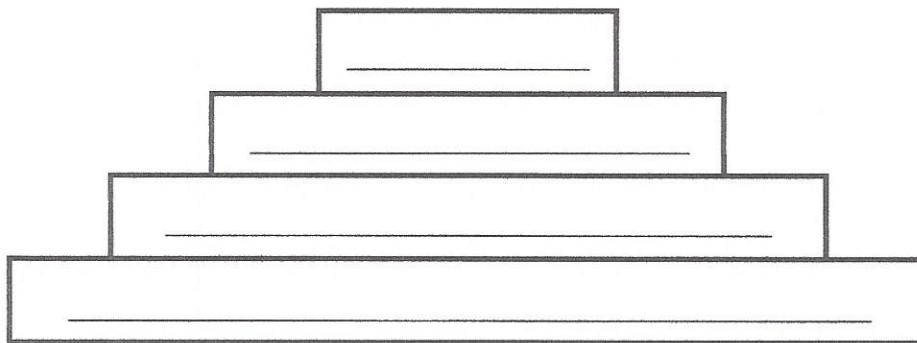
In this workshop, we are going to discuss:

- ❖ How to have a strong _____.
- ❖ The relationship between _____ wealth and _____ your responsibility.
- ❖ Do I need _____ insurance?
- ❖ If so, _____ should I have?
- ❖ Different _____ of life insurance.
- ❖ How to choose the most _____ insurance product for your _____.

Your Challenges:

- ❖ To _____ your family for:
 - Your _____.
 - Your _____.
 - Your _____.
- ❖ To _____ your liabilities and get out of debt _____.
- ❖ Dealing with constant _____ in your job, career, or business.
- ❖ Living a _____ life without adequate _____.

Complete the Financial Foundation below:

