



DI Sales Solutions



How Long Can Your Clients Afford to Be Disabled?

Before you can help your clients protect their income, you have to establish the need. That's why one of the most important aspects of the disability income sale is getting clients to realize how difficult it would be to live without their income. Use the following illustration with clients to help them answer this question: *How long could you live on your financial reserves if you were disabled tomorrow and your income stopped?*

Begin the discussion by obtaining the client's monthly expenses (rent/mortgage; transportation; groceries; utilities; etc.). Total up those expenses, and then chart the client's assets like the example below shows.

Jane's Assets				
Monthly Expenses \$4,000	Checking Acct. \$2,000	Savings Acct. \$5,000	CDs \$5,000	401(k) \$50,000
November	\$2,000	\$5,000 \$3,000	\$5,000	\$50,000
December	X	\$3,000	\$5,000 \$4,000	\$50,000
January	X	X	\$4,000	\$50,000
February	X	X	X	\$50,000 ??
March	X	X	X	??

This example client, Jane, has monthly expenses of \$4,000. Let's assume she became disabled in October:

- In November, Jane would completely tap out the \$2,000 from her checking account and an additional \$2,000 from her savings.
- After December's expenses were paid, Jane's balance in her checking and savings accounts would be zero and she'd have to take \$1,000 from her CDs.
- To pay January's expenses, Jane would have to use the \$4,000 remaining in her CDs to pay her monthly expenses AND come up with the funds to pay the penalties of early withdrawal from her CDs.
- In February, what would she do? She'd have no choice but to borrow money from her 401(k), which would have to be re-paid with interest, putting her further behind on a month-to-month basis.

Mutual of Omaha's consumer needs brochure is also a great tool to help you establish the need and start a list of your clients' expenses. Order MC33832_0908 (for New York MC33866_0908) through your normal channels.