

Form 8029 4/09

WOODMEN
of the WORLD

Tuesday, July 10, 12

Introductory slide. Welcome your attendees. Introduce yourself. **Pass out Registration Cards, if you are offering a drawing for a door prize mention that the registration cards will be used to determine the winner.**

Give an overview of the purpose of the seminar – Today's purpose is to talk about financial goals and introduce you to a trustworthy organization who can help you meet those goals with a product called the Enhancer.

Note this presentation contains minimal Fraternal Benefits information. You may want to show the Member Benefits Program, Form 9075CD, before moving to this presentation. You may also want to have copies of form 125, the brochure describing Woodmen of the World's member benefits, on hand at the presentation for interested participants.

Things to remember when using this seminar:

- The purpose of this seminar is to help your attendees understand the importance of planning and evaluating their needs.
- The purpose of this seminar is not to educate the attendees about our products. The purpose is to spur an interest in our products and to set an appointment.
- Keep it simple and to the point. Don't linger on a specific subject as it may bore your attendees.
- Keep it light and build a rapport with your audience.

▪Note that this presentation may not be altered in any way without Woodmen of the World Marketing & PR approval.

Woodmen of the World

- Founded in 1890
- Community-based
- Member-owned
- Fraternal benefit society

Tuesday, July 10, 12

Founded in 1890, Woodmen of the World is one of the nation's leading fraternal benefit societies and is a community-based, member-owned organization. We are owned and controlled by our members, and we exist to serve them.

We've always had a simple, dual mission: to protect America's families from financial hardship and to provide opportunities for fraternalism and community involvement.

with you through LIFE[®]

- A history of caring for others
- Member benefits
- Social activities
- Patriotic programs
- Volunteer opportunities

Fraternal benefits are not contractual, are subject to change and have specific eligibility requirements. Not all benefits are available to social members. An individual becomes a member by joining our shared commitment to family, community and country and by purchasing a Woodmen of the World product. Youth program, summer and senior camps are not available in all areas. Our Fraternal Division administers these benefits.

Woodmen of the World | The Enhancer



Tuesday, July 10, 12

■ Our members enjoy the opportunity to make new friends and to partner with others who are passionate about making a difference. Members interested in philanthropic activities can become part of our local volunteer networks by providing hands-on service to help meet the needs of people in their communities. Even members who are not able to be involved regularly appreciate being part of an organization that donates time and money to communities. Our members are also eligible for valuable member benefits including:

Catastrophic Illness Benefit

Prescription Drug Discount Card

Senior Camp and special programs where available

*Talk about the activities and programs offered by your local lodge and mention some of the projects that have recently happened or that are coming up.

Member Benefits

- Catastrophic Illness
- Orphan's Care
- Newborn benefit
- Prescription Drug Discount Card*
- Natural Disaster Relief benefit

*The Prescription Drug Discount Card is not an insurance policy and does not provide insurance coverage. In addition, the card cannot be used in combination with a prescription card issued by a health insurance provider. Woodmen of the World and ScriptSave® reserve the right to discontinue this program at any time and are not responsible for the actions of any participating pharmacy. Discounts are only offered through at participating pharmacies.

Tuesday, July 10, 12

- I'd like to go over those benefits I just mentioned in more detail. When an individual becomes a member, he or she receives access to valuable benefits such as the Catastrophic Illness benefit. For all of the benefits I am going to discuss, full eligibility and benefit details are available in the Member Benefits brochure (Form 125) which you are welcome to take after the presentation. (***make sure you, as the presenter have copies on hand when giving the presentation**).
- After one year of good-standing membership, Woodmen of the World offers a \$1,000 benefit to members diagnosed with certain diseases. It's a little bit of financial help for a time when our members may need it most. An orphan's care benefit is also available. Orphaned children of qualified members are assisted with monthly benefits.
- Woodmen of the World also provides a newborn benefit. Newborn babies of qualified 100% Woodmen of the World families are covered by a \$10,000 fraternal benefit between the ages of 48 hours and six months.
- The cost of prescription drugs can be a concern for anyone, especially when those prescriptions have to be paid for with out-of-pocket money. The no-cost Woodmen of the World Prescription Drug Discount card administered by ScriptSave® offers members the lowest price available on prescriptions purchased at participating pharmacies.
- Woodmen of the World knows that natural disasters can strike anyone, at any time. We care about our communities and that's why we offer qualified members whose homes sustain damage as a result of a natural disaster up to \$500 in fraternal assistance.

