



Opportunity for Term Rewrite, Term 20 Rewrite and  
Conversion to Permanent  
Life Insurance Review

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***Prepared for:***

Debra Joyce

Gary Joyal  
Joyal Capital Management, LLC

## Client Information

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**Client Name:** Debra  
Joyce

**Birthday:** 01/08/1965

**Gender:** Female

**Current Age:** 48

**Closest Age:** 48

**Assumed Health Status:** Regular

**Smoker Status:** N

## Policy Summary

**Carrier Name:** Glenworth  
Life and  
Annuity Co.

**Policy Name:** Sure 10

**Policy Type:** Term

**Benefit Amount:** \$1,000,000

**Issue Date:** March 13  
,2007

**Next Renewal Date:** March 13  
,2017

**Annual Renewal Premium:** \$11,600

**Current Annual Premium:** \$1,100



## Overview of Current Plan

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Debra, on March 13, 2007, you purchased a Sure10 policy with a face amount of \$1,000,000. You are currently paying \$1100 annually for this coverage; however, on 03/13/2017, your premium is going to significantly increase to \$11,600.00 annually. Our analysis assumes that you require a similar amount of coverage today. At this time, you have the opportunity to save money, enhance your level of coverage, or both upon considering the options presented in this report.

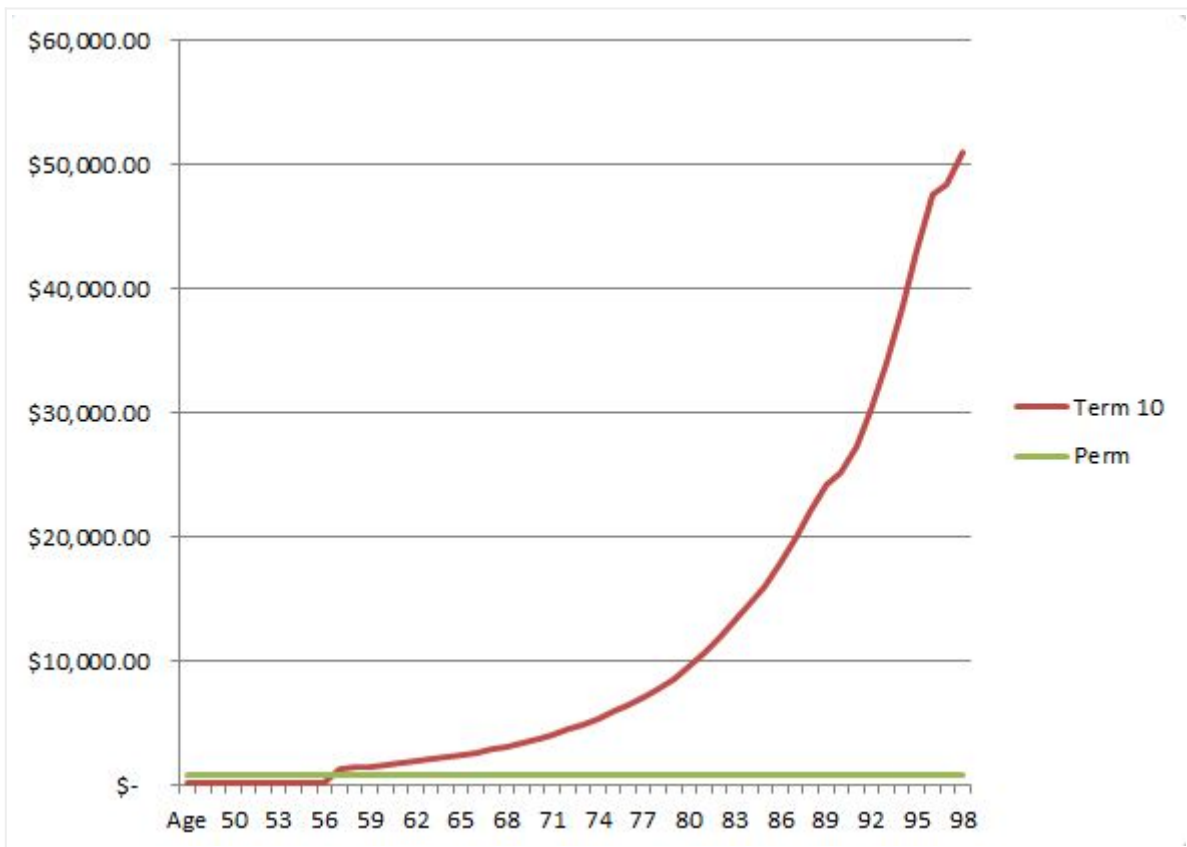
## Definitions

### Term Insurance

Your term insurance, much like your car insurance, renews every year after the first 10 years. When your Term Policy is purchased, the renewal rates of your policy are predetermined and your future cost is presented to you. Term insurance is relatively inexpensive when it is first purchased, however with each successive renewal, the policy cost increases significantly. Term insurance expires at a pre-determined date, usually at the age of 97 at which point you are no longer insured.

