Why Didn't Burt Tell Us to Buy Whole Life?

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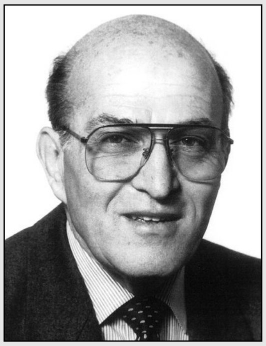

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In 1970, Dr. Dan and I met for the purpose of estate and business planning. He was then 40 years old and had an optometry office. We agreed he needed $300,000 of protection. I suggested Whole Life. He explained to me that he had a profit sharing plan and expected to fully fund that along with the fact he intended to retire at age 65 and the practice should be worth about a million dollars. He was vigorous in the fact he would not need any cash values in the future because of his business assets and the retirement plan. He was insistent in the fact he only wanted Term insurance which he intended to terminate by age 65. I explained all the reasoning I knew regarding the attributes and shortcomings of relying on Term for one's permanent planning but he was adamant in his stand. Through the years we had many, many meetings to review his program and circumstances. His position on Term did not change. Through the years we added more Term in addition to the fact we replaced some with newer policies in the years when the Term wars were going on. I did get him to an attorney and he did wills and trusts but no movement on the Term insurance position.

He retired about five years ago at about age 68 and at a time when the profit sharing fund was not where he anticipated it would be and the practice did not sell for as high as he thought it would. A few months after that he phoned me to say he just got his Term premium notice and it seemed like it had gone up quite a bit. I told him it had and that had been the pattern for the past three decades. He did not realize it because he always gave the notices to a secretary with the instruction "Pay this." He asked what could be done and I invited him into the office. We met and I explained one option was to lapse the policies. He said he could not do that because he wanted the coverage in addition to the fact he now had some high blood pressure and a bit of sugar diabetes. I further offered the options of paying the premium or conversion of all or part of the face amount. He opted to pay the premium.

The following year he called me with the same observation of a rise in the premiums. I said, "When can you come in?" I offered him the same three options. He paid

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the premium. The following year the conversation was the same with the added sharp comment of, "I can't hold on and I can't let go." The following year Dan called and spoke to my secretary, Lori. She said I was in and did he want to speak to me. He said, "No, Burt only wants to sell me Whole Life."

The next year his wife called for him and spoke to my secretary. She ended her conversation by sarcastically saying, "WHY DIDN'T BURT SELL US WHOLE LIFE?" I called her back and she blamed their plight of high premiums on me. I told her to please come to the office and I would lay up all of Dan's files on our conference table and she could examine thirty some years of records including all the studies I had made for conversions, through those years. I told her also included would be my notes of meetings, with comments made to me by Dan, some of them not so kind. She declined. The policies are still in force and still accelerating in cost. Something has to happen sometime. What? I can't anticipate.

When Universal Life first hit the marketplace in the early eighties, I made a note in my flashcards that said, "Universal Life is a product that will require some tending." Enter Variable Life and a couple of dozen other interest sensitive products and we have found a new meaning for the words, "Service" and "Total immersion." I have a couple of rate books going back over a hundred years. One is from 1886 and one is from 1905. Anyone in the audience, in the business less than ten years would know nothing about these. You would know rate bytes better than rate books. Going back to those years, they only had three plans. Any guesses? Right. Whole Life, Limited Pay, and Endowment. They didn't have SUPER SELECT LIFE, NON-DRIVER, LEFT-HANDED LIFE, NON-CHOLESTEROL LIFE, THE CHALLENGER, THE MAXIMIZER, THE PINTO, THE JAGUAR, T-2000, THREE-STEP LIFE, ECONOLIFE, TRANSCENDENTULAR LIFE, MODULAR HOPEFUL LIFE, and a host of other plans whose names do not describe what is inside the contract and make one wonder how they got through state insurance commissions.

And they made a living.

