



# THE BUSINESS OF BECOMING A NEW AGENT

*The Basics of Starting Out in The Medicare Market*

Medicare Café

(800) 689-2800

[SMS-University.com](http://SMS-University.com)

*Where agents drink java and talk shop*



TL;DR

Too Long; Didn't Read. Here is this guide summed up:

## RECAP:

### Set Your Projections:

- Income
- Average Target Commission
- Projected Close Ratio
- Required Sales
- Appointments Needed

### Create a Marketing Plan:

Make sure you have at least 3 campaigns running at any time

### Build Your Portfolio:

Don't just look at premiums or commissions!

### Talk to a CPA / Tax Professional:

Prepare for filing your commissions

### Align with Other Professionals:

Senior Marketing Specialists can help you!



**PRINTABLE  
SIMPLE  
BUSINESS  
PLAN  
OUTLINE**

**PAGES  
13 & 14**

# JUMPING INTO THE DEEP END



## Congratulations! You are starting a business!

*“Wait, I am what?”*

Yes, when you become an insurance agent, you are starting a business. While this may be a business of one, you are conducting business as a licensed insurance agent.

**Will your business survive?** There is a lot more to being an insurance agent than passing a test and signing a contract with an insurance carrier. A lot of agents jump into the field with high expectations and low planning, which usually creates extra difficulties and challenges.

Here are some ideas and concepts to help you avoid them...


# CREATE A BUSINESS PLAN

If you were to go into your bank and ask for a business loan to start your agency, they would have some questions for you.

- What capital are you working with?
- How much are you applying for?
- What assets do you have?
- What assets do you need?
- What products will you offer?
- What is your marketing plan?
- What is your projected income?
  - Per quarter? After Year 1? After Year 2?
- What is your projected profit?
- Who is your competition?
- And more...





The background of the top section features a collage of mathematical concepts. On the left, there's a diagram of a unit circle with points labeled  $\Gamma=1$ ,  $\Gamma=0$ , and  $\Gamma=-1$ , and axes labeled  $\text{Re}(\Gamma)$  and  $\text{Im}(\Gamma)$ . To the right, a complex plane diagram shows a path in the upper half-plane with points  $z=V$  and  $z=\infty$ , and labels for 'short' and 'immediacy'. Further right, a diagram shows a sphere with a path and a point labeled  $\infty$ . At the top right, a grid contains a curve and a point labeled  $\vec{dr}$ . Mathematical formulas are scattered throughout, including  $\frac{a}{b+c} = a \div (b+c) \neq \frac{a}{b} + \frac{a}{c}$  and  $\frac{a}{b+c} = a \div (b+c) \neq \frac{a}{b} + \frac{a}{c}$ .

# RUN SOME SIMPLE NUMBERS

***“That sounds like a lot of work! I just want to sell insurance! Do I need to do all that?”***

The more planning you do, the more inline your expectations will be when starting any business. There is a great business saying:

**Don't be upset by the results you didn't get with the work you didn't do.**

If you want to run some simple numbers, start with these:

**What is your targeted monthly income?**

**What is your projected average commission per sale?**

**How many sales per month do you need?**

**What is your target closing ratio?**

***(Factor from 5-15% - more on this on the next page)***

**How many appointments do you need to achieve your target sales?**

Example (using round numbers for simplicity):

Target income = \$4,000

Average commission per sale = \$400

Sales required per month = 10

Target closing ratio = 10%

Appointments needed = 100 *(that's a lot of appointments, more on that later)*

There are approximately 23 working days in a month (Monday – Friday), that means you would need 4.3 appointments per day to achieve your target income.

# YOUR SALES AVERAGE IS LIKE A BATTING AVERAGE



*“I am really good at sales! My sales average will be higher, like 40-50%!”*

Think of your sales average like a baseball player's batting average.

An excellent batting average in baseball is .300. This means 30% of the time, the batter is achieving a hit. That also means 70% of the time the batter is striking out or the other team creates a play resulting in the batter being out.

Sales works the same way. Most of the people you talk to will not purchase from you. They may want to but cannot due to underwriting concerns, cannot change until AEP, don't have the budget to, etc. Sometimes it just doesn't work out!

