Long-Term Care: Planning for Care in Todays Environment

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COLLABORATIVE INSURANCE SOLUTIONS

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Collaborative Insurance Solutions

Empowering advisors with

EXPERT COUNSEL IN INSURANCE

- Life Insurance
- Disability Insurance
- Long-term Care Insurance
- Fixed Annuities

Collaborative Insurance Solutions

OUR TEAM

ERYKA MOREHEAD, CAP, CLTC, LACP
Founder + Visionary

AUSTIN HULTQUIST, CLTC
Senior Insurance Strategist

SUNNY AVALOS
Insurance Strategist

Risk Management & LTC

Our clients take protective measures in other aspects of life.
LTC should be no exception.

Wellness	Transportation	Family and Wealth	Home	Retirement
Health Insurance	Auto Insurance	Life & Disability Insurance	Homeowner's Insurance	LTC Insurance
✓	✓	✓	✓	?

What is Long-Term Care (LTC)?

1

Referred to as custodial care, long-term care, or extended health care

2

Not necessarily nursing home care — most prefer home health care if given the option

3

Requiring assistance with activities of daily living (ADLs) — or a severe cognitive impairment

The goal of long-term care is not to cure an illness, but to give an individual an optimal level of functioning and quality of life.

Long-term care includes a variety of medical, social, personal, supportive and specialized services needed by those who have lost some capacity for self-care because of a chronic illness or disabling condition.

How to qualify for claim?

- Needing Assistance with 2 of 6 Activities of Daily living (ADLs)
  - Bathing
  - Dressing
  - Eating
  - Transferring
  - Toileting
  - Continence
- Cognitive Impairment Requiring Substantial Supervision to get through Daily Routine

How Is Care Provided?

Care can be provided in a variety ways:

- Nursing home
- Assisted living
- Hospice
- Memory Care
- Adult daycare
- Home healthcare
- **Most common is unlicensed unpaid care from a spouse or family member**

Cost of Care

Monthly Median Costs: *Omaha Area, NE (2023 vs. 2053)*

In-Home Care	
Homemaker Services[1]	$4,099
2053* Cost	$9,949
Home Health Aide[1]	$7,627
2053* Cost	$18,513

Community and Assisted Living	
Adult Day Health Care[2]	$1,625
2053* Cost	$3,944
Assisted Living Facility[3]	$6,150
2053* Cost	$14,928

Nursing Home Facility	
Semi-Private Room[2]	$9,125
2053* Cost	$22,149
Private Room[2]	$10,798
2053* Cost	$26,210

Annual Median Costs: *Omaha Area, NE (2023 vs. 2053)*

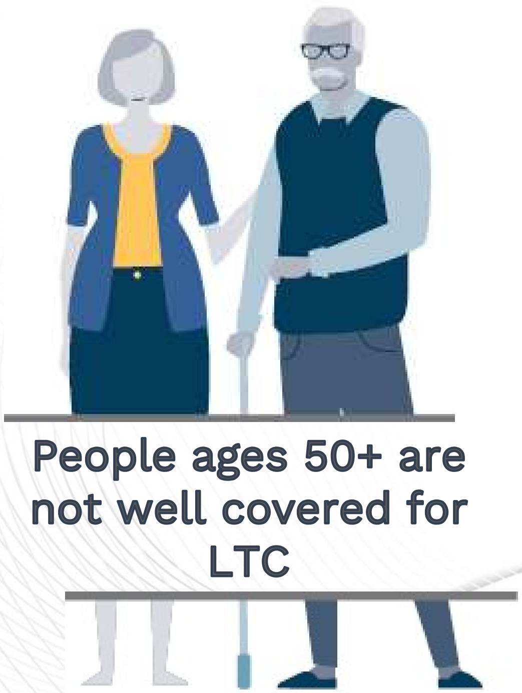
In-Home Care	
Homemaker Services[1]	$49,192
2053* Cost	$119,402
Home Health Aide[1]	$91,520
2053* Cost	$222,143

Community and Assisted Living	
Adult Day Health Care[2]	$19,500
2053* Cost	$47,332
Assisted Living Facility[3]	$73,800
2053* Cost	$179,132

Nursing Home Facility	
Semi-Private Room[4]	$109,500
2053* Cost	$265,785
Private Room[4]	$129,575
2053* Cost	$314,513

How Big is the Issue?

