



Lenders Insurance Solutions Group LLC

## A Financial Spiral



The benefits of Payment Protection should remind us that any customer could have a life-changing event creating a declining financial spiral which may negatively impact themselves, their family and their financial well-being. Therefore, to ensure that we are having the conversation and offering Payment Protection **100% of the time**, here are some of the declining financial situations that could be devastating to your customer and their financial well-being.

- ✓ Reduce the individual life insurance portfolio planned to eliminate a mortgage, credit card debt, or additional debt and use it to reduce and/or pay off the loan in the event of death.
- ✓ Loss of income for the surviving family members who now will need to incur this debt and/or take it from the life insurance proceeds.
- ✓ Reduced income in the event of disability by almost 40%; taking a family who may have a single net monthly income of \$5,000 to \$3,000.
- ✓ Non-working household member may now have to find work.
- ✓ Impact on who may need to take care of the children if surviving parent now has to find work.
- ✓ Loss of collateral.
- ✓ Damage to creditworthiness making it hard to borrow for future needs.
- ✓ Change in lifestyle activities; (i.e., giving up piano and dance lessons, soccer, other hobbies, etc.).
- ✓ Increase stress while wondering how to pay the loan.
- ✓ Reduce ability to save money for future needs because savings is needed to pay the loan
- ✓ Borrow from 401k or other investments to make payments or pay off loan.

The fact is; there may be a financial spiral impact in the event of death and/or disability. Our customer is not taking this into consideration when they increase their debt. There are many disadvantages when they choose to not protect their loan. It's up to us to educate them and show them how Payment Protection may improve their financial well-being.