

Your clients trust you with their taxes—but who is asking them the questions that could protect their family, their business, and their financial future?

In this episode, Eric Green sits down with financial advisors Rick Wells and Doug D'Andrea to discuss the planning conversations every tax professional should be having with clients. From life and disability insurance to retirement planning, buy-sell agreements, long-term care, and estate planning, these are issues clients often overlook until it's too late.

They also explore why these conversations represent a major opportunity for tax professionals to move beyond compliance and into higher-value advisory services—without necessarily becoming financial advisors themselves.

Plus, Eric shares real-world examples of what happens when clients fail to plan—and how tax professionals can help make sure those conversations happen before there is a crisis.

Download the free "10 Estate Planning Questions Every Tax Professional Should Ask Every Client" resource and learn how to start these conversations in your own practice.

Register for the free webinar series "What Happens When a Client Dies" here: https://taxrepnetwork.com/programs/estate-planning

Download our free Guide "The 10 estate Planning Questions Every Tax Pro Should Ask Every Client" here: https://taxrepnetwork.com/resources

Contact Rick Wells here: rwells@baystatefinancial.com

Contact Doug D'Andrea here: douglasdandrea@financialguide.com

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Watch the episode here

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Your Clients Aren’t Planning For This. Are You Asking? With Rick Wells And Doug D’Andrea

Before we get started, a quick disclaimer. Our discussion is for educational and informational purposes only. Nothing discussed in this podcast should be considered investment, financial, tax, or legal advice, or a recommendation to buy or sell any investment or financial product. Audiences should consult with their own qualified advisors, including their individual circumstances. With that said, I hope you enjoy the episode.



Estate And Financial Planning Opportunities For Tax Professionals

Everyone, thank you for joining us again on this show. I am joined by Rick Wells and Doug D'Andrea. Rick has been on before. These are my financial guys. Not just financial people we do business with. They actually have all of my stuff, our firm stuff. They tend to be my go-to folks. I have got to tell you, there is a lot of interest in this. We're actually doing six hours on what every tax pro needs to know in terms of estate and financial planning. What you should be talking to your clients about and all the rest.

We're doing that on November 9th and 11th. We split it into three hours and three hours. There are six CPE credits. This is an area where there is a lot of interest. This is a really great opportunity for tax

pros to help clients by making sure they're thinking about these things, but also make money doing this. It's actually way back when I had all these licenses, when I first bought an accounting practice with a buddy of mine.

I had my law practice. He wanted me to buy the accounting practice with him. Just the number of people who do not have disability, do not have enough life insurance, and do not have a buy-sell plan. I get asked all the time, "How do I save money? What are you doing for a retirement plan?" Retirement plan. That's an easy one. For everyone tuning in, we created the ten estate planning questions every tax professional should ask every client.

It's a free download. You just go to TaxRepNetwork.com and go to the resources page. It's free. Just download it. Take a look at it. It is what you should be talking to your clients about. What I'm hoping, guys, we can talk about is going a little bit more into the weeds. I know we're going to be doing the webinar. We'll really get into the weeds there. Tax pros, actually, I just skipped over a whole lot of stuff. First of all, I know they've been on before, but Rick and Doug, why do not you introduce yourselves and Baystate Financial, just so anyone who's not familiar with you knows who you are.

Rick, I'll let you go first.

Thank you, Doug. First, thank you, Eric, for opening up your audience to me and the firm again. As someone who believes that education is life, I know many in your community seek you out for the information that you provide to make them better. It's appreciated that you opened this forum up to me. I'm Rick Wells. I'm a financial advisor. I'm also a retired teacher and retired Marine Corps Lieutenant Colonel. Now I find myself in the financial advisor space serving the community, serving small businesses, and young professionals. I look forward to making contact with many of the people in your audience to see how we can serve folks better.

My name is Doug D'Andrea. As Eric mentioned, he and I have been working together for quite some time now, both personally and through the firm itself. I've been in the industry for well over twenty years now. I've been doing it right out of college. It's in my blood. It's what I do. It's what I enjoy doing as well. Yes, Eric, I do thank you for the time on the spot here. I also look forward to meeting all of you. We do have that series coming up again in November. We're going to go very deep in the weeds. As Eric said, we're going to try to keep it as high-level as we can, but get you all the important points that you can expect for us to cover during that time that we have again down in November. Thank you again. I appreciate the time. Eric, I'll kick it back over to you.

For the folks tuning in, I know everyone knows, I'm a tax attorney. I do controversy work. I was an accountant, went to law school at night. I was an accountant. Where was I? I was an auditor for New England Financial with the old New England Life Company, the big white block building on Foulston Street. I was there during the MetLife merger. I was one of the auditors who had to sit up all night watching the things come up.

