



CARROL & ASSOCIATES, INC.

Carrol Express News!

"No, but you're... you... you're thinking of this place all wrong. As if I had the money back in a safe. The ... the money's not here..."

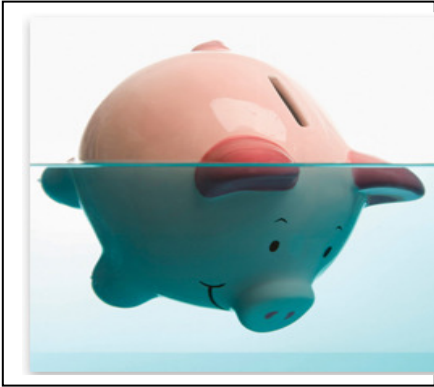
- Jimmy Stewart in "It's a Wonderful Life"

Start thinking OUTSIDE the box!

If you are fixed annuity producer, you've seen rates do nothing but go down. Start thinking COMBO products. Combination annuity and LTC with Genworth's TLC Annuity.

Here's another great idea. *Don't think annuity. Think LIFE INSURANCE.* Single premium life insurance with "living benefits" for critical and chronic illness beats the stuffing out of a regular annuity, especially in this interest rate environment. *Look at this sample chart for a real client, a male age 60 who wants to transfer \$100K from a CD into 'something better.'* *(Note that he only wishes he were getting as much as 2.5% on his CD money)*

Year	Taxable* CD at 2.5% Cash Available	Taxable* CD at 2.5% Cash Available for Illness or at Death	Annuity Value at 3.50% Cash Available After Tax*	Annuity Value for at 3.5% For Critical or Chronic Illness After Tax*	Annuity Value at Death* (33% Tax)	Living Benefits Policy Cash Values*	Living Benefits Policy for Critical Illness*	Living Benefits Policy for Long Term Care Illness* (Chronic)	Living Benefits Insurance Policy at Death*
5	\$109,062	\$109,062	\$113,138	\$113,138	\$113,138	\$113,187	\$174,717	\$159,699	\$205,200
10	\$118,944	\$118,944	\$128,742	\$128,742	\$128,742	\$145,405	\$200,224	\$190,605	\$233,411
15	\$129,723	\$129,723	\$147,274	\$147,274	\$147,274	\$185,775	\$231,694	\$227,040	\$267,048
20	\$141,478	\$141,478	\$169,285	\$169,285	\$169,285	\$235,383	\$271,221	\$270,647	\$307,656



Pension Maximization?

The client is a teacher and is interested in Pension Max – because he heard about it at the teacher's lounge. Ah.. retirement. And -- after only 30 years.

The problem is that Pension Max won't work because there is not enough spread between the life option and the survivor option to buy the insurance really needed. Another problem is that the client really doesn't like life insurance since his current underfunded policies are blowing up. And he is a government guy – skeptical about private section insurance companies.

Can the agent think about the Pyramid? Are there solutions still for this client?

The agent says there are actually TWO WAYS to maximize retirement income. One is to squeeze every nickel out of the pension for the highest income. Once income is maximized, how can it be maximized more? It can't. But, our agent points out that there are additional risks in retirement that CAN also severely affect the retiree. The retiree or spouse might live another 30 years and it's just not likely that they both will remain perfectly healthy during that time. The out of pocket costs for alternative care in a world of health care 'reform' could be staggering. The client agrees -- but is NOT going to shell out for LTC insurance.

The client has \$160,000 in a one percent account at the bank (taxable). That IS the 'contingency' asset in the pyramid and can be converted into emergency cash if needed – spent in retirement for essential income – or left as a legacy asset. The client agrees that interest rates will probably rise, but that much of the interest improvement could be erased due to increasing taxes. The client is NOT in the market and is terrified of the recent volatility.

What did the client finally do?

The client saw that the Genworth TLC Annuity might be the answer.

