

#SaveSomeGreen



From the Desk of Adam Ziff  
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## Annuities Give Retirees a Lifetime of Spending

When advisors talk to their clients about annuities, the conversation usually centers on creating guaranteed lifetime income. But many clients might be more responsive to annuities if advisors turned the conversation around to discuss the many ways in which annuities can help clients spend more money in retirement.

That was the word from Harry Stout, founder of the FinancialVerse Organization and author of several books on annuities. Stout spoke at a recent webinar sponsored by the National Association for Fixed Annuities.

"I find that many people relate better to lifetime spending than they do to lifetime income. It gets back to our culture," he said.



Lifetime income is still an important issue to discuss with clients, however. Stout pointed to a recent study by CANNEX and Greenwald Research that showed consumers' No. 1 fear about retirement is running out of money.

"When you look at what's going on in the market today, there are still very few if any cost-effective alternatives to annuities for advantage of the guarantees that exist is really powerful."

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## Current News:

### More People Are Discussing Life Insurance During the Coronavirus Pandemic

Life insurance has inched toward the forefront of consumer consciousness over the course of the coronavirus pandemic.

During the past year, more than half of consumers admitted to talking with a loved one about life insurance according to the latest ValuePenguin survey of more than 1,000 Americans:

- 55% of consumers have talked with a loved one about life insurance during the pandemic, and younger consumers (Gen Zers and millennials) were most likely to have these conversations.

- 13% of consumers researched life insurance options for the first time during the pandemic, and 10% purchased a life insurance policy for the first time.

- A whopping 24% of Gen Zers purchased their first life insurance policy during the pandemic, as did 17% of millennials.

Although 23% said they view life insurance as a more valuable investment because of the pandemic, nearly 4 in 10 still remain without coverage.

(Source: ValuePenguin)

When planning for retirement spending, Stout likes to put retiree spending levels into two buckets: discretionary and nondiscretionary.

The nondiscretionary spending bucket is all about paying for the basic expenses of daily living.

Stout quoted numbers from the U.S. Bureau of Labor Statistics showing that the average household of someone age 65 or older spends \$4,185 per month — or \$50,220 per year — just to maintain their daily lives.

Those monthly expenses include the costs of housing, health care, transportation, food and entertainment.

“Today, for the average 65-year-old couple who’s retiring, their average Social Security benefits are a little more than \$2,500 a month,” he said. “So for very simplistic reasons, I always look at this and say, the average couple is spending \$50,000 a year, but the average Social Security benefit is about \$30,000 a year. They have about a \$20,000 gap.

How are they going to fill that gap and what are they going to do?”

The \$50,000 annual spending figure Stout cited doesn’t provide the entire picture of retirement spending. It does not include spending on items such as major household repairs, travel, support for grandchildren or other family members, providing a legacy through charitable contributions, or the cost of long-term care.

### Senior Spending Levels

Average 65+ Household

**\$50,220**  
per year



**\$4,185**  
per month

#### Monthly Costs

Housing: \$1,574

Transportation: \$624

Health care: \$570 (\$6,840/year)

Food and drink: \$592

Personal insurance/pensions: \$237

Cash contributions: \$214

Entertainment: \$198 (\$2,376/year)

Other: \$176

Source: The FinancialVerse Organization and the U.S. Bureau of Labor Statistics

After examining the cost of daily life and any discretionary spending a retiree may want to do, Stout said advisors must educate clients on the cold hard facts of medical costs in retirement.

Stout cited statistics from Fidelity Investments that show the average 65-year-old retired couple may need to save \$295,000 after taxes to cover their health-care expenses in retirement.

Breaking it down further, that \$295,000 equals \$14,750 a year or \$1,229 a month over the average 20-year span of retirement.

“Overall medical costs are a huge planning consideration,” he said. “How are people going to fund this and where will they get the cash to pay for this? Annuities are a great solution... Annuities hit the sweet spot by being able to provide income for these things as well as assets that can be accessed.”

(Source: InsuranceNewsNet)

## The Underwriter's Corner: *Underwriting Q & A*

### Applying for Life Insurance Has Never Been Easier

When the pandemic hit, having to travel to do a medical exam became more than an annoyance — it suddenly wasn’t safe. In response, **more than a third** of life insurers have now expanded their offerings of accelerated underwriting during the pandemic, according to a study by the Society of Actuaries.

With no-exam life insurance, you can skip the medical exam with its blood draws, urine tests and uncomfortable questions. You’ll simply fill out an application, and within minutes you’ll see the options you qualify for — and be able to immediately secure the coverage your family needs.

