



The Baltimore Life[®]
COMPANIES

Generation Legacy[®]

Leave Behind More than Memories

This training module is for agent use only with Baltimore Life policy forms ICC18-8243 and 8244, rider forms 8245 and 8247, and state specific variations, where applicable. Product not available in all states.

Generation Legacy[®] Landscape

- Research shows that nearly 45 million U.S. households will transfer \$68 trillion over the next 25 years.¹
 - Yet as wealthy individuals plan for how to pass on those assets, 64% of respondents to a 2018 survey have not talked to heirs about how they plan to pass on their assets.²
 - To lessen the tax bite, families may consider life insurance as a strategy.¹



1. Dore, K. (2021, July 12). *Are you prepared for tax impact of The \$68 TRILLION great wealth transfer? Here are some options to reduce the bite.* CNBC.
<https://www.cnbc.com/2021/07/12/the-great-wealth-transfer-has-a-big-tax-impact-how-to-reduce-the-bite.html>.
2. Konish, L. (2019, August 12). *The big wealth transfer is coming. here's how to make sure younger generations are ready.* CNBC.
<https://www.cnbc.com/2019/08/12/a-big-wealth-transfer-is-coming-how-to-get-younger-generations-ready.html>.

Asset Transfer Market

- Niche Market - Seniors
- Market Requires
 - Death benefit guarantees and positive cash value accumulation
 - Simplified issue underwriting
 - Short application
 - Maximize tax advantages of income tax free death benefit and minimize taxable income
 - Liquidity features
- Typical sources of funds
 - Non-qualified deferred annuities
 - Qualified Plans (401k, IRA, pension rollovers)
 - Funds not needed for daily living expenses



Consider Generation Legacy®!

- Key Features

- An efficient way to maximize an income tax-free death benefit while minimizing the taxable income from qualified and non-qualified funds
- Creates an increase in your client's estate value using a limited premium payment life insurance product and a SPIA with a limited payout period
- Guaranteed and competitive level death benefit
- Guaranteed and competitive life insurance cash values (rise to equal the death benefit at attained age 100)
- Simplified underwriting featuring our point-of-sale underwriting decision process!
- Living benefit features in the event of catastrophic illness

Generation Legacy

How it works



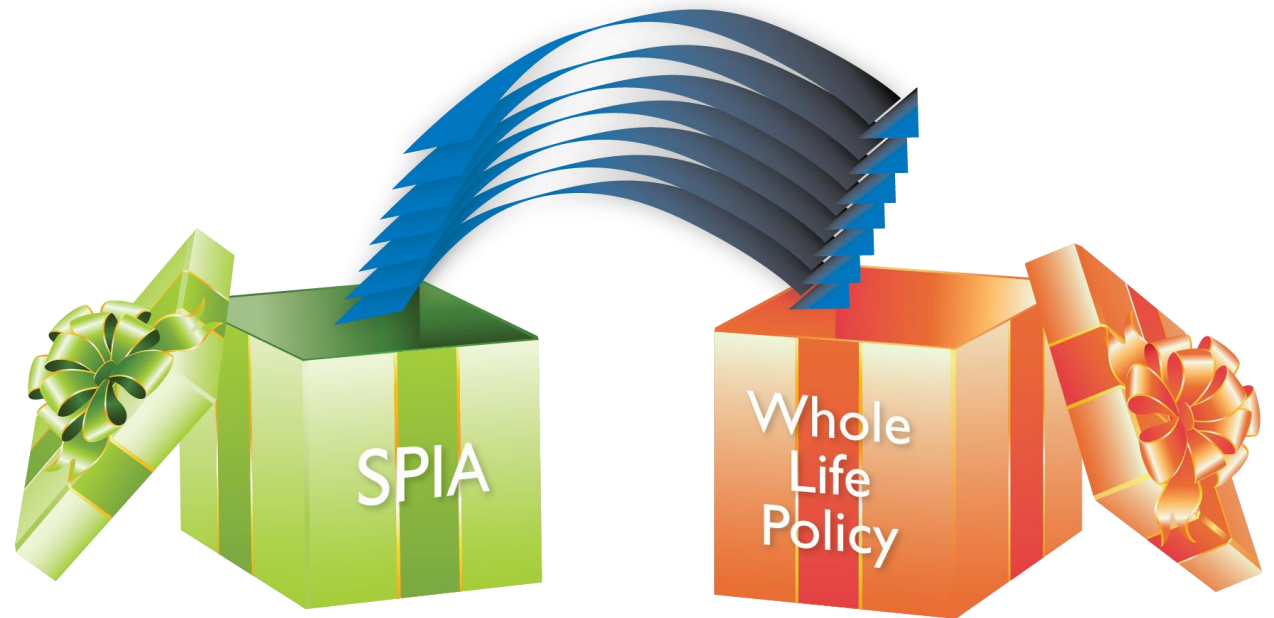
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How it works



