

LONG TERM CARE

What's Your Plan?

HOW DO WE PAY FOR LONG TERM CARE?

- ◎ Self- Insure
- ◎ Spend down to poverty level and government pays
- ◎ Buy LTC insurance and transfer the risk

WHY DO WE NEED LTC INSURANCE?

- We're living longer
 - Better educated
 - Medical technology
 - When we don't die, we live
 - When we live, we get older
 - When we get older, we need help
- Families are geographically challenged
 - People live where their careers take them
 - Women often are the breadwinners
 - Women are also most often the care providers

WHAT DO I NEED IN A POLICY?

- ◉ Daily Benefit
- ◉ Elimination Period
- ◉ Inflation Protection
- ◉ How much money to buy
 - Lifetime benefits
 - Partnership policies
 - Statistics
- ◉ Once you define these 4 choices, then you can consider whether or not to add extra fluff

FEDERAL LAWS TO ENCOURAGE LTC PLANNING

CLASS Act

Part of health care reform

◎ Partnership Protection Act

- Part of DRA 2005
- 39 states have passed partnership laws
- For each \$1 spent by LTCi, you can keep \$1 and still apply for Medicaid assistance

◎ Pension Protection Act

- Passed January 1, 2010
- Allows tax-free exchange from life insurance and non-qualified annuities to pay for LTC and LTCi
- LTCi benefits tax-free

WHY THESE NEW LAWS?

- ◎ Government can't afford LTC costs
 - 78 million baby boomers are retiring
 - People living longer
- ◎ Medicaid cuts to preserve for those truly at poverty level
- ◎ Reward for good planning...finally

STRATEGIES FOR PROTECTION

○ Traditional LTCi

- Pay annual premium for future “Pool of Money”
 - Partnership Inflation Protection requirements
 - Strict underwriting guidelines
- Annuity or Life/LTCi combo products
 - Lump sum deposit with LTC rider attached
 - If you need care, you have 2-3X your initial deposit
 - If you die without needing care, beneficiaries receive

WHEN SHOULD I BUY LTC INSURANCE?

- ◎ Suze Orman says in your 50s
- ◎ Dave Ramsey says age 60 is financially the smartest time to buy
- ◎ If this is something you are serious about at some point in your future, the best time to buy is now
 - You are the youngest you will ever be
 - By waiting, you may lose preferred health discounts
 - Or you may be rated up or declined due to a health impairment that shows up between now and that perfect time
 - My story

WHAT ABOUT RATE INCREASES?

- Largest payer of LTC services is government
 - Nearly 50% paid by Medicaid
 - Rate Stabilization Act 2003
 - If carrier requests increase on stabilized policies
 - Increase loss ratio from 58% to 85%
 - Cease writing new policies up to 5 years
 - Prevents companies from underbidding to build clientele and then raising rates - keeps insurers honest about pricing
 - Partnership Protection
 - Delay Medicaid applicants until LTC insurance has paid
 - States don't want to be primary payer of LTC services

LONG TERM CARE INSURANCE

It's not for you

It's for your family

- ◎ Helps your family help you better...longer