You tear one open every now and then, and it's in there. They have to redo it. One of the things that I realized, some of the best agents were folks who had really good partnerships with CPAs and EAs. The reason is that if you have a tax professional that understands all of these issues, even if they're not going to actually do the estate plan, they're not necessarily going to do the insurance, but they understand mostly because they've seen what happens when people do not have it. When people do

not have their estate documents, the nightmare that takes place with the family, probate, all the rest of it.

I have clients now whose husband died, not planned, rather suddenly. They let the little insurance they had go. There's literally no life insurance, three little kids. I'm pretty sure the husband in this case did not intend to leave their family in a financial lurch. No one plans to fail. They fail to plan. This is one of those examples from a more pragmatic approach, just to let the CPAs and EAs listen to this. One is you download the checklist. You talk to the clients about you're doing a good thing.

You're making sure that they're thinking about these issues. You cannot compel them to do it, but it's good that you raise it with them. There is an opportunity here to build an entire revenue stream doing this. Because of automation and AI, bookkeeping, tax returns, compliance, a lot of that isn't going to be automated out of existence, but the real challenge, I think, is for the tax professional to move really into what we call advisory. Where you really add value. Tax planning, financial estate planning, IRS representation, CFO services. You name it higher-ticket, higher-end, more valuable service than just doing returns or just doing the books.



Building Strategic CPA And Financial Advisor Partnerships

There's just this opportunity here, whether you want to just have a relationship and refer, or actually go down the rabbit hole of getting your licenses like I had, where you can actually get paid when clients get insurance and all of that. The other thing about this, guys, is it expands your network. I've met people through the two of you. You've met people through me. If you have these relationships, you start expanding your network. Again, referral sources, because Doug called me and said, "I have somebody. There's a tax lien. Can you help them out?" Anything that expands your network is good.

If I can add one more thing to that, too. One thing that's important to know is that Rick and I are both part of a network through an office called Baystate Financial out of Boston, not very far from where Eric had his origin there. Their office is an office of MassMutual, and they have office locations from Maine all the way down to New Jersey. Rick and I just so happen to work out of the Connecticut agency. However, we've got licenses across the country. It's not just that we're simply out of Connecticut or even the Northeast. The reason why we chose Baystate as our home office, if you will, is because of the resources that are available.

Eric mentioned something about whether you want to go this alone. Be the sole person who wants to go through and really just develop more of a broad stroke on what services you can offer for your clients, or if you want to go in and get yourself licensed and get everything done, ready to go. I can tell you that. Rick and I, we've got access through that Baystate Financial affiliation to in-house attorneys. That can help us to look from a high level. They will not do attorney work. What they can do is provide high-level guidance of, "You can do this, or you can do that. Consult your own personal attorney to get that completed."

We've got advanced planners. If there's something where it's more intricate, if you have, and we're going to get into this in November, but if you've got your own business and you want to do some executive-level planning, they can help us to design all of that. They've got the knowledge, the skill set, the base, the resources to help not just us, but you all as CPAs as well, with your clients, and bring that to them as a billable to your own practice. We also have access to a pension desk.

For those questions that I get all the time, and this is really where my practice is focused, it's in that pension space. 401(k), 403(b), 457(b), cash balance plans, deferred compensation plans. All of those areas are areas that we have expertise in that we've got resources that can help you to help your clients only further, their success, if you will, when filing returns and uncovering other areas of opportunity for you and your practices. I'm trying to throw that out there.

The match is mutual, because I've been working with Doug now for over a decade.

Which is a little frightening to think about, but yeah.

I know. When it was Bill who introduced us, our friend, Bill, retired. I said, "Who is he?" I was thinking, "I'll find someone tied in with the old New England financial." I wasn't a huge fan of MetLife at the moment, but whatever. That was a personal gripe. Nothing wrong with MetLife, by the way, because I do not have any inside scoop on that. The Snoopy thing just annoyed me. I'll just be blunt. Anyway, he said, "MassMutual, Baystate." I said, "I know Bay State Financial because they were right over by Back Bay where I trained."

MassMutual, as good a name as any. Old company, top-rated mutual carrier. The thing I like about you guys is you never tried to sell s* to my clients that they did not need, which I appreciate. That's why we're here. The issue here is for everyone tuning in. Why are we doing this? How much of this stuff are you not taking care of? Let's be blunt. This is what Rick and I had about six months ago. How long can you live without your income? I have to tell you, Jeff and I have a ton of disabilities. I'd be fine. I wouldn't be fine if I got disabled, but financially I'd be fine because of that. Why?**

I've had clients become disabled and lose their businesses and everything else because they did not have disability insurance. How much life insurance? Now, these people tuning in here are tax pros or

clients of tax pros. I just did another one. The VUL policy where I can effectively create a super Roth. I have contacted Doug and Rick to get to their pension people about defined benefit plan questions that have come up.