Activities & Opportunities

- Senior camp
- Youth program & summer camp
- U.S. flags and patriotic programs
- Disaster relief programs

Tuesday, July 10, 12

▪ Often, the things we loved as children, such as camp, are still fun to be a part of as adults. Offered in many, but not all areas, Senior camps give older members opportunities for fun, friendship, activity and relaxation in an outdoor environment. Many lodges offer activities besides camp that are also appealing to senior members. We also offer a Youth program including summer camp in some areas for youth members. Youth ages 8 – 15 can participate in fun activities designed to build leadership and communication skills. Woodmen of the World's youth program can be a positive place for the children in your life to plug in, make friends and develop into responsible adults.

▪ In addition to our communities, Woodmen of the World cares about our country. We promote pride in America through patriotic programs such as flag presentations and patriot handbooks. Woodmen of the World provides U.S. flags to lodges for presentation to non-profit civic and youth groups, schools, churches, community centers and other worthy groups. Lodges present American Patriot's Handbooks to new citizens, libraries and schools. American History Awards are a great way to recognize junior and senior High School students who excel in the study of American history.

▪ Woodmen of the World Disaster Action Teams (DATs) provide relief and assistance in the wake of natural disasters experienced by their communities. Many teams partner with the American Red Cross to offer first aid and immediate food, clothing and shelter needs.

A History of Financial Strength

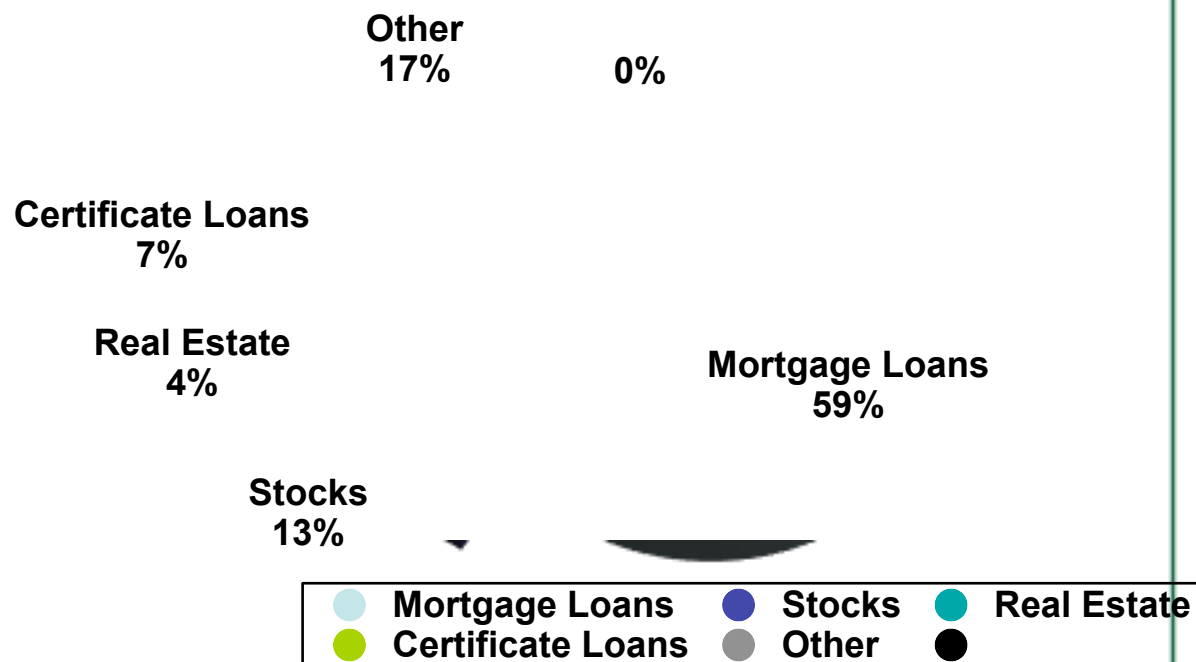
- Conservative investment philosophy
- \$34.7 billion life insurance in force and
- \$7.6 billion in assets at 2008 year-end
- Surplus over \$750 million
- Strong 11% surplus margin over reserves and other liabilities
- A+ (Superior) A.M. Best rating*

