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Third Quarter 2011

Volume 12 Issue 3

Brokerage News



Why Business Owners Offer Long-Term Care

Despite all of the changes in the employer benefit marketplace, we have seen a marked increase in the number of employers not only requesting proposals, but also implementing Long-term care policies for their companies.

We know why employees like the benefit, but what's in it for the employer?

- Tax advantages. Generally, employer-paid benefits may be 100% tax deductible as a business expense. In addition, when benefits are paid, they are typically not taxable to the employee.
- Recruit and retain top employees by offering a competitive benefits package.
- Supplement key employees' compensation packages. Enhancing your clients' executive benefits package can be an attractive alternative to increasing salaries.

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Why Business Owners Offer Long-Term Care *continued*

(continued from page 1)

- Reduced underwriting and premium discounts. When offered through an approved business, the employer, employees, as well as eligible family members are able to take advantage of premium discounts and relaxed underwriting.
- Help protect employees' retirement savings from the potential expense of long-term care services. Whether your clients choose to have long-term care insurance as a voluntary or employer-paid benefit, they're giving their employees and their eligible family members access to quality coverage that helps them protect their financial future. According to the 2008 MetLife Study of Employee Benefits Trends, 41% of employees consider workplace benefits to be the foundation of their financial safety net.
- Can help reduce absenteeism and losses in productivity due to employee caregiving, a growing concern for many employers.

In our 4th quarter 2010 newsletter, we featured a piece on how to introduce LTC into the employer or worksite marketplace. For a copy please visit our website at www.pacificadvisors.net/library/newletters/archives.

Please join us for a webinar July 13th at 8am PDT featuring Mutual of Omaha's multi-life LTC offering. To register and receive log on information, visit the Events section of our homepage.

News You Can Use

- Effective May 2nd, John Hancock released the next generation of Long-Term Care products called Custom Care III and Core Care. They have discontinued the sales of Custom Care II Enhanced in states where the new products are approved. For state approval, visit the News section of our homepage for a direct link.
- Pacific Advisors added Transamerica to our Long-Term Care carrier portfolio.
- Pacific Advisors added Fidelity Security to our portfolio of high risk DI carriers.

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If there are specific topics you'd like to see covered in future newsletters, please contact:

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Electronic Policy Delivery is Here!

The Standard is pleased to announce another industry first, electronic policy delivery.

The Standard has teamed up with iPipeline to develop an electronic delivery process for individual DI policies. This new technology will allow you to place coverage the same day that The Standard issues the policy!

This easy to use system provides several benefits that include:

- Rapid delivery of individual disability insurance policies to you and your customers;
- Higher placement rate of policies and more time to make additional sales;
- Faster delivery of policies can mean faster payment of commissions;
- Save on mail and printing expenses;
- Tracking of the entire delivery process on the internet;
- Help keep our planet green for future generations.

View demo of electronic policy delivery from The Standard:

To view a demo please visit our website at, www.pacificadvisors.net and click on the PolicyEXTM demo link in the News section.

Can my customer choose a printed policy?

Once a policy has been electronically signed by the insured using electronic policy delivery, your customer has the option to print or save the policy document to their computer desktop. If your customer would like to sign the policy documents on paper, there is an option to decline the electronic policy delivery, at which point the policy may be printed.

Do I need to use Electronic Delivery?

Electronic delivery is not required however it is a fantastic tool. At any time during the delivery process you will be able to print a copy of the policy for delivery.

When Can I Start Using Electronic Policy Delivery?

Today!

If you have any further questions about The Standard's Electronic Policy Delivery system, please contact us today at 877.455.9580 so you can start putting it to use with your clients.

DI Retirement Security - Protecting Your Client's Dreams

DI Retirement Security (DIRS) products provide coverage for individuals to help them continue making retirement contributions if they are unable to work due to an extended injury or illness.

Because retirement contributions are not necessary to qualify for this coverage, any individual¹ in a qualifying occupation earning at least \$76,000 per year can apply for DIRS.

Additionally, DIRS coverage does not diminish eligibility for regular Individual Disability Income (DI) insurance. This means your client can qualify for DIRS even if he or she already has a regular Individual DI policy up to the maximum issue and participation limits.

How DIRS works

- If the insured is disabled beyond the elimination period, the insurance carrier makes benefit payments to an irrevocable trust. These proceeds are not accessible until age 65 or 67 (depending on the Benefit Period selected).
- The insured directs the investment of the funds to fit his or her investment style and risk tolerance using a number of investment options within the trust. There is a minimal monthly trust administration fee.
- The trust is activated only after the insured meets the elimination period requirement and benefits begin. Trust earnings are taxable each year to claimants/insureds, unless they select a non-taxable investment instrument.
- Claim benefits paid to the trust are non-taxable if the insured pays the DIRS premium. Benefits are taxable if an employer pays the premium and the premium is not considered income to the employee.
- At the end of the Benefit Period, trust assets are distributed to the insured per the terms of the trust agreement.

DIRS features

- Coverage provides a maximum benefit up to 15 percent of earned income, with a minimum benefit requirement of \$1,000 per month. For 2011, the maximum benefit is \$4,125 per month (\$5,325 per month if the benefit is taxable).
- Available elimination periods are 180 or 365 days.
- Benefit periods are To Age 65 or 67, with "Your Occupation" definition of disability.
- Optional riders include: Future Benefit Increase and Cost-of-Living Adjustment If DIRS is written as a stand-alone policy with no other Principal Life DI coverage applied for or in force, then Simplified underwriting guidelines are used. If the client applies for other Principal Life DI coverage along with the DIRS application, full underwriting applies.

Employer groups that qualify for Multi-Life Discount also receive the discount on DIRS policies. For more information, contact Pacific Advisors at 877.455.9580 today.

1 - Not available to government employees.