

INFORMATION TO HELP YOU BETTER UNDERSTAND YOUR INSURANCE NEEDS

realLIFEstories[®]

Five real-life dramas
that illustrate how life,
long-term care and
disability income
insurance saved
people from
financial hardship

Melissa Wandall with
daughter Madison Grace

John Hancock[®]

 **LIFE**
A NONPROFIT ORGANIZATION

The Foundation of a Sound Financial Plan

INSURANCE

To help Americans better understand where insurance fits into their family finances, LIFE and Newsweek, Inc. are proud to sponsor this special section.

No one knows what the future holds. That's why you need a plan to help ensure that no matter what twists and turns life sends your way, you'll have a financial safety net to protect you and your family.

This special section provides information to help you guard against three of the greatest financial risks we all face – becoming sick or disabled, living too long, or dying too soon. We hope you find it useful.

LIFE INSURANCE

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>> DO I NEED IT?

If someone would suffer financially at your death, you need life insurance. Whether you are a breadwinner or a stay-at-home parent, you perform valuable functions that would be expensive to replace.

>> HOW MUCH DO I NEED?

Most people want life insurance to cover three main types of expenses: immediate expenses, such as funeral expenses, taxes and outstanding debts you'd want paid off when you die; ongoing expenses, such as everyday living costs for things like food, transportation, mortgage or rent payments, and; future expenses, such as money to fund a college- or retirement-savings plan. When you consider all the things that life insurance proceeds need to fund and how long the money would be needed, you begin to realize that your need for coverage is often 10 to 20 times your annual income.

>> HOW DO I KNOW IF I NEED \$250,000, \$500,000 OR MORE?

Online calculators like the one offered by the non-profit LIFE Foundation (www.life-line.org/lifecalculator)

can provide you with a general sense of your life insurance needs. After you've done that, contact a qualified insurance professional in your area. A good insurance advisor will conduct a thorough needs analysis and then offer recommendations on the amount and type of insurance that would be best suited to your specific needs and budget.

>> WILL I NEED TO REEVALUATE MY NEEDS OVER TIME?

Insurance needs change as events in your life change, so you should evaluate your coverage every few years, and especially after major milestones such as getting married, having a baby, buying a home, or getting a new job or promotion.

>> WHERE CAN I BUY IT?

Most people buy from an insurance agent or other financial advisor who can conduct a needs analysis, explain coverage options, and find the right products to fit your specific needs. Buying over the Internet or through an employer-sponsored program are other options you may want to consider.



This special advertising section is a service of the Life and Health Insurance Foundation for Education, a non-profit organization dedicated to helping consumers make smart insurance decisions to safeguard their families' financial futures.

Learn more at www.life-line.org | 888-LIFE-777

Keeping His Spirit Alive



Melissa Wandall with daughter Madison Grace

passenger in a car that was broadsided by a driver who ran a red light. He died less than a week after celebrating his first wedding anniversary and just 19 days before the birth of his daughter, Madison Grace.

The life insurance has allowed Melissa to remain in the family home, take time off from her career so she can be a full-time mom, and put money into a college fund for Madison Grace.

The insurance has also given Melissa the opportunity to keep Mark's spirit alive through two important causes. She formed the Mark Wandall Foundation to raise money for worthy causes in her community. She also is the driving force behind a citizens' coalition pushing for a new state law, the Mark Wandall Traffic Safety Act, that would stiffen criminal penalties for red-light running. "Melissa is making a difference in the community and in the state of Florida," says Joseph St. Onge, ChFC, who worked with Mark at John Hancock

As a young insurance agent, Mark Wandall didn't need to be convinced to buy life insurance. But even Mark would be amazed at all that the insurance has meant for his wife, Melissa, and for many other people he never met.

Mark was just 30 when he was killed in an auto accident less than a mile from his Bradenton, Fla., home. He was the

Financial Network and was one of his closest friends.

Life insurance has provided Melissa with options that wouldn't otherwise have been available to a young, single mother. "Without it, I don't think I would have the time or the energy to put into the foundation and the coalition," says Melissa. "It has allowed me to do these things and to be at home with my daughter."

Don't Let These 5 Excuses Stop You from Getting the Life Insurance You Need

EXCUSES

1. It's too expensive

2. I haven't gotten around to it

3. I prefer to put my money elsewhere

4. I worry about making the wrong decision

5. The coverage I have through my employer is sufficient

THINK ABOUT THIS...

Not having adequate coverage could be more costly to your family

There are no guarantees in life, so don't procrastinate

Might work if you're sure you're going to live a nice long life

A qualified insurance professional can answer all your questions and guide you through the buying process

Typically, employers provide a modest amount of coverage, and you can't take it with you if you leave your job

Insurance Allows Dad to be a Dad



CLU, an insurance agent with AmerUs Life. She took care of his computers, and he vowed to always take care of her family. When Peggy’s business started to take off, Paul knew she needed more life insurance because her income had grown significantly. With Paul’s help, Peggy doubled her coverage. Two years later Peggy was diagnosed with breast cancer. To help pay her mounting medical costs, Peggy was able to borrow against the cash value of several permanent life insurance policies she had owned for almost twenty years.