*“But my friend says I will close at least half of the people I talk to!”*

Is your friend willing to cover the lost commissions if that is not true? If you only close 10% of your appointments, will your friend write a check to cover the other 40%? Probably not. And yes, you may have higher closing averages, but plan conservatively in order to not set yourself up for disappointment, which can demotivate and derail you from the success you can reach!

Unrealistic numbers can result in devastating results!

The background of the slide is a close-up, slightly blurred image of US dollar bills. A teal-colored rectangular overlay covers the middle portion of the image, serving as a background for the text.

# Thinking of starting a small business?

1. It will cost twice as much
2. It will take twice as long
3. Everyone thinks they are the exception

- Dave Ramsey



# MARKETING

In our example, you would need over 4 appointments per day to achieve the target sales and income.

How are you going to achieve this? By marketing yourself.

Your marketing plan needs to be in place before you take the proverbial dive into the deep end.

## What form of marketing is right for you?

Marketing is not a one-size-fits-all scenario. What works for one agency may not work for another. Here are some marketing suggestions to consider:

- Cold calling
- Business Reply Cards (BRC's)
- Buying telemarketed leads
- Buying internet leads
- Referrals
- Partnerships (other professionals)
- Facebook leads
- Ad campaigns (local publications, radio, television, etc.)
- Seminars
- Other events (health fairs, senior events, etc.)
- Marketing booths

Depending on your area and interests, there may be other opportunities.

***Your interest and your budget should narrow down this list to at least 3 methods you should be running at any given time.***





# MARKETING

*“But the first example said I would need 100 appointments per month to reach the target income. How can I do that?!?”*

## REALISTIC EXPECTATIONS

Profitability and production take time. **Most businesses plan on at least a two-year forecast to be profitable.**

As you become more skilled in insurance, sales, and marketing your agency will become more profitable. Your closing ratios will rise, your marketing costs will decrease with referral business, and your portfolio will grow to allow more profit per sale.

But all of this takes time.

Your success will be subject to your efforts.

- Proper Planning & Execution
- Realistic Expectations
- Laser Focus
- Hard Work
- Moving Forward
- Lots of Coffee
- Attending the Café

*Okay, the last two are a little biased...*

“Two weeks ago, I was in the worst relationship of my life. She treated me poorly, we didn’t connect, I was miserable. Now, I am in the best relationship of my life, with the same woman. Love is a mystery.”

– Michael Scott (The Office)  
Your agency can feel the same way!

# BUILDING A PORTFOLIO

We here at the Medicare Café break down products into two main categories:

1. Core Products
2. Ancillary Products

Core products are the staples of the Medicare market. These include:

- Medicare Supplements
- Medicare Advantage (Part C plans)
- Medicare Prescription Drug Plans (Part D plans)

Ancillary products are other lines of coverage to compliment and give more complete coverage to your clients, such as:

- Dental / Vision / Hearing
- Final Expense
- Home Healthcare
- Cancer Plans
- Hospital Indemnity Plans
- Short / Long Term Care
- Etc.

***“I want to be able to offer all lines of coverage to my clients!”***

We want that for you too, but **don't get overwhelmed by the various carriers and products.** Start small and build up your confidence and portfolio from there. Once you have an ancillary product down, where you are confident in offering and completing the application, add another, then repeat this until your portfolio is full.


We recommend starting out with:

2-3 Medicare Supplement Carriers

Various Medicare Advantage Plans (depending on your service area)

2-3 Prescription Drug Plans

1-2 Ancillary products to start



***“How do I  
know what  
products  
to pick for  
my  
portfolio?”***

Great question! This will depend on several things:

**What is available in your area?**

Different carriers are competitive in different areas. Company ABC may be competitive on the West coast, but non-existent in other parts of the country.

**Are you certified to sell the products (Medicare C and D plans)?**

In order to offer Medicare C and D plans, you are required to be certified with each carrier.

**What do you feel comfortable offering?**

If you are not comfortable talking about death and funerals, your clients will not be comfortable using you to enroll into a final expense plan.

