



YOUNG LAWYERS

What insurance do lawyers in their 20s or early 30s *really* need?

A complimentary guide from the American Bar Endowment

**INSURANCE
EXCLUSIVELY
for ABA Members**

CONTENTS

INSURANCE CAN BE A CONFUSING TOPIC FOR YOUNG ATTORNEYS.

You're a young, single (or maybe married or about to be), healthy attorney. The last thing you're probably losing sleep over is what kind of insurance you need.

However, even for someone your age, **insurance plays an extremely important role in your personal financial planning and well being.** It's almost as vital as the salary you make because in certain situations insurance benefits may become your income.



You've probably had auto insurance for years. If you own or rent you also likely have homeowners or renters insurance. As now required by law, you likely also have health insurance. But what about other kinds of insurance — like life and disability?

The American Bar Endowment (ABE) is here to help. Keep reading and you'll gain a much better understanding of what kind of coverage you may really need.

WHY YOUNG LAWYERS NEED INSURANCE

DON'T THINK THAT SOME INSURANCE IS JUST FOR FAMILIES.

Younger attorneys sometimes believe that if they don't have families, a spouse, domestic partner (herein referred to as spouse), or significant other, then they don't really need insurance such as life and disability.

Nothing could be further from the truth. Your 20s or early 30s are an important time to make sure you have adequate insurance protection — especially if you're paying off student loans.

AVERAGE LAW SCHOOL DEBT*



As you may have experienced, **the student debt of law school grads is climbing.** [Half carried more than \\$140,000 in student debt in 2012, according to a 2014 study from the New America Foundation.](#) That's up more than \$50,000 from a decade ago, and **climbing faster than the debt loads of other professionals.**

Should you pass on, you don't want your expenses to be the responsibility of your parents or spouse. If anyone co-signed on your private loans, they could be on the hook for your debt if you're unable to pay due to death or disability.

In addition to your funeral costs, think about your other current financial obligations like your mortgage or rent, credit card debt and possibly the needs of those who depend on you. Even if you don't currently have a spouse or family, you don't want to leave a financial mess for someone else to clean up.

And what if you are planning to get married or start a family? Or maybe you're planning to buy or have recently bought a home? Have you started or are you considering starting your own practice? If you answered yes to any of these questions, it's even more important to **get life insurance protection sooner rather than later.**

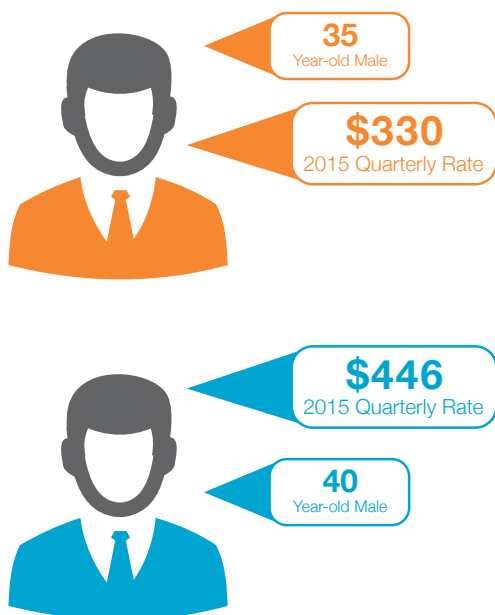
* 2011-2012 Academic Year. Source: [American Bar Association.](#)

IT'S WISE TO PURCHASE WHEN YOU'RE YOUNGER.

There are actually a number of advantages to purchasing insurance, particularly life, at a young age. First, if you were to buy life insurance today, it would better protect your eligibility for insurance in the future—even if the state of your health changes. Second, the older you get the more expensive insurance becomes.

As a younger person, this is the ideal time to purchase life insurance because you're probably healthy and rates will be at their lowest. You'll save substantially over the course of your insurance term. Age can also govern your eligibility for certain types of insurance.

