



PHOENIX

# **Simplicity Index**

# **Life**

Not available in: ME, NY, OR, PA

# Simplicity IUL

- Simplified issue (Table 4) – Non Med, 48 hr turnaround
- Issue ages 18 – 70

Issue Ages	Minimum Face	Maximum Face
18 - 59	\$50,000	\$300,000
60 – 64	\$50,000	\$200,000
65 – 70	\$50,000	\$150,000

- Standard & Preferred (no tobacco use in 5 yrs) rates
- Premium modes are monthly (min \$25) & annual
- Death Benefit Options A (Level) & B (Increasing)
- Surrender charges: 10 years



# Special Features

- Monthly Transfer Strategy
  - At any time, funds in the Fixed Account can be automatically transferred into the Indexed Accounts on a monthly basis
- Persistency Bonus
  - Beginning in the 11<sup>th</sup> policy year, a 0.50% annual interest rate bonus may be credited to the unloaned value in the Indexed Accounts



# Draft Dates

- In Section 4, write in the date for the draft

**Section 4 - Mode of Premium Payment**

Amount paid with Application \$ \_\_\_\_\_

Annual

Phoenix Check-O-Matic Service (PCS) *SPECIFIED BANK DRAFT DATE XX OF THE MONTH*

**Authorization Agreement for Preauthorized Payments**

I (we) hereby authorize PHL Variable Insurance Company to initiate debit entries to my (our) checking account at the financial institution as shown on the attached voided check below.

Signature of Depositor (if different from Owner(s)) \_\_\_\_\_

Print Depositor Name (First, Middle, Last) \_\_\_\_\_ Relationship to Owner(s) \_\_\_\_\_

**Include Voided Check**

- Initial draft occurs on issue date.
- Subsequent drafts
  - If chosen draft date is less than 15 days from issue date, second draft will occur in second month
  - If chosen draft date is 15 days or more from issue date, second draft will occur in first month



# Fees

- Administrative Charge
- Premium Expense Charge
- Coverage charge
- Cost of insurance charges



# Interest Crediting

## Fixed Account

- Has a current credited rate guaranteed for 1 year (currently 4.5% \*)
- Guaranteed minimum of 1%

## Indexed Accounts

- Interest credits based on change in index
- Subject to a Cap (maximum) or
- Subject to a Participation Rate
- Has a minimum guaranteed rate of 0%

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\* Rates subject to change. Check website for current rates.

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# Interest Crediting

## Fixed Account

- Current rate 4.5%\* (guaranteed min 1%)

## Indexed Accounts (S&P 500)

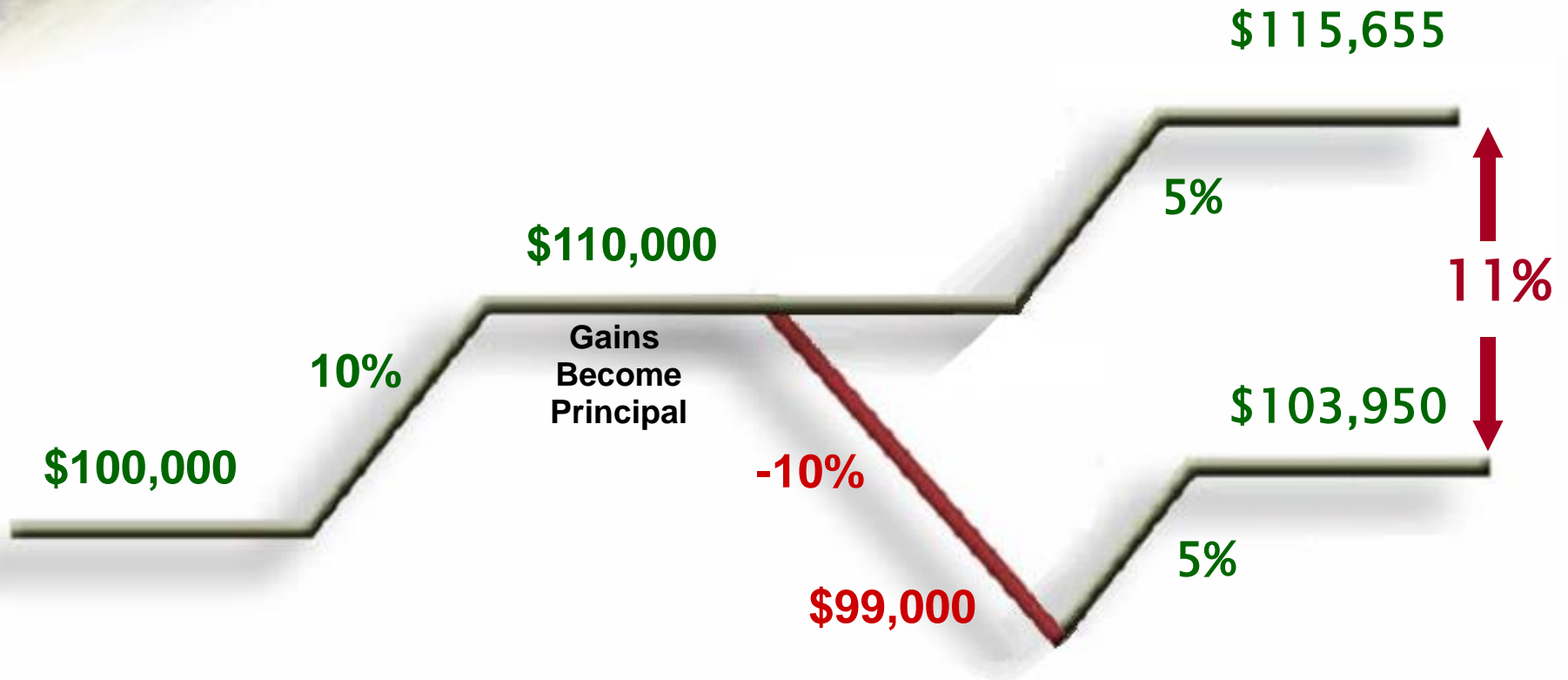
- **Account A:** Annual Point-to-Point with Cap
  - 12%\* Cap (guaranteed min 4%)
- **Account B:** Annual Point-to-Point with Participation Rate
  - 65%\* PR (guaranteed min 25%)
- Guaranteed minimum of 0%
- Illustrated Rates:
  - Index Account A: 7.25%\*
  - Index Account B: 7.50%\*