If you have the right circumstances, it's still a terrific tool to put a lot of money away in the right circumstances. I had to walk through this with them because I thought I knew it and then realised there were things I did not know about it. In the end, I did not do it, but that's the definition. One of the things I want to talk about is what do you guys see? For the tax pros on here, and I do not mean to insult, but everyone's too busy. They're too busy with the returns. I do not. This all sounds great.

I do not have time. This is something you should just add to your organizer. If nothing else, cover your own rear end. The client cannot say, "You never even told me about that." Actually, we did. We asked these. We brought it to your attention. You do not want to do it. You do not want to do it. This is one of those opportunities to really, again, help the client, but also make money. First and foremost, from your perspective, how do you guys work? Let's just get to that. How do you guys work with the tax pros?

It gets you right to what you're leading the whole conversation with, and that's the relationship. It's a team effort. You and I have worked before, as you mentioned, and you've experienced working with some of our firm's specialists that Doug alluded to, with their legal advice to help you think through those areas of your family life and your business. We believe in a team effort and caring for the clients. We definitely would like to work with the folks in your audience to better serve their clientele, introducing the subject matter experts like Doug and all of our firm specialists.

By the way, I actually forgot to add something. There is another reason that I am actually so hype on this. In the tax resolution world, I'll give you guys an example. You guys do not live here as I do. For everyone tuning in, so a client comes in. They just filed their returns, and they owe $100,000. They show an ability to pay $1,000 a month. What the IRS would tell them is a ten-year collection statute.

Maximizing IRS Compliance And Tax Resolution Strategies

That's $1,000 a month, which is $12,000 a year. It's $120,000. You only owe $100,000. You can pay full price. Get into a payment plan. There is no compromise. Now the client comes to me because they hear those late-night commercials. My person says they cannot do it. I started looking through what we call a Form 433. It's their financial situation. Do you have health insurance? Do you have life insurance? Do you have disability insurance? They are allowable expenses. Inevitably, they do not have disability.

They do not have enough life insurance, especially if they're married with kids. Some of them drop their health insurance because they think I'm in financial trouble. I cannot afford it. That's all allowed. I've had people, that same person, come in. They say I can pay $1,000 a month. You're self-employed. How long can you live without your income? They're like, "Three months, maybe." "Why do not we go get you a disability policy? Call Doug, call Rick, get the quote. I bet it's going to be 200, 250, 300, somewhere around there, depending on income and coverage and what you do for a living."

They came back, yeah, the quote was 350. Get insurance. Now you need to be paying it for three months. We need three months of bank savings showing the payment. Now you cannot pay a thousand a month. You can pay 650. 650 times twelve is 78,000. 78,000 in ten years. You cannot pay in

full. Now you can make an offer and compromise for twelve months of future income, $78,000. We just completely made somebody an offer candidate. A, B, why does the IRS allow this? It's because the IRS isn't stupid. If you get disabled and cannot work, they're not going to get paid either.

If you have a health issue, the number one reason why people go bankrupt is because of unexpected health issues. If you die, they'd much rather you have a few million in life insurance to take care of your family. By the way, pay the $100,000 back to the IRS. The IRS, very weirdly in this aspect, is pragmatic. They understand this. Again, you need to show a three-month history of paying it. You cannot just go get a quote and say, "I'm going to go get this." Sorry, that doesn't work. There's an opportunity there.

There's another reason for this audience to be thinking about, why do I want to know about this? Here's an opportunity to get more resolution stuff done, better save your client money, but save the money by having them spend it on themselves for something they already need. The collaboration is critical. There are some tax pros that just get this. They sit. They listen to this. They'll be on the webinar with us on November 9th and 11th. They'll be like, "This is a no-brainer. I do not know why I haven't thought about that because I've been too busy. That's why."

The alliance with tax pros, I do want to get into all of this a little bit. You have life insurance, you have disability insurance. What about buy-sell planning, Rick? How many of the tax pros are doing their own buy-sell planning, let alone talking to their clients about it? You've got long-term care, by the way, which you can now tie into the life insurance, which is a game changer for long-term care. Of course, how much money are you putting away?

What about your retirement planning? What about a cash balance plan you can lay on top? There are all kinds of options for you, meaning you listen to this, put away a ton of money, and let that start compounding. From your perspective, how do you guys start the conversation with the tax pro? Let's talk about what the tax pro should be talking to their client. How do they start the conversation with their client?