Sadly, after a three-year battle, Peggy died at age 48, leaving behind Dan and their four sons. Dan, 52, used the insurance benefits to repay the loans against her policies and other medical costs and debts that had accumulated

Client Dan Claus (top right) along with his 4 sons and agent Paul Miller, CLU, ChFC (seated)

Peggy and Dan Claus always managed to make the best out of challenging situations. They found their first house, an abandoned century-old Victorian, in the path of a new highway. They paid to have it moved six miles away to a new lot, and with extensive renovations it became their dream home. When Peggy lost her job as a computer support specialist at a local bank, she started her own consulting firm and it quickly became a more rewarding career.

One of Peggy’s clients was her friend, Paul Miller, ChFC,

during Peggy’s illness. He also paid off half their mortgage.

More importantly, the insurance allowed Dan to accept a lower-paying job closer to home in northeast Iowa. Now instead of a 70-mile commute and having to work 12-hour shifts and every other weekend, Dan works weekdays until 3:30 p.m. That gives him the freedom to be there when the boys arrive home from school, attend all their activities and fully participate in their lives. “That’s really important to me, and I know it would be important to Peg.”

What Kind of Life Insurance is Right for Me?

	TERM	PERMANENT
LENGTH OF COVERAGE	Ceases at end of specified term period, typically one to 30 years	Continues until age 100 or later so long as premiums are paid
PREMIUMS	Lower than permanent insurance premiums when initially purchased, but increase with age	Initially higher than term insurance premiums, but are often level for life
CASH SURRENDER VALUE	None	Accumulates cash surrender value or loan value on a tax-deferred basis
KEY ADVANTAGE	Typically offers the highest death benefit for the lowest cost	Offers lifelong protection and tax-deferred savings
KEY DISADVANTAGE	Any number of factors (e.g., age, health status, etc.) may make it too expensive to continue coverage after the “term” expires	Initially larger premiums may make it difficult to buy amount of protection needed

An Insurance Safety Net Holds Fast



Left: Client Frank Szatkowski and family along with agent Rich Lazarski, CLU, CPCU (wearing tie) Right: Dr. John Mackenbach (right), who bought Frank's share of dental practice with insurance money, along with Frank's son, Adam, now a partner in the business

Frank Szatkowski was a successful dentist, an avid outdoorsman and a tournament handball player before Lou Gehrig's Disease robbed him of the ability to speak, walk or even eat. Though he is fed through a tube and must communicate with the aid of a laptop computer and a laser pointer controlled by his head movements, friends and family marvel at his indomitable spirit and ready smile.

The disease forced Frank to stop working at age 56, a year and a half after the first symptoms appeared. But a safety net of insurance designed by Frank's agent, Rich Lazarski, CLU, CPCU, shielded his Chicago-area dental practice and his family from financial catastrophe. A business overhead disability policy paid \$25,000 a month to cover office expenses and employee salaries after Frank became disabled. Frank and his business partner also had the foresight to set up a buy-sell agreement and purchase disability buy-out contracts to fund it. Those arrangements provided Frank's partner with the funds to buy out his share of the dental practice.

Because of health insurance and an individually owned disability policy, Frank has never had to touch his retirement plans to pay the enormous cost of his 24-hour home care and medical bills. What's more, a provision of Frank's permanent life insurance policy calls for premiums to be waived in the event of disability. So his coverage remains in force and its cash value continues to grow even though he'll never pay another penny in premiums.

Thanks to the smart insurance plans that Frank and Rich designed, implemented and adjusted over the years, the

dental practice hasn't missed a beat and Frank's family will always be financially secure. "I don't know where we would be right now if they weren't so diligent in making sure everything was addressed," says Frank's wife, Judy. "I'm just so thankful that they were."

Did You Know That Life Insurance Can Protect Your Business Too?

>> **BUY-SELL AGREEMENTS** funded with life and disability insurance allow remaining business owners to buy the company interests of a deceased owner at a previously agreed-upon price.

>> **BUSINESS OVERHEAD INSURANCE** reimburses a business for overhead expenses in the event a business owner becomes totally disabled. These policies typically pay benefits for one to two years, and help cover expenses like salaries, taxes, employee benefits, rent or mortgage, utilities, equipment, etc.

>> **KEY PERSON INSURANCE** can provide business owners with the financial flexibility to either hire a replacement or work out an alternative arrangement when a key employee dies.

>> **SOLE PROPRIETORS** may purchase a policy that covers them for the value of the company, whether or not the surviving family is able to sell it.

