

# selling point

## Selling Benefits

*People buy benefits, not features.*

Selling benefits instead of features is a tried-and-true sales strategy. Here's a quick refresher on how to translate the features of common investment and insurance products into benefits:

### Annuities

- Don't sell *annuitization*. Sell the *security* of having income for life.
- Don't sell *tax-deferred accumulation*. Sell the *freedom* that comes with retirement.
- Don't sell the *interest rate* for a fixed annuity. Sell the *reassurance* of knowing the insurance company guarantees both principal and interest (backed, of course, by the claims-paying ability of the issuing insurance company).
- Don't sell the *variable subaccounts* in a variable annuity. Sell the *flexibility* of electing new investment options as an individual's circumstances change.

### Mutual Funds

- Don't sell *professional money management*. Sell the *comfort* of having an experienced professional making the buy and sell decisions for the fund's securities.
- Don't sell the *type of securities* the fund holds (growth or income). Sell the *satisfaction* of having a plan in place to help fund early retirement or a child's college education.
- Don't sell *diversification*. Sell the *relief* that risk is minimized by not having all eggs in one basket (although, of course, you must make it clear that diversification does not assure against market loss, and there is no certainty that a diversified portfolio will outperform a nondiversified portfolio).

### Life Insurance

- Don't sell *insuring against premature death*. Sell the *peace of mind* of knowing loved ones are provided for financially.
- Don't sell *income-tax-free death benefits*. Sell being able to *leave a bigger legacy* for loved ones.
- Don't sell *avoiding probate*. Sell *easing the administrative burden* on loved ones.

The bottom line? Translate features into *emotions* and *solutions*. Those are the benefits that will really sell.

**Annuities:** Distributions taken prior to annuitization are generally considered to come from the gain in the contract first. If the contract is tax qualified, generally all withdrawals are treated as distributions of gain. Withdrawals of gain are taxed as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax penalty.

**Life Insurance:** Partial withdrawals and surrenders from life insurance policies are generally taxed as ordinary income to the extent the withdrawal exceeds the investment in the contract. If a policy is a modified endowment contract, loans are also taxable, and loans, withdrawals and surrenders are treated first as distributions of the policy gain subject to ordinary income taxation, and may be subject to an additional 10% federal tax penalty if made prior to age 59½. Loans, if not repaid, and withdrawals reduce the contract's death benefit and cash value.