

Luke and Jen Family

NEEDS ANALYSIS PRESENTATION
March 07, 2013

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Table of Contents

Table of Contents.....	2
Disclaimer	3
Disability Analysis	4
Disability Income Insurance Terminology.....	5
Disability Income Insurance FAQs	6
Client's Disability	7
Loss of Your Income.....	8
Your Income Replacement Objective	9
Income vs. Expenses	10
Replacing Your Income	11
The Benefit of Disability Income Insurance	12
Spouse's Disability	13
Loss of Your Income.....	14
Your Income Replacement Objective	15
Income vs. Expenses	16
Replacing Your Income	17
The Benefit of Disability Income Insurance	18
Analysis Result Summary	19
Information Summary.....	21

Sample

Disclaimer

The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. The consolidated report is provided for informational purposes as a courtesy to you. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review. All reports should be reviewed in conjunction with your fact summary and this Disclaimer page.

The term "plan" or "planning," when used within this report, does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and the illustrations therein provide a summary of certain potential financial strategies. The reports provide projections based on various assumptions and are therefore hypothetical in nature and not guarantees of investment returns. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. It may contain information on assets that are not held at the broker/dealer with whom your financial representative is registered. As such, those assets will not be included on the broker/dealer's books and records. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report does not reflect the deduction of any commissions. Projected valuations and/or rates of return may not take into account surrender charges on products you might own. They will reflect any fees or product charges when entered by the advisor/representative. Deduction of such charges will result in a lower rate of return.

It is important to compare the information on this report with the statements you receive from the custodian(s) for your account(s). Please note that there may be minor variations due to calculation methodologies. If you have any questions, please contact your financial representative. Also, your account(s) may not be covered by FDIC or SIPC. FDIC and SIPC coverages apply only to certain assets and may be subject to limitations. Questions about coverage that may apply should be directed to the asset provider or sponsor.

The information contained in this report is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s): _____
Luke Family _____ Date _____

Jen Family _____ Date _____

Advisor: _____
William Jason Yost _____ Date _____

Disability Analysis

Sample

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Disability Income Insurance Terminology

As with other types of insurance products, there is no 'standard' Disability Income Insurance policy. Insurance providers often times will offer multiple policy options in an effort to help clients find the coverage and premium levels most appropriate for them. When reviewing a Disability Income Insurance policy, you may be faced with many terms that are important in defining the policy, but which may appear confusing. Here is a list of the most common terms you may encounter:

Any Occupation

This policy provision indicates that the insured will be considered disabled if and only if unable to perform the duties of any occupation for which he or she is qualified by education, training, or experience.

Own Occupation

A policy containing this provision will consider the insured disabled if the insured is unable to perform the duties of the insured's current occupation and the insured is not working at any other occupation.

Elimination Period

This is the amount of time at the beginning of a disability claim for which no disability benefits are paid. The longer your elimination period the less expensive your policy premiums should be. Typical choices available are 30, 60, 90, 180, 365, 720 day elimination periods. The most popular elimination period is 90 days.

Benefit Period

A benefit period is the period of time you are eligible to collect benefits while disabled. Typical choices available are 2 years, 5 years, to age 65, Social Security Retirement Age, or lifetime. The most popular benefit period is to age 65.

Cost of Living Adjustment

Often referred to as a COLA rider on a policy, this optional rider (may have additional cost) adjusts your benefit to help keep pace with inflation for claims lasting longer than 1 year.

Guaranteed Renewable

This refers to a provision that guarantees an insurance policy will continue in force as long as insurance premiums are paid on time. An insurance company can typically only cancel a guaranteed renewable policy for non-payment of premium. However, premiums can be increased for all policyholders within a particular group.

Non-cancelable

A policy which cannot be cancelled or altered by the insurance company and whose premiums will not increase as long as the insured continues to pay premiums on time.

Riders

A rider amends a policy by adding additional provisions to it. Riders may be available at an additional cost.

Most insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your financial representative can provide you with costs and complete details.

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Disability Income Insurance FAQs

What are the odds of actually becoming Disabled?

The odds are that one in 3 working Americans will become disabled for 90 days or more before age 65.¹

What is Disability Income Insurance?

Disability income insurance helps protect a portion of income when you are unable to work due to a disability. This coverage provides benefits that can be used to help pay living expenses when you are unable to work.

How much income will my policy protect?

Disability coverage provides a monthly benefit that is typically a percentage of the insured's pre-disability gross earnings. Often times, you can also purchase a cost of living adjustment rider that will increase the benefit each year based upon a specific amount set forth in the policy.

How long does Disability Income Insurance Coverage last?

The benefit period for a disability income policy can last as little as 1 year or as long as the insured's lifetime.

When would I receive my first monthly benefit?

There is a waiting period between the time you become disabled and the time you begin to receive benefit payments. Waiting periods can range anywhere from one week to two years. Typically, the longer the waiting period the lower the premium will be. In determining the waiting period, you should consider the amount of personal savings that would be exhausted between the onset of the disability and end of the waiting period.

