



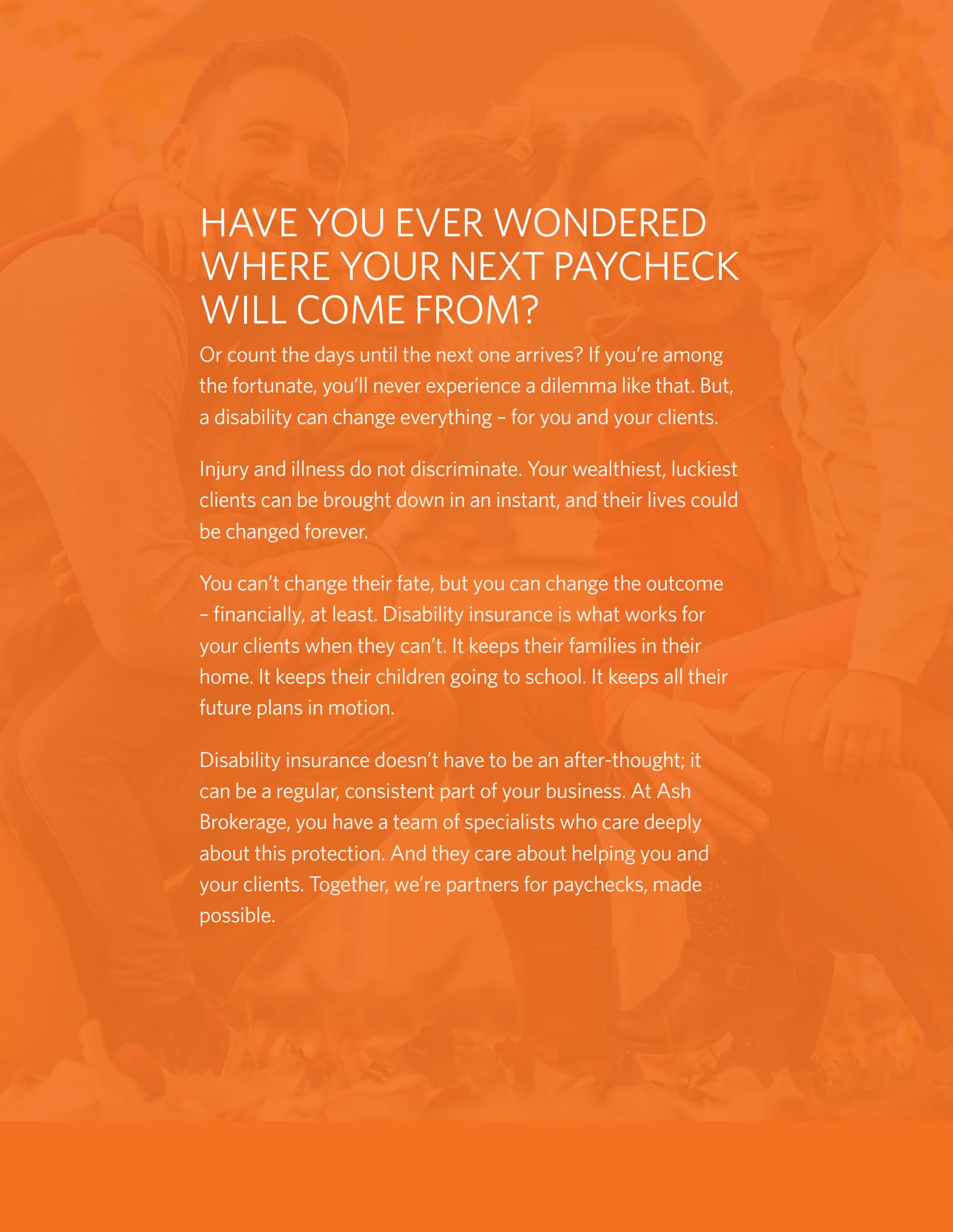
A GUIDE TO

DISABILITY INSURANCE

Create a solid financial foundation
for paychecks, made possible

