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Information To Help You Better Understand Your Insurance Needs



Michele Krzewina  
(center) with her children

Learn about the importance of insurance and where it fits into your family finances.

One moment life is unfolding exactly as you planned and, suddenly, you're faced with an illness, an accident, a death in the family. You can't predict when these events will occur, but you can do something about what happens next. That's what insurance is for. The LIFE Foundation has profiled five families who understand this firsthand. Read their stories and then contact an insurance professional or your benefits manager at work for help creating a strategy to protect the ones you love.

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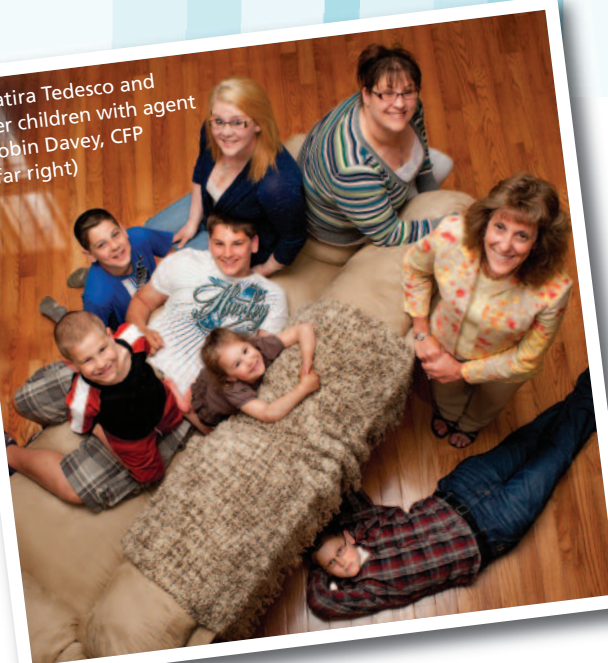
## The Kids Are Alright

By the time he was 28, Steven Tedesco was ready to be his own boss. Along with a partner, he purchased a blacktop paving business in Corinth, N.Y. The bank loan they got required each of them to carry life insurance. Steven consulted Robin Davey, CFP, a financial advisor with AXA Equitable. As they talked, Robin quickly discovered that the business was not Steven's only financial obligation. He had a wife, Natira, and five children. "That's a lot of mouths to feed," Robin remembers telling him. "Have you thought about how they would get by if something happened to you?"

Because of Steven's age and good health, he obtained a \$1 million, 20-year term life insurance policy at a very affordable rate, in addition to a separate policy to cover the business loan. A few months later, Steven came down with what he thought was a bad case of the flu, but it turned out to be much more serious: He had leukemia. Steven courageously battled the disease, but died two years later. By then he and Natira had six children. The youngest was just 4 months old.

Thanks to the life insurance, Natira, a stay-at-home mother, has been able to continue in that role. Insurance

Natira Tedesco and her children with agent Robin Davey, CFP (far right)



proceeds were also used to move the family out of a cramped rental and into a home of their own—a five-bedroom, three-bath house.

Robin also set up education accounts for the children, and helped Natira with a retirement savings account and a life insurance policy of her own.

The family is getting back on its feet. Natira recently remarried. She spends her days caring for the younger children and shuttling the older ones to football games. "If it wasn't for the insurance money, I'd be working three jobs," she says. ●●●

## Life Insurance Can Replace Lost Income

When a wage earner in the family dies, you lose a loved one and a paycheck, too. Life insurance can replace a person's income, providing surviving family members with money to live on for a period of time.

### The Brown Family: An Example

- Sue makes \$50,000/year
- Joe earns \$30,000/year
- They have two young children

### Income-Replacement Goal

If Sue were to die tomorrow, the couple determined that Joe would need \$30,000/year for 15 years to be able to maintain the family's standard of living while the kids are growing up.

### Solution

Sue needs \$371,000 of life insurance to generate \$30,000/year for 15 years. This assumes that Joe will invest the money, and his after-tax investment yield will be 3% greater than inflation.



The figures in this example were generated using the nonprofit LIFE Foundation's Life Insurance Needs Calculator. Go to [www.lifehappens.org/lifecalculator](http://www.lifehappens.org/lifecalculator) to determine your own income-replacement needs.