- *Converts taxable interest to non-taxable interest*
- *Is safe*
- *Leverages the money 300% after the first year for LTC expenses*
- *Can be converted to retirement income if needed*

This client was also shown the living benefits from two of our companies that offer chronic and critical illness benefits and despite the higher potential growth on cash opted for the Genworth annuity with zero elimination period for home health care. Due to phenomenal survivor pension options, these clients will carry no life insurance into retirement.

No Soup Coupon – but we DO have Living Benefits!

We say you ignore 'living benefits' at your peril. We may seem in the vanguard for living benefits but in Asia, companies like Zurich are light years ahead of us. This is our future. In Hong Kong, for example, **Zurich** offers a Lady Protector life insurance plan especially designed just for women with life insurance, critical illness benefits for **pregnancy, coverage for lupus, rheumatoid arthritis, accidental cosmetic surgery, newborn baby benefits, in-situ cancer benefits**. As their ad says: "Despite the advancing medical technology, quality medical treatment usually comes with an expensive medical bill. While you are unable to earn income during the period of medical treatment, prolonged medication and recovery expenses will consume your life-long savings quickly."

If you were a lady wouldn't this impress you? Not to mention the \$40 HK soup coupon from Hung Fook Tong for their healthy ginger soup? We may not have the soup coupon, but we DO have living benefits!

By the way, check out this site for info on Critical Illness: <http://www.criticalinsurance.org/ciic>

Underwriter's Corner

Occasional Nicotine Use?

You ask - "What about the person who admits to 8 cigarettes per year?" How do underwriters look at this? There are many occasional smokers. We know this. We also know that there is really NO excess mortality accrues from smoking 8 cigarettes per year. And we know that the odds of a positive cotinine test in this situation are almost zero. But the cotinine could be positive. What if it is? Anyone with a positive test could claim just "occasional" use. If agents found out that confessing to "8 per year" could lead to a lower premium than a full 'smoker' rate, would we see an epidemic of "occasional smoking"? Well... duh?

Dead Man Waddling? What's worse? Smoking or being fat?

Depends on the extent of the obesity. Moderate obesity shaves off 3 years from life expectancy. But morbid obesity shaves off ten years, the same as the average pack-a-day smoker.

Statins and Diabetes – NEW Findings!

As reported in the *American Journal of Cardiology*, a recent Korean study of patients prescribed Lipitor (atorvastatin) revealed yet again what we all know: this potent drug dramatically lowers total cholesterol, LDL-C and apolipoprotein B; while raising – a tad more modestly – HDL-C and apo A-I. Good stuff. Right?

Ooops! The study showed that patients taking Lipitor in doses ranging from 10 mg/day to 80 mg/day had significantly **HIGHER** mean HbA1-c readings with treatment than they did at baseline (before starting the drug). The only persons in the study whose HbA1-c did not go up were those who received the placebos! Insulin levels were also adversely affected but fasting blood glucose was not. For the record, there have been studies in the past which raised questions concerning statins and the risk of diabetes. But what do we see all the time? Diabetics are often aggressively treated with statin drugs because diabetes is a threat to heart health. Except that the heart health drug might be worsening the diabetes? (Probably best not to argue this with your own personal physician!)

THE MESSAGE: *Genworth's new 360 Degree underwriting is cutting edge since they – along with Hooper Holmes – have found that actual death statistics don't correspond with the tight cholesterol levels for preferred risk class from most all companies. Genworth will be preferred with total cholesterol of 300 with a good HDL ratio. Another thing to think about is this: if your clients are taking statin drugs for cholesterol, they MIGHT (especially if they don't exercise much) tend to test pre-diabetic on insurance exams. I'm not suggesting that they slack off on taking their statins but it would be interesting to see if a lower dose of statins resulting in a total cholesterol of 250 instead of 180 might also lower an A1c of 6.2 back to a 6.0.*

Our HOT companies for underwriting?