**What underwriting considerations have you investigated?**

If you choose 2 Medicare Supplement carriers to offer and both do not accept insulin dependent diabetics, you are severely cutting down your potential client pool. Make sure you are not just looking at premiums!

***Senior Marketing Specialist can help you build your portfolio! We have top contracts with some of the best carriers in the Medicare market!***



# **BUT WAIT... THERE IS MORE TO CONSIDER**

Some other factors to consider and plan for:

## **Taxes**

Talk to a CPA or tax professional about all the commissions you will be earning along with what expenses you can declare on your taxes.

## **Contracts**

Make sure you read your contracts prior to signing. The top three questions to ask are:

### **1. What is your release policy?**

If you ever come to a disagreement and want to break ties with an upline, such as a field marketing organization (FMO), you want to make sure you are not subject to a wait period prior to any contract cancellations or transfers.

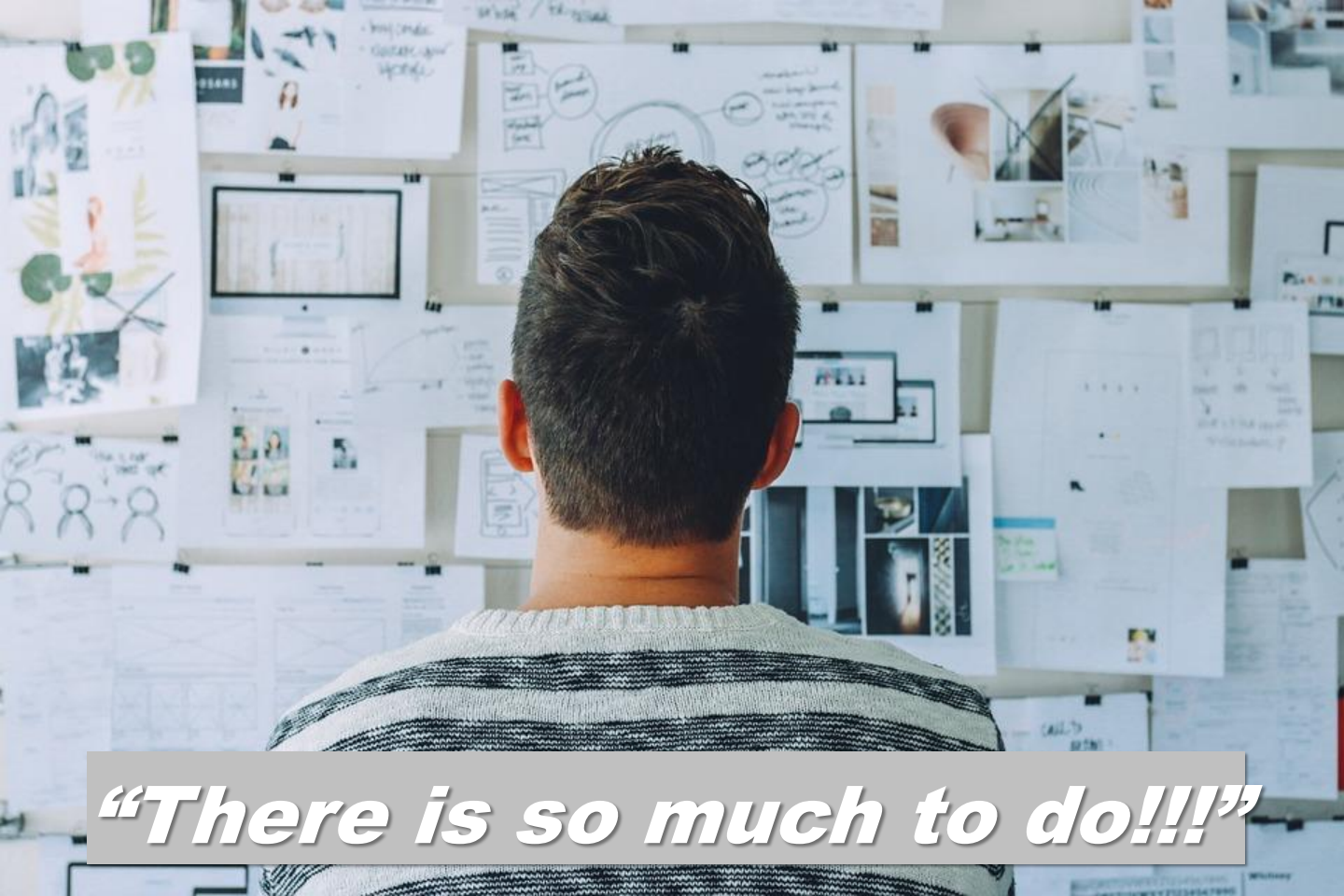
### **2. Are you paying street level commissions?**