ASHBROKERAGE.COM





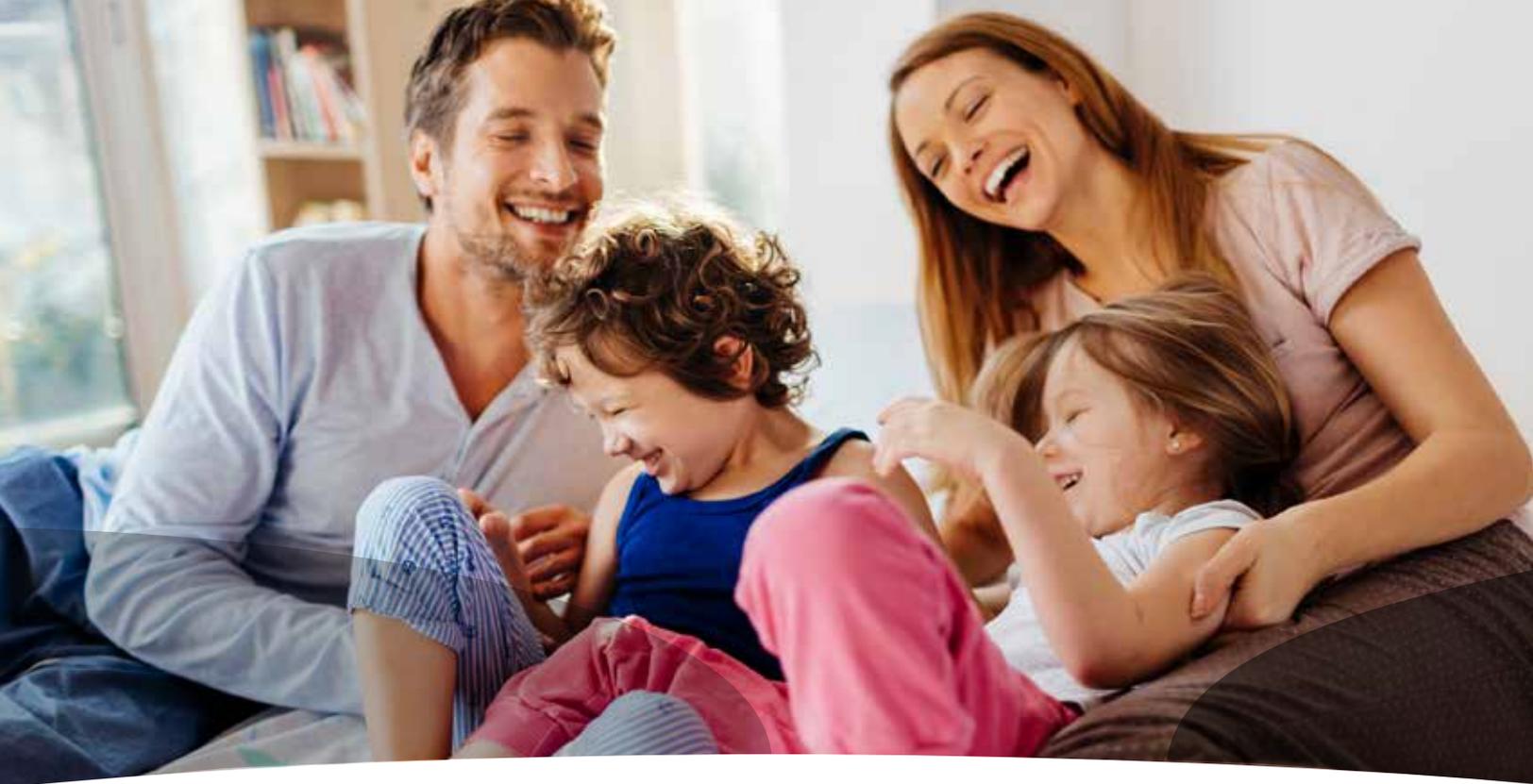
HAVE YOU EVER WONDERED WHERE YOUR NEXT PAYCHECK WILL COME FROM?

