

# LTC Evaluation for Jane & John Doe

Presented by Adam Advisor



# Disclaimer:

LTC Evaluation is a planning concept designed to assist you in exploring long term care insurance options. The product information provided is for educational purposes only and is general in nature. Always refer to carrier-provided illustrations for product specific information.

This presentation is not intended to be a retirement, benefit or estate plan nor is it a specific recommendation for a retirement, benefit or estate plan. This material is for informational purposes only. Although many of the topics presented may also involve legal, tax, accounting or other issues, there is absolutely no intention of offering such advice and this presentation and any other oral or written communication should not be construed as such.

Individuals interested in this topic should consult their own professional advisors to examine tax, legal, accounting, or financial planning aspects of this topic. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

# About Us

We are dedicated to making recommendations in your best interest.

Anyone in a position to make a recommendation is a salaried employee.

Our consultants have no quotas, no production bonuses, and receive no commissions.

***The way insurance planning should be.***



# Our Agenda

---

Goals and Objectives

What is “Long Term Care”?

The Need to Plan & Impact on Family

LTC Insurance Basics

Your Customized Options

Key Takeaways

# Goals and Objectives

- Rising cost of Long Term Care expenses
- Sacrificing standard of living in retirement
- Pay premium for long term care insurance and not using the benefit
- Outliving retirement assets
- Government dependency (Medicaid)
- My income decreasing and affecting my ability to pay for Long Term Care
- Long term care expenses diminishing the legacy I leave for my heirs
- Being able to compensate family members for providing care

# What is Care?

## Skilled Care

- Medically necessary care that requires licensed medical personnel.
- May be covered by medical insurance or Medicaid.
- Examples: Physical therapy, wound care, intravenous injections, catheter care.



## Custodial Care

- Non-medical care that can reasonably and safely be provided by non-licensed caregivers.
- Takes place at home and in senior facilities.
- Assistance with “Activities of Daily Living”
- Not covered by medical insurance



## The Supply

Baby Boomers are ages 60-78 and have a population of 70M. Mean age of LTC claims for men and women is age 80.



## The Demand

In an AHCA poll, 99% of nursing homes and 96% of assisted living communities report staffing shortages.



## Who Will Pay

49% of those over age 40 believe Medicare will pay for LTC services.



## The Impact on Family

53M Americans (1 in 5 adults) is providing unpaid care for a loved one. That care is 24+ hours per week and commonly lasts beyond 5 years.

# The Toll of Family Caregiving

CONDITION PREVALENCE	CAREGIVERS	BENCHMARK	DIFFERENCE
Adjustment Disorder <sup>7</sup>	6.1	4.5	<b>+36%</b>
Anxiety	18.0	13.5	<b>+34%</b>
Major Depression	7.4	5.4	<b>+37%</b>
Tobacco Use Disorder	9.9	7.0	<b>+42%</b>
Obesity	26.9	17.9	<b>+50%</b>
Hypertension	39.3	23.9	<b>+64%</b>

Journal of Affective Disorders



The average cost to a daughter caring for an elderly parent is between \$144,000 - \$200,000.



# The Rising Cost of Care in Your Town

## Monthly median costs: St. Louis<sup>Ⓢ</sup>, MO (2024 vs 2044)

In-home care <sup>Ⓢ</sup>	2024	Community and assisted living <sup>Ⓢ</sup>	2024	Nursing home care <sup>Ⓢ</sup>	2024
Homemaker services <sup>1</sup>	\$6,673	Adult day health care <sup>2</sup>	\$2,194	Semi-private room <sup>2</sup>	\$7,543
2044* Cost	\$12,052	2044* Cost	\$3,963	2044* Cost	\$13,623
Home health aide <sup>1</sup>	\$6,673	Assisted living community <sup>3</sup>	\$6,125	Private room <sup>2</sup>	\$8,365
2044* Cost	\$12,052	2044* Cost	\$11,062	2044* Cost	\$15,108

CareScout Cost of Care Survey



# Long Term Care Insurance

- Provides you with financial and emotional support when you need help getting through the day on your own.
- Protects your family members from becoming full-time caregivers.
- Protects your portfolio from a risk that is likely and large.

***Maintain a relationship with your children where they spend time with you because they want to see you, not because they have to take care of you.***

# How to Collect on Benefits

In order to make a claim to collect on LTCi benefits, your physician must attest that you are unable to perform 2 of 6 “Activities of Daily Living,” which include:

Eating

Bathing

Dressing

Transferring

Toileting

Continence



A cognitive impairment that prevents you from caring for yourself

# General Product Options

## Traditional

## Hybrid

### Contractual Guarantees

The amount of the premium is not guaranteed and will increase on a regular basis.

The premium amount and duration are guaranteed not to increase. The LTC pool, inflation protection, death benefit, and return of premium are guaranteed.

### If Insurance Goes Unused

There is generally no return of premium or death benefit payable.

An income tax-free death benefit pays to the designated beneficiaries.

