



**MetLife**



# Disability Insurance

Core Stories for the if  
in Life.

## **Business Protection**

## Why talk to business owners about disability insurance?

27.5 million small businesses in the U.S.\*

- Increase daytime activities
- Broaden prospecting opportunities
- Capitalize on cross-selling opportunities
- Set yourself apart by meeting different needs
- Owners are typically aware of risks:
  - Risk of their business closing or failing
  - Risk of not being there to run their business, if they die unexpectedly or suffer a disability
  - Risk of letting down the people who rely on them: family, employees, customers, partners



\* Office of Advocacy of the U.S. Small Business Administration (SBA) *The Small Business Economy: A Report to the President. 2010*

## Target businesses

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### White collar, professionals

- Engineering and Technical Firms
- CPAs
- Law Firms
- Physicians and Dentists
- Commercial Real Estate Firms
- Mortgage Brokers
- Surveyor Firms

## Types of disability protection for business owners

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### Employee Protection

#### **Salary Continuation Plan funded with DI**

Protect employees while keeping the business running without them.

### Personal Protection

#### **Individual disability income insurance**

Protecting what matters most. Individual disability income insurance policy for business owners, can help take care of the owners and their families

### Business Protection

#### **Business Overhead Expense & Buy-sell disability insurance**

Reimburse covered business expenses when a business owner becomes disabled. Protect all owners of a business if one becomes disabled and can't work.

## When to focus on business protection

- Owner is heavily involved in running day-to-day operations
- Owner is responsible for paying all or a portion of ongoing business expenses
- Co-owner situation, especially if not a family-owned or close-knit business



## Concerns about a disability

- Keep the business running
- Ability to pay regular, ongoing expenses
- Avoid dipping into business reserves or personal savings
- Means to pay a disabled co-owner indefinitely
- Funds to buy out a disabled co-owner

### Help clients discuss their concerns

*Could you keep your business running day-to-day and in a position to succeed?*

*Who would handle your ongoing expenses, such as rent, utilities or wages?*

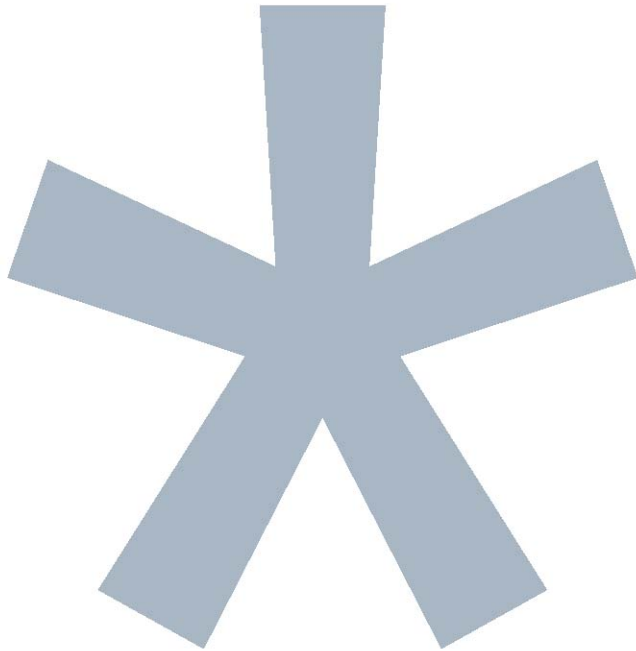
*Would you need to dip into your personal accounts or business reserves to pay your ongoing expenses?*

*Do you have a succession plan in place?*

*Would you have the funds needed to buy out a disabled co-owner?*

*What if you are the one who is disabled?*

## Solutions to protect the business



For everyday expenses:

### **Business Overhead Expense Disability Insurance**

Designed to reimburse an owner's share of covered business overhead expenses while he or she is disabled. BOE policy premiums are generally tax-deductible as a business expense.

For co-owners:

### **Buy-Sell Agreement funded with Buy-Sell Insurance**

Helps protect a business if one of the owners becomes disabled. By funding the agreement with buy-sell disability insurance, the entire financial burden won't fall on the owners or the business.

## Business Overhead Expense Strategy

Determine total funds needed for regular, coverable business overhead expenses.