What is the definition of Disability?

Disability income insurance policies can be purchased with one of two different definitions for disability, or the policy may contain both definitions. You will qualify for benefits on a policy with an "Own Occupation" definition if you are not able to perform the main duties of your own specific occupation and you are not working at any other occupation. On a policy with an "Any Occupation" definition of disability, you will qualify for benefits if you are unable to perform the duties of any job for which your education, training and experience qualify you.

Won't Social Security provide income replacement if I become disabled?

The definition of disability by the Social Security Administration is different. To be eligible for benefits under the Social Security Administration's definition of disability, a person must be unable to do any kind of substantial gainful employment because of a physical or mental impairment, which is expected to either last at least 12 months or result in your death. Effective January 2008, the Social Security Income payment for an eligible individual who is disabled is \$637 per month and \$956 per month for an eligible couple². In most circumstances this does not allow you to cover your living expenses.

¹ National Association of Insurance Commissioners Individual Disability Table A, 1985

² www.ssa.gov/legislation/2008factsheet.pdf

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Client's Disability

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Loss of Your Income

A disability due to injury or sickness may render you unable to work for an extended period of time, leaving you and your loved ones without the one thing many consider as one of their greatest assets - the ability to earn an income. Without this income your ability to meet normal living expenses, make mortgage payments, cover education costs and meet other expenses may be greatly diminished.

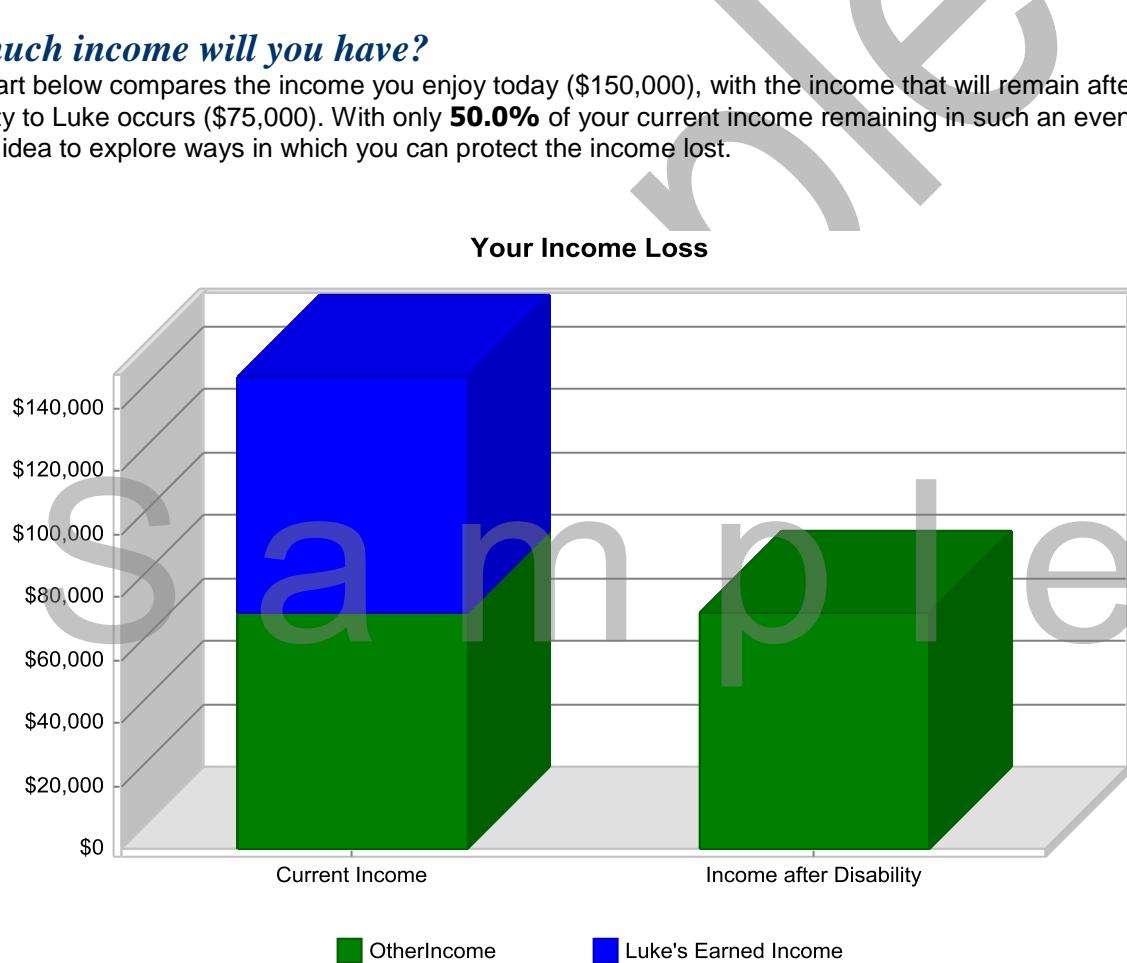
Let's look at the impact a disability to **Luke** would have on your income.