Or count the days until the next one arrives? If you're among the fortunate, you'll never experience a dilemma like that. But, a disability can change everything – for you and your clients.

Injury and illness do not discriminate. Your wealthiest, luckiest clients can be brought down in an instant, and their lives could be changed forever.

You can't change their fate, but you can change the outcome – financially, at least. Disability insurance is what works for your clients when they can't. It keeps their families in their home. It keeps their children going to school. It keeps all their future plans in motion.

Disability insurance doesn't have to be an after-thought; it can be a regular, consistent part of your business. At Ash Brokerage, you have a team of specialists who care deeply about this protection. And they care about helping you and your clients. Together, we're partners for paychecks, made possible.



THE NEED

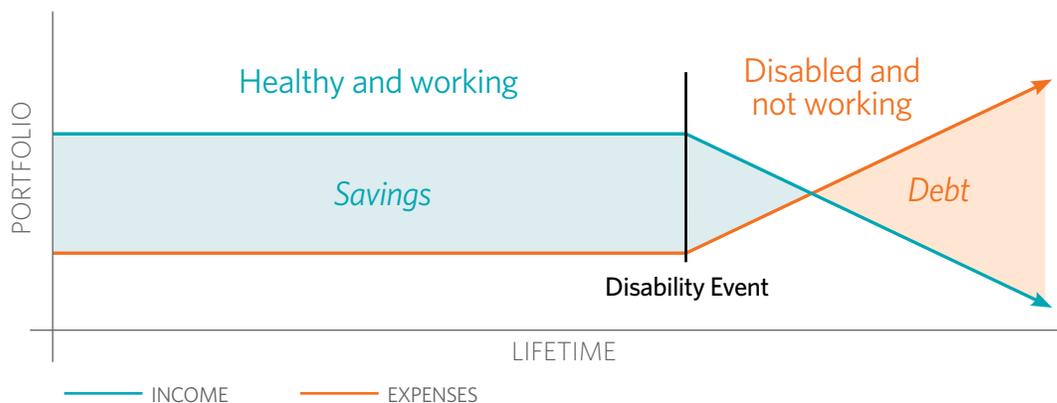
THE FOUNDATION TO ALL FINANCIAL PLANS

A financial plan has many important pieces, but your client's ability to earn an income is what makes everything else possible. People insure their homes, cars and personal property, yet they fail to insure the thing that makes it all possible: their income.

For the majority of people, their ability to get up and go to work every day is their greatest asset. Their lifetime earning potential is greater than any of their property or investments.

WHEN DISABILITY STRIKES, EXPENSES INCREASE

If income is disrupted, even for a short time, it becomes increasingly difficult to pay day-to-day bills and financial obligations, not to mention long-term goals and retirement dreams. Covering the basics can be tough enough, but when someone is too sick or hurt to work, they are usually met with additional disability-related expenses such as medical treatment, physical therapy or special equipment.



THE NEED

YES, IT CAN HAPPEN!

People like to think, "It won't happen to me," but statistics say otherwise.

Matter of Fact

More than 1 in 4 of today's 20-year olds will become disabled before they retire¹

Misconception

Workers say they are more likely to win the lottery than become disabled; the real odds: 1 in 259 million vs. 1 in 4²

Missed Connection

67% of adults say income is important, but only 28% believe it's crucial to have insurance to protect it²

Missed Opportunity

One-third of working adults would be more likely to consider income protection if they knew more about it; it is 40 percent for millennials²

Meager Means

57% of adults have enough savings to pay 6 months or less of bills²

Much Longer

The average disability claim lasts 31.6 months³

WHO'S GOT YOUR BACK?

