



FACING RETIREMENT

What insurance do you *really* need as you approach retirement?

A complimentary guide from the American Bar Endowment

**INSURANCE
EXCLUSIVELY
for ABA Members**

CONTENTS

HOW TO PROTECT THE RETIREMENT YOU'VE WORKED SO HARD TO EARN.

Retirement, that magic day you've had in your sights for decades, is getting closer.

You may be in your 50s or 60s, and the big day may be next month or in a few years. Whatever your age and whenever the day, it's time to consider not only how you'll fund your retirement, but how you'll protect it. And that protection primarily involves insurance.



For starters, you will of course need **health insurance**. Everyone needs medical care and health coverage is now required by law. Some early retirees can avoid the new insurance marketplaces entirely if they're eligible for insurance through their own former employer or the current or former employer of a spouse. It's becoming increasingly rare for a company to provide health care benefits to retirees, but before you sign up on the exchanges you should look into all options. According to the Employee Benefit Research Institute, less than 20 percent of private-sector workers in 2012 were offered early retiree health benefits.¹

Now, what if you're in an accident and you don't die, but become incapacitated and unable to care for yourself? That's where **long-term care insurance** comes in. If you're lucky enough to live a long, healthy life but maybe need some medical care and care assistance, long-term care insurance can help cover nursing home costs.

Now, what about two other types of insurance for those approaching retirement – **life and disability insurance**?

¹ [Employee Benefit Research Institute, *Employee Benefits: Today, Tomorrow, and Yesterday*, July, 2014.](#)

INSURANCE NEEDS WHEN NEARING RETIREMENT

LIFE INSURANCE IS THE CORNERSTONE OF ANY FINANCIAL PLAN

Whether you plan to continue earning some income or not when you retire, life insurance plays an important role in preparing for retirement. It continues to be an indispensable source of security for your family, potentially providing assets to your survivors that may enable them to:

Replace the income lost from the death of a wage-earner.

In addition to the financial needs of your spouse and children, life insurance can provide valuable resources to support anyone with special needs who is financially dependent on you.

Pay off mortgages and other debts.

Don't let these often sizeable obligations leave your survivors in financial trouble.

Send children to college.

More and more professionals are having children later in life and education costs for dependents may be a financial consideration into your retirement years.

Maintain your family's standard of living.

Proceeds can also potentially help your spouse enjoy a financially secure retirement by replacing years of retirement savings cut short by a premature death. If your spouse would lose part or all of the benefits of your pension or Social Security income when you pass away, life insurance can help to bridge that gap.

The average 2013 Social Security benefit for retired workers was only \$1,294 a month.¹

¹[Social Security Administration, Social Security Basic Facts, April 2, 2014.](#)

PROTECT YOUR INCOME AS YOU APPROACH RETIREMENT

As you face retirement, you are likely in your peak earning years. If you're thinking you need to work the next few years to shore up your retirement savings, protecting that income stream is particularly important.

That's where disability insurance comes in. A disability could potentially destroy your and your family's standard of living. It can take away many things you've achieved through your profession—all the things you've enjoyed at your income level. Since your income is the basis of your lifestyle, think about how long you and your family could make ends meet if your paycheck suddenly disappeared.

Think for a moment about what would happen if you were injured or ill and couldn't work. Would your savings and investments, plus any payments you were able to get from Social Security disability benefits be enough to live on until Social Security retirement and any other retirement benefits kick in? The answer for most people is "no."

