

III Disabled at 55, still on track

50–54

NET COST WHILE HEALTHY

BEFORE: TERM ONLY

\$1,595 of pay a year

Term on his own from take-home pay: \$1,595 of pay less \$351 of tax. No DI.

AFTER: QL TERM + CONTRIBUTION DI

about \$610 of pay a year

QL term from seasoned 401(k) money (\$0 from pay) plus tax on the REB, and \$400 of DI from take-home pay. About \$985 of pay freed up.

Savings shrink a little each year as the REB rises with age. Your AIB professional will outline the total savings and cost.

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QUALIFIED LIFE TERM

\$1,244 a year

\$500,000 term with the waiver, paid from seasoned 401(k) money.

401(K) CONTRIBUTION DI

about \$400 a year

Pays into his 401(k) if he becomes disabled.

55

TOTALLY DISABLED

His paycheck and his 401(k) deferrals stop.

THREE THINGS START

55–65

WAIVER OF PREMIUM

\$8,708

Pays his term premium, ages 55–61. Nothing drawn from the 401(k).

CONTRIBUTION DI

\$75,000

\$7,500 a year into his 401(k) to age 65.

SOCIAL SECURITY DISABILITY

\$39,024 a year

\$4,000 a month, not reduced for age; becomes his retirement benefit at 67.

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CONVERTS

\$299,000 waived by 85

\$418,410 income and asset insurance at preferred plus, no exam. Converted while on waiver, so the premium stays waived for life while disabled.

SHE WAITS UNTIL 67

\$19,512 a year

With the premium waived, there is no reason to claim early. She waits for her full benefit: \$5,854 a year more than in Part I.

RESULT

TOTAL ADDED VALUE BY 85

\$386,681

DI, waived premiums and pay kept, less costs, with no growth assumed. Plus a \$584,636 death benefit at 85.

IF HE DIES AT 75

+\$18,783 a year

Her income \$57,807 against \$39,024 with no plan, plus the \$469,576 death benefit and \$75,000 more in his 401(k).