



# Helping Secure and Protect the Incomes of Affluent Professionals

What You Need to Know



## ▶ Working affluent clients don't have to risk their future

Your clients often focus on retirement and short-term financial goals when considering financial strategies, but this view is incomplete. As your clients accumulate wealth, they face many uncertainties. One of the greatest is how a sudden change in health can impact their everyday life and financial future. When working with your clients, it's crucial to assess the protection offered by insurance strategies like disability income insurance.

These strategies provide:

- Income continuation if clients are unable to work due to sickness or injury
- Protection of retirement assets from liquidation
- Level premiums for the policy

Ameritas offers a strong and flexible individual disability income insurance product for your affluent clients that are in their wealth accumulation phase. This toolkit will help you position Ameritas when working with your clients.

## ▶ Ameritas strategies for your affluent clients

It is never too early to discuss securing income protection with your clients and it is important to talk with them as soon as possible. Insurability is contingent on their good health and we never know what tomorrow can bring. In addition to securing a policy while they are healthy, getting it early also means locking in a lower premium.

### Prospective clients:

- Professionals working full-time with expenses to cover and retirement/investment assets to protect
- Young and healthy individuals with families that depend on their income in whole or in part
- Clients looking to maximize their chances of reaching their financial objectives who are willing to invest in products that protect against uncertain health events in the future

### Important offer information to share with these clients:

- Flexible product design that allows for a custom solution
- Top professionals offered our most competitive rates
- The option to increase coverage in the future as their income grows
- Electronic application and streamlined medical and financial underwriting
- The ability to supplement any group disability coverage they may have through an employer
- A fully portable policy that can stay with them as they change jobs or even careers

### Benefits of purchasing an Ameritas DI policy:

- Highest level of policy design flexibility
- Lowest rate structure
- Highest quality provisions due to lower risk profile
- Choice between Noncancelable (NC) or Guaranteed Renewable (GR) policy design
- Choice of three definitions of disability, including Own Occupation, to fit your clients' needs
- Unlimited MNDA coverage (or a discount with a 2-year limitation)
- Longest benefit periods
- Three Residual Disability riders
- 2 Cost of Living Adjustment (COLA) Riders
- Future Increase Option Rider – pool of money to increase benefits annually up to age 55
- Benefit Increase Rider (BIR) – no cost rider, increase every three years, up to \$30,000 max issue limit
- Automatic Increase Rider (AIR) – 4% simple interest increase for five years; available in combination with BIR, but not FIO
- Catastrophic Disability Benefit (CAT), Lump Sum Savings, Student Loan Repayment and Social Insurance Substitute riders also available



## ► Occupations of affluent professionals

Another consideration should be how the carriers classify professionals based on their job duties, income and experience. These occupation classes affect the pricing. These will vary among the carriers, mostly based on the risk of becoming disabled and the claims experience of that occupation. Ameritas has many 6A and 5A occupation classes, which are the top occupation classes we offer. This means a better rate for your clients in return for more premium savings. Here's a sample of the occupations to look for:

- Accountants and Bookkeepers
- Advertisers
- Architects
- Attorneys
- Brokers/Traders
- Certified Financial Analysts
- Certified Public Accountants (CPAs)
- Computer Industry
- Consultants
- Corporate Executives
- Data Scientists
- Dealership Owners/General Managers
- Education/Administration
- Engineers
- Financial Professionals
- Graphic Designers
- Insurance Industry
- Magazine and Newspapers
- Office Professionals
- Paralegals
- Sales
- Scientists
- Stocks and Securities
- Teachers, School or College
- Venture Capitalists, Private Equity Managers



→ For descriptions and details of the 6A and 5A occupations, see:

