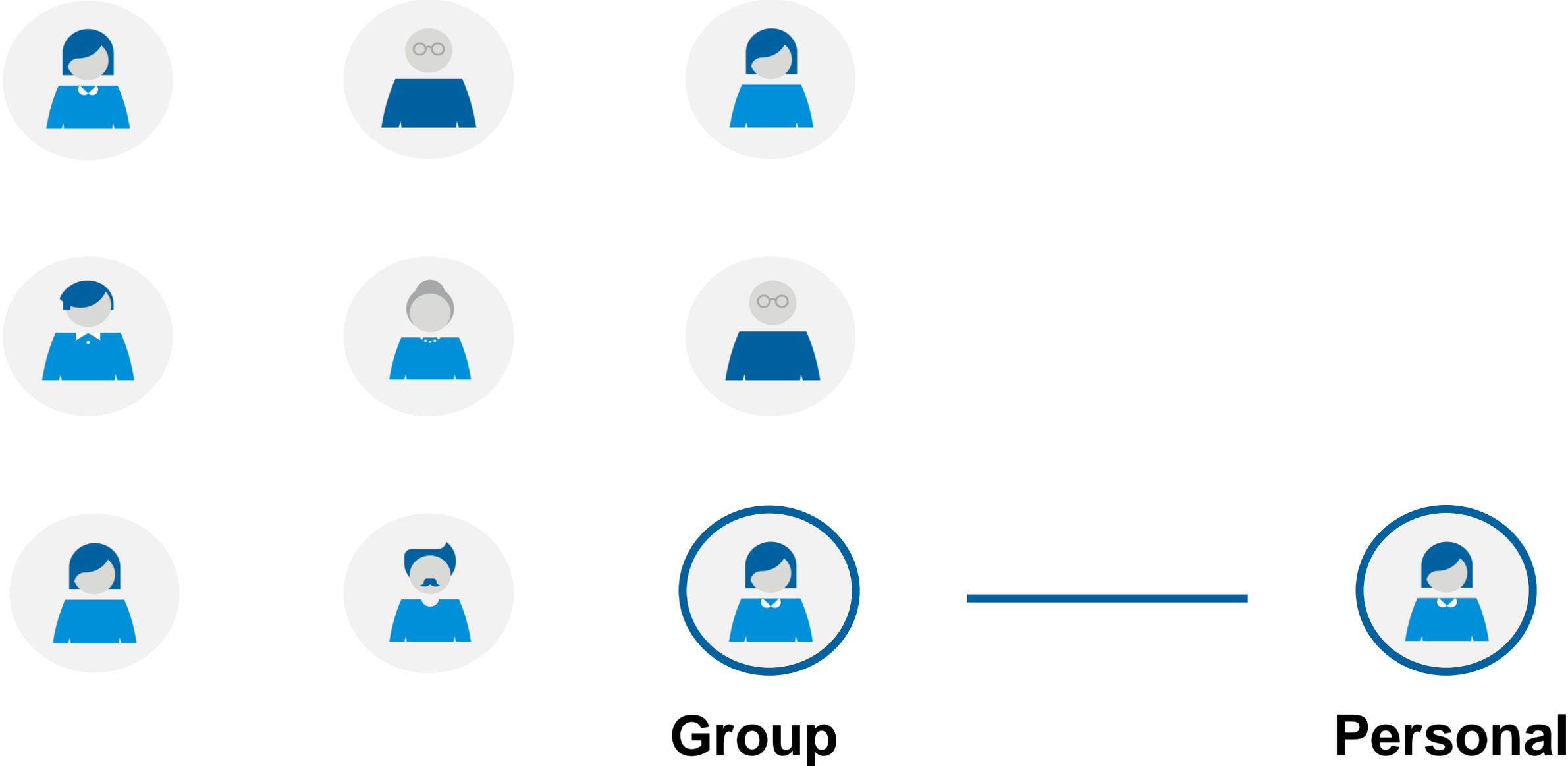




# Understanding Life and Disability Income Insurance

# What to expect from today's workshop...



# Today's objectives

- 1 Why life and disability income insurance is so important

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- 2 What are the available life and disability income insurance options