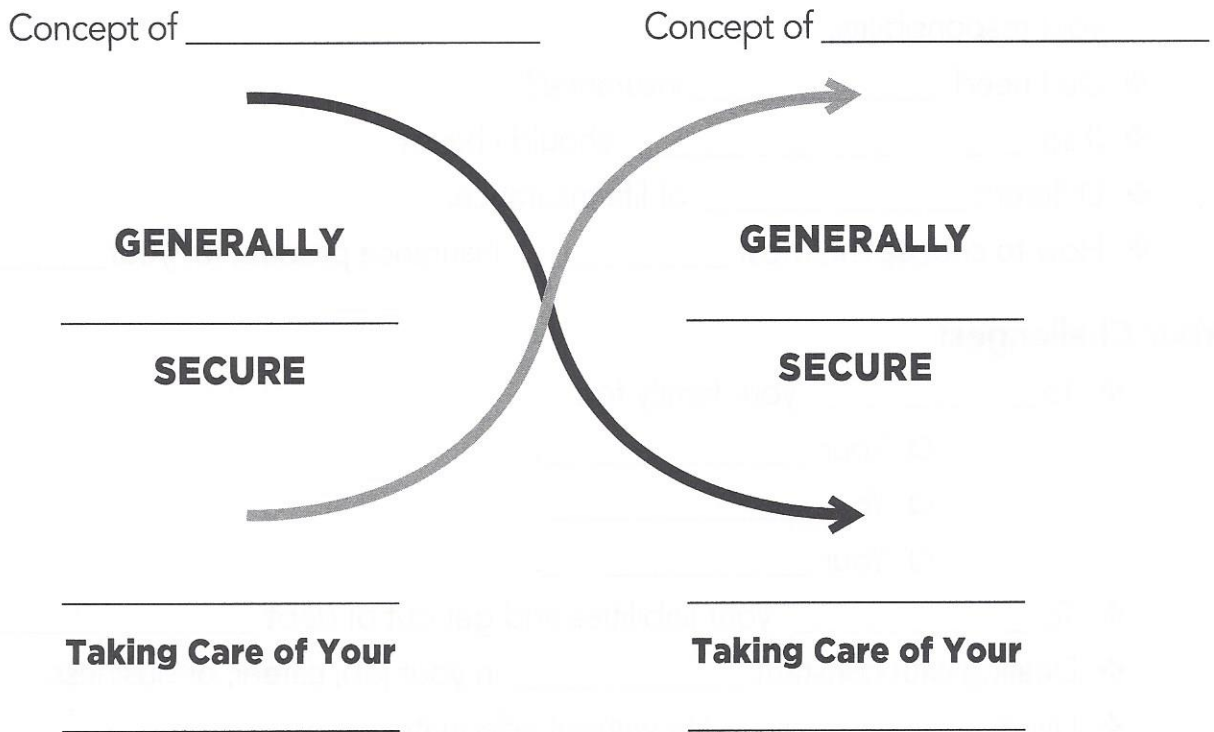


Like building a _____, you must build it from the _____.
 Without a strong foundation, everything you have may not last.

Discuss the priorities of Financial Foundation.

X-Curve*

Please label the X-Curve below:



Circle the correct answer:

If you are a joint account holder on a credit card, you are liable for the debt if your co-signor passes away. True False

According to the responsibility curve, you have more responsibilities when you're older. True False

If your children are minors, they will not receive life insurance proceeds until 18 years old. True False

When you make minimum payments on your mortgage, you will pay more in interest. True False

You should have a high amount of protection when you are older. True False

**This concept theorizes that a person's responsibilities generally decrease and wealth generally increases.*

ello! I am your life insurance policy.

You and I have similar purposes in this world. It is your job to provide food, clothing, shelter, schooling, medicine, and other things for your loved ones. You do this while I lie in your safe deposit box. I have faith and trust in you. Out of your earnings will come the cost of my upkeep. At times, I may appear insignificant to you— but someday (and who knows when) you and I will change places.

When you are laid to rest, I will come alive and do your job. I may provide food, clothing, shelter, schooling, medicine, and other things your family will continue to need—just as you are doing now. When your work and labor are done, mine will begin. Through me, your hands can carry on. Whenever you feel the price you're paying for my upkeep is burdensome, remember that I can do more for you and your family than you will ever do for me. If you do your part, I will do mine.

Sincerely yours,

Your life insurance policy

The DIME Method*

You can calculate how much life insurance protection your family needs.

	You	Spouse
D _____	_____	_____
I _____	_____	_____
M _____	_____	_____
E _____	_____	_____
Total	_____	_____

Are you properly protected? Enter the value of the items below (for you and your spouse, write the total DIME method you did above). Then write how much you are currently protected.

	Value	Coverage
Car		
Home		
You		
Spouse		

*The DIME Method is only one method to help determine a client's insurable need.

How to Buy Life Insurance

Cost Per \$1,000

Mary is 40 years old and smokes cigarettes. Based on her DIME method, she wants to buy a \$500,000 life insurance policy. Please calculate her annual premiums.

Age	COI/1,000*	\$500k Policy	Annual Premium
40	\$2.00		
41	\$2.15		
42	\$2.35		
43	\$2.60		
44	\$3.00		

Circle the items that are NOT factored into insurance rate premiums:

Driving record

Past health issues

Eye color

Height

Religion

Prescribed medications

Auto racing

Family history

Riding a bike

Hair color

Tobacco use

Weight

Draw a line to match the rate classes to the correct description:

Preferred Elite

2x Above Rate

Preferred

Minor Health Issues

Standard

3x Above Rate

Preferred Smoker

25% – 500% more

Smoker

Healthy

Table Rated

Optimal Health

*Hypothetical for illustrative purposes only.

How Insurance Premiums Are Generally Determined

MUST QUALIFY – NEED TO BE IN GOOD HEALTH

Rates are based on:

Height

Weight

Health issues – past and present

What medications you're on

Use of tobacco

Family history

Driving record

Criminal record

High risk activities (Scuba diving, auto racing, mountain climbing, etc.)

Rate Classes

Preferred Elite = optimal health

Preferred = healthy

Standard = some minor health issues

Preferred Smoker = 2x above rate

Smoker = 3x above rate

Table Rated = 25% to 500% more



Types of Life Insurance

Term Life

(_____ + _____)

_____, _____, _____ year

Permanent Life

(_____ + _____)

Also called

Please draw the 4 pictures that illustrate the premiums of each term policy.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

ART: Annual Renewable Term

Premium goes up every _____ year.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

5 Year Level Term

Premium goes up every _____ years.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

10 Year Level Term

Premium goes up every _____ years.

