Anjali:	00:08	Hi everyone. Thanks for tuning in to today's episode of Money Checkup where we take a deep dive into matters related to money, business and personal finance. I'm your host, Anjali Jariwala, CPA and Certified Financial Planner. I guess today is Mark Maurer. Mark is the president and CEO of LLIS a comprehensive insurance practice that works with advisors and their clients to find the right solution. Mark, welcome to the podcast.
Mark:	00:42	Hi Anjali. Thank you so much.
Anjali:	00:44	So I'm excited to have you here today to talk about insurance, which some people might think is not that exciting of a topic that you and I, you and I have. I have different opinions about that, but I think that insurance is so important and I think there can be a lot of complexity around it. So I'm glad to have you here to decipher some of the complexity and to tell our listeners going to what they need to be thinking about. So before we get into the technical matters, why don't you tell our listeners a little bit about your background and how you became an expert in the insurance space?
Mark:	01:19	Well, I never thought that I would be in the insurance industry even though both of my parents were in the insurance industry growing up. When I graduated from college, I was living in Atlanta, I was working there, I worked for an international shipping company and then moved to Gainesville, Florida with my wife and there was working for a natural gas trading company and we, my wife and I both really liked what we were doing, but we weren't close to family. And so we started looking for things either with near to her parents, which is on the east coast of Florida or here in Tampa, Florida, where my parents are. And I'd actually had some different job interviews around town with, with different people. And my parents approached me and said, had you ever thought about coming to work? And at LLIS and I said, no, I really never had. And I think that surprises people. It wasn't ever like the family business, like the family pizza parlor or something where you just were assumed you were going to take take over. I never even thought about it. And so we had a few conversations 16 years later here I am. So it's been a really fun thing to, to come in to something that I've been able to have work experience at a a large international firm or a medium size 200 250 person firm and then start to work here and really not have any preconceived notions about a lot of things, especially insurance. But when I started working here, I got my CFP and started learning the insurance world and by working with fee only advisors for the last 16 years, helping their clients find the best insurance fit, which many times is the

		policy they already have and sometimes it's no insurance at all. So it's been a really fun way for me to, to experience the insurance world from a viewpoint that I think a lot of insurance people don't necessarily have. And I think a lot of clients didn't necessarily experience when they got insurance at some point in time.
Anjali:	03:44	Yeah, I mean that's a, that's a great background. I always think there's value in having a different career and then transitioning into a family business because that you probably have a lot of inside value and expertise that you can bring to that as you continue to grow it to what it is today.
Mark:	04:00	It, it was, um, definitely a learning process. Like I said, I'd never thought about it how I was going to work with my parents and some of the transition things, but it's been a long, we were lucky that we did it over a long period of time. So it seemed, I think very smooth to a lot of people. And, and at this point, I don't know that anybody even has ever noticed that there was any sort of transition.
Anjali:	04:29	That's great, especially for the clients and the advisors that you work with,
Mark:	04:33	especially for them.
Anjali:	04:35	So let's, let's start with walking through the different types of life insurance. So you know, some of them, ones that I see regularly are term life policies, whole life policies, variable life, and various hybrid combinations of those. So I'll have you kind of just start walking through. Um, and maybe we can point out pros and cons of the different types and when one, a certain type of policy may make sense for a particular person or situation.
Mark:	05:03	Okay. Uh, let's, how about we start with term? Does that sound good? Perfect. Okay. Term Life Insurance is probably the simplest version of life insurance there is out there. And term insurance is what I kind of call it pure insurance. It doesn't have cash values. There's not a lot of bells and whistles to it, but it's like our auto insurance or homeowner's insurance, you pay for it and if you need it, it's there. Otherwise there's really no, no other components to it. And so term life insurance, you pay a premium every year. If you pass away then there's a death benefit with term policies. Do you have two general flavors? Let's say one is an annual renewing or annually term policy and it starts off with a low premium for the first year and then every year the premium increases. It's great. Not necessarily a great,

it's an option for somebody who has a very short term need but most people don't have a short term need and especially a lot of people who are listening are Anjali's clients that your 35 or 40 you have 25 years left on your mortgage. It may be 20 years before kids are out of the house or out of college and so in that scenario we're looking at level term life insurance policies. So this can be a $500,000 policy or a million dollar policy with a premium expense every year that's fixed for the next 10 1520 or 30 years. There is even some companies who have come out with 35 or 40 year term policies and so it's a a way to have that death benefit protection for a shorter period of time usually to match some need that has an end, like the term has an end. So if I have a 20 year mortgage, I may want a 20 year term policy. If the reason I have the policy is to pay off the mortgage when I don't have the mortgage anymore, I don't need the policy. We look at term life insurance predominantly more for income replacement with the idea of if something were to happen to me today, my kids are nine and 11 but at this point in life I'm the sole breadwinner. So if something were to happen to me, there may be 1520 years of income that my family doesn't have. So my biggest concern is income replacement for terms. So I may pick a 15 year term policy or a 20 year term policy to protect that lost income for my family because we expect that to to have an end. We may not know exactly when we're going to retire, but I don't plan on working till I'm 80 or 85