OK, so your clients are aware of the risk. What's their next reaction? To rely on government programs, such as Social Security Disability Income or Workers' Compensation. Here are some facts that will make them think twice:

56 million Americans (1 in 5) live with disabilities

only 9 million are currently receiving Social Security disability benefits¹

65% of initial claims are denied

by The Social Security Administration (SSA)⁴

Just 1% of disability claims are due to occupational illness or injury

the other 99% occur off the job, which is not covered by Workers' Compensation⁵

Injuries must be expected to last at least 1 year or lead to death

to qualify for Social Security Disability Income, which is more restrictive than an insurance company's definition

¹ Social Security Administration, "The Facts about Social Security's Disability Program," January 2018: <https://www.ssa.gov/disabilityfacts/materials/pdf/fatsheet.pdf>

² Source: Council for Disability Awareness 2014 Disability Awareness Study: http://disabilitycanhappen.org/public_html/wp-content/themes/cdadev/awareness2014.pdf

³ Gen Re, "U.S. Individual DI Risk Management Survey 2011," based on claims closed in 2010

⁴ SSA, "Annual Statistical Report on the Social Security Disability Insurance Program, 2011": https://www.ssa.gov/policy/docs/statcomps/di_asr/2011/sect04.html

⁵ Bureau of Labor Statistics, Employer-Reported Workplace Injuries and Illnesses (Annual) 2016



IDENTIFYING CLIENTS

WHAT TO LOOK FOR

Anyone in your client base who works for a living needs disability protection. To help you narrow it down, think of clients who are:

- Actively working and rely on their income to pay monthly expenses
- Between ages 25 and 55
- Business owners with positive income

INDIVIDUAL DISABILITY OPTIONS

Individual disability coverage provides income protection for everyday expenses and allows your clients to continue saving for their long-term goals with minimal disruption. Your clients will generally fall into one of three categories:

1. White Collar

- Common Occupations: Office professionals, doctors, attorneys, CPAs, etc.

2. Middle America

- Common Occupations: Manual laborer, truck driver, dental hygienist, etc.

3. Special/Impaired Risk

- Common Occupations: Athletes, entertainers, oil rig workers, etc.
- Also includes clients with pre-existing or medically uninsurable conditions



FILLING THE GAP

10 QUESTIONS TO ASK EMPLOYERS

How much do your clients really know about their employer-provided long-term disability coverage? These 10 questions will help them learn more about their benefits.

01

What percentage of my pay will I receive if I'm disabled? What is the maximum monthly amount? Is my bonus or incentive pay covered?

02

Will I have to pay taxes on the money I receive?

03

Once I'm disabled, how long do I have to wait before I get any money?

04

What percentage of my pay (if any) will I receive during the waiting period?

05

Can I receive partial benefits if I'm working at reduced capacity?

06

With partial benefits, do I have to be totally disabled during the waiting period?

07

During a disability, to what extent will I be responsible for paying my medical insurance premiums or other employee benefits?

08

Are my disability benefits adjusted annually for cost of living increases?

09

Does my coverage end at a certain age or after a certain amount of time?

10

Can I retain my coverage if I change employers?

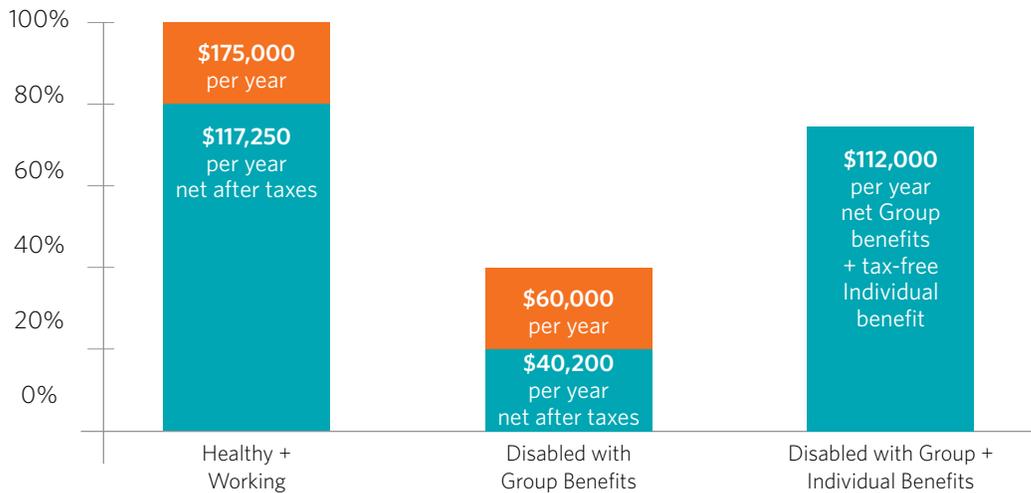
WHAT'S GOOD FOR THE GROUP MAY NOT BE GREAT FOR THE INDIVIDUAL

