TESTIMONY OF

DAVID F. WOODS, CLU, ChFC

Chief Executive Officer
National Association of Insurance and Financial Advisors

And

President
Life and Health Insurance Foundation For Education

Before the

Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises

of the

Committee on Financial Services

Thursday, May 15, 2003

Good morning. My name is David Woods. I am the Chief Executive Officer of the National Association of Insurance and Financial Advisors ("NAIFA"). NAIFA is a federation of approximately 800 state and local associations representing over 325,000 life and health insurance agents and advisors and their employees. Originally founded in 1890 as the National Association of Life Underwriters, NAIFA is the nation's oldest and largest trade association of life and health insurance agents and financial advisors. NAIFA's mission is to improve the business environment, enhance the professional skills and promote the ethical conduct of agents and others engaged in insurance and related financial services who assist the public in achieving financial security and independence.

I also currently serve as the President of the Life and Health Insurance Foundation for Education ("LIFE"), which I must hasten to add, is not a legislative advocacy organization. LIFE, a non-profit organization founded in 1994 by representatives of seven life and health insurance agent organizations in the United States and Canada, was formed to address the growing need to educate the public regarding the benefits of life and health insurance and the value-added role of the agent/advisor. Since its founding almost a decade ago, LIFE has developed a multifaceted public education program designed to communicate the advantages of life and health insurance products and to illustrate those advantages through the sharing of some of the real life stories of the direct beneficiaries of those products.

In addition to these positions, I also have worked in the insurance industry for over forty years, and was a leading agent with Massachusetts Mutual Life Insurance Company in Springfield, Massachusetts for 30 years before I became President of LIFE. I have been a member of the Million Dollar Round Table since 1970. From 1986-1987, I served as NAIFA's volunteer President. I also served for a number of years on the Board of Directors of both the Association for Advanced Life Underwriting and The American College - the premier educational institution of the life insurance industry. I was privileged to be awarded the John Newton Russell Memorial Award in 1997 for outstanding service to the life insurance industry and my community.

Introduction

Mr. Chairman and Members of this esteemed Committee, thank you for inviting me to testify before you today. I apologize for giving you such an extensive overview of my background. It is my hope that this will be the beginning of more opportunities to collaborate with you and the Committee, and I wanted you to have a better sense of who I am and what I bring to my new role as NAIFA's CEO. It also is my hope to build a stronger working relationship between you, Mr. Chairman, the other Members of this Committee, and NAIFA. As part of a recent reorganization, we will also be working more closely with the Association for Advanced Life Underwriting and the American Council of Life Insurers as an integral partner representing the life insurance industry. With that renewed focus and energy, I am hopeful that you will come to view NAIFA and LIFE as valuable resources in your efforts to address the many issues that face the life and health insurance and investment sectors of the industry.

With respect to my testimony today, I have been asked to provide an overview of the role life insurance products should play in addressing Seniors' needs and the needs of their heirs, as well as the role the agent/advisor plays in educating Seniors on these needs and in helping with their retirement and financial planning.

The Role of the Agent/Advisor

Historically, the agent system has been the principal method of distribution for private life and health insurance. Agents are the essential link between the consumer and the insurance company, providing and servicing the products of the insurer while educating the consumer on how to manage their and their heirs' financial needs and how to make informed choices regarding their insurance purchases.

Insurance agent/advisors play a number of invaluable roles:

- They work with clients to evaluate their need for insurance protection. This may involve substantial research and fact finding about the client's needs.

- They educate by explaining the various products available and provide appropriate cost indexes.

- They make specific recommendations that meet the client's objectives and budget.

- They encourage the client to act in a timely fashion to assure that the proper coverages are in place when they are needed. They also see to it that accurate and complete information is provided to the insurer to make sure that the client gets the very lowest premium available.

- They keep in touch with the client and review or update coverage on a periodic basis. They suggest changes when appropriate and counsel clients on ways to reduce cost. Often they must assist their client in reviewing the need for legal and tax compliance, recommending other professional assistance when necessary.

