



# Can holistic financial planning help protect your clients and their future?

**Let's take a closer look.**

## Lisa Todd

Head of Life & Disability Insurance Distribution, MMSD



During my career, I have observed two types of financial professionals: **The ones who measure success strictly by the numbers and those who have adopted a holistic view of their work and redefined the meaning of success.** I think it's time for you to consider the opportunities you may be missing out on.

## These are amazing times.

As we enter into our second year of our direct third party channel MassMutual Strategic Distributors, I am excited for the way we as an organization continue to engage with our distribution partners. Quite simply, we treat them like partners. We listen to their needs to determine how we can work together in support of their efforts. We continue to align our support services accordingly based on

the evolving and ever-changing needs, highlighting the array of solutions that help protect their customers' needs during some extraordinary circumstances.

All of this is happening as we continue to emerge from a global pandemic. I don't know about you, but I never thought I'd live through one. I'll bet your clients didn't either. Just curious. Have you asked them? MassMutual did. We recently released the results of our Consumer Sentiment Study conducted during 2020. We wanted to know about the pandemic's impact on consumers and their behaviors going forward. I'm going to share a few findings that should be of interest to you.

MassMutual’s Consumer Sentiment study participants were drawn from Middle Income to High Net Worth households, with specific emphasis on Rising Affluent and Affluent Households. The pandemic’s impact was evident across income levels. Consider the following:

**79%** of Rising Affluent and

**61%** of Affluent **AGREED**

Participants were asked whether they agreed with this statement:

“When life returns to normal, before I start spending any available money, I want to first take care of my financial future.”



“We need guidance as to how to make the best use of our current savings in terms of choosing investments that will provide adequately for our future without sacrificing security.”

– Affluent

“Whether I should buy riskier options and take more chances to try and grow my wealth. Also, shoring up my cash reserves.”

– HNW

	Middle Market	Affluent	Rising Affluent	High Net Worth
	% Completely/Somewhat Agree			
When life returns to normal, before I start spending any money available, <b>I want to first take care of my financial future.</b>	<b>73%</b>	<b>61%</b>	<b>79%</b>	<b>53%</b>
I am not making investments in financial products until the pandemic is under control.	<b>36%</b>	<b>22%</b>	<b>19%</b>	<b>15%</b>

## Why should this matter to you?

These consumers want to make protecting their income and retirement savings their number-one post-pandemic priority. They don't want to experience the type of uncertainty they felt during the pandemic during their retirement lives. And what products do they intend to purchase? We learned many intend to purchase Disability Income Insurance (DII) and Permanent Life Insurance. What's more, they're doing so for reasons that should pique your interest.

Consider 30-year-old Mary. She's a data scientist.

She has two job offers:

Job A offer:

**\$150,000 salary, no DII benefit.**

Job B offer:

**\$145,000 salary, with DII benefit.**

**What's the potential impact on her income of an illness or injury that prevents her from working?**

*Mary finds out. In year two, a serious car accident keeps her out of work for 12 months.*



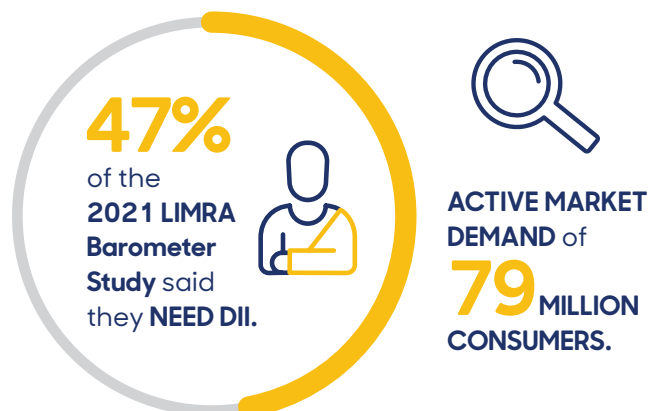
Fortunately, Mary chose offer B. Her DII protection provided **\$87,000 in tax-free benefits.**

**Full disclosure:** I didn't think about buying DII until I turned 50. It took a dear friend's life-altering experience to force me to question how I would pay my mortgage and living expenses if I became sick or injured and was unable to work for a period of time. I bought a disability insurance policy with a rider so that it would allow me to continue saving for retirement while disabled.