Anjali:	08:13	right. And that's a good rule at them. I follow similar with client recommendations in terms of you want to kind of cover those working years or you know you've mentioned cover big life changes such as the mortgage kid getting kids through college or whatever the case may be. So it's very dependent on factual, on, on each individual circumstance and situation.
Mark:	08:34	Absolutely. And and so that's, that's term life insurance. Like I said, that's usually the simplest. There's not a lot of cash value and for x amount of of death benefit protection, it will have the lowest premium. Then we have the other type of of life insurance, which is often called permanent life insurance term is called term because it has a term or sort of an end date. Now you may be able to extend your 30 year term policy for 31 or 32 years, but the premiums get so much higher after that initial term period. It's not necessarily going to be affordable for very long. So the other type is permanent life insurance and this has lots of different subcategories, whether you have whole life insurance, universal life insurance, variable life, which can be a variable whole life or variable universal life. So lots of different ideas there. So I'll try to summarize each of those a little bit. But whole life is a permanent life insurance policy designed that you

will cover you for your whole life. And it has a fixed premium every year. So for $1 million policy it has a, it's designed to have a, let's say $16,000 annual premium. I'm just making up numbers there, but that's what came into my head. Okay. And, and that premium has to be paid every year and it's paid every year to your age, 100 or 121 along the way, you may be able to use cash values and, and different parts of the policy to, to help reduce some of those premiums. But it's a, a fixed premium policy.

Anjali:	[10:23]()	So let's take a step back in. Can you explain what the cash value means on a permanent policy?
Mark:	[10:30]()	Sure, absolutely. When you have a life insurance policy, and let's say it's a million dollar life insurance policy, there are costs per dollar of insurance. So every year we get older, the cost to have $1 of life insurance increases, which makes sense. If I wanted to to insure somebody for a year as a 35 year old, it would be a lot less than somebody who's 98 and so you have your, your cost of insurance inside a permanent life insurance policy. It's many of them are designed to build a cash value so that as time goes on, you have a cash value. And let's say it's a, eventually it grows to $100,000 of cash value, but I may still have a million dollar death benefit. So my costs of insurance or only on $900,000 today. So the fact that my cost per dollar is going up, but I have fewer dollars of insurance, and by here I mean insurance, what the, what the insurance company is on the hook for, it may be $1 million, but $100,000 of it is cash value. So they're, they're going to have to write a check out of, out of their pocket for 900,000 so the cost per dollar of insurance are going up. But technically I have fewer dollars of insurance every year because I have my cash value that's growing inside the policy.
Anjali:	[12:02]()	Got It.
Mark:	[12:03]()	The design is to keep a fairly level premium every year by doing it that way.
Anjali:	[12:08]()	Perfect. Yes, that makes sense.
Mark:	[12:11]()	All right,
Anjali:	[12:12]()	so with these permanent policies you pay for your life, and you gave the example that $1 million, maybe it's $16,000 a year versus maybe a term policy for $1 million for someone who's in their thirties may costs 1500 to 2000 a year. So pretty sizable

premium difference there. So can you walk through what a like a variable permanent policy is and how that differs from a whole life?

Mark:	12:44	Sure. So a whole life or another option or another type of permanent policy as a universal life. And the biggest difference between whole life and universal life is that universal life is a flexible premium. So you can decide whether you want to pay five years or 10 years or over to your age 100 or one 21 but traditional whole life or universal life, the cash values are put into the insurance companies was called the general account and those are cash values at the insurance companies are regulated by law on what they can invest in and it has to be almost all in investment grade debt instruments. So right now whole life or universal life may be crediting three and a half percent or 4% on the cash values, but you'd also have some minimums. So it may be crediting for, but have a minimum of three today. Not necessarily bad, but at the same time, not super exciting, right? If you then move into a variable policy, these policies were designed in the 80s when the stock market was going well for everybody for quite awhile. And with the variable policy you have the same whole life or universal life policy. But then the insured, the policy owner gets to pick how the cash values are allocated or invested. So you have the ability to pick S&P 500 funds or small international market funds, things like that. So you have the ability to have potential higher growth than your standard three or 4% by taking on some additional risk and volatility by electing those different sub accounts. So many times we'll see that for someone who has maybe maxed out some of their traditional investment options and along the way they may have a life insurance need and and use a variable policy to do that as well.
Anjali:	15:02	Got It. And then with these types of policies, the permanent life insurance policies, obviously the premiums on those are usually significantly more than your traditional term life policy. So what situations would, would one of these permanent policies make sense for someone in lieu of a term policy or in addition to a term policy?
Mark:	15:25	I think the, the important thing is with the anything that's not a term policy, it really should be for someone who has a, a lifetime insurance need or desire. I know that many of us and myself included, I, I have a few term policies because my biggest worry is protecting my family. If something were to happen to me and I wasn't there to have an income, but at the same time, some people want to make sure they leave a legacy to their kids. There may be people who have special needs children who

