

INFORMATION TO HELP YOU BETTER UNDERSTAND YOUR INSURANCE NEEDS

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Dennis Danduran and daughters (l-r) Melissa, Amanda and Rebecca



Newsweek

Five real-life dramas that illustrate how life, long-term care and disability income insurance saved people from financial hardship

The Foundation of a Sound Financial Plan

INSURANCE

To help Americans better understand where insurance fits into their financial plans, LIFE and Newsweek, Inc. are proud to sponsor this brochure.

Since no one knows what the future holds, you need a plan to help ensure that no matter what twists and turns life sends your way, you'll have a financial safety net to protect you and your family.

This brochure provides information to help you guard against three of the greatest risks we all face – becoming sick or disabled, living too long, or dying too soon. We hope you find it useful.

Life Insurance Q&A

DO I NEED IT? If someone would suffer financially at your death, you probably need life insurance. Whether you are the family's primary breadwinner or a stay-at-home parent, you provide valuable services that would be expensive to replace.

HOW MUCH DO I NEED? A rule of thumb is to buy life insurance equal to 10 to 20 times your annual income. But since no two individual circumstances are the same, you can get an estimate of your specific needs by visiting the LIFE Foundation's insurance needs calculator at www.life-line.org/lifecalculator. Or better yet, contact a qualified insurance professional in your area.

DO I NEED MORE? Insurance needs change as events in your life change, so you should evaluate your coverage every few years, especially after major milestones such as getting married, having a baby, buying a home, or getting a new job or promotion.

WHERE CAN I BUY IT? Most people buy from an insurance agent or other financial advisor who can conduct a needs analysis, explain coverage options, and find the right products to fit your specific needs. Buying over the Internet or through an employer-sponsored program are other options you may want to consider.

Valuing Mom's Contributions



Agent Michael McGranahan, FICF (left), client Dennis Danduran, and four of his five children

Dennis and Jodie Danduran worked hard to create a storybook life for themselves. It began with Dennis, dressed as a prince and riding a white horse, proposing marriage on a Southern California beach. Unable to have children of their own, they adopted five in five years.

Before the kids arrived, they moved from California to Colorado to escape big-city life. Dennis, a manager for an overnight shipping firm, stayed behind while waiting for a job transfer. It never came, so for three years Dennis commuted home every other weekend aboard his employer's cargo jets.

On Christmas Day 2003, Dennis came home for good to start a new job in Colorado. "We were really excited about being a family again," he recalls. Four weeks later, Jodie died suddenly of an aneurysm. She was 39.

Though Jodie was a stay-at-home

mom, she and Dennis had wisely determined that her contributions to the family were financially significant. Jodie ran the household, tracked the finances, sewed clothes for the children and home-schooled their eldest son. So when they met with their agent, Michael McGranahan, FICF, they bought as much insurance as they could afford, with Jodie getting almost as much as Dennis. During an annual review the following year, they took their agent's advice and increased their coverage. The insurance money will cover the kids' college costs and is allowing Dennis to provide the children with the opportunities he and Jodie always hoped they'd have. Because of the tremendous support he gets from Jodie's parents, who live nearby, Dennis is able to work nights and be with his children during the day. The insurance has also given him the option to hire live-in help. It's not the storybook ending he and Jodie hoped for. But the family will carry on, and there are more chapters yet to be written.

**What are stay-at-home parents really worth?
WOULD YOU BELIEVE \$131,471¹!**

Some mistakenly believe that stay-at-home parents don't need life insurance because they don't earn an income outside of the home. Not so. Stay-at-home parents provide services that would be expensive to replace, like childcare, transportation and household chores.

Salary.com conducted a study and put the figure at \$131,471 if you consider the many responsibilities of a stay-at-home parent and account for an average of 60 hours of overtime per week. Even if you only compensate mom or dad for a 40-hour work week, it would still cost \$43,461 to replace those services. So if there's a stay-at-home parent in your household, make sure that person is adequately insured!

¹Source: Salary.com, 2005

A Fresh Look Proves Timely



Agent Patrick Dickey (right), client Kathy Custead and her children (l-r) Heather and Eric

Kathy and Mark Custead bought life insurance when their daughter, Heather, was born. It had been all but forgotten 17 years later when they were shopping for new homeowners insurance and called insurance agent Patrick Dickey for assistance.

During a visit to the couple's Blandon, Pennsylvania home, Patrick identified an even more pressing insurance need. With a daughter ready to start college, a second child, Eric, entering high school, a mortgage that had grown over the years, and other debts, Patrick asked the Custeads how long

it had been since their life insurance needs had been reviewed. Mark wanted to sidestep the topic because he didn't think they could afford more, but Kathy knew it couldn't be dismissed.

Mark, a respiratory therapist, and Kathy, a nurse, made a good living and enjoyed a comfortable, middle-class lifestyle, but their financial obligations were considerable. So with their agent's help, they completed a life insurance needs analysis, which showed that both needed to substantially increase their coverage. At Kathy's insistence, they went ahead with the purchase.