DON'T COUNT ON GETTING SOCIAL SECURITY DISABILITY

Fewer than half of applications are ultimately allowed, often after prolonged appeal.*

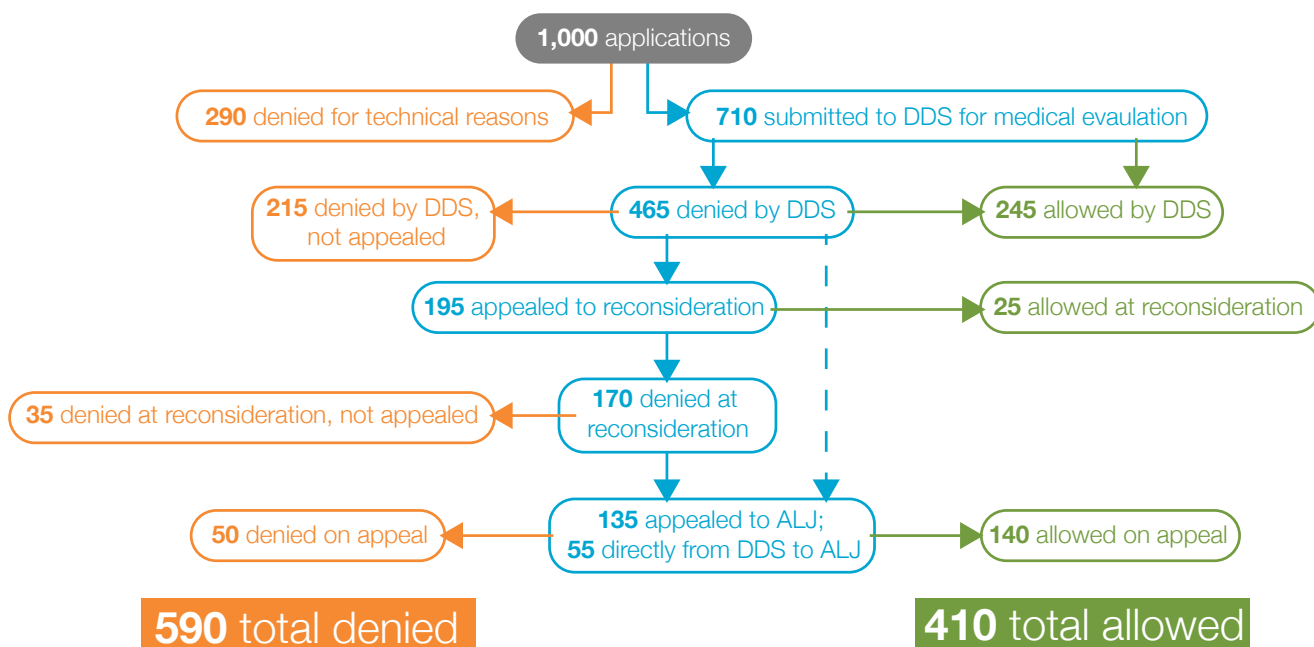


Chart reprinted with permission from the [Center on Budget Policy and Priorities \(CBPP\)](#)

* CBPP based on data from applications in 2004-2007 from the Social Security Administration, Office of the Chief Actuary, *Social Security Disability Insurance Program Worker Experience*, Actuary Study No. 122, May 2011, Table 1, and the Office of Research Evaluation and Statistics, *Annual Statistical Report on the Social Security Disability Insurance Program, 2011*, July 2012, Tables 59-62. Data for 2004-2007 were chosen because very few applications from these years are still pending a final decision. For simplicity, the flow chart illustrates the outcome for a hypothetical cohort of 1,000 applicants; actual applications in recent years have totaled about 2.9 million annually.

Source: CBPP, Kathy Ruffing, *Social Security Disability Insurance is Vital to Workers With Severe Impairments*. August 10, 2012.

YOUR RISK OF DISABILITY INCREASES WITH AGE

It's a fact: disability risk increases considerably with age—[a person is twice as likely to be disabled at age 50 as he or she is at age 40, and twice as likely at age 60 as at age 50](#), according to the Center on Budget Policy and Priorities (CBPP).

DISABILITY RATES RISE STEEPLY WITH AGE¹

“Baby boomers have aged into their high-disability years. Aging takes a toll on many workers’ bodies and minds long before retirement age. People are roughly twice as likely to be disabled at age 50 as at age 40, and twice as likely to be disabled at age 60 as at age 50. (See Figure 2.) As the baby boomers — the huge cohort of people born between 1946 and 1964 — have grown older, the number of disability cases has risen substantially.”