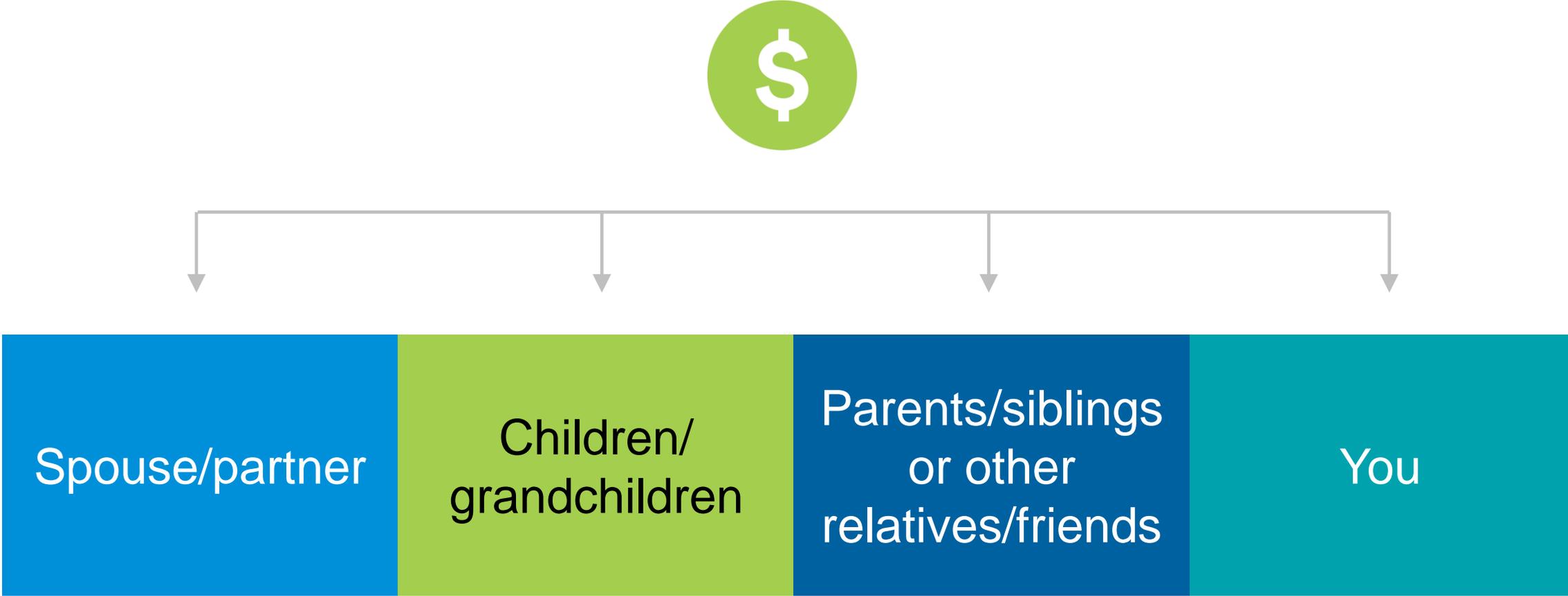
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- 3 How to determine your insurance needs, if any

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- 4 What actions and next steps you can take

# Who depends on your income?



**Even if you are not responsible for anyone else, you still need to support and take care of yourself**

# Income disruption

How will you or your family be supported?

## Who will...



Pay your rent/mortgage, utilities, food and other living expenses?



Protect or continue to pay your children or grandchildren's college savings/tuition?



Care, or pay for care, of your aging parents or other relatives?

# Income disruption

You're not alone:

- ▶ **One-third** of Americans would feel the financial impact from loss of primary wage earner within one month
- ▶ **50%** say they would feel the impact within six months
- ▶ **Younger people** say they would feel an impact sooner than older people

# Life insurance offers unique benefits

**Income-tax free  
death benefit**

**Tax-deferred  
cash value, with  
certain policies**

**Life insurance can help families keep a roof over their heads, provide for basic living expenses and allow time to recover and heal from the loss of a loved one**

# Life insurance and procrastination

Does this sound like you?

