

NEXT-GEN PROTECTION

Living Benefits & the Future of Life Insurance



ALLIANCE
GROUP

Samuel S. W. Howe, National Training Director
Lee Duncan, EVP & CMO

© 2018 by Alliance Group. All rights reserved.

ISBN: XXXXXXX

ISBN 13: XXXXXX

1424 North Brown Road, Suite 200

Lawrenceville, GA 30043

678.969.9000 or 888-969-9233

info@anallianceforlife.com

www.alliancegrouplife.com

ADVANCE PRAISE

for Next-Gen Protection: Living Benefits & the Future of Life Insurance

This book is written in love for you, by good people who truly care for your life and your future. Explore it, experience it, and get familiar with Living Benefits. Reading this book and acting on its message could prove to be the decision that one day saves your home, your livelihood, and possibly even your life itself. Don't mess this one up by procrastinating.

Richard Conlon

President & CEO
Dream Builders Insurance Services

The greatest reward we can receive is seeing that look of utter relief and gratitude on our clients' faces when we come through for them with a Living Benefits claim. There is no greater satisfaction as a human being than to help someone during what is, in most cases, the most difficult time of their life.

Steven A. Peden, RICP®

President
FCA Insurance Services, Inc.

This book will help you understand why life insurance with Living Benefits is a must-have! 'Life insurance you don't have to die to use' is the wave of the future. It's truly life insurance for anything life can throw at you! Helping families protect themselves from financial hardship in the event of a life-changing illness has been the honor of a lifetime.

Frank Tomazine

President
Pike Creek Financial Group, Inc.

When studying any major breakthrough, it's important to identify and credit the pioneers who made it possible. Since 1998, Alliance Group has been the driving force behind Living Benefits. These features revolutionized our business, and the industry itself is forever changed for the better as a result. This book is a must-read!

Joe Jordan

Author, Speaker, Industry Expert

It has been a privilege to work with Alliance Group as pioneers in Living Benefits life insurance. Together, we have changed the face of life insurance, responding to our clients and their need for expanded benefits in today's modern world. Providing this crucial coverage has proven to be an opportunity to make life better for all.

Bruce McGuinness

President
McGuinness Agency

Alliance Group is changing the perception of life insurance in America today! Clients want policies that provide the money necessary to fund treatment and cover expenses while they're still living, not just in death. Living Benefits make living instead of dying a possibility.

George A. Tzikas

President
First Select Insurance

In my three-plus decades in the life insurance business, nothing has made more of an impact on our organization than Living Benefits. Our team feels that Living Benefits life insurance will revolutionize our company and our industry just as much as the cell phone revolutionized the telecommunications industry.

Mike Wilk

Founder/CEO
Five Rings Financial, Inc.

When Alliance Group introduced me to the concept of Living Benefits in 2004, I immediately recognized that this type of product would give me a competitive advantage in the marketplace. What I didn't anticipate, however, was the immense sense of fulfillment I experienced as I delivered claim checks to clients whose lives had been turned upside down because of an unexpected chronic or critical illness. Those experiences have provided me some of the best moments of my career.

Rick Caffery

CEO
Prosperitas Financial Group

As one of the top producers in the country, I've helped more than six thousand clients and their families over the course of my twenty-two-year career. I can tell you from experience that Living Benefits is the single most important advancement ever made in the life insurance industry.

I've built my livelihood on helping families discover the power of this concept. I have helped save clients' homes. I have delivered peace of mind. I have rescued families from the brink of financial disaster. It's all thanks to Living Benefits and my wonderful clients who were wise enough to heed my advice and protect themselves.

To anyone reading this: this book has found you for a reason. Don't let its lessons or this opportunity pass you by.

Jo Ann Merritt-Green

Million Dollar Round Table,
Court of the Table / Top of the Table
NAPW 2016 Professional
Woman of the Year

I'm proud to be associated with Alliance Group and this amazing book! They are leading the way in educating clients and financial advisors on Living Benefits. I honestly feel this book should be mandatory reading for those who want to become financial professionals. Living Benefits represent the future of this industry, and the future is now.

Larry Roemer, CFP®

Managing General Agent
Living Benefits Solutions

We built Alliance Group dedicated to the proposition that we would do well by doing good. The best-kept secret in life insurance is Living Benefits, and we're out to change that, one family at a time. We're so proud of this company and this book, which represents a culmination of our efforts over the past twenty years to blaze the trail for Living Benefits in this industry.

