

How to Talk About Long-Term Care Insurance

A guide for insurance agents
& financial professionals.

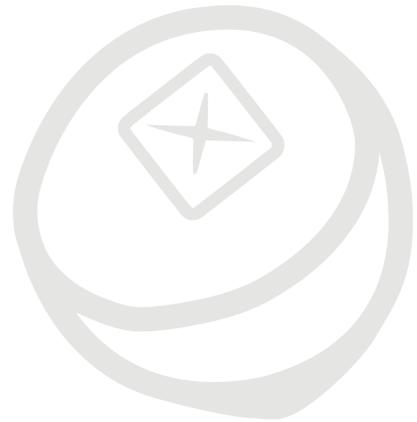


Y E T W  R T H SM

i n s u r a n c e s o l u t i o n s

your risk management partner

STEP ONE: FACT-FINDING



Obtain basic information for a quote to:

- 1) Quote the correct rate and
- 2) Prequalify the client.



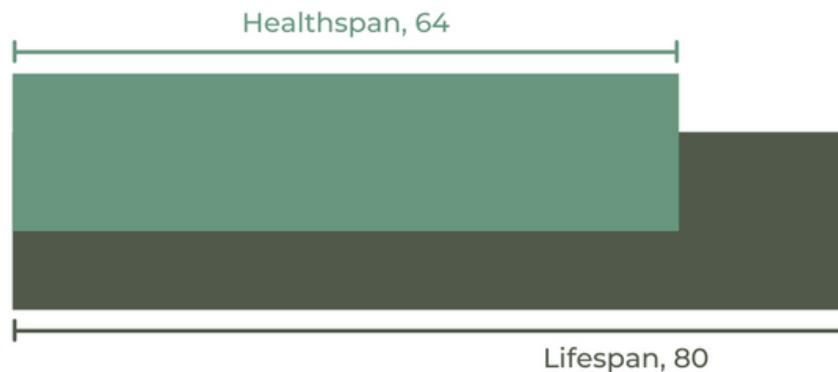
Here's what's needed:

- Full name
- Date of birth
- Gender
- Health history
- Medications
- Net worth
- Marital status
- Is spouse applying?
- If so:
 - Spouse name
 - Date of birth
 - Gender
 - Health history
 - Medications

| Y E T W  R T H TM | | | |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------|--------|
| long-term care insurance quote request | | | |
| Broker Contact | | | |
| Name | | Email | |
| Client Profile | | | |
| Name | | State | Sex |
| Marital Status | Net Worth | DOB | Smoker |
| Spouse | | | |
| Name | | State | Sex |
| | Net Worth | DOB | Smoker |
| Health | | | |
| Back or neck conditions | | Sleep apnea | |
| Diabetes | | Cancer | |
| Anxiety, depression, or other mental disorder | | Cardiac condition | |
| Other known health condition for which treatment was provided or recommended: | | | |
| Last Hospitalization: | | | |
| Current Medications: | | | |
| team@yetworth.com |  | 800.924.2294 | |

STEP TWO: ADDRESSING THE NEED - LIFESPAN VS. HEALTHSPAN

The average "healthspan" (the number of healthy life years) in the European region is 63.7 for men and 64.2 for women, but the average life expectancy is about 80 years old. **That's at least 20% of your life of potentially needing long-term care services/support.**



The World Health Organization, Europe, 2018

- **By 2030, all baby boomers will be age 65 or older (U.S. Census)**
- **Someone turning age 65 today has almost a 70% chance of needing some type of long-term care services and support (LongTermCare.gov)**
- **Someone who buys a policy at age 60 has a 50% chance of using it (AALTCI)**

Like many industries, the long-term care insurance industry runs on supply and demand. Rates are already increasing as more and more of our population ages. As healthspans expire, the need for long-term care rises. Securing a policy now insures against the risk of being left without.

STEP THREE: ADDRESSING THE WHY - PERSONAL STORIES



Almost everyone has a long-term care story. Here's ours.

Back in the 1990s, Jack's mom, Liz, was diagnosed with Parkinson's and needed around-the-clock care. The cost of care in addition to the lack of care coordination forced our family to sell her house and move her into a nursing facility.

Jack and Diana were young parents with small children and an aging mother to care for -- plus a business to run! Like so many other Americans, they were stressed-out caregivers trying to make ends meet.

Being able to rely on skilled workers to care for Grandma Liz rather than her son and daughter-in-law having to care for her for 24 hours a day allowed Jack and Diana to run and build the business we all know today.

Caregiving can change family dynamics, but sending your loved one to a nursing home may not be your favorite choice either.

LTCi gives people the choice to receive professional care at home. Long-term care insurance can give folks more autonomy over their fate when they need care.

STEP FOUR: DEFINING LONG-TERM CARE (and INSURANCE)



An LTCi policy reimburses the policyowner for long-term care services and support (up to a daily or monthly maximum).

Long-term care is “a range of services and supports you may need to meet your personal care needs. Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life,” also known as Activities of Daily Living (ADLs).

ADLs include bathing, dressing, eating, toileting, continence, and transferring. Bathing and dressing are typically the first two to go.

The most common types of care are nursing, residential, community, and home.

Nursing care (Skilled Nursing Facility) is a facility with around-the-clock trained professionals to care for residents with severe illnesses or injuries.

An assisted living facility (or **residential** care) is for those who need help with some things but do not need 24-hour care.

Continuing care retirement **communities** are a mixed campus of nursing and assisted living for an easier transition between the two.

And **home care** sounds like it is—being able to stay in your home to receive care by a professional aide or other caregiver.

