

Sales Idea: Pennies on the Dollar Can Protect Your Income

The impact of not being able to earn an income due to a disability can be devastating for individuals and their families. With proper coverage however, the amount of protection can be quite significant and not cost as much as many might think.

Let's review some numbers in a hypothetical example:

The Client:

- Lexi, Realtor, 30 years old
- Self-employed
- Single mother

Lexi's concerned being a single parent with flexible income and wants to ensure her child would be protected in the event she became disabled.

Fortunately, being self-employed she receives a 15% premium discount on our DI coverage. With proper planning, she can protect a significant amount of her income.



Occupational Class	5A
Annual Gross Income	\$200,000
Federal Tax Bracket	32%
Annual Net Income	\$136,000
Monthly DI Premium	\$344.21
Age 50 Cumulative Premium	\$82,610.40
Percent of Gross Income	2%
Annual Benefit Until 65 (Income Tax-Free)	\$130,800

Given these parameters, Lexi has protected **96% of her net income after having spent 2%** of her gross income on her DI premiums.

In this scenario Lexi has certainly leveraged proverbial pennies to protect dollars, particularly since she receives the 15% premium discount for being self-employed. Be sure to keep this significant discount in mind for any self-employed clients you may have.



Now that we've seen how affordable income protection can be for Lexi, let's also examine a wider range of numbers in a hypothetical cost-benefit analysis of two different occupational classes:

Example based on gross annual income of \$120,000, monthly benefit of \$6,000, benefit period to age 65 with a 90 day elimination period.

Occupational Class	Gender/Age	Monthly Premium	Age 50 Cumulative Premium	Benefit to Age 65 (Income tax free)	% of Gross Income
6A	Female (35)	\$188.71	\$33,967.80	\$72,000/year	1.89%
	Male (35)	\$123.94	\$22,309.20	\$72,000/year	1.25%
3A	Female (35)	\$324.35	\$58,383.00	\$72,000/year	3.24%
	Male (35)	\$213.02	\$38,343.60	\$72,000/year	2.13%

Looking specifically at the 35-year-old female with the 6A occupation class in the above chart, we are assuming a \$120,000 annual salary and a 24% federal tax bracket. She has purchased one of our DI policies that pays \$72,000 annually in **income tax free benefit**.

With these parameters, her \$72,000 annual tax-free benefit divided by her \$91,200 net income = **79% of her net income protected to age 65!** All while having spent **less than 2% of her gross income**.

She is truly protecting a lot with a little, especially considering that **without** DI coverage she could risk up to 100% of her salary.

The Bottom Line:

Mutual of Omaha has been providing disability income protection for over 100 years. Our latest product, Mutual Income SolutionsSM, continues to make a difference when people need it the most. Keep disability insurance in mind when meeting with clients and prospects.

Contact your sales team for more information on Mutual Income Solutions.