as long as us as parents are around to care for our children, we basically do it for free. But if mom and dad aren't around, how is the son, the daughter with the special needs going to be able to, to afford the care that parents do for free? Are they going to live with a sibling or maybe do they need to go into a specialized facility? You know, again, as as parents, all the stuff we do for our kids, we do it for free. If you have to pay somebody to do all of those different things that we do, it can get pretty expensive. So really for anything besides term, I think it's either a legacy need or desire. Some people just want to make sure they leave their kids something in life. Insurance is a a tax efficient and tax free way to do that. It passes outside of probate. You have a named beneficiary, you can set it up so that it's outside of your taxable estate. The benefits go income tax free. So there's some neat things that it can do but we see an awful lot of people who have permanent life insurance policies because that's what they were sold without anybody ever really asking. Do you have a long time legacy need desire to pay a lot more in premium than you do for term?

Anjali:	[17:27]()	Right. You brought up so many great points. I think what a takeaway is from everything you've outlined is that for majority of people a term is usually sufficient because the primary goal is to essentially replace lost income if something were to happen to you or maybe you know, increase of expensive is something were to happen to a spouse. But for most people these permanent policies aren't usually necessary. So it's it's why you know, I, I emphasize fee only and why you know, someone like you is great because you're the advocate for the advisor and the client because those premiums that the insurance agents get for these permanent policies are pretty hefty. So you just want to make sure that if someone is recommending one of these policies to you, that you're really doing your diligence and making sure that that's something you really need. Because as you've mentioned it, it's a premium that you will pay for a long time and it is quite sizable compared to a term policy and term is always going to be cheaper. The younger you will and the healthier you are. So if you can lock that in when you're younger, you're going to save a lot more money than one of these permanent policies. Right,
Mark:	[18:38]()	right, exactly. And you, you touched on a really interesting point that I want to make sure I get to, probably didn't even realize you did, but we talked about spouses and a little bit, and I've been talking about using term and life insurance for income replacement. There's a very important component to a family, which is a spouse who may not be working outside the home. I don't like to use the word nonworking spouse because my wife

works much harder than I do on any given day by far. So maybe it's a non employed outside the home spouse and we use, especially again term life insurance to not necessarily replace any lost income because she doesn't have any. But if something were to happen to her so that I could keep earning my income, I may need to have some additional expenses. I may need to hire somebody after school or you know, things that I don't even want to think about having to try to figure out. But at the same time those are things that that even if someone's not working and not working outside the home, not employed, we still have the life insurance need there too to be able to replace necessarily replace lost income but to be able to fund additional expenses.

Anjali:	[20:03]()	Right. When I look at couples and if there is the yet non-employed I like that one. Not Unemployed spouse because and you know, raising children is, is so hard. Again, that's from personal experience. I am looking at that because it comes up a lot where the ability for the primary breadwinner to continue earning at the same level would require significant childcare costs. Right? And that's not an immaterial numbers. You really want to look at both things. The other item I'll bring up just because it's kind of a fact of of our country is that 50% of marriages end up in divorce. So even if you're not currently employed, there may come a time where you, you will need to be employed and maybe you still have children that you're helping to support or whatever the case may be. And if you're trying to then get life insurance at age 40 45 50 it's going to be significantly more expensive than if you were to get it when you were a lot younger. So there's, there is a component of covering current circumstances, but also thinking through future events, where does the cost make sense to just put that policy in place? So you just have it in case of that worst case scenario. So the next item I wanted to go through is, is these permanent life insurance policies? Because because I work with a lot of physicians, they do get sold these policies when they're pretty young. And usually I'm working with someone like you to understand them and then usually we ended up unwinding them, but they do seem overly complicated. And so when someone's kind of looking at these policies, what should they be really focusing on to see if it's a policy they should keep or if it's one that they may want to surrender.
Mark:	[21:40]()	Um, and again, I think the first question that comes, comes to my mind is, do you want to keep funding this policy to create a legacy when you pass away, when you're an 85 or 90, do you want to make sure that this policy is around for your kids? And I would imagine 50% of people or more are going to say, I've