1 10 20 30 40

20 Year Level Term

Premium goes up every _____ years.

Example: A Typical Term Insurance Policy
20 Year Level Term for a 30-Year-Old Client
PREFERRED PLUS NON-SMOKER

Sex: MALE
 Age: 30
 Face Amount: \$500,000
 Underwriting Class: PREFERRED PLUS NON-SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

Base:	\$250.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Summary of Premiums

Year	Age	Guar. Premiums
1	30	258
2	31	258
3	32	258
4	33	258
5	34	258
6	35	258
7	36	258
8	37	258
9	38	258
10	39	258
11	40	258
12	41	258
13	42	258
14	43	258
15	44	258
16	45	258
17	46	258
18	47	258
19	48	258
20	49	258
21	50	4,325
22	51	4,655
23	52	5,130
24	53	5,646
25	54	6,306

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy
20 Year Level Term for a 30-Year-Old Client
STANDARD NON-SMOKER**

Sex: MALE
 Age: 30
 Face Amount: \$500,000
 Underwriting Class: STANDARD NON-SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

Base:	\$475.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Summary of Premiums

Year	Age	Guar. Premiums
1	30	491
2	31	491
3	32	491
4	33	491
5	34	491
6	35	491
7	36	491
8	37	491
9	38	491
10	39	491
11	40	491
12	41	491
13	42	491
14	43	491
15	44	491
16	45	491
17	46	491
18	47	491
19	48	491
20	49	491
21	50	4,325
22	51	4,655
23	52	5,130
24	53	5,646
25	54	6,306

All products may not be available in all jurisdictions.

Example: A Typical Term Insurance Policy
20 Year Level Term for a 30-Year-Old Client
PREFERRED SMOKER

Sex: MALE
 Age: 30
 Face Amount: \$500,000
 Underwriting Class: PREFERRED SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

Base:	\$845.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Summary of Premiums		
Year	Age	Guar. Premiums
1	30	873
2	31	873
3	32	873
4	33	873
5	34	873
6	35	873
7	36	873
8	37	873
9	38	873
10	39	873
11	40	873
12	41	873
13	42	873
14	43	873
15	44	873
16	45	873
17	46	873
18	47	873
19	48	873
20	49	873
21	50	7,983
22	51	8,597
23	52	9,557
24	53	10,718
25	54	11,843

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy
20 Year Level Term for a 50-Year-Old Client
PREFERRED NON-SMOKER**

Sex: MALE
 Age: 50
 Face Amount: \$500,000
 Underwriting Class: PREFERRED NON-SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

Base:	\$1,095.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Year	Summary of Premiums	
	Age	Guar. Premiums
1	50	1,131
2	51	1,131
3	52	1,131
4	53	1,131
5	54	1,131
6	55	1,131
7	56	1,131
8	57	1,131
9	58	1,131
10	59	1,131
11	60	1,131
12	61	1,131
13	62	1,131
14	63	1,131
15	64	1,131
16	65	1,131
17	66	1,131
18	67	1,131
19	68	1,131
20	69	1,131
21	70	34,056
22	71	37,230
23	72	41,544
24	73	46,059
25	74	50,847

All products may not be available in all jurisdictions.

Example: A Typical Term Insurance Policy
20 Year Level Term for a 50-Year-Old Client
STANDARD NON-SMOKER

Sex: MALE
 Age: 50
 Face Amount: \$500,000
 Underwriting Class: STANDARD NON-SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

	Base:	\$1,710.00
Waiver of Premium(s):		
Accidental Indemnity:		
Childrens Insurance Rider:		

Summary of Premiums

Year	Age	Guar. Premiums
1	50	1,765
2	51	1,765
3	52	1,765
4	53	1,765
5	54	1,765
6	55	1,765
7	56	1,765
8	57	1,765
9	58	1,765
10	59	1,765
11	60	1,765
12	61	1,765
13	62	1,765
14	63	1,765
15	64	1,765
16	65	1,765
17	66	1,765
18	67	1,765
19	68	1,765
20	69	1,765
21	70	34,056
22	71	37,230
23	72	41,544
24	73	46,059
25	74	50,847

All products may not be available in all jurisdictions.