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How it works

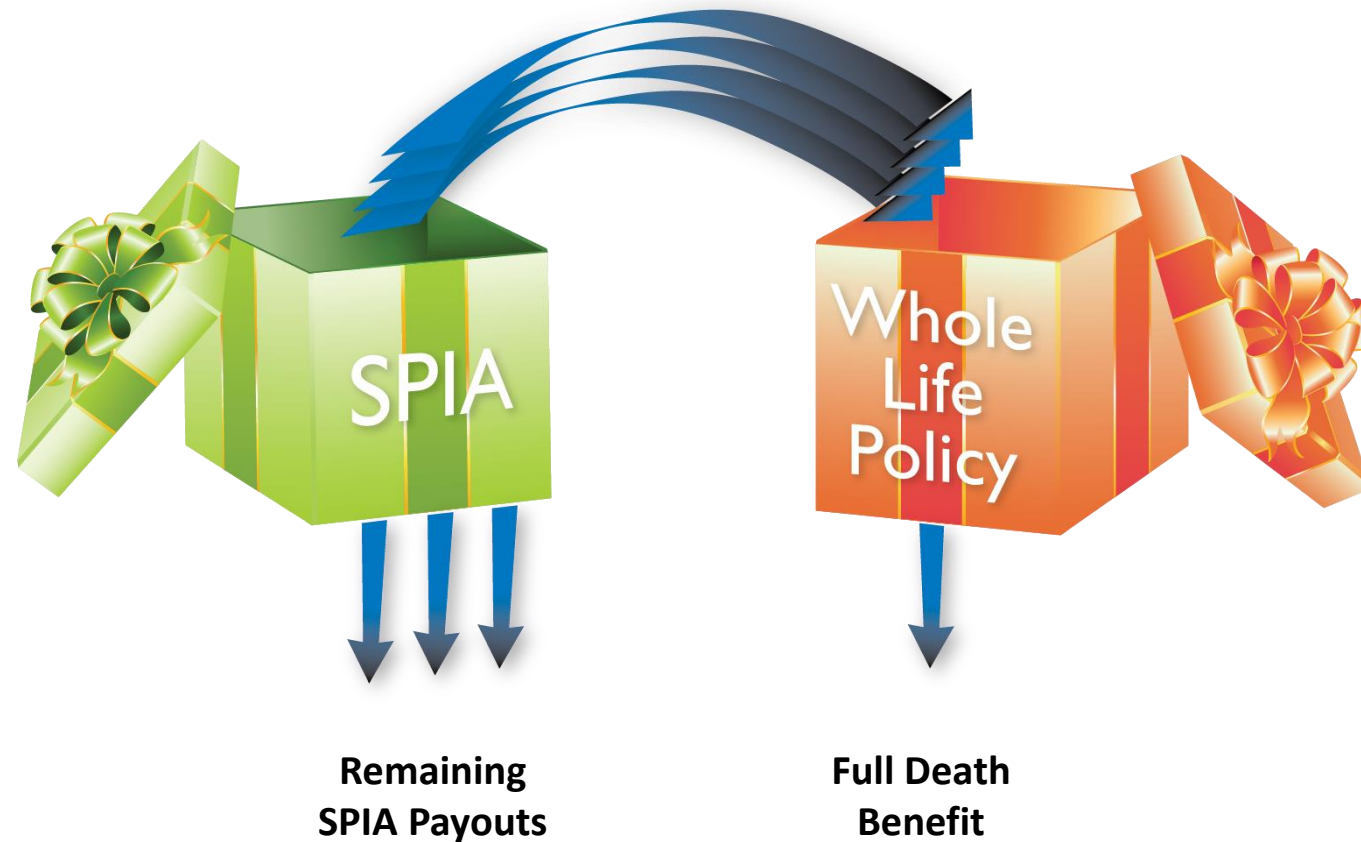


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How it works

Issue Ages	Payment Period for SPIA and WL Products
60-74	10 payments
75-80	7 payments

