



## SALES IDEA

### DI for the Cost-Conscious Buyer

When designing a Disability Income (DI) insurance policy for your cost-conscious client, you will find DInamic Foundation to have the flexibility you need. The case study on this page shows the cost of our highest quality combination of provisions, and various ways to reduce the cost while still delivering an excellent DI value. The rating example below is a representative sample of a traditional proposal for the professional marketplace.

#### Rating Example: Male, Age 40, Nontobacco, Occupational Class 6A

Policy Type:	Noncancelable and Guaranteed Renewable (NC)
Monthly Benefit:	\$5,000
Elimination Period:	90 days
Benefit Period:	To Age 65
Def. of Disability:	Own Occupation for the length of the benefit period
Riders:	Enhanced Residual Cost of Living Adjustment (COLA) - 6% Compounded \$10,000 Future Increase Option (FIO)

#### Annual Premium for the above rating example: \$2,457

If your client wants to reduce costs without resorting to a longer elimination period, a shorter benefit period, or a lower monthly benefit, DInamic Foundation allows you to offer several cost-saving strategies.

#### Cost-Saving Strategies

If You Make This Plan-Design Change	Your Client Will Save*	What This Means (Please see back of this page for full descriptions).	
Change policy type to Guaranteed Renewable (GR)	18.7% (\$460/year)	With GR we reserve the right to increase premiums, but the increase must be on a class of people, apply to everyone in that class, and receive state approval.	
Change definition of disability to Own Occupation/Not Working for the length of the benefit period	9.7% (\$239/year)	Benefits are payable for the length of the benefit period if, due to disability, clients are unable to work in their own occupation and they are not working in any other occupation for wage or profit.	
Change to Basic Residual rider	4.6% (\$114/year)	Unlike Enhanced Residual, there is no Recovery Benefit included, and the maximum benefit is 50% of the base monthly benefit.	
Change to 3% Simple COLA rider	6.8% (\$168/year)	The increase is a flat 3% each year regardless of the rate of inflation. There is no compounding, no "catch-up" provision, and no right to purchase increases.	
If You Made All the Above Plan-Design Changes	The Savings* Would Total	Changing the Original Annual Premium from:	To a Revised Annual Premium of:
	35% (\$859/year)	\$2,457	\$1,598

\* Exact savings will vary by age, gender, occupation class, tobacco status, and state of issue.

## Comparison of Policy Provisions

Noncancelable and Guaranteed Renewable	Guaranteed Renewable
Policy cannot be canceled so long as premium payments are made. Once in force, the features and premiums cannot be changed or altered prior to age 65, except to the benefit of the client or upon the client's request.	Policy cannot be canceled so long as premium payments are made. We reserve the right to increase premiums among a class of individuals. The increase must be actuarially substantiated, apply to all individuals among the specified class and is subject to state approval. We have not increased rates on our existing block of "GR" business, but reserve the right to do so in the future.
Own Occupation	Own Occupation and Not Working
Benefits are payable for the length of the benefit period if, due to disability, insureds are unable to work in their own occupation, even if they are working in another occupation. If they are disabled in their occupation, but can and choose to work in another occupation, they will not be penalized and the full benefit is payable.	Benefits are payable for the length of the benefit period if, due to disability, insureds are unable to work in their own occupation and are not working in any other occupation for wage or profit. As long as they are disabled in their occupation, it is their choice as to whether or not they go to work in another occupation, if in fact they can. If they choose not to, then total disability benefits are payable up to the maximum benefit period. If they can and choose to work in another occupation, they will no longer be considered totally disabled; however, if they have a Residual Disability Rider attached to their policy and meet the definition of that rider, they may be eligible for residual benefits.
Enhanced Residual Disability Rider	Basic Residual Disability Rider
Requires a 15% loss of earnings and a loss of time or duties. Also includes a built-in Recovery Benefit that is payable up to the maximum benefit period. Either Enhanced or Basic Residual is required for medical occupational classes 6M-3M.	Requires a 15% loss of earnings and a loss of time or duties. The maximum benefit payable under this rider is 50% of the monthly benefit—regardless of loss of earnings. There is no Recovery Benefit included. Either Basic or Enhanced Residual is required for medical occupational classes 6M-3M and Basic Residual is required for 2M.
6% Compounded COLA	3% Simple COLA
Increases benefits after one full year of disability—based on the CPI-U, with a maximum of 6% Compounded. This has the effect of creating a "catch-up" provision for years when the CPI-U index is less than 6% and greater than 6% in other years. This rider also includes a provision to purchase the increase in the monthly benefit upon recovery.	Increases benefits after one full year of disability—flat 3% simple interest increase. The increase is not based on the CPI-U, so even in years when that adjustment factor is less than 3%, clients will still receive a flat 3% simple interest increase. There is no provision to purchase the increase in the monthly benefit upon recovery.



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