

Using Life Insurance to Help Preserve Your Client's Lifestyle

QUICK LOOK

Anyone who has loved ones who depend on them can benefit from including life insurance as part of their overall financial plan. The death benefit provided by life insurance can help beneficiaries maintain their established lifestyle and achieve financial goals in the event of the lost income of a wage-earner. In the event of the premature death of a non-wage-earner, the death benefit can help beneficiaries acquire services that would have otherwise been fulfilled by that individual.



THE SITUATION

Mark and Lisa are both 45-years-old and are the proud parents of a 14-year old son and a 11-year old daughter. The couple wants to ensure that the family's future needs are met. Although they've made some good plans, they are concerned about financially protecting their family should either of them die prematurely.

Mark is a software engineer who earns a comfortable salary with a benefit package that includes health insurance, a 401(k) plan with a company match, and life insurance coverage equal to his annual salary. He is required to travel for his job about 12 or so times each year. He and Lisa have 15 years left on their mortgage and make a point of contributing regularly to their children's college funds.

Having previously worked in the accounting industry, Lisa runs a part-time bookkeeping business at home. This gives her more time to manage household duties, including transporting her children to various activities. Lisa and Mark are grateful that she's able to manage their household and be home with their children, especially while Mark is away.

Is there a way for Mark and Lisa to ensure that their family can maintain their lifestyle in the event of income loss due to the unexpected?

THE SOLUTION

Mark and Lisa meet with a life insurance representative to discuss their need for death benefit protection. Their first priority is to make sure that the family can endure the loss of Mark's income since they realize that the life insurance provided by Mark's employer is not sufficient to meet their long term needs. They also want to give consideration to the valuable contributions that Lisa makes to the family. Also, they want to make sure that the cost of coverage will fit easily into their budget.

The representative asks several questions and takes a thorough look at the family's finances. Using North American's Life Insurance for Income Protection Grid, the representative estimates the amount of coverage that would be needed to replace Mark's income until his planned retirement at age 65. He takes it a step further by looking at monies allocated for everyday expenses, the home mortgage and savings plans. The representative also estimates the amount of coverage to replace Lisa's salary as well as the cost to obtain the various services that Lisa provides for the household on an annual basis.

For Mark, the representative recommends a 20-year ADDvantage[®] term plan to provide coverage through the remainder of his working years. Additionally, he recommends a 15-year ADDvantage term plan to provide shorter-term coverage until the mortgage is paid off. Since their children will have likely completed their education by their early 20's, a 10-year ADDvantage term plan is recommended for Lisa. Lisa notes, however, that she would like to revisit that coverage in the future since she may return to full-time work once her children are no longer at home.

The following benefits were outlined for these recommendations.

- Term insurance is one of the most economical ways to obtain life insurance protection and the guaranteed level premiums¹ can easily be built into Mark and Lisa's budget.
- The duration of coverage can be customized to meet the family's needs.
- A portion of the death benefit can be advanced in the event of a qualifying terminal illness.
- Custom options, including the ability to waive premiums if the insured becomes totally disabled, may be added for an additional premium.²
- Should needs change, the term insurance policy can be converted to permanent coverage, generally throughout the level premium period, without a physical exam.³

Need help with a Life Insurance Income Protection Case?

Contact Sales Development today at **(800) 800-3656** ext. **10411** or email at **salessupport@nacolah.com**.

¹ After the level premium period, premiums will increase annually, but will never exceed the maximum annual premium shown in the policy.

² This rider is available up issue age 59 and a maximum of Table 4 rating. The rider expires at age 65.

³ Conversion is available throughout the level premium period or through age 74 (69 for 30-year term), whichever is earlier, but never less than five years.

ADDvantage term plans are issued on policy form series LS174, Accelerated Death Benefit Endorsement is issued on form series LR474, Waiver of Term Premium for Disability Rider is issued on form series LR472; or state variations by North American Company for Life and Health Insurance, Administrative Office, Sioux Falls, SD 57193. Product, features, riders, endorsements or issue ages may not be available in all jurisdictions. Limitations and restrictions may apply.



North American Company
for Life and Health Insurance
Since 1886

| *Life*

We're Here For Life[®]

525 W Van Buren | Chicago IL 60607