“I have other financial priorities right now”

“It’s too expensive”

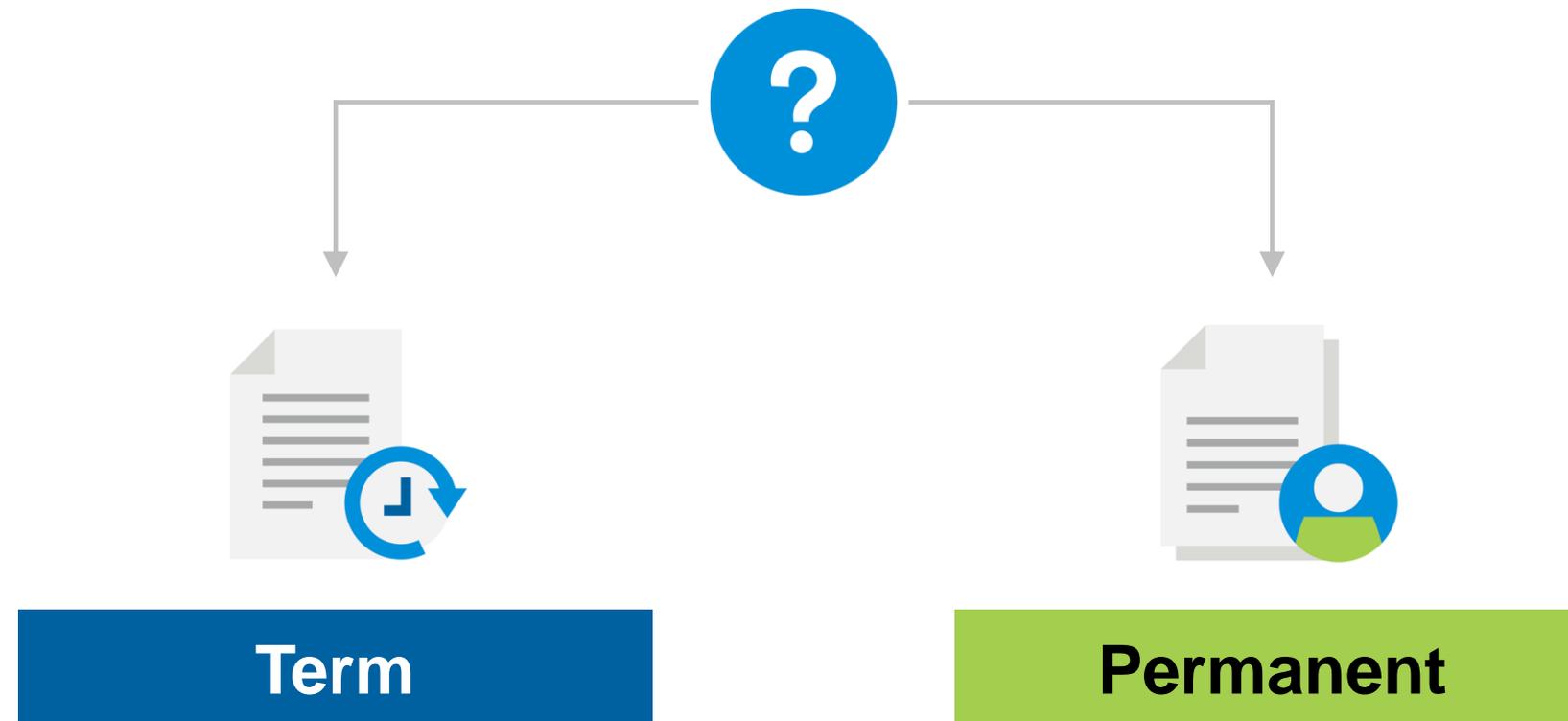
“I just can’t make a decision with so many choices”

“I have enough insurance through my employer”

“I don’t really understand the information”

“I just don’t know where to begin”

# Types of life insurance



Many people find their objectives are best met with a combination or portfolio of term and permanent insurance

# Term life insurance



## Get valuable coverage at an affordable price

- Designed to cover an **exact period (term) of time** (e.g. 10, 15, or 20 years) and may help cover specific financial obligations like a mortgage or college expenses
- Income tax-free death benefit **paid at death** if person dies during policy's stated term
- May **supplement** a new or existing permanent or work policy
- At the end of the level premium period, coverage can **usually be continued**, but the premiums will typically increase
- May be able to **convert** to a permanent policy without evidence of insurability

# Permanent life insurance



- Designed to cover **your entire lifetime**
- Provides an **income tax-free** death benefit
- Has a **cash value benefit** which can:
  - Grow tax-deferred
  - Allow tax-free withdrawals and loans\*
  - Be used for many things including supplementing retirement income or education expense

\* Cash value and death benefit will be reduced by the amount of any outstanding loan balance plus interest. Money borrowed does not participate in the investment performance of the sub-accounts. Unfavorable performance of the underlying sub-accounts may necessitate the payment of additional premiums to achieve the plan's goals. Without the payment of these additional premiums, the policy may lapse with significant tax consequences.