John Craft

Chairman & CEO
Alliance Group

Jerry Stratton

President & COO
Alliance Group

Living Benefits are the most valuable benefits out there.
They protect our clients, families, and friends.

Doug (Dong) Kim

Principal
KBP Financial & Insurance Marketing

I love this book! Living Benefits have opened doors to people who were closed to them before. This is a revolutionary idea that helps people carry on with their lives, providing money to families at the most opportune time.

Mario Diaz, LUCTF®, CLTC

Vice President
Secure Life Financial

This is a great read for all types of clients. Those who like to skim and just get the big picture can do so, particularly with the technology that allows them to bring these heartfelt client testimonial videos to life right on the page. For those clients who want an in-depth understanding of the product's benefits and how they might work in various situations, the book itself is a pleasure to read, laying out the case for Living Benefits in a clear, concise way that anyone can easily understand.

Hats off to Alliance Group for creating this important book and for the lives they will surely touch as a result.

John A. Oliver, CLU, ChFC

Industry Expert

Table of Contents

Foreword	xv
Introduction	xvii
Chapter 1 Living Benefits: The Smartphones of Life Insurance	1
Chapter 2 The Epidemic of Medical Bankruptcy	9
Chapter 3 Living Benefits Coverage for Terminal, Chronic, and Critical Illness	19
Chapter 4 Living Benefits For Every Kind of Policy	29
About the Authors	39

Augmented Reality Enhanced Content

Real People. Real Stories.	xix
Bridging the Gap	4
The Smartphones of Life Insurance	7
The Johnstons' Living Benefits Story	10
The Sovanns' Living Benefits Story	14
Cornelia's Living Benefits Story	17
Elizabeth's Living Benefits Story	20
Joelma's Living Benefits Story	23
Heilyn's Living Benefits Story	24
What Is Indexed Universal Life Insurance?	31

FOREWORD

I have been a practicing CPA for twenty-five years and, until about two years ago, I had never heard of Living Benefits.

I pride myself on keeping up to date on the latest financial planning and tax knowledge. As my clients' most trusted advisor, they expect me to give them the best advice. Having never heard of Living Benefits myself until recently, it doesn't surprise me that so many of my fellow CPAs and financial planners remain in the dark with regard to this modern advancement.

Living Benefits is, without a doubt, the single most powerful tool for financial protection I've come across in my career. The ability to access your death benefit while you're still alive makes perfectly sound financial sense from a planning and risk-management perspective. The coverage is there when you need it the most. If you don't end up needing it, then at least you didn't spend money on disability or long-term care policies that you never used, like the long-term care policy that my mother never used because she was afraid it would run out too soon.

Living Benefits life insurance provides families more than just money when they need it most; it allows them to keep their dignity and control of their own decisions in the most trying moments of their lives. If you're a person whose livelihood relies on your ability to produce income, you are someone who should get protected with Living Benefits.

I applaud Alliance Group for this wonderful book and the work they're doing to spread the word about Living Benefits. I wholeheartedly endorse this book—and this concept—not only as a CPA, a board member of the SBA for north Georgia, and a financial planner, but as a client and a father.

Jeff Forrester, CPA, ABV, CFF
Managing Partner, Forrester CPAs, LLC

INTRODUCTION

This book is short.

We're keenly aware that reading books about life insurance probably isn't on your list of favorite pastimes, so we've designed this to be a quick read. The message it delivers, however, carries the potential to be life-changing.

With that in mind, here are the three main points we want you to take away from this experience:

1. You are more vulnerable than you think you are.

Medical bills continue to be the number one cause of bankruptcy in the United States every year. The latest numbers indicate that medical bankruptcies make up about 50 percent of all bankruptcies filed. Of the patients that file for medical bankruptcy, around 68 percent of them were covered with health insurance.¹ The takeaway? An unexpected serious illness or injury could destroy you financially, and having health insurance won't save you from that fate.

2. Living Benefits coverage is the perfect solution to that problem.

It's a new kind of life insurance policy that enables you to accelerate part or all of your death benefit while you're still alive if you experience a critical, chronic, or terminal illness and need to get money in your hands quickly. Simply put, it gives you options that the "old kind" of life insurance coverage didn't.

3. It doesn't cost you anything!

This cutting-edge coverage is built right into your life insurance policy at no additional cost, so you don't pay extra for it.