Doug can address a lot of the specifics here, but I think what you're doing in November is pretty awesome. That's talking about what happens when your client dies, because I think it gets right to the point that you have to protect the people. As far as income replacement, you have to protect your wealth. You have the liquidity of avoiding sales and everything like that. Protecting the enterprise. What are you going to do for succession? Those ideas should be discussed. The title of the series, What Happens When a Client Dies, Where Does That Money Come From, is probably a good starting point.

It was actually a comment in our help desk with our members, what happens when a client dies? I remember thinking, what a great question. Listen, so the series, I'm going to kick off with probate. In the resolution world, the probate estate takes over for the human being, so people are like, what happens with the IRS? They're another creditor. No, they're not ahead. They're another creditor. Walk people through that. Get into it. I just do not know where people are in terms of estate and gift tax. We do a basic review of that.

What happens for people that die with tax problems? They owe money. They haven't filed. We'll address that. On day two, we're going to start getting into more of the fund planning. The revocable trust, life insurance trust, Cuperts, all these kinds of interesting planning techniques. Also, so you

understand the tax implications. You understand some of the techniques. We're going to, we, meaning Doug, Rick, and I, are going to go deep diving into, what are the products that are out there that you should be thinking about?

I have to tell you, I'm always learning the whole life versus VUL, variable universal. For my super Roth, I need a variable. You cannot do it with a whole life. I learned the hard way. You cannot do it permanently with your whole life. You've got to do it with a variable. You can do like-kind exchanges on insurance. What happens to that cash value that I'm plowing away and building up? How do I avoid ever paying tax on that? We're going to get into some really interesting planning on those two days. That is going to be time well spent. I also just want to mention to the audience tuning in, go register.

Transitioning Tax Practices Into High-Value Advisory Services

It's free. Even if you cannot be there, you will get a link to the recording. You'll be able to watch it on demand. It's the way our system is set up. We will probably also make it evergreen. If people later want to go in and sit in on it, not on demand on their own, but on demand on our site, which is the same thing. Anyway, you're entitled to do that. We'll do that. Also, there'll be links you can go to and contact Doug and Rick and say, "Guys? I'm in Miami. Can you help my client here?" The answer is yes. I refer clients from all over the country. They're licensed everywhere. In terms of talking and working with the tax pro, what do you guys look for? What should they be thinking about?

For me, in my experience working with other tax pros, it really starts with the relationship. I try to identify, from the tax professional that I'm working with, what you really want out of this. Do you want to drive this on your own? Do you want to say, "You know what, Doug, meet John Smith. I'm going to send you an email, and I'll let you guys take care of it. I'm going to trust that you're going to take care of that client just as well as I would." I'll always lead off with. That's exactly what's going to happen.

I take any referral relationship or partnership that you would like to embark on and really just harvest that and really just take care of that client to make sure that they are just as happy with me as they have been with you. To get started, we find out about timelines. What's their expectation? How long will this planning process take? Are they coming up on something that's time-critical? Looking to sell their business, looking to buy a business, get married, have a family. All those different things are time-critical. I'm also aware of you all as tax pros. I'm not going to call you guys in early April.

Tweet: Take any referral relationship or partnership that you like to embark on and really just harvest that and take care of that client.

I'm just not going to do that. That's just stupid. I have to make sure that I understand what your schedules look like because when it's time, you're going. For me to barge in and keep asking you questions, doing this and doing that, it doesn't make much sense. We'll have those discussions outside of your busy times. We'll find out what those opportunities are, who you need to have taken care of. We just get to work, and we'll work with that client, and we'll say to him, "Listen, we'll look at the financial position.

Again, any major assets that you've got, any sale coming up, any purchase coming up, families, things like that. Talk about their wealth accumulation. Are your contributions going into the right buckets, and can we make any changes from there? Tax management, we have a discussion on that, but that's really more for all of you to have those discussions. Risk management, like what Eric just said, HSA funding.

Long-term care, life insurance, disability. Those are all very important. Even risk management for your retirement accounts. What can we do there? There are some opportunities that we have as well. We'll get into those products.

When we talk later on in November. Retirement planning, the accumulation phase, the spend-down phase. Is there going to be a legacy? What do we do there down the road, and how does that work? Finally, just the estate planning, which leads us back to the attorney groups. Do you have your core estate planning documents in place? I cannot tell you how many people, and Rick, I'm sure you'd say the same thing, or any of you, Eric. “Do you have a will?” “No, I've been meaning to do it. I just haven't gotten a chance to do that.”

“Do you have a power of attorney in place?” “No, I do not.” “You've got to start working on that. Your son, your daughter just went off to college. They're now twenty years old. Do you have paperwork? What happens if there's a medical emergency?” They're of age now. You need to have documents in place for that kind of stuff. That also goes hand in hand with the estate planning stuff. Those are the areas that we discuss, and we talk about. Just bringing things to light, writing them down, and finding the order of importance of how they want to tackle each and every one of those problems or issues that arise from our general conversation.

