Selling to

BY LYNN VINCENT

THE NUMBER OF SINGLE CONSUMERS IS GROWING BY LEAPS AND BOUNDS. LEARN HOW TO MEET THEIR UNIQUE FINANCIAL NEEDS AND YOU WILL SOON ADD THEM TO YOUR CLIENT BASE.

Singles

When liver cancer claimed the wife of Grady Jennings three years ago, he suddenly found himself the single parent of two grown daughters and a 15-year-old son with special needs, joining the growing ranks of single parents. Today, more households consist of single people than of nuclear families. And the insurance needs of those unmarried people can differ significantly from those of married couples with 2.5 kids.

Single parents with special-needs kids

Jennings, a principal at the Dignity Group in Ontario, Calif., and a general agent with MTL Insurance Co., is uniquely positioned to understand the concerns of unmarried clients. As an advisor and estate planner specializing in helping families with special-needs kids, he sees through the lens of a financial professional. As the single father of a son with Down syndrome, he sees through the lens of a very specific set of financial-planning needs.

Single parents of disabled kids—especially those requiring daily, hands-on care—pray an unusual prayer, Jennings says: "Lord, let me live one day longer than my child." It's the opposite of praying for your children to outlive you, but as the parent of a special-needs kid, you're fear-

Groups to Target

- Single parents
- Single parents with special-needs children
- Single female professionals
- Young immortals
- Singles living together

ful of what tomorrow will bring and of who will be there for your child.

That makes estate planning critical. Every single parent has two roles, Jennings notes: the steward of information about their children and the steward of their future financial well-being. For the parent of a special-needs child, that information addresses the following questions: Who will be potential successor caregivers? How will I pass on information about my child to those caregivers? And the question for all single parents: If I pass away, who will manage my children's financial affairs?

"We're trying to help families buy time. We don't know what that time element is going to be. We don't know when insurability will run out," Jennings says. "We try to provide money for people when they least expect to need it. But that 'when' is going to happen."

Single, female and professional

Chris Taylor added to his book of business by addressing the concerns of single professional women. Taylor is an Ohio National Financial Services career agent whose company, Strategic Financial Concepts, also provides independent financial services. Through an existing client, he was able to connect with what's called the nurses' "float pool" at a metropolitan hospital. A float pool is a group of nurses who "float" around a medical facility, working in the department with the most staffing needs on a given day. "Through that, I was able to work with six or seven women, all single, who needed varying products and services," Taylor says.

Taylor connected with the float pool during "Nurses Week," a hospital-wide annual event featuring appreciation events, games, contests and prizes. "I provided certificates good for consultations with me free of charge," Taylor says. "Between that and recommendations from my client, it opened a lot of doors."

Reaching out to professional organizations or even nonprofits that cater to singles could open similar doors to advisors seeking inroads into the growing unmarried demographic. For example, several national and international groups serve single parents, including the Single Parents Association and Parents Without Partners. And remember that "single parent" doesn't necessarily mean "no discretionary income." Doctors, lawyers and career civil servants with double-digit tenure get divorced and widowed, too.

Among Taylor's float-pool clients, "all had some group coverage and I discussed life insurance with most of them," he says. "One of the women wasn't completely sure she needed it because she felt that if anything happened to her, her ex-husband would take care of the kids."

But the more Taylor and the client talked, the more she saw there were things she wanted to make sure were taken care of, like weddings and college. In the end, she decided to buy permanent coverage. Then, a couple of years later, she was diagnosed with multiple sclerosis. "I'm really glad I was able to put something in place that she can hold on to forever," Taylor says.

Living together

Another way to assist unmarried clients is to analyze their P/C coverage. Those who aren't married but are living with a partner face a host of coverage hurdles of which they may not be aware, says Stuart Reiter, principal of Reiter Insurance Agency in Crescent City, Fla.

Reiter has been a licensed insurance advisor for more than four decades. "Back then, there were single people and there were divorced people, but not unmarried people living in the same household. It almost didn't exist. Now I would say 15 percent or 20 percent of our customers would fall into that category," he says. "In the area of homeowners' insurance and personal auto policies, there are substantial issues that need to be addressed."

Multiline agents and those who deal primarily in life policies but who are also licensed to sell P/C products can provide a value-add for unmarried clients by offering to analyze their coverage in those areas.

Reiter points out two key trouble spots:

When two unmarried people are cohabitating, but only one owns the cars, the one who doesn't has few rights in relevant auto policies, even if he or she is named as a driver. Damages to borrowed cars and rental cars usually are not covered.

Think it doesn't happen? A lawsuit currently pending in Wisconsin involving nonmarried live-in partners illustrates how serious this can get. The man bought a car and titled it in his name. The woman insured the car in her name and paid the premiums. The man then wrecked the car. And while a permissive user was covered under the woman's policy, the insurance company argued that she couldn't give him permission to drive his own car and refused to cover the loss.