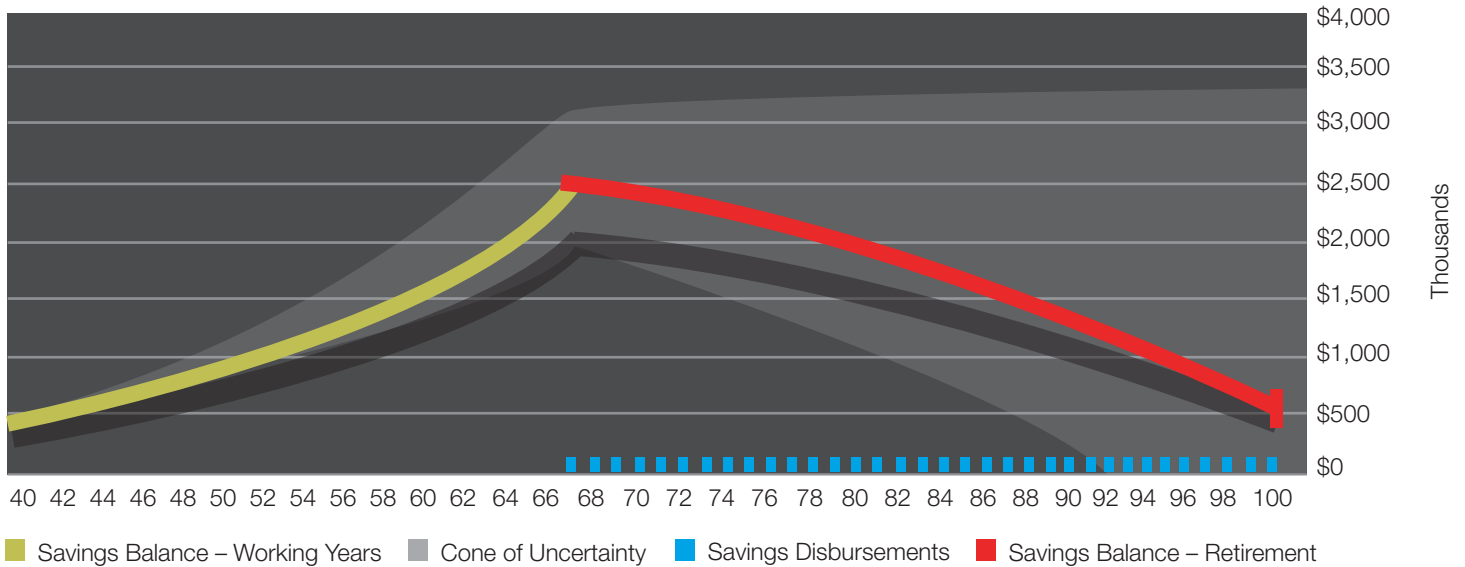
- [Marketing to 6A Occupation Classes](#)
- [Marketing to 5A Occupation Classes](#)

## ► Understanding the impact of asset protection

Consider the hypothetical situation for a 40-year old professional with a good start at a retirement fund. Our prospect has an annual income of \$200,000 and a current retirement fund balance of \$400,000. They are contributing a total of \$10,500 including the match from their employer of 3%. Our prospect is invested in a diversified portfolio and is targeting retirement at age 67.

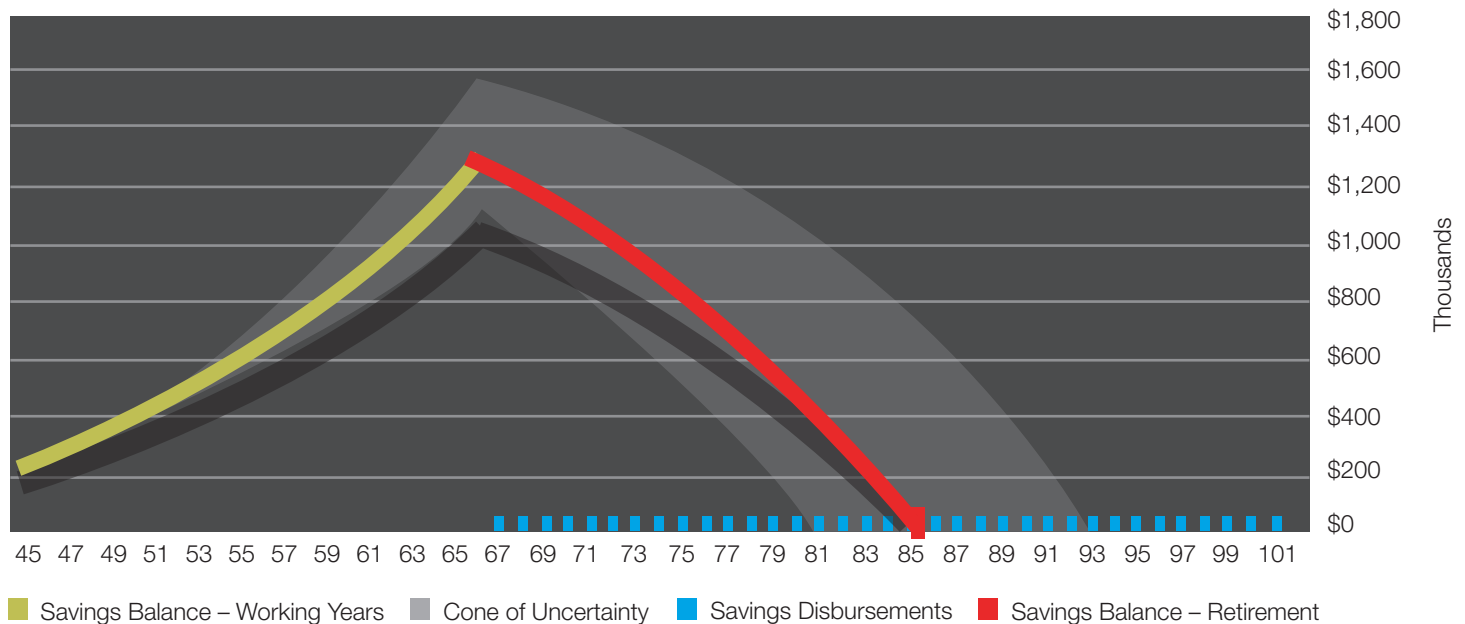
Here's a projection of savings growth and then a reasonable distribution of assets at retirement.