FIGURE 2:

DI RECIPIENTS AS A PERCENT OF INSURED WORKERS*

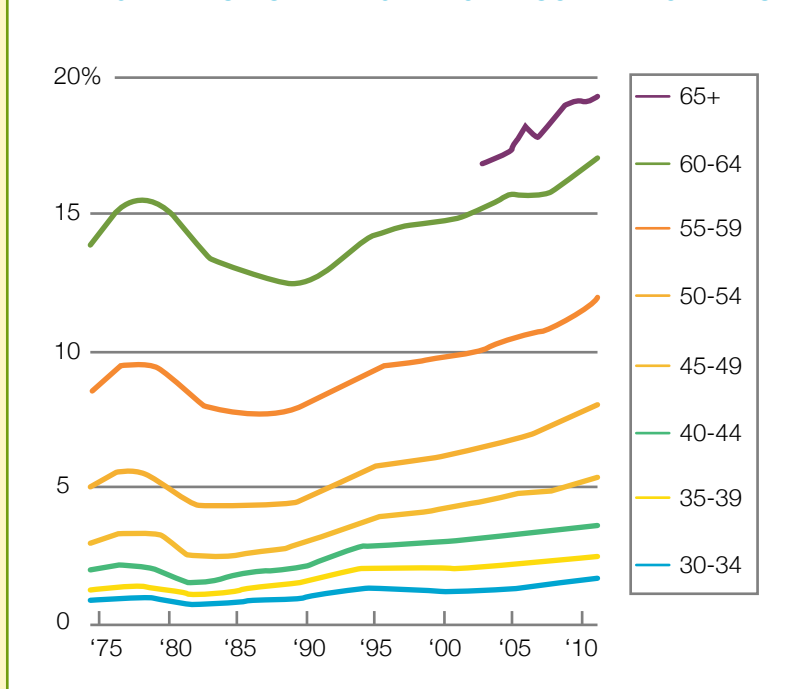


Chart reprinted with permission from the [Center on Budget Policy and Priorities \(CBPP\)](#)

* CBPP based on data from the Social Security Administration, Office of the Chief Actuary.

¹Source: CBPP, Kathy Ruffing, *Social Security Disability Insurance is Vital to Workers With Severe Impairments*. August 10, 2012.

MAKE SURE YOU HAVE “OWN OCCUPATION” DISABILITY COVERAGE

Your disability coverage should pay if you're unable to perform your own specialty of law. The alternative, “any occupation” coverage, would only start paying if you became unable to act even as a store greeter.

KEEP SAVING FOR RETIREMENT EVEN WHEN YOU CAN'T WORK

When looking to protect your income in the event of a long-term disability, don't overlook the contributions you and your firm make to your qualified retirement savings plan, such as a 401(k). Your ongoing contributions to your 401(k), IRA, or other qualified retirement plans are dependent on your continued ability to work and earn an income.

Retirement income disability plans provide disability income insurance benefits to help individuals continue saving for retirement when they are disabled. They can help replace an amount equal to the retirement plan contributions that would have been made to your eligible deferred contribution plan if you hadn't become disabled. Should a serious illness or accident prevent you from continuing your current occupation, this plan would help you continue long-term saving for retirement.