Purchase **Business Overhead Expense Insurance** to cover those expenses

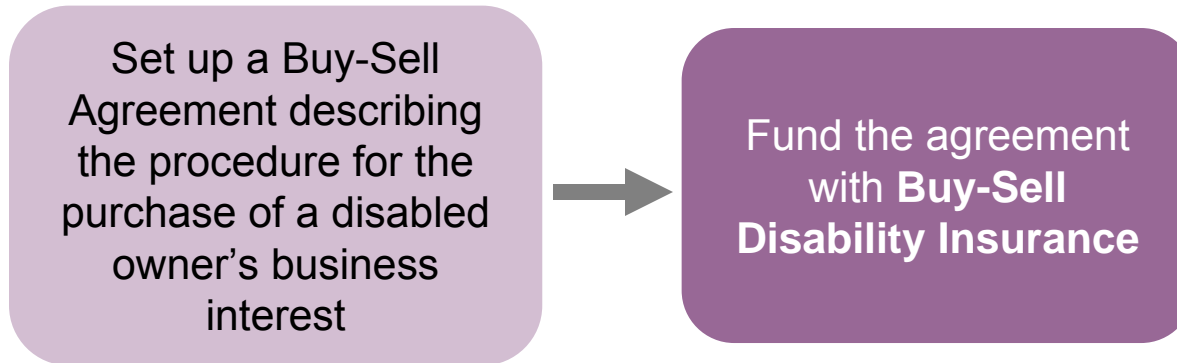
Help ensure that a small business **doesn't have to close down** if an owner becomes disabled.

### Examples of covered expenses

- Rent
- Utilities
- Maintenance Services
- Employee Wages
- Depreciation
- Property & Liability Insurance
- Health Insurance
- Taxes/Mortgage Interest on Owned Business Premises
- *Plus, the salary of a disabled owner's replacement, if qualified*



## Buy-Sell Insurance Strategy



### **Everyone comes away protected:**

- *disabled owner* gets fair value for his/her ownership interest
- *remaining owners* may be able to acquire the disabled owner's ownership share with minimal business interruption

### **Purchase Options**

#### **Cross Purchase**

Each owner owns a policy on each of the other owners. Up to 5 owners, which equals 20 policies.

#### **Entity Purchase**

The Business owns a policy on each owner.