### If You Decide You Want to Surrender

There is generally no residual value.

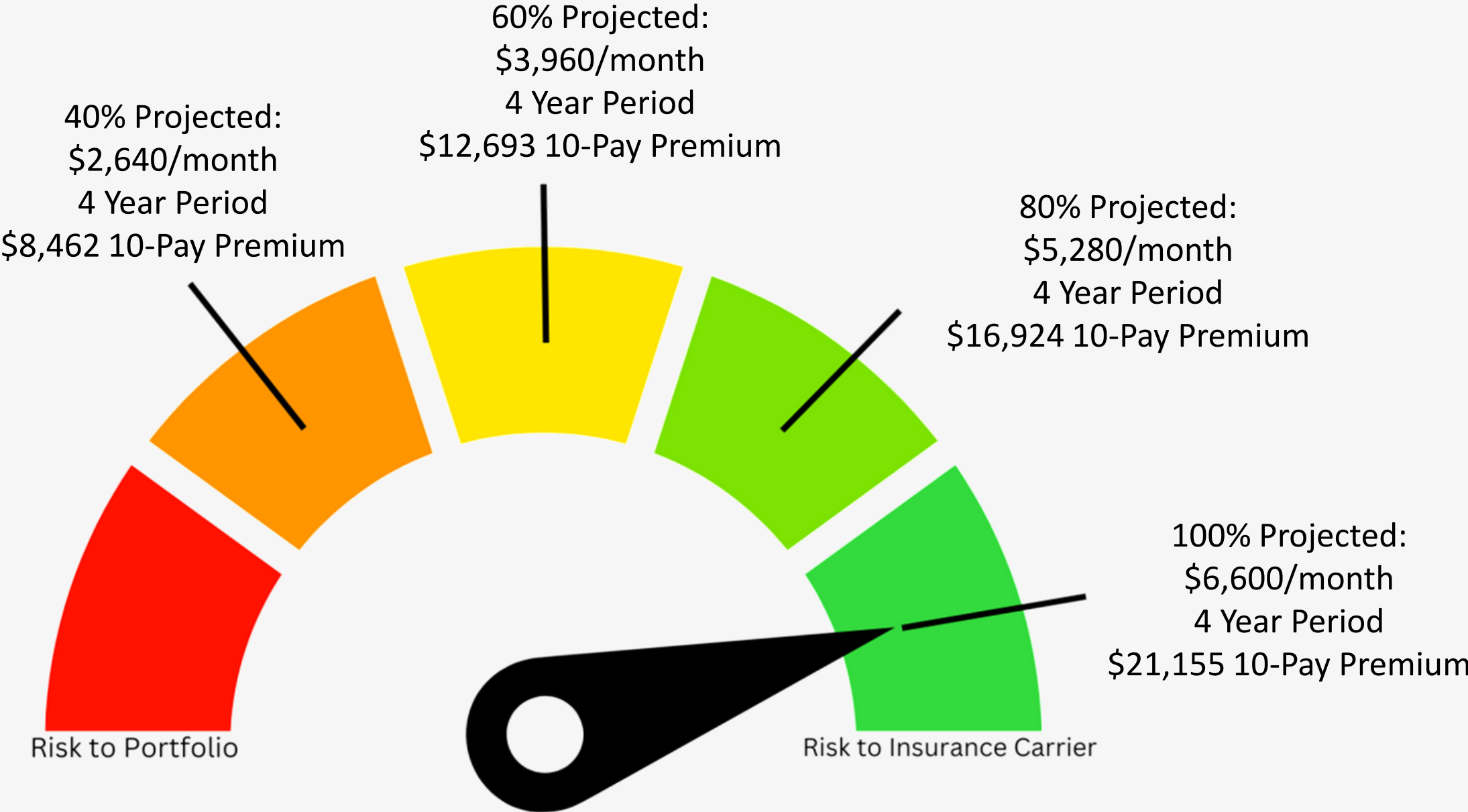
Most plans offer 70-100% return of premium, if you choose to surrender.

# Solutions to the Risk of Longevity

# Product Solutions

	"Hybrid" Lincoln National	"Joint Hybrid" Nationwide
A.M. Best Rating	<b>A</b>	<b>A+</b>
Monthly Benefit - Year 1	\$6,600	\$6,600
Initial Pool of Money	\$331,343 Each	\$704,273 Shared
Benefit Period (Years) <sup>i</sup>	4 Each	8 Shared
Inflation Protection <sup>i</sup>	3% Compound	3% Compound
Inflation on Claim	Yes	Yes
Monthly Benefit - Age 80	\$13,417	\$13,416
Pool of Money- Age 80	\$673,552 Each	\$1,431,642 Shared
Death Benefit	No Claims = \$158,400	No Claims = \$237,600
	Minimum = \$7,920	Minimum = \$23,760
Shared Benefit	None	Joint Plan
Return of Premium	70%	Guaranteed Cash Value
Claims Payment Method <sup>i</sup>	Reimbursement	Indemnity
Elimination Period (Facility) <sup>i</sup>	0	90
Elimination Period (Home)	0	90
Annual Premium - Client 1	\$10,114	Joint Plan
Annual Premium - Client 2	\$11,041	
Total Premium	\$21,155	\$21,726
Cumulative Premium to Year 25	\$211,550	\$217,261
Premium Duration	10 Years (Guaranteed)	10 Years (Guaranteed)
Single Pay Option	\$171,515	\$181,844
Subject to Rate Increases?	<b>No</b>	<b>No</b>