Lincoln National – 3 table shave to standard and credits to get down to that table 3. Using their GUL2009 product can result in a lower 'term' cost than rated term. But not always. It works better for 30 and 40 year durations – not so well for only 20 years. But that's OK since the whole retirement age paradigm is now out the window. U.S. News and World Report says (May 7th) that for the first time in history more people are retiring after age 65 than before. 70% of people surveyed said they planned to retire after age 65 – and not just for reasons of 'personal fulfillment.' Frankly they need the money and – guess what – they still need life insurance, too. And most people who are table 3 at age 50 for some reason will STILL be table 3 or worse by the time they get to be age 65. If the client dies at age 68, chances are his wife would not be able to return to work at that age and very easily make much money.

Of course, Genworth's 360 Degree underwriting and ability to issue 'term' products for seniors is setting new records! Preferred on build where other companies would be standard. Cholesterol up to 300 is PREFERRED as long as the HDL to total cholesterol ratio is good. Other companies are now starting to get into this, but Genworth was first.

Alternatives to Bank and Credit Union Accounts?

Only a few years ago, when interest rates were 4% or more, an elder person could dabble with the interest from their CD to supplement Social Security. Reality now is that \$100K in a CD or credit union account is spinning off \$80 per month instead of \$400 per month. Move clients into multi-year guaranteed annuities. **Genworth's new Rate-Saver** product is guaranteeing 3.75% for SEVEN YEARS and 3.30% for five years right now. Interest income available in year two and can be sent monthly to the client's bank account. Genworth's combo LTC / Annuity is a great idea, too. One agent told me that on a really older client the growth on the money wasn't important at all compared to the LTC benefits. But on a 65 year old, by the time she's age 85, the initial LTC benefits could be double or triple what they were at age 65, plus the cash growth is small but credible, too.

Promoting Disability Awareness

Go to this website: <http://www.disabilitycanhappen.org/default.asp> to calculate the risks of being disabled by age and profession. Also calculates the financial risks. Agents can promote this to clients. This is sponsored by the Council for Disability Awareness and is pretty good although their statistics appear a little self-serving. They say that nearly one in five Americans could qualify as being 'disabled.' (We wonder about that!)

GREAT Planning Materials from West Coast Life! Order them now!

We have some new marketing pieces from West Coast Life on estate planning. **Highly recommended is a piece that actually shows the federal AND THE STATE death tax information, state by state.** We have not seen a piece like this from ANY other company. Estate taxes are HERE to stay. We have great last survivor products for this market!

The Million Dollar Baby?



Looking for a little different idea? The **Million Dollar Baby from Life of the Southwest** is more than just juvenile life insurance. Typically, most of us wouldn't touch kiddie life insurance with a ten foot pole. But, when you add in the LIVING BENEFITS, it is a conversation starter. For \$5000 per year for only 10 years (Gifts from Grandma), we get a death benefit that starts at \$460K and grows to a million by age 50, provides \$500K to \$1 million of critical illness benefits, long term (chronic illness) benefits from \$200K to \$800K (at age 60), plus \$534,000 of tax free retirement income and a remaining death benefit of \$822,000 at age 83. Is this kid set... or what? Better yet, just showing this around leads to that great question for parents and grandparents: Do you have life insurance that you DON'T have to die to use? You should. The Million Dollar Baby is simple -- and you can make money, too.

More on the Impact of Low Interest Rates

Clients are so terrified now, they actually have a LOT of money tied up at 1% or less in both CDs and credit union accounts. But, what is the real impact? Have you crunched numbers? Do clients really know that, at 1% taxable it would take them 20 years to just match the growth in a tax deferred annuity paying 3.5% in less than SIX years? And in the meantime, whether the government admits it, we are having price inflation on the things we buy. Since most people think interest rates will eventually go up, let's look at just five years. \$100,000 in just **five** years in the bank compared to our current MYGA rates – the client has lost \$10,000. In ten years, using today's rates, the client will lose \$23,000. Are you telling clients? You should be.