

RUSSIAN ROULETTE: GAMBLING WITH DISABILITY

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John is a friend of mine. He was a pediatric dentist who, at age 34, suffered a disability that forced him to give up his practice. At such a young age, John had a lot to lose.

Fortunately John had a properly designed disability income contract that would pay him for the rest of his life. Like most people, John hated paying the premiums while he was young and healthy, but the coverage turned out to be one of the best investments he ever made.

Although John was able to deal with the disability from a financial point of view, he still had to come to terms with being unemployed and having no real job prospects. John stood in line at the unemployment office and discovered only jobs that paid between \$5 and \$8 per hour. John started for home. On his way, he passed by his insurance advisor's office. At that point John decided his new occupation was to be an independent disability insurance consultant out west.

John tells his story in a book entitled Russian Roulette. It is a small, easy to read book that tells of his own personal experiences in dealing with a disability as well as the experiences of others whom have had disabilities. He explains the pitfalls to avoid when putting your disability insurance plan together.

Some of the key points are:

- The “friendly banker” may not be so friendly when you are disabled and unemployed. John’s practice loans were covered by his business overhead contract, but his loan against his house was not, and the bank quickly called it. Luckily, John had a top-of-the line disability contract. The bank reviewed it, and agreed that it was very solid and did not call the loan.
- Having sufficient business overhead coverage is vital. At the time of disability, John asked that his office lease be terminated. The landlord was sympathetic, however, he would not allow John to break the lease. By way of his overhead coverage, John was able to cover his office expenses. This coverage also allowed John to keep his staff while he attempted to sell the practice.
- Retirement protection is important in planning disability insurance needs. John laments his neglect in adding a rider to his policy that would have provided for the continuation of his retirement savings in the event of a disability. As he states, “For the price of a cup of coffee a day (about 80 cents), I could have had a thousand dollars every month, tax free, that the insurance company would have placed into an account for me”. He calculates his loss to be about \$2 million dollars including interest.
- Read the fine print in every disability contract and understand the contract that you have. You get what you pay for and contracts that appear on the surface to be similar, can actually be very different.

- When applying for disability coverage, John stresses the need for full and complete disclosure of your medical and financial history. An insurance company can challenge a claim based on misrepresentations in the application. John compares disclosure to a story about a jet that ran out of fuel. “It has a wonderful engine and the latest engineering know-how, but someone had confused metric measure with imperial gallons in the fueling of the airplane. It was lucky to glide into a happy landing”. It is important to get the facts straight.

John’s book is easy to read and very informative. I have a number of John’s books in my office and I will be happy to send one to you.

In my practice I deal with a great number of professionals with disabilities. Most have adequate insurance coverage and lead full and happy lives regardless of their disabilities. For those who are not covered adequately, the repercussions are great. “You can’t choose your disability but you can choose your disability coverage”. ***Do you have adequate protection?***