(Source: FT Adviser)

# Do You Have Enough Life Insurance?



**1 IN 5 HOUSEHOLDS** with life insurance recognize that they do not have enough<sup>1</sup>



**61%** PERCENTAGE OF AMERICANS with life insurance coverage<sup>2</sup>



**47%** PERCENTAGE OF AMERICANS with less than \$100,000 in coverage<sup>2</sup>

## INSURANCE 101 Famous Estate Planning Failures



**NAME:** Tony Hsieh

**DIED:** November 27, 2020

**AGE:** 41

**CAUSE:** Fire burns and smoke inhalation

**ESTATE BLUNDER:** Buying real estate for friends and family and then not leaving a will

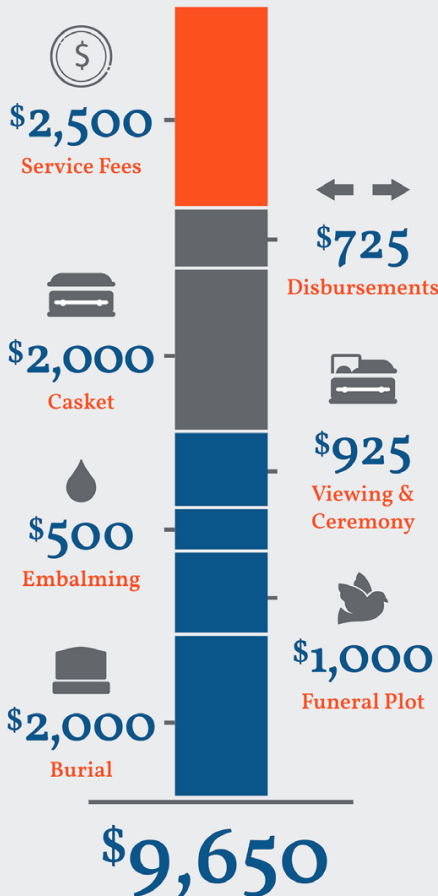
Tony Hsieh, the founder of Zappos, passed away after a tragic accident at the age of 46. Worth hundreds of millions of dollars at his death, Tony has become well-known for the critical mistakes he made in his estate planning.

Tony's family filed documents in Nevada probate court alleging that Tony died without a will. Under Nevada law, Tony's fortune will pass to his parents.

The biggest challenge will be valuing Tony's estate and identifying his assets. Tony left "thousands" of sticky notes representing potential business deals and financial commitments all over his mansion in Utah.

Tony also owned numerous properties in different states for friends and family. It is unknown whether these purchases were gifts or personal investments, and the probate court will be tasked with sorting it all out. It will likely take several years before his estate is fully settled.

**DID YOU KNOW?**  
An average funeral costs \$10,000<sup>3</sup>



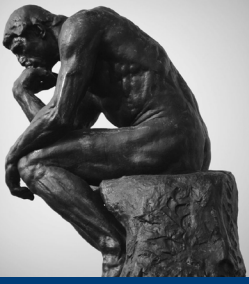
*Life comes with surprises. Protect the ones you love — and achieve peace of mind — by securing an insurance policy today.*

**LIFE INSURANCE HELPS COVER** more than funeral costs, including:

- Replacing income
- Leaving an inheritance
- Paying off outstanding debt
- Replacing the loss of a caregiver
- Affording future expenses for beneficiaries

**GAME-CHANGING TIP**  
Think about how much life insurance you need while you're still healthy.

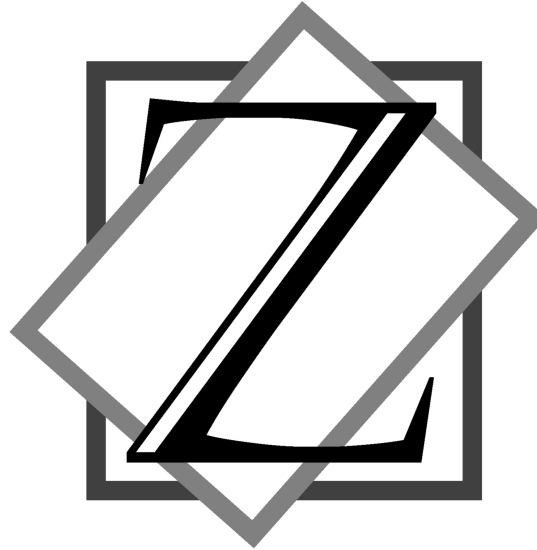
(Source: JD Supra)



**HERE'S A  
THOUGHT...**

*"A Mother is like a  
flower, each one is beautiful  
and unique"*

*– Unknown*



The Ziff Agency, LLC

[www.theziffagency.com](http://www.theziffagency.com)

*Happy Mother's Day!*

*Insure your Love with Life Insurance!*

*#ProtectYourFamily*

*#InsureYourLove*

*Make sure your family is protected and  
have your **Life Insurance** reviewed today!*