Every once in a while, you find out about a product or service you've never heard of before, and it changes your life for the better. Living Benefits coverage is that revolutionary next-generation product that seems too good to be true for many people. In this book, we hope to educate you about what we at Alliance

1. David Dranove and Michael L. Millenson, "Medical Bankruptcy: Myth vs. Fact," *Health Affairs* 25, no.2 (March/April 2006), <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.25.w74>.

Group call the “new kind” of life insurance. Living Benefits are incredibly flexible modern enhancements that represent the future of life insurance. This seismic shift in the life insurance industry is the reason we decided to title this book *Next-Gen Protection*. Living Benefits possess unprecedented power to save you and your family from financial catastrophe if you ever experience an unexpected illness or injury.

Imagine for a moment that you are lying in a hospital bed, reeling from the shock of suffering a heart attack the previous night. Your mind is racing—how long will you be unable to work? Who will take care of you and the kids? Your spouse can’t work a full-time job and take care of you and them, too. And how much are you going to have to pay for the hospital stay and subsequent medical expenses? Will you lose the house? Will you have to declare bankruptcy? Will the kids still be able to go to college? At a time when you need to be focusing on your own recovery, you are instead worrying about money.

Now imagine that at that moment, your life insurance agent walks into your hospital room and delivers a tax-free, lump-sum check made out to you for several hundred thousand dollars—money that was accelerated from your life insurance policy’s death benefit by taking advantage of its built-in Living Benefits features. All of a sudden, the burden is lifted. You’re no longer worried about rushing back to work before your body is ready to do so. You can afford to explore whatever treatment options your doctor recommends, without worrying about whether they’ll be covered by your health insurance. Your family’s financial future is no longer hanging in the balance just because you got sick. All financial stress is removed from the equation, and you can turn your focus to getting better and back on your feet.

Anyone who has experienced this gift of true peace of mind because of Living Benefits will tell you it is life changing. Our goal in writing this book is to share that gift with as many people as possible, starting with you.

BUT WAIT!

Living Benefits are not your average old life insurance, and this is not your average old book.



This book is infused with Augmented Reality-enhanced content, which can be activated using your smartphone. Download the free app from your smartphone's app store by searching "Next-Gen Protection."

As you progress through the book, keep an eye out for the AR badge below, which indicates AR-enhanced content. When you see the AR badge, use the app on your smartphone to bring that content to life right on your screen.

Try it out below!



Real People. Real Stories.

Watch as real-life Living Benefits clients share their stories of how Living Benefits came to their rescue when they faced the unimaginable. This "new kind" of life insurance got crucial money in these peoples' hands when they needed it most and proved to be the difference between recovery and financial ruin.

CHAPTER 1

Living Benefits: The Smartphones of Life Insurance

When Alexander Graham Bell invented the telephone in 1876, he designed it to do one thing: make phone calls.

Phones evolved slowly over time, and thirty or forty years ago, nearly every household in America had a clunky rotary phone hanging from the wall. Many of us remember these contraptions fondly. The handset had a long, curly cord that might stretch to allow talking in another room if you were lucky, and it took what seems like forever by today's standards to dial up your friends, especially if they had one or more zeros in their phone number!

Fast-forward a few decades, and we now live in a world of smartphones. These miniaturized supercomputers have no cords whatsoever, fit right in our pockets, and can do so much more than make phone calls. With a few swipes of the screen, we can access the world's wealth of information. Our smartphones can be used to send text messages, take photos, browse the internet, calculate numbers, read books, keep track of our schedules, navigate our way around town, play music, trade stocks, and even turn on a flashlight in the dark.

Now, whether today's average smartphone-obsessed teenager believes it or not, the basic function of the smartphone is still to make telephone calls. But, over the years, our phones have evolved to include additional useful features because we demanded that they do so to keep up with our ever-changing needs in a fast-paced society.

This same concept of "evolution by necessity" applies to life insurance, too. When life insurance was invented way back in the 1600s, it was also designed to do one thing: pay a death benefit to a primary income earner's family when his or her life was over. For more than four hundred years, life insurance was essentially just "death insurance." Don't get us wrong—that death benefit feature has helped millions of families avoid financial catastrophe when their loved ones have passed away. To this day, the death benefit remains the vital "basic function" of a life insurance policy, much like the smartphone's "basic function" is still to make phone calls.