Luke currently earns **\$75,000** per year (pre-tax) and income from Jen and other sources provide an additional **\$75,000** (pre-tax), giving you a total current annual income of **\$150,000** per year. In the event that Luke suffers a disability, **50.0%** of your family's income will be lost.

Current Total Income \$150,000
Income after Disability \$75,000
Total Loss of Income \$75,000
Percent of Income Lost 50.0%

How much income will you have?

The chart below compares the income you enjoy today (\$150,000), with the income that will remain after a disability to Luke occurs (\$75,000). With only **50.0%** of your current income remaining in such an event, it may be a good idea to explore ways in which you can protect the income lost.



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Your Income Replacement Objective

Disability Income Insurance can help protect you against the loss of income by providing a benefit that helps replace a portion of your income in the event of sickness or a disability. The key component of any Disability Income Insurance Analysis is to define your *Income Replacement Objective*. The *Income Replacement Objective* is the percentage of your current earned income that you could expect to have replaced through disability income insurance benefits. Typically, between 60% and 80% of the lost income is covered.

Now let's take a look at how well you are currently protected against a disability occurring to **Luke**.

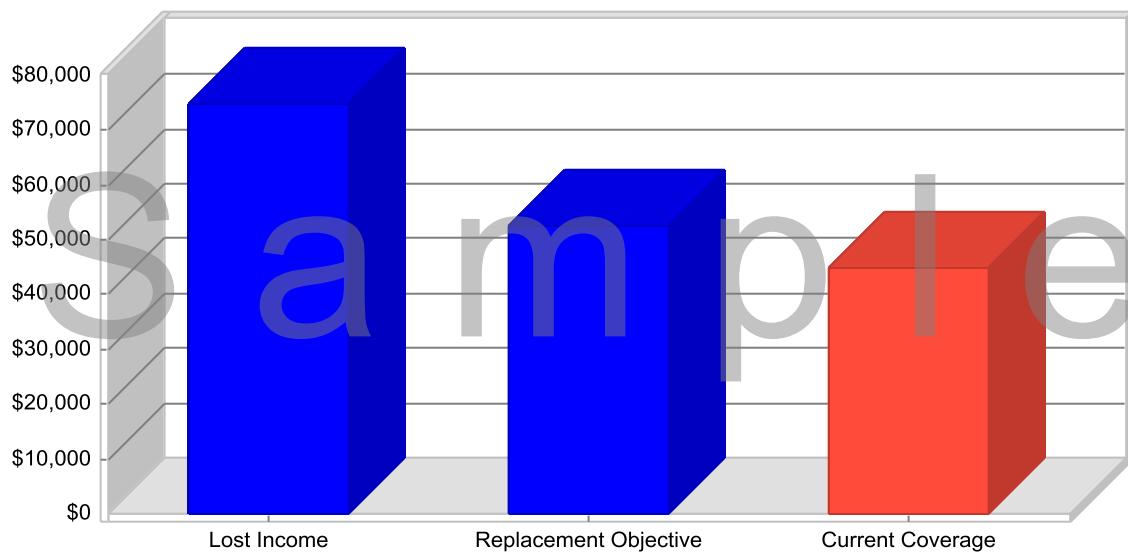
For this analysis we'll target an Income Replacement Objective of **70%** of your current gross earned income, or **\$52,500** per year. Your existing disability insurance will provide a gross annual benefit of **\$45,000**.

Luke's Lost Income	\$75,000
Income Replacement Objective	\$52,500
Existing Net Coverage	\$45,000
Annual Shortfall	\$7,500

How Much of Your Income Will be Replaced?

The chart below compares the income you will lose, your income replacement objective and your current disability coverage. It shows that your current disability coverage does not meet your desired level of replacement income.

Your Coverage vs. Your Objective



Note: The definition of disability under Social Security is different than other programs. Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. Because of this different definition, we do not assume any social security benefits in this analysis. Source: www.socialsecurity.gov. Also, the definition of disability is based on the policy purchased.

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Income vs. Expenses

Examining how your expected income will stack up against your likely expenses is critical in determining the true impact a disability could have on your family. If your remaining income is not enough to pay off your expenses, your savings could be quickly depleted.

In the event of a disability occurring to Luke, your living expenses will be **\$7,708** per month (or **\$92,496** per year) and you can expect additional health care costs of **\$1,000** per month (**\$12,000** per year). This results in a total annual expense of **\$104,496**.