*A.M. Best is an independent rating company nationally recognized for its objective reporting and rating of insurers. Woodmen of the World has been awarded a rating of A+ with a stable outlook for its financial strength by A.M. Best. A+ (Superior) is the second highest of 15 ratings. Refer to the A.M. Best Credit Report for detailed information about an insurer.

Tuesday, July 10, 12

- Woodmen of the World is an amazing fraternal organization. However, we offer more than fraternal benefits to our members. Part of meeting our members' needs means providing quality insurance and annuity products. We strive to always keep our members' trust.
- We have a history of financial strength. We practice a conservative investment philosophy and always keep our members' interest as our first priority. We exist to benefit our members and that includes being smart and safe with their money.
- We had \$34.7 billion of life insurance in force and more than \$7.8 billion in assets at 2008 year-end.
- Our surplus is more than \$750 million, an 11% margin over reserves and other liabilities. A surplus ratio of 11% is financially very strong.
- We do not anticipate any changes due to the current state of the economy or volatility in the financial markets. You can trust Woodmen of the World to do everything it can to remain sound and strong.

Our Distribution of Assets



As of December 31, 2008

Woodmen of the World | The Enhancer

WOODMEN
of the WORLD

Tuesday, July 10, 12

- Tell your audience how Woodmen of the World's assets are distributed.

▪Bonds

- Besides government bonds, investment grade bonds are the most securely rated bonds. 97.5% of Woodmen's bonds are investment grade.

▪Mortgage Loans

- First mortgage loans have the highest priority debt in the case of mortgage default. If a property or other type of collateral is used to back a debt, first lien debt holders are paid before all other debt holders. This type of debt holds less risk than a second lien debt. Woodmen invests only in first mortgage loans. Woodmen has no delinquent or foreclosed mortgages.

- It's highly recommended that you hand out the brochure, *A History of Strength*, form 4616. Your attendees can take this brochure home for review after your program.

Protection

- **We are a sound insurance company, regulated by states**
- **We must meet minimum reserve, capital and surplus requirements**
- **Strong, but not FDIC insured**
- **Not all companies or products are covered by these protections**
- **For example, FDIC insures bank deposits, not all products sold by banks such as insurance certificates**

Tuesday, July 10, 12

- As an insurance organization, Woodmen of the World is regulated by states' Department of Insurance. The states monitor insurance companies and enforce the laws and regulations regarding financial condition.
- State laws require insurance companies to maintain certain reserves to pay anticipated claims and expenses
- State laws require insurance companies to maintain certain capital and surplus requirements
- If an insurer fails to meet these requirements, the company may be subject to supervision, liquidation or rehabilitation by the state regulator.
- Make sure the insurance company you do business with is financially sound. While there may be consumer protections available when a company is subject to supervision, liquidation or rehabilitation, not all companies or products are covered by these protections.
- For example, the FDIC insures deposits in most banks and savings associations. FDIC insurance covers deposits in checking, NOW, and savings accounts, money market deposit accounts and time deposits such as CD's.
- The FDIC does not insure money invested in stocks or mutual funds or money in life insurance policies or annuities or municipal securities even if these investments were bought from an insured bank.
- Woodmen of the World is financially strong but is not FDIC insured.
- For more information of the FDIC coverage, visit www.fdic.gov.

Quality Products*

- Insurance
- Annuities
- Other insurance products through alliance partners including Major Medical and Supplemental Health insurance.