Today any one of us can sit down at a computer and run an illustration that is thicker than the entire rate book was just a few years ago. Just push a button. We have more stuff stuffed inside there than 200 years of actuarial science. Some of us are so adept with our machines, every time we sit down to run an illustration, we re-invent the deal. Sometimes, when I ask for various proposals to start putting a case together, I get scared when I look at the volume of paper that comes in to glare at me. Just think about how happy the office supply stores are when we start a file for four shareholders for two face amounts, each, and a couple of variations of Term, Variable or Whole Life.

Have you ever had the experience of looking at a client file and seeing two illusions, oops, illustrations for the same prospect and finding differences that confused you even though it was you who ran them? Then you start searching for what the differences are. Was a certain rider checked or not checked? Male or female? Smoker or not? Dividend variations? Various interest assumptions? And a lot of other detective type steps until you get yourself on track.

In the late 1960's, I was the chairman of an Agents and Managers advisory committee for a certain company. We were having a meeting at the home office. Attending were about seven agents and ten department heads and officers. The company had a massive conference table that could accommodate all of us. I was sitting at the head of the table alongside the president of the company. We were following an agenda but there was lots of time for tableside caucuses and side discussions. At one point, the volume of conversation had risen while these discussions took place. There was a sudden break in the discussion where only one voice was heard. An assistant actuary was sitting next to the actuarial vice president when he thought he was whispering but because of the abrupt lowering of volume, his voice was heard all around the table saying, "Do the agents have rate books?"

His question over three decades ago was very prophetic for what was to come. Well, we don't have them anymore and the rates are a moving target. Even as we sit here in this auditorium some of our computers are being changed by wireless, E-mail style technology.

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Going back to those old days, when I got my first rate book the only plans were Whole Life and Endowment. The Term insurance section was a few loose sheets as an insert at the back of the book. We hardly ever used it. It was a different day for insurance. Compared to today we weren't even selling "Life Insurance." We were selling "Death Insurance" itty-bitty policies of $2,000 and $3,000 for burial and final expense purposes. Obviously, these sales were Whole Life. For those who had savings or education in mind, Endowment fit the recipe. Having some insurance for twenty years then getting the face amount and dividends, in a participating policy, was very palatable to those who wanted to fulfill a financial goal, like college funding. It was a secure way to save money. We were not so sophisticated in those days

To my observations on a very unscientific basis, it was during the 1960's and the early 1970's that we emerged into the era of realizing life insurance was only money and could do anything and everything that money could do. It was a lot of our very illustrious departed members of this very organization and some of the senior, veteran agents in this room right now who brought us out of a bygone era of life insurance and put the world into the enlightened age. But just like the evolution of the Bronze Age, the Iron Age, the Stone Age, and the current Hair Spray Age, we will go on to new uses and applications of our current insurance age. The younger gals and guys in this room will take us forward and I thank you in advance.

I am 72 years old and have been in this profession for 48 years and have been fortunate enough to have seen this evolution. Going along with that, there are separate, distinct, and purposeful uses and goals for all the kinds of insurance we have and the variations that will come forward. There are definite and precise needs for Whole Life, Term, Interest-Sensitive, and Annuities. Each has its separate yet inter-connected purpose. Isn't it a fact that every policy, no matter what type, is a combination of Endowment and Term? It is like a teeter-totter. It is combination of protection and cash value. As one goes up the other comes down. By a combination of premium and timing basically life insurance is nothing more than a merger of time and money.

For myself, and this is only me, I sell about 60% Permanent insurance, 25% Term, and 15% Universal or Variable. Each of you has different numbers. There is a use and need for each and it is the job of the agent through proper fact-finding to suit the desires and the needs of the client. I remember the watchword when Universal Life first evolved, around 1980. The stock market was becoming better known to the public and the goal was to merge the disciplines of protection and investment in one vehicle. The developers of Universal proclaimed that the clients could determine their own desires and if he or she chose they could take the risk and a little gambling spirit themselves and not rely on the insurance company to prescribe what the guaranteed cash values would be some time in the future. This tied into the mixing and matching and flexibility of premium, cash value, protection, and period of the policy. The late John Savage, one of the innovators and icons that I mentioned, had a saying. "If you are going to die right away, I will sell you Term insurance. If you are going to live a long, long time, I will sell you Endowment insurance. If you don't know, let's go straight up the middle with Whole Life insurance."