\* Rates subject to change. Check website for current rates.

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# The Powerful Advantage of Annual Lock in and Reset of the S&P Index



That is a **\$11,705** difference because of the annual lock in and reset.



# An Up & Down Market

The value of \$1,000 invested in a market that gains & loses 10% every other year **results in a 5% loss.**

End of Year	Gain or Loss	Value of Account
1	10%	\$1,100.00
2	(-10%)	\$990.00
3	10%	\$1,089.00
4	(-10%)	\$980.10
5	10%	\$1,078.11
6	(-10%)	\$970.30
7	10%	\$1,067.33
8	(-10%)	\$960.60
9	10%	\$1,056.66
10	(-10%)	\$950.99

Example does not include any fees, costs, management expenses, or any type of other charges.

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# An Up & Down Market

The value of \$1,000 invested in a product without losses in negative market years when the market gains & loses 10% every other year **results in a 61% gain!**

End of Year	Gain or Loss	Value of Account
1	10%	\$1,100.00
2	0%	\$1,100.00
3	10%	\$1,210.00
4	0%	\$1,210.00
5	10%	\$1,331.00
6	0%	\$1,331.00
7	10%	\$1,464.10
8	0%	\$1,464.10
9	10%	\$1,610.51
10	0%	\$1,610.51

Example does not include any fees, costs, management expenses, or any type of other charges.

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# How Index Crediting Works

- Prior year's S&P® index value: 800
- Current year's S&P® index value: 889
- Account A Cap rate: 10%
- Account B Participation rate: 50%
- Calculated index change:
  - $(889-800)/800 = 11.125\%$
- Account A = 10% (due to the cap)
- Account B =  $11.125\% * 50\% = 5.563\%$





# Loans

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# Policy Loans

If set up properly as a non-MEC (Modified Endowment Contract) wealth accumulation plan:

- Policy loans give clients access to the policy cash values on a **tax advantaged basis**
- Clients **pay NO income tax** on the cash value they borrow through policy loans
- Policy **loans do not need to be paid back** since the death benefit will be reduced and the policy loan is paid off at the death of the insured assuming the policy stays in force until death



# Fixed Loans

A Fixed Loan is where the policy loan interest rate is fixed and does not change

	Years 1-10	Years 11+
Loan interest charged	2%	1%
Interest credited to loaned account	1%	1%
<b>Net Loan Interest</b>	<b>1%</b>	<b>0%</b>





# Underwriting

Generally a 48 hour turnaround!