That spring, Mark suffered from stomach pains, and the diagnosis was devastating: pancreatic cancer. He passed away five weeks later at age 45. Proceeds from Mark's insurance were used to pay funeral expenses,

medical bills and credit card debt, and allowed Kathy to take time off from work to grieve.

An investment account funded with insurance money provides Kathy with a monthly income to help with mortgage payments and everyday living expenses. Money has also been set aside to help fund the kids' college costs.

Kathy has made many difficult adjustments since Mark died, but financial sacrifices haven't been necessary, thanks to the decision to buy more insurance. "It's been a big worry off my mind," Kathy says.

What Kind of Life Insurance is Right For Me?

	TERM	PERMANENT
LENGTH OF COVERAGE	Ceases at end of specified term period, typically one to 30 years	Continues until age 100 or later so long as premiums are paid
PREMIUMS	Lower than permanent insurance premiums when initially purchased, but increase with age	Initially higher than term insurance premiums, but are often level for life
CASH SURRENDER VALUE	None	Accumulates cash surrender value or loan value on a tax-deferred basis
KEY ADVANTAGE	Typically offers the highest death benefit for the lowest cost	Offers lifelong protection and tax-deferred savings
KEY DISADVANTAGE	Any number of factors (e.g., age, health status, etc.) may make it too expensive to continue coverage after the "term" expires	Initially larger premiums may make it difficult to buy amount of protection needed

Overcoming the Unthinkable



From left: Ken Howell, Amanda Moses Fink and agent Larry Young, CIC, LUTCF

Amanda Moses was straightening up her home when the news came on the television. A small plane had crashed at the nearby Talladega, Alabama airport. There were no survivors. Amanda's husband, Jeff, and four co-workers were aboard, on their way home from a trip to see clients in Ohio. In an instant, Amanda had lost the love of her life, and her sons, Josh, 22, and Eric, 17, had lost their father.

The accident also dealt a serious blow to Auto Custom Carpets, the world's leading manufacturer of automotive floor coverings. Jeff was the company's president and one of three partners. The accident wiped out most of the company's sales force, and now the jobs of more than 150 employees hung in the balance.

Ken Howell, one of Jeff's partners and a longtime friend, didn't panic. He knew the company would be all right because of business insurance plans put in place with the help of his friend and independent insurance agent Larry Young, CIC, LUTCF. Life insurance policies for the partners funded a "buy-sell" agreement. With the proceeds from Jeff's policy, the two remaining partners bought out Amanda's stock, leaving them in control of the company. The business had also purchased "key person" insurance

on the lives of all three partners. Within 30 days of the tragedy, money from this policy was used to hire a salesman from one of the company's competitors.

As for Amanda and the boys, they're financially secure because of life insurance Jeff owned individually, plus the money Amanda received through the buyout. "I feel blessed that he loved us enough to have the foresight to take care of us," says Amanda.

Did You Know That Life Insurance Can Protect Your Business Too?

KEY PERSON INSURANCE can provide business owners with the financial flexibility to either hire a replacement or work out an alternative arrangement when a key employee dies.

BUY-SELL AGREEMENTS funded with life insurance allow remaining business owners to buy the company interests of a deceased owner at a previously agreed-upon price.

SOLE PROPRIETORS may purchase a policy that covers them for the value of the company, whether or not the surviving family is able to sell it.

Optimism and Planning Prevail



Barry Shore and insurance broker Karen Shoff, MSW, MSG, LUTCF

Real estate executive Barry Shore was vacationing abroad when he began to experience severe flu-like symptoms.

Five days after returning home to Venice, California, Barry, 55, began to feel extremely weak and could barely hold a book in his hand. Within hours, he had lost all movement in his body. Barry was diagnosed with Guillain-Barré Syndrome, a nervous system disorder that strikes suddenly and ruthlessly, though many patients make a full recovery within months.

life insurance policy waived his premium payments once he became disabled, saving him thousands of dollars.

Barry appreciates all that the insurance has done for him, and is especially grateful for how it has made life easier for Naomi.

Shoff marvels at her client's determination, and is happy to have played a role in his recovery. "Barry has choices because he has money," she says. "The ability to have real dignity is astonishing when you have insurance."

In Barry's case, it has been nearly a year and he's still unable to walk or work. However, Barry hasn't allowed his physical struggles to affect his exuberant personality and contagious optimism, and steadfastly believes a complete recovery lies ahead. A rigorous rehabilitation regimen already has helped him regain movement in his arms.

Throughout the ordeal, one thing Barry and his wife, Naomi, haven't worried about is money. With the help of their insurance broker, Karen Shoff, MSW, MSG, LUTCF, they had put in place a smart insurance plan.

Disability insurance payments now replace more than half of Barry's previous income. His long-term care insurance provides more than enough to pay for 12 hours a day of in-home care as well as physical, occupational and water therapy not covered by his medical insurance.

And a provision Shoff added to Barry's

Do I Need Disability Income Insurance?

Think about this...