*Not all products are available in all states. Not all Representatives are licensed to sell all products. Securities are offered and processed through Woodmen Financial Services, Inc., 1700 Farnam Street, Omaha, NE 68102, 877-664-3332, member FINRA/SIPC, a wholly owned subsidiary of Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society. Securities other than Woodmen Variable Annuity are issued by companies that are not affiliated with Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society. Products are offered through Woodmen Insurance Agency, Inc., a wholly owned subsidiary of Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society, and products are issued by carriers not affiliated with Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society.

Woodmen of the World | The Enhancer



Tuesday, July 10, 12

I've already talked about the valuable benefits our members enjoy access to and the protection that's yours when you do business with an insurance organization. Now I'd like to mention the quality products Woodmen of the World and its affiliates offer.

We'll talk more about life insurance in a moment but I'd like to mention our annuity products for a moment. Annuities are:

- Excellent for retirement planning
- Offer Competitive interest rates
- Offer minimum interest rate guarantees
- Income tax-deferred growth
- Good product for 401k rollovers

(Consider having form 8005 on hand at presentation.)

In addition, Woodmen of the World has entered into sponsored marketing relationships with several other insurance companies to expand our product offerings. Through our subsidiary, Woodmen Insurance Agency, these arrangements provide access to a wide variety of individual health and life insurance products not created and issued by Woodmen of the World. Some of the products available through Woodmen Insurance Agency include:

- Major Medical Insurance
- Supplemental Health Insurance
- Critical Illness Insurance
- Disability Income Insurance
- Dental Insurance

Quality Products*

- Mutual Funds
- Variable Annuities
- 529 College Savings Plans

Financial Goals

Potential goals

- Accumulating wealth
- Leaving a legacy

Your goals

Tuesday, July 10, 12

- Now that you know about Woodmen of the World and our trustworthiness, let's talk about financial goals and how I may be able to help you achieve them.

Engage your audience by asking about their financial goals. Do not attempt to critique their answers, just listen.

Explain that many people's financial goals are accumulating assets (e.g., buying a home, saving money, etc.) and leaving a legacy at their death (e.g., leaving money to family and charities).

Financial Products

- Stocks
- Bonds
- Mutual Funds
- 401(k)s
- IRAs
- CDs
- Annuities

Tuesday, July 10, 12

- Explain that to accumulate assets, there are many financial products in the marketplace that may serve each individual's goals. Consider using a car analogy. There are many brands and models, and everyone must select the vehicle that best fits their personal needs.
- Tell your audience that you are not advising which product is the best, but just trying to illustrate that there are many ways to achieve their financial goals and that it can be difficult to determine the one that may best fit each individual's need.

Financial Concerns

- **What happens at my death?**
- **Is my money safe?**
- **Is my money accessible?**
- **How is it taxed?**

Tuesday, July 10, 12

- Explain that these are questions that may help the attendees to determine which product may best fit their individual financial needs.

A Potential Solution

The Enhancer

– Modified Endowment Flexible Life Insurance Contract

Tuesday, July 10, 12

- Explain that there are many solutions available that may fit your attendees' wants and needs.
- A potential solution that they may want to consider as they evaluate their financial goals is Modified Endowment Flexible Life Insurance Contract (MEC) offered by Woodmen of the World called the Enhancer.
- Explain the first and foremost that the Enhancer is life insurance coverage. That in the event of an untimely death, the death benefits will be paid to the named beneficiary.

The Enhancer

Modified Endowment Flexible Life Insurance

- **Cash value earns guaranteed & non-guaranteed interest**
- **Cash value increase is tax-deferred unless withdrawn**

Death benefit & tax-deferred gain

- **Avoids probate & income tax if paid to named beneficiary**

Tuesday, July 10, 12

- Give your audience a brief overview of the benefits that modified endowment Flexible Life insurance offers.
 - This includes that the cash values building in the life insurance certificate earns guaranteed and non-guaranteed interest.
 - That any cash value increase in the certificate is tax-deferred unless the cash surrender value is received from the certificate.
- Explain that in the event of the insured's death, the death benefit and any tax-deferred gain is paid directly to the named beneficiary avoiding probate and income taxation.

