

# Learning about Paycheck Protection

by Terrance J. O'Brien March 1, 2012

**Susan B. Moore called my office a couple of days ago, and talked with my assistant Cecilia.** She scheduled an appointment. She was referred by one of my favorite clients, Flo Cash. She didn't say why she was coming to the office except it was important we meet.

**Cecilia said, "I just met Susan and she is in the conference room waiting for you.** Your laptop is ready, and it is synced with the flat screen on the wall. She requested bottled water, and I left some for you as well."

**I walked into the conference room, and I introduced myself.** We exchanged light talk for a couple of minutes. Susan started the conversation, and said, "Flo Cash speaks highly of you, and I value her opinion and counsel. She said I should not make any decisions about my concern until I talk with you."

**I commented, "Tell me about your concern?"**

**Susan had tears in her eyes. "My best friend from high school has been diagnosed with MS.** The doctors told her it was the type that advances quickly. She can expect to work for about another six months, and then she will be forced to retire from the work force. She, like me, is only 38 years old. We are both single. She has a good income, but she expressed her money will only last for about twelve months after she drops out of the work force. "

**Susan continued, "I understand she can apply for Social Security Disability, but that it only covers a fraction of her lifestyle expenses.** I also heard it may take some time before she starts receiving payments from the government. I am very concerned about her financial survival with this dreaded disease."

**She looked me straight in the eye and said firmly, "I want to protect my income should something like this happening to me.** Am I being overly concerned?

**I responded, "You are right to be concerned.** According to the Social Security Administration, Disabled Worker Beneficiary Statistics, **2.5 million Americans** between the ages of 20-40 collected Social Security Disability Benefits in the month of December 2010. In fact, a **typical female, age 35, 5'4", 125 pounds, non-smoker, who works mostly an office job, with some outdoor physical responsibilities, and who leads a healthy lifestyle has a 24% chance of becoming disabled** for 3 months or longer during her working career."<sup>[1]</sup>

**Susan was stunned by the statistics. "Can you help me get the protection I need?"**

**"I may be able to help.** However, I will need additional information about your income and medical history," I replied.

**Susan explained that she has been an independent manufacturer's rep for several lines of women's clothing for the past twelve years.** The latest three years of reported income has been in excess of \$150,000. Additionally, she is not on any current medication, and has never been diagnosed with any chronic condition. Her only inpatient procedure was a hysterectomy about seven years ago.

**I pulled out my reference sheet and handed it to Susan.** "There are seven key points you should know about this protection. Let's review each one of these points so you have a good understanding on how the policies work."

1. You purchase this paycheck protection with your health. You pay for it by making scheduled premium payments.
2. The definition of disability, and the terms and conditions of the contract, vary widely among insurance companies.
3. There are many insurance companies that write this type of coverage, but just a few that offer what I consider the elite or premium plans.
4. You will not be able to insure 100% of your income with the policy.
5. You will want to pay for the premium with after- tax income. This will allow you to receive the monthly cash flow benefits tax free.
6. The policy may require a medical exam and lab test prior to approval.
7. You will be required to submit evidence of your income.

**I continued.** "In our next meeting we will cover the details of the disability contract. I have asked Cecilia to join us. She will give you the list of documents needed to complete the application. Once you have that information she will help you complete and submit the application."

**Cecilia walked in the conference room, smiled and said, "Susan, I'm glad you are doing this.** We have something in common. I feel safer because my disability application was recently approved. My contract is in the mail."

**Cecilia continued.** "The application is an easy process. We should have it completed within thirty minutes once you have the information on this list in front of you. Do you have your calendar handy? Let's schedule a time within the next couple of days to complete the online application together. We'll also schedule a follow-up meeting with Terry in about two weeks."

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[1] [www.ssa.gov](http://www.ssa.gov)