



**GEORGE G. DAVIDSON**

CLU, ChFC, RHU, is a nationally recognized expert on disability income insurance and has been a frequent speaker at regional and national trade meetings. In March, he will be a presenter at the John Hewitt & Associates 11th Annual Dynamics of Disability Strategic Management Seminar in Bonita Springs, FL.

Entering the financial services industry as an agent in 1982, Davidson quickly gravitated to insurance brokerage, joining Provident Life & Accident in 1984. In April of 1995, he founded an independent brokerage agency focused on helping financial professionals find the best answers to clients' income and asset protection needs.

Davidson is a founding partner and current board member of the only national organization of independent disability brokerage specialists, The Plus Group/US. He is also a member of the National Association of Insurance and Financial Advisors, Minneapolis Financial Planning Association, and the Society of Financial Services Professionals, having served the local chapter as president.

Davidson can be reached at SecuraDI Consultants (SDIC), Parkdale IV, 5353 Gamble Drive, Suite 300, Minneapolis, MN 55416. Telephone: 952-224-5400. Fax: 952-224-5409. Website: [www.sdiconline.com](http://www.sdiconline.com).

# Income Protection: The Financial Planning Ark

**A**nyone can predict rain; it takes conviction to build an ark. Once upon a time, a man named Noah was the punch line to a lot of neighborhood jokes. Here was a pillar of the community, a man of means who was engaged in the foolish behavior of ark building, even though he lived far from the sea. The ridicule ran thick, and many around him doubted his business acumen, as well as his sanity.

Noah's advisors were soon on the scene. "Look at the money you're spending on this ark. We can show you a better way to invest your riches." Meeting after meeting ensued where they presented foolproof plans detailing how Noah would get a much better return on his shekels by buying land and livestock. Noah would not be deterred, and the sounds of hammers and saws were heard well into the night.

Weeks passed as Noah labored while others went about their daily routines. He stayed focused on building his ark far from the sea and under a cloudless sky. Suddenly, just days after completion, the sky darkened and the rains began. Noah watched as the investments his advisors implored him to make began to go under water. Soon Noah was afloat in the very same ark which all before had assured him was a poor place to put his money. We all know that this "foolish investment" saved Noah and his family from certain peril when the rains came.

## Income Protection— The Financial Planning Ark

Noah's story has significant meaning when considering the impact of recommen-

dations you make (or fail to make) to a client. Regardless of the creativity of your suggestions and the high returns of your funds, without the right protection plans your clients will quickly find themselves economically under water "when the rains come."

Income protection is one area most planners fail to fully address. How would you answer these questions?

- What form of insurance is more important than income protection?
- What planning discussion is more underdeveloped or even overlooked in most financial or risk management plans?
- Does your advice effectively deal with catastrophic income loss?
- How will your clients survive the "great flood" of a disability?

## Keys to Success in Protecting Income

Not surprisingly, there are three key strategies you can employ which will almost ensure your success in helping your clients protect their incomes more appropriately. If you are serious about your responsibility to your clients, you will initiate changes in the way you approach income protection.

### Key #1—The 100 Percent Solution

One of the real blessings of 20-plus years in this industry has been my opportunity to interact with hundreds of people who are receiving disability benefits. Their stories are all compelling, and each one has expressed gratitude for the checks they are receiving. During this time, I have never met anyone who said they would not have bought more coverage if they knew then

what they know now. What they have learned is that the physical and emotional pain of a disability is compounded by financial distress. Remove the financial hardships, and somehow you are more capable of dealing with all the rest.

A great myth of disability planning is that there is a target replacement percentage which represents the optimum disability plan. Every client and disability is different; the only commonality in it all is that you will need every dollar you can get when sick or hurt and unable to work.

I submit that it is not your job as a financial advisor to make the decision for your clients as to what level of coverage is sufficient. Your job is to show them what can be done to protect their incomes. This must become a part of your planning discussions with 100 percent of the clients who need their incomes to survive. Regardless of the Social Security benefits your needs analysis software projects they will receive or the amount of group insurance benefits provided by their current employer—you must find out what is available to maximize their protection.