# Permanent life insurance

**There are several permanent life insurance variations but most fall into one of these five types:**

Whole life insurance

Universal life insurance

Variable life insurance

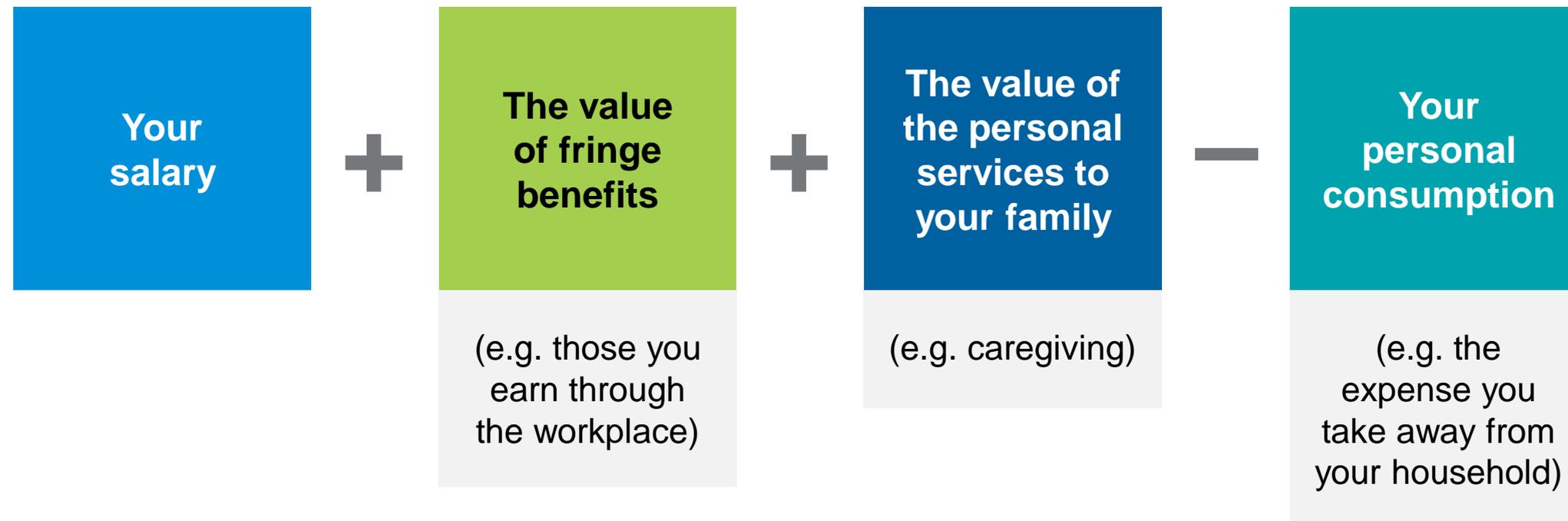
Variable Universal life insurance

Survivorship (second-to-die) life insurance

**The most appropriate type of permanent insurance for you will be based on your attitudes toward a range of factors, such as risk, flexibility, guarantees, and your retirement and legacy objectives**

# How much is enough?

Consider everything you provide for you and your family including:



# How much is enough?

Have you ever thought about how much you will contribute to your family?

Current Age	Annual Earned Income to Age 65				
	\$25,000	\$50,000	\$100,000	\$250,000	\$500,000
30	\$875,000	\$1,750,000	\$3,500,000	\$8,750,000	\$17,500,000
35	\$750,000	\$1,500,000	\$3,000,000	\$7,500,000	\$15,000,000
40	\$625,000	\$1,250,000	\$2,500,000	\$6,250,000	\$12,500,000
45	\$500,000	\$1,000,000	\$2,000,000	\$5,000,000	\$10,000,000

The chart above represents total income that would be earned by the insured to age 65. This assumes no increase in annual income. To determine your true economic contribution, you would have to adjust the total for, among other things: taxes, the cost of items you consume, and the present value of amounts to be received or spent in the future.