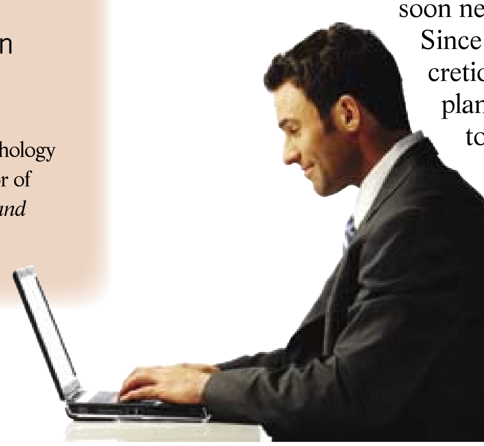
"The lower court agreed with the company, and so did the appellate court," Reiter says. "I don't know whether the case will go to the state Supreme Court or how that court would rule, but right now, the couple is losing. The easiest way to solve the problem is for each party to own their own vehicle and insure it in their own name."

For unmarried live-in partners, homeowners' policies carry similar catches. If the husband and wife buy and insure a home and it burns down, the house and personal property are covered. But take the same house with the same policy and an unmarried couple. If the couple does not co-own the house, personal property coverage does not extend to the partner who is not a mortgagee.

Steps to Avoid

- Don't assume singles don't want to be single.
- Don't assume they have no one to talk to before making financial decisions.
- Don't take cultural assumptions and project them onto the single person in front of you.

(Source: Bella DePaulo, visiting professor of social psychology at the University of California Santa Barbara, and author of *Singled Out: How Singles are Stereotyped, Stigmatized, and Ignored—and Still Live Happily Ever After*)



And if the formerly single guy brought into the household, say, a $10,000 stereo that burned to a crisp, "some companies might refuse to pay for it," Reiter adds.

The issue arises again in the case of extensions of coverage such as theft of personal property from a car or hotel room. "That can be overcome by naming both people as insureds," Reiter says. But in the former case, some mortgage companies will allow only the mortgage holder to be a named insured.

Unmarried P/C clients crossing over from other agencies are sometimes "missing a lot of these little finer points that can all of a sudden become very serious," adds Reiter. "A quick analysis of their coverage could be the bridge an advisor needs to build a sale."

Young immortals

A more difficult bridge to build is the one to "the young immortals"—young singles who shun life insurance because they're convinced they'll live forever. But Tom Young, ChFC, CLU, a financial advisor with 1st Consultants in Pittsburgh, and a general agent with MTL Insurance Co., has figured out a way to reach them.

Financial health "isn't really about the product; it's about the process," says Young. "A lot of advisors are too busy selling somebody a product instead of teaching somebody how to do something."

For young singles, that's a turn-off; instead, Young has developed an educational approach that is a win-win. In a one-hour crash course on personal finance, he shows prospects how to recoup and build wealth by eliminating loss-leaders like loan interest and credit card debt. In return, he has a 90 percent closing rate in selling permanent coverage, even in tough cases like 20-something singles.

Here's the crux of Young's technique: "If I could show you money you're losing unnecessarily and without knowing it, show you how to get it back with no additional out-of-pocket costs, and be able to turn it into tax-deferred savings that you're able to use over and over without paying taxes on it, receiving a 1099, or the government being involved with that money in any way, would you want to do that?"

The product Young uses to make this process happen is dividend-paying whole life insurance with a mutual company, which he offers through MTL Insurance Co., MassMutual Financial Group, The Guardian Life Insurance Company of America and others. Young shows prospects how, by funding such policies, they can in effect become their own "bank."

Here is a real-life example: A 30-year-old single man who came to see Young recently had been advised by his employer's human resources department to fully fund his 401(k) plan to the tune of $15,000 annually. Through his educational process, Young learned that the prospect, as is true with most young singles, would soon need to purchase a new car. Since he was sending all his discretionary income to the 401(k) plan, he would need a bank loan to buy the new car.

The young man was putting all his money into an account, which adds to the global pool of available capital, Young says, "so that the banks of the world could borrow his money wholesale and loan it back to him retail."

Young showed the prospect that by directing the money into a whole life policy, he could accumulate in cash value 60 percent of what he paid in premiums. In three years, he would have capitalized his own position to the tune of $30,000. Then, instead of paying more than $5,000 in interest over the term of a 5-year car loan, he could borrow against the life policy (not *from* it), and pay a 6 percent simple annual interest.

Young's process enables clients to use the same dollar for more than one thing: to insure their lives, to earn investment interest on a dividend-paying policy, and to make major purchases while avoiding wealth-draining interest payments. Over a lifetime of avoiding car payments at an 8 percent interest rate, Young says, clients can recoup up to $770,000 in lost opportunity cost.

"If they sit through the educational process, which lasts a minimum of an hour, nine of 10 become clients. This includes young singles," Young says. "Who *wouldn't* want that?" ☐

Lynn Vincent is a frequent contributor to Advisor Today.