



## DI Evaluation for Jane & John Doe

# Disclaimer

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DI Evaluation is a planning concept designed to assist you in exploring disability income insurance options. This presentation is not intended to be a retirement, benefit or estate plan nor is it a specific recommendation for a retirement, benefit or estate plan. This material is for informational purposes only. Although many of the topics presented may also involve legal, tax, accounting or other issues, there is absolutely no intention of offering such advice and this presentation and any other oral or written communication should not be construed as such.

Individuals interested in this topic should consult their own professional advisors to examine tax, legal, accounting, or financial planning aspects of this topic. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

# Agenda

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A Brief Chat About the Need

What Disability Income Insurance (DI) Is and How You Collect Benefits

Discuss DI Policy Structure

Potential Solutions to Protect Your Income

## Goals & Objectives

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- Your ability to maintain your position, and thus your income, in the event of a partial disability.
- You want to make sure you are protected in the event that you cannot perform the duties of your occupation.
- You are interested in receiving a portion of your premium back at the end of the benefit period.
- You believe it would take a catastrophic event to prevent you from performing the duties of your occupation.

## **A Brief Chat About the Need...**

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- Only 10% of individuals accurately estimate their chance of disability.
- 1 in 8 workers will be disabled for five years or more during their lifetime.
- The average group long-term care disability period lasts 34.6 months.
- 90% of disabilities are caused by illnesses, not accidents.

## A Brief Chat About the Need...

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For most people, their single biggest asset is the value of their future income...

The chart below shows what your earnings potential is between your current working age and 65:

Annual Income	<b>\$200,000</b>	<b>\$250,000</b>	<b>\$300,000</b>	<b>\$350,000</b>
Age 30	\$12,092,416	\$15,115,520	\$18,138,624	\$21,161,728
Age 35	\$9,515,084	\$11,893,855	\$14,272,626	\$16,651,397
Age 40	\$7,291,852	\$9,114,815	\$10,937,778	\$12,760,741

Assumes 3% Compounded Growth

## **What DI Is and How You Collect on Benefits**

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## Important

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The summary that follows is intended to be general in nature. Always refer to the insurance carrier-provided materials for exact definitions.

## What DI Is...

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Disability insurance is an insurance policy that protects you from the loss of your income in the event that you are unable to work due to illness, injury or accident for an extended period of time.

Short term disability benefits typically have a duration of three to six months and provide minimal relief for a significant injury or illness.

Long term disability benefits pay a percentage of your salary until you are able to return to work or for the length of the benefit period (commonly age 65).

## What DI Is...

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Speaking in general terms...

- **“Own Occupation”** – This definition provides coverage for disabled individuals who are unable to perform the material and substantial duties of his/her occupation.
- **“Modified Own-Occ”** – This definition provides coverage for disabled individuals who are unable to perform the material and substantial duties of his/her occupation and are not employed in any other position while on claim. The insurance company will typically reduce benefits if earned income exists.
- **“Partial Own-Occ”** – This definition offers “Own-Occ” protection for 2 to 5 years; thereafter, the definition broadens.
- **“Any Occupation”** – This definition provides coverage for disabled individuals who are unable to perform the duties of any occupation by which the individual is suited by training, education or experience. This is the most restrictive definition.

## **Policy Structure**

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## Terms to Help You Understand the Coverage




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- **Elimination Period** – The period in time between the illness/injury and the receipt of benefit payments.
- **Residual Benefit** – This feature allows the insured to collect benefits while residually disabled but working in a reduced capacity. The definition commonly reads something similar to, “due to injury or sickness, the insured is unable to perform one or more of the substantial or material duties of their occupation, is working and is suffering a loss of income of at least 20%. If the insured has a loss of income of 75% or more, the insured is deemed to be totally disabled and is eligible to receive full benefits.”
- **Recovery Benefit** – This feature will pay a monthly benefit to make up any gaps in your pre-disability income and post-disability income.
- **Catastrophic Rider** – This rider pays an additional monthly benefit when there is a disability with loss of “activities of daily living” or a cognitive impairment.
- **Cost-of-Living Adjustment (COLA) Rider** – This feature helps to make sure benefit payments keep pace with inflation. With this rider, the benefits typically increase annually once on claim.
- **Future Insurability Option** – Allows the option to increase coverage annually as income increases.
- **Mental/Nervous Limitation** – Many disability policies limit the duration of a claim for mental illness.




## **Potential Solutions to Protect Your Income**

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# Current Market Options

Broker First Element Client Mr. Valued Client			
Product	HH750	DINAMIC FOUNDATION	Protector Platinum
Benefit Amount	\$13,000.00	\$13,000.00	\$13,280.00
Elimination Period	90 days	90 days	90 days
Benefit	to age 65	to age 65	to age 65
Renewability	Non-Cancelable	Non-Cancelable	Non-Cancelable
Own Occupation	Own Occupation	Own Occupation	Own Occupation
Residual Benefit	Included for the benefit period	Enhanced Residual	Included for the benefit period
Recovery Benefit	Included for the benefit period	Included for the benefit period	Included for the benefit period

# Current Market Options

<b>Broker</b> <b>First Element</b> <b>Client</b> <b>Mr. Valued Client</b>			
<b>Catastrophic Benefit</b>	Not Illustrated	Not Illustrated	Not Illustrated
<b>COLA Rider</b>	3% Compound	3% Simple	3% Compound
<b>Future Insurability Opt</b>	Benefit Update	Future Increase Option	Future Purchase Option
<b>Auto Inc Benefit</b>	Auto Increase Benefit	Not Illustrated	Auto Increase Benefit
<b>Presumptive Benefit</b>	Lifetime	Benefit Period	Lifetime
<b>Mental Limitation</b>	24 Months	24 Months	No Limitation
<b>Special Features</b>	Supplemental Health Benefit	Good Health Benefit	
<b>Company Rating</b>	A+	A	A
<b>Notes</b>			
<b>Premium Amount</b>	\$684.71	\$720.26	\$1,051.27



## Next Steps in Exploring DI Options

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- Application
- Exam
- Attending Physician Statements

The underwriting process is typically 4-8 weeks in duration.



**Questions?**