

TAKING THE ROLE OF BUYERS, NOT SELLERS

Insurance Experts Negotiate For the Best Rates and Policy Terms

Entrepreneurs, business owners and wealthy individuals understand the value of life insurance and, because of their complex needs, they also understand why it's imperative to select the right policy.

Insurance expert Beth Lang, principal and COO of Gateway Financial Group, Inc., has been advocating on behalf of such clients – selecting the right policy for the best price – since the firm's inception in 1982.

Lang, originally a high school mathematics teacher, first discovered the power of life insurance when she accepted a summer job, one that quickly morphed into a full-time career change, with Penn Mutual Life Insurance.

Two years later, Lang and a few other agents decided to open Gateway Financial Group as an independent firm. It was a means for providing more options and adding value by acting as a buyer of life insurance for their clients, rather than a seller, negotiating based on policy experience that warranted better pricing for their clients.

Today, Gateway Financial Group is licensed to write policies from forty highly-rated life insurance companies, including six Partner Carrier relationships through its membership in M Financial Group. "We negotiate with these carriers on behalf of our clients with the ultimate objective being to find the best suited insurance products structured to fit each client's unique needs, specifically cost and planning objectives," Lang emphasized. "Every client is different, but we believe that off-the-shelf offerings typically don't meet the needs of the clients

we serve in terms of price and features."

Their extensive experience and ability to find the right policy for a variety of situations makes Gateway Financial Group a perfect partner to provide insurance solutions for ultra-high net worth individuals, entrepreneurial businesses and business owners.

"Many of our clients are surrounded by a team of advisors – experts in their respective fields – who help them make the right decisions for all the right reasons," Lang said.

"We prefer to work with clients who are entrepreneurial, who care about their families and their communities, care about the continuation and growth of their businesses and take planning seriously," she added.

"Generally, clients don't come looking for us. They might not know about us. It's their attorneys, accountants, financial advisors and trust officers who seek us out and refer clients. These professionals want their clients' work to be done once and to be done right and we are proud of our ability to be a part of the team and contribute positively to these objectives."

Her team does more than find the right carrier; they negotiate the right price. According to Lang, coverage costs can vary by as much as 40 percent, depending on the insured's health history.

"Our job is to improve the underwriting for each insured to reduce their costs," Lang said. "We aim to find the best product and carrier for the client and then manage the pricing by using our expertise and experience to position a client's health history more favorably. Gateway has been very successful

doing that."

Beyond maximizing benefits and reducing costs, Gateway Financial Group helps ensure clients have the necessary education – upfront and as part of an ongoing annual review – to make informed decisions based on their changing needs.

"Generally our clients are never surprised or unhappy with their insurance because of the educational process that we go through," Lang said, explaining that, when clients know the downside risks before selecting a policy, they are able to avoid negative surprises later.

"Life insurance is very complex these days. It's not just whole life or term," Lang explained. "There are numerous different policy structures, and each structure carries different risk factors. Therefore, we think that client education plays a huge role in matching the right structure with the client's propensity for risk."

Lang added that Gateway Financial is not a sell-it-and-forget-about-it firm. "That's not the way life insurance of today works," she said, adding that their continuity systems are designed to ensure clients never experience a lapse in service if an agent is no longer available. "If you are not hearing from your life insurance advisor on an annual basis, someone isn't doing their job."

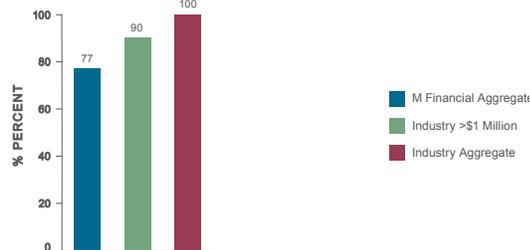
As a Member Firm of M Financial, Gateway clients also benefit from a commitment to in-force management that remains a key differentiator. "Many businesses are focused only on the next customer, but with M Financial behind us, we believe existing clients deserve to be treated just as well as new



Beth Lang, CLU
Principal & Chief Operating Officer
www.gatewayfinancial.biz

M Financial's mortality experience, actual death claims, is 14% less than the industry high net worth segment (face amounts greater than \$1 million). This lowers cost of insurance charges for M proprietary life products.