Street level is what you would normally earn when you are direct with a carrier. If you are signing a contract through an FMO or another agent and they are offering less than street level, ask why. Sometimes they may offer lead support or other benefits, but that comes at the cost of a reduced commission.

### **3. Are my commissions assigned?**

Commission assignment means you are allowing the carrier to pay your upline (another agent or FMO) your commissions and then that party is responsible for paying you. The preferred method is to have your commissions paid directly to you.





***“There is so much to do!!!”***

Yes, yes there is! Remember, you are starting a business!!!

Of course Medicare Café and Senior Marketing Specialists are here to help! We can help with the following:

- Contracting
- Building a Portfolio
- Marketing Pieces
- Sales Tips
- Lead Discounts
- Back-Office Support
- And More...

**FIND ALL THIS  
AND MORE AT  
[SMSTeam.net](http://SMSTeam.net)**

**Should you contract as an individual or an LLC? Senior Marketing Specialists can help you with this and more!**

# SIMPLE BUSINESS PLAN



## PORTFOLIO:

Medicare Supplement:

Medicare Advantage:

PDP:

Ancillary Products:

## TARGET PRODUCTION (Monthly):

TARGET INCOME: \_\_\_\_\_

AVERAGE COMMISSION PER SALE: \_\_\_\_\_

REQUIRED SALES (Target Income / Average Commission): \_\_\_\_\_

TARGET CLOSING RATIO: \_\_\_\_\_

REQUIRED APPOINTMENTS (Required Sales / Closing Ratio): \_\_\_\_\_

## MARKETING PLAN: TOP 3 MARKETING METHODS:

\_\_\_\_\_  
COST: \_\_\_\_\_

LAUNCH DATE: \_\_\_\_\_

TARGET APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_  
COST: \_\_\_\_\_

LAUNCH DATE: \_\_\_\_\_

TARGET APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_  
COST: \_\_\_\_\_

LAUNCH DATE: \_\_\_\_\_

TARGET APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

# SIMPLE BUSINESS PLAN RECAP



## ACTUAL PRODUCTION (Monthly):

TOTAL APPOINTMENTS: \_\_\_\_\_

TOTAL SALES: \_\_\_\_\_

CLOSE RATIO: \_\_\_\_\_

AVERAGE COMMISSION PER SALE: \_\_\_\_\_

TOTAL INCOME: \_\_\_\_\_

## MARKETING REVIEW:

\_\_\_\_\_

ACTUAL APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

CLOSING RATIO (Sales / Appointments): \_\_\_\_\_

CAMPAIGN COST: \_\_\_\_\_

COST PER SALE (Campaign Cost / Sales): \_\_\_\_\_

\_\_\_\_\_

ACTUAL APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

CLOSING RATIO (Sales / Appointments): \_\_\_\_\_

CAMPAIGN COST: \_\_\_\_\_

COST PER SALE (Campaign Cost / Sales): \_\_\_\_\_

\_\_\_\_\_

ACTUAL APPOINTMENTS / SALES: \_\_\_\_\_ / \_\_\_\_\_

CLOSING RATIO (Sales / Appointments): \_\_\_\_\_

CAMPAIGN COST: \_\_\_\_\_

COST PER SALE (Campaign Cost / Sales): \_\_\_\_\_

NOTES:



*Where Agents Drink Java and Talk Shop*

**Join us Tuesdays at  
10:00 am (CT)**

Industry Updates  
Marketing Ideas  
Sales Strategies  
Bad jokes  
And more...



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