**You've probably figured this out by now, but just in case:**

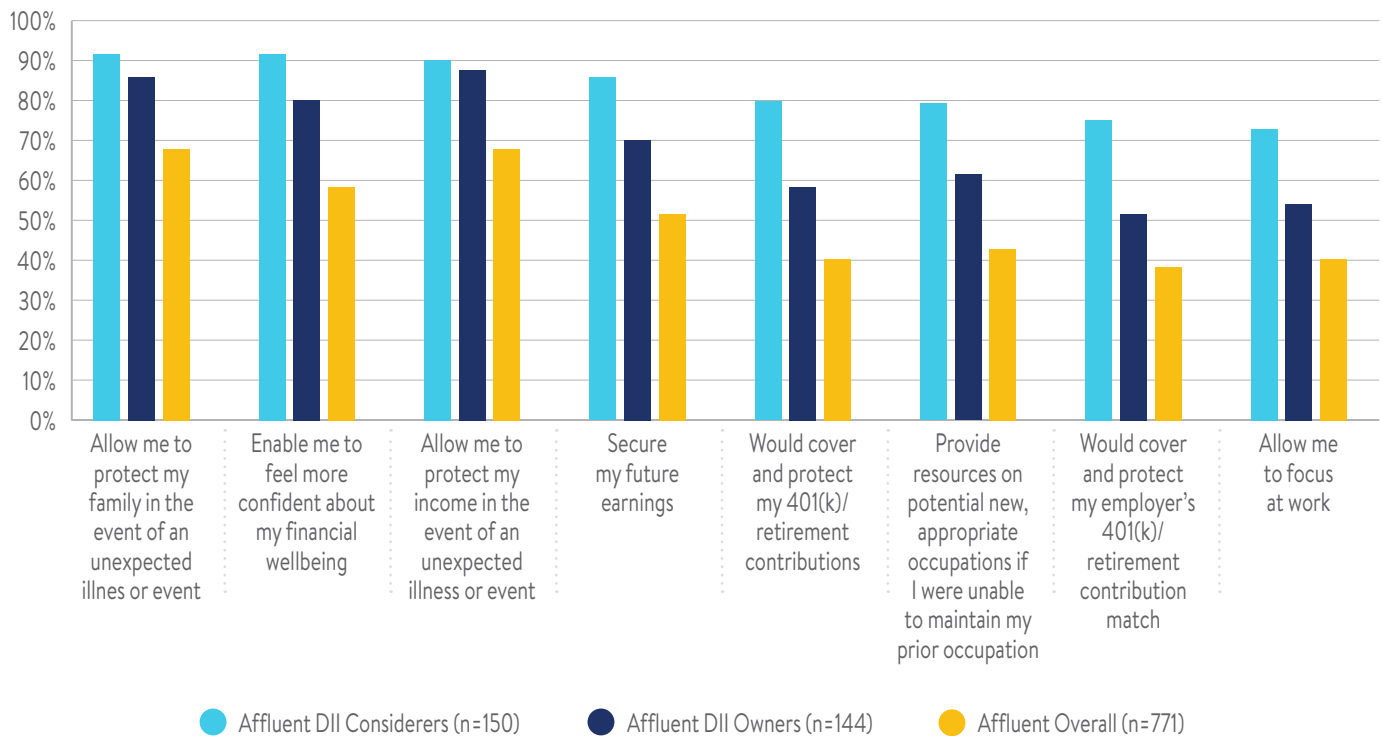
If your client doesn't have income protection and can't work, it's likely that saving for retirement or investing in assets isn't a priority or even a possibility.

So, you ask, "Do clients really want DII? According to the LIMRA 2021 Insurance Barometer Study, 47% of participants say they need it with a projected active market demand of 79 million consumers. MassMutual's study found that among participants from Affluent households who are considering purchasing DII, 90% cite securing their future earnings and protecting their retirement savings as their reasons to buy.



## THOSE ACTIVELY CONSIDERING DII IN 2021 POINT TO A BROADER ARRAY OF PRODUCT BENEFITS AS COMPARED TO EXISTING OWNERS.

Affluent: Owing Disability Income Insurance Benefit Associations % Complete/Somewhat Agree



**I'm guessing some of your clients are considering DII, too.** We can help you talk to them about DII as income protection that allows them to continue to save for retirement. You may be thinking that DII is easier to talk about than permanent life insurance. Or is it?

