



[Starting the Conversation]

Presented by: []

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Starting the conversation

Understanding LTC

Two questions to ask

An asset-based LTC solution

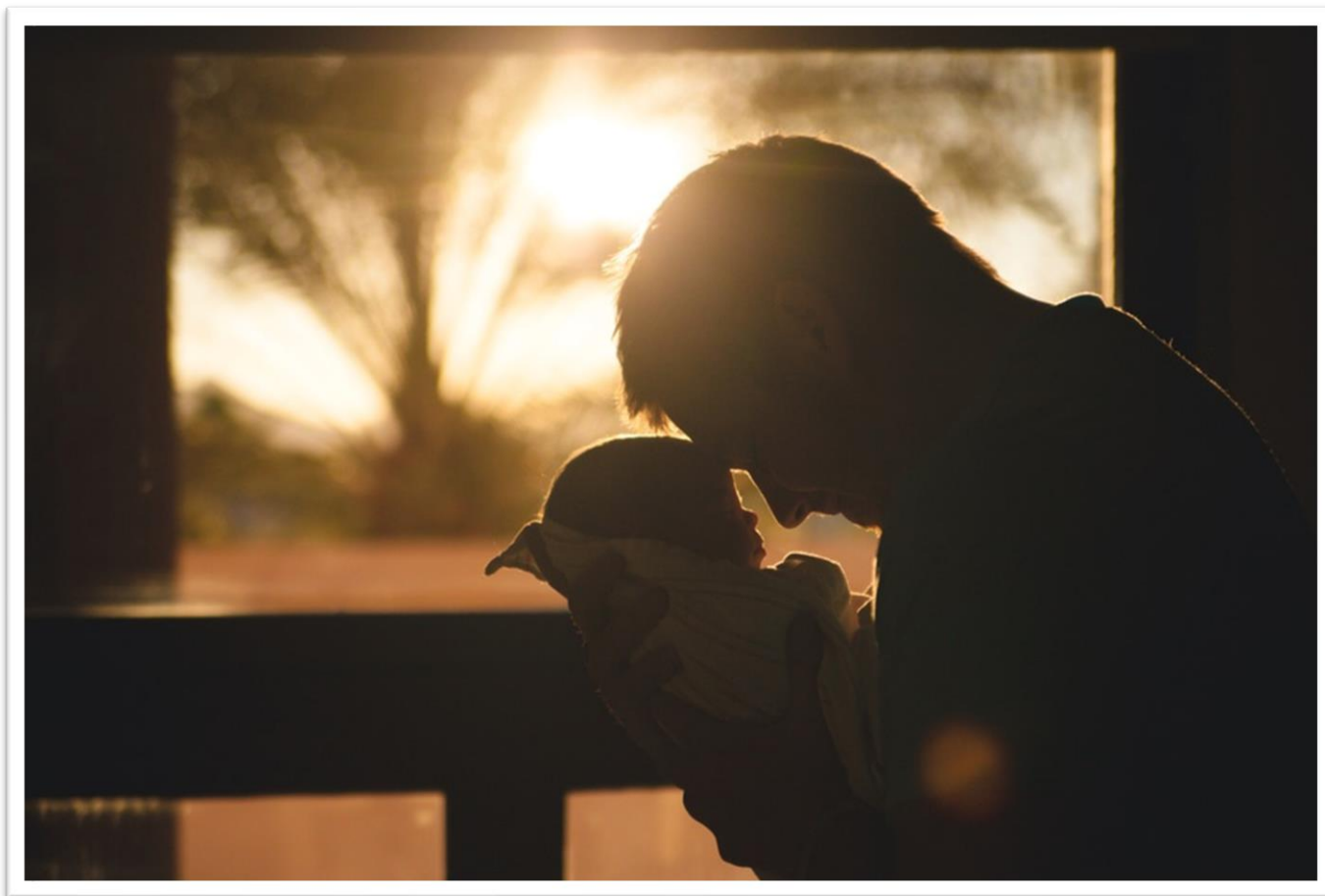
Keep the conversation going

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Starting the conversation

Understanding long-term care

Extended care or **LTC** is “not a condition or a place, but a life-changing event that would have devastating consequences to your loved ones and your ability to keep financial promises during retirement.”
— Harley Gordon