Most people don't own LTC coverage



People ages 50+ are not well covered for LTC

7% own LTC

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https://www.forbes.com/health/senior-living/long-term-care-insurance - February 20, 2023

Facts & Figures

70%

An American turning 65 today has an almost 70% chance of requiring LTC services in their lifetimes.

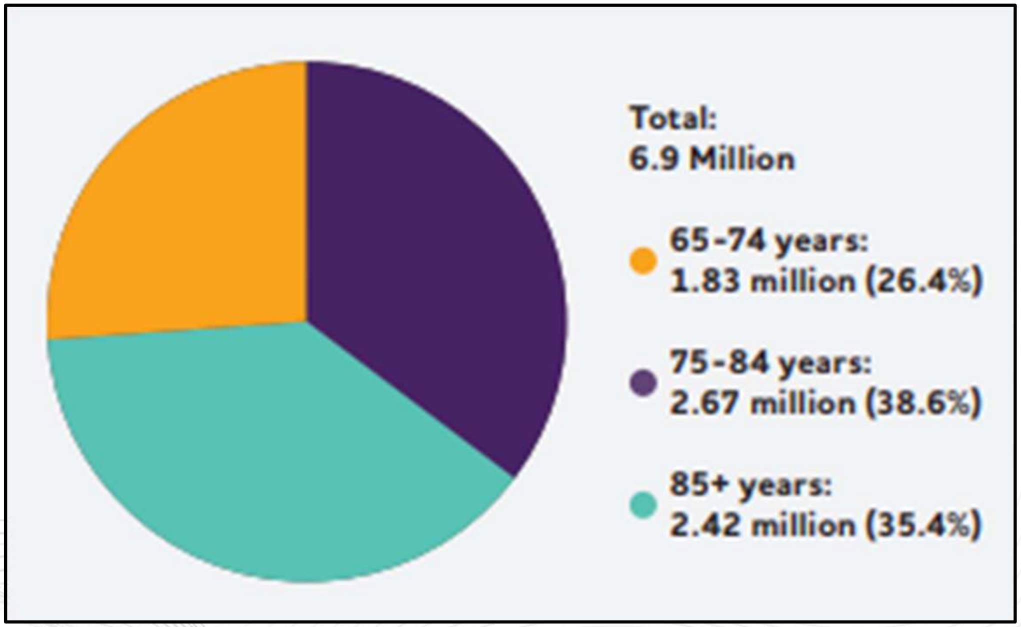
20%

And of those needing care, 20% will need it for longer than 5 years

Source: *https://acl.gov/ltc/basic-needs/how-much-care-will-you-need. Last modified: 02/18/2020*

Facts & Figures

Number and ages of people 65 or older with Alzheimer's or Dementia in 2024



Source: https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf , page 23, 2024. Percentages do not total 100 due to rounding.

Facts & Figures

6.9 Million

Americans age 65+ that have Alzheimer's disease in 2024

82 Million

Americans age 65+ by 2050 (58 Million in 2022)

12.7 Million

Americans age 65+ projected to have Alzheimer's disease by 2050

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Source: 2024 Alzheimer's Disease Facts and Figures. Alzheimer's Association. https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf. Published 2024