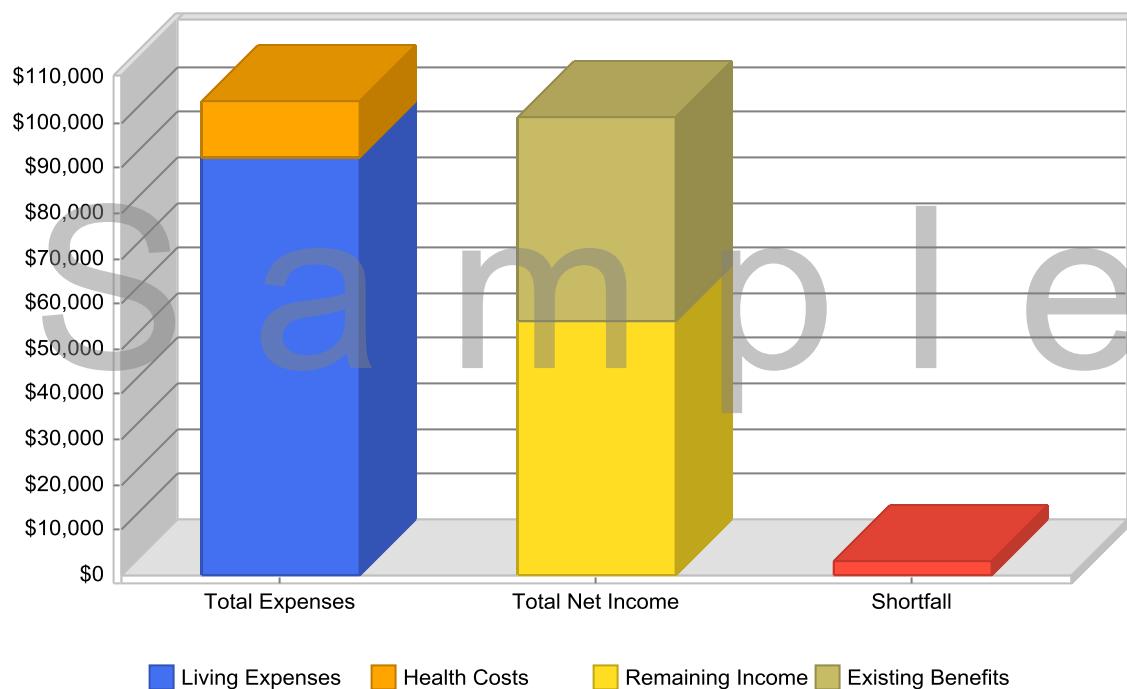
You will have **\$75,000** from Jen's income and other income sources as well as **\$45,000** per year from existing disability coverage to offset these expenses. After income is taxed at **25.0%**, you will have **\$101,250** of available net income.

Total Annual Expenses	\$104,496
Net Income Sources	\$56,250
Existing Net Benefits	\$45,000
Annual Shortfall	\$3,246

Can you meet your expenses?

The chart below compares the income that will be available after Luke's disability with the expenses you will incur. The red Shortfall bar shows that your remaining income sources and disability benefits will not be enough to offset your expenses.

Your Income vs. Your Expenses



Note: The definition of disability under Social Security is different than other programs. Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. Because of this different definition, we do not assume any social security benefits in this analysis. Source: www.socialsecurity.gov. Also, the definition of disability is based on the policy purchased.

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Replacing Your Income

Disability income insurance is an important protection product. Without it, you may have to self insure against the loss of earning power that comes with being physically unable to work. Disability income insurance protects a portion of wages lost by individuals due to a qualifying disability.

In the event of a disability occurring to Luke, **\$75,000** of income will be lost. Your Income Replacement Objective is **70%** of that value, or **\$52,500**. You currently have **\$45,000** of existing disability income insurance coverage, which is not enough to satisfy your Replacement Objective.

In order to meet your Income Replacement Objective, you will need an additional **\$7,500** of disability income insurance. This additional coverage will bring your total net income (in the event of a disability) to **\$108,750** per year.