### Permanent

Permanent insurance will never expire as Term will, and the price will never go up because it has a pre-determined permanent annual cost. Permanent plans can also build cash value. Generally, Permanent insurance is more expensive than Term when first purchased, however, in the long run permanent insurance carries a lower cost as displayed below. In your term contract you are generally given the right to convert to permanent coverage.



\*Approximation meant to portray a concept rather than client specific values.

### Rewriting vs. Converting

There are two ways that you can take out a new policy to take advantage of savings : rewriting and converting. Rewriting means canceling your current plan and purchasing a new one. This means you must go through medical exams again to receive approval for coverage.


"Converting" means changing your term coverage amount or a portion of your term coverage amount into permanent insurance. There is no medical approval required for conversions. For the portion of your death benefit that is converted to permanent, the price will never increase. However for the portion of death benefit that remains as term coverage, the premium will continue to increase at the end of each term.

## Moving Forward

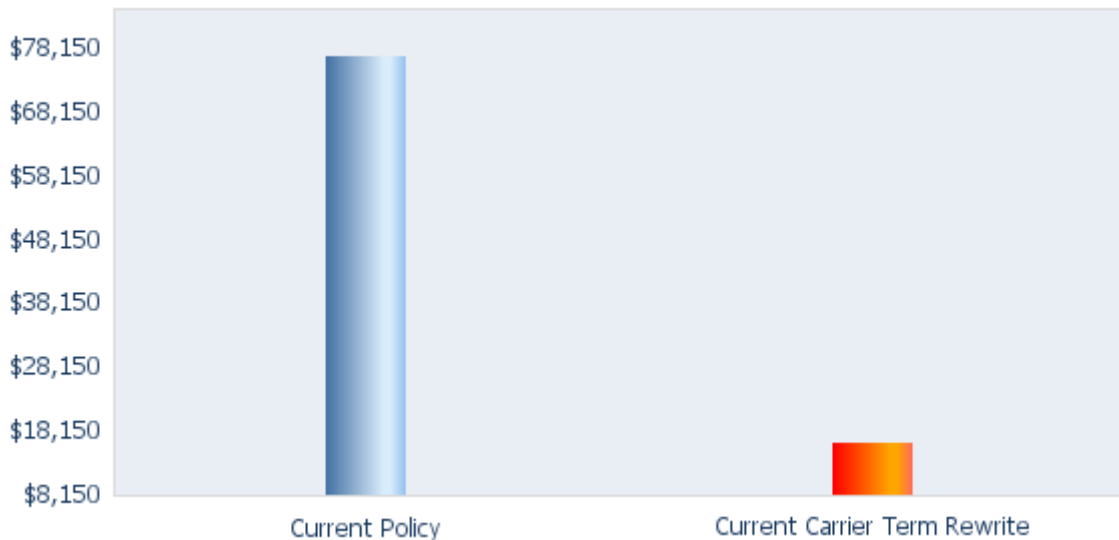
### Cost Savings Strategy (Term 10 Rewrite)

Your first option is to replace your current policy with one similar to it. If you choose to rewrite with a Colony Term-10 (Regular) policy, you would pay an annual premium of \$1,630, which will result in savings of \$60,430 for next 10 years of Term insurance. In addition, your coverage will not face a renewal premium increase for ten years. Your renewal rate in 2023 will be \$18,830.

Therefore, it is important to keep in mind that this is not the best long-term option in terms of cost savings. Although the premiums are significantly lower initially, the premiums will increase exponentially during each renewal period. If immediate cost savings are your highest priority, than the Colony Term-10 (Regular) policy might be a good fit. Otherwise, a permanent plan might be a wiser decision.

	Current Carrier Rewrite
<b>\$1,000,000 Term 10</b>	
<b>Product Name</b>	Colony Term 10 (Regular)
<b>Annual Premium</b>	\$1,630
<b>Savings over next 10 years</b>	\$60,430


### Short Term Cost




## Coverage Enhancement Strategy (Term 10 Rewrite)

Your next option is to replace your current policy with double the coverage amount. If you choose to rewrite with a Colony Term-10 (Regular) policy, you would pay an annual premium of \$3,210. In addition, your coverage will not face a renewal premium increase for ten years.

