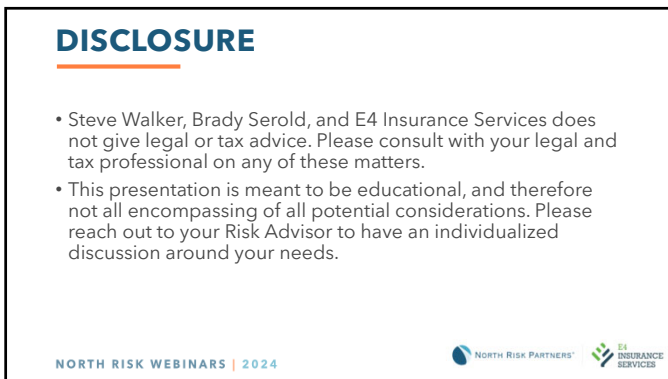




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AGENDA

- Your Income = Your Biggest Asset
- What's Your Plan
- Group Long-Term Disability Insurance
- Covering The Gap
- Business Considerations



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YOUR INCOME = YOUR BIGGEST ASSET

- 30-year-old planning on working to age 70 (40 years)
- \$100,000 annual income
- Assuming no pay raises for the rest of their working life...
- 40 years x \$100,000 = \$4,000,000

- Is there any other asset that a 30-year-old owns that is worth more than \$4,000,000?
 - Would you insure a \$4,000,000 house?
 - Would you protect a \$4,000,000 money machine?

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WHAT'S YOUR PLAN?

- We need to address 5 basic expenses that EVERYONE has:
 - Place to live
 - Food
 - Utilities
 - Transportation
 - Insurance

+ LIFESTYLE

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HOW WILL YOU PAY FOR YOUR PLAN?

- Savings
- Investments
- 401(k)
- Sell Items
- Change lifestyle
- Government (Social Security Disability)
- Employer Disability Coverage (LTD)
- Personal Income Protection (IDI)

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GROUP LONG-TERM DISABILITY INSURANCE

- Employer Paid
- Monthly Maximum
- What income does it cover?
- Is the benefit offset by other benefits and/or income?
- What about a partial disability?
- Own-Occupation vs Any-Occupation

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WHEN 60% ISN'T 60%

- Group Long-Term Disability (LTD) coverage often provides enough protection for most employees, but for the highly compensated, Group LTD may have some pitfalls.



Sources of income	Annual earnings
Working Salary	\$100,000
Net Salary	\$72,000
LTD	\$60,000
Net LTD	\$49,200
LTD+IDI	\$84,000
Net LTD+IDI	\$73,200

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EXECUTIVE CARVEOUT OR BENEFIT EQUALIZATION

- Do high-income earners have equitable benefits when it comes to income protection? Does 60% = 60%?
 - What income is covered - Salary? Bonus? Commission? K-1?
 - Monthly Maximum? (\$5k, \$6k, \$15k?)
- What can be done?
 - Executive Carveout
 - Benefit Restoration
- You can pick and choose to give asymmetrical benefits to your asymmetrical contributors!
 - Clearly defined class of employee to offer additional benefits
 - Potential for Guaranteed Issue

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KEY PERSON DISABILITY



- What happens when your best goes out?
- Provides benefits to help offset the cost of losing a key employee to a disability
- Benefits can be used toward recruitment costs, temporary staffing needs, etc.

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BUSINESS OVERHEAD EXPENSE

- Reimburses key fixed business expenses during a disability
 - 30-day, 60-day or 90-day elimination periods
 - 12-month, 18-month, and 24-month benefit periods available
 - Business Loan Protection available as well
- Premium is a deductible expense for the business

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BUY-SELL PLANNING

- Key Aspects of a buy-sell agreement
 - Triggering Events
 - Valuation
 - Funding
- Triggering Events
 - Death, Other Lifetime Transfers (Divorce, Retire, Jail, etc), & Disability
- Valuation
 - How the company is valued at time of trigger (Stated, Formula, Appraisal, etc)
- Funding
 - Cash, Loan, Insurance

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DISABILITY BUYOUT



- Under a buy-sell agreement, Disability Buyout provides the following in the event of a total and permanent disability of one or more of the owners in the same firm:
 - Claim determination
 - Liquidity
- 1-year, 18-month, or 2-year elimination periods available
 - Make sure this matches up with the buy-sell agreement

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WHAT NEXT?

- If you have individual questions, or want to review your plan:
 - Reach out to your Risk Advisor at North Risk Partners.
- If you are a business owner, or decision maker, and want to discuss plans to protect the business owners and key people:
 - Reach out to your Risk Advisor at North Risk Partners.

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