- They assist with claims, answer questions and serve as ombudsmen in helping their clients and their clients' beneficiaries deal with insurance companies. Agents often spend a great deal of time helping to assemble the proper documentation needed to file or follow up on a claim.

The role of the agent/advisor may be even more critical and certainly more sensitive with regard to servicing Seniors than it is for the general population. Seniors often face a terrifying prospect – the inability to generate any more income at a time when their life span is uncertain and their health needs are inevitably going to grow. Therefore, it is critical that every decision be based on as many facts as can be amassed and analyzed. Every decision must be the right one for that particular client, or at least be flexible enough to address what could be a wide array of potential needs at minimum cost. The result of this critical need is that it is definitely not a do-it-yourself project, but something that requires the best professional advice and counsel a Senior can get. It is our role as insurance agents and financial advisors to provide that advice and counsel.

The Choices Facing Seniors

One of the reasons that advice and counsel is so essential for Seniors is that many of them feel that once they have made it to retirement age, their need for life insurance has passed. But just because the kids are through college and the mortgage is paid doesn’t necessarily mean that Social Security and savings and investments will take care of whatever lies ahead. In fact, many people harbor common misconceptions which prevent them from purchasing or maintaining the life insurance coverage they need.

Myth No. 1: I don’t need life insurance once my children are self-supporting and the mortgage is paid off. Perhaps, but if someone dies today, their spouse may still face daily living expenses. There are a number of questions that must be answered. For instance, what if the spouse lives another 10, even 30 years, which is certainly possible today? What if the individual or spouse needs to be placed in a long-term care facility? Is the individual's retirement income sufficient to sustain them this year, next year, or in 10 or 20 years from now? Would the financial plan, without life insurance, long term care insurance, or perhaps a lifetime annuity, enable the spouse to maintain the lifestyle that the couple worked so hard to achieve? Life insurance and annuities, of course, help insure that individuals will not outlive their assets and have a guaranteed income for the rest of their lives, while long term care insurance takes care of paying for the crushing expenses of nursing home or home health care that is not met by Medicare. And would the individual be able to pass on something to his or her children or grandchildren or a charity if they wished?

Myth No. 2: I'll take the term insurance I bought when I was younger and convert it to permanent insurance when I'm older. While term insurance may have been quite affordable when someone was young, premiums increase as one ages, and it may not be affordable to renew or convert the coverage once the term expires. Permanent insurance, though more expensive than term when first purchased, allows someone to lock in the premium rate for the rest of his or her life, while term rates continue to rise. The same rule applies to long term care insurance and annuities. The earlier one gets started, the better. This means that individuals must think ahead, and discuss with an insurance or financial advisor a strategy that they can afford and that protects them when they need it.

Myth No. 3: Life insurance costs too much to buy when I am older. Purchasing insurance when one is older can be costly, but it still may be worthwhile to consider coverage. Say, for example, that the annual premium for a $100,000 permanent policy is $3,000 a year for a 65-year-old. If the individual dies at 66, the spouse would receive $100,000 in death benefits, tax-free. Had life insurance not been purchased, the spouse would still have the $3,000 but would not have the additional $97,000 that could make a world of financial difference. In addition, perhaps purchasing an annuity with the life insurance death benefit can guarantee income for the rest of one's life.

Myth No. 4: The Government will pay for my long term care needs. Many people think that addressing how they will finance their potential long term care needs is unnecessary because government programs like Medicare and Medicaid will pick up the tab. Unfortunately, this is not the case. Although Medicare may cover the acute care portion of the costs of long term care, that is all Medicare covers -- usually a very small portion. And, to qualify for any Medicaid coverage at all, an individual has to have vastly reduced assets that practically renders them indigent.

Myth No. 5: Long term care coverage only protects the policyholder. In evaluating their retirement financial needs, many Seniors ultimately decide that they do not need the protection that a long term care policy provides. However, the coverage protects both the policyholder and the policyholder's family. It protects the family financially because family members need not spend down the family assets, and provides for home care when that option is best for the policyholder.