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# Pre Qualification

- Client must currently reside in the U.S.
  - Client must have lived in the U.S. a minimum of 5 years prior to app.
  - If between ages 50 and 69, must have seen a physician in the last 5 years.
  - If age 70, must have seen a physician in the last 18 months.
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- MIB, Rx, MVR and height/weight can affect eligibility
  - Check conditions in Field Underwriting Guide





Please check the grid below to understand how the following conditions may affect your client's application

Condition	Usually Acceptable	Possibly Acceptable	Usually Decline	Decline
AIDS				✓
Alcoholism/Alcohol Abuse				✓
Alzheimer's/Dementia				✓
Asthma	✓			
Basal Cell Carcinoma	✓			
Blood Pressure	✓			
Breast Cancer			✓	
CABG				✓
Cholesterol	✓			
Cirrhosis				✓
Colon Cancer			✓	
COPD		✓		
Crohn's		✓		
Dementia				✓
Depression		✓		
Diabetes Type I			✓	
Diabetes Type II		✓		
Down's Syndrome				✓
Drug/Substance abuse				✓
Emphysema			✓	
Epilepsy/Seizure Disorder		✓		
Gastric Bypass		✓		
Heart Attack				✓
Heart Transplant				✓
Hepatitis C				✓
Huntington's Disease				✓
Kidney Disease				✓
Kidney Transplant				✓
Leukemia				✓
Liver Transplant				✓
Lung Transplant				✓
Lymphoma			✓	
Melanoma		✓		
Memory Loss				✓
Mutiple Sclerosis			✓	
Multiple Myeloma				✓
Myelodysplasia				✓
Organ Transplant				✓
Parkinson's Disease				✓

# Knockout Questions

Must answer “No” to all Part I questions to qualify.

IF THE PROPOSED INSURED ANSWERED “YES” TO ANY PART OF QUESTIONS 1-3 BELOW, COVERAGE IS NOT AVAILABLE UNDER THIS PLAN AND THE APPLICATION SHOULD NOT BE COMPLETED OR SUBMITTED.

## Section 6 - Medical History

Personal Physician or Health Care Provider Name (if None, please indicate):		Telephone #			
		( )			
Street Address, City, State, ZIP Code					
Most Recent Visit Date (mm/dd/yyyy)	Reason for Visit	Results of Treatment (if any)	Height	Weight	
<b>To the best of your knowledge and belief, have you:</b>					
1. Ever been treated by a licensed member of the medical profession for , Alzheimer's disease, leukemia chest pain, dementia, demyelinating disease, Down's syndrome, heart disease, Huntington's disease, leukemia, multiple myeloma, organ transplant, Parkinson's disease, stroke, schizophrenia? .....					
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
2a. In the last 5 years received counseling by a licensed member of the medical profession or medical treatment for alcoholism, alcohol abuse or other drug use? .....					
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
2b. In the last 5 years have you used amphetamines, barbiturates, cocaine, .hallucinogens (a drug or chemical substance that causes a person to perceive something that does not exist),marijuana, narcotics or any other drug except as legally prescribed by a health care provider?.....					
				<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Have you ever tested positive for exposure to the HIV infection, or been diagnosed as having ARC or AIDS caused by the HIV infection or other sickness or condition derived from such infection? .....					
				<input type="checkbox"/> Yes	<input type="checkbox"/> No



# Pre Qualification

The following proposed insureds may not qualify:

- People employed but making less than \$30,000 a year.
- People who are retired, but with a net worth less than or equal to the proposed coverage amount.



# Application

- A signed illustration is required with ALL applications
- Verify the bank draft information
- A void check is required with ALL applications with monthly premiums (even if they use the same account to pay the initial premium)
- COD's are not allowed
- Under Section 2 – Ownership, be sure to mark one box: “A. Proposed Insured” or “B. Other”





# **Sample Illustration**

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# Illustration Input

**For this example, we are going to use the following information:**

- **Male age 40, Preferred (Non Smoker)**
- **Wants to pay \$400/mo to age 65**
- **Wants the lowest death benefit possible to accept all of the premium & maximum cash accumulation for future loans for retirement**
- **Tax-free loans starting at age 66 to age 100**
- **Allocate 100% to the index account A with 12% cap (current rate of 7.25%)**
- **Make sure policy doesn't lapse**
- **Make sure policy isn't a MEC**