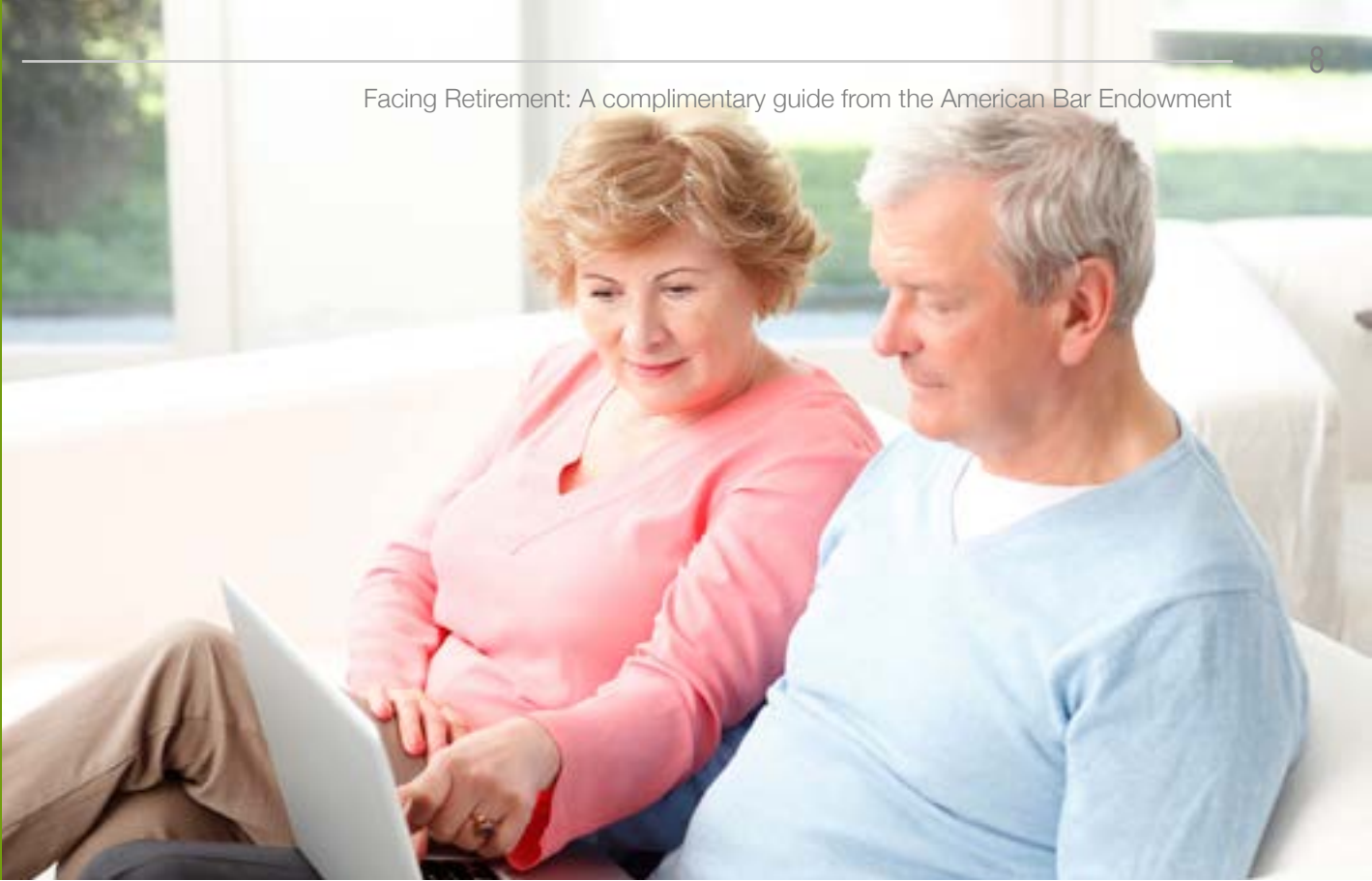
NOW IS THE TIME TO GET DISABILITY PROTECTION

As you approach retirement, the window of time to purchase disability protection starts to close. Many insurers won't offer individual disability past age 59 or 60. For those with existing coverage, most policies will carry you through to age 65 or your full retirement age. If at that point you're still working more than 30 hours a week, it may be possible to extend your policy.

“Disability policies usually cover 60-70% of your pre-disability earnings.”¹ Your employer may offer coverage, but even if that's an option it may not be enough. You should also remember that if your employer pays for your disability insurance, any benefits you collect under the policy will be subject to income tax. If you pay the premiums, such benefits are not subject to income tax.