As these myths make clear, in considering whether to purchase an insurance product, Seniors need to evaluate carefully the needs of their heirs as well as their own needs for income/financial protection and to ensure that they will be able to afford a long term care facility without jeopardizing their financial well-being if the time should ever come when such care is necessary. Life insurance agents and financial advisors work with their clients to insure that all of these considerations are carefully addressed and accounted for and that the right products to best address each individual Senior's needs are purchased.

LIFE has developed materials that are aimed at the Seniors market and I have attached to this testimony copies of two advertisements - one on estate planning, one on retirement planning - and our "realLIFEstories" brochure featuring one on long term care insurance.

What Congress Can Do To Help

It is my belief that Congress can play an invaluable role in educating Seniors and in ensuring a healthy environment for addressing Seniors' insurance and financial needs. This hearing is an excellent tool for helping to spread the word about the options available to Seniors and to whom Seniors should look to help them evaluate these options. I once again applaud you, Mr. Chairman, for scheduling this hearing and for affording me the opportunity to present my views.

In addition, however, I also believe that Congress could do even more to help build trust in the industry, and through such efforts, give Seniors and other insurance consumers confidence in the insurance products they are considering. For example, the House of Representatives passed a bill last term – H.R. 1408 – that would have created an anti-fraud network among all financial regulators to allow them to share information about potential rogue actors. The bill would have enabled state insurance regulators to access the Federal Bureau of Investigation crimes database to conduct background checks on applicants for insurance licensure. NAIFA was fully supportive of H.R. 1408 for two primary reasons – it is essential to the well-being of all consumers, not just Seniors, that fraudsters and others intent on playing upon the ignorance or misfortune of potential insurance consumers be tracked down and barred from the financial services arena. And, it is equally essential that consumers have confidence that this is the case so that they can feel more comfortable in their choice to work with insurance agents and financial advisors who have so much to offer them. I urge you to re-pass H.R. 1408, and urge the Senate to do so as well, so that we all could get the benefit of this very wise piece of legislation.

Mr. Chairman, thank you once again for giving me this opportunity. I would be happy to answer any questions.

Estate Planning:

Does Life Insurance Still Matter?

RECENT CHANGES IN THE TAX CODE APPEAR TO GIVE A HUGE break to the heirs of high net-worth individuals. But if you think this means you no longer need life insurance as part of your estate plan, think again. As it stands, the law is set to expire in 2011, returning the tax to its current levels — if Congress lets the current law last that long. So before making any decisions, it's important to separate fact from fiction regarding estate taxes and their impact on your need for life insurance.

An insurance advisor can help you adjust to the new tax law.

FICTION: The new tax law means I no longer need life insurance to help my heirs pay estate taxes.

FACT: Under the law, heirs of high net-worth individuals will still pay estate taxes until they are repealed for one year in 2010.

"Unless you are certain you are going to die in 2010, you have to continue to plan," says Steve Leimberg, CEO of Leimberg Information Services, which educates professionals about changes in the tax law.

Even if the federal estate tax is eliminated, your heirs still might need cash to cover costs such as state inheritance taxes, lawyer fees, probate costs or appraisals.

Leimberg suggests planning conservatively, based on today's rules. In most cases, when a life insurance policy is placed in an irrevocable trust, it is not counted as part of your estate, and its proceeds are immediately available to your heirs to pay any taxes or fees they might face.

FICTION: When I die, my heirs can liquidate my assets to cover any estate taxes or other expenses.

FACT: "Assets that pass according to your will are subject to supervision by the probate court," says LIFE president David F. Woods, CLU, ChFC, meaning it may not be possible for your heirs to liquidate them immediately.

Even if selling assets is an option, the family may be forced to dispose of them quickly, at only a fraction of their true value. Or, assets may be tied up in art or real estate, which heirs might be reluctant to liquidate.

"When properly planned, life insurance can provide cash that isn't subject to probate and allows heirs to make decisions about the estate that aren't influenced by an immediate need for cash," says Woods.

FICTION: I can give up my insurance now; if the estate tax is never fully repealed, I'll just buy more later.

