

FOCUS: Cross Selling ▼

# Protecting your clients assets for the long run

by Denise M. Desautels

*Denise M. Desautels is Vice President of Brokerage Sales at First American Insurance Underwriters, Inc., Needham, Mass. She can be reached at 888-444-8715 or at ddesautels@faiuonline.com.*

A cross-selling strategy is designed to position your clients under the umbrella of protecting assets throughout the lifecycle. To accomplish this objective, it's necessary for the financial advisor to engage in regular client reviews. Today, individual's circumstances change constantly and reviews allow the advisor to apply appropriate strategies and introduce products to address new circumstances.

Even though consumers are more knowledgeable today, just how informed are they when it comes to the available options for protecting their assets? Answer: not as informed as clients may think they are.

The advisor can educate clients about the options and opportunities available to them on a broad range of asset protection issues. It is imperative that there be a cross-selling strategy in the client-advisor relationship involving life insurance, disability income coverage, annuities and long term care insurance.

**LIFE INSURANCE**—Most people understand why life insurance makes good sense. Here are some of the typical reasons:

- To help protect a spouse and family
- To cover debt obligations
- To provide education funds for the children
- To help protect assets the family has accumulated

Business owners recognize the efficiency of using life insurance to fund buy/sell agreements and the value of key person protection.

Even so, most clients have difficulty quantifying their needs, let alone knowing how to structure the most beneficial solution. It is through this process that the opportunity exists for additional life sales, along with the cross-selling of disability income, and long term care insurance.

**DISABILITY INCOME**—Income continuation is a necessity for most families today. Because of their many commitments, the interruption of the income stream can spell the end of a family's lifestyle and its dreams in the future. Whether because of accident or illness, the inability of someone to work threatens future asset growth.

Every working client deserves to know about disability income coverage and to understand the implications of not having this protection.

There have been recent changes to the disability market place that should be considered when disability income is discussed with clients.

One area of interest is the growing number of companies that now offer Simplified Issue Programs. Many times brokers avoid discussing disability income with clients because they believe it's difficult to underwrite. On top of that financial verification and documentation can require going back to the client two to three times for additional information.

A number of insurance companies now offer simplified issue coverage up to age 50, with a \$2,500 maximum per month benefit. While this may not be the answer for every client, it is an easy way to begin to protect that all-important income stream. This product requires very little paperwork and at least provides baseline coverage for clients.

A second area where advisors have an opportunity to protect assets are riders that have been developed to protect pension contributions. A few major disability companies now offer protection with specific riders that are added to the base disability policy.

The rider sets aside contributions into a trust until age 65, based upon the employees prior contribution levels before becoming disabled.

What does this do for a client? It could mean as much as an additional \$700,000 for a male who became disabled at age 40.

It is common for employers to sponsor 401(k) plans to attract and retain talented employees. When discussing individual disability coverage with clients, doesn't it make sense to explore protecting future growth of one of their most important assets? This rider protects a very large asset in the portfolio and is critical to retirement planning.

**LONG-TERM CARE**—Perhaps the best way to describe the role of long term care insurance is as a firewall that allows clients to execute and protect their retirement portfolio.

One of the major stumbling blocks to buying long term care insurance is the cost. However, this doesn't need to be the case if it is presented as part of a client's overall asset protection plan.

Another essential point when discussing long term care insurance is that it should be viewed as a family issue. Everyone in the family is touched. It can be an extremely stressful time both emotionally and financially. The cost can be devastating. Life insurance is viewed as a way to protect the family if someone dies too soon. In the same way, long term care insurance should be viewed as protection for the family, and a tool to help address financial issues that arise when quality managed care is required for an extended period of time.

Long term care protection can be positioned as an effective vehicle to help stop the erosion of assets. Again, it can be thought of as a firewall, a way to

**THINK ABOUT LONG TERM CARE AS A REASONABLE EXPENSE**

Assets to protect	Strategy for protection
Car	Auto insurance
Home	Homeowners insurance
Family and kids	Life and health insurance
Salary	Disability income insurance
Retirement portfolio	Long-term care insurance

protect a client's desired lifestyle or provide a high quality of care.

Protecting assets for the long run is a concern of most people today. They realize the population is living longer and they don't want to outlive their assets.

As an advisor, these are some of the practical issues to consider when discussing financial planning with clients. Cross-selling is a valid, useful and necessary strategy for serving clients total financial security needs.▲