

Asset Protection with Disability Insurance

CASE STUDY

Protecting the Present Value of Your Future Earnings

THE CLIENT

High income professional, age 45, is in good health and has an annual income of \$300,000. The professional's stay-at-home spouse is 42 years old. Together, they have two children, ages 10 and 12, and maintain relatively no current assets besides their home.

THE PROBLEM

Now that the family has enough life insurance coverage through their capital needs analysis, they are concerned that if the working spouse becomes disabled, the loss of annual income could have devastating short and long-term effects upon the family.

Typical employer-provided group long term disability (LTD) structures are limited to the extent that they do not offer a high enough benefit to many professionals.

THE SOLUTION

The client worked with BEJS to develop a disability income insurance program to supplement the current employer-provided group LTD plan that will ensure that the family's current after-tax income will remain intact even in the event of a long-term disability. (Annual income tax rate assumed to be 30%.)

Supplementing the Income Gap

Many clients with employer-sponsored LTD plans don't realize that...

- ... their benefits may be capped at something less than their needs.
- ... their benefits are taxable when received.
- ...many employer-sponsored plans are NOT portable.