FACT: If you give up your policy thinking you can always buy another later on, you may be in for a surprise. Factors such as higher premiums at a later age, the onset of health conditions or dangerous new hobbies may make such a purchase expensive or impossible. "You are better off having the insurance in force and changing your mind than not having it and having your health change," says David B. Malkin, CLU, ChFC, president of New Jersey Life and Casualty Associates, Inc.

FICTION: Estate tax laws are unpredictable, so I cannot plan properly.

FACT: Life insurance advisors, accountants and attorneys can help you adjust your estate and financial plans to take advantage of the opportunities in the new law. "Planning should continue," Leimberg says, "as long as there is somebody or something you love."

For more information, visit LIFE's Web site at www.life-line.org or call 888-LIFE-777 for a free Consumer's Guide to Insurance.

LIFE
LIFE AND HEALTH INSURANCE FOUNDATION FOR EDUCATION

"Unless you are certain you are going to die in 2010, you have to continue to plan."

SPECIAL ADVERTISING FEATURE

Retirement Planning

More Than Just Saving And Investing

Mention "retirement planning" and most people think about their 401(k)s, IRAs or mutual funds. Keep saving, invest those savings wisely, get to age 65 and voila! You're set for retirement.

Maybe. But what if things don't work out exactly the way you planned? "What if you die prematurely or become disabled? What will happen to those people in your life, especially your spouse, who may be depending on your retirement savings to help support them well into old age?" says Allan Hancock, CLU, ChFC, AEP, chief executive officer of the Hancock Group in Altoona, Pa. "A retirement plan without insurance is just a savings and investment program that dies or becomes disabled when you do."

Below are four ways insurance can help you meet important retirement planning objectives:

Prevent Your Retirement Plans From Dying When You Do

If you die before retirement, your survivors would miss out on both your salary for living expenses and the money you were setting aside for the future. "People who die prematurely haven't had as much time to put together an investment program that can really pay off," Hancock says. "If you have sufficient life insurance, it can help pay your family's expenses and may still be there for your spouse's retirement."

Protect Your Ability To Save For Retirement

If you become too sick or injured to work, disability income insurance can help you meet daily living expenses — and more. "In addition to helping you stay self-reliant, disability income insurance can allow you to keep making regular deposits into your retirement savings account," says Hancock.

Supplement Your Retirement Income

Suppose your circumstances change and you no longer have anyone who would need the proceeds of a death benefit. With a permanent life insurance contract, you have the flexibility to surrender the policy and supplement your retirement income with the funds that have accumulated in the policy's cash value account.

Preserve Your Estate Assets For Your Survivors

If you've accumulated a large estate, life insurance can help foot the estate tax bill from Uncle Sam, preserving assets for your heirs. Or, if your estate is more modest, life insurance can provide a legacy for your children and grandchildren even if you use up most of your assets during your retirement years.

LIFE
LIFE AND HEALTH INSURANCE FOUNDATION FOR EDUCATION

For more information, contact an insurance or financial advisor, visit LIFE's Web site at www.life-line.org, or call 888-LIFE-777 for a free Consumer's Guide to Insurance.

realLIFEstories™

FIVE REAL LIFE DRAMAS THAT ILLUSTRATE HOW LIFE, HEALTH, DISABILITY INCOME AND LONG-TERM CARE INSURANCE SAVED PEOPLE FROM FINANCIAL HARDSHIP.

PLUS

INFORMATION TO HELP YOU BETTER UNDERSTAND YOUR INSURANCE NEEDS

Sarah Lewis and children (from left) Meghan, Matthew and Michael.