Employer-provided long-term disability coverage is a start. But, there's a cap on the monthly benefit the employee can receive, and highly paid employees will take the biggest cut to their income if they go on claim. An individual policy can supplement group coverage and replace more of your client's income when they need it most.

Employee	Annual Base Salary	Group LTD ¹		Group LTD + Individual DI Plan		
		Group Monthly Benefit	Percentage of Salary Replaced	Group Monthly Benefit	Individual Monthly Benefit	Percentage of Salary Replaced
CEO	\$200,000	\$5,000	30%	\$5,000	\$7,835	77%
Sr. VP	\$175,000	\$5,000	34%	\$5,000	\$6,640	80%
VP	\$100,000	\$5,000	60%	\$5,000	\$2,325	88%
Manager	\$50,000	\$2,500	60%	\$2,500	\$1,300	91%

A BOOST TO NET BENEFITS

If your employer or business pays the premiums for your disability policy, the benefits are taxed as income. When you pay for your own individual coverage, however, you receive tax-free benefits. The chart below shows the net impact to income.



ASSUMPTIONS FOR EXAMPLE

<p>Annual Salary Information</p> <ul style="list-style-type: none"> • 150,000/year base • \$25,000/year average bonus • \$175,000/year total • 33% tax bracket 	<p>Employer-Provided Group Disability Benefits</p> <ul style="list-style-type: none"> • Covers 60% of base income • No bonuses covered • Maximum monthly benefit is \$5,000
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¹ 60% of base salary (\$5,000 cap), 90-day elimination period, to age 65 benefit period, taxable, integrated with Social Security



5 SIMPLE STEPS TO TALK ABOUT DISABILITY INSURANCE

The conversation doesn't have to be complicated. This five-step plan will give you confidence to bring up disability insurance in your next appointment.

1. PAINT THE PICTURE

Your client may say, "It won't happen to me," but statistics say differently. More than 1 in 4 of today's 20-year-olds will become disabled before they retire.¹ If your client tells you their job is in a "safe environment," inform them that most disabilities occur off the job where they aren't covered by Workers' Compensation. In fact, in 2016, only 1 percent of American workers missed work because of an occupational illness or injury.²

Q: Is this a risk you're willing to take when your family's security is on the line?

2. DISCUSS THEIR ASSETS

Americans are told to keep an emergency fund to cover six months of expenses, but research shows less than half of Americans actually follow that advice.³ To make matters worse, the average individual disability claim lasts much longer - 31.6 months.⁴ The potential consequences? Debt, missed payments, lower credit scores or even bankruptcy.

Q: How long do you think it would take before you exhaust your savings and are unable to pay your bills?

3. BE PREPARED FOR PUSH BACK

The most common client response is the dual-income household defense. They believe coverage is unnecessary because if one spouse becomes disabled, the other can continue working ... and they'll be able to "get by" on one income. But with an illness or injury, there's a good chance their expenses will increase. Medical bills, physical therapy, medications, equipment - it becomes unfeasible for one income to cover everything without drastically impacting their lifestyle.

Q: Do you think one income will still be enough when you have mounting expenses due to an illness or injury?

4. LOOK AT THE FUTURE

Go beyond day-to-day needs. Nearly everyone's future plans are dependent on the assumption they will be earning a paycheck. Identify and discuss your client's plans - buying a home, putting kids through college or building a retirement nest egg. This is where disability insurance becomes a true value.

Q: What would happen to your future plans if your paycheck stopped because of a disability?

