

The Advisor's Edge

Sales Strategies You Can Use



The Impact of the Novel Coronavirus on Financial Planning

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There's no escaping the fact that the pandemic changes everything it touches and, incredibly, it touches everything. But that's not all. A recent McKinsey report expressed it this way, "COVID-19 is changing how consumers behave across every aspect of their lives." They are preoccupied with health concerns, the future, retirement, and their overall financial security. It's obvious that these are core financial planning issues.

When it comes to life insurance, it's my experience that financial planners fall into one of two groups: they either include life coverage in their plan recommendations – or they don't. It's possible that the some who don't, may not be familiar with the current life products and how they can go far beyond a death benefit.

When you consider the questions and concerns created by COVID-19 for so many who can benefit from having a proper financial plan, it is worth noting how life insurance can help address such current client issues, such as stability, safety, guarantees, leverage, and tax-shelter.

Based on our experience, the problems solved with the correct life product can add value to a client's financial plan. This can be helpful when it comes to a planner's fiduciary responsibility for meeting a clients' goals and objectives for security, family protection, and legacy desires.

Here's an example of how life insurance helped strengthen one client's financial plan.

In late 2019, the 66-year-old client had completed the sale of his business for \$10 Million, and was evaluating his options for purchasing more life insurance as he had only a small amount.

Unfortunately, he was diagnosed with prostate cancer at the same time and decided that surgery was his best option. The surgery in late February 2020 was successful, just before the surgeon curtailed new surgeries due to COVID-19.

The pathology report was good and he was told that no further treatment, radiation or chemotherapy, was needed.

In August 2020, the client secured a standard life insurance policy for \$2.5 Million with an annual cost of \$79,000 (3.16%).

The client used a trust to keep the insurance out of his and his spouse's estate. He was also able to use basic gifting to get the premiums out of the estate and avoid taxes. The insurance would be used to provide for state estate taxes on the total estate and tax planning for when the current tax laws sunset in 2025 or should they change before that date.

While life insurance can be reassuring to clients in a time of uncertainty such as the Coronavirus pandemic, it also offers benefits for the financial planner:

- **Differentiate an advisor from their peers by adding client-perceived value.** Insurance products can be viewed as a separate asset class that can be correlated with other assets.
- **Strengthen the advisor's relationship with existing clients and their family.** When working with legacy and family protection, insurance plans give the advisor an opportunity to bridge the generations and lead to client retention.
- **Attract and retain clients who see value in a single-source financial relationship.** In a time of complexity, many want to work with one financial advisor.
- **Improve clients' asset coordination.** As trusted advisors, planners recognize the need to diversify assets to provide growth, income, safety of principal, liquidity, leverage, and tax savings.
- **Grow revenue.** It's reasonable to see overall revenue increase by 10% to 25% when marketing insurance products and opening new doors for further growth.

All of which suggests that marketing life insurance products can be a good fit for financial planners, particularly at an unsettled time such as the pandemic. Needless to say, it's also appropriate for those who want to enhance their value proposition and grow and protect their practice.

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