LIFE℠
LIFE AND HEALTH INSURANCE FOUNDATION FOR EDUCATION

Newsweek

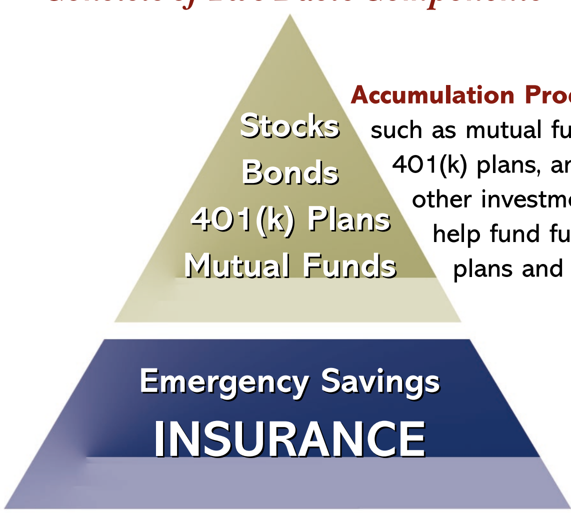
INSURANCE

> *The Foundation of a Sound Financial Plan*

TO HELP AMERICANS BETTER UNDERSTAND the essential role of insurance within a sound financial plan, the Life and Health Insurance Foundation for Education (LIFE) and Newsweek, Inc. have come together for the seventh consecutive year to sponsor this special section.

*While we hope this section is informative and useful, we know insurance can be confusing. So if you'd like more information about life, health, disability income or long-term care insurance and how these products might fit into your financial plans, please contact an insurance professional in your area, visit LIFE's website at **www.life-line.org**, or call **888-LIFE-777** for a free Consumer's Guide to insurance.*

The Financial Planning Pyramid Consists of Two Basic Components



Accumulation Products, such as mutual funds, 401(k) plans, and other investments help fund future plans and goals.

Protection & Security Products, such as insurance, serve as the foundation of a financial plan and help ensure that no matter what happens, immediate and future financial needs can still be met.

From left: Ebony Blanchard, Shanna Blanchard and Agent Virginia Acosta, FICF.

A MOTHER'S WISH

WHEN JACKIE BLANCHARD'S HUSBAND DIED at a young age, with only enough life insurance to pay for his funeral, Jackie vowed that her young daughters, Ebony and Shanna, would be financially secure if anything ever happened to her. To keep this promise, Jackie immediately scheduled an appointment with insurance agent Virginia Acosta, FICF. "She said she wanted the best insurance she could buy, and I made sure her family would be protected," says Virginia.

Two years after purchasing her policy, Jackie became ill with a lung infection and was later diagnosed with lung cancer. Because the illness prevented her from working, a provision in her policy covered the payment of her premiums while the policy's disability benefit helped cover mounting health care costs. Despite her illness, Jackie's zest for life was unstoppable. She took a cross-country road trip with her mom and daugh-

LIFE℠

Four Life Insurance Tips

Do I Need Insurance?

If someone would suffer financially at your death, you 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 Insurance Do I Need?

A general rule of thumb is to buy life insurance equal to five to ten times your annual income. An insurance professional can determine the precise amount and type of policy that's right for you.

Do I Need More Insurance?

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, or getting a new job or promotion.

Finding the Right Insurance Professional

- **Get referrals** from friends and relatives, or a trusted advisor, such as a lawyer or an accountant.
- **Interview** a couple of different professionals to establish a basis of comparison.
- **Ask about education and training.** Professional designations like Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP™) and Registered Health Underwriter (RHU) mean that the individual has successfully completed of a series of advanced training courses.

ters and even continued to organize parties and dinners for family and friends.

When she found out that her condition was terminal, the accelerated death benefit provision allowed Jackie to access up to 75 percent of her benefits while still alive. She used those proceeds to finance a home and a car for her daughters and parents, and pre-pay her funeral. She even put some money away for college for her daughters.

Jackie died at age 38. But her dreams for the girls are very much alive. Ebony, who graduated with honors from college this year, and Shanna, a senior in high school, live with their grandparents in the home their mother purchased for them. "Jackie wanted the girls to have the best education and the same lifestyle after she was gone," Jackie's mom Veordia says. "That's why she chose insurance, to help them along the way. That was her greatest wish."

Accelerated Death Benefits

Q. ***What is an accelerated death benefit?***

A. A feature in a life insurance policy that allows a terminally ill person to collect a portion of his or her policy's death benefit, while that person is still living.