5. ADDRESS THEIR OTHER OPTIONS

Don't dance around other sources of disability income. You can be upfront about Social Security, Workers' Compensation and employer-sponsored plans - it can be extremely difficult to qualify for those programs. Even if they do qualify, the amount of income they'll receive is modest, at best. The most flexible and reliable source of coverage is an individual disability insurance policy.

Q: Is the coverage from other programs enough to meet your needs - that is, if you qualify?

STEPS TO TALK ABOUT DISABILITY INSURANCE

1. Paint the Picture



2. Discuss Assets



3. Prepare for Push Back



4. Look at the Future



5. Address Options



¹ Source: Social Security Administration, "The Facts about Social Security's Disability Program," January 2018: <https://www.ssa.gov/disabilityfacts/materials/pdf/factsheet.pdf>

² Bureau of Labor Statistics, Employer-Reported Workplace Injuries and Illnesses (Annual) 2016

³ GoBankingRates, "Most Americans Lack Savings to Pay for These Huge Emergencies," Feb. 7, 2018: <https://www.gobankingrates.com/saving-money/americans-average-emergency-fund-amount/>

⁴ Gen Re, "U.S. Individual DI Risk Management Survey 2011," based on claims closed in 2010



5 MOST COMMON CLIENT QUESTIONS

When discussing individual disability insurance, make sure you know the answers to these five commonly asked questions.

Q1: When will I receive my benefits?

ANSWER

Clients receive benefits after incurring a qualifying disability and satisfying the policy's waiting period, often referred to as an elimination period. As a rule, the shorter the elimination period, the more expensive a policy will be. It's important for clients to understand that benefits are typically not paid until the end of the month following the elimination period.

- Most people choose either a 90-day or 180-day elimination period
- Clients will want to consider their available savings and assets when making this choice

Q2: How long will I receive benefits?

ANSWER

The answer is twofold. First, when clients are disabled, the benefit period is the length of time they're paid. The shortest option is two years, but the most common benefit period is five years. Second, their policy will have an age limit - most people purchase coverage that lasts until age 65.

- Clients should buy a policy with the longest benefit period they can afford
- Coverage may be adjusted for a longer benefit period in the future; additional underwriting may be needed

Q3: How much coverage can I purchase?

ANSWER

Benefits are based on a percentage of your client’s income. The maximum amount depends on a variety of factors, such as current income, occupation and existing coverage.

Q4: How much will this cost me?

ANSWER

Policies can be designed to meet most needs and budgets – from maximum income protection to safeguarding specific expenses, such as a mortgage. Typically, premium costs between 1 and 3 percent of the client’s income.

Q5: How do I qualify for benefits?

ANSWER

Insurance companies define disability in one of three ways: Total, residual or catastrophic. See the chart below for an explanation of each potential situation. You don’t have to be totally disabled and unable to work – you can potentially go back to work or get a different job while receiving benefits.

	Your Occupation	Regular Occupation	Transitional Occupation
Total Disability	Unable to perform substantial and material duties of your occupation and not working in any occupation	Totally disabled from regular occupation and choosing to work in another occupation; benefits are provided regardless of income earned from other occupation	Unable to perform substantial and material duties of regular occupation, but working in another occupation; benefits are based on replacement of pre-disability earnings up to 100 percent
Residual Disability	Elects to work in another occupation, return to work full-time or work at a reduced capacity in “your occupation” and have a loss of earnings; benefits are proportionate to the loss of earnings		
Catastrophic Disability	Cannot perform two or more of the Activities of Daily Living: bathing, continence, dressing, eating/feeding, toileting or transferring; or is cognitively impaired or presumptively disabled		

PRODUCT OPTIONS

INDIVIDUAL DISABILITY OPTIONS

Ash Brokerage has a range of solutions available to meet your clients’ needs. Our carriers have white collar, middle America and special/impaired risk offerings.