We have all had the unpleasant experience of meeting with clients or their advisors to re-explain and re-sell the idea of Universal or Variable when the interest earnings did not meet projections. They forget the idea of projections versus guarantees and may interpret one as the other. Maybe it is a matter of selective memory or fixing blame. Minds are expansive and enthusiastic and memories are short. They forget the caveats, which are put on the printouts. Paper doesn't care what you write on it and the printer only spits out what instructions have been inputted. We are all aware of the lawsuits, which have been leveled against certain companies, and we have compliance departments to guide and monitor agents' actions.

The word "Traditional" has a ring of guarantee to it. An Interest Sensitive product that is fully funded and fully understood can be exactly the tool any particular client wants. However, any little slip in calculations or circum-

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stances requires some reacting or re-balancing. How many clients are ready for the effort and upset and disorder in their lives?

The public reacts precipitously to certain market conditions. In the bad times we hear them talk about putting all their money in "cash." Why? Because they want guarantees. "New and Improved" may only be the fashion of the day and not designed to be enduring. If the client is absolutely sure the need is for only a specific and exact period of time and there are no contingencies for insurance beyond the target date, Term insurance is the perfect recipe. That is traditional and exact.

Is life insurance bought or sold? The answer is sold but only after the client fully explains the wants and desires and the agent does a proper job of matching the product to the stated specifications. It is our job to be the architect of the clients' futures rather than the repairman of erroneous assumptions.

I contend if any agent were the most computer literate person in the world and wanted to develop the perfect policy for all circumstances and he or she sat down for as much time as it took and used all the factors of goals, time, premium paying capacity, potential pitfalls, longevity and inflation, at the end of the session, no matter how long it took, they would have re-invented Whole Life.

There is nothing simpler on the face of financial expositions. Here is the rate per thousand and the values at different years, per thousand, and you did not need a computer to multiply by 10 or 50 to get $10,000 or $50,000. In fact, going back when I first started using the rate books, we didn't even have calculators. We did it by hand and by brain. Usually we had a one-page sheet that we filled in with these guarantees and dividends and we worked off these. I have many policies still in force where the numbers have held up right on point. There were no caveats about the cash values and the paid up values. A guarantee was a guarantee. There were explanations about the dividends. But for all of these, through the years the dividends have outpaced the projections.

Whole Life is a sleep good product. I have never ever had to say, "I'm sorry" to any one for having sold Whole Life. Opposite the painful meetings we have had explaining why the perceived values are not the real values and why the policy will require more year's premiums than the non-guaranteed projections. I love when clients come into the office and we review their summary sheets and the options are all in their corner rather than restrictive and disappointing news regarding contracts in jeopardy.

Think about the phrases we use to explain this most traditional of our products: Whole Life, Straight Life, or Permanent. There is nothing straighter than those expressions to describe a product in just one or two words.

Let's examine:

<u>PERMANENT.</u> What more can one say about a product? So I won't.

<u>STRAIGHT LIFE.</u> Again it is hard to improve upon the simplicity of this one word. I wish I knew the origin of it because it sure tells the story without glamour, glitter, or glitz. It is straight from the rate book straight to the result, which is anticipated without curves and detours. It does what it is supposed to do when it is supposed to do it.

<u>WHOLE LIFE.</u> This is the basis of all of it and the name once again is completely descriptive of what it does. It is in force for the whole of life. Once the policy is placed in force, it is there forever. All the policy owner has to do is pay the premium in a timely fashion. After the payment of the first premium, all the rights of the policy reside with the owner, forever. The insurance company only has one right and that is to accept the timely payment of premiums. The policy owner may make changes and exercise rights such as loans, surrenders, assignments, beneficiary, and frequency. The insurer only has the right to accept premiums, which are paid on time. The deal is permanent, straight and for the whole of life. The traditional products we have are Term and Whole Life. These are the straightforward uncomplicated products we sell. The textbook definition of Term is "Protection in force for a stated period." If it is airline insurance it is in force for the period of the flight. This is the shortest term there is. Get off the plane and the term is over.

