Episode #208: 3 Products You Actually Won't Lose If You Don't Use

Video Transcription

Hello, and welcome to Money Script Monday. My name is Jeff La Pierre and I wanted to go over three options that your clients can use to have accelerated benefit riders or a long-term care rider without losing them.

With nearly 50 million adults in the U.S. providing personal assistance for family members and disabilities and other care needs, it can get quite expensive. The national average for 24-hour care in one year can be more than $105,000, so that is a question that is really lingering on our clients' minds. What we want to do is set up your clients with a vehicle that will offer them the safety net against having some sort of chronic illness or disability.

What exactly is an accelerated benefit rider? It's if you have a chronic illness or you need critical care or have a terminal illness or you're diagnosed with any of those, the insurance company will then forward your death benefit, accelerate it to a certain percentage. That way you'll be able to pay for those costs. The acceleration is going to be around 2% for accelerated death benefit riders.

With the long-term care rider, you'll be able to accelerate anywhere between 1% and 4%. The long-term care rider specifically is designed to pay for certain types of care and needs for services as they age. As we're moving forward, this puts something like a piece of mind, knowing that they're going to be taken care of in the future, and if they don't use it, there's still going to be a benefit there, and that's what we'll discuss moving forward.

How exactly do you get the ABRs, accelerated benefit riders, or long-term care riders? What you need to do is really not be able to do two of the ADLs, which are activities of daily living, and that consists of eating, bathing, dressing, toileting, transferring, incontinence. Those are the six things that we need as humans to live and be able to move on with our normal lives. As soon as we can't do that, we're kind of in trouble, we need some help, and that's where this comes along.

Who are your target clients? They're concerned about the unexpected cost of LTC in the future, possibly concerned about leaving a legacy to the next generation. Like I mentioned earlier, long-term care can cost up to $105,000 a year for stay-at-home care, so you can imagine what a dent that's going put into your client's retirement or legacy plan. What they're trying to hedge is against maybe dying too soon, becoming too ill, or living too long.

Some considerations when making these plans are to make sure you're getting the most adequate benefits for your client, making the most out of their cash value and LTC, and will they need liquidity in the future, will they need this money that they're putting into this plan? I'll show you a way to recover some of that money if you don't lose it too. Let's get into the three products.

The first product I want to discuss today is LifePro's favorite. It's indexed universal life. Why would you choose indexed universal life? Indexed universal life gives you the power to accumulate cash on a tax-free basis and it allows you to pick the indexes of your choice according to really what your tolerance is. There are guarantees available but mostly in indexed universal life, we're looking for cash value growth. As I said, we can build in a guarantee it but it kind of mitigates the cash growth in the plan. It is there for an option so in event of a qualifying event of the two of six ADLs, you will be able to purchase a long-term care rider attached to the IUL or accelerated benefit rider.

The long-term care rider will have an additional cost while the accelerated benefit riders will not cost anything until you use them. We talked about the indexed universal life. Let's talk about the second option which is the UL. Just current assumption universal life.

The one thing that I like about the current assumption universal life is that it is a lower cost structure and it does offer a longer guarantee than the indexed universal life. It's not guaranteed to 100 usually or 105, but it is usually to life expectancy or beyond. I'm seeing right now between 85 and 90 guarantees and on top of that, the guarantee, you know, your clients are going to have a long-term care rider which they can accelerate up to 1-4% of that.

Lastly, the third part that I want to talk about is the guaranteed universal life. The guaranteed universal life is going to be a really specific product that your clients are going to need. It's going to be able to have them guarantee their death benefit from one point to another. If they're 55 years old right now and they want a guarantee their plan to 100, 105, even 120, we can tailor that plan to suit their needs and as well as tailoring it to their long-term care needs whether it's an accelerated benefit rider or a long-term care rider.

Not to mention that we have ROP options too. If the clients aren't ready to go the full distance with their plan, at year 15 maybe 20, 25 will have ROP options where they're able to recuperate their money and just put it back into whatever they need to, you know, make it more liquid to their liking. But for the most part, I think most people are gonna want to keep that death benefit to pass to the next generation. The leverage is so good you put in a certain premium and the leverage is very good with death benefits. You usually like throughout your lifetime, double the amount that you put in or sometimes even triple. It is all around a great legacy plan.

With that said, we went over three products that will help your clients get to where they need to go using long-term care or an accelerated benefit rider. Remember, if they don't use it, they won't lose it. Whatever benefits aren't gained through this plan, they're going to recuperate it back through the death benefit. With that said, now that you have three options for your clients, when your clients ask you, "Do you have any long-term care or accelerated benefit offers?" your answer is yes. I want to thank you all for attending.