never thought about that. I just wanted life insurance while I'm working. Another 30% might say, nope, I have no interest in that whatsoever. And then maybe 20% of people might say, well that's not a bad idea. But sort of life insurance is not something somebody just wakes up in the morning and says, you know what, today I want to buy some life insurance and we wake up in the morning and we go get on Amazon prime and you say, I want a new pair of shoes and I need new dog food. But nobody wakes up and says, you know, today I want to make sure that I, I leave a legacy to my kids. And so I think that's something that does happen eventually. But that needs to be the first, the first part of the, the, the conversation. Cause if that's not a primary goal of theirs or as, as you're working with the clients or they say we have all the, you know, I, I just don't feel like I have enough cash flow for all of the things I want to do. That's a nice part and a nice thing to be able to do. But if they're not fully saving in their 401k or if you aren't paying a little extra on their mortgage every month, it's probably a better designed to have that term insurance to replace the income and maybe not have that, that permanent policy anymore. So, so to me, I think any, any given policy may be a good policy, but it depends on does it actually fit their needs? Are are the premiums of stressor for them on the amount they're paying, are they, are they paying, sometimes we'll see where someone's putting into a life insurance policy at the expense of other planning goals or, or instruments that we might all say or a better way to, to save for retirement or save for college, things like that.

Anjali: [23:58] Right. Those are great points. So I think it's, it's really understanding what your need is for life insurance and whether the policy you have is meeting that need or putting some sort of financial constraint. And if it's financial constraint, then does that policy still make sense or did you consider something else instead? Exactly. Perfect. So my next question is going to be more general, which you're a CFP, so am I. So we tend to not like general questions, but the question is how much life insurance does someone need? And I know you probably do this as well as I, you know I run various different analyses. I kind of look at it from every angle and then come up with the recommendation. But for those of our listeners who are you who don't have an advisor to work with is there's kind of some general rules of thumb you you tend to follow when it comes to the amount of life insurance and the term of it

Mark: [24:50] Yes so great. I have, I have my, my general rule of thumb and then I have a little more scientific. So I have one and two. And and know that number three is there are extenuating circumstances for, for many people and insurance company underwriters are not always not just stuck to a particular guideline or chart, but if there's extenuating circumstances, they're in a willing to to consider different options. But for a a hard and fast rule, or I guess my rule of thumb, which is probably overly generic, I think somebody should have 10 times their annual salary for life insurance. I think that's not going to cover a lot of things, but I think that keeps people from losing their homes. It gives, it gives quite a bit of breathing room. So that's my rule of thumb. 10 Times earning. If, if, if everybody in the country had 10 times earnings as life insurance, probably would have a lot less hardships if something were to happen to somebody early. Additionally, insurance companies have their own general guidelines and for somebody under age 40 many insurance companies will consider somebody for 25 to even 30 times their income. So again, what are we looking at? We're looking sort of at the general expectation that most people retire about age 65 so again, overly simplified insurance companies are kind of looking at that and saying, if somebody retires at age 65 they're 40 that's 25 years of income. We can probably consider them for 25 times what their annual income is. If they're 35 to 65 that's 30 years, probably can consider a factor of 30 again, for overly simplified. If you looked at how many years you expect to work and what your income is, we would say that's probably how much life insurance you need. You can get into fancier things that say, well, here's the mortgage, here's college. I tend to look at it a little more philosophically to say, well, everything that I need to have my goals done, I should have to do within my income. So if I only am going to work another five years and I make $100,000 all of my financial goals should be completed with that $500,000 so if you can't afford to send your kids to Harvard, you're, you know, you can't afford to send all eight of your kids to Harvard on your income, well then it's hard to say you need $3 million of life insurance when your potential income is only $500,000 it may be great to say you'd like to do that, but from an insurance company standpoint, they're looking at what's, what's more realistic.

Anjali: 27:48 Yeah, no, I think those are all really, really great point. I think I look at it similarly that we don't really try to cover all of those additional expenses because if the person were living, we would be covering that through their cashflow, which means their income. So I think those are really great rules of them for, for people who, especially if people are younger and, and the, you know, maybe married, maybe a child is on the way thinking through these numbers. Those are really good rules of thumb and they, they seem to align with, with the, the heavy duty analysis that I'm doing on my end, right. Question I have for you is, is there a case where there may be too much life insurance? So the reason why I ask is because I run into a few situations where a client's incomes are just really, really high, you know, are talking about incomes of $1 million a year. Um, there's also a lot of expenses. So when we run, when I run these various analyses that the life insurance need is, is, is crazy, it's, you know, it's like 8 to 10 million. So I tend to have my clients cap out at 3 million. There's some situations where we've gone to four if there's businesses with buy, sell type stuff. But what's your thoughts on when it might be too much or is there no such thing as too much life insurance.