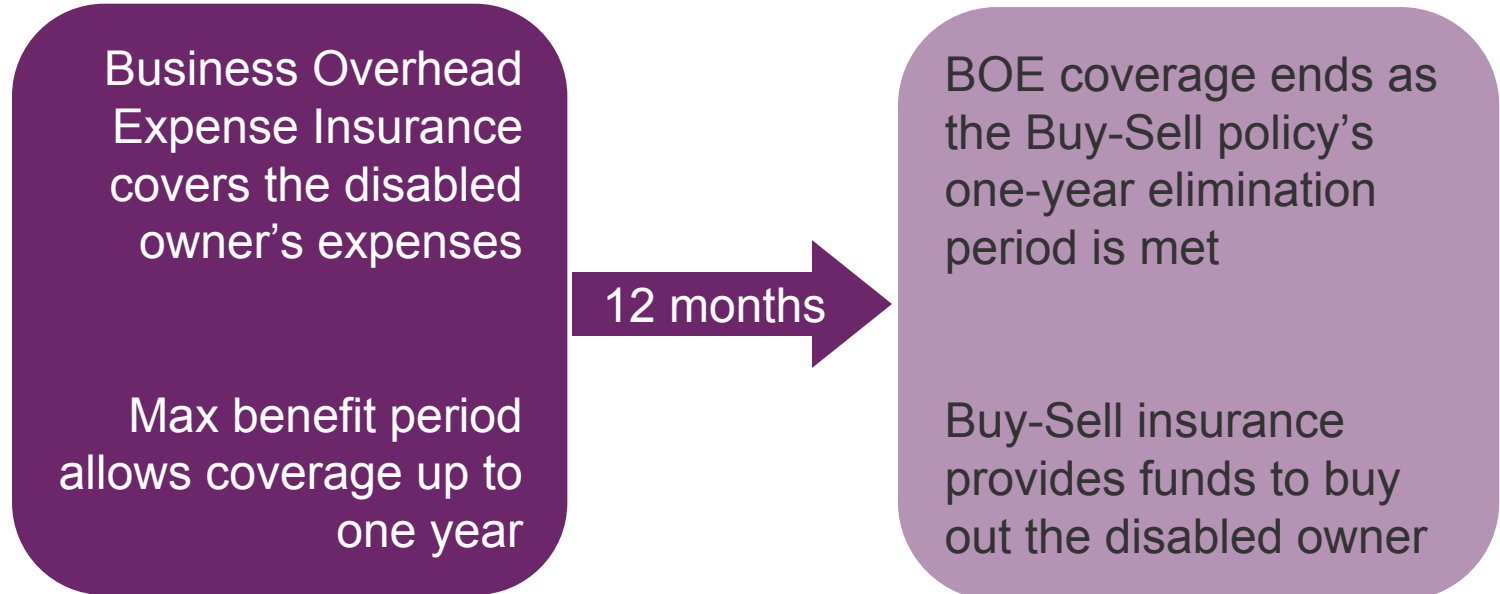
#### **Trustee Purchase**

A named Trustee owns a policy on each owner.

## How the Strategies Can Work Together

Coordinate the timing to avoid overlap or gap in coverage:

BOE maximum benefit period  
matching  
Buy-Sell elimination period



## Let's see the business protection story at work

### Meet Andrew, Laura and Brian



- Own a small accounting firm
- All three contribute to day-to-day operations and long-term success
- Business has become successful – now worth \$1 million

## Concern #1

Andrew, Laura & Brian example

Continue to pay the business' ongoing expenses with minimal business interruption in the event one of them became disabled.

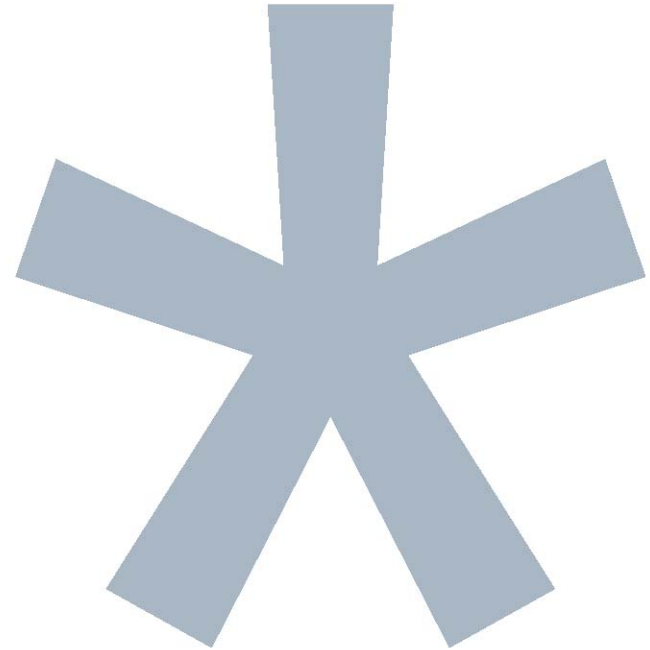
- Business would suffer if any of them couldn't work for a while
- Other owners would have to pick up slack financially and operationally for an indefinite period of time

## Solution

Andrew, Laura & Brian example

### Business Overhead Expense Insurance

- Covers qualified monthly expenses
- Premiums can be included in monthly budget
- Usually tax-deductible
- May provide salary for a qualified replacement to perform the disabled owner's duties



## Strategy

Let's look at their cost to prepare for an unexpected injury or illness by purchasing Business Overhead Expense insurance.

Andrew, Laura & Brian example

		Cost to the Business: Expense Plus Premiums	
	Monthly share of covered expenses	Monthly	Annual
Andrew	\$9,000	\$62.50	\$707.78
Laura	\$6,000	\$69.21	\$783.85
Brian	\$5,000	\$34.04	\$385.49
<b>Total cost to the business</b>		<b>\$165.75</b>	<b>\$1,877.12</b>

**Assumptions:** Total coverable monthly expenses: \$20,000.  
 Andrew: Male, age 40. Laura: Female, age 42. Brian: Male, age 38.  
 Non-smokers, 6S occupational class. 90-day elimination period  
 (length of time an individual must be disabled before benefits begin  
 to accrue), 12-month maximum benefit period.

