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## Insurance Tips for Pre-Retirees

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By Editor Test      *Fri, May 10, 2013*

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*As of April 15, 2013, gender-specific pricing for long-term care insurance has been introduced. But there's a discount available to couples who apply for long-term care insurance together, said a presenter at the NAPFA conference last week.*

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The burst of retirement income advertising during the NCAA basketball tournament last March was a leading indicator that more retirees will ask for annuities in their financial plans, an insurance man told hundreds of fee-only advisors in Las Vegas last week.

Mark Maurer, CEO of Low Load Insurance Services, which specializes in brokering insurance to fee-only advisors, spoke at the NAPFA (National Association of Personal Financial Advisors) spring conference at the "Paris" resort.

"Your clients will be coming to you more often with products they've heard about through advertising," he said. "They will say, 'I'm worried about running out of money.' They'll want you to review what they've heard about. You'll be able to explain it to them."

### **Term layering**

Maurer was there mainly to talk about insurance, however, and he had some money-saving ideas for advisors. For example, he said in the 1980s it was common for a high-earning professional such as a surgeon to buy a whole life insurance policy that might require a \$20,000 annual premium for \$1 million in coverage. Such a policy was typically touted as a way to save for college expenses and retirement as well.

Then term life insurance emerged as the most common form of protection of loss of earning power, and the healthy, 40-something surgeon mentioned above might pay a premium of about \$4,500 a year for 20 years of term life insurance with a \$3 million benefit.

The latest cost-saving strategy, Maurer said, is "term layering." The same above-mentioned professional, 20 years from retirement might buy three different separate \$1 million policies, one for 10 years, another for 15 years, and the third for 20 years. The annual premium for all three might be just \$3,600. The strategy is based on the assumption that the client's life insurance needs will decline as his children grow up and graduate from college.

### **Disability with a retirement savings twist**

The latest thinking in the realm of disability insurance is to include a form of coverage that, in addition to paying living expenses during the disability, also makes payments into a trust that the disabled individual can tap when he or she reaches age 65. He also described strategies for supplementing employer-provided disability insurance with a private policy and adding a retirement protection plan.

### **Couples discount**

As of April 15, 2013, Genworth introduced gender-specific pricing for long-term care insurance, Maurer said. The rates for single women will go up by as much as 40%. Aside from living longer than men on average, women apparently have the ability to live with illness much longer than men do, and therefore stay in long-term care facilities for longer periods.

But there's a considerable discount available to couples who apply for long-term care insurance together, he said, even if they don't buy the same amount of coverage. He described a situation where a woman planned to buy long-term care insurance alone, because her husband already had a paid-up long-term care policy through his former employer.

This couple could save considerably, Maurer said, if the husband bought even a small long-term care policy from the same insurer, so that the pair could qualify for the couple's discount. The discount is predicated on the likelihood that an ill spouse will delay entering a nursing home as long as he or she can receive care at home from the healthy spouse.

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