Death Benefit During SPIA Payout Period



Death Benefit After the SPIA Payout Period



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Product Details

- **Issue Ages:** 60-80 (based on age at last birthday)
- **Minimum SPIA Premium:** \$5,000
- **Maximum Face Amount for whole life policy:** \$700,000
- **Underwriting Class:**
 - Standard (Standard-Table 4)
- **Premium Classes:**
 - Non- Tobacco and Tobacco

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Policy Features

- **Cash Values:** Non-Participating
- **Partial Surrenders:** From the whole life policy are permitted following premium payment period.
- **Loans:** Available from the whole life policy at a maximum rate of 8%
- **Accelerated Death Benefit Riders**
 - Offering living benefit features
 - Included with all policies where the riders are approved

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Spouse Option

- Ideal for married couples if the spouse who owns the funding source can't qualify for life insurance
- The healthy spouse becomes the life insured
- No maximum age limit for the annuitant if he or she is not the insured
- SPIA payouts continue to fund the life policy if the annuitant dies during SPIA payout period
- Annuitant waives the right for the beneficiary to commute future SPIA payouts in a lump sum upon the annuitant's death

Accelerated Death Benefit Rider Features

- Three triggers to accelerate the Whole Life policy death benefit (where approved):
 - Terminal Illness
 - Qualified Nursing Facility
 - Extended Care... Home Health Care... Adult Day Care
- Increases Whole Life policy liquidity
- Upon acceleration, a lien for the amount accelerated will accrue at 8%
- \$250,000 maximum acceleration
- Benefit acceleration is allowed only once

Accelerated Death Benefit Rider Features

- Payment of Accelerated Death Benefit Riders
 - Terminal Illness
 - Up to 75% of death benefit if diagnosed as terminally ill with a life expectancy of 12 months or less*
 - Qualified Nursing Facility/Extended Care
 - Up to 50% of death benefit if diagnosed as chronically ill and confined to a Qualified Nursing Facility continuously for 90 days with expectation of permanent confinement*
 - Up to 50% of death benefit if the insured requires Extended Care*
 - Insured must be chronically ill and has been so for at least 90 days, and requires care provided by a licensed home health care agency, or by a licensed or state certified adult day care center

**Note: In PA and IN the terminal illness rider can be accelerated up to 65% and the qualified nursing and extended care rider can be accelerated up to 40%. \$250,000 is the maximum accelerated benefit.*

Accelerated Death Benefit Rider Features

Definition of Chronically III:

- The insured is unable to perform without substantial assistance from another person at least two of six activities of daily living:
 - Eating
 - Toileting
 - Transferring (moving into or out of bed, chair or wheelchair)
 - Bathing
 - Dressing
 - Continence
- Insured suffers from severe organic mental illness

Accelerated Death Benefit

Lien Approach

- Upon acceleration, a lien for the amount accelerated, plus a \$100 service fee will accrue at 8%
- Upon the insured's death, the amount payable will be the WL death benefit minus the accelerated death benefit lien
- Minimum acceleration amount is \$5,000
- Whole life policy premium payments are required following death benefit acceleration
 - SPIA annual payouts continue during benefit acceleration and are directed to pay premiums of whole life policy

Accelerated Death Benefit

Lien Approach-Terminal Illness (75%)

Benefit Example for a Policy with a \$100,000 Death Benefit

Maximum Rider Benefit:	\$75,000
Service Fee	100
Accelerated Death Benefit Lien	75,100
Benefit Amount Paid To You:	\$75,000
Death Occurs Immediately after the Accelerated Death Benefit has been Paid	
Policy Death Benefit:	\$100,000
Less Lien:	<u>-75,100</u>
Net Death Proceeds Payable at the Death of the Insured:	\$24,900

Note: In PA and IN the terminal illness rider can be accelerated up to 65%.

Accelerated Death Benefit Lien Approach-Terminal Illness (75%)

Benefit Example for a Policy with a \$100,000 Death Benefit

Maximum Rider Benefit:	\$75,000
Service Fee:.	100
Accelerated Death Benefit Lien:	75,100
Benefit Amount Paid To You:	\$75,000
Death Occurs one year after the Accelerated Death Benefit has been Paid	
Policy Death Benefit:	\$100,000
Less Lien:	-75,100
Less 8% interest:	– 6,008
Net Death Proceeds Payable at the Death of the Insured:	\$18,892

Note: In PA and IN the terminal illness rider can be accelerated up to 65%.