Then there are choices of how long one chooses to have the coverage, from one year to life. The variable is

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the premium. As all of us tend to do, we talk about our business all the time. Many years ago when my daughters were small, I was doing a post-mortem on a case, at dinner. One of the kids asked, "What is Term Insurance?" Dori, who was probably eight years old at the time said, "It terminates." You can't say it any better than that. Another unknown pundit once said, "Term Insurance is like wetting the bed. Nice and warm when you first do it but eventually you must get up and do something about it."

Term Insurance is like renting an apartment. The rent continually rises and you own nothing. The landlord dictates the conditions. Permanent Insurance is like owning a home. The payments remain level or complete themselves and you create an equity.

Interest Sensitive products can be like an adjustable rate mortgage. It can either rise, explode or develop a balloon payment. You takes your chances.

Assume you are going to a sporting event at the largest stadium in your area. You arrive early and have a choice of where to park. This lot at the top is for fifty cents a day. The one at the bottom charges a dollar a day. They are both lit and both guarded. There is no apparent difference. Where would you park? Right. The fifty-cent lot, as most people would. But a big wind comes along and blows this tree out of the way showing the sign that says, "A dollar a day but you get your money back." Now where would you park? Ladies and gentlemen, without any adornment, internal rates of return, precise, exacting calculations and other technical details, there is the basic difference between Term and Permanent.

This brings us to the philosophy of "invest the difference."

Every so often, we get the objection, let us say, from the accountant, "What is your rate of return?" One answer is, "When the client dies, the claim is usually paid within ten days to two weeks. Is that a quick enough rate of return?" A second answer is to say, "That is a good question. Why don't you figure it out for our client?" Most times, the accountant will not know how to do it. But even if he does, the client thinks about how long it will take him to do it and what the hourly fee will be. The accountant may say, "Why don't you calculate it? You have the computers for these plans." I tell him I can do it but it is the software of the insurance company and you may feel it is skewed toward the insurance company.

Just as Dr. Dan's wife wanted to blame me for the fact they were in the position of ever escalating premiums, I have had many more situations of extreme elation with Whole Life programs. Being in the business for almost five decades, I have many, many clients whose programs resemble gold mines. I had an annual review with one just recently who said this about his Straight Life program, "There is only one thing wrong with these policies. They are too small. I wish I had bought more, years ago."

I can't think of any investment in the world that can be better than a Whole Life policy with a lot of tenure on it. On those meetings I get praised for excellent product and advice through the years. As opposed to relating tough news to insureds regarding declining values or increasing premiums, there is ultimate satisfaction in doing just the opposite. They are in a position of having many options, all of them exceedingly to their advantage. They are in a position of choosing to terminate paying by using dividends to pay future premiums. Even in that situation the cash value continues to grow.

I can also point out to them the advantage of continuing premiums even though it is not necessary. They marvel at the fact they can pay the usual premium and have the cash value increase by two or three times what they deposit. John Todd spoke of the "Inevitable Gain" in a Permanent policy. With a policy that is twenty or more years in force, every cent put in adds value all over the place. Cash value and face value increase on a tax-deferred or even tax-free basis considering the death proceeds. Incidentally, and as an aside, I never use the phrase "Death Benefit." I know that it is just that but I find it hard to use both of those words together. I say "Proceeds." When doing planning with senior citizens and showing mutual funds or annuities, it is hard to avoid the profit of continuing paying premiums on a seasoned policy. I explain that all the options are in their corner. Sometimes, they ask what they should do and I advise them to continue to pay

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the premium annually as long as budgetary tolerance and health allow.

I am sure it is no surprise to mention that none of my long-time policy owners are ever upset with their contracts. The next premium is the one that does the most good. Just like the last pushup is the most valuable in exercise. But you have to do all the previous ones in order to get to this position of profit.

Also consider the fact that some of these long-time mutual companies have gone public. Some of the stock or cash the policy owners received is greater than the face amount of the original policy. Some were suspicious and fearful about signing the forms for choices fearing they were losing something. They could not believe all this money was coming from the Initial Public Offering and they were sacrificing nothing. So many of them would ask what to do with this money, which was pure bonus, the result was a lot of annuity or mutual fund sales.