**Ask your client to consider**  
 How does budgeting less than \$200 a month compare to possibly paying \$5,000 or more unexpectedly and without knowing where the money would come from?

## Concern #2

Andrew, Laura & Brian example

Buy out a disabled owner, if he/she couldn't return to the business due to a disability

- Provide fair compensation for disabled owner
- Provide funds to help pay for the buy-out without dipping into business reserves or the remaining owners' personal accounts
- Help ensure the remaining owners can purchase the disabled owner's ownership interest so they could maintain ownership

## Solution

Andrew, Laura & Brian example

### Buy-Sell Agreement funded with Buy-Sell Disability Insurance

- Agreement describes how the business would handle a buy-out, including the length of time before the buy-out would take place
- Insurance provides funds to facilitate the buy-out
- Gives the remaining owners control over how ownership is transferred





## Strategy

Andrew, Laura & Brian example

Let's look at the cost to protect themselves with Buy-Sell Insurance.

### Ask your client to consider:

How does budgeting less than \$400 a month compare to the uncertainty of facing an expensive & unexpected buy-out?

			Cost to the Business: Buy-Sell Business Protector Premiums	
	Ownership Percentage	Maximum Buy-out	Monthly	Annual
Andrew	45%	\$500,000	\$147.59	\$1,710.20
Laura	30%	\$300,000	\$162.81	\$1,885.57
Brian	25%	\$200,000	\$84.36	\$997.50
<b>Total cost to the business</b>			<b>\$394.76</b>	<b>\$4,593.27</b>

**Assumptions:** Andrew: Male, age 40. Laura: Female, age 42. Brian: Male, age 38. Non-smokers, 6S occupational class. 365-day elimination period (length of time an individual must be disabled before benefits begin to accrue), lump sum payment.

## Benefits to the client

### **Business continuity**

Help business to stay afloat and demonstrate stability to customers

### **Maintain reserves**

May help avoid the need to use personal income or business funds to pay expenses or buy out a co-owner

### **Recovery**

Concentrate on getting better rather than running the business

### **Plan in place**

Help avoid the uncertainty of how to handle a disability



## Benefits to you



### **Stronger relationship**

Needs should be reassessed regularly as the business grows or changes

### **Conversation starter**

Discussing individual disability income insurance can lead to conversations about Salary Continuation Plans or individual disability income insurance for the owners

### **Future sales**

Business owners have multiple needs, so one sale can lead to multiple sales, plus referrals to employees or family members

## More tools to help you get comfortable with the story

**Disability Income Insurance Core Stories  
Business Protection Sales Starter**

**MetLife**

In MetLife, we believe that disability insurance is a core part of every financial plan. That's why we are committed to delivering the disability insurance resources you need to fit your client's story.

**Here's how the Business Protection core story can work for you.**

**client**  
Business owners or co-owners, especially those involved in day-to-day operations.

**concern**  
Uncertainty of how to keep the business running, if an owner is disabled and can't be there to run it.

- Ability to pay regular, ongoing expenses.
- Means to pay a disabled partner or co-owner indefinitely.
- Having funds to buy out a disabled co-owner.

**a solution**

1. Business overhead expense policy
2. Buy-sell agreement funded with disability insurance

**strategy**

**Expense Plus**  
Flexible combination of several optional coverages, such as:
 

- Short-term and long-term disability insurance
- Business owner income
- Buy-Sell Business Protection

 Provides funds to assist in the purchase of the business owner's share of the business.

**benefits**

**TO OWNERS:**

- Business continuity: help business to stay afloat, demonstrate ability to customers.
- Maintain income: avoid dipping into personal income or business funds to pay expenses or to buy out a co-owner.
- Recovery concentrate on getting better rather than running the business.