# Other life insurance considerations

- ✔ Don't forget about non-working spouses or partners and the cost of replacing what he or she does (e.g. caring for an aging parent and/or child) – life insurance is not just for the traditional bread winners

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- ✔ Provide funding beyond your lifetime for care of a child or other dependent with special needs

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- ✔ Survivorship life insurance policies may be less expensive than covering two people with two individual policies

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- ✔ Help maximize pension benefits for survivors

# Life insurance at work

It's easy to add or increase your coverage through your group plan during your company's open enrollment period



**Simple enrollment**  
with few or no  
health questions  
to answer



**Competitive**  
group rates



**Convenient**  
payroll deduction

# The underwriting process



The role of the underwriter is to **review your application** for insurance and **determine** the appropriate underwriting classification. The classification will **impact the price** you are **charged** for coverage.

# The underwriting process



## What if I have...

Angina

Arthritis

Asthma

Cancer

Depression

Diabetes

Emphysema

Epilepsy

High cholesterol

Multiple sclerosis

Obesity

Parkinson's disease

Sleep apnea

A stroke

**Remember: Even if one company declines your application, it may be possible to get coverage from another one**

# Life insurance needs later in life



Debt elimination/mortgage or other obligations

Income replacement

Financial support for children/special needs dependents

Inheritance to children and/or charity

Extended long term care for aging parents

Uninsured medical expenses

# So what is best for you?



## Term life insurance

- Temporary coverage
- Low premiums
- Tax Advantages

## Permanent life insurance

- Lifetime coverage
- Cash value
- Potential for dividends\*
- Tax Advantages

## Term and Permanent life insurance offer different benefits

\* Dividends are not guaranteed. Cash value and death benefit will be reduced by the amount of any outstanding loan balance plus interest. Money borrowed does not participate in the investment performance of the sub-accounts. Unfavorable performance of the underlying sub-accounts may necessitate the payment of additional premiums to achieve the plan's goals. Without the payment of these additional premiums, the policy may lapse with significant tax consequences.

# Disability income insurance

Helps replace a portion of your income if you become too sick or hurt to work



**Short Term Disability  
(STD)**



**Long Term Disability  
(LTD)**

**Most employer disability plans are not designed  
to cover 100% of your income**

# Myths about disability income insurance

Myth	Fact
“It won't happen to me”	One in five Americans lives with a disability, and more than one in four 20-year-olds becomes disabled before reaching retirement age <sup>1</sup>
“My group disability insurance will replace my income”	Group disability insurance replaces some of your income — typically about 60% - if you become disabled and can't work. However, there may be a monthly income cap, and it will not include bonuses and commissions <sup>2</sup>
“I won't be taxed on my disability insurance benefits”	Since most employers pay the premium for group policies, any benefits you receive are likely taxable to you as ordinary income <sup>3</sup>

<sup>1</sup>Social Security Administration, 2019

<sup>2,3</sup>Waddell & Reed, 2019

# Disability income insurance



- Protect your income
  - Help pay bills – mortgage, tuition, car, etc.
  - Help pay expenses – food, clothing, utilities, etc.
- Provide financial security until you get back on your feet and return to work
- Protect one of your most valuable assets – your income

# Final thoughts



There's just one catch...

# Action steps

...You have to put your motivation and knowledge to work

1

Identify why you are considering purchasing life and/or disability income insurance – what are your goals?

2

Review your existing coverage through your employer and/or other individual policies; consider additional group coverage

3

Determine the type of policy that best fits your needs

4

If you need help from a financial professional – get it!

5

Most importantly – don't procrastinate



# Next steps

Questions not covered today?

Want to continue the conversation?

Here's how to sign up for your free, no-obligation personal consultation with a local financial professional.

- By now (or very shortly), you have an email from MetLife (**Retirewise\_support@metlife.com**) with a link to enter your contact information
- Once we receive your request, a local financial professional will reach out to you to schedule a mutually convenient appointment

Or you can Email us at (**Retirewise\_support@metlife.com**) with your contact information. Please include the name of your company.



# Questions?

# Important information

Like most disability income insurance policies, MetLife's policies contain certain exclusions, waiting periods, reductions, limitations and terms for keeping them in force. Ask your representative about costs and complete details.

For policies issued in New York: These policies provide disability income insurance only. They do NOT provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. The expected benefit ratio for these policies is at least 50%. This ratio is the portion of future premiums that MetLife expects to return as benefits when averaged over all people with the applicable policy.

Please consult your tax advisor or attorney for such guidance. Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

MetLife administers the PlanSmart program, but has arranged to have specially-trained third party financial professionals offer financial education and, upon request, provide personal guidance to employees and former employees of companies providing PlanSmart through MetLife.