Generally speaking, you should get the longest term of coverage you can afford. Costs get higher if you're purchasing a plan later in life, but there are ways to control those costs. For instance, you can increase the waiting period from 90 days to 180 days (think of it as increasing the deductible on your homeowners' policy; you absorb more of the risk so the price drops). Another thing to consider is a smaller or shorter-term policy than you originally wanted.

¹Source: [Life Happens, What You Need to Know About Disability Insurance, 2014.](#)



NEED HELP DETERMINING THE RIGHT COVERAGE FOR YOUR SITUATION?

It can be challenging for even the most knowledgeable attorneys to decide what kinds and levels of coverage they really need as they approach retirement. ABE is here to help in two ways:

- 1). Use our [free online insurance coverage calculator](#) to determine for yourself the specific amounts and terms of ABE-sponsored coverage that might be best for your family.
- 2.) Contact your personal ABE Insurance Plan Specialist at 800-621-8981 to learn more about ABE-sponsored options.



Find out what coverage you may be eligible to apply for at abendowment.org/calculators/assessment.asp 

HOW ABE-SPONSORED INSURANCE CAN HELP



The **American Bar Endowment (ABE)** is a not-for-profit charitable organization established by the ABA in 1942. Our sponsored insurance plans are offered exclusively to ABA members.

From term life insurance to disability income coverage to financial protection for your practice, ABE-sponsored insurance plans can be tailored to fit your specific needs.

It's insurance designed by attorneys for attorneys.



AFFORDABLE GROUP RATES

ABE-sponsored insurance plans are priced at group rates for ABA members. This enables members like you to get rates that other corporate groups are able to receive. You'll find that these rates are affordable and the coverage offers solid value.

BACKED BY A TRUSTED INSURER



New York Life Insurance Company is one of America's most respected insurance companies. Since 1845 it has been making sure customers are prepared for whatever life has in store. New York Life has received the highest possible financial strength ratings currently awarded to any life insurer from all four of the major credit rating agencies: A.M. Best (A++), Fitch Ratings (AAA), Standard & Poor's (AA+) and Moody's Investors Service (Aaa).

[Source: Third Party Rating Reports \(as of 7/1/15\).](#)

INSURANCE THAT PROTECTS YOU, AND HELPS OTHERS, AT THE SAME TIME!

ABE-sponsored insurance is different from other kinds of insurance where an agent receives a commission, or where a state or local bar receives royalties. Instead of paying commissions or royalties, these plans let participants get the full value of the insurance and premiums paid.

INSURANCE

ABA members purchase insurance through ABE.

+

DIVIDENDS

Members donate any available plan dividends back to ABE.

=

GRANTS

ABE grants help fund more than 200 legal research, public service, and educational projects.

ABE-sponsored plans are designed to produce dividends that ABA members can choose **to donate to ABE to be used to support the good works of the legal profession.** (*Dividends are not guaranteed.*) Members may also annually request that any available dividends, or a percentage of those dividends, be returned to them. If donated to ABE, contribution amounts are tax deductible under Section 170(c) of the U.S. Internal Revenue Code. ABE then uses these donated dividends to support annual grants which help fund over 200 legal research, educational and public service projects, including those conducted by two other ABA-affiliated, Section 501(c)(3) charitable and educational organizations, the Fund for Justice & Education (FJE) and the American Bar Foundation (ABF).

These sponsored insurance plans enable ABA members to not only get the quality, affordable insurance they need, but also provide a very special opportunity to support the good works of our profession at the same time.

That's insurance that makes a [difference!](#)

JUST ONE OF THE WAYS ABE MAKES A DIFFERENCE

The ABE annual grants funded primarily by ABA member-donated plan dividends provide millions of dollars a year to support over 200 legal research, educational and public service projects. This support helps provide legal aid to children, veterans, abused women and many more vulnerable populations. Here's just one example:

HELPING PROVIDE LEGAL AID TO THE MOST VULNERABLE AMERICANS

ABF Faculty Fellow Rebecca L. Sandefur joined the American Bar Foundation to found and lead a new access to justice research initiative. During her research, Professor Sandefur met a woman, "Mary", who was facing foreclosure proceedings on her home and felt completely overwhelmed. "Mary" told Sandefur that the person who gave her the most helpful advice during this difficult time was the process server who served her eviction papers, who simply assured "Mary" that she had rights. This encounter, and others like it, illustrates the disconnection from access to basic legal assistance that many Americans experience every day.