When people ask me to tell them the difference between term and whole life insurance, I go straight to the simplistic: Term is renting. It fills a short-term need. Whole life is the equivalent of buying. The client buys and builds equity. It's a financial asset that grows in value. Is this speaking to you? It's speaking to consumers.

If you're in the numbers camp, you may have told a client or two they don't need life insurance. But let's look at it this way. Consumers are used to insuring everything: their travel plans, their possessions, even

their cell phones. To forego protecting the lives of income earners leaves wide open the possibility of hardship and financial insecurity for their loved ones in the event of an untimely death. I saw what happened to a friend whose husband suddenly passed away at age 28.

I'm not naïve enough to think that already financially strapped Gen Xers and Gen Ys are going to prioritize buying life insurance. But in the ideal world, they would. One day they're going to need to access cash. Maybe they'll need to tap into their cash value for a down payment on a larger house for their growing family. Maybe they'll use it for their kid's college tuition. With permanent life insurance, they have a cash fund they can borrow from, keeping them from selling off assets during a depressed market. The word I always use to describe the major benefit of permanent life insurance is flexibility.

## Let's return one final time to our Consumer Sentiment Survey.

**27%** of **RISING AFFLUENTS** and **20%** of **AFFLUENTS** are considering the purchase of **permanent life insurance.**

**These consumers want to protect their financial futures and see permanent life insurance as one means to that end.** Currently, only 35% of these Affluent households own permanent life insurance. If you're wondering about the size of the market, let's turn to the LIMRA 2021 Insurance Barometer study. The survey results indicate 40 percent of consumers are either uninsured or underinsured. That translates to unmet consumer demand among 102 million adults. **Pretty sizeable opportunity, yes?**

### The Life Insurance Need Gap

- Consumers who "need" life insurance but do not "have" it live with a life insurance need gap. Life insurance owners who want more coverage also have need gaps.
- Among non-owners (48 percent of the sample), 59 percent "need" life insurance, which suggests consumers living with an uninsured need gap represent 29 percent of the population (73 million adults).
- Among life insurance owners (52 percent of the sample), 22 percent "need more" coverage, which suggests consumers living with an underinsured need gap represent 11 percent of the population (29 million adults).
- Together, consumers living with an uninsured or underinsured need gap represent 40 percent of all consumers (102 million adults). This provides the life insurance industry with an estimate of unmet consumer demand in its marketplace.

**I'm done providing data.** Now it's time for some questions. Do you intend to start talking with your clients about DII and permanent life protection? Do you know how to integrate protection products into your practice? Does the provider you choose matter? Only you can answer the first two. I have a definitive answer for the third.

The insurance carrier's products you choose to offer your clients has never mattered more. The insurance industry is feeling the effects of an extended period of low interest rates. It's very likely low interest rates will remain until at least 2023. The impact is this: We're starting to see the beginnings of the demutualization of mutual insurance companies.

MassMutual, on the other hand, is celebrating 170 purpose-driven years. We help people secure their futures and protect the ones they love. Financially strong and sure, we're here to provide protection products that you and your clients will have confidence in.

RATINGS AGENCY	RATING	OUTLOOK
A.M. Best Company	A++	Stable
Fitch Ratings	AA+	Stable
Moody's Investors Service	Aa3	Stable
Standard & Poor's	AA+	Stable

Ratings are as of 5/1/2022 and apply to Massachusetts Mutual Life Insurance Company and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company. Ratings are subject to change.

## One last thing ...

Hopefully, I've raised enough awareness about the role that life insurance and disability insurance both play in holistic financial planning and in assisting you in protecting your clients and their financial plans. As we continue to expand on our purpose of helping people secure their future and protect the ones they love, it is exciting to be a part of something new like MassMutual Strategic Distributors, backed by MassMutual's 170 years of financial strength. Building strong and valuable relationships with our distribution partners is important to us, and I am hopeful you'll take full advantage of working with **a partner built for your success.**

---

**FOR MORE INFORMATION**, please contact your MMSD Life or Disability Income Insurance Managing Director, or the MMSD Sales Desk at **1-800-601-9983**, and select option 1, followed by option 1.

---

**FOR FINANCIAL PROFESSIONALS. NOT FOR USE WITH THE PUBLIC.**

Sources: Consumer Sentiment Study, MassMutual (2020); The Insurance Barometer Study, LIMRA & Life Happens (2021)