Tweet: Your son or daughter just went off to college and are now twenty years old. Do you have paperwork in place if there's a medical emergency?

Again, as a tax preparer or planner, you can be there with us, or you can just pass the torch and say, “Take care of it.” Fill me back in later on the case notes. Rick and I take notes on everything that we do. It's part of our process. It's part of our files. We can absolutely share with you what we discussed, what we talked about. That way, we're all on the same page for those clients to make sure that they're happy, that they're taken care of, and that nothing is left uncovered.

For the professionals tuning in, a very obvious question to open this with your client is, what happens if you die tomorrow? You do this in law school. It's weird, but for estate planning, to see if the plan works, my professor literally said, just start killing people off, metaphorically. In other words, Dad dies, what happens? What about the business? You're like, “I hadn't thought of that.” Is the partner taking it? Is the wife now a partner? Does she want to be a partner? The other partner wants it. These are the things, so you start on the buy-sell planning. What about insurance?

This, but the income is now gone. Is that insurance going to be enough? If that's, again, I'm going to run with the husband here, not to be sexist. Let's say the husband's bringing in $250,000 and they only have a $500,000 term policy. That's not going to go very far. Looking at what the actual needs are, all of them, but that conversation starter of what happens. Anyway, the plan. Dad's still there. Now Mom dies. Now what happened? I have to tell you, when I first got married, I was like, “I'll get insurance, and Dina will be taken care of.”

Who's taking care of the kids? All the stuff that Dina was doing, and then Dina went back to work. I got my benefits. She was at Yale. Now her income is gone. Our benefits have to be replaced. I now probably need at least a part-time childcare provider around the normal daycare. I have to pay for daycare. All of these things, then that's why, again, not to be gross, I guess, but you start killing people

off, and you will begin to see this. When you walk through it, you'll start to see issues that people hadn't thought about.

With the whole conversation, Eric, you'll find in the area of the finance industry, the focus becomes on accumulation. Everyone considers their financial situation in terms of accumulation. There are two very important aspects. One is protection, and the other is retirement income. That is really where we make our money. When we come together and do the planning for folks, we have these conversations about their intent for their family, their intent for their business. That is where a lot of this conversation comes in. It's a difficult one. How do I hear it? When the wage earner leaves the house, and he never comes home, Uncle Sam walks in, and he's expecting cash. That is what happens when a client dies. Again, that is why this series, I think, is so powerful that you put it together.

The series is going to give everybody a pretty good working knowledge of at least the issues. We're not going to turn you into an estate planner in six hours. You may not want to be, but at the very least, to be able to say, "Look, guys, a very basic plan, you should have that. I have an estate planning attorney in my area." By the way, if not, that may give you the impetus to go get one. We'll be planning in Mass. Connecticut, New York. We'll do that. We're licensed for that. If anyone's tuning in to this and you do not have an estate plan, you're in the tri-state area there.

New York, not tri-state, but Mass, Connecticut, New York. To hell with New Jersey. Anyway, if you're in Connecticut, master in New York, we would do that. If, let's say, you're in Illinois, I can point you to members of the Academy. American College of Tax, ATC, the American College of Tax and Estate Council, ACTEC. I'm not a member. I'm in the TC, which is just tax. The estate planning one is a serious group. You do not just apply. You have to be recommended. You have to have a history, ten years of writing and improving the profession.

When in doubt, I can always go to their list, go to a state, and I can find an ACTEC member. I do not know them, but I know they've been vetted. A very serious group of academic practitioners who do not take it lightly. There are only 500 in the country at any given time, and it's the same with ACTEC, so it's serious. This is an opportunity for you to help the client and also, again, build your network. Now you have somebody who probably has clients that need returns or want to start a business or whatever and can refer work back.

Protecting Clients With Hybrid Long-Term Care Policies

If we have a little bit of time, I'd like to get into some of the specifics, like the idea of getting long-term care without buying long-term care. By the way, I do not know who came up with this at MassMutual, but they're a genius because the problem with the long-term care, for folks tuning in, I do not know if you've ever tried this or been on the other end of it, to sell someone long-term care, it was very expensive. It only worked if you actually needed long-term care. It felt like you were spending an awful lot of money to insure against something that maybe you do not, but Doug, you know what I'm talking about. Talk about a brilliant idea. You can actually get life insurance now that includes it.

That is correct. That's actually the preferred way to go at this point. Back to your previous statement, I almost refer to it as car insurance if you think about it. You're paying the premium, but if you're a good driver, what do you really need it for? That one day when you do need it. The problem with some of the older policies that we've seen that are out there is they're just traditional long-term care. Again, you use

it, or you lose it. What happens is sometimes they've got those eligibility periods. You've got to reach a certain number.



