Case Design for Disability in Financial Planning

Case Specifics:

- Male, Age 49, owns a Medical Technology company.
- Takes a $90K salary - with addition of bonuses total annual income of $180K.
- Married, 2 children (ages 14 and 17). Wife does not work at this time.
- Has $620K in retirement assets, about $80K in 529 plans and $60K in cash.
- Has a home with 10 years left on the mortgage with a $1,900 per month payment.
- Current fixed expenses of $10K-$11K per month plus an additional $2K per month going into retirement and college funding.

While working with a financial planner, it was discovered that the client had no income protection coverage at all.

Based on the client's meetings with the planner, they determined that the next 10 years of his life had the great financial risk, because during that time period, the expenses he projected would be the highest they have ever been. He would also have two college students with tuition requirements while still having to make mortgage payments.

The client and the planner were in agreement that the wife could/would go back to work once both kids were independent enough to handle their own transportation.

Trying to stay within a reasonable budget, Wilson Brokerage Services designed a case with the following:

- One policy with a $3,000/month benefit with a 90 day elimination period and to age 67 benefit period with a residual rider. This would cover the basic fixed expenses beyond when the house was paid off and the children were gone.
- A second policy with a $7,000/month benefit with a 90 day elimination period and a 10 year benefit period with a residual rider.
- The combination of these policies provided the client with $10,000 per month of tax free coverage during the remainder of the mortgage term and college funding period. It also provided coverage until the client reaches age 59 ½, should he have to tap into his retirement assets early. Finally, it provided them enough time to sell the business if additional revenue was needed during this time.
- This "two policy" approach provided roughly an 11% savings per year – in excess of $5,000 during the 10 year period.