This client plans to retire at age 67 with an account value of \$2,459,000 and will draw roughly 3% of that value or \$75,000 per year, starting at age 67 - with a little more coming out each year due to inflation. In retirement, the client is looking at a 2% investment return. At this rate, the client will get to age 101 and still have a balance of \$492,000 in the plan.



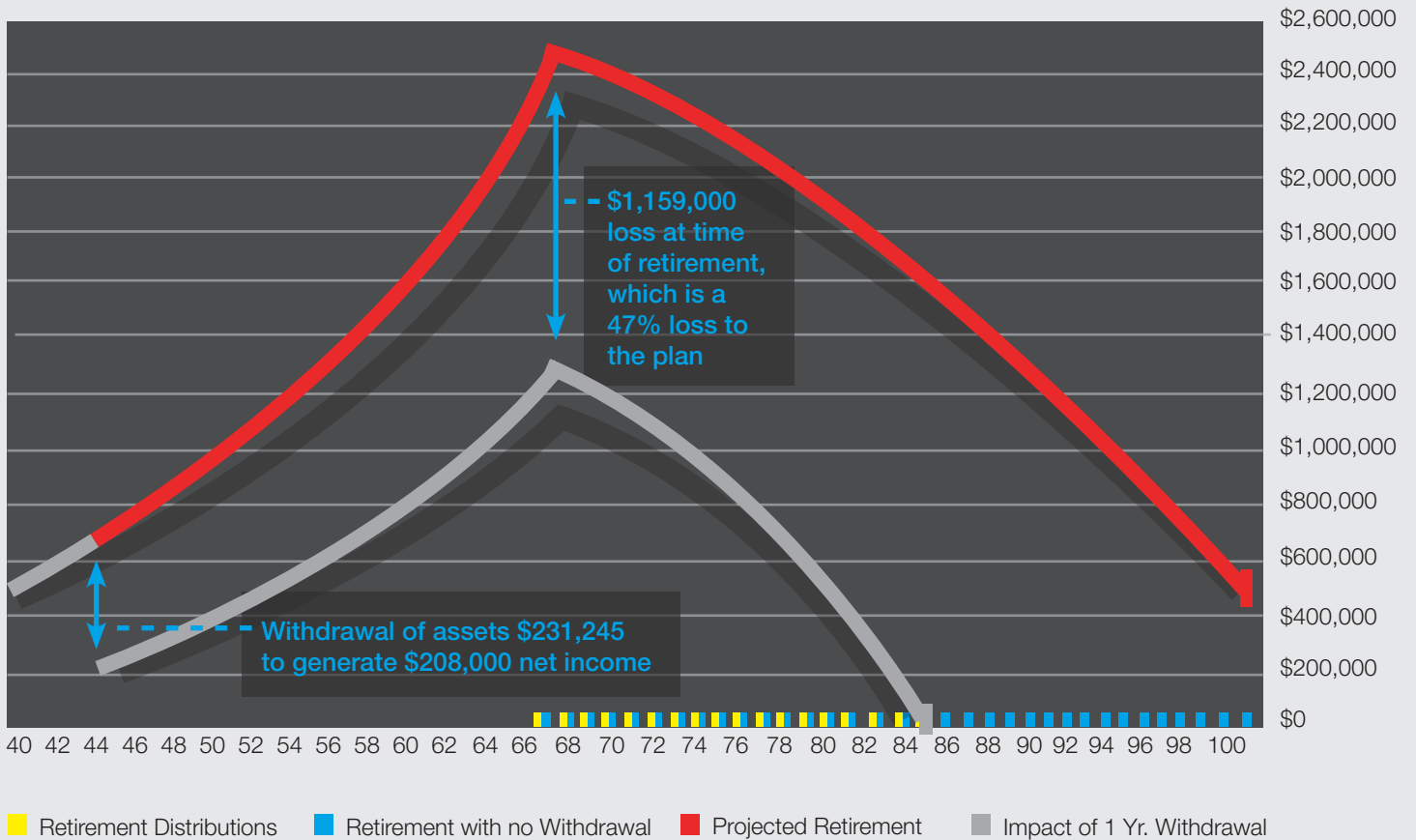
The concern is the threat posed by an unexpected change in health, even if it is for a fairly short period of time. In this case, we're looking at a simulation of a health issue at age 44 that causes the client to take 15 months away from work. They exhaust their short-term savings and pull \$231,245 (or one year's income) from the plan. After penalty, federal and state income tax, the net withdrawal is \$208,000.