In a [report published in 2011](#), Professor Sandefur revealed the finding that an estimated 70% of American households experience a civil justice problem each year, yet only 4% contact a lawyer. These barriers to access to civil justice allow otherwise routine legal problems to spiral into complex situations that can be devastating for the people who experience them.

With support from ABE, the ABF and Professor Sandefur are able to conduct meaningful research that provides important empirical data that can help legal professionals provide better access to legal advice and representation to the most vulnerable Americans.



See more projects supported by donated dividends at
abendowment.org/givingback/dividends/



ABE-SPONSORED INSURANCE FOR YOUR NEEDS

10- AND 20-YEAR LEVEL TERM LIFE

Underwritten by New York Life Insurance Company

PROVIDES AN ALL-IMPORTANT FOUNDATION OF FINANCIAL SECURITY

If you don't yet have life insurance, or your coverage [isn't adequate for your financial obligations](#), now is the time to apply. ABE-sponsored 10- or 20-Year Level Term Life insurance plans offer a death benefit large enough to make a real difference to your family as well as highly affordable group rates you can lock in for the next ten or twenty years. With **up to \$2 million** of protection and spouse and child coverage available, now is the time to apply for the coverage you need to help secure your loved ones' financial futures.

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS NEARING RETIREMENT:

- ✓ High maximum coverage amount: up to \$2 million
- ✓ Living Benefit – 50% of benefit paid for terminal illness
 - Spouse and child coverage available
 - Rates locked in for your choice of 10 or 20 years*
 - Non-Smoker discounts



"I was able to replace my personal life policy with ABE-sponsored term life coverage that, for the same benefit amount I was able to save over \$2,000 a year.... I wish that, 30 years ago, I had looked at an ABE-sponsored insurance plan."

John Young, ABE-insured since 2010

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?

* ABA members who reside in the United States, District of Columbia, Puerto Rico, or the U.S. Virgin Islands and who are under age 65 may apply for the 10-Year Level Term Life Plan and those under age 55 may apply for the 20-Year Level Term Life Plan.

10-Year Level and 20-Year Level Term Life Insurance plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-29104-0 (10-Year) or G-29168-0 (20-Year) on Policy Form GMR-FACE/G-29104-0 (10-Year) or GMR-FACE/G-29168-0 (20-Year).

DISABILITY

Underwritten by New York Life Insurance Company

A FINANCIAL SAFEGUARD WHEN INJURY OR ILLNESS PREVENT YOU FROM WORKING

A disability could potentially destroy your way of life. It can take away many things you've achieved through your profession—all the things you've enjoyed at your income level. These plans **help ensure that a substantial portion of your income would continue** if you become ill or injured and unable to work for several weeks, months or even years. This is an affordable and easy way to get the important “paycheck protection” you need. Even if you already have disability insurance, you may want to consider supplementing your current coverage. The ABE-sponsored Mid-Term disability benefits are paid up to five years for disabilities arising from an accident and two years for those from a sickness, whereas Long-Term disability benefits are payable up to age 65.*

Whether you choose a Mid-Term, Long-Term, or Long-Term Plus plan, there are a variety of monthly benefit amounts and waiting periods available to fit your personal needs.

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS FACING RETIREMENT:

- ✓ Pays a monthly benefit up to \$12,000
- ✓ Definition of Disability includes your specific Specialty of Law
- ✓ Law School Loan Repayment Option (up to age 40)
 - Choice of waiting periods
 - Partial Disability: continue to receive partial benefits after you return to work part-time after a total disability
 - 50% additional benefit if hospitalized (max. 3 months)
 - Spouse benefits available

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?