Accelerated Death Benefit

Lien Approach *(continued)*

- The rider(s) will terminate if any of the following occur:
 - The whole life policy ends
 - Death of the insured
 - An accelerated death benefit is received under another rider attached to the policy
- If the lien exceeds the entire the whole policy death benefit, the policy will terminate
- The owner may repay all or part of the lien at any time
- Whole Life cash value continues to accumulate tax deferred
- If a policy loan is requested after acceleration, the lien must be repaid first
- Benefits under either rider may be taxable

Accelerated Death Benefit Payout

Female, Age 70, Non-Tobacco

- \$50,000 Single Premium - \$83,347 Whole Life Policy Death Benefit
 - Maximum Accelerated Payments
 - Terminal Illness: \$62,510
 - Qualified Nursing Facility: \$41,673
 - Extended Care: \$41,673

Note: WL death benefit minus the lien with interest is payable at death. In PA and IN the terminal illness rider can be accelerated up to 65% and the qualified nursing and extended care rider can be accelerated up to 40%.

More than 100% Point-of-Sale Decision Rate



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Application and Underwriting

- You will pre-qualify your client using the application Form 8232-0117 or its state specific variation
- The application is structured into a single Part A
 - All “no” answers to Part A, coupled with a good height/weight, a clean MIB, and an acceptable medical history should result in an issue
 - Any “yes” answer in Part A, however, means coverage cannot be issued
 - Please remember that there is no second tier available for Generation Legacy
 - Questions in Part B only used to verify information received during scan of MIB and drug database

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Application and Underwriting – Spouse option

- If spouses are applying, each spouse will complete separate sections of the application
- The life insured completes the life portion, and the annuitant completes the SPIA portion

Point-of-Sale Underwriting Decision Process

- After you have completed the entire application and pre-qualified the applicant, contact the call center for the underwriting interview. Make sure the client is also available.
- On average, the point-of-sale interview lasts about 5 minutes
- The call center representative (CCR) will ask you to verify the
 - Contract state, client name, address
 - State and date of birth, height, weight and gender
 - Last four digits of social security number
- In the background during the call, the underwriting is done automatically for the point-of-sale prequalification decision
- The client signature is required and can be taken via voice or DocuSign

Point-of-Sale Underwriting Decision Process

- At the end of the call, the CCR will provide you with one of the following responses:
 - Conditionally approved based on final review for Tier 1 (Generation Legacy and SPWL)
 - Conditionally approved based on final review for Tier 2 (SPWL only)
 - Ineligible

Point-of-Sale Underwriting Decision Process

- Once the appointment is finished and the decision has been given, **please submit the completed applications and non-medical outstanding requirements through secaresubmit.baltlife.com**. To log in, use the same credentials you use to access Baltimore Life's secure agent website.
- Forms must be sent to the home office in all cases, even when the application is ineligible

Call Center Details

- The call center phone number is (888) 996-3775
- Call center hours are Eastern time:
 - Monday–Thursday, 10:00 a.m. to 7:30 p.m.
 - Friday, 9:00 a.m. to 6:00 p.m.
- During periods of high call volume, you might reach a voicemail box
- The interview must be completed in order to process the application
- The interview must be completed within 30 days from the date of the application

Generation Legacy SPIA Taxation

- The taxable gain on the annual distribution from the SPIA is spread over the 10- or 7-year payout period
- The owner will receive a 1099 each year during the 10- or 7-year payout period
- SPIA payments do satisfy Required Minimum Distribution Requirements at age 73 for rollovers originating from qualified funds
- If death occurs during the SPIA payout period, the beneficiary will receive remaining annual payments from the SPIA or may elect a commuted lump sum
 - The beneficiary would receive a 1099 based on the distribution elected

Generation Legacy Tax Withholding

- Election on application to withhold or not withhold tax
- Applications with an election to withhold will not be accepted
- Electing to withhold tax will negatively impact the performance of Generation Legacy
 - Withholding tax from SPIA payout reduces premium funding the whole life insurance policy
 - If SPIA payouts deviate from annual life premiums, additional premium payments may be required to pay the whole life policy
- To avoid adverse policy performance, elect “you DO NOT want tax withheld from the annuity”
 - Check the box in Question 1 in the Notice of Withholding and Election section of the application

Age 65, Non-Tobacco, \$50,000 SPIA Premium – 10-Year Payout

	10-Pay Whole Life Standard – Table 4
Male	\$83,506
Female	\$94,002

Increase in Estate Value!