Mark: [29:04](29:04) well there's and insurance companies are always worried about that a little bit. You know, you, you want to have just enough life insurance that all of your, your needs are taken care of if something happened to you. However, nobody wants to be worth a lot more dead than alive. And that's when you get into situations like you see on murder, she wrote where somebody cut somebody breaks and uh, it doesn't go very well. So I'm just kidding about that. But, but you're right, you're absolutely right. There is, there is some, some amount where the rule of my 10 times earnings as a rule of thumb works for a lot of people. Someone making $1 million a year, they may not need $10 million because milk costs the same for all of us. Now, if you're making $1 million a year, maybe you buy some kind of special goat milk or something. I don't know if I ever started doing that, I'll let you know. But okay, there are certain expenses that are fairly fairly level for all of us. Gas costs the same. Now you're going to have a bigger house, you're going to have a bigger mortgage, but your, your mortgage may not be 10 times that of what somebody's making $100,000 is we all go to the grocery store the same. You might buy nicer wine then the rest of us, but it may be twice as much as compared to 10 times as much. So I tend to agree that that the rule of thumb is good for a lot of people. When you get to two higher and significantly higher incomes, there is some of that, that aspect that says if the certain things aren't really going to be much different. So in costs and expenses, so you have that, do we really need 10 times income to make all of the financial goals happen and it's probably not

Anjali: [30:56](30:56) right. And I think the other thing is for some of my clients in that situation, I in the sit down where you know, we have enough that'll cover the mortgage and get covered in the next few years, but at a certain point there might have to be kind of a change in lifestyle and circumstance and, and it is what it is. So it's, it's kind of individual situation in terms of how much is someone comfortable paying for insurance and then looking at the tradeoffs if you're not going to fully insure the risk, which at a certain point may not make sense financially.

Mark:	31:25	Uh, again, I, I agree. And those are the types of things where somebody may have such a high income earning potential and you may say you may want to work for the next 20 years, but if you're able to do it just for the next 10 years, all of these things work really well. So maybe having a higher amount of life insurance but only for the next 10 years would be a way to reduce some of the premiums. And then we say, okay, well if you make it through the next 10 years making your million dollars of income, then after that, do you, do you need, I'm doing air quotes, but you can't see them because we're on a podcast. Right? Do you need more life insurance? Do you need more than five or $6 million in assets? Or is it just something good to have?
Anjali:	32:14	Right. No, and I think you, you bring up a really good point about the layering of term options, which you and I working together, I've done before where if there is a need for 2 million of insurance, that for 30 years we don't always necessarily need to do a straight 30 years for 2 million, we could do 10 years at a million and then 30 years and a million. So the first 10 years you still get the 2 million and then after the 10 years of drops off in with certain assumptions in place, like maybe mortgages paid off or maybe there's more assets. So the need for life insurance goes away or diminishes as you get older and approach retirement.
Mark:	32:56	And it's, it's exactly, that's, that's perfect. And it, it almost flows back to my talking before about how much insurance does somebody need when you're 40 and you have 25 years of income ahead of you, 25 times income. If you're making $100,000 2.5 million is not a bad number. But when you're 60 and you say, I only need to work a couple more years, do you still really need $2.5 million? And I'd, I'd argued no, you don't necessarily need that much. So by having the layering approach that says today I need quite a bit more because I have 25 years ahead of me of income ahead of me, I may need that 2.5 million. But as I get closer to retirement, you know, the year before I retire, my financial loss isn't 2.5 million at that point anymore. So the idea of term layering to have these two maybe three policies that that drop off at certain intervals. And from a personal standpoint, my biggest term policy I got a few years ago and it drops off when both of my kids, my, my youngest can drive. I figured at that point they could get themselves to school. I wouldn't need the, you know if it was, if I was gone, my wife wouldn't need to hire additional help. Now, I don't have

any 16 year olds yet so I can't speak from experience on how well that would actually work but I know they won't be two and five and so you know I have some covers that drops off there. I'll have hopefully earn my income to that point I've been paying down mortgage, I've saved into retirement and the need of small children who are, who are reliant on almost physical help should be gone at that point and and then some additional coverage I have that drops off after what I expect to be college years or at least the college years at dad and mom are paying for and then some coverage. That goes to my hopeful retirement age. So I've even done it myself because I feel like the need today, if something were to happen is there's quite a few years of income ahead of me, but as time goes on and I've may earn the income, I don't need as much to replace.