“I think a lot of people are aware of, ‘hey, I need life insurance,’...but disability insurance is very important, too. [The chance of] someone actually being disabled during their career is a lot higher than someone dying during their career.... I’m very happy [with my ABE-sponsored insurance].”

Denis Anastasia, ABE-insured since 2008

* Long-Term benefits are payable up to age 65 or up to two years for disabilities beginning on or after age 63 but before age 70 and one year for disabilities that begin on or after age 70 but before age 75.

Mid-Term, Long-Term, and Long-Term Plus disability plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-29902-0 (Mid-Term), Group Policy G-29901-0 (Long-Term), and Group Policy G-29900-0 (Long-Term Plus) on Policy Form GMR-FACE/G-29902-0 (Mid-Term), Group Policy G-29901-0 (Long-Term), and Group Policy G-29900-0 (Long-Term Plus).

RETIREMENT CONTRIBUTION DISABILITY

Underwritten by New York Life Insurance Company

KEEP SAVING FOR RETIREMENT EVEN WHEN YOU AREN'T EARNING AN INCOME

Your ongoing contributions to your 401(k) or other qualified retirement plans are dependent on your continued ability to work and earn an income. But retirement saving is vital to your future financial stability. Should a serious illness or accident prevent you from being able to continue your current occupation, this plan would help you continue saving for retirement. Standard disability coverage replaces a portion of your lost current income. This coverage helps you meet a completely separate need — **continuing to fund your retirement savings in the event of your disability.**

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS NEARING RETIREMENT:

- ✓ Choose a monthly benefit up to \$3,500
- ✓ Contributions for any qualified retirement accounts including IRAs and 401(k)s
 - Benefit amount you choose should include any matching amount from your employer
 - Doesn't duplicate your current disability insurance



CALCULATE YOUR RATE

APPLY TODAY

QUESTIONS?

HOSPITAL MONEY PLAN (HMP)

Underwritten by New York Life Insurance Company

EXTRA COVERAGE FOR HOSPITALIZATION EXPENSES

Now, as required by law, you probably have a health insurance plan. It likely provides some hospitalization benefits. However, many of your out-of-pocket expenses may not be covered: deductibles, co-payments, transportation, lodging for your spouse, and more. This plan provides supplemental coverage for your out-of-pocket expenses if you are hospitalized—**as much as \$500 per day.***

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS NEARING RETIREMENT:

- ✓ Benefit up to \$500/day*
- ✓ Double benefits for cancer or intensive care
 - Spouse and child coverage available
 - Optional \$1,000 or \$2,000 Surgical Benefit
 - Acceptance Guaranteed

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?



* Member and spouse daily benefits reduce at member age 65 from \$500/day to \$313/day; from \$450/day to \$281/day; from \$400/day to \$250/day; from \$350/day to \$219/day; from \$300/day to \$188/day; from \$250/day to \$156/day; and from \$200/day to \$125/day. *Premiums do not reduce.*

Hospital Money Plan is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-11459-0 on Policy Form GMR-FACE/G-11459-0.



DON'T PUT IT OFF. GET THE COVERAGE YOU REALLY NEED.

As you approach retirement, it's vital to make sure that you have the right kind of insurance coverage for your upcoming life stage. It's one of the keys to fostering a sound financial foundation for the rest of your life. When you are properly covered for life-changing events, you can look forward with confidence to a long and satisfying time "off the clock."

[SEE OUR AFFORDABLE RATES](#)

Even though we've hopefully clarified some of the kinds of insurance you may really need today, it's still easy to be confused about what's appropriate for your personal situation.

ABE is here to answer your questions. [Contact your ABE Insurance Plan Specialist](#) to get the ABE-sponsored insurance information* you need to help you make sound decisions.



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* Including plan features, costs, eligibility, renewability, limitations and exclusions, underwriting carrier information, and charitable contribution opportunity.

ABE is a tax-exempt section 501(c)(3) charitable and educational organization. All ABE-sponsored plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states.

Bonnie Czarny (ABE), is licensed in AR (Ins. Lic. #404091) and in CA (Ins. Lic. #0H99426).