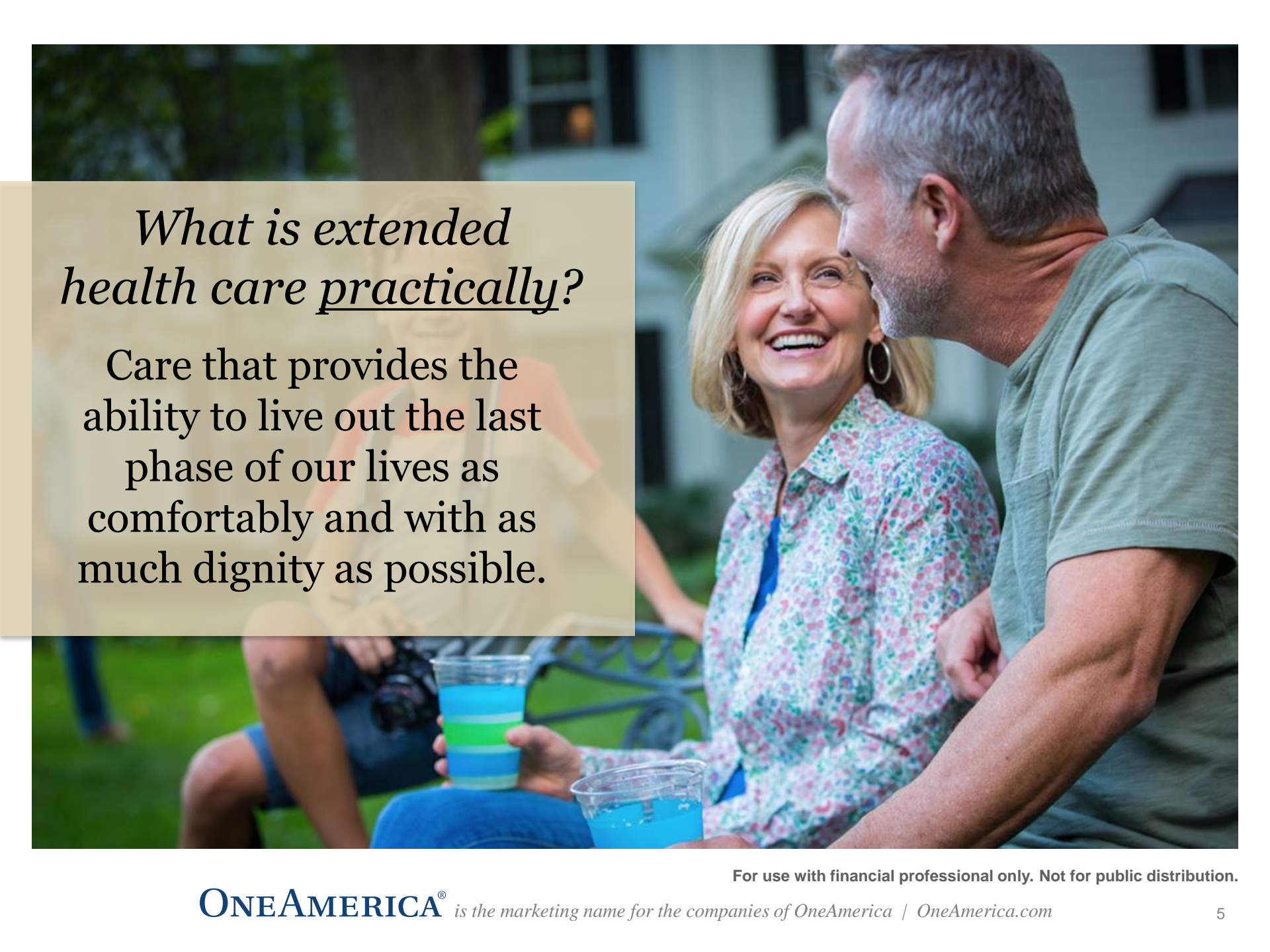
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What is extended health care?