This means looking for all the available planning options there are in the marketplace and presenting them for your client's consideration. Then, let your client vote! One of the best questions to convey this philosophy is, "If you were disabled today, which plan would you want to have?" Most clients will vote for "the plan that gives me the most money for the longest period of time."

Many advisors tell me their clients do not want to spend the money required to maximize their disability plans. More times than not, this attitude is fostered by the advisors themselves. I say it is foolish to "go on the cheap" when you are protecting your most valuable asset.

### Key #2—Invest in Learning

To implement the "100 percent solution" discussed above successfully, you need to develop a basic level of knowledge. Many of you have read Steven Covey's 1990 bestselling book, "Seven Habits of Highly Effective People." You will recall that Habit

#7 was "Sharpen the Saw." Many people have speculated about the origin of this maxim. It is quoted that Abraham Lincoln once said, "If I had eight hours to chop down a tree, I'd spend six sharpening my axe."

Regardless of who said it first, the logic of it is unfailing. You will be more efficient and effective in any endeavor by taking the time to educate and prepare yourself. So, where do you go to find education regarding disability income planning?

One of the challenges faced in the disability income planning arena is that almost all of the "manufacturers" of disability income insurance policies have forsaken the responsibility to provide you with the training and education needed to use the product properly. This is likely one of the reasons more of your clients are not prepared for the catastrophe of "living economic death."

However, there are options, thanks to organizations like The Plus Group, a national network of 22 independent disability income specialists, committed to bringing "face to face" training back to the local areas of the country. This is being accomplished in seminars and "one on one" meetings throughout the country.

Through the efforts of these local organizations, there are now "DI Days" being held in many cities around the nation. In Minneapolis, the 2003 DI Day drew an enthusiastic crowd of more than 500 insurance and planning professionals. All were there in search of disability income education and motivation.

#### Upcoming DI Days

Seattle	March 5, 2004
Atlanta	March 23, 2004
Minneapolis	April 13, 2004

These grassroots efforts are beginning to get the attention of industry leaders. Local professional associations are once again inviting speakers to their meetings to discuss disability planning. The National Association of Health Underwriters (NAHU) is now actively involved in discussions to revive the Disability Income Training

Council (DITC) which for many years was the pre-eminent national training arm for the industry.

When deciding which agencies and carriers you will do business with, I suggest you consider the people and firms that are investing in your ability to make better recommendations.

### Key #3—Synergize for Success

It's not just about knowing the answers; it's about knowing where to find the answers—and finding them quickly. In the complex world we find ourselves in, you will not grow your practice without experts who can assist you.

Disability planning is without question an area where having access to experts will reap huge rewards for you and your clients. By affiliating with independent agencies specializing in the income protection marketplace, you will gain access to multiple carriers and creative solutions.

**A disability income specialist can help you find:**

- A supplemental disability plan which protects the highest level of income and provides flexibility to grow and change with your clients' needs.
- A "special risk" policy for your client with significant past medical history.
- The correct business overhead expense plan and a buy/sell funding solution for your business owner client.
- A program of simplified underwriting for multiple life cases.
- Coverage so a company can survive when a key employee is sick or hurt and unable to work.

Your ability to provide recommendations in situations like these may make the difference between an individual, family or company surviving a disability.

If your practice speciality is narrow, you may also want to partner with a professional disability insurance salesperson. Often, an independent brokerage agency can assist you in finding another professional you can trust.

**Do you treat yourself the way you treat your customers?** How many times have

you heard the cliché, “the cobbler’s children have no shoes”? If you don’t understand the impact of living without an income, how will you ever expect a client to understand it?

At a recent meeting, an agent lamented his inability to motivate his clients to act on disability insurance recommendations.

On a hunch, I asked him to share with me the details of his own plan of protection. Are you surprised to learn he has no disability coverage? When asked why, he used the same excuses he cannot overcome with his clients. His clients do not act because it is plain to see that his words are empty—he has no conviction!

Conviction is a testament of action. Do you have it? Will you and those who depend on you survive the “great flood,” or will your world end up “under water” with insufficient income during the worst of times?

You see, anyone can predict rain—it takes conviction to build an ark! □