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LTC/annuities: big sellers in a bad economy

Like a deer in the headlights

• By [PAUL A. DYER](#)

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By Paul A. Dyer

Lots of clients are frozen mentally where long term care insurance is concerned. Like deer caught in headlights, they do not seem to want to complete or even talk about the financial moves they desperately need to make; they are scared or uncertain.

LTC, annuity and life insurance combination products, along with good old fashion needs-based selling, are the perfect tools to use to get these clients out of their headlight frozen positions.

Combination products have not been out very long in the grander scope of insurance products but they offer plenty of potential opportunity.

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Older professional agents understand the products and never get away from needs based selling. But the newer, inexperienced agents need to learn the products and behaviors now.

The way to make clients and prospects take action is to help clients recognize a need that's not based on the fear-mongering so often seen on television. Agents who focus on fear-based selling only put the deer in the headlights.

Instead, talk about other needs or problems besides the obvious problem of the loss of more capital. This can be done in many ways. Put one such issue in the room with the big one--losing capital—and many clients will be ready to do business. Following is one of 100 examples that exist all around.

This example involves LTC insurance. Asset-based agents having a hard time motivating clients to use the new hybrid tools to solve 2 problems at one time. After properly fact-finding, though, it may become apparent that the client has the need for a pot of safer capital as well as the need to avoid losing capital.

LTC/annuity combination products or LTC/life combination products, if properly discussed, can take the focus off the "woe" alone (losing capital) and put the mind of the client in the proper perspective.

Here is a suggested way of making this point, presented, in dialogue format:

"Mr. Jones, you're worried about loosing another 20% of your capital, but also you are equally worried about moving capital to safety only to miss a comeback. Is that a fair assessment of how you feel?"

"Well, although those are valid concerns, they are minor in comparison with what happened to many people the last time we had a bear market of this magnitude.

"If you have a 50/50 chance of needing healthcare in your lifetime and you 'flipped the wrong side of the coin up,' you could spend 100% of your assets regardless of what the market does on your care. If your portfolio goes down and you need just a few months of LTC, you would be forced to sell those assets at extremely discounted values, even if you didn't want to. If the market has declined even further, you would have to liquidate at the worst possible time.

"If the market does recover and someday you can look back on 2009 as a 'bad dream,' you may find that you wake back up in the same nightmare again sometime later. This time, though, the cost of uninsured LTC itself wipes you out rather than bad economic news or a recession.

"So, whether the market goes up or down from here on is unimportant if you are going to spend down your assets to zero no matter what the economy has in store for us—because you're going to have an uninsured healthcare need.

"But with the proper tools, such as a fixed index annuity/LTC insurance hybrid product, we can insure that LTC risk. As a side benefit, we could also create more safe money against further losses. We could accomplish that and still have some upside potential beyond bank certificate of deposit rates, if we do have a stock market comeback.

"For now, the point to keep in mind is that, while your assets are declining in value due to the stock market upheaval, it would take very little uninsured LTC expense to do real damage to your financial health Is that a fair assessment, Mr. Jones?"

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The point is, by taking the subject away from scare tactics and focusing on real needs-based items other than the obvious, the professional agent can motivate that deer in headlights not to stand in the road.

In fact, a deer will hardly notice the road; it will dash right in front of a car when being chased by a coyote. In a deer's world, the coyote is a bigger threat than a car. A car only "might" be a problem.

So, talk to clients about their other needs, not the one presenting the biggest threat. This can include things like uninsured deceased income earners, uninsured LTC needs, or excessive taxation. Put the focus on good old needs-based selling.

In that process, clients will discover that the tools used to solve those problems will most often also make them feel better and help fix the obvious problems that the fear-mongers always bring up.

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o [Deer in the headlights](#)

o "Agents who focus on fear-based selling only put the deer in the headlights." Good point. This is then followed by a suggested dialogue approach: [To Mr. Client] "If you have a 50/50 chance of needing healthcare in your lifetime and you 'flipped the wrong side of the coin up,' you could spend 100% of your assets regardless of what the market does on your care. If your portfolio goes down and you need just a few months of LTC, you would be forced to sell those assets at extremely discounted values, even if you didn't want to. If the market has declined even further, you would have to liquidate at the worst possible time." I don't know about Mr. Client, but I just became a deer in the headlights.

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o the author certainly knows what he's talking about,very helpful!!!

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