**Example: A Typical Term Insurance Policy
20 Year Level Term for a 50-Year-Old Client
STANDARD SMOKER**

Sex: MALE
 Age: 50
 Face Amount: \$500,000
 Underwriting Class: STANDARD SMOKER
 Substandard Rating:
 Flat Extra Rating: 0.00
 Flat Extra Period: 0
 Payment Mode: MONTHLY PAC

Premium Breakdown

Base:	\$4,730.00
Waiver of Premium(s):	
Accidental Indemnity:	
Childrens Insurance Rider:	

Summary of Premiums

Year	Age	Guar. Premiums
1	50	4,882
2	51	4,882
3	52	4,882
4	53	4,882
5	54	4,882
6	55	4,882
7	56	4,882
8	57	4,882
9	58	4,882
10	59	4,882
11	60	4,882
12	61	4,882
13	62	4,882
14	63	4,882
15	64	4,882
16	65	4,882
17	66	4,882
18	67	4,882
19	68	4,882
20	69	4,882
21	70	54,438
22	71	60,460
23	72	65,842
24	73	71,910
25	74	78,525

All products may not be available in all jurisdictions.

Example: A TYPICAL IUL INSURANCE POLICY
Flexible Premium Adjustable Life Insurance with an Index Account
Option for a 70-Year-Old Male Non-Tobacco Client

Summary of Premiums

Valued Client				Monthly Premium:		\$2,537.50	
Male Age 70 Non Tobacco				Death Benefit Option:		Level	
Riders: None				Initial Face Amount:		\$500,000	
		Guaranteed Assumptions		Non-Guaranteed Midpoint Assumptions		Non-Guaranteed Assumptions	
	Premium	Cash Surrender	Death	Cash Surrender	Death	Cash Surrender	Death
	Outlay	Value	Benefit	Value	Benefit	Value	Benefit
Year							
5	\$30,450	\$9,264	\$500,000	\$45,256	\$500,000	\$83,765	\$500,000
10	\$28,890	0	0	\$77,258	\$500,000	\$194,249	\$500,000
20	\$28,890	0	0	0	0	\$675,111	\$793,370

20 Year Term

Based on the \$500,000 Life Insurance examples from pages 32 to 38, fill out the premium amounts below:

1. Male Age 30 _____ > Age 50

<i>Rate Class</i>	<i>Face Amount: \$500,000</i>	<i>Total Paid In:</i>
Preferred Plus Non-Smoker	\$_____ per month*	\$_____
Standard Non-Smoker	\$_____ per month*	\$_____
Preferred Smoker	\$_____ per month*	\$_____

2. Male Age 50 _____ > Age 70

<i>Rate Class</i>	<i>Face Amount: \$500,000</i>	<i>Total Paid In:</i>
Preferred Non-Smoker	\$_____ per month*	\$_____
Standard Non-Smoker	\$_____ per month*	\$_____
Standard Smoker	\$_____ per month*	\$_____

Total Paid in 40 Yrs Preferred = \$_____

Total Paid in 40 Yrs Standard = \$_____

3. Male Age 70 - Convert to standard rate IUL = \$_____/month = \$_____/year*

*This is for illustrative purposes only.

Advantages and Disadvantages of Term Insurance

Circle the correct answer:

The insurance company will guarantee renewal after the term ends.	True	False
Term insurance has low net cost.	True	False
Term insurance is a good option if you want it for 20 years or less.	True	False
Term insurance has flexible premiums. You can skip payments without the policy lapsing.	True	False
Future term insurance renewal rates are lower.	True	False

Group Term

- ❖ Benefit is _____ to _____ times salary.
- ❖ Don't need to qualify.
- ❖ Inexpensive.
- ❖ Typically _____ when you leave employment.

