Life & Health Insurance Advisor

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Your Life Insurance Options During the COVID-19 Pandemic

With the news media reporting daily on the number of COVID-19 cases and deaths, it's not surprising that many people are concerned about whether their families will be taken care of if they contract the disease and die.

Life insurance can be an easy way for individuals to provide financial support to loved ones. There are two main types of life insurance — permanent life and term life. Permanent life coverage stays in effect as long as you pay the premiums. It may also accrue a cash value. In that respect, it is like an investment coupled with an insurance policy. Term life is pure insurance (no investment component) and covers you for a specific

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Defer Now, Pay Later

If you took advantage of President Trump's executive order allowing you to not pay Social Security payroll taxes this year, remember that you have to pay back the taxes in 2021.

Trump's order allows people earning less than $104,000 per year to stop paying Social Security payroll taxes from Sept. 1 until the end of the year. However, the tax will have to be withheld and repaid from paychecks issued between Jan. 1, 2021, and April 30, 2021

The benefits are obvious for anyone experiencing financial difficulties during this pandemic. Your employer usually takes out 7.65 percent of your wages from

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amount of time — usually 10 to 30 years.

Even though the pandemic has increased the risk for life insurance carriers, individuals who already have an inforce life insurance policy should be covered (see below).

Here's what you should know if you have life insurance or you'd like to get life insurance (or get more life insurance):

You Have a Policy

In general, if you have a life insurance policy and you die of an illness such as COVID-19, your beneficiaries will receive the death benefit. While life insurance companies can have exclusions for specific causes of death, like participating in a high-risk activity or an act of war, there are no exclusions for a pandemic — even if you travelled to an area with a COVID-19 travel alert.

However, there are some exceptions when an insurer could decline a claim for a COVID-19 death:

- You are not current on your insurance premiums. Most insurers allow a grace period of 30 to 31 days to make a payment. If you do not meet the deadline, your policy will lapse and if you die before the policy is reinstated, your beneficiaries will not receive a payout.
- You did not tell the truth. It will not reflect on you favorably if you do not disclose information on your application about your health, weight, travel plans and exposure to the coronavirus. Insurers generally closely examine claims and the initial application when an individual dies within the first two years of coverage.
- You bought a policy that does not cover illnesses or diseases. Accidental death and dismemberment (AD&D) insurance covers accidents. However, if AD&D coverage is added to a standard life insurance policy as a rider, then the traditional policy would still pay out for a death from COVID-19.

You Do Not Have a Policy

You can still apply for life insurance. but it might take longer to get approved depending on where you live. Many insurance companies are making the application process easier by waiving the paramedical exam for certain face amounts and utilizing electronic applications.

One factor to take into consideration is whether you recently traveled or are planning to travel to an area with a high concentration of COVID-19 cases. Consider waiting to send in your application. If you test positive for the coronavirus, the insurance company might postpone any decisions on your application for 30 to 90 days until you've made a complete recovery. This would also apply if you've come in close contact with someone who has COVID-19.

Keep in mind that if you are quarantining in a state other than the state where you permanently reside, you may be required to fill out paperwork that matches the state you currently are in.

It is still too early to tell how life insurance companies are going to determine premiums on new policies for people who contract the coronavirus. It is assumed, though, that those who developed a severe case of COVID-19 and experienced long-term effects will pay a higher premium.

Older adults, or those who have certain medical conditions that make them more susceptible to the coronavirus, may find it more difficult to get coverage. Some insurers have adjusted their maximum applicant age and insurable underlying health conditions making it harder for some people to be eligible for life insurance. If you run into that situation, let us shop around for you. Not all insurance companies have the same requirements.

The most important thing you can do is be honest about your situation, including your travel plans and exposure to COVID-19 during the application process. If you decide to "fudge" a bit, your beneficiaries may not receive the death benefit even though you paid all the premiums.

This is a good time to let an experienced insurance broker shop around for you. Give us a call.

your paycheck (6.2 percent for Social Security and 1.45 percent for Medicare). For example, if you're making $10 per hour and working a 40-hour week, then you're taking home an additional $100 per month.

There's always the possibility that Congress could forgive the taxes entirely, but don't count on that. For one thing, there would be great concern that those who took the opportunity would be unjustly enriched compared to those who didn't. Most people and employers are not exercising the option.

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Health Benefit Options for Those Who Are Disabled

Are you disabled and wondering if you qualify for health insurance at a reasonable rate?

You might be surprised to learn that you can get coverage and that there are several government programs designed to help you afford health coverage — even if you don't have a job.

The Affordable Care Act (ACA) requires insurance companies to cover everyone at the same rate — regardless of their health history. This was not the case before the ACA was implemented. Insurers were allowed to decline those who were disabled or had serious pre-existing conditions.

The ACA additionally puts a limit on out-of-pocket health costs and requires health plans to cover 10 essential health benefits, including preventive care, inpatient care, pediatrics and maternity care. Mental health and substance use disorders also are covered by any ACA-compliant health plans. Individual and small group health insurance plans must cover mental health and substance use disorders with the same parameters and financial standards as medical and surgical benefits. Before the ACA, insurers were only required to offer comparable coverage on group plans.

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To determine which health insurance plan is best for you, consider working with a qualified broker. Health plan benefits and costs can vary drastically, and you'll need someone to show you a variety of plans that fit your specific needs. For instance, every plan has different coverage levels and your broker can help you figure out if the equipment and medications you're using are covered.