Example

Modified Endowment Flexible Life Insurance

- Female, Age 65
- Non-tobacco user, standard rating
- Non-guaranteed refunds used as additional premium then increases face amount of coverage
- \$100,000 one-time premium
- Death benefit of \$203,944 is face amount of coverage

Tuesday, July 10, 12

- Now give your audience an example of how The Enhancer works.
- Explain that the example is based on the specifics on this slide.
- Explain that gender, age, tobacco usage, financial and medical history, refund option selected and the amount of money used as a one-time premium will affect how the cash values in The Enhancer grow.

Woodmen of the World/Omaha Woodmen Life Insurance Society
 1700 Farnam Street - Omaha, Nebraska 68102

A LIFE INSURANCE ILLUSTRATION - not a certificate and valid only in Nebraska.
FLEXIBLE LIFE (Flexible Premium Adjustable Life Insurance, Certificate Form 100-20-425)

PREPARED FOR: JANE EXAMPLE RATING CLASS: FEMALE, AGE 65, NON-TOBACCO, STANDARD

DEATH BENEFIT OPTION: INCLUDES AMOUNT TO AGE REFUND OPTION: ADD. PREM THEN INCREASE FACE
 FACE AMOUNT \$200,000 \$6 PRATERIAL DUES ANNUAL \$0.00

Woodmen of the World/Omaha Woodmen Life Insurance Society
 1700 Farnam Street - Omaha, Nebraska 68102

A LIFE INSURANCE ILLUSTRATION - not a certificate and valid only in Nebraska.
FLEXIBLE LIFE (Flexible Premium Adjustable Life Insurance, Certificate Form 100-20-425)

PREPARED FOR: JANE EXAMPLE RATING CLASS: FEMALE, AGE 65, NON-TOBACCO, STANDARD

DEATH BENEFIT OPTION: INCLUDES AMOUNT TO AGE REFUND OPTION: ADD. PREM THEN INCREASE FACE
 FACE AMOUNT \$200,000 \$6 PRATERIAL DUES ANNUAL \$0.00

Woodmen of the World/Omaha Woodmen Life Insurance Society
 1700 Farnam Street - Omaha, Nebraska 68102

A LIFE INSURANCE ILLUSTRATION - not a certificate and valid only in Nebraska.
FLEXIBLE LIFE (Flexible Premium Adjustable Life Insurance, Certificate Form 100-20-425)

PREPARED FOR: JANE EXAMPLE RATING CLASS: FEMALE, AGE 65, NON-TOBACCO, STANDARD

DEATH BENEFIT OPTION: INCLUDES AMOUNT TO AGE REFUND OPTION: ADD. PREM THEN INCREASE FACE
 FACE AMOUNT \$200,000 \$6 PRATERIAL DUES ANNUAL \$0.00

Woodmen of the World/Omaha Woodmen Life Insurance Society
 1700 Farnam Street - Omaha, Nebraska 68102

A LIFE INSURANCE ILLUSTRATION - not a certificate and valid only in Nebraska.
FLEXIBLE LIFE (Flexible Premium Adjustable Life Insurance, Certificate Form 100-20-425)

PREPARED FOR: JANE EXAMPLE RATING CLASS: FEMALE, AGE 65, NON-TOBACCO, STANDARD

DEATH BENEFIT OPTION: INCLUDES AMOUNT TO AGE REFUND OPTION: ADD. PREM THEN INCREASE FACE
 FACE AMOUNT \$200,000 \$6 PRATERIAL DUES ANNUAL \$0.00