Anjali: [35:13] Right. I love that you brought up that example because I think people can relate to that when they're thinking through their own situation. My husband and I ended up just getting straight 30 years, $2 million a piece. We were fairly young when we did it. So the insurance agent we use who was a friend of ours, they're like, it's pretty cheap. Why don't you just do the full amount? So we're like, okay, but now I'm revisiting that and wondering if we need to of layer shorter policy to get my daughter through that age where our need for nanny and all of that expense won't be the same at that point.

Mark: [35:46] And, and you, you bring up probably two or three good points there. One, sometimes simplicity is the easiest. You know, we can, we can get too complicated and try to have six or seven different policies that drop off at different times and periods. And you know, that just starts to get a little, a little too complicated. But also, yes, the younger, the younger you are, the life insurance rates are always going to be less. And there's probably two or three reasons, but one rates go up as we get older and two, you're likely, most people don't get healthier as we get older, you start having more and more things that go wrong. So when people are starting to look at life insurance, the earlier the better because you're younger and chances are you're not going to be healthier. I've, myself, my first life insurance policy was a preferred plus. And then since then it's not quite preferred plus anymore. I'm not going to tell you how old I am, but yeah,

Anjali: [36:49] that's okay. That's not required to be disclosed on the podcast so no, no. I think that those are such great points. And the other thing I think I usually encourage my younger female clients who are planning to have children is to try to get that policy in place before they have a child because you just never know what

		happens with childbirth. So you're going to always lock in. Maybe that better rate prebaby then post baby
Mark:	37:15	and, and that I'll, I'll throw in another really good tidbit is that in the first and second trimester most insurance companies don't, don't have any issues with applications going through many times in the third trimester it can get a little more complicated because part of what most insurance companies are going to have is a take a blood sample, a urine sample and the further along you are in your pregnancy. I've seen things where people have elevated cholesterol of of 300 that's not their normal, but sometimes pregnancy does that in the later months of pregnancy. So if people are looking to do that earlier, either in the pregnancy or as part of pre pregnancy planning, I guess if that's a thing to look at,
Anjali:	38:03	It is in the financial we do do that.
Mark:	38:07	That would be a really good, yeah. Time to say it's, it's not going to have any complications. Now it's a really good time to get that foundation set up rather than I, I do get calls about, I'm going to, you know, have a baby in two weeks, can I go ahead and get the life insurance? And at that point, insurance companies aren't going to to look at until till after the six week postpartum checkup.
Anjali:	38:32	Got It. Yeah. No, that's a good point. I, when I was going through it, I was just a few weeks along, I still got preferred plus as the rating class, but we did have a mutual client who she was pretty far along and then we ended up having to just stop the process and then pick it back up again after she had her baby. So just kind of depends. Yeah. So another item that kind of comes up a lot is when I'm talking to clients about life insurance, they'll tell me, well, I have a policy through work. I'm just going to use that. So let's talk through why someone may not necessarily want to just be dependent on their group term policy if their employer offers it.
Mark:	39:12	Okay, I can do that. So there's, there's a few different components. The first is to me it's usually the amount. Usually group coverage may have, a lot of times the employer might pay for one times salary and if the employer pays for something, you know, that's great, we'll, we'll take it and run. And then you may have the option to buy up another two or three times income through work. But then it usually caps out. So remember my rule of thumb is 10 times earnings and if somebody is in their forties or younger, it may be closer to 20 times. So, so usually the first issue is that it's not going to be

enough. I don't know that I've ever seen it where somebody group was able to provide them as much coverage as, as they actually needed a, the other part is that with the group life insurance, and it's usually a term policy. You pay one rate from age 35 to 40 when you turn 41 or you turn 40 the rates go up and it's usually about a 20 to 30% increase. So rather than rates increasing every year, you have these five year bands where your rates increase and not insignificantly. So again, when you're 28 or 32, it's fairly inexpensive. Once you start to hit 40 and 45, those 20 or 30% increases every five years can really, really make a difference. And it's not just this year that it's increasing. If you stay at the same employer to 60, you're going to have two or three more of these increases. So a lot of times we'll see where somebody who's in fairly good or even not super great health can get new life insurance, apply for new life insurance that's less than than their, their group coverage. Number three is that group coverage stays with you as long as you stay at your employer. And there's some of us who probably will still be at the same job and employer myself and Anjali probably uh, you know, until we're ready to retire. But a lot of people who work for a larger company who have group Life Insurance and lots of group benefits may or may not be there till they hit age 60 or 65. I think I read something recently that people change jobs seven times on average, which seems like a lot to me. But if you're depending on that to make sure your family's taken care of and you, you change jobs, you pretty much leave it at the employer or you have to turn it into that permanent, some, some form of permanent coverage and the rates just quadrupled or or higher.