I am sensing a current wave of sentiment toward more Whole Life sales. With the wild, downward ride of the stock market at the start of the 21st century and the accompanying difficulties in Interest Sensitive policies I find a comfort level among many prospects with Straight Life. I repeat I have no problem with Universal and Variable policies and I sell them. But they do require tending and clients want to think of their insurance policies as solid and enduring and not questionable and tentative.

When these policies first came out the interest rates were high and when it came to running illustrations showing various premium options for the desired coverage, too many clients chose skinny funding. Too may of us allowed this to occur without some sage counseling and tougher selling. The low premiums had the same effect of other programs we had in the past, such as Retired Lives Reserve or Deposit Term. Given these choices, too many clients chose under-funding with great hopes for the future.

Have you ever heard the objection, "Life Insurance is a lousy investment?" I always agree saying; "That's true but most investments are lousy life insurance. They are designed to do two different things." I think this is a very apt statement. The two products are specifically designed to do two different things. Granted the cash values of life insurance are just that: cash, and that is what investments are designed to create. There is also no doubt many people look upon the two disciplines to do some of the same things and they invest or save their money with the goal of a total program of mix and match. For some, sad to say, the cash value of life insurance represents the major portion or the total portion of savings equity they own.

I was going to make a speech in Ottawa, Canada. I got a phone call from the president of the local association telling me there had been a guest on one of those afternoon talk shows who was completely anti-life insurance. He was a respected professor from Toronto and felt, first off, that no one needed much life insurance and secondly, it should only be Term insurance. He further suggested that it could be sold by banks by just checking a box against your checking or savings accounts or even a box on your income tax papers. After all, those two entities had those huge mainframes. The association president told me that the professor had caused a lot of damage because the show was a popular one and had a large audience. He asked if I would be willing to come to town a day early and go on the show. I said I would. I asked if the professor had a book and was told he had two. I asked if they could get me a copy to read but don't buy them. I did not want to lend any more credence to a bad philosophy. The books came and I read them, although I didn't have to. We all know what they said about "Buy Term and invest the difference." And here, I read you a quote I have saved for years in my flashcards, now on my screensaver: BUY TERM AND INVEST THE DIFFERENCE IS A CONCEPT THAT RECURS WITH EACH SUCCEEDING GENERATION, DESPITE THE FACT IT DEPENDS ON THE FLIMSY PREMISE THE DIFFERENCE WILL ALWAYS BE INVESTED EVERY YEAR, WITHOUT FAIL, REGARDLESS OF PERSONAL CIRCUMSTANCES AND BUSINESS CYCLES; THAT THE INVESTMENTS WILL ALWAYS BE SUCCESSFUL; AND THAT SOMEHOW AT AGE 65 THE NEED FOR LIFE INSURANCE MAGICALLY DISAPPEARS.

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INVEST THE DIFFERENCE
EAT HAM WITHOUT EGGS
AND INVEST THE DIFFERENCE
HAVE YOUR CHILDREN QUIT SCHOOL AT 16
AND INVEST THE DIFFERENCE
GET RID OF YOUR KIDS, TAKE IN BOARDERS
AND INVEST THE DIFFERENCE
DON'T DRESS FOR SUCCESS, BUY CHEAP CLOTHES
AND INVEST THE DIFFERENCE
SELL YOUR CAR, BUY A MOPED
AND INVEST THE DIFFERENCE
SELL YOUR HOME, MOVE TO THE SLUMS
AND INVEST THE DIFFERENCE
STOP TAKING SHOWERS, WALK IN THE RAIN
AND INVEST THE DIFFERENCE
STOP READING, ASK YOUR FRIENDS WHAT'S GOING ON
AND INVEST THE DIFFERENCE
DON'T BUY A RADIO, HUM
AND INVEST THE DIFFERENCE
CEASE PLANNING, AD LIB
AND INVEST THE DIFFERENCE
DON'T VACATION, JOIN THE ARMY RESERVE
AND INVEST THE DIFFERENCE
GIVE LIP SERVICE, NOT REAL SERVICE
AND INVEST THE DIFFERENCE
DON'T PAY TAXES, GO TO JAIL
AND INVEST THE DIFFERENCE
CANCEL YOUR PERMANENT INSURANCE
AND INVEST THE DIFFERENCE……
IT MAKES JUST AS MUCH SENSE