HERE'S AN EXAMPLE OF RATES FOR \$2 MILLION BENEFIT IN ABE-SPONSORED 20-YEAR LEVEL TERM LIFE INSURANCE*



The term for the 35-year-old would cost

\$9,280 LESS**

than the term starting at age 40.

* Issue rate guaranteed for 20 years and based on rates currently available to a male member age 35 or 40 without the optional Waiver of Premium, who can meet the underwriting requirements for the plan's Preferred (the plan's best) rates. If you do not meet the underwriting standards for Preferred rates, you may be eligible for coverage at either Select (higher, but still competitive) or Standard (the plan's highest) rates. Approved smokers and others unable to meet the underwriting standards for Preferred or Select rates will qualify for only the Standard rates. **Montana residents: "Male" rates apply to all individuals, regardless of sex.** Members under age 55 are eligible to apply for this plan. The 20-Year Level Term Life plan is underwritten by New York Life Insurance Company, 54 Madison Ave., New York, NY 10010 on Policy Form GMR.

** Rate savings calculated over the course of the entire term (20 years).



ALREADY COVERED? IS IT ENOUGH? LEARN HOW MUCH YOU NEED.

While an employer's group life insurance plan can be a great start, typical coverage amounts may not be enough to provide the full financial security you and your loved ones may require.

How much do you need? For life insurance, begin by determining what income your survivors might need and what amount of insurance will cover that need. If you are married and both you and your spouse work, both spouses should consider life insurance. One common rule of thumb is to get coverage that's 5-10 times your salary.* For a more specific number the ABE offers a [free online insurance coverage calculator](#) to help you determine which ABE-sponsored plans you may be eligible to apply for.

A COMMON RULE OF THUMB:

Life insurance should cover
5-10 times your annual salary.*



Find out what coverage you may be eligible to apply for at
abendowment.org/calculators/assessment.asp

PROTECTING YOUR PAYCHECK.

Your most valuable asset is your ability to earn an income. However, you lose that asset when you become unable to work due to a serious illness or injury.

Just over 1 in 4 of today's 20 year-olds will become disabled before reaching age 67.¹

Disability insurance tends to be one of the more overlooked forms of insurance, particularly by young people. Consumer advocates generally agree that it's an **essential way for people to protect themselves** from the effects of unexpected illness, accidents or other problems that prevent them from working. And it *may* happen to you.

Many midsize and large employers offer short-term and/or long-term disability benefits. While laws governing disability insurance vary by state, the benefits typically cover up to about 60% of your regular paycheck. But, these policies have disadvantages including:

- benefits are taxable to firm employees (you)
- coverage is not portable between employers

WHAT ABOUT WORKER'S COMP AND SOCIAL SECURITY?

- **95% of disabling illnesses and accidents are not work-related** and therefore not covered by workers' compensation insurance.²
- **Nearly 53%** of Social Security Disability Insurance (SSDI) claim applications are **denied**.²
- In 2012, the average SSDI monthly benefit was **only \$1,130**.²
- **Social Security pays only for total disability**. No benefits are payable for partial disability or for short-term disability.³

¹ [U.S. Social Security Administration, Fact Sheet April 2, 2014](#)

² [CDA 2013 Long Term Disability Claims Review, Council for Disability Awareness, 2013](#)

³ [U.S. Social Security Administration, Disability Planner: What We Mean By Disability, 2014](#)

HOW ABE-SPONSORED INSURANCE CAN HELP



The **American Bar Endowment (ABE)** is a not-for-profit charitable organization established by the ABA in 1942. Our sponsored insurance plans are offered exclusively to ABA members.

From term life insurance to disability income coverage to financial protection for your practice, ABE-sponsored insurance plans can be tailored to fit your specific needs.

It's insurance designed by attorneys for attorneys.



AFFORDABLE GROUP RATES

ABE-sponsored insurance plans are priced at group rates for ABA members. This enables members like you to get rates that other corporate groups are able to receive. You'll find that these rates are affordable and the coverage offers solid value.

