



PROACTIVELY PROTECT YOUR FAMILY:

Consider Life and Disability Insurance

When you have a family, you work hard to provide what they need to live comfortably. And while your paycheck and savings provide financial security for your family today, how would they manage financially should the unforeseen happen tomorrow and you become disabled or pass away?

Consider adding life and disability insurance policies as a proactive strategy for income replacement. Of course you hope you'll never need either policy but planning ahead for unexpected events can give you and your family peace of mind.

Term Life as a Cost Effective Solution

While you'll want to consult with your wealth advisor and insurance professional to determine what is right for you, consider a term life insurance policy as a cost effective, simple way to provide income replacement for your family. This policy can also serve to fill the gap between retirement savings your family can rely on should you pass away, versus savings you would have accumulated long term.

How Term Life Works

Term life insurance covers you for a set period with an expiration date, typically 10, 20 or 30 years, and is designed to provide a payout to your family should you die prematurely. The policy is meant to serve as a short-term financial safety net for your dependents and spouse to cover expenses like your mortgage and daily living expenses such as food, clothing, cars and tuition.

If the term expires while you are living, there's no payout, however, most term policies can be converted to permanent policies, so consult with your insurance professional on your particular situation. Keep in mind, there is no cash value for a term life policy.



As far as beneficiaries, they can be a person, entity or institution, and you can name multiple beneficiaries. Consider naming primary and contingent beneficiaries. If neither can be found, the payout will go to your estate. It can take between 30 and 60 days for a policy to pay out once beneficiaries submit a claim.

Timing and Costs for a Policy

To help guarantee insurability, the earlier you purchase a term life policy, the lower your premium will be. Your age and health help determine what you pay for coverage, and you'll likely be required to have a medical exam as part of the underwriting process.

When you purchase a policy, consider your debt, funeral expenses and living expenses your beneficiaries would need to have covered. Not accounting for inflation, your wealth advisor may recommend life insurance coverage up to 20 times the needed income to help ensure your family will have what they need to live comfortably.

Consult with your wealth advisor and insurance professional on the amount of coverage you'll need based on your personal circumstances.

Long-term Disability Policies

Over eight million American adults have a disability that prevents them from working, according to Simply Insurance. Should you become ill or injured, the medical bills will keep coming, but your paycheck won't, so it's important to have a resource for income replacement.

Again, you'll want to get a policy while you are younger to help guarantee insurability and avoid being subject to exclusions and medical underwriting. This type of policy is particularly important for highly specialized professionals such as doctors, business owners, attorneys and engineers. And you may want to build in a cost of living increase so that the policy payout keeps pace with inflation. Work with your insurance professional to help ensure that your policy won't be cancelled and the premium on your policy won't be increased.

Long Term Disability Policy Payout and Premiums

Typically, a policy pays around 60% of your pre-tax monthly salary. The amount that's paid out and for how long depends on your individual policy. There's also an elimination period before a benefit payout in which most highly compensated individuals would typically self-fund and can last anywhere between one month up to the first year of a disability. Keep in mind, there are exclusions that could mean no payout, such as being treated

Sources:

["A Guide to Term Life Insurance,"](#) money.com.

["Term vs. Whole Life Insurance: How to Choose,"](#) nerdwallet.com.

["95+ Disability Insurance Statistics for 2021,"](#) simplyinsurance.com.

["Is Long-Term Disability Insurance Worth It?"](#) policygenius.com.

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for a pre-existing condition three months prior to receiving the benefit. It's also essential to structure premium payments using after-tax dollars to help ensure for a tax-free benefit when you make a claim. You don't have to pay it back or pay interest or penalties on the benefit.

Employer-Sponsored Policies

While many employers offer life and disability insurance, chances are they won't be adequate for highly compensated individuals who may be capped on how much coverage they can have under an employer plan. Also, these plans typically aren't convertible, so if you leave the company, the policies probably won't go with you. When you buy your policies outside of your employer plan they are portable, convertible and cost less on average due to underwriting.

Consult With Your Advisory Team

Because insurance is complex but necessary, consider consulting with your wealth advisor and insurance professional on the right policies for your situation. At Mariner Wealth Advisors, these professionals are in-house and will work together to help ensure that your insurance strategy is integrated into your overall wealth plan.

And through Mariner Insurance Resources, an independent insurance agency centered on life, disability and long-term care insurance along with fixed and variable annuities, our in-house team also has access to the independent marketplace and can help evaluate and recommend insurance solutions to help provide financial support to your family when its needed most.