Mortality Experience



Source: Society of Actuaries Individual Life Experience Report (2013) and M Financial Group (Observation years 2005–2009)



clients,” Lang said.

In addition to negotiating pricing at the time of purchase, M Financial – through reinsurance participation (i.e., risk sharing) with carriers – makes sure that if profits exceed what the carrier projected, they go to the policyholders who created the profits with their better experience. “Relative to the broader market, our clients live longer, keep their policies in force longer, and buy larger face amounts. This experience is reflected in the initial pricing but can also create opportunities for pricing enhancements going forward,” Lang explained. According to M Financial, this commitment to in-force management has delivered more than \$200 million in cost reductions to M Member Firm clients since 1996.

Understanding the strategic reasons why life insurance is necessary for their clients is another reason why Gateway Financial is able to service this complex niche so well. Tax advantages are perhaps at the top of this list.

“Most people don’t take the time to understand how powerful the tax treatment of life insurance really is,” Lang said. Ordinary income tax can be as high as 40 percent before investment tax and state taxes. The cash value growth within a life insurance policy, as well as the death benefit, are not taxed, providing clients an opportunity to plan effectively and efficiently for both estate planning and protection needs.

“Astute investors, executives and busi-

ness owners understand this – and they buy life insurance for this reason,” Lang said, adding, “There are few other financial vehicles that provide these advantages.”

In addition to tax advantages and assuring continuity of lifestyle for the insured’s spouse, business owners have additional concerns that life insurance helps to solve.

“Business owners can use permanent life insurance to equalize inheritances,” Lang noted. “A business owner may want to leave his business to his children who are active in the business; therefore, he might want to buy a life insurance policy for the benefit of the children who are not active in the business.”

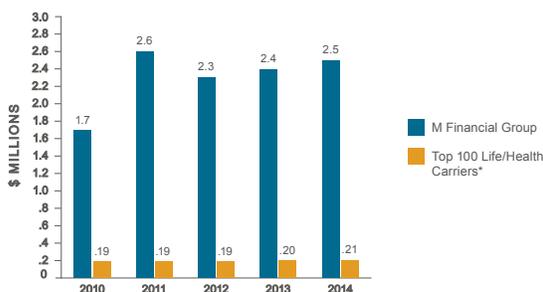
“Permanent life insurance is also used by businesses to provide the funds to buy out the deceased’s shareholders,” Lang said. “This way, the surviving shareholders or partners have flexibility with the deceased partner’s spouse, who may not want to continue to be involved in the business. This flexibility is critical to business continuity.”

Moreover, Lang explained that savvy investors know life insurance is one of the best ways to “pre-fund for a future liability that’s going to be payable upon death, or to set aside a kitty to take care of loved ones or for other purposes.”

Gateway Financial is a Member Firm of M Financial Group, an elite national consortium of more than 140 insurance advisory firms serving the needs of ultra-affluent individuals and successful companies.

M Financial's Average Face Amount

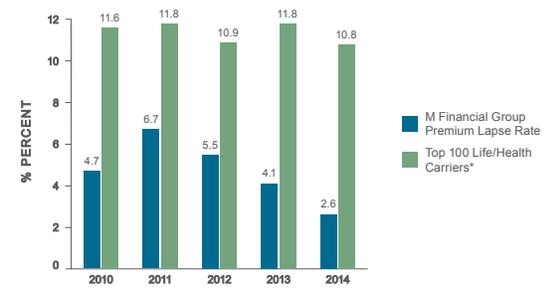
M Financial's average face amount is nearly 12 times that of the industry, providing economics of scale which lower policy charges for M proprietary life products.



Source: A.M. Best Company Best's Statement File (2014) and M Financial Group
*Based on ordinary life face amount issued

Over the past five years, and in the wake of the financial crises, M Financial's Persistency Experience

Over the past five years, and in the wake of the financial crises, M Financial's lapse experience - policies that lapse or surrender - has averaged nearly 60% lower than the industry. This provides a longer time horizon for Partner Carriers to recoup initial expenses, which drives lower ongoing charges for M proprietary life products.



Source: A.M. Best Company Best's Statement File (2014) and M Financial Group
*Based on ordinary life face amount issued