A New Home Saved From Disaster



Agent Gillian Lotz (left), clients Cindy and Matt Wrenn with daughter Sarah

Cindy and Matt Wrenn were days away from closing on their dream home when disaster struck. Cindy, 28, suddenly fell ill while teaching a real estate class and was rushed to the hospital. She was stricken with a brain aneurysm, and during surgery she suffered a stroke.

With Cindy in critical condition and fighting for her life, the house closing seemed out of the question. It was unclear if Cindy would survive, let alone return to her job at a real estate

title company. Matt's teaching salary wasn't enough, on its own, to qualify for the mortgage. Knowing how much the home meant to Cindy, Matt contacted his insurance agent, Gillian Lotz, who had helped the couple purchase disability insurance policies. Lotz, now with New York Life, pointed out to the lender that Cindy's individual coverage, combined with the disability benefit she received from her employer, would replace 70% of her salary until she turned 65. The loan was approved.

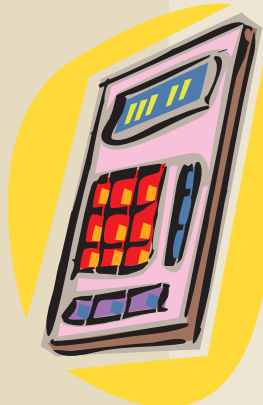
Cindy's recovery was nothing short of miraculous. A month after the stroke, Cindy was released from the hospital, and a few weeks later she moved into her new home in picturesque rural Maryland. Just four months after the saga began, Cindy was able to return to her job part-time. The income Cindy earned allowed her to move from a full to a partial disability claim.

Today, Cindy is off claim, in good health and owns her own title company. Matt is a state fire marshal. They also are proud parents of a year-and-a-half-old daughter, Sarah. If disaster should ever strike again, Cindy plans to keep her disability policy in force until she retires, and she pays the same premiums that she paid before she became ill. "When you're in your twenties, you don't think of such things as disability insurance," says Cindy. "I'm so thankful that I had it."

Do I Need Disability Income Insurance?

Think About This...

- Nearly one out of every three workers over age 30 will suffer a disability lasting three months or longer at some time in their working career.¹
- Nearly half of all home foreclosures are caused by an unforeseen disability.²
- More disabilities are the result of illness rather than accidents.³
- Each year, about 70 percent of those who apply for Social Security disability benefits get denied.⁴



Still Not Convinced?

>> If you became disabled and could no longer work, how would your family get by financially?

To assess the income needed to make ends meet should you become disabled and unable to work, use LIFE's online calculator at:

www.life-line.org/disabilitycalculator

Sources: ¹America's Health Insurance Plans, 2004 ²Norton's Bankruptcy Law Advisor, 2000 ³JHA Disability Survey, 2002 ⁴Social Security Administration, 2003

At the End, Comfort and Familiarity



Client Barbara Farone (seated) with agent Stacia Vetter, CLU, CLTC, LUTCF

Having worked as a nursing home administrator, Barbara Farone saw many families exhaust their life savings to pay for care. Wanting to avoid a similar fate, Barbara and her husband, Vince, purchased long-term care insurance policies. They appreciated knowing that if either ever needed assistance, their retirement assets would be protected and they would have lots of options regarding where care might be received.

When they bought the policies, Vince got a better rate than Barbara because he had a clean health history. She had suffered a heart attack previously. But four years later, it was Vince who faced a health crisis. He was diagnosed with a rare, degenerative brain disorder that was causing a gradual loss of speech and muscular control.

Vince eventually required constant care, but Barbara was determined not to institutionalize him. "When people get sick they tend to get isolated," says Barbara. She wasn't going to let that happen.

But caring for an incapacitated loved one can take a toll on the caregiver, points out the Farone's insurance agent, Stacia Vetter, CLU, CLTC, LUTCF. That's where the long-term care insurance from John Hancock came in. First, it paid for equipment and modifications to the couple's Murfreesboro, Tenn., home that made it easier to care for him. It also paid for trained health aides to take care of Vince 12 hours a day, allowing Barbara time for herself and to keep the household running. When Barbara and Vince went on vacations to Florida, the caregivers went too, their salaries paid by the insurance.

Vince passed away at age 73, after a four-year health battle. Barbara is grateful he was able to spend his last years with her, well cared for and surrounded by familiar things. Those trips to Florida meant a lot to Vince, Barbara says. "The air was so good for him. His face would just light up."

When Considering Long-Term Care Insurance, Make Sure to Ask About...

DAILY BENEFIT

The maximum daily amount the policy will pay for care

MAXIMUM BENEFIT

The total amount a policy will pay

ELIMINATION PERIOD

The amount of time you must wait until benefits begin

INFLATION PROTECTION

Helps your benefit keep pace with rising costs of care

WHERE CARE IS PROVIDED

At home, in an assisted living facility, nursing home, etc.

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