- Also referred to as custodial care or long-term care
- Requiring assistance with the activities of daily living (ADLs) —or a cognitive impairment
- Not necessarily nursing home care
 - Most prefer home health care if given the option

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*What is extended
health care practically?*

Care that provides the ability to live out the last phase of our lives as comfortably and with as much dignity as possible.

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Starting the conversation

Reasons why LTC planning will become even more important



Demographics and the aging of America (Baby Boomer generation)



Increasing life expectancies increase the likelihood of needing care

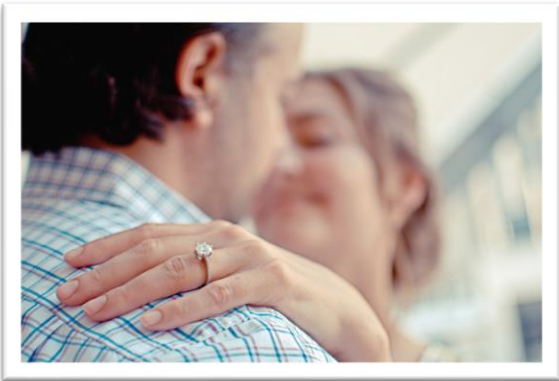


Cost of care increasing faster than inflation

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Starting the conversation

Reasons why LTC planning will become even more important



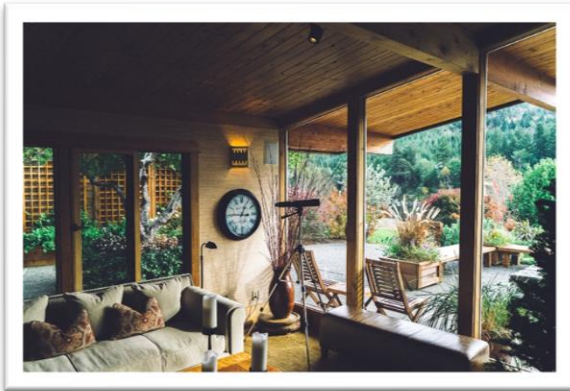
Spouse



Family dynamics



Children



Home, assets, and legacies

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Making a decision on long-term care protection can be intimidating. But you can help alleviate any fears your client has by addressing their concerns head-on.

To start a difficult conversation, there are two simple questions to ask every client:

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Question #1

“You may never need care, but if you did, how would that affect your family?”

The four important things to consider when a loved one needs care:

Spouses

The stress of caring for the chronically ill loved one can impact the health of the caregiver as well.

Children

Caring for a chronically ill parent tends to affect their career, their marriage, their own children and family obligations.

Family dynamics

When informal care is needed, it may not be shared equally amongst the adult children. Often one sibling bears the burden and it can affect the relationship with siblings.

Unnecessary losses

Not all losses can be avoided. However, the unnecessary emotional and financial losses could be mitigated when your clients are well prepared.

Question #2

“And if you did need care, how would you pay for it?”



Government

Government programs, such as Medicaid, may require them to spend down their assets first.



Long-term care insurance

In many cases, traditional LTCi can be very expensive, hard to qualify for, and to many, viewed as a “use it or lose it” policy.



Self funding

Requires them to pay out-of-pocket for all expenses. This means paying dollar-for-dollar and could potentially wipe out everything that has been worked for and saved.

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Developing a plan:

Insurance options

Traditional LTC insurance

- Use-it-or-lose-it
- Must insure each individual
- Premiums can increase at any time

Asset-based LTC

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Asset-based long-term care: (ABLTC)

Specific products based on life insurance and annuities that can provide long-term care benefits.