Like the telephone, life insurance has evolved as well. With the recent advent of Living Benefits policies, you no longer have to wait until you die before your benefit is available. New policies allow insured policyholders to accelerate the money in their death benefits, putting cash in their hands while they're still living if they need help paying the expenses or replacing the lost income associated with a critical, chronic, or terminal illness. These groundbreaking features, called Living Benefits, allow your life insurance policy to provide protection in a slew of scenarios that the old "death insurance" policies couldn't.

Why did this evolution occur? As with telephones, the evolution was a reaction to the changing needs of today's society, one in which critical illnesses, survival rates, and medical bankruptcy are all on the rise.

Critical Illness No Longer Means Certain Death

There are two distinct trends happening with critical illness these days:

- 1.** The instances of critical illness (in other words, the likelihood that you will, at some point in your life, suffer an illness like a heart attack, stroke, or a cancer diagnosis) are going up.
- 2.** The survival rates of those critical illnesses are also rising, meaning you're more likely now than in the past to need money to pay for a long-term recovery process after suffering an illness.



The National Cancer Institute now estimates that 39.6 percent of men and women will be diagnosed with cancer at some point during their lifetimes.²



The number of people living beyond a cancer diagnosis reached nearly 14.5 million in 2014 and is expected to rise to almost 19 million by 2024.³

2. "Cancer Statistics," updated March 22, 2017, National Cancer Institute website, <https://www.cancer.gov/about-cancer/understanding/statistics>.

3. Ibid.

The picture these numbers paint is clear: with modern advancements in medicine, suffering a critical illness like a stroke, heart attack, or cancer no longer necessarily means death. That's a good thing, for sure—but it does create some additional areas of concern that many folks don't ever think to address.

A bit earlier, we described the evolution of Living Benefits life insurance as a reaction to the changing needs of today's modern world. With the likelihood of critical illness on the rise, combined with the increasing likelihood of survival, medical bankruptcy is becoming a silent epidemic across the country. People are getting sick, and instead of dying (which, although obviously the less desirable result, is always cheaper than surviving), they are undergoing long, expensive treatment processes and racking up huge medical bills during their recovery.

This combination of factors is what leads to the scourge of medical bankruptcy we're seeing across the country. Remember, roughly 50 percent of all bankruptcies in the United States every year are attributed to medical bills following unexpected critical illness, and 68 percent of those patients who went medically bankrupt had health insurance in place!⁴ We talk more about this devastating trend in the next chapter.

Having Living Benefits options in your life insurance policy protects you, your loved ones, and your wallet—not only in case you die, but also in case you don't!

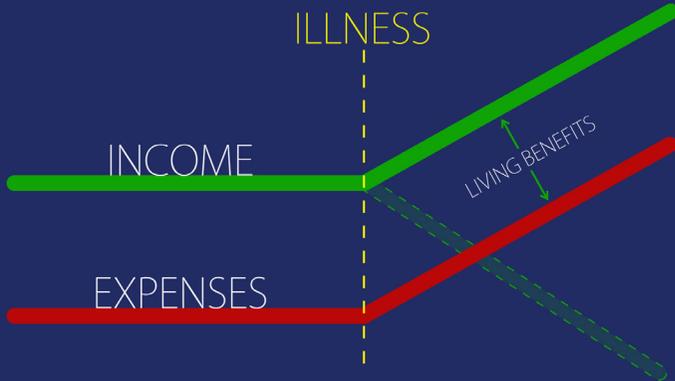
Living Benefits Replace Your Income If You're Unable to Work

Two very specific things are 100 percent guaranteed to happen to you when you suffer a critical or chronic illness: your expenses will go up, and your income will go down. When your expenses exceed your income, that's when debt begins to pile up, and a snowball is set in motion that will eventually result in medical bankruptcy. This is the all-too-common trap that so many Americans are falling into every single day.

4. David U. Himmelstein, MD, Deborah Thorne, PhD, Elizabeth Warren, JD, and Steffie Woolhandler, MD, MPH, *American Journal of Medicine*, http://www.pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf.

But wait, I have health insurance! Isn't that what health insurance is for?

This common misconception is one of the largest contributors to the current epidemic of medical bankruptcy. It's true, health insurance can help with certain aspects of the *expense* side of that equation, but it does nothing to address the *loss of income* that results from long periods of missed work during recovery time. We'll talk more about that dangerous line of thinking in the next chapter.



