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For Agent Use Only

Please Note: This script is not intended to replace the Agent Guide or Consumer Guide, it is only to be used to start a conversation with a new agent. Training meetings, webinars and GLIR materials may be found on LSW's website.

Rep: Have you heard about LSW's 7% guarantee?

Agent: No, who is LSW?

Rep: LSW is Life of the Southwest, they have actually been selling indexed annuities since 1996, but they originally sold indexed annuities mostly to school teachers, now they are big in the independent agent market.

Agent: So what is the 7% guarantee?

Rep: LSW has a guaranteed income rider that guarantees that if your client uses the annuity for income in the future that the income base, that's what they call the account used to calculate the income, will grow at a guaranteed 7% rate, compounded annually for up to 20 years!

Agent: So how does that work?

Rep: It's really simple, you know how indexed annuities have an account value?

Agent: Yeah, right.

Rep: Well, when you add the income rider to the annuity, they create another account that they call the income base. It's just like the account value but it is guaranteed to grow at 7%.

Agent: How can they do that?

Rep: The account that grows at 7% is the account that they call the income base. It is used to calculate how much money your client can withdraw if they decide to start taking income.

Agent: Give me an example.

Rep: Sure, let's say that you have a client that is 60 years old and they put $100,000 into the indexed annuity. Okay, after one year they could start taking income for life but let's just assume that they leave it in the annuity for 10 years, or until age 70.

Agent: Okay, I'm with you so far.

Rep: Do you remember the rule of 72?

Agent: You mean how long it takes to double your money?

Rep: Exactly, then you know that at 7% your money will double in 10.2 years?

Agent: Right

Rep: So the $100,000 they put into the annuity has grown to $200,000, in just ten years.

Agent: You mean they can walk away with $200,000 in cash?

Rep: No, remember that when you add the income rider, the company sets up a separate account that they call the income base.

Agent: Oh yeah, so what happens next?

Rep: The $200,000 is only used to calculate the income that your client can withdraw for the rest of their life.

Agent: How much can they withdraw at age 70?

Rep: At age 70 your client can take 6% of the income base, which is the $200,000 number, that's $12,000 a year, guaranteed for the rest of their life.

Agent: Wow, that's awesome, but what happens when they die?

Rep: Their beneficiaries would get whatever is in the actual account value.

Agent: You mean they get what's left of the $200,000?

Rep: No, remember the $200,000 was only used to calculate the income, so they get whatever is left in the actual account value. For example, if the indexed annuity earned, say 5% hypothetically, that would be worth $150,000 in ten years, less whatever the client withdrew. The payment of $12,000 is based on the income base but the money still comes out of the actual account value, unless of course the indexed annuity earned more than 7%.

Agent: How much would that be?

Rep: It would be whatever the indexed annuity actually earned.

Agent: Right, less whatever income they have taken out?

Rep: Yes, exactly.

Agent: It seems like the actual account value could be reduced to zero over time?

Rep: It could, but even if it is, the client in this example is guaranteed to receive $12,000 a year for as long as they live.

Agent: Do they have to annuitize?

Rep: No, they never have to annuitize, they can stop and start the income if they want to. They remain completely in control.

Agent: That's a great concept.

Rep: That's not all, if your client loses 2 out of 6 ADLs, you know, activities of daily living, like not being able to feed themselves or get dressed without substantial assistance, then the company will add 3% to the withdrawal rate. They call it an Enhanced Benefit.

Agent: You mean instead of a 6% withdrawal at age 70, my client could withdraw 9%?

Rep: Yes, in the example we just used, if the client started taking income at age 70 and they had already lost 2 out of 6 ADLs, they would be able to withdraw $18,000 a year for the rest of their life! They only have to have the policy for 5 years before they can use this benefit.

Agent: So tell me more about the annuity.

Rep: LSW has several indexed annuities you can choose from, 5 years, 8 years, 9 years with a 3% bonus and 12 years with an 8% bonus!

Agent: Tell me more about the 8% bonus product, I'll bet it has a huge surrender charge!

Rep: No, the surrender charge is only 10%!

Agent: So I'll bet it is cash value at death with an MVA?

Rep: No, all of LSW's policies are full account value at death and none of their policies have an MVA.

Agent: Really, so what's the commission?

Rep: LSW pays 8% commission on the Premier 8 annuity but when you add the rider they pay you another 1%, so you get 9%!

Agent: So I guess my client will get lousy renewals in the future to pay for this bonus and commission?

Rep: LSW has some of the best renewal rates in the business, they actually received an award from Jack Marrion for their renewal rate history and the fact that they publish their renewals on their website.

Agent: Wow, you're kidding?

Rep: No I'm not, remember they have been selling indexed annuities for more than 10 years, in fact they designed the 8% bonus in a way that will help them keep their renewals strong.

Agent: How does that work?

Rep: They give the client a 3% up front bonus that the client can even take in the form of cash. The company will even issue a debit card with the policy if they want it that way or they can just leave it in the policy to accumulate interest.

Agent: What about the other 5%?

Rep: The other 5% goes into what they call a Bonus Account Value. The 5% vests in years 8 thru 12. This way the company doesn't have to price the whole 8% in the first year and it helps them keep their renewal rates strong.

Agent: Does the bonus account value earn interest from day one?

Rep: Yes, it earns the same interest as the account value from day one!

Agent: No way!

Rep: Really, they also have a great sales conference.

Agent: Let me guess, Hawaii?

Rep: Nope, ever been to Russia?

Agent: You're kidding?

Rep: No I'm not, they have a Baltic cruise that goes to Russia, Finland, Denmark and Sweden.

Agent: That's fantastic, how do I qualify?

Rep: If you write $2.5 million of premium, you and your spouse get to go.

Agent: Sign me up now!

Rep: I will, and by the way, LSW has a great deferred bonus program for agents, they call it Performance Plus, it pays you 20 basis points every year on the full account value of your inforce policies.

Agent: How much do you have to write and how long before you are vested?

Rep: Vesting is immediate and all you have to write is $2 million a year to qualify!

Agent: That is amazing, where has LSW been all my life? I can't wait to tell my clients about the Guaranteed Lifetime Income Rider!