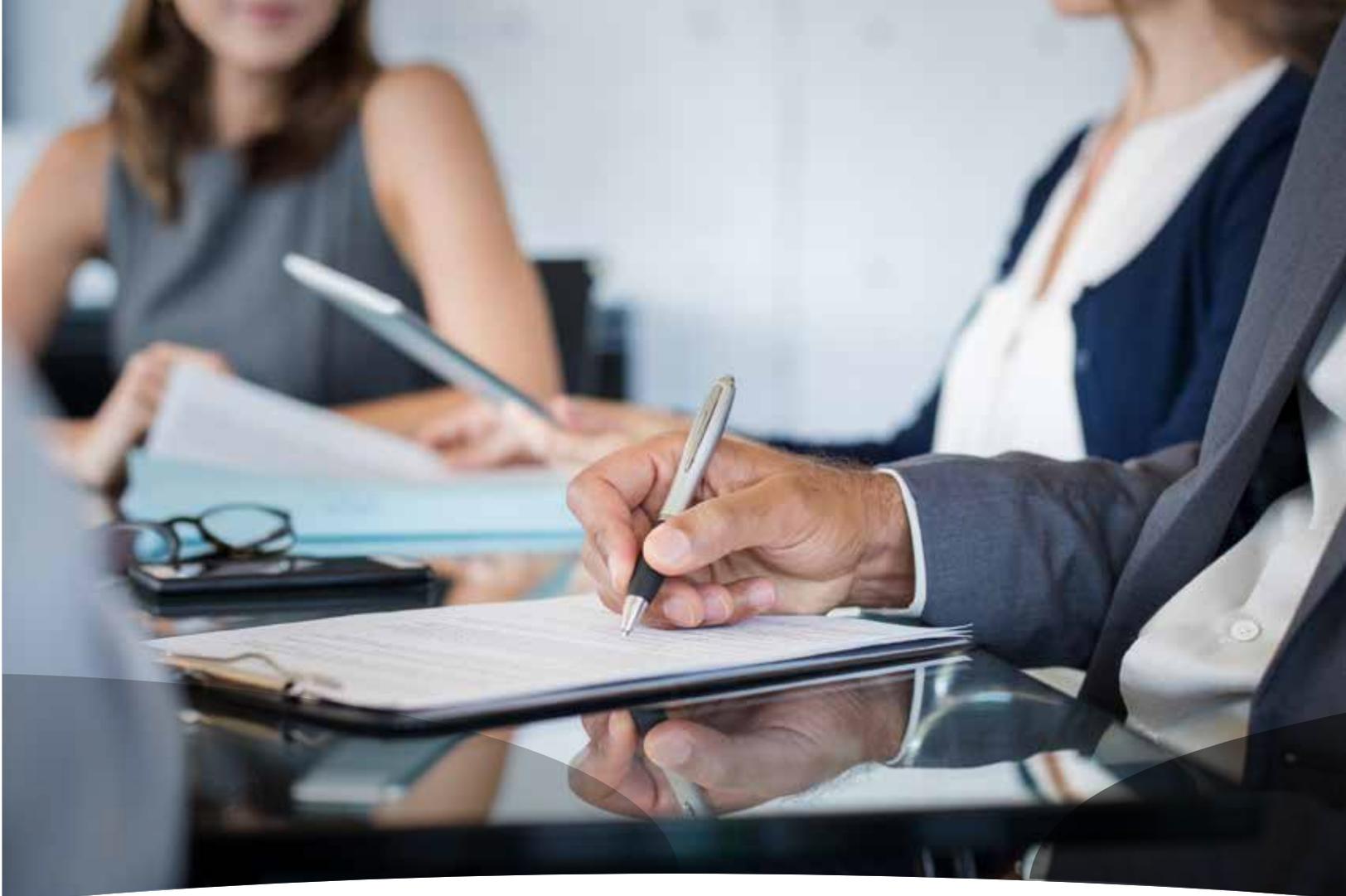
	White Collar	Middle America	Special/Impaired Risk
Assurity		✓	✓
Fidelity			✓
Illinois Mutual		✓	
Mutual of Omaha		✓	
Petersen International	✓		✓
Principal	✓		
The Standard	✓		



COMMON RIDERS

Like other insurance products, disability insurance has optional riders that can be added to a policy for an additional cost. Below is a description of potential riders, which may not be available with all carriers or products.