You cannot do two ADLs at the same time. You've got to make sure of the activities of daily living. You qualify for the actual benefits. Sometimes you do not get to that point. The disability happens pretty quickly before you're actually able to pull the benefit from long-term care. The whole thing goes away. That's if you still have the policy in force. Some of those older policies, they file for rate increases after rate increases, and they've gotten them.

They come to a point where now you've got someone who's an older gentleman or a woman on a fixed income. Paying this premium that just keeps going up and up that they've paid for many years. Now they're saying, “I'm on a fixed income, but I've got this premium that keeps increasing. What are my options?” There really is only one. It decreases your benefit. That's not a good answer either. Along came these hybrid policies. In my opinion, it covers three specific possible uses. The first one is life insurance coverage. That's at the core. It's a whole life policy. It is life insurance. There's no way to hide that whatsoever.

What they're doing is they're putting a rider on top of it, a long-term care insurance rider embedded in it. Now, great, you've got this life insurance coverage that's there. You've got this long-term care benefit that we, Rick and I, can model out to have anything. It's from 2 to 4 or 5 years of long-term care coverage. You can back into how much coverage you need and model a policy out that covers whatever your specific need is. I have this little piece of paper. This little piece of paper.

It's actually a long list of, in the state of Connecticut, all the long-term care facilities and what their daily rates are, and you'd be surprised how much that adds up. You go back into it to identify, I need X dollars per month. What kind of policy do I have to build? Just get that amount of coverage. The long-term care is built into the existing life insurance policy, and you've got it there. Now, the third leg of that is that it builds cash value.

Let's just say you're a very healthy individual. You've got this whole life policy that's going to be there for your whole life. The insurance coverage is there. You're healthy. You never use long-term care. That's awesome. That's a great thing to know that you're never going to actually have to use it. Of course, you do not know until but you've got this cash value bucket that you can use. It's either the life insurance that goes to your family or the long-term care coverage that you've got to make sure that your family doesn't exhaust their money.

Tweet: It's either the life insurance that goes to your family or the long term care coverage that you've got to make sure that your family doesn't exhaust their money.

Let's call it that one risk of are you going to have to liquidate your investments when the markets are down to pay for long-term care? If you've got a policy in place, you do not have to because you've got that long-term care coverage. The third option. Pull the cash value out and use that for something else. Something that you want to use it for. Again, you have the option to do it or not, and it's or. Life insurance, long-term care, or cash value. It's a multifaceted benefit policy that you've got. It's available to you. You can purchase it on your own.

You can purchase it through the business, which we're going to get into again in November, how we're going to be able to do that. There are worksite policies that you can put in place for groups. You can individually underwrite if you want to. There are many ways that we can put these products into play for you. Again, Rick and I are going to talk about those later on. This evolution of insurance and long-term care is just great. It gives a lot of opportunity and a lot of opportunity to the everyday person that needs this coverage. Not wants, but needs the coverage.

It's brilliant because every time anyone brings up long-term care, I'd wince, “It is so expensive.” You might never use it. If you need it, you need it. It really becomes one of these. It almost felt damned if you do, damned if you do not think. The insurance with it built in.

One other little note to that, too, is a lot of the just standalone long-term care carriers. Rick, I do not know, confirm, make sure I'm not lying here, but I think we're down to maybe 3 or 4 of all the insurance carriers that are out there. Only 3 or 4 will actually write a pure long-term care policy any longer. Your insurance carriers are saying we're getting out of this space. We do not want to be here. It really is almost going to default eventually one day. It's just going to be your life insurance carriers with these riders that are going to have these long-term care policies that are out there.

That's where I see the long-term care rider as wonderful. It's one of the living benefits that really needs to be understood. I. We may need to back up a little bit. People misunderstand what long-term care is. Some may think that it's covered under Medicare. They do not know that they need to spend down their assets before they become eligible. By the way, if you become eligible, there may not be a bed close to your family.

You may need to go far away to occupy a bed that's available because you're relying on someone else for assistance. There's a lot. Again, and I'll keep pointing to the conversation starter, what happens when a client dies, or what happens when someone becomes incapacitated, long-term care disability. It's conversations that need to happen. We have all the resources to plan for that and to protect your family and your assets.

No, there is something real to you that's going to go where there's a bed because it's the government. They're going to put you where they can fit you. You may not end up in either a place you want to be or a place near your family. I've had that. I've had clients down the lower end of our state here end up all the way up in the northwest, northeast corner of the state because that's where there was a bad facility that would take a Medicaid bed, and of course they had exhausted their assets.