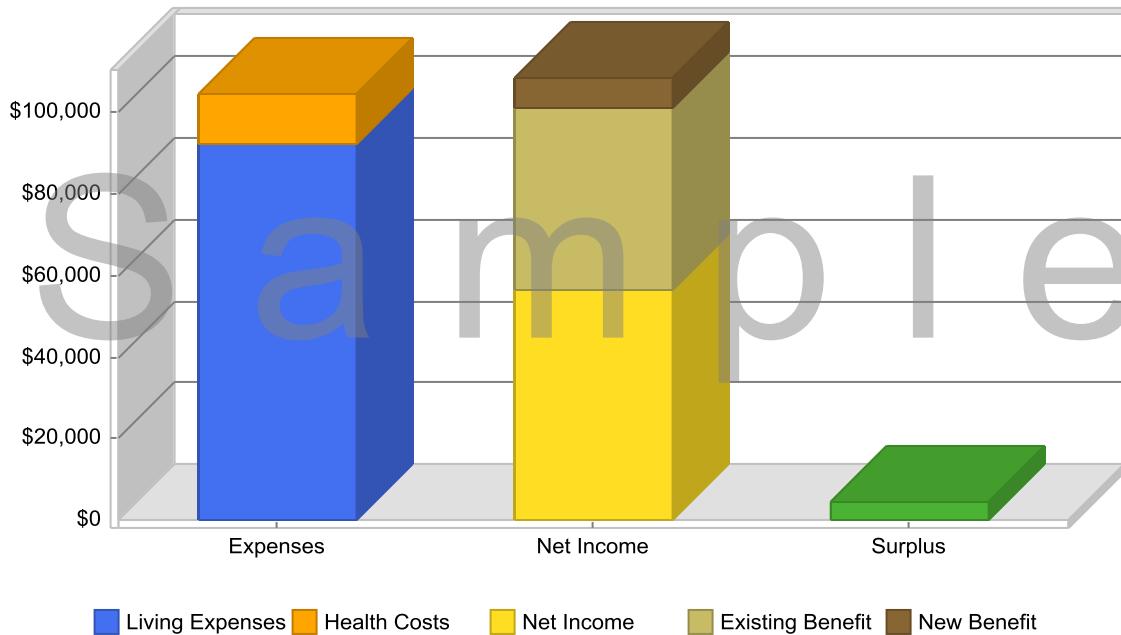
When stacked against your annual expenses of **\$104,496** your total net income will result in a surplus of **\$4,254** per year.

Total Annual Expenses	\$104,496
Net Income Sources	\$56,250
Existing Net Benefits	\$45,000
Additional Benefits	\$7,500
Annual Shortfall	\$0

Can you meet your expenses?

The chart below compares the income that will be available after Luke's disability with the expenses you will incur, and includes proposed disability insurance benefits. The green Surplus bar shows that your remaining income sources and disability benefits will be sufficient to cover your expenses.

Your Income vs. Your Expenses



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The Benefit of Disability Income Insurance

In the event that **Luke** suffers a disability which eliminates the ability to earn an income, your expected remaining income sources - including existing disability coverage - will fall **\$3,246** short of your anticipated expenses of **\$104,496** per year.

Additional long term disability insurance coverage in the amount of **\$7,500** will meet your income replacement objective and increase your net income to **\$108,750**, reducing your annual shortfall to **\$0**.



By the Numbers

The table below breaks out the income and expenses you have today, and those you expect in the event of a disability to **Luke**. You can see in the bottom line that the annual shortfall or surplus is improved by the income benefits provided by disability insurance.

	No Disability	Disability Occurs with Current Coverage	Disability Occurs with New Coverage
Annual Expenses	\$92,496	\$104,496	\$104,496
Luke's Net Income	\$56,250	\$0	\$0
Other Net Income	\$56,250	\$56,250	\$56,250
Net Disability Insurance Benefits	\$0	\$45,000	\$52,500
Annual shortfall	\$0 shortfall	\$3,246 shortfall	\$0 shortfall

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Spouse's Disability

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Loss of Your Income

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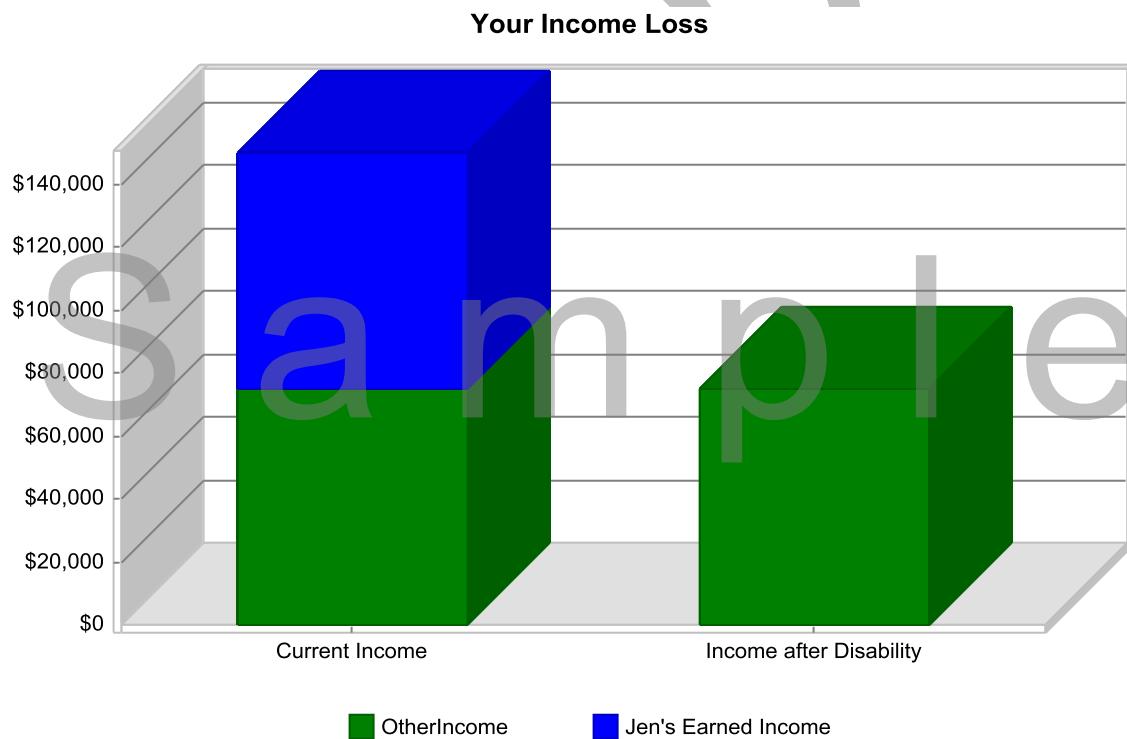
Let's look at the impact a disability to **Jen** would have on your income.