Anjali: 42:08 Yeah. No, those are all really great points that I'm glad you touched upon because I think that's why when I talk to clients and when they want to rely on group, I usually say just though we either supplement or replace that group coverage with that private life insurance policy because of those reasons that you've listed out. Um cause you, you really just don't want to be in a situation where you're older, your premiums are much higher. And then at that point you're shopping for insurance with when your health may not be as great as it was five, 10, 15 years ago.

Mark: 42:40 And, and usually with the group coverage, there's one rate. So you're either pay a male or female rates, smoker or nonsmoker and you're in that five year window, whatever that might be. And it can have little to no or streamlined underwriting. So for people who were in really good health, the, the group coverage is sort of based on an average to maybe a little bit less than average, uh, assumption because they generally don't ask health questions. And so if I'm going to offer a thousand people life insurance, I'm not going to assume that they're all super preferred. I probably have to assume that there's some unhealthy people. So your healthier clients may be able to do better by themselves right away because they can get underwritten themselves to say there's, you know, I am a preferred or super preferred where the group coverage, you know, isn't, isn't incorporating some of those better than average rates.

Anjali: 43:35 Got It. Okay. So then if someone's ready to move forward with life insurance, how should they proceed? Is there cost differences between various brokers and is there a way that they could possibly streamline the process? Because you know, the medical underwriting can be daunting for a lot of people.

Mark: 43:54 Well, and, and since we, we've probably touched most on, on term term insurance is the same whether a client comes to do LLIS to a website to somebody brother-in-law. So American, General or Principal or, or any particular insurance company files their term life insurance rate in the state. And it's the same, the client pays the same price to American, General or Principal, whoever, whoever it comes through. So one of the things that we do is a lot of what we call pre underwriting. So that's a lot of getting clients height and weight, family history, tobacco use, uh, medications. They're currently taking things that they've been diagnosed with and we do a lot of research to find out which insurance companies may be the best fit for them. I know for example, if someone chews tobacco, which is probably a bigger deal in, in North Carolina, then a lot of other states that if you chew tobacco, three companies of the 15 or 16 that we work with, can, consider them for non smoker rates. The rest, the other 12 or 13 call them smokers, even though they don't smoke, it's a tobacco use. So the premium is about three times higher as a tobacco user than the other three who, who don't consider them as as smokers. And so that's part of what we do with that pre underwriting is to find the best fit, whether it's, if in this case it might be Prudential, but a Prudential million dollar 20 or a term policy for a male age 40 at preferred rates, the client pays the same two Prudential wherever, you know, whatever avenue they come through. And what's a neat thing is that many insurance companies have started with what they call an accelerated underwriting process. And so for younger clients, many times a million dollar policy or less, the insurance companies are doing a telephone interview with the client and then checking what we might call some big data reports. They're their motor vehicle report, uh, prescription database check the MIB, which is a, a shared database of insurance companies just to see if anybody's applied to another insurance company in the last year or two. And trying to, based on that phone or view and some of those online resources, see if they can offer a policy to somebody who, again, maybe sees their primary care once a year, uh, has never had anything that they're taking medications for, anything they've been diagnosed with and insurance companies trying to say, can we offer maybe a preferred rate to this person without spending the time and effort to get their medical records or requiring a blood and urine sample that we probably will just show that we were going to give them preferred anyway. So I think the, the being prepared is part of it is being prepared that it's, it's not as quick as Amazon prime. It doesn't take two days overnight. But that idea of there's some steps that have to, to be gone through, but hopefully it moves along fairly quickly.

Anjali: 47:20 Those are great points. So I, you know, just to summarize a bit, if someone pretty young healthy understand that the term life insurance space is pretty regulated, so you're not really going to get much premium difference. You don't need to quote unquote shop around for it. Like you might with another type of policy. But if someone has medical history or or more or more complications in their situation, it probably would make sense then to work with a broker who is more experienced, who probably has those relationships with the carriers so that they can help you navigate which carrier to go with where they could secure that. Right,