Some advantages:

- If care is needed, income tax free benefits.
- If care is never needed, asset passes a beneficiary.
- Some companies offer premiums that are contractually guaranteed never to increase.

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The Asset-Based LTC Solution

Care Solutions

1 *Benefits no matter what the future holds*

- Use it – LTC benefits
- Give it – death benefit
- Get it back – guaranteed cash value

2 *Guaranteed*

- Premiums — never go up
- Growth — Asset-Care[®] products increase in cash value
- Cash surrender value

3 *Joint coverage* Provides access to the entire death benefit for two people

4 *Lifetime coverage option* Helps prepare for the possibility of exhausting LTC benefits

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How do we talk with
our clients about
long-term care?



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Keep the conversation going

“What’s more important at retirement?”

Assets

Relates to legacy, gifting and the next generation

Income

Correlates to lifestyle and maintaining a standard of living

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Americans' financial concerns

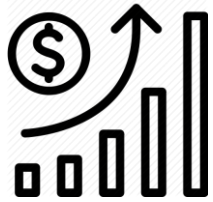
GALLUP®	18 to 29	30 to 49	50 to 64	65+
Not having enough money for retirement	50	70	68	37
Not having enough money to pay for your children's college	46	55	23	8
Not being able to pay medical bills in the event of a serious illness or accident	52	54	58	43
Not having enough money to pay off your debt	47	45	42	20
Not being able to maintain the standard of living you enjoy	52	44	52	41
Not being able to pay medical costs for normal healthcare	35	37	46	33
Not having enough to pay your normal monthly bills	40	33	38	29
Not being able to pay your rent, mortgage, or other housing costs	40	30	31	20
Not being able to make the minimum payments on your credit cards	14	17	18	15

Ranked by percentage very/moderately worried among 30- to 49-year-olds April 3-6, 2014

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Keep the conversation going

Ways expenses could exceed income in retirement?



Inflation



Market downturns



Health care

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Important points to remember

Extended health care is not only a life changing event for an individual, it's also life changing for their family.

Preparing can help lessen the impact.

Options exist.

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No LTC plan could mean
someone close will be forced
to carry the burden

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Help protect her:

- Financially
- Emotionally
- Physically

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Enable them to:

- Stay at home together longer
- Reduce the physical and emotional toll of being a sole caregiver
- Be a care supervisor rather than a caregiver



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Enable him to:

