



BUSINESS PLANNING

**“YES I WORRY.
HOW WOULD MY
BUSINESS SURVIVE
IF I SUDDENLY
BECAME DISABLED?”**

Michael is a 32-year-old businessman with a wife and daughter, and another child on the way. He is the owner of a small architecture firm that specializes in designing custom homes. Michael started the business four years ago and it has grown quickly. His success has allowed him to hire two additional architects and an employee to handle office duties. However, the more complex design projects continue to fall on Michael’s shoulders.

With the expected arrival of his second child and his wife’s decision to become a stay-at-home parent, Michael has been thinking about what would happen if he suddenly became unable to work. He purchased a disability insurance policy to assure that he would receive income during a period of disability, but what about his business? His absence would require that someone be hired to handle his specialty work. If production fell off due to his disability, how would he pay his employees and meet other business expenses such as rent and utility payments?

“How would my business survive if I became unable to work?”

DISABILITY OVERHEAD EXPENSE INSURANCE PLAN

Michael’s Disability Overhead Expense insurance plan will assure that his business expenses will be provided for. During a period of partial or total disability, the plan will reimburse Michael for the customary expenses of operating his business, up to the limits stated in the policy.

Michael added a Substitute Salary Expense Rider to his Disability Overhead Expense insurance plan. This rider helps pay the expenses incurred to employ another person to perform the duties Michael would otherwise perform had he not become disabled. Premium payments are a tax-deductible business expense. Although benefits are reported as income, the business expenses they pay for continue to be deductible, making the benefits of the policy net tax-free.¹

¹ Subject to income tax deductibility rules

Some of the covered expenses include:

- Lease or mortgage payments
- Salaries of employees
- Utilities
- Payments for equipment, furniture and supplies
- Property and liability insurance
- Laundry and maintenance services
- Taxes

A Disability Overhead Expense insurance plan can help maintain your business when you need it most – when you are unable to generate the necessary revenue to keep your business open due to a disabling illness or injury.



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