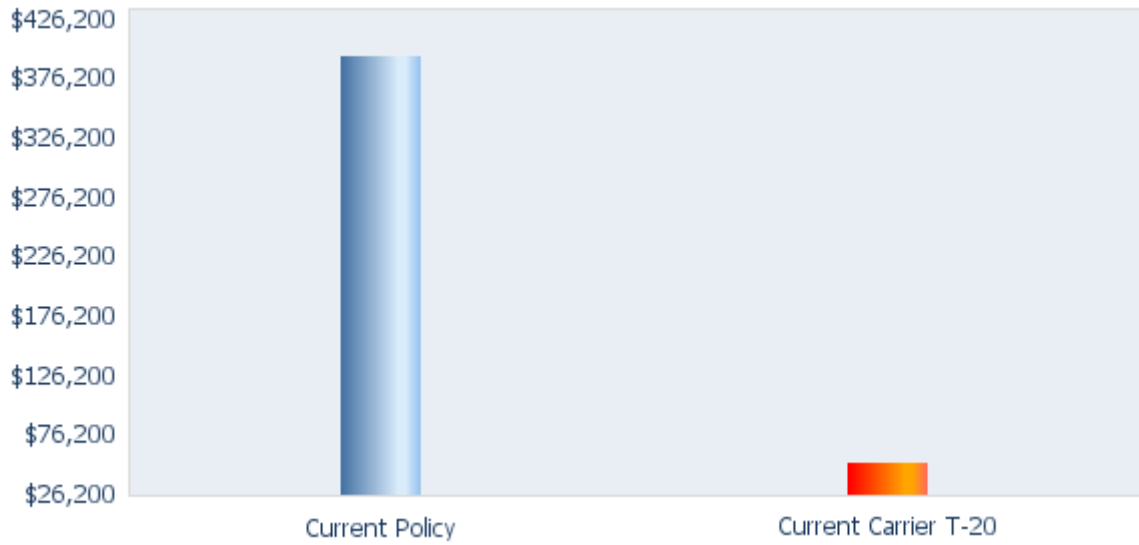
It is still important to keep in mind that this is not the best long-term option in terms of cost savings. The premiums will increase exponentially during each renewal period. If immediate coverage enhancement is your highest priority, than this Colony Term 10 (Regular) policy might be a good fit. Otherwise, a permanent plan would be a wiser decision.

	<b>Current Carrier</b>
	
<b>Coverage Amount= \$2,000,000</b>	
<b>Product Name</b>	Colony Term 10
<b>Annual Premium</b>	\$3,210
<b>Savings over next 10 years</b>	\$25,850

## Extend Coverage: Term-20

	Current Carrier
	 <b>Genworth</b> Financial
<b>Term 20 Coverage</b>	\$1,000,000.00
<b>Product Name</b>	Colony Term-20
<b>Annual Premium</b>	\$2,620
<b>Savings over 20 years</b>	<b>\$343,530</b>



Cost Comparison For Next 20 Years



## Stepped-Conversion


Permanent insurance will never expire as Term will, and the price will never go up because it has a predetermined permanent annual cost. Permanent plans can also build cash value. Generally, permanent insurance is more expensive than term when first purchased; however, in the long run, permanent insurance carries a lower cost, as displayed below. In your term contract, you are generally given the right to convert to permanent coverage.

If you would like to take advantage of the value and security that permanent plans can provide, then now is the time to invest in permanent coverage for long-term savings. Note that you can take as little as \$500,000 Permanent or the entire amount in Permanent. Please ask for more quotes during the meeting.

	<b>Permanent Conversion (No Underwriting)</b>
	 <b>Genworth</b> Financial
<b>Coverage</b>	<b>\$500,000</b>
<b>Product Name</b>	GenGuard UL - No Lapse UL to 121
<b>Annual Premium</b>	\$5,107
	<b><i>T-10</i></b>
	 <b>Genworth</b> Financial
<b>Coverage</b>	<b>\$500,000</b>
<b>Product Name</b>	Colony Term 10
<b>Annual Premium</b>	\$600
<b><i>Total Benefit</i></b>	<b><i>\$1,000,000</i></b>
<b><i>Total Monthly Premium</i></b>	<b><i>\$5,607</i></b>

## Full Conversion

If you are ready to fully convert, then your premium, versus current, will increase today while you will experience significant lifetime savings due to the level-cost nature of the product.