# Keeping a Farm in the Family

As a third-generation dairy farmer, Paul Krzewina's priority was keeping his 585-acre farm in the family. But doing that meant modernizing, and Paul needed to take out a mortgage to build new barns and buy additional cows. He was concerned, though, that the mortgage would be a burden to his wife, Michele, and their four young children if something were to happen to him. Donald Blahnik, LUTCF, an agent with Mutual Trust Financial Group, shared that concern and helped Paul buy a term life insurance policy, the only coverage he felt he could afford at the time.

Years later, with his children nearing adulthood and retirement within sight, Donald suggested that Paul consider converting the term policy to a whole life policy. Paul still needed to protect the next generation, and he liked the idea of accumulating cash values to supplement his retirement savings.

When Paul was diagnosed with a brain tumor three years later, the life insurance proved invaluable. He was able to use a loan against his policy's cash values to pay his health insurance deductible.\* In addition, Paul didn't have to worry about keeping his policy in force because of a provision that waived his premiums in the event of a disability.

Paul died in 2010, but his dreams for his family are very much alive today. His eldest son, Chad, 28, now runs the farm, and used part of the death benefit to add new barns, including a maternity barn. He plans to expand the operation to 500 cows, from the current 200. Michele works on the farm, too, though in the warmer months her attention is on her ice cream restaurant, The Iceburg. "We couldn't have done any of these things without the insurance money," Michele says. ●●●



Michele Krzewina (center) with her children, grandchildren and agent Donald Blahnik, LUTCF (top left)

## Whole Life Insurance: Key Features and Benefits

Like all types of life insurance, whole life will pay a lump-sum benefit to your loved ones when you die. Here are other benefits common to whole life policies:

**Lifelong Protection** – As long as you pay your premiums, you'll have the coverage for life.

**Cash Accumulation** – Cash values accumulate on a tax-deferred basis, similar to assets in most retirement-savings plans, and the rate of return is guaranteed.

**Access to Cash** – You can access the cash values for important uses like a child's education or a business opportunity.\*

**Level Premiums** – Premiums remain the same for the life of the policy.

Keep in mind, if your budget is limited, you may want to consider another type of life insurance.

\* Withdrawing or borrowing funds from your policy will reduce its cash value and death benefit if not repaid.

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## The Greatest Gift

Jim Bix liked nothing better than snuggling on the couch with his daughters, Brittany and Jazmin, and watching classic cartoons. Having been diagnosed with an incurable lung disease as a newlywed, he understood that these simple moments with his family were precious.

His health remained stable for two decades, so he was dismayed when his condition finally began to deteriorate. Now dependent on an oxygen tank to breathe, Jim was no longer able to work as an electronics technician at Honeywell. Fortunately, he had disability insurance through work, which helped the Bixes pay for day-to-day living expenses as well as the added medical bills.

Just as Jim's condition turned critical, his wife, Clara, learned that she needed surgery to remove a cancerous kidney tumor. The operation was a success and Jim literally sang with joy, relieved that his children would still have their mother. The songs were short-lived. Jim died three weeks later.

It was the life insurance that Jim had through work that allowed Clara and the girls to carry on financially after his death. Jim had an employer-paid life insurance benefit, which was administered by CIGNA, and each year he paid



Clara Bix and her daughters  
(from left) Brittany and Jazmin

extra to double the coverage amount. The life insurance proceeds allowed Clara to pay off debts, keep the girls in private school and remain in the family's home.

Brittany, now 21, was so moved by the far-reaching power that life insurance had on her family, that she is pursuing a college degree in insurance and has become a licensed agent with the Allstate Life Insurance Company. "Life insurance was the greatest gift my dad could give us," says Brittany. "It has allowed us to live life the same way as when he was here with us." ●●●

## Take Advantage of Your Life Insurance Benefit at Work

The insurance that made such a big difference for the Bix family was coverage obtained through the workplace. Here are four advantages of getting life insurance this way.

1

### Convenience

It's usually very easy to make a purchase as part of your benefits-enrollment process.

2

### Guaranteed Coverage

You often don't have to answer any health-related questions or take a medical exam to obtain coverage.

3

### Simplicity

Premiums are typically deducted from your paycheck, making it one less bill to keep track of.

4

### Good Value

Depending on your health status and other risk factors, you may pay less for coverage if you get it through work than if you buy it on your own.

## On Her Own

The cosmetology classes Yasmine Moss was taking at her Bladensburg, Md., high school were supposed to be a way to learn a trade she could use when she needed extra spending money for clothes or going out with her friends. She didn't anticipate that soon they would be her main means of support.