Just to go to the extreme, I've had clients forced to get divorced to protect the assets, which is a traumatic thing for spouses that have been together for a very long time. It was actually the first time I ever saw this. It was actually a cousin's cousin. It was a distant relative. He needed long-term care. It was going to wipe out their assets. They literally filed for divorce, got divorced, did the whole settlement, and everything else.

Utilizing VUL Policies As A Super Roth Alternative

He applied, and he had nothing, and that was not considered a transfer for clawback because of the divorce. That's not the kind of planning your client was hoping to do. One thing I do want to talk about is what I've been hinting at, because I think that the tax pros tuning in to this should get this in ten seconds. What is the cutoff for a Roth these days? Is it above $160,000?

Depends on filing jointly or single. Joint, it's $248, I believe, of combined income, I believe. I can actually look it up here in two seconds.

We can even run with that. The point is, around $250, you cannot do a Roth anymore. There is a way to do that. Again, you address the insurance aspect. It's a variable universal life insurance policy. It's a form of permanent insurance, not a term policy. This is what I'll need help explaining. Let's say you get a quote and you're going to have $500,000 of insurance coverage, and it's going to cost you $750 a month. You can overfund that, put more money that goes directly into the investments, into the cash value, but there's a limit.

Correct me if I'm wrong. If at some point you cross a certain threshold, it's no longer an insurance product. It now becomes what's called a Modified Endowment Contract, or a MEC. When you hit the MEC limit and go, when you exceed that, the IRS says, “This isn't insurance anymore.” All of the deferral, because what you put into that, your whole life or your variable, will grow within the policy like a Roth. It doesn't get taxed, unlike a mutual fund where we get taxes every year.

You get the deferral on all that growth just like a Roth. This allows people who are making good money, in excess of the limit, to now begin to plow money away. They're doing it through this variable universal life product, building up cash value and getting the deferral and all that just like a Roth. In many cases, you can do far in excess of what you could have been able to do had you been able to do a Roth.

That's correct. Right up to that MEC limit that you're talking about, which is a target that we would look at every single year to say, “Where are we to that target?” You do not ever want to cross over that. That's a critical planning piece. The second you cross over, you lose the protected status, and no one wants to do any of that. You're right. It's a great, long-term strategy. Accumulation strategy. It's a Roth alternative. Tax-deferred growth, tax-free income in some cases. No income cap. You do not have to worry about, "Am I making too much money?”

In fact, it’s where it belongs. To your point earlier, Eric, you're at that upper limit or that cap of your income combined if you're filing jointly. The Roth, the only option you have, is inside your 401(k) plan. Many of you at that point, at that income level, are maxing out your 401(k) plan. Which, by the way, just make sure you all know and are aware. For 2026, the catch-up provision must be under the Roth provision of the plan. Do not forget that. Critical change for this year. In your contribution limit, you can go anywhere, again, up to that MEC limit that they allow you to do.

I've seen this used in business markets. You can do a split dollar arrangement. Now, Rick's going to go into detail in November and use this for your key employees. You can use a strategy like this to really help business planning, personal planning all around. You can add a chronic illness rider to it. Not long-term care, but you can add a chronic illness rider to it. Of course, also a waiver of premium or a disability waiver on that in case you become disabled.

The final piece is, depending on your carrier, most do allow you to convert a variable policy, a variable universal life policy, to a whole life policy. After a certain number of years, you have the ability to say, “Great. I've overfunded this thing for years and years. I'm ready to retire,” or “I'm just not making that same level of income that I was in the past. I wanted to cool the jets just a little bit, convert it to a whole life policy, and get rid of the ability to overfund.”

Also, you're just bringing it a little bit more conservative in nature because you're no longer going to have the investment component to that particular policy as you had before, but you still have access to the cash value, still have access. All that stuff is still there, and you can continue to fund it if you'd like to, but you're within this much smaller limit. It is a very useful tool, very dynamic.

I'll just back up, Erica. You're having the conversations now. It's a result of your detailed planning with your advisor. You're an example. I know you preached this to your audience. You should lead by example and get a lot of this done. You and everything that you speak about, you can speak so clearly about it because you've prepared for if you live too long or die too soon or become sick, and you do not have to deplete your resources.

Tweet: You should lead by example and get a lot of this done. You can speak so clearly about it because you've prepared for if you live too long or die too soon or become sick.

You've gone through that planning process with a very powerful team. With Doug, Baystate, MassMutual, with all the resources necessary, and you've, time and time again, updated your plan and moved forward. That's what we're looking for, that relationship, that teamwork, and that problem-solving.

Well said. At each phase of life, it's time to ask, where are we? What's changed? What needs to be tweaked? No, it is important. Listen, Jeff and I do it on the business. Where are we now? What are our priorities? Where do we see ourselves going in the next 1 year, 3 years, 5 years? The other thing people should think about is you can do a lot of this through the workplace. I know we're going to be covering that in November, but there are ways to make this effectively become a business expense. Finally, guys, for folks tuning in to this, what's the easiest way to get a hold of you?

