

# The L.I.F.E.™ PROCESS

## Case Study

PACKAGE SELECTED

INDIVIDUAL CONSULTATION WITH RYAN

### SITUATION

BROWN FAMILY INFORMATION	AGE
Father – Michael	40
Mother – Rachel	48
Jason	16
Mark (Autistic Son)	8
Elizabeth	5

- Michael works full time and Rachel works part-time spending most of her time as Mom & caregiver.
- Combined Income is \$140,000
- As with many families in a Special Needs Situation, their expenses are high due to medical treatments, prescription costs, therapy, and special schools. The Browns have very little left over at the end of the month.

### RETIREMENT (FINANCIAL INDEPENDENCE)

- Michael maximizes his 401(k) and Rachel has an old 401(k) from a previous employer.
- Michael also purchases his company's stock through an Employee Stock Purchase Plan.
- Rachel has a Traditional IRA
- Michael & Rachel have a joint investment account

### LIFE INSURANCE (SURVIVOR NEEDS)

- Michael has a total of \$1,000,000 of term insurance
- Rachel has a total of \$50,000 of term insurance

### DISABILITY INSURANCE (INCOME PROTECTION)

- Michael has a group disability plan with his employer that will pay him \$3,733 after taxes to pay his bills if he is unable to work due to an accident, injury or illness.
- Rachel has no disability coverage.

### EDUCATION GOALS

- Will use Financial Aid and Loans for Jason.
- Will use Rachel's IRA money for Elizabeth because Rachel will be 59.5 years old by that time.

## EMERGENCY FUND

- Checking account has \$3,788



## HOME VALUE

\$700,000 Market Value  
\$413,000 Mortgage Balance  
\$287,000 Equity in home

AFTER COMPLETING THE L.I.F.E.™ WORKBOOK,  
THEY REALIZED THEY WERE NOT MEETING MOST OF THEIR GOALS.

## RETIREMENT (FINANCIAL INDEPENDENCE):

- The Brown's were short by \$305,596, meaning they had to accumulate an additional \$305,596 by the time Michael reaches age 60.

## LIFE INSURANCE (SURVIVOR NEEDS):

- If Michael, unexpectedly, died today the family is short by \$456,211.
- If Rachel, unexpectedly, died today the family is short by \$182,323.

## SPECIAL SURVIVOR NEEDS

*DEFINED AS MICHAEL AND RACHEL LIVING TO THEIR LIFE EXPECTANCY, AND MARK LIVING UNTIL HIS LIFE EXPECTANCY. THIS DOLLAR FIGURE IS THE NUMBER THAT MARK WILL NEED WHEN BOTH OF HIS PARENTS DIE.*

- When both Michael and Rachel die at age 90, Mark will need \$966,254 to live out the remainder of his life. This number already includes the fact that Mark will qualify for government benefits such as Medicaid and SSI because Michael and Rachel completed the proper legal documents.

BY USING AN APPROPRIATE ASSET POSITIONING STRATEGY,  
THE BROWN'S WERE ABLE TO REALLOCATE THEIR CASH FLOW, AND REPOSITION  
SOME EXISTING ASSETS TO REACH EACH ONE OF THEIR GOALS WITH NO  
ADDITIONAL OUT OF POCKET COSTS. **THE BROWN'S IMPLEMENTED THE FOLLOWING**

## RETIREMENT

- Reduced contribution to Employee Stock Purchase Plan
- Continue contributions to 401(k)
- Permanent Life Insurance (Cash Value) will add value to retirement nest egg

## LIFE INSURANCE (SURVIVOR NEEDS)

- Replaced \$500,000 of existing \$1,000,000 of term life insurance on Michael
- Attained \$750,000 Death benefit of 20-year term insurance for Michael
- Attained \$250,000 Death Benefit of permanent life insurance for Michael
- Attained \$100,000 Death Benefit of permanent life insurance for Rachel

## SPECIAL SURVIVOR NEEDS

- Attained \$400,000 Death Benefit of Permanent Survivorship Life Insurance. This death benefit is expected to grow to over \$1,000,000 at Michael & Rachel's age 90, so as to cover Mark's lifetime needs.

## **DISABILITY INSURANCE** (INCOME PROTECTION)

- Increased Disability benefit at work
- Attained a Personal Disability Insurance policy

## **EMERGENCY FUND**

- Utilizing Equity in Home through a Home Equity Line Of Credit for Emergencies. This will give them the ability to improve the other areas of their financial life without tying up a great deal of money in a low interest bearing account.

THE BROWN'S WERE ABLE TO MAKE THESE CHANGES BY ADJUSTING THEIR CASH FLOW AND RECONSIDERING THE TYPE OF ACCOUNTS THEY NEEDED TO USE. BY MAKING THE ABOVE CHANGES THEY ARE EXPECTING TO REACH EACH OF THEIR GOALS. AS WITH ANY PLANNING, THEY UNDERSTAND THEY WILL HAVE TO UPDATE

## **SPECIAL NEEDS ATTORNEY MEETING**

The Brown's also met with an attorney that focuses on Special Needs Legal Planning to adjust their wills and add the proper trust to their legal documentation.

## **L.I.F.E.™ JOURNAL**

The Brown's completed a L.I.F.E.™ Journal so that the next caregivers of Mark will know exactly how to care for him. The Journal includes 3 Major Sections: Medical History, Day to Day Practical Advice, and Michael & Rachel's hopes and dreams for Mark.

## **FAMILY CARE NOTICE**

A Family Care Notice was drafted and sent to extended family members (ie. Grandparents) providing family members the information they need to properly gift money to Mark, so as not to forfeit his future government benefits.