You also can obtain coverage through your employer. An advantage is that employer-sponsored coverage is subsidized by your employer.

Of course, it always pays to plan ahead for a worst-case scenario. Consider purchasing disability insurance — either on your own or through your employer. Disability insurance will pay part of your income for short or long-term situations.

Government Options

If none of the above options work for you, there are several government programs that might provide the assistance you need.

There are two federal programs designed for people with disabilities — Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

- **Social Security Disability Insurance:** SSDI is for those who are fully disabled and who have a history of working and paying payroll taxes. In order to qualify, you must present medical evidence and other supporting documentation when you file a claim.
- **Supplemental Security Income:** This program is income-based only and is for those who haven't worked or who have not earned enough work credits to draw from SSDI. You won't get as much money, but you will be automatically approved for Medicaid.

Another governmental plan that might be able to provide you with the health care coverage you need is Veterans Administration coverage. Veterans who have the most severe service-related disabilities receive the highest amount of coverage and benefits from the VA. Veterans with moderate disabilities come next and those without a disability receive fewer benefits and coverage.

Tips for Saving for Retirement – Even When Budgets are Tight

Even before the pandemic the majority of Americans didn't have a retirement account. For many, saving for retirement is now harder than ever.

As the coronavirus pandemic lingers, with forced business shutdowns and the resulting lost wages, the most immediate problem most people face is how to pay the bills. How to save for the future and for retirement is not a priority for a lot of people right now.

Almost half of Americans polled during a recent Pew Research Center study indicated that they had lost their jobs or seen their wages cut. The hardest hit during the shut-downs have been Hispanic Americans, with six in 10 reporting lost wages or jobs. More than half of Americans between ages 18 and 29 and almost half of those between 30 and 49 also said they had lost wages or jobs.

So why should individuals worry about contributing to a retirement account now — especially when their immediate problem may be how to pay their bills?

If you've planned for emergencies and have at least short-term funds on hand, you should try to continue to save for retirement. Adding to your savings now means a much healthier bottom line in the long run because of the compounding nature of interest. Money that goes in now will have more time to mature and earn interest.

But what if you don't even have a retirement plan, let alone the money to keep funding it during hard times? Well, there's always social security, you say. But experts warn against relying on Social Secu-

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rity alone to sustain you in your retirement years. The Social Security Board of Trustees estimates that they will run out of money entirely by 2034, at which point Social Security will only be able to pay out as much as it collects in payroll taxes.

Unfortunately, even before the pandemic, the Aspen Institute, an international nonprofit think tank, was reporting that the majority of Americans don't have a retirement account.

Getting Your Finances in Order

So what should you do if you don't think you have enough money to save for retirement?

Experts say the first thing you should do is to set your priorities straight. Make sure you have an amount equal to at least three to six months of expenses set aside in case of emergency. If not, start saving now.

Second, don't tie up your cash with large expenditures. Even with 0 percent financing on some loans, you are still taking a chance if you work in an unstable industry.

And lastly, if you have an individual retirement account and are worried about paying bills right now, you may want to hold off making contributions since you have until April 15, 2021, to make a contribution for the 2020 tax year.

If you are interested in starting a retirement savings account, it's fine to start small. The importance of saving any amount and doing it consistently can't be overstated. Even saving 1 percent of your pay helps. If you can

then increase that 1 percent annually until you're saving the maximum annual amount, that's even better. The maximum individual retirement account (IRA) contribution for 2020 is $6,000. For someone who is age 49 and younger, you only have to save $500 per month to max out an IRA. For anyone older than 50, you can save up to $7,000.

There are two main types of IRAs — traditional and Roth. A traditional IRA allows you to make a tax-deductible contribution now; you pay taxes when you take the money out for retirement. However, if you already contribute to a 401(k) plan at work, you may be prohibited from claiming a tax deduction on an IRA contribution if you earn too much.

With a Roth IRA, you fund your account with after-tax dollars. When you retire, you pay no taxes on the money you withdraw. Consider setting up an automatic transfer into your retirement account so you don't have to remember to make a deposit.

For more information on setting up an IRA that suits your particular situation, please give us a call.

Depression – No Excuse Not to See a Doctor

Many more people are depressed now than at the beginning of 2020 and experts blame the COVID-19 pandemic. Unfortunately, too many people affected by depression and other medical issues are not seeing a doctor.

According to a study published in September's JAMA Network Open, 28 percent of the respondents indicated that at the height of the pandemic they had symptoms of depression. Prior to the pandemic, only 9 percent indicated they were feeling depressed. The scope of depression and anxiety is larger than what researchers observed following Hurricane Katrina, the 9/11 terrorist attacks and the extended civil unrest in Hong Kong.

While the surge in depression symptoms has affected a wide swath of the population, low income and front-line workers saw the largest increase.

A U.S. Census Bureau survey of more than 73,000 U.S. adults revealed another downside to depression during a pandemic. The researchers found that adults who experience anxiety and depression have up to two times a greater risk of delaying medical care during the pandemic. Nearly one third of the Americans surveyed did not receive necessary non-coronavirus medical care.

Delaying medical care can have significant adverse short- and long-term health outcomes.

The researchers recommend the United States increase access to telehealth and that health insurance policies be expanded to cover telehealth services that address non-emergency medical concerns.

For those who have insurance coverage, telehealth services often are available at low or no cost. In addition, the Affordable Care Act requires coverage for mental health and substance use services and the plan's coverage must be equal to what is offered for physical health services.