Accidental Death & Dismemberment (AD&D):

Inexpensive but _____ a _____ value

Think about your situation. Answer these questions:

Should you buy a life insurance policy with the rest of your life in mind? _____

How long will you live? _____

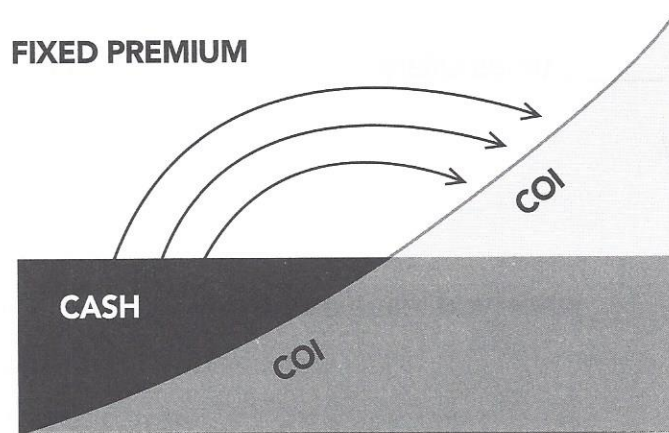
Will you want or need it in your senior / retirement years? _____

Will you need life insurance to pay estate taxes? _____

Cash Value Life Insurance

Whole Life

- ❖ _____ level premium for _____.
- ❖ Cash available by _____ only.
- ❖ Low _____ interest rate.
- ❖ Sometimes pays a _____ (not guaranteed) which can be used to _____, _____, or _____.
- ❖ _____ flexible of all Permanent Life Insurance.



Whole Life Illustration

Please answer the following questions based on the "Table of Guaranteed Values."

At the end of policy year 20, how much cash value does this client have? _____

At year 13, if this client wanted to use her paid-up insurance option, how much would she be covered for? _____

This client is 30 years old. At the end of policy year 10, she decides to use the extended insurance option. At what age would the policy last until? _____ days

Alternatives to Cash Value

TABLE OF GUARANTEED VALUES

End of policy year	Cash value	Paid-up Insurance or Extended Insurance			End of policy year
			Years	Days	
1	*****	***	**	***	1
2	*****	***	**	***	2
3	\$200.00	\$1,200	0	332	3
4	1,000.00	5,700	4	161	4
5	1,800.00	9,900	7	164	5
6	2,800.00	14,800	10	170	6
7	3,700.00	18,900	12	232	7
8	4,700.00	23,100	14	253	8
9	5,700.00	27,000	16	130	9
10	6,700.00	30,700	17	268	10
11	7,800.00	34,400	19	53	11
12	8,900.00	37,900	20	131	12
13	10,000.00	41,100	21	116	13
14	11,200.00	44,500	22	66	14
15	12,300.00	47,200	22	247	15
16	13,400.00	49,700	23	13	16
17	14,500.00	52,000	23	101	17
18	15,600.00	54,100	23	148	18
19	16,800.00	56,300	23	197	19
20	18,000.00	58,400	23	203	20
Age 60	31,900.00	75,000	20	341	Age 60
Age 65	40,300.00	81,100	18	231	Age 65

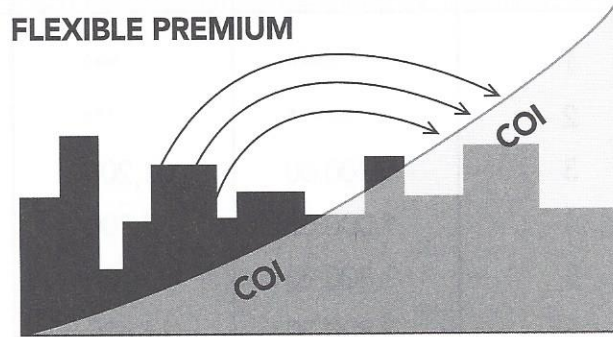
*This table assumes premiums have been paid to the end of the policy year shown. These values do not include any dividend accumulations, paid-up additions, or policy loans.

