



## The Selario Agency, Inc.

Helping financial professionals provide world-class solutions to their client's needs

### Pension Mini vs. Pension Max

**We are all familiar with the concept of Pension Maximization. Sounds good in theory but rarely is adopted by prospective clients in the traditional sense.**

Traditional sense goes something like this. Client opts for the higher single-life pension payout so they can enjoy it while alive. They use some or all of that additional income above the joint payout figure and apply it towards the purchase of a permanent life insurance policy on their life to provide income to the other spouse in the event they pre-decease their partner.

There are many factors that determine how you solve this problem. Do both spouses work? Do they both have pensions? What are the health profiles of each spouse? What other assets and income sources are available? To name a few.

I recently encountered a broker case where Pension Max was not the desired solution sought by the client. Hence the phrase Pension Mini. Rather than oversell and attempt to convince them Pension Max was what they needed, we decided to incorporate their idea, take the order and make the sale. It eventually led to a nice Long-Term Care case on the couple. In the end, we both walked away satisfied with the outcome.

#### Case Study:

**Successful husband and wife who were both in good and health and age 57. The husband was partially retired and the wife was retiring with a large pension from a prominent private company. Her monthly Single Life Pension was \$7,800/month. Joint Payout with 50% reduction at her death was \$7,200/month. Other assets and income sources were available.**

#### Solution: Pension Mini

**They purchased Level 15 Year Term for 750K on the wife. Husband was concerned only if the wife passed away during the next 15 years. After that he felt he had enough assets to make up most of the \$43,000 of income he forgoes by not taking the survivor payout.**

**We can debate whether this was their best choice, but this was a thoughtful well-versed couple who made an informed decision after hearing our recommendations. Because they chose the lesser expensive Pension solution it freed premium dollars for stand-alone LTC. We presented a Linked Benefit solution but they preferred the comprehensive coverage offered by stand-alone LTC.**

**Every Case Count. Every Broker Matters.**

**The Selario Agency, Inc. • Howard Stern, CLU, ChFC**

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