Jen currently earns **\$75,000** per year (pre-tax) and income from Luke and other sources provide an additional **\$75,000** (pre-tax), giving you a total current annual income of **\$150,000** per year. In the event that Jen suffers a disability, **50.0%** of your family's income will be lost.

Current Total Income \$150,000
Income after Disability \$75,000
Total Loss of Income \$75,000
Percent of Income Lost 50.0%

How much income will you have?

The chart below compares the income you enjoy today (\$150,000), with the income that will remain after a disability to Jen occurs (\$75,000). With only **50.0%** of your current income remaining in such an event, it may be a good idea to explore ways in which you can protect the income lost.



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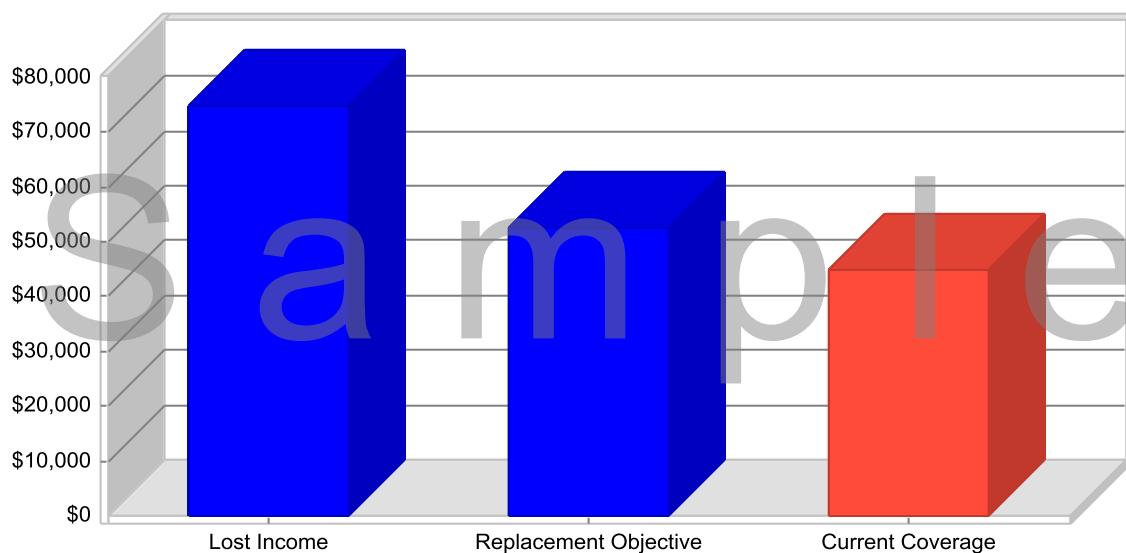
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Jen's Lost Income	\$75,000
Income Replacement Objective	\$52,500
Existing Net Coverage	\$45,000
Annual Shortfall	\$7,500

How Much of Your Income Will be Replaced?