- Female Age 65, Non-Tobacco: \$50,000 Single Premium into a 10-year payout SPIA:
 - Whole Life policy provides estate value increase of \$44,002
 - Remaining annual payments from SPIA if death occurs prior to end of 10-year payment period
 - Tax is paid by the beneficiary on additional payments from the SPIA
 - If this insured had a marginal income tax rate of 24%:
 - It would take over 21 years in order to accumulate \$44,002 at 3% interest in a tax deferred annuity
 - It would take almost 26 years in order to accumulate \$44,002 at 3% interest in a taxable investment
 - At death the life insurance benefit of \$94,002 would be paid income tax free to the beneficiary

This information is based on current tax law. Your client should seek advice from his/her personal tax advisor about the product and his/her personal situation.

Age 75, Non-Tobacco: \$50,000 SPIA Premium – 7-Year Payout

	7-Pay Whole Life Standard – Table 4
Male	\$63,624
Female	\$71,659

Increase in Estate Value!

Female Age 75, Non-Tobacco: \$50,000 Single Premium into a 7-year payout SPIA:

- Whole Life policy provides estate value increase of \$21,659
- Remaining annual payments from SPIA if death occurs prior to end of 7-year payment period
 - Tax is paid by the beneficiary on additional payments from the SPIA
 - If this insured had a marginal income It would take almost 12 years in order to accumulate \$71,659 at 3% interest in a tax deferred annuity
 - It would take over 15 years in order to accumulate \$71,659 at 3% interest in a taxable investment
- If this insured had a marginal income tax rate of 24%:
 - At death the life insurance benefit of \$71,659 would be paid income tax free to the beneficiary

This information is based on current tax law. Your client should seek advice from his or her personal tax advisor about the product and his or her personal situation.

Female Age 70, Non-Tobacco: \$50,000; Cost Basis \$40,000

Exclusion Ratio 76.2%

Age	Year	Single Premium	SPIA Payout	Excluded Amount	Estimated Taxable Income	SPIA Benefit Payable at Death	Whole Life Death Benefit
71	1	50,000.00	5,250.00	4,000.50	1,249.50	*36,800	83,347
72	2	0	5,250.00	4,000.50	1,249.50	*33,600	83,347
73	3	0	5,250.00	4,000.50	1,249.50	*30,200	83,347
74	4	0	5,250.00	4,000.50	1,249.50	*26,600	83,347
75	5	0	5,250.00	4,000.50	1,249.50	*22,800	83,347
76	6	0	5,250.00	4,000.50	1,249.50	*18,750	83,347
77	7	0	5,250.00	4,000.50	1,249.50	*14,450	83,347
78	8	0	5,250.00	4,000.50	1,249.50	*9,950	83,347
79	9	0	5,250.00	4,000.50	1,249.50	*5,100	83,347
80	10	0	5,250.00	3,995.00	1,254.50	0	83,347
	Totals	50,000.00	52,250.00	40,000.00	12,495.00		

**SPIA Death Benefit is assumed to be the commuted value of future unpaid SPIA payouts if the annuitant's death occurs during the given year. If the annuitant's death occurs during the SPIA payout period, the SPIA beneficiary will receive annual payouts of \$5,250 until the period ends or may elect to receive the commuted value of future unpaid SPIA payouts in a lump sum. SPIA payouts to the beneficiary will be all or partially taxable to the beneficiary."*

Submitting New Business

- Required Forms
 - Application, Form 8232-0117*
 - For Generation legacy – Spouse Option:
 - Each spouse, one as the annuitant, the other as the insured, complete different sections of the same application
 - The SPIA pay-out period and Life-Pay period are based on the life insured's age.
 - MEC Information, Form 3994 (issue ages 75-80)
 - Suitability Questionnaire, Form 8395
 - Authorization of Release of Health-Related Information (HIPAA), Form 8771
 - Accelerated Death Benefit Rider Disclosure Statements, Form 8246* and 8248*

** Use state specific version of forms when required*

Generation Legacy Administrative Forms

- Additional Required Forms
 - Qualified Funds Transfer, Form 3917
 - 1035 Exchange, Form 3332
 - State replacement or NAIC replacement form 7296 when applicable
 - State Specific Disclosure Form 1589 in PA and 7060 in ME

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Agent Sales Support Tools

- MobileLink®
- Agent Guide, Form 8249
- Generation Legacy Proposal Software
- Client Flier, Form 8252
- Asset Transfer Analysis, Form 8039
- State Approval Chart
- Application and Forms package on agent portal

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Marketing and Point of Sales Support

- Single Premium Sales Ideas
- Pre-Approach Letter
- Pre-Approach Post Card
- Promotional Flier/Mail Stuffer
- Telephone Script
- Consumer Advertisement



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For More Information

Agent Relations Call Center
877-533-2468

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