- Nearly one out of every three workers over age 30 will suffer a disability lasting three months or longer at some time in their working career.¹
- Nearly half of all home foreclosures are caused by an unforeseen disability.²
- More disabilities are the result of illness rather than accidents.³
- Each year, about 70 percent of those who apply for Social Security disability benefits get denied.⁴



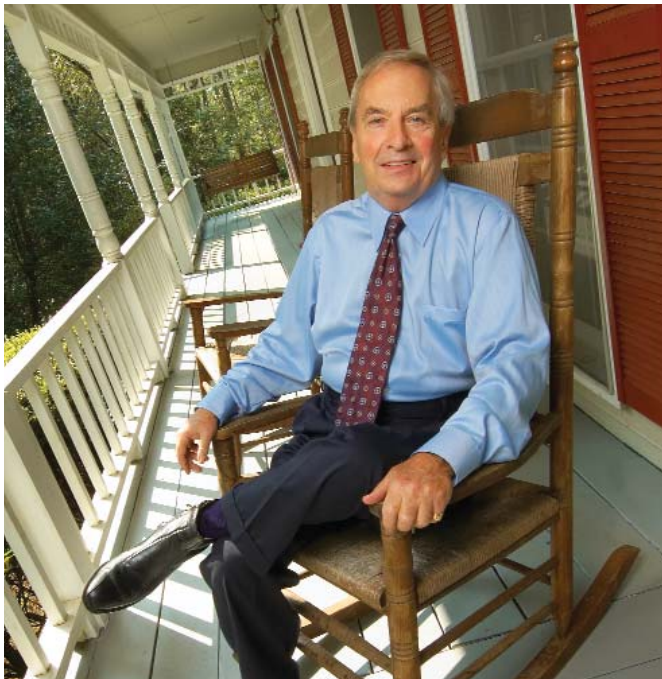
Still not convinced?

If you became disabled and could no longer work, how would your family get by financially?

To assess the income needed to make ends meet should you become disabled and unable to work, use LIFE's online calculator at www.life-line.org/disabilitycalculator.

Sources: ¹America's Health Insurance Plans, 2004 ²Norton's Bankruptcy Law Advisor, 2000 ³JHA Disability Survey, 2002 ⁴Social Security Administration, 2003

A Promise Kept



Insurance agent Richard Green (left); Betty Ann and James Veal (right)

Betty Ann Veal, known to everyone as Sissy, had a personality no one could dislike, says her husband James. So when Sissy made him promise he would never put her in a nursing home, he was determined to abide by her wishes. “I said, ‘I’ll sell everything I’ve got to keep you out,’” he recalls.

But after Sissy, a retired bank loan officer, was diagnosed with Alzheimer’s disease, James suffered some medical setbacks of his own and struggled to provide the care she needed. Twice, he had to call a neighbor to help pick her up after she had fallen.

Fortunately, James did not have to resort to drastic measures to keep his promise to his wife of 48 years. With guidance from insurance agent Richard Green, James and Sissy had bought long-term care insurance

policies. Taking advantage of a \$100 daily benefit for in-home services, Sissy received extensive home-based care off and on for seven years until her death in 2004.

James, 75, is a retired community college administrator. Because of debilitating back pain, he must use a walker to get around. He also suffers from diabetes and has had open-heart surgery. His two children help take care of him, but they do so because they want to, not because they have to. For the past three years, his own long-term care policy has provided him with a health-care worker who stays with him during the day and cooks his meals. “Buying long-term care insurance can save your spouse and your family from financial and emotional disaster,” he says. “It was one of the smartest things I ever did.”

When Considering Long-Term Care Insurance, Think About...

DAILY BENEFIT
The maximum daily amount the policy will pay for care

MAXIMUM BENEFIT
The total amount a policy will pay

ELIMINATION PERIOD
The amount of time you must wait until benefits begin

INFLATION PROTECTION
Helps your benefit keep pace with rising costs of care

TYPES OF FACILITIES COVERED
Nursing homes, assisted living facilities, at home, etc.

LIFE INSURANCE ISN'T FOR THE PEOPLE WHO DIE. IT'S FOR THE PEOPLE WHO LIVE.

Dorsey Hoskins' father Bryan felt a tingling in his arm. The diagnosis—an inoperable brain tumor. Six months later, he died at the age of 33, leaving his wife to raise Dorsey and her sister Hattie.

Fortunately, Bryan bought life insurance when he married, and again when his daughters were born. Thanks to Bryan's foresight, Dorsey, Hattie and their mom are taken care of.

Are you prepared should the very worst happen? Without adequate life insurance, your financial plans may be just a savings and investment program that dies when you do. Consult a qualified insurance professional to help you create a plan that will continue to provide for the ones you love.



The Life and Health Insurance Foundation for Education is a nonprofit organization dedicated to helping consumers make smart insurance decisions to safeguard their families' financial futures. For more information about life insurance or tips on finding a qualified insurance professional, visit www.life-line.org or call 1 888-LIFE-777.

Dorsey Hoskins