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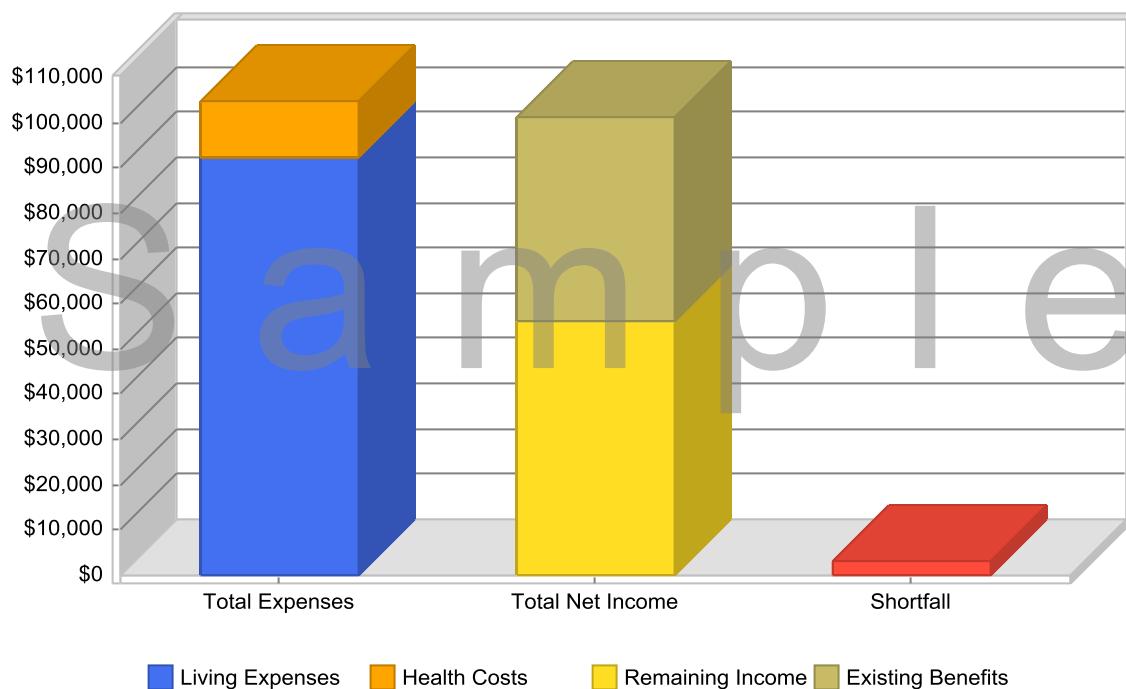
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In order to meet your Income Replacement Objective, you will need an additional **\$7,500** of disability income insurance. This additional coverage will bring your total net income (in the event of a disability) to **\$108,750** per year.

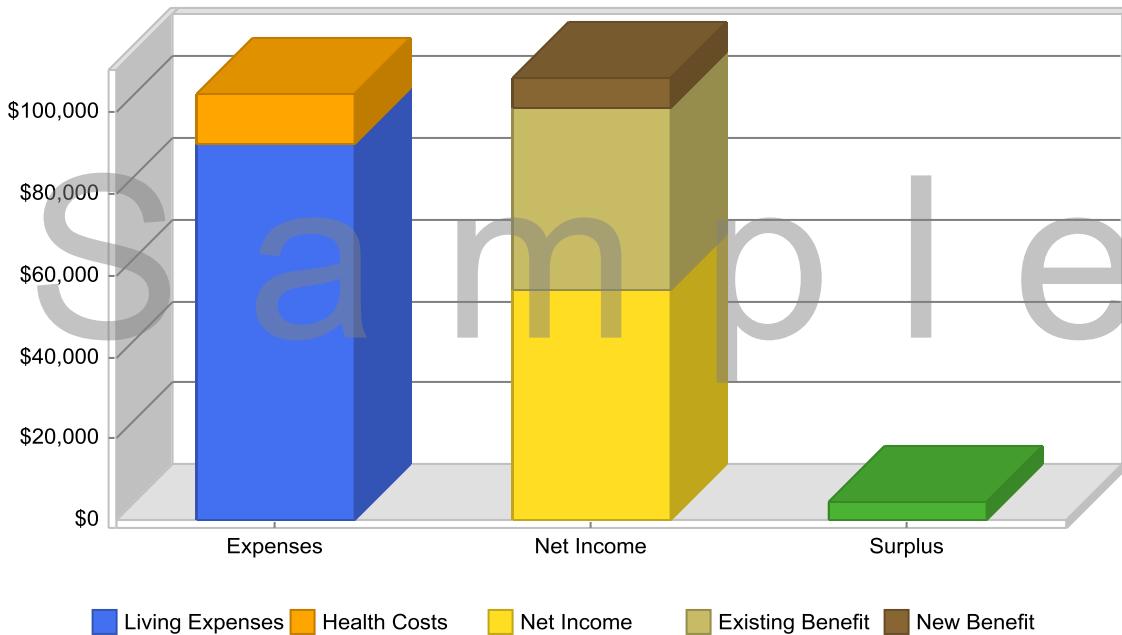
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Net Income Sources	\$56,250
Existing Net Benefits	\$45,000
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Annual Shortfall	\$0

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Your Income vs. Your Expenses



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The Benefit of Disability Income Insurance

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Additional long term disability insurance coverage in the amount of **\$7,500** will meet your income replacement objective and increase your net income to **\$108,750**, reducing your annual shortfall to **\$0**.



By the Numbers

The table below breaks out the income and expenses you have today, and those you expect in the event of a disability to **Jen**. You can see in the bottom line that the annual shortfall or surplus is improved by the income benefits provided by disability insurance.

	No Disability	Disability Occurs with Current Coverage	Disability Occurs with New Coverage
Annual Expenses	\$92,496	\$104,496	\$104,496
Jen's Net Income	\$56,250	\$0	\$0
Other Net Income	\$56,250	\$56,250	\$56,250
Net Disability Insurance Benefits	\$0	\$45,000	\$52,500
Annual shortfall	\$0 shortfall	\$3,246 shortfall	\$0 shortfall

Note: The definition of disability under Social Security is different than other programs. Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. Because of this different definition, we do not assume any social security benefits in this analysis. Source: www.socialsecurity.gov. Also, the definition of disability is based on the policy purchased.