- Maintain his independence
- Continue relationships and companionship

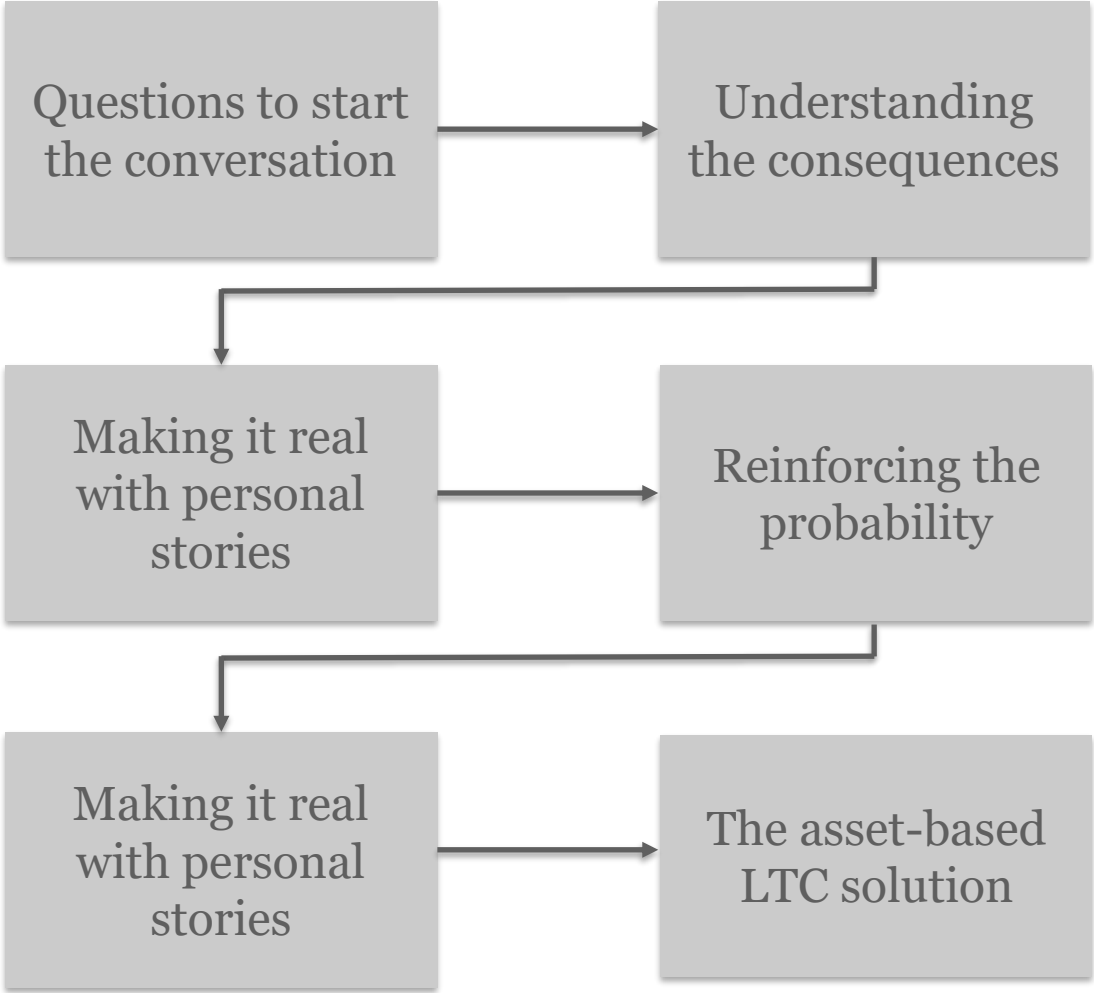


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Preparing for the conversation

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Structuring the conversation