Q. ***Do all policies have this feature?***

A. No, but it is becoming increasingly common with hundreds of companies now offering some type of accelerated benefit.

Q. ***How much of the benefit can you accelerate?***

A. This varies from company to company, but typically 60% to 75% can be withdrawn while the policyholder is still living.

Q. ***How is the death benefit affected by accelerating part of the benefit?***

A. The amount that you take out while still living will be subtracted from the payments to your beneficiaries along with an interest charge to compensate for early payment of benefits.

Sarah Lewis and Agent David Giddings, CLU.

MISSION OF LOVE

DAVID LEWIS always went the extra mile to help others. As a pediatric cardiologist, he was known for spending endless hours with his young patients, giving his home number to their families, and managing to make them laugh in difficult times.

David's commitment to children extended all the way to Ecuador where he made regular trips to provide free medical care. But David never allowed his dedication to his patients and the active role he played in his community to keep him from his top priority in life, his wife Sarah and their three young children.

"David wanted to make sure his family was taken care of no matter what happened, and life insurance was a key part of his plan," says David Giddings, CLU, Lewis's friend and agent. To make sure their coverage remained up-to-date, the Lewis's met with David twice a year to review their coverage.

During his sixth mission to Ecuador on September 12, 2001, David suffered a heart attack and died in his sleep at age 43. Because of the way David lived his life, the many people whose lives he touched have had a hard time dealing with his death. This is particularly true of his family. While the pain from their loss may never go away, life insurance allowed David to leave a valuable legacy. The benefits from his policy have enabled Sarah to pay off the mortgage, provide college funding for the children, and maintain their quality of life. "The greatest gift you can give your family is to think ahead and be prepared," says Sarah.

What Kind of Life Insurance Is Right for Me?

	Term	*Permanent*
DURATION	Specific period of time—typically one to thirty years.	Lifelong.
DEATH BENEFIT	Pays if the owner dies during the term of the policy.	Pays when the owner dies.
COST	Initially lower than permanent insurance premiums, but increases with age.	Premiums are typically higher than term insurance but generally do not increase over time.
CASH VALUE	None.	Accumulates cash value that builds on a tax-deferred basis.
KEY ADVANTAGE	Typically offers the greatest coverage for the lowest initial premium.	Offers the option of lifelong protection and tax-deferred savings.

SURVIVING 9/11

HARRY WAIZER'S life changed forever on September 11, 2001. He began his morning like any other, boarding a commuter train near his home outside of New York City to arrive at his office at One World Trade Center at 8:40 a.m. When the building was hit, Harry was in an elevator on his way to his office on the 104th floor. Despite third-degree burns over much of his body from blazing jet fuel, Harry walked down 78 floors to the lobby where he was rushed to a burn center.

For the next two months, Harry fought for his life. He staved off numerous infections and pneumonia, and even spent time in a coma. Then he spent three months in a burn center undergoing rehabilitative therapy. Finally, he returned home to his wife and three children, ages 11 to 14.

Though Harry faces months of rehabilitation, one thing he doesn't worry about is his financial situation. That's because he and his wife Karen had planned carefully with their longtime financial representative Michael Kipniss, CLU, ChFC.

When disaster struck, Harry was financially prepared. Within 30 days, he was collecting benefits from several long-term disability policies that helped, along with some money from his employer, to replace his entire working income.

Harry also owned several whole life insurance policies as well as a term life policy that was converted to a whole life policy once the disability occurred. Each of his policies carried a disability waiver of premium provision, which means that his insurance compny now pays all of Harry's premiums and will continue to do so until he's able to return to work. These premiums amount to more than $25,000 a year being contributed to his policies, which will help with future college costs for his children and supplement his retirement income. "Having this insurance gave me an ease and comfort I would not have otherwise had," Harry says.

Harry Waizer (left) and Financial Representative Michael Kipniss, CLU, ChFC.

Do the Calculations + % =

Three great calculators to help you gain important insights into your insurance needs.