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Analysis Result Summary

This report summarizes the results of the analyses for Luke and Jen Family. It provides the information that is the basis for the "takeaway" message. All of the details concerning the process of how these results were arrived at are contained in the specific chapters for each selected analysis.

Family Information

Client: Luke and Jen Family

Address: 101 Main Street
Savannah, GA 31401

H: (610) 684-1100
C: (610) 555-4444 (Luke)
C: (610) 555-3333 (Jen)
F: (610) 825-5182
email@email.com

Client: Luke Family
Date of Birth: 6/26/1964
Current Age: 48

Spouse: Jen Family
Date of Birth: 4/28/1964
Current Age: 48

Children	Gender	Age	Date of Birth
Jessica Family	Female	13	9/3/1999
Jimmy Family	Male	16	2/14/1997

Analysis Performed

- Disability Analysis
for: *Client's Disability*
for: *Spouse's Disability*

Result Summary

Luke's Lost Income

\$75,000

Income Replacement Objective

\$52,500

Existing Net Coverage

\$45,000

Annual Shortfall

\$7,500

The disability analysis looks at the impact of an unexpected disability to **Luke** and the resulting loss of income. The Income Replacement Objective is the percentage of your current earned income that you could expect to have replaced through disability income insurance benefits. Typically this value runs from 60% to 80% of the lost income. If a shortfall exists, the additional amount of disability income insurance needed to cover the shortfall is calculated.

Based upon the assumptions utilized in this analysis, in the event of an unexpected disability to **Luke** in **2013**, there is a **shortfall** in meeting your Income Replacement Objective. In order to fully fund your income replacement objective, an additional disability income insurance benefit of **\$7,500** would be required.

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Result Summary

Jen's Lost Income
\$75,000

Income Replacement Objective
\$52,500

Existing Net Coverage
\$45,000

Annual Shortfall
\$7,500

The disability analysis looks at the impact of an unexpected disability to **Jen** and the resulting loss of income. The Income Replacement Objective is the percentage of your current earned income that you could expect to have replaced through disability income insurance benefits. Typically this value runs from 60% to 80% of the lost income. If a shortfall exists, the additional amount of disability income insurance needed to cover the shortfall is calculated.

Based upon the assumptions utilized in this analysis, in the event of an unexpected disability to **Jen** in **2013**, there is a **shortfall** in meeting your Income Replacement Objective. In order to fully fund your income replacement objective, an additional disability income insurance benefit of **\$7,500** would be required.

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Information Summary

The following financial information and assumptions were used in the preparation of this analysis.

Family Information

Client: Luke and Jen Family

Address: 101 Main Street

Savannah, GA 31401

H: (610) 684-1100

C: (610) 555-4444 (Luke)

C: (610) 555-3333 (Jen)

F: (610) 825-5182

email@email.com

Client: Luke Family

Date of Birth: 6/26/1964

Current Age: 48

Spouse: Jen Family

Date of Birth: 4/28/1964

Current Age: 48

Children	Gender	Age	Date of Birth
Jessica Family	Female	13	9/3/1999
Jimmy Family	Male	16	2/14/1997

Disability Income Insurance Analysis

Basic Assumptions

Analysis for: Luke Family

Date of Birth: 6/26/1964

Current Age: 48

Financial Assumptions

Living Expenses: \$7,708/month (\$92,496/year)

Disability Expenses: \$1,000/month (\$12,000/yr)

Income Tax Rate: 25.0%

Existing Disability Insurance

Policy Name	Insured	Annual Benefit	Taxable	Net Benefit
Luke - DI / Berkshire	Luke	\$45,000	No	\$45,000
Total				\$45,000

Income Sources

	Gross Amount	Net Amount
Salary - Jen	\$75,000	\$56,250
Salary - Luke	\$75,000	\$56,250
Total	\$150,000	\$112,500

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Disability Income Insurance Analysis

Basic Assumptions

Analysis for: Jen Family

Date of Birth: 4/28/1964

Current Age: 48

Financial Assumptions

Living Expenses: \$7,708/month (\$92,496/year)

Disability Expenses: \$1,000/month (\$12,000/yr)

Income Tax Rate: 25.0%

Existing Disability Insurance

Policy Name	Insured	Annual Benefit	Taxable	Net Benefit
Jen - DI / Berkshire	Jen	\$45,000	No	\$45,000
Total				\$45,000
		Gross Amount		Net Amount
Salary - Jen		\$75,000		\$56,250
Salary - Luke		\$75,000		\$56,250
Total		\$150,000		\$112,500

Income Sources

	Gross Amount	Net Amount
Salary - Jen	\$75,000	\$56,250
Salary - Luke	\$75,000	\$56,250
Total	\$150,000	\$112,500

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