**TO YOU:**

- Strengthen relationships: needs should be reassessed regularly as the business grows or changes.
- Conversation starter: discussing business protection can lead to conversations about Salary Continuation plans, individual income protection or other concerns.
- Future sales: business owners have multiple needs, so one sale can lead to multiple sales, plus referrals to employees or family members.

### Producer Sales Starter

One-page story overview +  
core stories selling system details

**MetLife** | Disability Income Insurance | Business Protection

the client the concern the solution the strategy the benefits

**Disability Insurance  
For Business Owners**

*we make it our business  
to protect your business*

This document is designed to provide introductory information on the subject matter. MetLife does not provide tax and legal advice. Clients should consult their attorney and/or tax advisor before making financial investment or planning decisions.  
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### Overview Presentation

Online interactive walk-through

## Reach out to clients and prospects



### Letter

### Grab attention through mail



### Phone Script

### Tips on messaging & handling objections

**Coming Soon:**  
client emails, seminars &  
invites

## Meet with clients & prospects



### Client Brochure

In-depth story with real life example



### Client Flyer

Short intro to the story. Great as a hand-out or mailer.

## If this isn't your client's story

## Use the Profiling Tool

Handy guide to help you match your clients' concerns with the right story for their needs.

DISABILITY INSURANCE

### Disability Income Insurance Core Stories Client Profiling Tool

MetLife

CLIENT	CONCERNS IF A DISABILITY OCCURS	QUESTIONS TO ASK ABOUT THEIR DISABILITY CONCERNS	WHERE'S THE STORY
Any business owner	Uncertainty of how to maintain the family lifestyle and keep business intact.	<ul style="list-style-type: none"> <li>• Does your family rely on your personal income from your business?</li> <li>• Where would you find the funds to maintain the lifestyle your family is used to?               <ul style="list-style-type: none"> <li>• Could you take a salary if you weren't working?</li> <li>• What might your family need to survive - your business reserves, your family resources?</li> </ul> </li> </ul>	personal protection individual disability income insurance
Business owner who manages day-to-day operations	Uncertainty of how to maintain the family lifestyle and keep business intact.	<ul style="list-style-type: none"> <li>• Could your clients step up, if you weren't there to run your business?</li> <li>• Would you need to dip into your personal accounts or business reserves to pay monthly business expenses?</li> <li>• How would your business stability and growth be affected without you around?</li> </ul>	business continuity business overhead expense disability insurance
Business co-owners	Uncertainty of how to deal with an owner's unexpected absence, inability to contribute or need to leave the business.	<ul style="list-style-type: none"> <li>• Is each owner critical to the success of your business?</li> <li>• Who would pick it up the slack, if one of you were disabled and couldn't work?</li> <li>• Do you have a plan to buy out a partner's share, if he or she can't return to the business?</li> <li>• Do you have a plan to increase for compensation, if you're the one who needs to leave the business?</li> </ul>	business continuity buy-sell disability insurance
Business owner with at least one employee	Uncertainty of how to handle an employee's disability or your own. Also how to pay them without the benefit of how to provide income for certain employees.	<ul style="list-style-type: none"> <li>• Do you have family members or friends who work with you?</li> <li>• Do you have key employees who keep your business together?</li> <li>• Would your business suffer if one of your employees couldn't work for a while?</li> <li>• Could you afford a temporary replacement to help out?</li> <li>• If you did need to provide for an employee, where would you get the funds?</li> </ul>	employee security salary continuation plan linked with disability insurance

**what's your client's story?**

At MetLife, we believe that disability income insurance is a core part of every financial plan. That's why we are committed to delivering the disability income insurance resources you need to fit your client's story.

Use this handy profiling tool to identify the story that meets your client's needs and priorities.

**Want to learn more or access the core story selling system?**

PLEASE CONTACT YOUR REGIONAL OR MANAGER SALES REPRESENTATIVE OR CONTACT THE DISABILITY INCOME RESOURCE LINE AT 800-526-1842.

**Coming Soon:**  
client fact finder & checklist

Want to learn more?

Please contact your local  
Plus Group office

Go to [www.plusgroupus.com](http://www.plusgroupus.com)  
or  
call 800/831-1018?

**working**

**for you.**



## Important information

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Disability insurance is issued by Metropolitan Life Insurance Company, New York, NY. June 2011