Life Insurance Needs

For a general sense of the amount of life insurance you would need to provide financial security for your family, visit **www.life-line.org/life/ins_needs.html**

Disability Income Needs

To assess the income needed to sustain your current standard of living should you become unable to work due to accident or illness, visit **www.life-line.org/disability/calc.html**

Human Life Value

For a rough sense of your human life value, the financial loss your family would incur if you were to die today, visit **www.life-line.org/life/life_value.html**

Disability Income Insurance: The Basics

A disability income policy replaces income lost in the event that you become ill or injured and can't work. Keep these items in mind when considering a purchase.

Definition of Disability—some pay benefits if you are unable to perform the duties of your customary job, while others pay only if you are unable to engage in any gainful employment at all.

Elimination Period—the time you must wait for benefits to begin, typically 30–90 days.

Duration—short term policies typically provide coverage for 13 weeks to one year, while long-term policies may provide benefits up to age 65 or even for life.

Income Replacement—most policies will replace between 50 to 75 percent of a person's monthly gross income.

Financial Planner Mark J. Goldstein, CLU, ChFC (standing) and Stephen Burns.

PLANNING SAVES A BUSINESS

ANTHONY MATZCAK AND STEPHEN BURNS first met working summers in college at Anthony's father's refrigeration and air conditioning business in the mid-1970s. Their friendship grew along with the business and eventually, they took over the company when Anthony's father retired.

As new owners, their lawyer recommended that they buy life insurance that would allow each to buy out the other's share of the business if anything happened to either of them. After meeting with financial planner Mark J. Goldstein, CLU, ChFC, they wrote a check for the first year's premiums for policies that included a buy/sell provision.

Just 48 hours later, Anthony, 46, husband and father of three, died of a heart attack while at a job site in the early morning. In an instant, Stephen had lost his dear friend and now he feared he might lose the business too.

When Stephen broke the news to his 15 employees, they also learned that his ability to buy out Anthony's share of the business and keep it running hinged on the insurance money. Fortunately, Stephen's financial planner had submitted the paperwork to the insurance company as soon as the applications were signed. Sure enough, the company quickly informed Mark that his client's policy would be honored.

"Having that insurance took a huge debt off my shoulders," says Stephen. "Without the insurance, we would have closed our doors and Anthony's family would be struggling to make ends meet. Thanks to our timely planning, neither of those things came to pass."

Life Insurance for Your Business

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 the 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.

ASSURING FINANCIAL INDEPENDENCE

LESLIE WHEELER, deaf from birth, never let her hearing impairment hold her back. She graduated from Gallaudet College, taught for 28 years at a school for the deaf, married and raised two sons. A widow and retired at 73, she was healthy, active and owned her home. But Leslie was concerned that if she became ill in the future, she would be a burden to her children.

Agent Bea Nugent, PhD (standing) and Leslie Wheeler.

When she received a mailing about long-term care insurance, she immediately wrote back to request more information. Using a special telephone system for the hearing impaired, agent Beatrice Nugent contacted Leslie to set up an appointment. When they met, Bea and Leslie communicated by writing notes back and forth. After reviewing several plans, Leslie chose a policy that offered a variety of care options for a period of up to three years.

A day after the policy was approved, Leslie had a massive stroke. Her son, Steve, immediately arranged to have his mother move in with him, his wife Jan and their twin daughters, figuring that somehow they'd find a way to pay for her care. A great weight was lifted from his shoulders when he learned from Bea that his mother had just purchased the insurance. The policy paid for sitters, which she depended on while at her son's house, and around the clock care when she returned to her own home a year later. And when she moved into an assisted living facility seeking more social interaction, her policy continued to cover her care until she reached her benefit limit.

Leslie, 81, is in a nursing home now, but in good health and grateful that she planned ahead. "I do not know what I would have done without my long-term care insurance. It has kept me from losing my home or from going broke," she says. ■

What to Look for in a Long-Term Care Insurance Plan

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—e.g., nursing homes, assisted living facilities, home, etc.

Long-Term Care Factoids

✔ A year in a nursing home now averages more than **$50,000.**

✔ There's a **greater than 50% chance** you'll need some type of long-term care after age 65.

Ilene Silver/Art Director; Chris Hartlove/All Photography