Facts & Figures

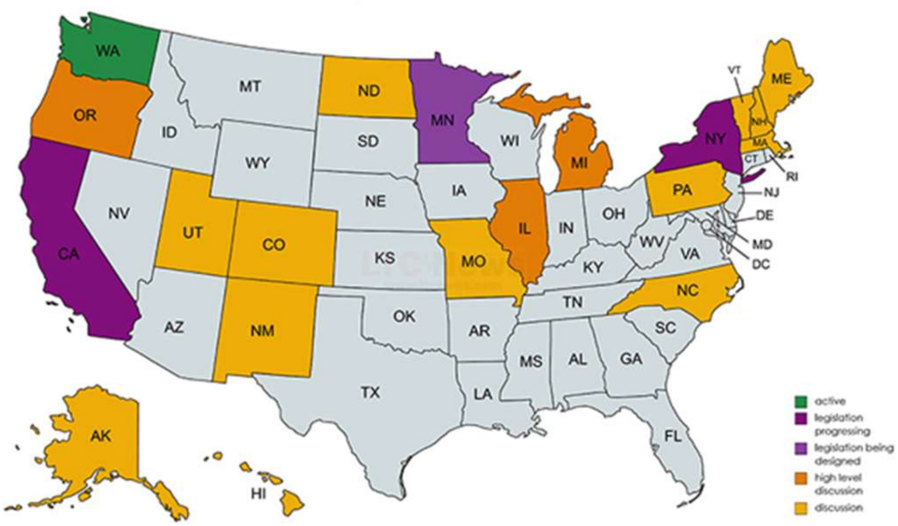
Company	Largest claim (Male)	Total cost	Largest claim (Female)	Total cost
1	14 years, 2 months	$2,276,381	16 years, 6 months	$2,329,333
2	19 years, 3 months	$2,205,800	15 years, 4 months	$2,636,417
3	16 years, 2 months	$2,091,083	9 years, 10 months	$1,727,594
4	15 years, 8 months	$1,700,000	14 years, 6 months	$2,000,000
5	14 years, 3 months	$1,461,256	11 years, 7 months	$2,012,385
6	15 years, 4 months	$1,413,934	15 years, 6 months	$1,499,601
7	13 years, 2 months	$1,179,502	18 years, 1 month	$1,316,417

Source: http://www.aaltci.org/long-term-care-insurance/learning-center//ltcfacts-2019.php#2019end. November 2019

Long-Term Care Tax Legislation

Nineteen states are considering following Washington’s lead in taxing those who do not own a qualifying Long-Term Care Insurance policy.

States are striving to find solutions to the escalating challenge of aging and long-term care. Many experts anticipate that more states will establish similar long-term care tax programs in the upcoming years.



States in the process of enacting or are already imposing a LTC Tax:

- Alaska
- California
- Colorado
- Hawaii
- Illinois
- Maine
- Massachusetts
- Michigan
- Minnesota
- Missouri
- New Hampshire
- New Mexico
- North Carolina
- North Dakota
- New York
- Oregon
- Pennsylvania
- Utah
- Vermont

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https://www.ltcnews.com/articles/multiple-states-considering-implementing-long-term-care-tax

Long-Term Care Insurance

Solutions available for your clients

- **Traditional Long-Term Care**
- **Asset Based Long-Term Care**
- **Life Insurance Rider Options**
- **Annuity Long-Term Care**
- **Medically Underwritten SPIA**

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Long-Term Care Insurance

When is the right time?

- **We have LTC solutions for clients 35-80 years old** (insurable or uninsurable).
- **Each client's situation** (goals, balance sheet, cash flows, etc.) **is different. There is no one size fits all. It is important to listen to what keeps them up at night.**
- **Ideally every client has an opportunity to get educated and explore their options for LTC before retirement to make an informed decision on how they want to handle the potential risk.**
- **Has there been a change in cash flow or expenses?**
  - Annual bonus
  - Increase in pay
  - Mortgage paid off
  - Kids out of college and off the payroll
- **Whenever they are healthy enough**