# There's a Long Way Between All or Nothing



## Transferring of LTC Risk\*

This graph is intended to be a visual representation of projected costs based upon an average cost of a semi-private room and homemaker services from CareScout's annual cost of care survey. This is not an assurance or guarantee that the policy benefits will pay for 100% of the cost of care, recognizing that future inflation costs for care are unknown. The figures provided are estimates only.

# Next Steps: Confirm Insurability

- 1 15-20 Minute Phone Call (General Information)
- 2 Personal Health Interview (Digital or Phone)
- 3 Receive Approval

After formal approval, you generally have 2-3 weeks to accept or reject coverage .  
Participation in underwriting does not create an obligation to purchase.



**Questions?**



# Product Solutions

	Traditional Mutual of Omaha
A.M. Best Rating	<b>A+</b>
Monthly Benefit - Year 1	\$6,600
Initial Pool of Money	\$317,000 Each
Benefit Period (Years) <sup>i</sup>	4 Each
Inflation Protection <sup>i</sup>	3% Compound
Inflation on Claim	Yes
Monthly Benefit - Age 80	\$13,416
Pool of Money- Age 80	\$644,396 Each
Death Benefit	Zero
Shared Benefit	Shared Care
Return of Premium	N/A
Claims Payment Method <sup>i</sup>	Reimbursement
Elimination Period (Facility) <sup>i</sup>	90
Elimination Period (Home)	0
Annual Premium - Client 1	\$4,233
Annual Premium - Client 2	\$7,451
Total Premium	\$11,684
Cumulative Premium to Year 25	\$292,102
Premium Duration	Lifetime
Single Pay Option	N/A
Subject to Rate Increases?	<b>Yes</b>

# Citations:

- (1) "How Much Care Will You Need?" *How Much Care Will You Need? | ACL Administration for Community Living*, <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>.
- (2) "2020 Census Will Help Policymakers Prepare for the Incoming Wave of Aging Boomers" (census.gov), site accessed 11/04/20.
- (3) Grunebaum, Dan. "How Much Long-Term Care Will YOU Need?" *MedicareGuide.com*, 14 June 2021, [medicareguide.com/how-much-long-term-care-will-you-need-337811?eType=EmailBlastContent&eld=44444444-4444-4444-4444-444444444444](https://www.medicareguide.com/how-much-long-term-care-will-you-need-337811?eType=EmailBlastContent&eld=44444444-4444-4444-4444-444444444444). Site accessed 7/2/21.
- (4) Published by Statistica Research Department, and Sep 10. "U.S. Population by Generation 2019." *Statistica*, Stastica Research Department, 10 Sept. 2021, <https://www.statista.com/statistics/797321/us-population-by-generation/>
- (5) Muoio, Dave. "Staffing Shortages Face Long-Term Care Facilities to Limit Admissions, Hire Agency Workers." *FierceHealthcare*, 22 Sept. 2021, <https://www.fiercehealthcare.com/hospitals/staffing-shortages-force-long-term-care-facilities-to-limit-admissions-hire-agency>
- (6) May, Steven. "Caregiving in the US 2020." 2020 Report. The National Alliance for Caregiving, 11 May 2020, <https://www.caregiving.org/caregiving-in-the-us-2020/>
- (7) Wolf JL, et al. A National Profile of Family and Unpaid Caregivers Who Assist Older Adults with Health Care Activities. *JAMA Internal Medicine*. March 2016. Table 2, p.375.
- (8) Fronstin, P, et al. Amount of Savings Needed for Health Expenses for People Eligible for Medicare. EBRI. October 2015. p.3
- (9) Czeisler, Mark, et al. "Caregiver Survey Insights." *ARCHANGELS*, *Journal of Affective Disorders*, Volume 295, 2021, Pages 1259-1268, <https://www.archangels.me/insights>.
- (10) Genworth Cost of Care Survey, conducted by CareScout®, November 2021
  - <sup>1</sup> Based on annual rate divided by 12 months (assumes 44 hours per week)
  - <sup>2</sup> Based on annual rate divided by 12 months
  - <sup>3</sup> As reported, monthly rate, private, one bedroom
- (11) "Medicare Coverage of Skilled Nursing Facility Care." *Medicare Coverage of Skilled Nursing Facility Care*, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES , 2019, <https://www.medicare.gov/Pubs/pdf/10153-Medicare-Skilled-Nursing-Facility-Care.pdf>.