Assuming everything else stays the same as the previous chart, the result is that plan runs out of money at age 85.



To see the gap more clearly between the two scenarios, here are simplified versions of these two scenarios on the same scale:

### 1 Year Income Draw at age 44



Due to the withdrawal at the age of 44 to cover the prospect's day-to-day financial responsibilities, we can see that there is a **significant impact** to the overall potential pool of retirement dollars.

As you can see, an individual disability insurance policy can provide a valuable firewall to help our prospect stay on the upper projection by providing a monthly benefit amount if the individual has a sickness or injury. With a disability income policy, the prospect does not need to liquidate the assets in their retirement plan, allowing it to continue to grow. **This is the dual benefit of a disability policy, as it provides both asset protection and income continuation for a client, allowing them to cover their regular expenses and keep their hands off retirement, investments and other assets.**

While the odds of a long-term disability might be low, the impact to a family's financial future can be significant.

**A well-designed asset protection plan that includes a disability income insurance policy can significantly improve the chances that your affluent professional clients will reach their retirement objectives.**

Navigating Asset Protection planning with:

## ▶ The Three Pillars of Asset Protection

When addressing the strategy for your clients, we can use the guide of the Three Pillars of Asset Protection. This involves folding in aspects of the broader financial planning conversation to contextualize the protection we look to provide.



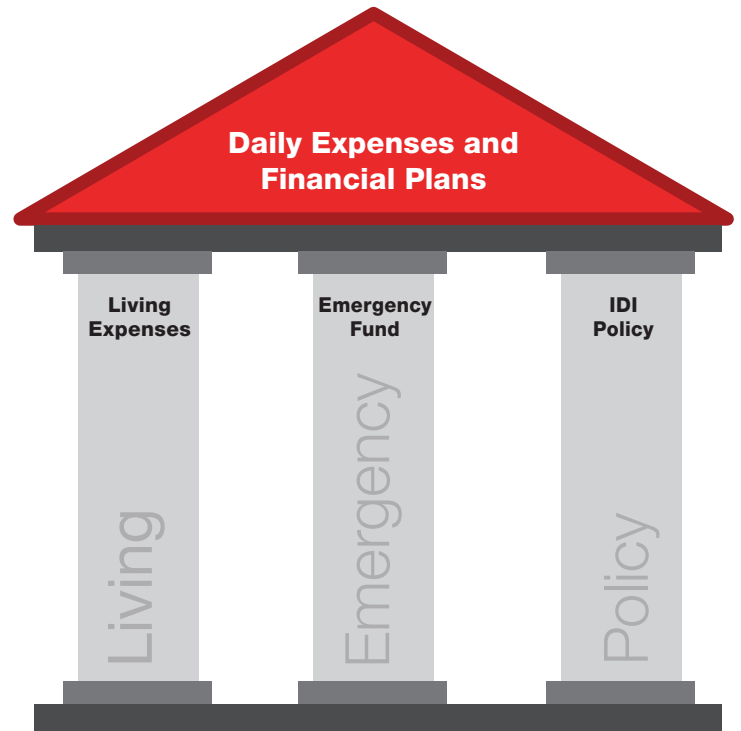
- **Living Expenses** are the clients' financial obligations today. We want to help reduce unnecessary debt and expenses to maximize the *monthly benefit amount's* ability to do the job of maintaining their lifestyle. This can also be referred to as "Day-0."