VALUES AT THE END OF THE CERTIFICATE YEAR

YR	AGE	GUARANTEED VALUES				NON-GUARANTEED VALUES				FACE AMOUNT IN FORCE	
		PREMIUM OUTLAY	CASH VALUE	SURRENDER VALUE	DEATH BENEFIT	PREMIUM OUTLAY	REFUND	CASH VALUE	SURRENDER VALUE		DEATH BENEFIT
INITIAL											
1	66	100,000	102,790	92,701	200,000	100,000	1,265	103,964	93,906	200,000	2,260
2	67	0	105,623	96,286	200,000	0	1,267	106,116	96,790	200,000	4,618
3	68	0	108,496	99,849	200,000	0	1,313	112,972	103,726	211,200	7,286
4	69	0	111,406	103,480	200,000	0	1,371	119,798	106,821	213,740	9,796
5	70	0	114,355	107,149	200,000	0	1,429	121,279	114,072	216,269	12,345
6	71	0	117,335	110,860	200,000	0	1,491	125,826	116,463	218,860	14,936
7	72	0	120,337	114,612	200,000	0	1,567	130,707	124,942	221,518	17,574
8	73	0	123,360	118,315	200,000	0	1,623	135,612	130,966	224,201	20,257
9	74	0	126,402	122,079	200,000	0	1,690	140,547	136,323	226,927	22,983
10	75	0	129,462	125,899	200,000	0	1,760	145,511	142,308	229,700	25,756
15	80	0	144,949	144,949	200,000	0	2,116	173,952	173,952	244,199	40,245
20	85	0	190,102	190,102	200,000	0	3,117	206,486	206,486	262,991	99,047
25	90	0	175,184	175,184	200,000	0	4,384	247,015	247,015	287,988	83,624
30	95	0	196,969	196,969	200,000	0	4,135	300,720	300,720	311,369	107,425
31	96	0	205,944	205,944	ENDOWS	0	3,643	319,012	319,012	ENDOWS	ENDOWS
TOTAL		100,000				100,000					

Presented By:
 License:
 Work Phone:
 Home Phone:

This is page 4 of 4 pages and is not valid unless all pages are included.

Prepared 02/05/08 2:21:02 PM

Tuesday, July 10, 12

Here is a copy of the actual illustration based on the example on the previous slide.

Parameters:

- Female
- Age 65
- Non-tobacco user
- Standard rating
- Refunds used as additional premium, then increase face amount
- \$100,000 one time premium
- Death benefit is the face amount

Cash Values

<u>Guaranteed Cash Value</u>	<u>Non-Guaranteed Cash Value**</u>
Year 1 \$102,790	Year 1 \$103,994
Year 5 \$114,355	Year 5 \$121,278
Year 10 \$129,462	Year 10 \$145,811
	Year 20 \$206,456

Guarantees are based upon the claims-paying ability of the insurer.

*Female, age 65, standard non-tobacco user, non-guaranteed refunds used as additional premium then increase face, \$100,000 one time premium

**Non-guaranteed cash values and surrender values are subject to change and are not guaranteed. Maximum initial surrender charge is \$10,089 and decreases by an equal amount each month reaching zero at the end of the fifteen year surrender charge period.

Tuesday, July 10, 12

- Remind your attendees that these values are based on the example and that the non-guaranteed values are subject to change and are not guaranteed.
- This slide shows how the cash value builds on a guaranteed basis and the current non-guaranteed basis at specific years of the certificate.
- Explain that the surrender values during the first 15 years of a Flexible Life certificate encourage members to keep their certificates in force and receive many years of cash value growth and death benefit coverage.

Death Benefit

<u>Guaranteed Death Benefit</u>		<u>Non-guaranteed Death Benefit**</u>	
Year 1	\$203,944	Year 1	\$206,334
Year 5	\$203,944	Year 5	\$216,289
Year 10	\$203,944	Year 10	\$229,700
Year 20	\$203,944	Year 20	\$262,991

Guarantees are based upon the claims-paying ability of the insurer.

*Female, age 65, standard non-tobacco user, non-guaranteed refunds used as additional premium then increase face, \$100,000 one time premium

**Non-guaranteed death benefits are subject to change and are not guaranteed.

Tuesday, July 10, 12

- Explain that the death benefits are paid to the named beneficiary upon the insured's death.
- Tell your audience that the non-guaranteed death benefits are subject to change and are not guaranteed.
- Remind your attendees that these values are based on the example designed for the 65 year old female, standard rating and non-tobacco user.

What happens at my death?

- **Death benefits paid to your named beneficiary**
- **No probate**
- **No income tax on proceeds**

Tuesday, July 10, 12

- Explain that this is one of the primary benefits of life insurance...the fact that death benefits are paid to the insured's named beneficiary without going through probate or without paying income tax on the benefits received.

Is my money safe?