BACKED BY A TRUSTED INSURER



New York Life Insurance Company is one of America's most respected insurance companies. Since 1845 it has been making sure customers are prepared for whatever life has in store. New York Life has received the highest possible financial strength ratings currently awarded to any life insurer from all four of the major credit rating agencies: A.M. Best (A++), Fitch Ratings (AAA), Standard & Poor's (AA+) and Moody's Investors Service (Aaa).

[Source: Third Party Rating Reports \(as of 7/1/15\).](#)

PORTABLE, FLEXIBLE COVERAGE

ABE-sponsored insurance plans are portable.* This means that, unlike plans provided by your employer, you can take the coverage with you if you move on to another firm or decide to start your own, as long as you remain an ABA member.

Plus, all of our sponsored plans are designed to provide optimum flexibility. You typically have a wide choice of coverages, term lengths, coverage amounts and other benefit levels.

INSURANCE THAT PROTECTS YOU, AND HELPS OTHERS, AT THE SAME TIME!

ABE-sponsored insurance is different from other kinds of insurance where an agent receives a commission, or where a state or local bar receives royalties. Instead of paying commissions or royalties, these plans let participants get the full value of the insurance and premiums paid.

INSURANCE

+

DIVIDENDS

=

GRANTS

ABA members purchase insurance through ABE.

Members donate any available plan dividends back to ABE.

ABE grants help fund more than 200 legal research, public service, and educational projects.

ABE-sponsored plans are designed to produce dividends that ABA members can choose **to donate to ABE to be used to support the good works of the legal profession.** (*Dividends are not guaranteed.*) Members may also annually request that any available dividends, or a percentage of those dividends, be returned to them. If donated to ABE, contribution amounts are tax deductible under Section 170(c) of the U.S. Internal Revenue Code. ABE then uses these donated dividends to support annual grants which help fund over 200 legal research, educational and public service projects, including those conducted by two other ABA-affiliated, Section 501(c)(3) charitable and educational organizations, the Fund for Justice & Education (FJE) and the American Bar Foundation (ABF).

These sponsored insurance plans enable ABA members to not only get the quality, affordable insurance they need, but also provide a very special opportunity to support the good works of our profession at the same time.

That's insurance that makes a [difference!](#)

* Subject to U.S. Government regulation and Group Policy terms governing termination of coverage.

JUST ONE OF THE WAYS ABE MAKES A DIFFERENCE

The ABE annual grants funded primarily by ABA member-donated plan dividends provide millions of dollars a year to support over 200 legal research, educational and public service projects. This support helps provide legal aid to children, veterans, abused women and many more vulnerable populations. Here's just one example:

HELPING HOMELESS YOUTH RECEIVE ACCESS TO JUSTICE

There are over 1.7 million homeless youth in the United States, and this population grows each year. Almost 40% of the homeless population is under 18 years of age. With these statistics in mind, the ABA Young Lawyers Division (YLD) has partnered with the ABA Center on Children and the Law and the ABA Commission on Homelessness and Poverty to develop the national public service project: Project Street Youth.



Thanks to members who donate their insurance dividends, ABE is able to make grants to the ABA Fund for Justice and Education, in support of the YLD's public service project. Because of this funding, the Young Lawyer Division will be able to help provide access to justice to this extremely underserved population.



See more projects supported by donated dividends at
abendowment.org/givingback/dividends/



ABE-SPONSORED INSURANCE FOR YOUR NEEDS

10- AND 20-YEAR LEVEL TERM LIFE

Underwritten by New York Life Insurance Company

PROVIDES AN ALL-IMPORTANT FOUNDATION OF FINANCIAL SECURITY

If you don't yet have life insurance, or your coverage [isn't adequate for your financial obligations](#), now is the time to apply. ABE-sponsored 10- or 20-Year Level Term Life insurance plans offer a death benefit large enough to make a real difference to your family as well as highly affordable group rates you can lock in for the next ten or twenty years. With **up to \$2 million** of protection available, now is the time to be sure you have the coverage you need to help secure your loved ones' financial futures.