Emails, RWells@BaystateFinancial.com. We'll have their information, hopefully, tagged to the show.

We'll be able to give them information directly there. Just for tuning in, people who tune in to the show. I will put Doug and Rick's emails in the description. Also, I'll put a link to that download. The 10 Estate Planning Questions Every Tax Pro Should Ask Every Client and go check that out and download it. Doug, your email.

It's first name, last name. DouglasDAndrea@FinancialGuide.com. Nice and easy.

Again, I'll put it in the description. If you're tuning in to this, go to the description. Both Rick and Doug's emails will be there. Guys, thanks for taking the time to do this. Also, thanks for all the work we're putting into November. It's going to be a really cool program. Again, guys, it's 1:00 to 4:00 PM Eastern time, Monday the 9th, and then again on Wednesday the 11th.

We're doing three hours, sitting on some of it, all of it. Register. Even if you cannot be there in person, you'll get the link to the recording and the materials. It'll be eye-opening, both what you should be thinking about, what you should be telling your clients about, but also opportunities, both to make money helping clients do this, but also things you should be thinking about for yourself as well, absolutely.

I appreciate it.

Thanks. Everyone, thanks for tuning in to this week's podcast. Also, click the link below, register for the webinar series on the 9th and 11th. Guys, thank you very much, and I look forward to talking to everyone on the 9th and 11th.

Thank you, Eric. Thank you, all.

Thank you

Important Links

- Rick Wells on LinkedIn

- Doug D'Andrea
- Tax Rep Network
- Baystate Financial
- MassMutual
- What Happens When a Client Dies
- RWells@BaystateFinancial.com
- The 10 Estate Planning Questions Every Tax Pro Should Ask Every Client
- DouglasDAndrea@FinancialGuide.com

About Doug D'Andrea



Douglas D'Andrea has been in the financial services industry for more than 20 years, providing clients with creative planning strategies that integrate all aspects of their financial lives. He delivers strategic solutions in employee benefits, retirement plans, and personal wealth management. By focusing on each client's unique financial and investment objectives, Doug develops customized strategies designed to help them achieve their goals.

Doug graduated from Western Connecticut State University with a Bachelor of Business Administration in Finance and holds FINRA Series 7, 63, 65, and 24 securities registrations.

He also holds the Accredited Investment Fiduciary (AIF®) designation, reflecting his commitment to fiduciary excellence, ethical standards, and prudent investment guidance. This specialized training reinforces his dedication to helping clients make informed financial decisions while always serving their best interests.

In addition, Doug has earned the Certified Plan Fiduciary Advisor (CPFA®) designation, demonstrating specialized expertise in retirement plan fiduciary responsibilities, ERISA compliance, and plan governance. This credential underscores his commitment to helping plan sponsors navigate the complexities of employer-sponsored retirement plans and fulfill their fiduciary obligations.

Outside of his professional responsibilities, Doug serves as a Trustee of the Watertown Foundation, a 102-year-old nonprofit organization that awards more than $200,000 annually in scholarships and grants to members of the local community. He enjoys spending time with his family, traveling, woodworking, and photography. Doug resides in Watertown, Connecticut, with his wife, Kristi, and their daughter, Brooklyn.

About Dr. Rick Wells

Rick Wells is a dedicated leader, educator, and advisor with over three decades of service to his community and country. A retired Lieutenant



Colonel in the United States Marine Corps Reserve, Dr. Wells spent his military career in both active duty and reserve roles, culminating in his retirement after years of exemplary service.

In addition to his military career, Dr. Wells retired as a highly respected elementary school teacher from the West Hartford Public Schools. Throughout his tenure, he inspired young minds with a commitment to fostering growth, resilience, and achievement. His innovative approach to education emphasized the importance of perseverance, mastery, and the cultivation of self-awareness—skills he believes are foundational to both academic and personal success.

As a financial advisor, Dr. Wells brings his service-oriented ethos to helping families, professionals, and organizations build strong financial futures. His expertise in retirement planning and wealth management reflects his dedication to guiding others through challenges to create sustainable solutions that align with their values and goals.

A staunch advocate of health and wellness, Dr. Wells champions the principles of commitment and consistency as a key to building strength and overcoming challenges. Drawing from his military, educational, and personal wellness journey, he inspires others to embrace challenges as opportunities for mental, physical, and spiritual growth.

Through his work as a mentor, speaker, and advisor, Dr. Wells shares powerful insights on goal setting, leadership, and wellness. With decades of dedicated service to the community and the country, Dr. Wells continues to lead by example, offering practical strategies to elevate individuals and organizations alike.