I arrived at the radio station about a half-hour before show time. It was a very popular show but I only got to meet the host about two minutes before airtime. He was very pleasant and a nice guy off the air but he changed when the microphones came live. He set up the show by saying, "Burt Meisel is from the U. S. He is an expert. We had Professor Brown on the show a few weeks ago and he talked about the value of Term insurance over Permanent and I changed all of my Whole life policies to Term" and I said, "And you will change it back one day, at a great cost." These were the first words out of my mouth and he realized he did not have a pussycat here. I had on a big bulbous earphone and microphone set and I could say whatever I wanted whenever I wanted. I previously had lost one debate when I felt I was totally controlled by the announcer and I was ready not to let that happen again, he looked at me, with a scowl, and continued reading my credentials saying I was an expert. I said, ""From the Latin, EX, meaning "out of" and SPURT, "a drip under pressure."

They had explained to me that the desirous pattern was for the caller to have one minute to get the question out and I should try to keep my answers to two minutes. The first caller said she was a divorcee with three children and did she need life insurance. I answered her by saying, "Life insurance is only a financial tool that provides cash at your death. Will anyone need cash at your death?" She said she had nothing that would provide cash. I asked if she had any sizable bank accounts, securities, a large house that could be sold for cash and then move into a smaller one. Some securities? She got a little louder and said, "I'm a divorcee. I don't have any of those things." I told her, in that event she needed life insurance. She said, "How much?" I asked how much could she set aside per year or per month. She said she was ashamed to say only $35 monthly. I told her she needed as much Term life insurance as $35 a month would buy. She asked if she could buy it from me. I told her I was not licensed in Ontario but I was in the studio with officers of the local association and if she would give her name off the air someone would meet with her.

The next call was from a woman who said she was a divorcee with two children and did she need life insurance. I asked if she had heard the previous caller and she said no because they had asked her to turn down her radio. I explained to her that life insurance was only a financial instrument that provided cash at one's death and would anyone need cash at her death. She said no because even though she was a divorcee, financially, it was a very friendly divorce. The children's father was very wealthy and he would like to take the children, even now. It

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sounded good for the kids but if I were working with her I would want to see her divorce decree as part of the fact finding. She said she was certain there was nothing for income for her once the kids were gone and could we meet. Remember this is on the radio, under time constraints. I told her no but there was someone in the studio who could.

I sold four policies that day.

The third call started the ones I was really expecting. I knew I would be hearing from the "termites." This man said in a very direct, abrasive tone, "you guys only sell Whole Life insurance because you make more money." I ask this audience if any of you have ever heard that kindly offering? I asked him if making more money was a bad thing if the ultimate benefit was to the consumer. He blurted out, "Yes." I told him I had read Professor Brown's book, Harcourt Press, Toronto, $24.95 Canadian dollars. If making more money was bad, why did Professor Brown not have the book produced on the cheapest, lousiest, thinnest paper possible and on page one tell the reader to invest $21.95. In fact, Northern Tissue would have been a good choice. He hung up on me. I also had four of those on that day.

Now they were coming at me. The next guy said that the client could always do better investing himself rather than the insurance company and I only sold Whole life because I made more. I told him in the long run I make more on Term. He said that was impossible. I explained that if we made the assumption that the commissions on a certain Permanent policy were 50% and the commissions on a Term policy were 50%, ultimately, I would make more on the Term. That frustrated him. I gave this example: "Let us assume the client wants $100,000 of protection and the premium for Whole Life was $1,000 and the premium for Term was $100…. " At which point he interrupted me saying, "$500.00 commission is more that $50.00 commission." I agreed that his math was right but that was not the end of the story for this single policy. The premium for the Term was $100.00 today but would change in the future, one way or another and that is costly for the client. If I wanted to stick to a Term only formula, I would change the policy from time to time when the rates might be better as we saw in the Term wars a few years ago. Then the replacement policy might be cheaper than the published rates in the old policy. If the client replaces, I get paid a new commission, again, at a new age. If it goes on a few times, I make more. Another thing can happen. For health or economic reasons in the future, the client may want or have to convert the policy. Then the stupid insurance company pays me a new commission on the same contract, at a much higher amount. Therefore, in the long run, I make more on that kind of Term arrangement. I told him I had been in the business a long time and intended to stay a lot longer so if money only were the criterion, I would agree with him and sell only Term.