BENEFITS OF PARTICULAR INTEREST TO YOUNG LAWYERS:

- ✔ **High maximum coverage amount: up to \$2 million**
 - Rates locked in for your choice of 10 or 20 years*
 - Spouse and child coverage available
 - Living Benefit – 50% of benefit paid for terminal illness
 - Non-Smoker discounts



"ABE-sponsored insurance was the right choice for me at this time in my life, because it offered me an affordable rate while ensuring that my family would be taken care of in my absence. Additionally, I appreciate that any available dividends are donated to support the ABE's efforts."

Sarah Stogner, ABE-insured since 2012

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?

* ABA members who reside in the United States, District of Columbia, Puerto Rico, or the U.S. Virgin Islands and who are under age 65 may apply for the 10-Year Level Term Life Plan and those under age 55 may apply for the 20-Year Level Term Life Plan.

10-Year Level and 20-Year Level Term Life Insurance plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-29104-0 (10-Year) or G-29168-0 (20-Year) on Policy Form GMR-FACE/G-29104-0 (10-Year) or GMR-FACE/G-29168-0 (20-Year).

DISABILITY

Underwritten by New York Life Insurance Company

A FINANCIAL SAFEGUARD WHEN INJURY OR ILLNESS PREVENT YOU FROM WORKING

A disability could potentially destroy your way of life. It can take away many things you've achieved through your profession—all the things you've enjoyed at your income level. These plans **help ensure that a substantial portion of your income would continue** if you become ill or injured and unable to work for several weeks, months or even years. This is an affordable and easy way to get the important "paycheck protection" you need. Even if you already have disability insurance, you may want to consider supplementing your current coverage. The ABE-sponsored Mid-Term disability benefits are paid up to five years for disabilities arising from an accident and two years for those from a sickness, whereas Long-Term disability benefits are payable up to age 65.*

Whether you choose a Mid-Term, Long-Term, or Long-Term Plus plan, there are a variety of monthly benefit amounts and waiting periods available to fit your personal needs.

BENEFITS OF PARTICULAR INTEREST TO YOUNG LAWYERS:

- ✓ Pays a monthly benefit up to \$12,000
- ✓ Definition of Disability includes your specific Specialty of Law
- ✓ Law School Loan Repayment Option (up to age 40)
 - Choice of waiting periods
 - Partial Disability: continue to receive partial benefits after you return to work part-time after a total disability
 - 50% additional benefit if hospitalized (max. 3 months)
 - Spouse benefits available

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?



"I think a lot of people are aware of, 'hey, I need life insurance,'...but disability insurance is very important, too. [The chance of] someone actually being disabled during their career is a lot higher than someone dying during their career.... I'm very happy [with my ABE-sponsored insurance]."

Denis Anastasia, ABE-insured since 2008

* Long-Term benefits are payable up to age 65 or up to two years for disabilities beginning on or after age 63 but before age 70 and one year for disabilities that begin on or after age 70 but before age 75.

Mid-Term, Long-Term, and Long-Term Plus disability plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-29902-0 (Mid-Term), Group Policy G-29901-0 (Long-Term), and Group Policy G-29900-0 (Long-Term Plus) on Policy Form GMR-FACE/G-29902-0 (Mid-Term), Group Policy G-29901-0 (Long-Term), and Group Policy G-29900-0 (Long-Term Plus).

