

## realLIFEstories

# DI Insurance Keeps Couple Afloat

A husband and wife learned the value of their policies when both of them got sick.

**T**his month, Disability Insurance Awareness Month, when you're trying to convince your clients that they need disability income insurance, you might want to tell them the story of Dick and Pat Harwood, a couple whose lives were changed by disabilities and whose lifestyle and dignity were saved by DI insurance.

In 1985, Frederick R. Phillips, CLU, ChFC, met with the couple to discuss their financial goals and insurance coverage needs. Fred's agency, the Atlantic Coast Business Center in Greensboro, N.C., is affiliated with The Principal Financial Group. At first, like many prospects, Dick and Pat were reluctant to pay the DI premiums, but Fred helped them see the importance of protecting their income.

"Working to plan for every possible eventuality in our financial planning . . . it was clear that every aspect of our planning was contingent upon our earnings. If any health issue were to prevent us from earning an income, we could see the disastrous plight that would result," the Harwoods say.

"I just educated the Harwoods about total planning, and we implemented the risk-management pieces first, based on their needs and available cash flow," Fred says. Dick and Pat each bought term life policies with a waiver-of-premium rider, adjustable life policies with a premium waiver and individual DI policies. In addition, Dick has a pension plan, and Pat has a group DI policy, an IRA and a 403(b) TSA plan, Fred says.

### Illness strikes

As the years passed, Fred continued to review and update the Harwoods' policies and assist them with their investments, even after they moved from North Carolina to Richmond, Va. Soon,

they realized the importance of their DI coverage. In 1999, Dick, who is now 64, went on disability after being diagnosed with non-Hodgkin lymphoma, which reduced his stamina and energy. He also has mild emphysema, and his health is unlikely to improve, Fred says. In 2001, Pat, who is 63, also went on disability because she has fibromyalgia and chronic fatigue syndrome. Her condition



Pat and Dick Harwood.

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—Dick and Pat Harwood

has worsened since then. Each of them receives more than \$2,000 a month in DI benefits, and they have about \$300,000 each in life insurance coverage.

"[Fred's] holistic and long-term work with us and his ability to teach and lead us through the planning process resulted in our purchase of excellent coverage that, to our surprise, we had to call upon," the Harwoods say. "No one ever thinks these benefits will be needed, and that is what makes disability insurance so essential for everyone. Not including this coverage is a risk no one can afford!"

Because the Harwoods had a waiver-of-premium rider on all four of their life insurance policies, they were converted to whole life premium policies with the premiums covered by the rider, allowing all four policies to accumulate large cash values as death benefits increased, Fred says. This has enabled Dick and Pat to maintain their standard of living in their own home.

In addition, they have not had to use any retirement plan assets, which are continuing to grow.

### Grateful clients

In June 2004, Dick and Pat expressed their gratitude for Fred's services in a letter. "If it were not for the planning and implementation of the various programs we have, especially the disability programs, our lives would have been extremely miserable; we would not have been able to keep our home, our life insurance or meet other critical needs," they wrote. "You always show endless patience and understanding. You are readily available by phone, email and in person whenever we need to discuss options, issues or solutions, even when we moved to another state!"

For more information about selling DI insurance, see "7 Ways to Improve Your DI Sales" on Page 40. To learn more about Disability Insurance Awareness Month, go to <http://lifelifehappens.org/diam/>. □