Cash Value Life Insurance

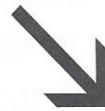
Universal Life

List the 4 things that will happen throughout our life:

1. _____
2. _____
3. _____
4. _____



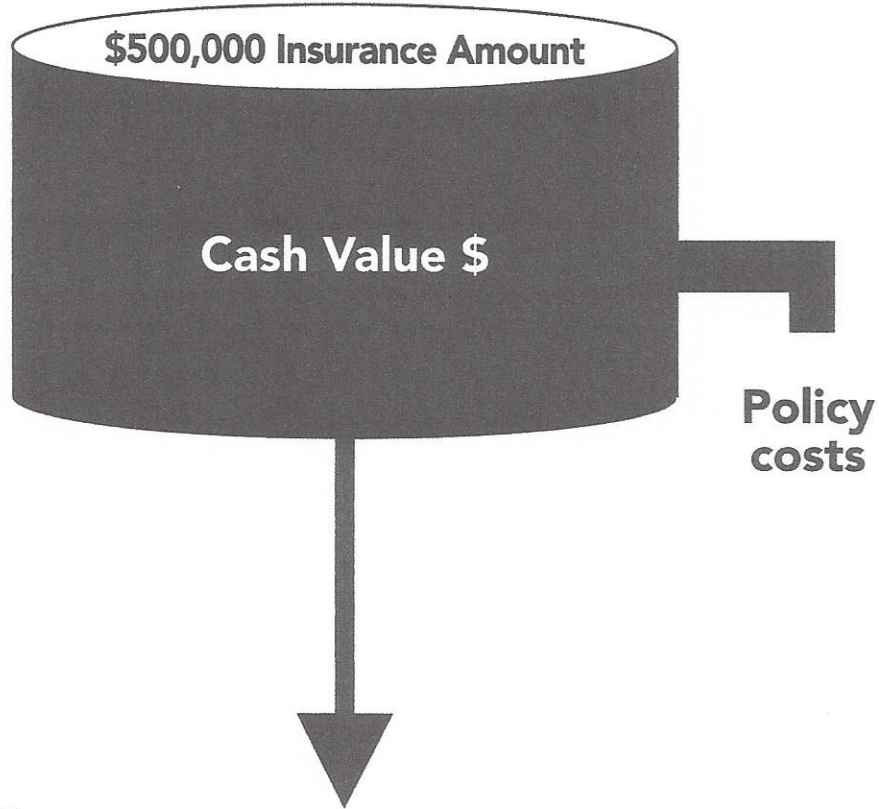
\$100 - \$200 - \$300
What are your typical options?



Safe
 Liquid
 Guaranteed Rate of Interest
 Low Yield

Opportunity for Growth
 Outpace inflation
 Ownership
 Risk

\$100 - \$200 - \$300 Premium



Fill in the blanks below:

Guarantee

Index

Investment Options



____%

____%

____%

____%

Universal Life

Choose from the words below to fill in the blank.

Surrender Amount Vary Level Stop Increasing Skip Can Long Term Care

Increase or Decrease insurance _____.

Design policy so it pays just the Face Amount upon death (_____) or pays the Face Amount plus your Cash Value (_____).

Can _____ premium payments, _____ premium payments or, after a period of time, _____ paying premiums.

_____ add multiple insureds.

Can add a _____ benefit for an additional fee.

Decreasing % penalty for early _____ up to 15 years.

What is NOT considered a policy cost in UL?

<i>State Premium Tax</i>	<i>Management Fees</i>	<i>Cost of Insurance</i>	<i>Printing Cost</i>
<i>Postage</i>	<i>Policy Fee</i>	<i>Mortality Expense</i>	<i>Unit – per thousand</i>

Whole Life policies are required to disclose costs and charges. True or False

Tax Advantages of Cash Value Life Insurance

Tax Free _____

Tax Deferred _____

Tax Free _____

Tax Free _____

Formula 10/20*

A simple rule to calculate what you need:

If you _____, you'll need 10 times your income to protect your family.

If you _____, you'll need 20 times your income for your retirement.

Example: If you earn \$50k/year:

How much protection would you need? _____

What would be your retirement need? _____

*<http://blogs.wsj.com/moneybeat/2014/01/31/retiring-on-your-own-terms>

Managed Growth

Winning the Money Game

_____	_____
_____	_____

When making financial decisions, you should ask these questions:

Can it potentially _____ to achieve my goal?

Is it _____ enough?

Does it have _____?

Does it have _____?