RETIREMENT CONTRIBUTION DISABILITY

Underwritten by New York Life Insurance Company

KEEP SAVING FOR RETIREMENT EVEN WHEN YOU AREN'T EARNING AN INCOME

Your ongoing contributions to your 401(k) or other qualified retirement plans are dependent on your continued ability to work and earn an income. Should a serious illness or accident prevent you from being able to continue your current occupation, this plan would help you continue saving for retirement. Standard disability coverage replaces a portion of your lost current income. This coverage helps you meet a completely separate need — **continuing to fund your retirement contributions in the event of your disability.**

BENEFITS OF PARTICULAR INTEREST TO YOUNG LAWYERS:

- ✓ Choose a monthly benefit up to \$3,500
- ✓ Contributions for any qualified retirement accounts including IRAs and 401(k)s
 - Benefit amount you choose should include any matching amount from your employer
 - Doesn't duplicate your current disability insurance



CALCULATE YOUR RATE

APPLY TODAY

QUESTIONS?

ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

Underwritten by New York Life Insurance Company

EXTRA PROTECTION TO SUPPLEMENT LIFE AND DISABILITY COVERAGE

Nobody can be protected from accidents all the time. What you can do is help safeguard yourself and your family from the financial consequences accidents can cause. Life insurance generally pays benefits when you die. Disability covers loss of income when you are unable to work for a period of time. Accidental Death and Dismemberment pays benefits when your death is the result of an accident or you experience a qualified dismemberment such as loss of speech and hearing. AD&D policies are inexpensive and they can provide a high benefit amount to supplement your basic insurance coverages.

This plan provides up to \$500,000 for deaths due to an accident or a qualified dismemberment, including a common carrier benefit.* **Acceptance is guaranteed – no medical exams or health questions.**

BENEFITS OF PARTICULAR INTEREST TO YOUNG LAWYERS:

- ✔ **Covers loss of speech and hearing for up to 100% of benefit**
 - Benefit up to \$500,000
 - Spouse and child coverage available
 - Acceptance Guaranteed

[CALCULATE YOUR RATE](#)

[APPLY ONLINE](#)

[QUESTIONS?](#)



* Pays an additional 10% of the benefit payable if the loss is the result of an accident while a passenger on a common carrier (as a passenger on a plane, train, taxi or other qualified common carrier), properly operated and licensed for the transportation of passengers for hire.

Accidental Death & Dismemberment is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-11461-0 on Policy Form GMR-FACE/G-11461-0.

HOSPITAL MONEY PLAN (HMP)

Underwritten by New York Life Insurance Company

EXTRA COVERAGE FOR HOSPITALIZATION EXPENSES

Now, as required by law, you probably have a health insurance plan. It likely provides some hospitalization benefits. However, many of your out-of-pocket expenses may not be covered: deductibles, co-payments, childcare, transportation, and more. This plan provides supplemental coverage for your out-of-pocket expenses if you are hospitalized, **as much as \$500 per day.**

- Benefit up to \$500/day
- Spouse and child coverage available
- Optional \$1,000 or \$2,000 Surgical Benefit
- Double benefits for cancer or intensive care
- Acceptance Guaranteed



[CALCULATE YOUR RATE](#)

[APPLY ONLINE](#)

[QUESTIONS?](#)



DON'T PUT IT OFF. GET THE COVERAGE YOU REALLY NEED.

Having the right kind of insurance coverage is the first step to establishing a sound financial foundation for you and your family. When you have limited resources, like most young lawyers, it is absolutely essential that you have adequate insurance coverage to protect from catastrophic loss. Once you are properly covered for life-changing events, you can focus on your investing and savings goals.

Even though we've hopefully clarified some of the kinds of insurance you may really need today, it's still easy to be confused about what's appropriate for your personal situation and needs.

[SEE OUR AFFORDABLE RATES](#)

ABE is here to answer your questions. Please [contact your ABE Insurance Plan Specialist](#) to get the ABE-sponsored insurance information* you need to help you make sound decisions.



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* Including plan features, costs, eligibility, renewability, limitations and exclusions, underwriting carrier information, and charitable contribution opportunity.

ABE is a tax-exempt section 501(c)(3) charitable and educational organization. All ABE-sponsored plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states.

Bonnie Czarny (ABE), is licensed in AR (Ins. Lic. #404091) and in CA (Ins. Lic. #0H99426).