Mark: 47:59 exactly. And that's, and that's part of what we do working with different underwriters at different insurance companies because they all have their own different niches or some insurance companies are better with, with different types of cancers than others. And so that's the research that we're doing to, to find the best company. But as you said, the pricing, the pricing is going to depend on what, what underwriting class somebody might qualify for. But for a particular insurance company, it should be exactly the same, whichever avenue they may apply through. And then that leads me to my last one is that honesty is always the best policy. Any of those questions that somebody asks, always answering the most honest that somebody, somebody can is always going to work out best. I'll go through this example because it's, it's happening more and more often. A lot of people don't like to admit on the insurance application that they smoked marijuana. So what happens is that while somebody may not mentioned it on their application or they may say no, they may have told their doctor at some point in the past. So it may be there and the insurance company finds it. What we don't like to have happen is that we know that there are some insurance companies that really don't care if somebody smokes marijuana a couple of times a year and we want to be able to steer people to that insurance company if we didn't know that we may have applied. If somebody says no, we may have applied to a different insurance company. It shows up in their medical records and then insurance company may be terrible for people who smoke marijuana three or four times a year. You know, they may now be a standard smoker instead of a nonsmoker, even a preferred nonsmoker. So all of those things where somebody is able to give us the most information up front, it's given to us, but it doesn't go anywhere from, from our side. But we're able to check underwriting guidelines, check anonymously with insurance companies to say, I have this person with this particular habit or this person with this particular type of cancer and here's their treatments. And so we're able to, to talk to the different insurance companies and present a, an anonymous person, but some very specific details to find out what's the most likely outcome when that person actually applies.

Anjali: 50:21 Yeah, that's great. I mean that's, that's probably that the tip or piece of advice to take away from here is, is to be open and honest with the person you're working with, especially if there's particular nuances like that. Because these underwriters will get to the bottom of everything. They request all pieces of medical information. So if you try to hide something, it will come up so better to be honest on the front end. And you know, people like Mark privacy is very important. So even when him and I work together, if there's something that comes up for a client, he will never tell me what it's specifically it is. He just tells me we can't go with this carrier. We need to go with this carrier. And I will say, okay, let's just make that happen. So term life insurance can be fairly straightforward, but there is some added nuances you want to make sure you have the right person there to be your advocate. So I like to always wrap up with a few personal questions. So the first one is what say financial goal that you're currently working towards?

Mark: 51:19 Oh, well I don't know why, but we've decided to do some additions to our house. And so right now it's, it's looking at our, our cashflow and, and trying to rebalance things because uh, we'd like to do to pretty much have a room where, where my inlaws are just on the other side of the state and Florida and we'd like to have a space where they can come and stay for a little while. And so that's, that's our big, big goal for lots of different things. Patience. I'm trying to get construction people moving, at least financially. That's, that's one that we're, we're working on right now and, and trying to make sure that it's, that it's a good move at least from, from a, from a resale standpoint and from a cashflow standpoint as well.

Anjali:	52:09	Nice. That's a good goal. Process probably won't be as fun but done. It'll be great for you guys. Right.
Mark:	52:15	I keep telling myself that every day that I think there's something else that isn't going exactly like I thought I'm going to tell myself it's, it's, it's going to be great.
Anjali:	52:25	All right. I'm sitting looking out my window and there was a house across the street that has been in construction since we've moved into the neighborhood and that's been three years ago. Yeah. And this was a tear down. So, and permits are a pain in the butt in this area. But yeah, no, it can be a pretty arduous in that respect.
Mark:	52:45	You scared me a little bit. That's not cool.
Anjali:	52:47	just ignore everything I said. And then what's one piece of financial advice, good or bad that you'd like to give our listeners?
Mark:	52:55	I'll give the one that I think was probably the most impactful on me. It really has nothing to do with insurance. But when I got, you know, when I got my, my first job, my, my dad said, okay, you need to open up an IRA. And it, you know, with the income I was working, it was a Roth and a, I put money into it every month since I had my, my first real job. And you know, I, I, there's probably probably so basic that that it may not even be worth repeating, but it was, it was something that was told to me and it really, it really stuck when there didn't feel like there was a lot of extra money, but, but I did that and, and that was really one of those things that looking, looking back, I'm really glad I did.
Anjali:	53:41	Right. That's great. Great advice from, from your parents on that plan. So this was really great. Can you tell our listeners how they can learn more about you?
Mark:	53:50	Sure, sure. We probably, the best way to do that is our website. It's LLIS.com and there's a at the top there's or right on the main main screen there's, there's some pictures, I think I'm a on the main screen there's a, I'm all the way on the right hand side, sitting down a little bit and at the top there there's tabs and one of those says for clients and we have lots of different pieces there to uh, to learn more about term insurance, disability

		insurance, long term care insurance and hopefully some good, good information out there for maybe more in depth questions that somebody might have about how term life insurance works or maybe something more in depth about the whole underwriting application process.
Anjali:	54:35	That's great and we'll include Mark's information in the show notes as well for anyone who's interested to to reach out to him and his team. Well, thank you Mark for being on the podcast.
Mark:	54:46	Anjali, I'm happy to. It was great.
Anjali:	54:49	Thanks for tuning in today. If you enjoyed today's episode and wanna, learn more about what it is like working directly with the professional, please visit us at www.fitadvisors.com to schedule a free initial consultation and see if financial planning is right for you.