

Episode #287: Underwriting Preparation for a College Planning Case

Welcome back to another episode of "Money Script Monday." My name is Gabriel Lindemann. And today, of course we are going to talk about college planning. But today we are going to talk about something that is super important. Right now, the first thing we want to do is congratulate you. If you are on this video, it is most likely you are progressing to do a college funding case. We thank you because one, you are taking the first step to providing financial stability for you and your children during probably the most expensive time in your life. And second, you are helping your kids achieve their dreams, go to college, become something better in the world, make a big impact. For that, congratulations, you are taking the right steps and you are making the best steps possible.

Let's get started and talk about what actually happens once you sign that piece of paper or, most likely, once you have hit the accept button on the online application process. Well, they are going to call you. They are going to do a phone history interview. Now, typically what happens is, I know the biggest problem in the college planning world is a lot of families when they first do this, they get confused. They think it is similar to EFC. This is not financial planning. This is not sheltering assets. In fact, this is very similar to if you apply for a home loan, you want to apply for the biggest loan possible.

It does not mean you are going to get it; it does not mean you want it, but it's easier to apply for a high number and then reduce it. Because on the opposite hand, what happens if you get a lower number but in reality, you need a higher number to offset maybe some of those seven-page charges, to offset some of those cost of insurance and fees, to make sure that it's not a modified endowment contract, right? It must correlate and then your financial advisor college planner will be able to

work with you, explain it. But again, it's not financial aid. You want to use the most money. So when you look at all your resources, use your gross numbers, use the biggest numbers. Again, it's very similar to applying for a home loan. We might not want that \$2 million death benefit. We might only want 1.2 or maybe 500, but I'm telling you, it's a lot easier once you qualify for 2 million to reduce that down to 500, to reduce that down to 1.5 or 1.2, versus it being approved at 1 million, but you really need 2 million based on your funding schedule to prevent it from being a mark. So again, when you do the phone history interview, have all your financials out. Use your gross number, use your big numbers. Think of it as if you are applying for a home loan.

Second, you want to be prepared for your medical background. Now, everyone's got stuff, everyone's got a background, even Michael Phelps. He's not going to be super preferred because he's got a background too. That's okay. They just want to make sure that you get qualified for the best rate class possible. So, you want to give them as much information as possible and work with your advisor. Your advisor has a great check sheet that goes over all the information and how you should be providing it. But this is very important. The more you have a complete background with the higher financials, the better you could get accelerated underwriting. That means that right there, they approve you, they rubber stamp it, you get preferred plus, and you are on your way. And again, congratulations because that's the first step in starting your college funding case. Now, most likely about 60% of the time it does not apply for accelerated underwriting. That's okay. You can still qualify for preferred and super preferred. But what that means is they need a little bit more paperwork, they need a little bit more trails.

What they do is they will order the exams. So, the second step is, when they order the exams for you, they're going to call and make an appointment. The sooner you can make that appointment to finish your exam, do your blood work, do your height and weight and everything, the quicker you can go back to the carrier, go back to the underwriter to

give you that super preferred, and to give you that preferred rating so you can get to that college funding case. That's really important.

The second part is, if something comes back in your exam, the doctors or maybe during your phone history interview, you mentioned something, maybe you mentioned that you had COVID a couple years ago, but during COVID you had an abnormal COVID experience, like myself. When I had COVID, I had really tough COVID and I had a problem breathing. When I applied for insurance, the underwriter said, "Okay, I want to see the records, I want to see that CT scan that you did when you had COVID to make sure your lungs are okay." Good news is everything was okay, I was able to get coverage. So you will have the same opportunities, nothing different. They just want to verify to make sure that you are super preferred, that you are the next Superman, you are the next Wonder Woman, that they are going to be able to qualify you, so that way you'll live to be 120. That's what they're looking for.

When they ask for additional records, they go to your doctor's office and they ask for the records during that timeframe. Truth be told, they pay the doctors for those records. A company shows up there and all the company does is make copies and they get paid. The doctor's office gets made a couple hundred bucks for doing that. I don't know about you, but if all I had to do was let a company come in and scan the files for the client, which the client has authorized through the HIPAA form, and I get paid \$200, \$300, I would do that all day every day. Unfortunately, not all doctors think the same way. And let's be honest, doctors can be doctors.

With that being said, if you notice after a couple weeks when you talk to your college planner or you talk to your sales rep and they say, "Hey, you know what? We still haven't got it back." Call your doctor urgently. Tell the doctor, "Hey, I need this. Can you send those APS records for that timeframe that's being requested because I'm trying to do something for my children? I'm working on college plan. We need to work on this funding plan so I can have the money to pay off my student loans. Can you help me doctor, please?" Typically, the only people the

doctors will take direction from are from the patients, which are their clients too. Remember that if you get stuck and it seems like it's taking a long time, call the doctor, send an email. They will listen to you more than they will listen to anyone out there because you are their client. They take orders from you. So again, if you notice the policies are taking two, three months, it's most likely because of an APS being hung up.

And then the last part, so great, you got everything approved, then guess what? You qualify for super preferred. You put the policy in force, you review everything. You look at the final numbers with your college planner and you just want to make sure that everything is max funded, but more importantly, the money coming out to cover the student loans correlates with what the game plan is. Once everything matches up, you can sign the delivery receipt, you can sign the illustration and you are good to go.

When something changes, because let's be honest, I have two kids. I totally understand. Life changes every day. Every Saturday morning my wife and I have a game plan on what we are going to do, but every Saturday afternoon because of my girls, things change. Every single time. That's just life with children and with family, with moving parts. So, if at the time of delivery, if something changes, you want to adjust the numbers or you want to add more money or less money or different loan schedules, you can do that. Talk to your college planner, me and your college planner together, because I work with them, we can redo the plan and we can still have it delivered with a change of service form. It's a great little savior item out there. Once that is sent over and updated to the carrier, they will then reissue your policy based on that change form and little illustration. If something changes, it's okay. It's not the end of the world. We totally understand. It happens all the time.

Lastly, what you want to do is make sure you do your annual reviews. Your college planner is going to make an effort to make sure that every year we are going to look at your annual review. We are going to check your allocations. We are going to look at the rate of returns. We are

going to look at your premium funding. We are going to make sure that hey, do you need more money for school, do you need less money for school?

Who knows? Maybe you inherited a lot of money, maybe you were financial aid eligible and you were due to get some good award money. But unfortunately, your second or third grandma you didn't know existed passed away and you inherited a million dollars, which is awesome. But unfortunately, the schools are going to see that and say, "Oh, okay. Well, you know, we are not going to give you your financial aid award." That's okay. You can work with your college planner. We can reinvest that money. We can put that money in different assets, so you can still be EFC eligible. So you can still receive your grants, and your scholarships, and your awards. And again, this is only doable during your annual reviews when you work with your college planner to keep each other accountable.

So, what did we talk about today? We talked about the first step, the phone history interview. And again, when you apply on the financial side, give your financials like you are applying for home loan. Use the big numbers, use the gross numbers. You want to apply for the most possible. Second, when it comes to your medical exams, call the examiner right away. The quicker you get done with your exam, the quicker you get that preferred rating and get it applied and put it in force. And then lastly, make sure that you do your annual reviews. And if you need to make a change, talk to your college planner, talk to your financial professional. We work together on the same team. We'll make sure it happens. But lastly again, congratulations on taking the first steps on getting your kid a college savings account, a college funding account, which will have an impact on their college, but more importantly on future retirement savings. My name's Gabriel Lindemann and it's been my honor today. Thank you very much.