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Long-Term Care Insurance

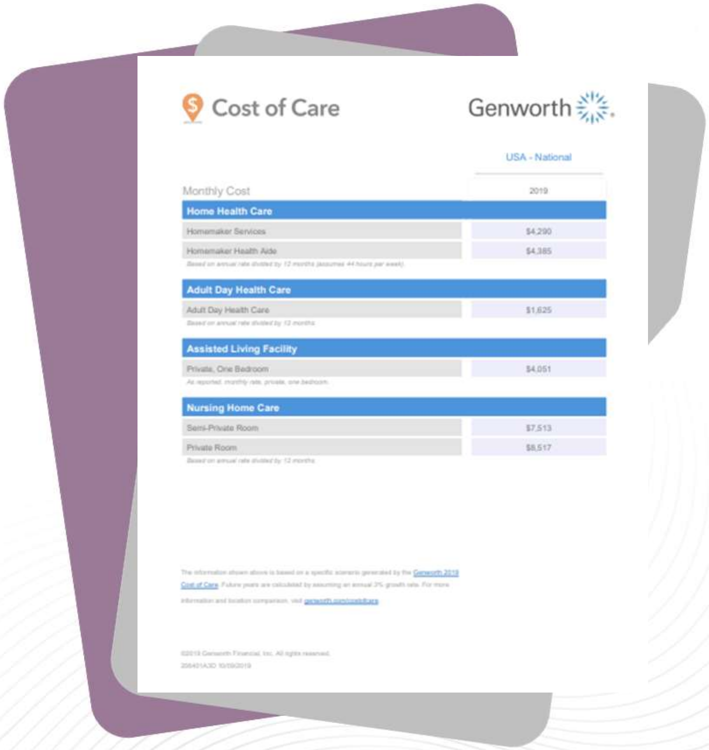
Case Study - Client Profile

- **44-year-old recently divorced female**
- **2 daughters, 23 and 26** (both nurses)
- **$1.7M balance sheet w/ $197k cash in the bank as part of divorce. No debt**
- **Very strong cash flow due to salary and divorce terms**
- **Income = $132k / Expenses = $60k now and in retirement**
- **$50k teacher salary, $27k alimony (15 years) and 55k business buy-out (20 years)**
- **Didn't have any charitable intentions and wasn't concerned about leaving assets to daughters/future grandkids.**
- **Met with advisor to discuss financial plan after divorce. Client mentioned her biggest concern was the uncertainty of a long-term care risk and her daughters feeling as though they need to put their lives on pause in the future to provide her care.**

Long-Term Care Insurance

Case Study – Quote Parameters

- **Starting Monthly Benefit = $5,500**
- **Benefit Period**
  - 60 months – traditional LTC
  - 6 years – asset based LTC
- **Elimination Period = 90 Calendar Days**
- **Inflation Protection = 3% Compound**
- **Funding Source & Structure**
  - 10 pay & single pay


Cost of Care

Genworth

Monthly Cost	USA - National 2019
Home Health Care	
Homemaker Services	$4,290
Homemaker Health Aide	$4,385
Based on annual rate divided by 12 months (assumes 44 hours per week).	
Adult Day Health Care	
Adult Day Health Care	$1,625
Based on annual rate divided by 12 months.	
Assisted Living Facility	
Private, One Bedroom	$4,051
As reported, monthly rate, private, one bedroom.	
Nursing Home Care	
Semi-Private Room	$7,513
Private Room	$8,517
Based on annual rate divided by 12 months.	