- **Woodmen of the World is financially**
 - **Strong**
 - **Reliable**
 - **Secure**

Tuesday, July 10, 12

- Now, return to some of the questions raised earlier about common financial concerns.
- Tell your audience that Woodmen of the World is, and has been, strong, reliable and secure financially for more than a century.

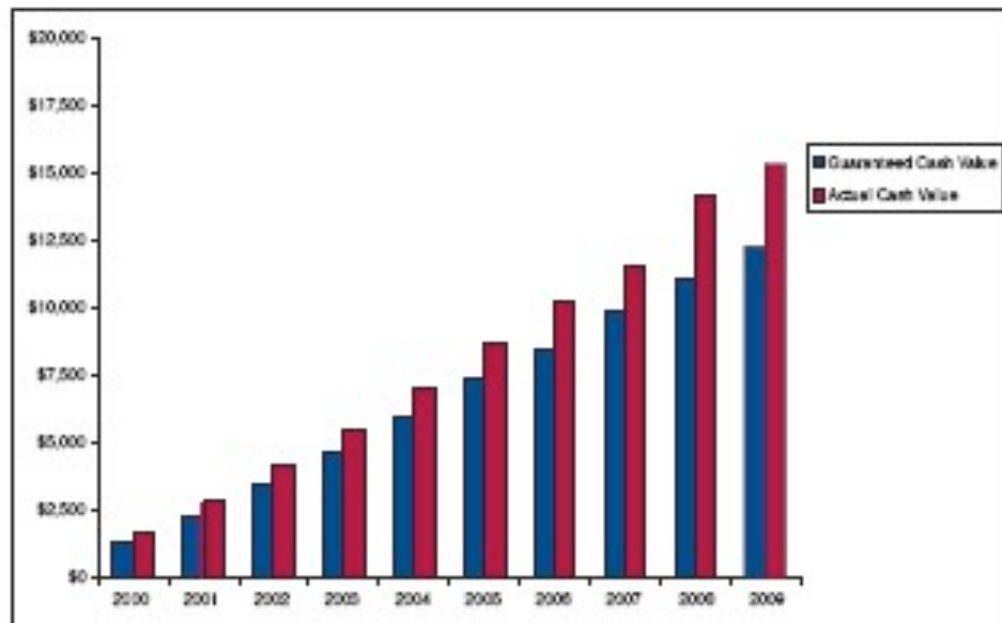
When Woodmen of the World issues a life insurance certificate, the premium includes a margin for the possibility that future death claims, expenses, surrenders and investment returns could be less favorable than illustrated. If Woodmen of the World's experience is favorable, these margins are returned to the members as "refunds." Conditions which affect the cost of insurance will not remain the same over a long period of time, so actual refunds will be different than those illustrated at the time of issue.

Over the past 10 years, Woodmen of the World's experience has been favorable and margins have been returned to our members as refunds.

In 1999, Woodmen of the World distributed more than \$140,560,000 in refunds to about 910,000 certificates. In 2009, life refunds will be about \$110,700,000 to about 800,000 certificates. The chart below shows the effect this has had on cash value growth for a Flexible Life certificate issued in 1999 at age 45 for \$100,000 of insurance issued at standard rates.

There is no guarantee that future refunds will be paid or that, if paid, future refunds will exceed the refunds of past years. However, Woodmen of the World will continue to provide life insurance at the lowest possible cost to members in the future.

Issue Age 45, death benefit of \$100,000, annual premium of \$1,500*



*Actual certificate issued January, 1999 to a male, non-tobacco user at standard rates, assuming no loans or partial surrenders and refunds applied as additional premium.

Flexible Life Cash Value History 2000-2009

Form 789 R309

WOODMEN
of the WORLD

Tuesday, July 10, 12

- Show the attendees the cash value history.

Is my money accessible?

- **Partial surrender***
- **Full surrender**
- **Loan with 8% interest rate**

*Partial surrenders or loans reduce the certificate values and death benefit. Distributions are assumed to be gain first and are taxed as income. Additional future premium payments be necessary to keep the insurance in force and affects the face amount of life insurance (death benefits). If younger than age 59 1/2, the IRS may impose a 10% penalty. The surrender value may include a surrender charge.