When Yasmine was 17 years old, her father, Prevace, a construction worker, died of esophageal cancer just four months after receiving his diagnosis. In a cruel twist of fate, Yasmine lost her mother, DieDre, to ovarian cancer just three months later.

At the time, Yasmine had been living with her mother at her grandmother's house. Since neither parent had life insurance, Yasmine was suddenly responsible for supporting herself financially. Social Security survivor benefits helped, but they weren't enough. Yasmine had to come up with another plan.

She found a job in a hair salon as a shampoo assistant, working 30 hours a week in addition to school. Her wages went for food as well as car payments and insurance, since she needed the car to get to her job. What was left over, Yasmine gave to her grandmother to help with household



bills. All the while, she continued to focus on her studies, graduating near the top of her class and being named to the National Honor Society.

Now in her second year of college, Yasmine continues to do well academically, but her financial struggles continue. She still pulls long hours working when she's home on break. Loans and grants help her pay for school. "If my parents had owned life insurance, I know I wouldn't be constantly worried about money," she says. ●●●

## Help for Students Who Have Lost a Parent

Paying for college is a major financial challenge for any young person, but it can become infinitely more difficult when a parent dies at an early age. That's why the nonprofit LIFE Foundation established the LIFE Lessons Scholarship Program, which helps deserving students like Yasmine realize their dream of a college education.

**Learn More** – Visit [www.lifehappens.org/lifelessons](http://www.lifehappens.org/lifelessons) to learn more about the LIFE Lessons Scholarship Program.

**Donate** – Help the LIFE Foundation provide financial assistance to young people like Yasmine by making a tax-deductible contribution to the LIFE Lessons Scholarship Fund at [www.lifehappens.org/donate](http://www.lifehappens.org/donate).

**Protect Your Loved Ones** – Make sure you have enough life insurance, and live your life knowing that your loved ones won't suffer financially when you die.

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## A Career Lost, but Not a Way of Life

At 45, attorney Peter Zatir attributed the fatigue he was feeling to middle age. Add to that a busy law practice and five active kids—the youngest just a year old—and it's easy to see how he could have written off the early signs of a serious illness. When he finally visited his doctor, the diagnosis was grim. He had an aggressive form of thyroid cancer and was given less than a year to live.

As Peter lay awake at night, his financial situation was one thing he didn't lose sleep over. When Peter and his partner opened their law practice, they knew they needed insurance advice and turned to Brent Kimball, CFP, CLU, ChFC, who convinced them to protect their incomes and the business with disability insurance.

Shortly after Peter stopped working to focus on fighting his disease, the individual disability insurance policy he purchased from The Guardian Life Insurance Company of America began paying a monthly benefit. A year later, Peter had outlived his prognosis, but knew with a damaged larynx that he could never return to the courtroom to litigate cases. Because the partners had set up a buy-sell agreement and funded it with a disability buy-out policy, Peter was compensated for his half of the business, and his partner became the sole owner.

An experimental drug reduced Peter's tumor, which surgeons were then able to operate on. Now, almost six years after his diagnosis, Peter is doing better, and has been able to maintain his family's standard of living. He continues to receive benefits from his individual disability policy, and his retirement is being funded thanks to an additional disability policy he had in place for that purpose. "I dread where we would be today if I hadn't taken Brent's advice," he says. ●●●



Peter Zatir (far left) with his wife, Melody, their children and agent Brent Kimball, CFP, CLU, ChFC (far right)

### It's Important to Consider the "What Ifs"

Many small-business owners fail to consider the "What Ifs," which could cost them their businesses and their livelihoods. To avoid this from happening to you, ask yourself—and make sure you have answers to—these questions.

#### What would I rely on for income if I were unable to work due to an illness or injury?

There's a three in 10 chance of suffering a disabling illness or injury that would keep you out of work for 90 days or more.\* Most people don't have savings to tide them over that long—or possibly longer. Disability insurance can provide the needed income.

#### How long could the business survive without me?

If a business owner can't return to work due to a disability, an infusion of cash is often required to help the remaining owners manage on their own. Peter's story is a case in point: The business got the money it needed, and Peter was compensated for his share of the business, thanks to disability insurance.

\* The Real Risk of Disability in the United States, Milliman Inc., on behalf of the LIFE Foundation, May 2007