Long-Term Care Insurance

Traditional LTC

- **Day 1 LTC Monthly Benefit = $5,500**
- **Day 1 LTC Total Benefit Pool = $330,000**
- **Age 80 LTC Monthly Benefit = $15,941**
- **Age 80 LTC Total Benefit Pool = $956,432**
- **Death Benefit = N/A**
- **Benefit Payment Type = Reimbursement**
  - Licensed Care Required
- **State Partnership Qualified = Yes**
- **Non-Guaranteed Premium =**
  - $13,748.58 for 10 years ($137,486)
  - 7 years guaranteed w/ Thrivent

thrivent

Thrivent Long-Term Care Insurance

Summary of Coverage

	Female 44, Standard **Issue State: IA**
Maximum Monthly Benefit:	$5,500
Benefit Multiplier:	60 months
Available Benefit:	**$330,000**
Elimination Period:	90 day
Contract Pay Type:	10-Pay
Modal Premium:	$1,182.38 (Monthly)
Riders/Options:	Annual Increase Benefit - 3% Compound

Premium Breakdown	
Base Contract:	$11,164.68
Riders/Options:	$2,583.90
Discounts:	($0.00)
Total Annual Premium:	$13,748.58*

*If you elect to pay your premium more frequently than annually, a modal charge will apply.

Thrivent Long-Term Care Insurance is intended to be federally tax-qualified long-term care insurance as defined by Internal Revenue Code of 1986 §7702B(b). It provides an Available Benefit (referred to as a pool of money) to help pay for eligible long-term care services such as: home health care, homemaker services, special equipment, home modifications and facility care. While Thrivent does not provide specific legal or tax advice, we can partner with you and your tax professional or attorney.

Long-Term Care Insurance

Asset-Based LTC

- **Day 1 LTC Monthly Benefit = $5,500**
- **Day 1 LTC Total Benefit Pool = $426,915**
- **Age 80 LTC Monthly Benefit = $15,941**
- **Age 80 LTC Total Benefit Pool = $1,237,318**
- **Death Benefit = $132,000 (less benefits paid)**
  - Guaranteed minimum DB $10k
- **Benefit Payment Type = Indemnity (cash)**
  - Will pay for unlicensed care
- **State Partnership Qualified = No**
- **Guaranteed Fixed Premium =**
  - $9,784 for 10 years ($97,814)
  - $79,419 single pay

securian FINANCIAL®

SecureCare III

This proposal is valid only if all pages are included.

Important information about your proposal

Thank you for considering Securian for your long-term care (LTC) planning needs.
This proposal was customized for you based on the following information:

Proposed insured	C n, Female, age 44, Standard Non-Tobacco
Premiums	$97,814.70 premium paid over 10 years Annual premium: $9,781.47 A detailed premium report is available on the next page of your proposal.
Total LTC benefit period	6 years
LTC Inflation Protection Agreement	3% compound
Premium Waiver for LTC Agreement	Yes
Day 1: LTC benefits	**Total:** $426,915.12 **Monthly:** $5,500.00 **Annual:** $66,000.00
Age 80: LTC benefits	**Total:** $1,237,318.68 **Monthly:** $15,940.53 **Annual:** $191,286.36
Elimination period	90 calendar days from date insured is certified as chronically ill
Face amount[1]	$132,000
Guaranteed minimum death benefit[2]	$10,000
Return of premium option[3]	LTC Boost
Modified Endowment Contract (MEC)	Yes

This is a life insurance proposal, not a contract. Any policy loans and partial surrenders will affect policy values and may require additional payments to avoid policy termination.

Please review your policy for a complete description of all policy features and benefits.

Long-Term Care Insurance

Case Study Summary & Implementation

- **Client moved forward with the 10-pay asset based LTC contract**
- **Less premium outlay than traditional LTC ($97K vs $137k)**
- **Longer benefit period**
- **Not use it or loose it – has $132k death benefit**
- **Loved the fact everything was fixed and guaranteed, and she wouldn't be paying LTC premiums in retirement.**
- **Felt as though she would be able to live more freely and feel more comfortable in retirement someday knowing the LTC risk has been transferred to the insurance company and she will not have to self fund. Her biggest worry was lifted off her shoulders.**
- **Indemnity benefit: Loved that she could pay her daughters someday if they insisted on providing her care.**

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We do insurance differently

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Thank you!

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