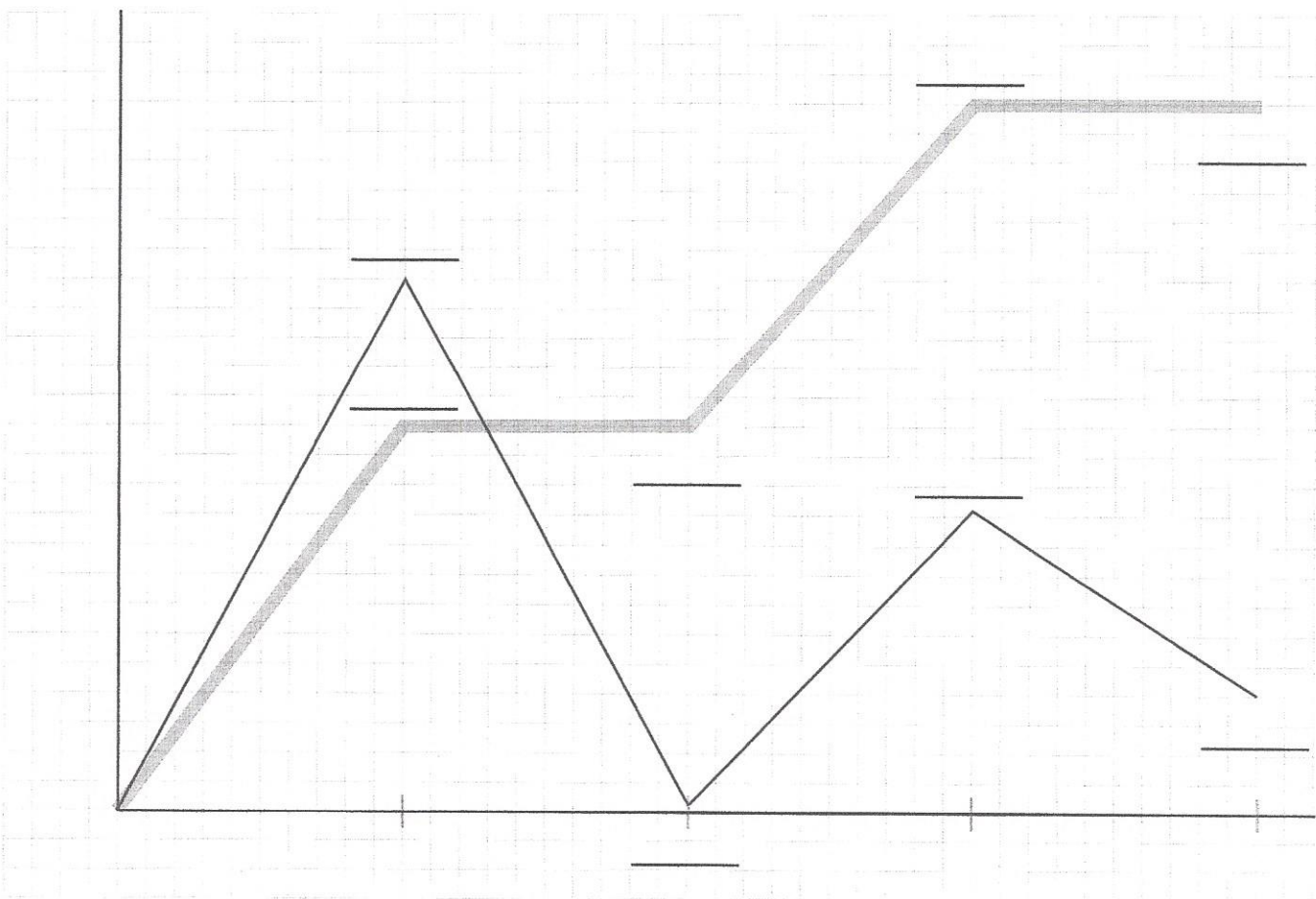
The Index Universal Life Strategy Concept

The limits of Cap and Floor:

For example: The cash value of an IUL is based on a market index with a 13% Cap and 1% Floor. With a \$100 premium payment, determine what the value would be after 4 years.