He hung up on me. I had four of those that day, too.

They were after me. The next caller said, "You guys always say the cash value is your money. If that is true why do we have to pay interest on a policy loan or even repay the loan?" I gave this example. "Suppose you had a life insurance policy with $50,000 cash value and borrowed it all out. We agree you would have to pay interest. However the policy is now in its fifteenth year. Statutorily, next year the policy is in its sixteenth year. Even though you took out the cash value, the insurance company will give you the next year's published gain and any dividend due. From their point of view, the policy has all the elements still in it to make the numbers work. Since some money was taken out, there has to be a replacement to make all the assumptions work. So, although it cost interest there was an offset or even a gain, over all. Let us also assume you have a bank account with $50,000 in it. If you withdraw all of it would the bank pay you interest on the vacated money? Therefore, even though the insurance company is charging you interest, they are offsetting it with gains on money that is not even there." I further asked him if he made a second mortgage on his home or an equity loan would he have to repay it or pay interest. He said yes and I asked him why since the equity was his money. He hung up, too.

It was an interesting adventure because so many of the questions centered on the values of the equity in life insurance policies and the values of Permanent insurance. Here comes another call about making more by investing the

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difference. I responded by asking what difference. I told him I was from the U. S. where the savings rate at that time was about 3% and I assumed it was about the same in Canada. And the statistics showed that most Americans had a pitifully low amount of cash assets saved by age 65 which was then considered normal retirement age. So what is the difference if I sell them oil stocks, gold, mutual funds, real estate, cash in the mattress or a hole in the back yard at zero interest, or whatever, or cash value accumulated in life insurance policies if I help them to save more than they are currently doing and before they met me.

They hacked away at me. One caller asked another variation on the same question of attacking Permanent insurance. I asked him if he was buying his home or renting an apartment. He said he was buying and I asked why. He answered, 'Because you pay a certain amount of money for a certain number of years and you own something or it's paid off." I told him it was exactly the same in a Permanent life insurance arrangement, no difference.

In fact, I was scheduled for one hour but at one of the commercials the producer asked Lowell if I could stay another hour. I was feeling hot and I wanted to. I must admit on some other debates I did not do so well because I was controlled by the announcers or hosts cutting me off saying they had to move on in the interest of time or overtly favoring one side over the other and steering the conversation. I was winning this one and having the time of my life.

Are there any holes in Whole Life? I guess there are and nothing in life is unanimous or all-encompassing and different products do different things. This all springs from the fact finding which determines the goals of the client. But remember, relying strictly on Term is like wetting the bed, nice and warm when you first do it but eventually you must get up and do something about it. But like the old car commercial which said, "Ask the man who owns one." There is great gratification and peace of mind in dealing with completely satisfied clients whose comments are, "I could be a poster boy for your insurance company." Or, "There is only one thing wrong with this policy. It is too small. I wish I had more like this."

Practically, every deal in the world looks good on paper and the cheese is always free in the mousetrap. But there is a universe of difference between projections and guarantees. We have caveats and warnings all over our printouts but there comes a time of selective memory and accusatory intentions if things do not work out as one randomly or vaguely remembers. That is one of the reasons we live in a world of compliance departments and double checking and triple checking. Paper doesn't care what you write on it but people do sometime in the future when theory is out the window and reality is in. if the projections are met, you are a hero. If they are not, you are under suspicion.

I close with this and I say to all of you:

Sale on.

BEWARE OF BARGAINS IN

- PARACHUTES
- TOILET PAPER
- HOME CONSTRUCTION
- FIRE EXTINGUISHERS
- BRAIN OPERATIONS
- 1-800 PHONE NUMBERS
- BUNGEE CORDS
- AND LIFE INSURANCE.