	Permanent Conversion
<b>Coverage Amount For Permanent - \$100,000</b>	
<b>Product Name</b>	GenGuard UL - No Lapse UL to 121
<b>Monthly Premium</b>	\$10,077
<b>Lifetime Savings (till age 80) :</b>	<b>\$1,031,259</b>
<p><b>Note:</b> Permanent insurance prices are set to increase substantially due to the continued low-interest environment adversely effecting insurers bond yields and thus projections for non-premium income. The Cost of Waiting to convert is substantial.</p>	

## \*Lifetime Cost Comparison (to age 80)

Current Term-10 \$1,000,000	2013	2017	2027	2037	2047	2064
First's Age	48	52	62	72	80	97
Premiums	\$1,100	\$11,600	\$26,210	\$60,680	\$127,340	<b>Expiry</b>

**Lifetime Cost:** \$7,442,080

Proposed Term-10 \$1,000,000	2013	2017	2027	2037	2064
Premiums	\$1,630	\$1,630	\$26,210	\$60,680	<b>Expiry</b>

**Lifetime Cost:** \$7,381,650

Proposed Term-20 \$1,000,000	2013	2033	2053
Premiums	\$2,620	\$42,560	\$298,700

**Lifetime Cost:** \$7,032,750

Term-10 Double Coverage \$2,000,000	2013	2017	2027	2037	2047
Premiums	\$3,210	\$3,210	\$52,370	\$121,380	<b>Expiry</b>

**Lifetime Cost:** \$14,760,800

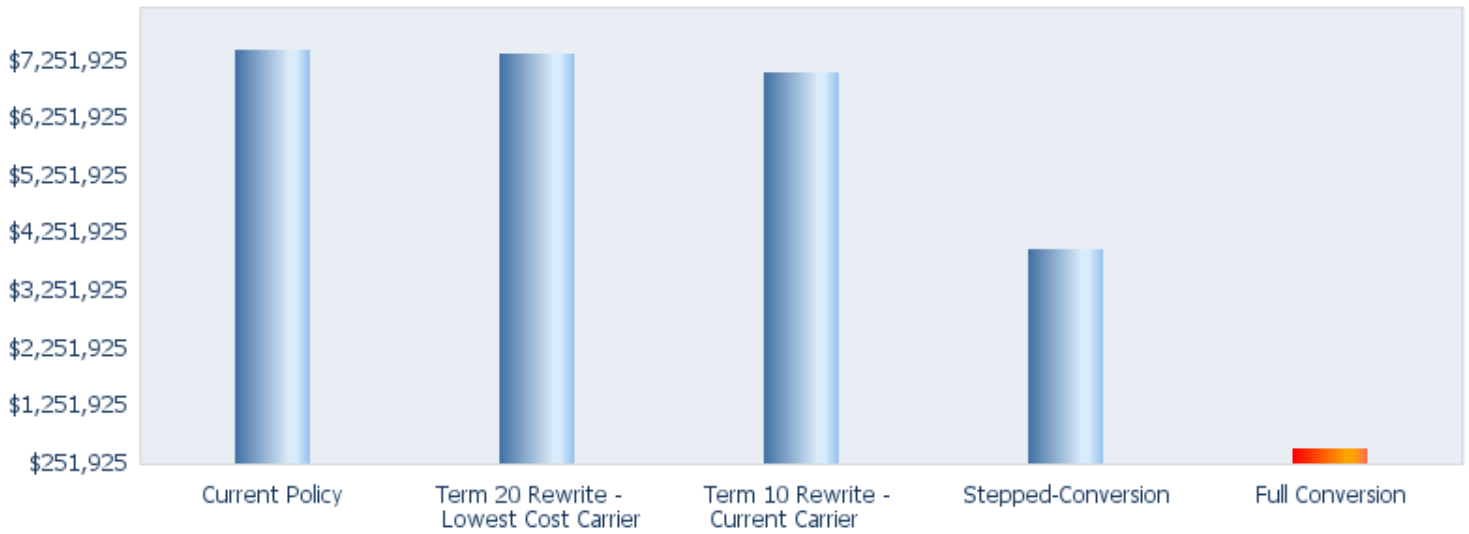
Stepped \$500,000.00 Replacement + \$500,000.00 T-10	2013	2017	2027	2037	2047
Premiums	\$5,707	\$10,932	\$18,237	\$35,472	<b>\$500,000.00 Perm.</b>

**Lifetime Cost:** \$3,977,515

Full Conversion \$1,000,000	2013	2017	2027	2037	2047
Premiums	\$10,077	\$10,077	\$10,077	\$10,077	<b>Permanent</b>

**Lifetime Cost:**\$503,850

### Lifetime Cost Analysis



\*The comparisons shown here are uneven since they refer to different coverage amounts. Please see the respective sections for the corresponding coverage amounts.