**Male age 40, NT**  
**\$400/mo to age 65**  
**\$121,830 Death Benefit**

**At age 65**  
**\$389,094 Death Benefit**  
**\$120,000 premium paid**

Year	Age	Guaranteed Values @ 0.00%				Non-Guaranteed Values @ 7.25%			
		Planned Premium Outlay	Guaranteed Policy Value	Guaranteed Surrender Value	Total Guaranteed Death Benefit	Net Annual Premium Outlay	Net Policy Value	Net Surrender Value	Net Death Benefit
1	41	4,800	3,561	1,998	125,391	4,800	4,043	2,480	125,873
2	42	4,800	7,098	5,626	128,928	4,800	8,353	6,881	130,183
3	43	4,800	10,608	9,237	132,438	4,800	12,941	11,570	134,771
4	44	4,800	14,085	12,836	135,915	4,800	17,841	16,592	139,671
5	45	4,800	17,524	16,424	139,354	4,800	23,069	21,969	144,899
		<u>24,000</u>				<u>24,000</u>			
6	46	4,800	20,924	19,999	142,754	4,800	28,639	27,714	150,469
7	47	4,800	24,285	23,553	146,115	4,800	34,576	33,844	156,406
8	48	4,800	27,613	27,071	149,443	4,800	40,911	40,369	162,741
9	49	4,800	30,914	30,512	152,744	4,800	47,683	47,281	169,513
10	50	4,800	34,182	33,885	156,012	4,800	54,923	54,626	176,753
		<u>48,000</u>				<u>48,000</u>			
11	51	4,800	37,967	37,967	159,797	4,800	63,232	63,232	185,062
12	52	4,800	41,698	41,698	163,528	4,800	72,150	72,150	193,980
13	53	4,800	45,362	45,362	167,192	4,800	81,722	81,722	203,552
14	54	4,800	48,948	48,948	170,778	4,800	91,999	91,999	213,829
15	55	4,800	52,441	52,441	174,271	4,800	103,030	103,030	224,860
		<u>72,000</u>				<u>72,000</u>			
16	56	4,800	55,828	55,828	177,658	4,800	114,853	114,853	236,683
17	57	4,800	59,102	59,102	180,932	4,800	127,527	127,527	249,357
18	58	4,800	62,271	62,271	184,101	4,800	141,110	141,110	262,940
19	59	4,800	65,337	65,337	187,167	4,800	155,673	155,673	277,503
20	60	4,800	68,283	68,283	190,113	4,800	171,278	171,278	293,108
		<u>96,000</u>				<u>96,000</u>			
21	61	4,800	71,079	71,079	192,909	4,800	187,987	187,987	309,817
22	62	4,800	73,694	73,694	195,524	4,800	205,864	205,864	327,694
23	63	4,800	76,097	76,097	197,927	4,800	224,979	224,979	346,809
24	64	4,800	78,273	78,273	200,103	4,800	245,411	245,411	367,241
25	65	4,800	80,210	80,210	202,040	4,800	267,264	267,264	389,094
		<u>120,000</u>				<u>120,000</u>			

# Tax free loans starting age 66 to age 100

## \$13,171 annual income for 35 years (based on a 7.25% non-guaranteed interest rate)

Year Age	Guaranteed Values @ 0.00%				Non-Guaranteed Values @ 7.25%			
	Planned Premium Outlay	Guaranteed Policy Value	Guaranteed Surrender Value	Total Guaranteed Death Benefit	Net Annual Premium Outlay	Net Policy Value	Net Surrender Value	Net Death Benefit
26 66	0 *	77,439	77,439	199,269	-13,171 *	271,855	271,855	393,685
27 67	0 *	74,420	74,420	196,250	-13,171 *	276,653	276,653	398,483
28 68	0 *	71,144	71,144	192,974	-13,171 *	281,726	281,726	403,556
29 69	0 *	67,597	67,597	189,427	-13,171 *	287,038	287,038	408,868
30 70	0 *	63,753	63,753	185,583	-13,171 *	292,635	292,635	414,465
	<u>120,000</u>				<u>54,143</u>			
31 71	0 *	59,566	59,566	181,396	-13,171 *	298,447	298,447	420,277
32 72	0 *	54,958	54,958	176,788	-13,171 *	304,520	304,520	426,350
33 73	0 *	49,857	49,857	171,687	-13,171 *	310,745	310,745	432,575
34 74	0 *	44,242	44,242	166,072	-13,171 *	317,167	317,167	438,997
35 75	0 *	38,073	38,073	159,903	-13,171 *	323,789	323,789	445,619
	<u>120,000</u>				<u>-11,714</u>			
36 76	0 *	31,296	31,296	153,126	-13,171 *	330,540	330,540	452,370
37 77	0 *	23,835	23,835	145,665	-13,171 *	337,439	337,439	459,269
38 78	0 *	15,578	15,578	137,408	-13,171 *	344,417	344,417	466,247
39 79	0 *	6,399	6,399	128,229	-13,171 *	351,362	351,362	473,192
40 80	0 *	Lapsed	Lapsed	Lapsed	-13,171 *	358,220	358,220	480,050
	<u>120,000</u>				<u>-77,571</u>			
41 81					-13,171 *	364,994	364,994	486,824
42 82					-13,171 *	371,540	371,540	493,370
43 83					-13,171 *	377,811	377,811	499,641
44 84					-13,171 *	383,800	383,800	505,570



