Wilson Brokerage Services

An Income Protection Resource Group Company

Case Design for Disability in Financial Planning

Case Specifics:

- Male, Age 52.
- Married, three children ages 21, 18 and 15. The spouse does not currently work.
- Client is an attorney making $350,000 per year. They currently have expenses including funding for college, funding into a 401k plan and retirement contributions of $19,000 per month. The greatest expenses include college costs, $2,500 per month on mortgage and taxes, and more than $1,500 per month on car leases.
- He has about $800,000 in his 401k and retirement accounts and they maintain about $60,000 in cash reserves.
- He has group LTD at 180 days to age 65 for up to 60% of his income with a $10,000 per month maximum. It is taxable.

After a discussion with the advisor, representatives from our firm, Wilson Brokerage Services, met with the attorney and his spouse. Here is a synopsis of the outcome of that meeting:

Their greatest risk was the next five year period when their income would be fully used for college expenses for their three children while maintaining their current lifestyle. As well, there would be the added expense of travel for both the children and the parents to visit each other during this time.

Our firm designed a plan to meet projected cash flow and expense needs:

- Knowing he already had $10K of group LTD coverage (roughly 7K tax free), we designed the following solution:
  - Policy #1 – With a 90 day elimination period, to age 67 benefit period, with a residual rider and a benefit amount of $3,000 per month.
  - Policy #2 – With a 90 day elimination period, a 10 year benefit period, with a residual rider and a benefit amount of $4,000 per month.
  - Policy #3 – With a 90 day elimination period, a 5 year benefit period, with a residual rider and a benefit amount of $4,000 per month.

This design allowed him to have the most coverage through the first two college education periods. It then reduced his coverage as his expenses reduced and he was closer to retirement age.

Using this approach, we reduced the premium by 15.2% by not using a to age 65 benefit period policy and saved the client more than $8,400 over a 10 year period.