Think about it in a real-world scenario: If you were to suffer a severe stroke tomorrow, how would it affect your financial situation? You're not going to be clocking in to work for the next few weeks, perhaps even months. Your spouse is likely going to be taking care of you and spending his or her days with you in the hospital and likely won't be working full-time, either. If you're lucky enough to have a short-term disability plan through work (which many folks aren't), the very best plans replace only about 60 percent of your normal income. Is your family in a position to absorb that type of loss? Even if the answer is yes, wouldn't you like to avoid draining the resources you've worked so hard to accumulate?

Meanwhile, your expenses are piling up. Even if you have great health insurance coverage, there are copays, deductibles, and out-of-pocket maxes to be reached before the insurance fully kicks in. Some of the treatments your doctor recommends may not be covered. Any surgeries, medications, physical therapy, and hospitalization costs are going to be coming in on top of your normal bills like the mortgage, household expenses, and utility bills. After all, the world doesn't stop spinning just because you're sick.

Having Living Benefits built into your life insurance policy will allow you to accelerate a portion of your death benefit to not only replace, but in almost all cases *increase* your income in your time of need to help with those added expenses. These crucial features are the difference between medical bankruptcy and financial peace of mind. This is a time when you should be concentrating on your health and recovery, not worrying about how you're going to pay for the treatment you need or keep the bills paid.

If you still have your grandparents' traditional death-benefit-only life insurance coverage, it's time to upgrade to the new, highly evolved type of life insurance—a policy that is equipped with Living Benefits.

And remember, these benefits come built into your life insurance policy at no extra cost, giving you life-changing options when you need them most, with no added expense. The decision to include Living Benefits as part of your life insurance coverage should be a no-brainer.

The Future Is Now

At Alliance Group, Living Benefits are kind of our thing.

If you Google “Living Benefits,” you'll see us pop up at the top of your search results. Same goes if you search on Bing, YouTube, Vimeo, and pretty much any other internet search engine out there. We built our company around this concept

back in 1998 because we truly believe that Living Benefits are the future of the life insurance industry. We've made it our mission to make sure that every family in America is covered with Living Benefits life insurance and that everyone is aware that death-benefit-only policies are a relic of the past.

Back in the 1990s, you could buy a life insurance policy that included a terminal-illness rider. (In insurance-speak, a “rider” is an add-on provision to a basic insurance policy that provides additional benefits to the policyholder, generally—but not always—at an additional cost). That terminal-illness coverage introduced the idea of death-benefit acceleration to the market.

Then, in 1998, a small, forward-thinking insurance company introduced transformational features that would eventually become what we know today as “Living Benefits.” Adding all-new Critical Illness and Chronic Illness Riders to the already-existing Terminal Illness Rider suddenly gave clients the power to accelerate their death benefit in so many more scenarios than just terminal illness. That jump from just a Terminal Illness Rider to a true Living Benefits policy that covered multiple health scenarios was a huge expansion; it took life insurance coverage to a new level.

An Alliance Group agent sold the very first Living Benefits policy later that same year. At that time, that original carrier was the first and only carrier in the industry to feature life insurance products with all these Living Benefits riders included at no added cost.

Looking to widen our scope of carrier options, Alliance Group approached other insurance companies and basically said, “We want you to work with us in growing this concept of Living Benefits.” We educated their development teams and actuaries about these phenomenal features, worked with them to create life insurance products that included the full suite of Living Benefits riders, and effectively worked to spread Living Benefits throughout the life insurance industry. Several decades later, we have introduced Living Benefits to three other major life insur-

ance companies, giving our clients more Living Benefits-infused options to choose from when protecting themselves and their families. In doing so, we have, quite literally, blazed the trail to make Living Benefits available to more families.

Living Benefits have now been in the marketplace long enough that the carriers that sell the policies have had time to refine the product. But the insurance and financial services industry is slow to adopt this revolutionary benefit. As a result, many agents, advisors, and consumers still don't know this type of coverage exists. We wrote this book to spread the good news about this phenomenal product that everyone needs but relatively few have had the opportunity to learn about. Living Benefits are the future, and the future is now!

A Living Benefits policy will give you peace of mind so you and your family can focus on living your lives well, free of worry about the future—and free of the increasing threat of medical bankruptcy, which we discuss more in the next chapter.



The Smartphones of Life Insurance

Alliance Group's award-winning flagship video explains how Living Benefits represent a monumental evolution in life insurance as you know it! If you're still using the "rotary phone" of life insurance, it's time for an upgrade.