- Residual**
Offers coverage for a partial disability
- Guaranteed Insurability**
Allows purchase of future coverage without medical underwriting
- Catastrophic**
Offers additional benefit if the client is considered catastrophically disabled
- Cost of Living Adjustment (COLA)**
Increases the benefit after one year of disability
- Return of Premium**
Offers return of premiums paid minus any claims paid out



ADVANCED PLANNING

BUSINESS SOLUTIONS

For business owners, a disability could mean the end of everything they've worked to create. Think beyond employee benefits - look at solutions that could give your business owner clients even more.

Business Overhead Expense: Pays for fixed business expenses when the owner becomes disabled. This policy pays a monthly benefit based on actual expenses, not anticipated profits.

Buy-Sell: Funds the buyout of an owner in a multi-owner business should one of them become disabled and no longer able to participate in the business. The terms and amount of the buyout are outlined in the buy-sell agreement.

Key Person: Provides cash flow to help companies move forward and maintain stability if a key employee becomes disabled. This gives them time and resources to find a solution.

Guaranteed Standard Issue: Additional disability income coverage that can be offered to employees with no health screening.

Multi-Life/List Bill: Discounted coverage for groups with generally three or more people.



NEXT STEPS

MY CLIENT SAID YES! NOW WHAT?

Ask your Ash Brokerage DI team to create a personalized illustration. Due to the factors involved in each case, you cannot run disability insurance quotes online. Don't worry – we make it easy for you. You can call us or submit a quote request on our website. Simply provide the following information:

- Client's occupation with specific daily duties
- Date of birth, height and weight
- State of residence
- Tobacco user: yes or no?
- Income/business information
 - Employees: W2 income
 - Business Owner: Net taxable reportable income, how long they have owned the business and how many employees they have
- Any medical issues, including back or heart trouble, sleep apnea, stress, anxiety, depression, etc.

BE READY

When it's time to submit the application, we want your experience to be as smooth as possible. Here are a few things to keep in mind.

- Ensure you have all the required forms; up-to-date forms are available on the Ash Brokerage Producer Portal
- Ensure you are appointed with the carrier; contact Ash Producer Services if you need assistance
- Be aware of financial documentation requirements – this is a critical aspect for underwriting
 - W2 employees: Last year's W2 and recent pay stub
 - Business Owners: Last two years of tax returns, all schedules
- Most illustrations include information on medical requirements; be aware of these requirements and keep your client informed of any potential issues

ASK US ANYTHING

You can count on your Ash Brokerage DI team to:

- Provide sales and marketing ideas to help grow your business
- Research and find the best carriers based on your client's occupation, income, medical conditions and needs
- Provide personalized illustrations, including available riders and cost comparisons for different elimination and benefit periods
- Complete a comprehensive review of inforce policies to ensure adequate and appropriate coverage
- Serve as your client's advocate with insurance company underwriters

PAYCHECKS, MADE POSSIBLE

Nearly every financial plan you create starts with the same thing: income. It's the driving force behind every spreadsheet. Every balance sheet. Every basis point. Disability insurance keeps income moving forward.

We're here to help turn the ancillary into the essential. To provide more than illustrations. To give you answers to your DI questions. To make sure everything works when your clients can't. To see **paychecks, made possible.**

DISABILITY
INSURANCE

PAYCHECKS,
MADE
POSSIBLE



ASH ANSWERS

Life comes with questions. We bring answers. Life insurance, retirement income, longevity planning, disability insurance – no matter the need, we provide the tools and, more importantly, the people financial professionals need to get the job done. And done right.

Most brokerages show up with a product and a payout. We show up with solutions, turning obstacles into opportunities. Any partner can process quotes and applications – we help you anticipate challenges, discover new opportunities, innovate and grow.

Trust is your business, and trust is our business. It's what we do. We do it because we care – deeply – about your business, your clients, your future.

Privately owned for more than 45 years, we always strive to do what's best, what's right. And, we put your clients' needs before our own, giving you more than expected – Every. Single. Time.

Whatever the question, whatever the need. Ash Answers.