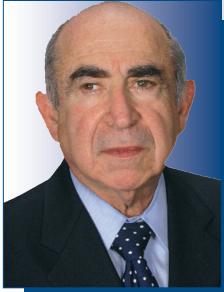


Disability Insurance Insights...



**EUGENE
COHEN**

began his insurance industry career in Cleveland, OH, with a company that specialized in disability income protection.

In 1981 Cohen founded the Eugene Cohen Insurance Agency, Inc., Skokie, IL, which specializes in DI, life, LTCL, fixed annuities, and impaired risk cases. The agency is a member of LifeMark Partners, NAILBA, the IDIS and is a founding member of The Plus Group.

Cohen received the W. Harold Petersen Lifetime Achievement Award from the IDIS and NAILBA's Douglas Mooers Award for Excellence.



**MICHAEL
COHEN,**

CLU is president of the Eugene Cohen Insurance Agency, helping brokers, general agents, broker/dealers and financial advisors serve their clients.

Cohen has served on carrier advisory boards and organization boards of directors. He is a member of the Risk Appraisal Forum.

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Surprise! A Separate DI Product Dedicated For Retirement Planning.

One of the cornerstones of financial planning is creating a plan that makes use of the client contributing money to some type of account that may or may not make use of some type of qualified plan. There are many different types of qualified plans that an advisor can design in the course of planning. While each planner may have a different preference for various types of plans, one thing that they all have in common is that there need to be deposits or contributions made. When a client is working, the approach is fairly obvious regardless of the plan. The challenge for

the planner is if the client can't work due to an injury or sickness.

By now we hope you are reviewing with your clients their game plan if the client can't work and is disabled due to an extended sickness, extended recovery time from a disabling accident, or complete lack of recovery. When buying regular disability insurance, the client can obtain a policy that can provide a monthly income. In most cases, the disability insurance monthly benefit will help your client pay for some, but rarely all, their expenses. This is especially true with health insurance having large

deductibles and copays, not to mention the increase in most clients' monthly expenses in general. A client who doesn't have a personal disability insurance policy, or plan to address this issue, can be a liability to themselves and the planner.

I'm sure many of you have had conversations with clients that, in order for them to reach their financial planning goals, they need to save more money! Even for your wealthy, cash flow heavy clients, what would happen to their plan if their income stopped due to an extended sickness or injury? When cash flow stops, almost all clients go into financial lockdown and re-evaluate their budgets.

In financial planning, knowing when and how a client wants to retire is an essential part of the planning process. Does the discussion extend into how a client is going to fund the retirement plan if the person gets disabled and can't work? There are a few companies that have a product that can help to support the plan you developed.

There are different names for the product, but essentially the goal of this type of

DI product is to work above and beyond the regular individual disability insurance. This product's main function is to not provide current income to the disabled client, but to replace, supplement, or create monthly deposits into a dedicated account that can be used at a certain future retirement age. Since the products may vary based on the company, it's important to work with the company or MGA on the details of how the product may work.

One popular product in the market will deposit up to \$4,500 per month (over \$50,00 a year) into a special account that can be invested. When the disabled client turns age 65 or age 67, the funds would be available to the disabled client. If a client is no longer disabled for a certain period of time before the end of the benefit period, or there are certain hardships, there may be the availability to have the funds released earlier. Of course, please read the specimen contract and review the details with the company or MGA. Also of note is that the monthly deposits are typically put into a non-qualified account by the insurance

company. The tax treatment of these policies and benefits should be reviewed as well by the planner and the tax advisor.

Another feature of these policies is that there can be more flexibility in the participation limits. In some cases this policy can be obtained without the company taking into account the individual disability insurance limits. This means that if you have a client who has already purchased all the traditional individual disability insurance, they may still be able to obtain this additional policy.

If you work in the retirement planning marketplace, this is a disability product that may be an essential part of planning for your clients. Ask yourself, "If my client can't work, will the financial plan I developed still be able to be fulfilled?" Most likely the answer will be no, and that's why these products have been developed. What insurance products have you recommended in the plans you developed for your client? 🌐