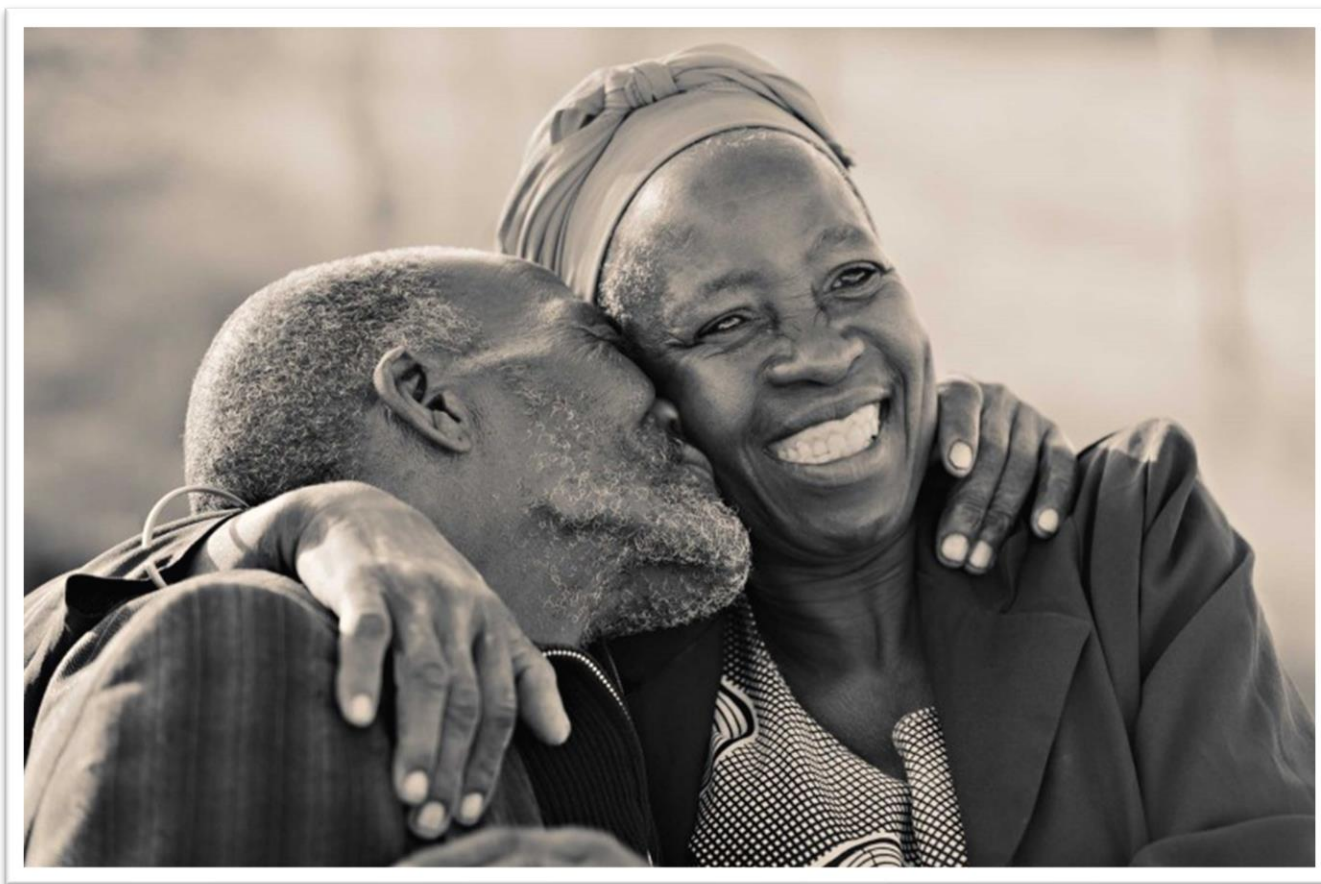
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Questions to start the conversation



- What is long-term care? What does it make you think of?
- Have you known someone who has needed long-term care? How did that impact you or members of the family?
- What will happen if you need long-term care?
- How do you envision your own care?
- If you needed long-term care, what would a family member or friend need to do? How might it impact their job, family and life goals?
- When you think about your retirement, what's most important to you?

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Being a caregiver can have a negative impact on a spouse's quality of life.

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When a spouse isn't involved, your children or other loved ones carry the burden.

Potential effects include:

- Stress
- Lifestyle changes
- Impact on employment

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Family Dynamics

The consequences

- Adult children rarely agree on how money is being spent and how care is given. Tension and resentment can appear between siblings
- Death of a parent can bring adult children together, often times a parent needing care can tear them apart



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Finances

The consequences

- One cannot avoid all losses – emotionally, spiritually, physically
- Long-term care can be very expensive and can erode a well-designed plan
- Financial losses could be capped or mitigated if there is a plan in place!

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Making it real with personal stories



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Reinforcing the probability



7-in-10 individuals older than 65 will require some type of long-term care during their lifetime.



The likelihood is **99.5%** that at least one spouse in a married couple older than 65 will need long-term care.

Source: U.S. Department of Health and Human Services,
www.longtermcare.gov, 10/06/2016.

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Reinforcing the probability



1-in-3 seniors die with Alzheimer's disease or some form of dementia.

In 20 years, the estimated cost of care for someone with Alzheimer's is \$174,305 per year. Over 8 years, that's \$1,394,440.

Sources: Alzheimer's Association, 2015 Alzheimer's Disease Facts and Figures; National Long-Term Care Clearinghouse.

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