Is my money accessible?

<i>Impacts</i>	Gain Taxable	10% IRS Penalty before age 59½	Reduce Insurance Coverage	First 15 Year** Certificate Surrender Charge
Partial Surrender	Yes	Yes	Yes*	No
Full Surrender	Yes	Yes	Expires	Yes
Loan	Yes	Yes	Yes*	No

*** If the values remaining do not fully fund the certificate, additional premiums may be necessary. At death of insured, any remaining loan balance is deducted from the death benefit.**

****Adjustable Life has surrender charges for first 5 years.**

Tuesday, July 10, 12

Tell your audience about the impact of a loan, full or partial surrender of a Flexible Life Insurance certificate using the chart, which are:

- Partial surrenders: any gain taken is fully taxable in the year received, may incur a 10% IRS tax penalty if taken before age 59½, the amount of the partial surrender will reduce the face amount of insurance coverage and no surrender charges will be incurred since the certificate was not fully surrendered.
- Full surrenders: any gain taken is fully taxable in the year received, may incur a 10% IRS tax penalty if taken before age 59½, the life insurance coverage will expire when surrendered and surrender charges will be incurred if surrendered during the first 15 years of the certificate.
- Loans: any gain taken is fully taxable in the year received, may incur a 10% IRS tax penalty if taken before age 59½, the amount of the partial surrender *will not* reduce the face amount of insurance coverage and no surrender charges will be incurred since the certificate was not fully surrendered.

How is it taxed?

- **Increase in life insurance cash values**
 - **Tax-deferred until withdrawn**
- **Death benefits paid to named beneficiary**
 - **Income tax-free**
 - **No probate**

Tuesday, July 10, 12

- Tell how the increase in life insurance cash values are tax-deferred until withdrawn. This means if the cash value gains are taken by the certificate owner, the gains will be income taxable in the year of the distribution.
- The death benefits paid to the named beneficiary are received income tax-free without going through probate.

Certificate of Deposit (CD)

- Interest income is taxable every year
- CD interest rate is typically fixed

Compare to...

The Enhancer

Modified Endowment Life Insurance

- Income tax is deferred until withdrawn
- Non-guaranteed interest rate may change
- Death benefit is income tax-free
- Cash value may accumulate faster than in a CD

Tuesday, July 10, 12

Compare The Enhancer to a CD.

- Explain that with a CD any interest earned is income taxable in the year that it's received. Which means that the bank will send the CD owner a 1099INT every year on any interest earned and also means that with a CD you must pay income taxes on the interest.
- Typically, CD interest rates are locked in by the bank from the time of purchase until it matures.

With the Enhancer, your cash may accumulate faster than with a CD. This is because:

- The non-guaranteed interest rate is not locked in and may change. This means the interest rate may go up or down.
- Earnings grow tax-deferred unless withdrawn. Income tax-deferral postpones taxation until withdrawals are taken. This may be advantageous if the taxpayer anticipates being in a lower tax bracket in the future. Another potential advantage of tax-deferral is that since the interest is not taxed every year, the taxable gain continues to earn interest until it's withdrawn.

Questions?

Adjustable Life Insurance (Forms 101-xx-9203 & 101-xx-0707)
Flexible Life Insurance (Forms 150-xx-9203 & 150-xx-0707)

Woodmen of the World | The Enhancer



Tuesday, July 10, 12

- Ask your audience if they have any questions concerning this presentation.
- Be prepared for questions that you may not be able to answer.
- Be confident when you don't know an answer to a question and explain that you'd be happy to get the person an answer in a timely manner.
- Do not answer questions about taxation; refer the person to his or her professional advisor.

Take the Next Step

- Set up an appointment today!



Woodmen of the World Life Insurance Society
Home Office: Omaha, Nebraska
1-800-225-3108
woodmen.org

Woodmen of the World | The Enhancer



Tuesday, July 10, 12

- Ask for any additional questions.
- Provide an Enhancer brochure, form 4269, to each of your attendees (along with any other marketing materials).
- If applicable, conduct the door prize drawing.
- Mingle with the attendees.