No Cap or Floor	Rate of Return	13% Cap and 1% Floor
	+ 18%	
	- 15%	
	+ 10%	
	- 5%	

Fill in the values for the graphs.



Summary of Life Insurance

Based on what you have learned, mark the boxes that describe the insurance policy with an (X).

	Term	Whole Life	Universal Life	Index Universal Life	Variable Universal Life
Tax Free Death Benefit					
Access to your money					
Fixed Premium					
Flexible Premium					
Guaranteed Minimum Interest Rate					
Market Participation					
Tax Deferred Growth					
Tax Free Loans					
Tax Free Withdrawal					
Has a Cap Interest Rate					
Has a Minimum Floor					

The Power of Choices

Through World Financial Group, Inc. (WFG) affiliated companies and Crump Life Insurance Services, a WFG associate offers the power of choice to clients. By representing well-known providers and products, WFG associates can find a solution based on a client's needs.

Indexed Universal Life (IUL)

American General
Genworth
VOYA Insurance and Annuity Company
John Hancock
Nationwide
Pacific Life
Prudential
Transamerica Premier Life Insurance Company

North American Co.
Pacific Life
Protective
Prudential
Transamerica Life Insurance Company

John Hancock USA
Lincoln Benefit Life
Nationwide Insurance Enterprise
Pacific Life
Protective Life
Prudential
Transamerica Life Insurance Company
William Penn Life

Variable Universal Life (VUL)

VOYA Insurance and Annuity Company
Nationwide Insurance Enterprise
Pacific Life
Transamerica Premier Life Insurance Company

Whole Life/Final Expense

American General
Columbian Mutual
Gerber Life
MetLife Investors USA
Nationwide
Pacific Life
Penn Mutual
Protective
Transamerica Life Insurance Company

Universal Life

American General
Banner
Genworth Financial
VOYA Insurance and Annuity Company
John Hancock Life Insurance
Lincoln Financial (Money Guard)
Nationwide Insurance Enterprise

Term Life

America
Banner Life Insurance Company
Genworth Financial
VOYA Insurance and Annuity Company

Consider the investment objectives, risks, charges and expenses of a variable annuity or variable universal life insurance policy carefully before investing. Read the prospectus for this and other important information. The value of subaccounts will fluctuate and are subject to loss. Please contact your TFA Representative for a prospectus for these products.

Associates must be properly licensed, registered and/or appointed to sell products from all providers listed. Only WFG associates who are Registered Representatives and/or Investment Advisor Representatives of Transamerica Financial Advisors, Inc. can offer investment products and/or investment advisory services.

Companies listed maintain current selling agreements with World Financial Group Insurance Agency, Inc. (WFGIA) or its subsidiaries and/or Transamerica Financial Advisors, Inc. (TFA) or have products available through Crump Insurance, a leading brokerage agency. Transamerica Life Insurance Company, Transamerica Financial Life Insurance Company, Transamerica Financial Advisors, Inc., World Financial Group Insurance Agency, Inc. and World Financial Group, Inc. are affiliated companies.

Company products available through Crump Life Insurance Services.

The city and state locations of these companies are: Transamerica Life Insurance Company, Cedar Rapids, Iowa; Pacific Life Insurance Company, Newport Beach, California; VOYA Insurance and Annuity Company, Des Moines, Iowa; Nationwide Life Insurance Company, Columbus, Ohio; Prudential Annuities Distributors, Inc., Shelton, Connecticut.

What Is Best for Me?

If I have little money but want to protect my wife and 3 kids, I should buy _____.

If I want long term growth with my life insurance, and I understand the market risk, I should buy _____.

If I want a life policy with long term growth but don't want to lose money, I should buy _____.

If my parents have health issues, but I want them to have some coverage, I should buy them _____.

Homework:

- ❖ Sit down with your Trainer to evaluate the insurance needs of your family.
- ❖ What insurance plan do you currently have in place? When was the last time someone reviewed it with you? _____
- ❖ Read pages 23 to 48 of *Saving Your Future*.
- ❖ Who are 3 to 5 people who could benefit from our training?
 1. _____
 2. _____
 3. _____
 4. _____
 5. _____
- ❖ Commit to introduce one person this week: _____