
Protecting One of Your Client's Greatest Assets: Their Income





MOVIECLIPS.COM

General Information & Data

Probability of Becoming Disabled

- More than **1 in 4** of today's 20-year-olds will become disabled before they retire
- Most disabilities occur off the job, where they aren't covered by Worker's Compensation coverage
 - In fact, in 2016, only 1% of American workers missed work due to an occupational illness or injury

Source: Social Security Administration, "The Facts about Social Security's Disability Program," January 2018:
<https://www.ssa.gov/disabilityfacts/materials/pdf/factsheet.pdf>

General Information & Data

Probability of Becoming Disabled

- **56 million Americans** (1 in 5) live with disabilities
- **38 million** of them (1 in 10) have severe disabilities
- Only a small subset – **9 million people** – are currently receiving Social Security disability benefits
- Illness makes up **90%** of all disability claims

Source: Social Security Administration, “The Facts about Social Security’s Disability Program,” January 2018:
<https://www.ssa.gov/disabilityfacts/materials/pdf/factsheet.pdf>

General Information & Data

Probability of Becoming Disabled

- **Missed connection:** 67% of adults say income is important, but only 28% believe it's crucial to have insurance to protect it
- **Misconception:** More than 20% of workers under 40 say they are more likely to win the lottery jackpot than become disabled
 - The real odds of winning the lottery: 1 in 259 million
 - The odds of a disability: 1 in 4
- **Misunderstood:** One-third of working adults would be more likely to consider income protection if they knew more about it
 - That number rises to 40 percent for millennials

Source: Council for Disability Awareness 2014 Disability Awareness Study:
http://disabilitycanhappen.org/public_html/wp-content/themes/cdadev/awareness2014.pdf

Funding a Disability Event

Accessing Current Resources

- Less than half of Americans keep an emergency fund to cover six months of household expenses
- The average disability claim lasts approximately 31.6 months

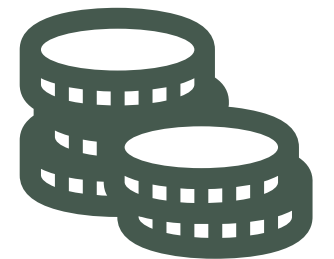
Funding a Disability Event

Other Programs May Provide Benefits

- Social Security
- Worker's Compensation
- Employer sponsored plans

The problem is...

- Difficult to qualify
- Modest amount of benefit
- Often taxable



Funding a Disability Event

Dual Household Income

- A common belief is that if one spouse becomes disabled, the other can continue working and their family will get by
- A comprehensive approach may uncover:
 - Modest Amount of Benefit
 - Sometimes Taxable
 - Cost for Medications
 - Cost for Medical Equipment

Funding a Disability Event

Dual Household Income

- And the loss of one income will impact future plans...
- On top of everyday expenses, with only one income, they will now have the challenge of:
 - Buying a home
 - College savings
 - Paying for future weddings
 - Retirement planning

Ideal Candidates

Who Should Consider Disability Income?

- Anyone who earns an income...and future plans are dependent upon their income!

Attorneys	Mechanics
Physicians	Carpenters
CPAs	Home Builders
Pilots	Office Staff
Chiropractors	Salespeople
Dental Hygienists	Personal Trainers
Small Business Owners	Teachers
Police Officers	Daycare Workers
Firefighters	House Cleaners
Off-Shore Oil Rig Workers	Retail Salesclerks
Fishermen	Clergymen
Veterinarians	Event Planners
Athletes	Gunsmiths

Ideal Candidates

Who to Look For:

- Actively working and rely on income to pay expenses and plan for future
- Between ages 25 and 55
- Business owners with positive income

Where to Look:

- White Collar
 - Office professionals, doctors, attorneys, CPAs, etc.
- Middle America
 - Manual laborer, truck driver, dental hygienist, etc.
- Special/Impaired Risk
 - Athletes, entertainers, oil rig workers, etc.



Planning for All Stages of Life

Questions to Consider:

- “How will my clients financial plan be impacted if there was a loss of income or a significant reduction of income?”
- “What resources does the client have? If we draw on these, what impact will this have on my client’s financial future?”
- “How long is their current income needed / how long do we need to insure their income?”



Terms & Features of a Disability Income Policy

- Monthly Benefit
- Benefit Period
- Elimination Period
- Definition of Disability
- Non-Cancelable
- Guaranteed Renewable

Additional Riders

- Residual
- COLA
- Guaranteed Insurability
- Catastrophic
- Return of Premium
- Benefit Update

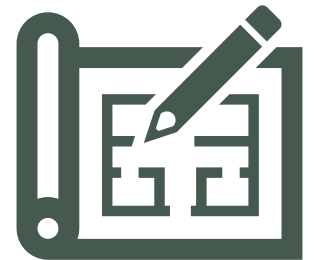
Design & Underwriting Factors

- Occupation class
- Specific duties of an occupation
- Income (W2, 1099, bonuses, commission, etc.)
- Net Worth



Design & Underwriting Factors

- Health history
- Current underwriting trends
- Existing disability insurance coverage – Group STD/LTD and Individual DI



Premium Information

- Typical coverage of around 60% taxable income
- Usually 1-3% of gross income
- Cost will increase with age and health issues
- Adjustable, customized plans available to fit client's needs



Layering on Top of Existing Coverage

- What if your client already has existing group or individual coverage?
 - What is his/her income?
 - Base, incentive and variable compensation?
 - Occupation?
 - Existing benefit?
 - What is the replacement percentage?
 - What is the monthly benefit cap?
 - What is defined as earnings?
 - Is the benefit taxable?



Beyond Traditional Retail DI

- Ultra-high-income earners
- Athletes
- Unique underwriting challenges
- Uninsurable with traditional DI



Business Owner Solutions

- Business overhead expense
- Buy-sell
- Key person
- Business loan protection



Want to Learn More?

JCL Solutions Group serves fiduciary-focused advisors



Jason Loveless – Principal

Jason@jclsg.com

Direct: (214) 476-2566