- **Emergency Fund** is the short-term savings that the client will tap into in the days following their last paycheck after the sickness or injury. Evaluating how long the savings will last helps us plan for the best *elimination period* (waiting period before benefits start).



- **Individual Disability Income (IDI) Policy** is the stop-loss for our clients. If their sickness or injury lasts long enough to satisfy the elimination period, they are likely to need income continuation, so they don't have to tap into the assets that make up their financial plan. How long the monthly benefit provides that income continuation is called the *benefit period*.



The total cost of the policy will be impacted greatly by three main factors:

1. the amount of monthly benefit
2. the length of the elimination period
3. the benefit period

**Designing these to fit with the needs and goals of clients based on how they want to structure their Three Pillars of Asset Protection is key to satisfied and protected clients.**



## ► Conversations that move

- **Begin the conversation** by identifying the clients most likely to be open to DI
- **Shift the conversation** to emphasize the right details in client-friendly language
- **Sustain the conversation** by neutralizing some of the barriers to sales

### The ideal client


As a financial professional, many of your clients look to you for recommendations they may not have considered, including a plan to protect their income with disability insurance. Identifying those clients and working to have targeted conversations with them is crucial to your success. Research highlights specific characteristics that can be used to identify the right clients for DI – either prospects or those already within your book of business.

*The ideal clients:*

- Are employed full-time
- Ages 25-50
- Have family
- Have household income of \$75,000 or more
- Are white-collar professionals and executives

### Shift the conversation

We believe that a positive, benefits-oriented approach to the disability income insurance conversation resonates most strongly with clients. This approach involves making a fundamental shift in how you talk to clients about DI.

Protection against disability  Protection for income

Though financial professionals and clients agree that income protection is important, the idea of “disability income insurance” can be difficult to convey. The name itself can often be an obstacle. It can be perceived as negative, and clients don’t necessarily make the connection to DI as a means to protect their income. Shifting the DI sales conversation to focus more on asset protection can help highlight the benefits instead of the risks. By focusing on asset protection and income continuation, DI can be positioned as the policy that protects everything else and helps your clients stay on track financially.

### Sustain the conversation

There are a few additional insights that can lead to more productive sales conversations about disability insurance.

- **The power of affirmation** – A positive acknowledgment of the smart steps your clients have already taken towards financial stability makes them more receptive to discuss the additional benefits DI can provide. Having group disability and/or life insurance, for example, are important first steps that should be acknowledged.
- **Customization is key** – The subject of disability can be a sensitive and personal discussion so a one-size-fits-all approach will likely not work for most clients. Highlighting DI as a customizable strategy empowers clients to make the policy their own.
- **Realistic optimism** – You can earn credibility with clients by acknowledging the fact they may never need to use their DI coverage. However, in the event they do need it, the monthly benefit from DI can be crucial to maintaining their financial health.
- **Provide insight** – Clients are inherently skeptical of sellers being too pushy. Overselling the importance of disability income insurance can quickly turn them off. Your clients are looking for realistic insights over sales tactics. The most fruitful DI conversations are the ones that give information – then lead the client to making their own decision.

## ► We're here to help

Ameritas offers a strong and flexible individual disability income insurance product for your affluent clients that are in their wealth accumulation phase. Use this toolkit to help you position Ameritas when working with your clients.

For more information or assistance in developing asset protection and income continuation plans for your clients, contact your **Ameritas representative**.



Representatives of Ameritas do not provide tax or legal advice. Your client can consult a tax advisor or attorney regarding their specific situation.

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