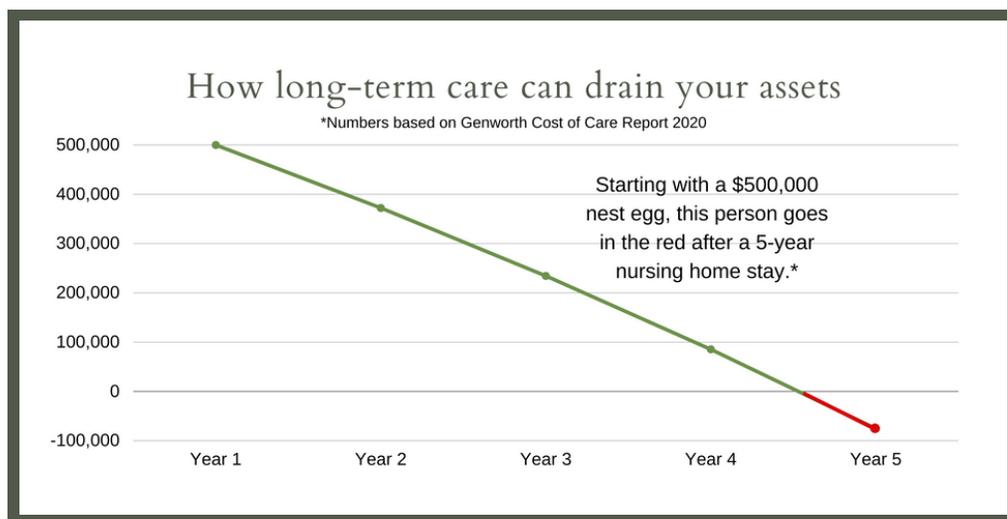
STEP FIVE: THE REAL COST OF LONG-TERM CARE



Do your potential clients think they can't afford a policy? Well, then they unfortunately can't afford to pay for long-term care services either. The \$200 or so a month for premium way more than pays for itself when you look at the actual cost of care.

In the state of California, the average **monthly** cost of:

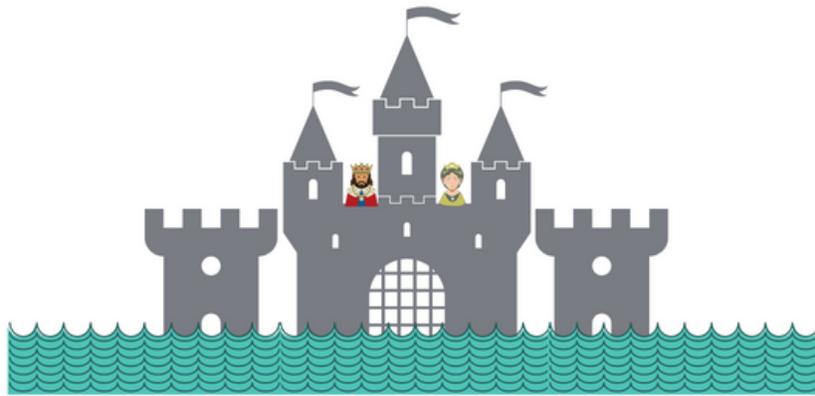
- A home health aide is \$5,529,
- An assisted living facility is \$5,000, and
- A private room in a nursing facility is \$11,437*.



These numbers increased from 2019 to 2020 at an average rate of about 7.37% and continue to increase every day*. This graphic gives an idea of the huge loss a few years in a California nursing home can do to someone's retirement savings. Long-term care insurance can help keep those costs down.

*Genworth Cost of Care Study

STEP SIX: PROTECTING HARD-EARNED ASSETS - AN ANALOGY

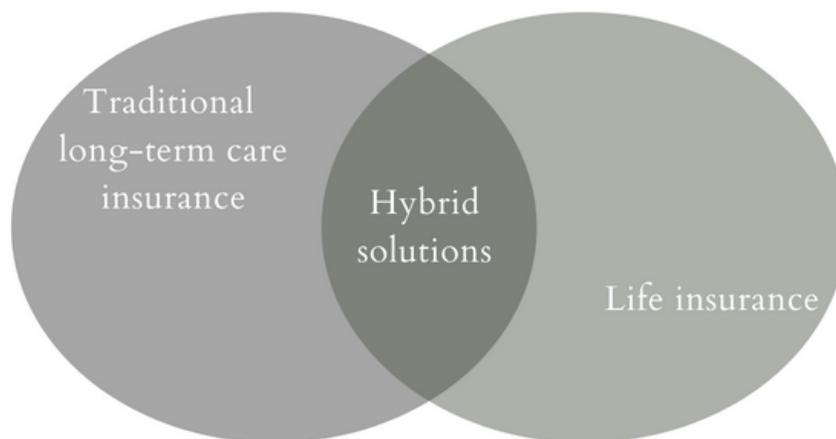


The point of a long-term care insurance policy is to protect assets during a long-term care event. Think of how a **moat** protects a **castle**. An LTC policy (moat) slows the onslaught and gives you time to defend your assets (castle). The bigger the moat, the more time you have.

Your clients, a king and queen (both age 55), have a \$1 million castle and are preparing for battle. You have the good fortune of assuring them that they don't have to mortgage the castle to build a good moat.

The average cost of homecare (castlecare?) is \$30/hour or approximately \$5,000/month based on a 40-hour workweek. A benefit of \$5,000 per month, compounding by 3% each year, will give them \$500,000 (of moat) to protect their \$1 million castle. This moat plan comes out to just \$474 a month in combined premium—a manageable premium for a solid moat.

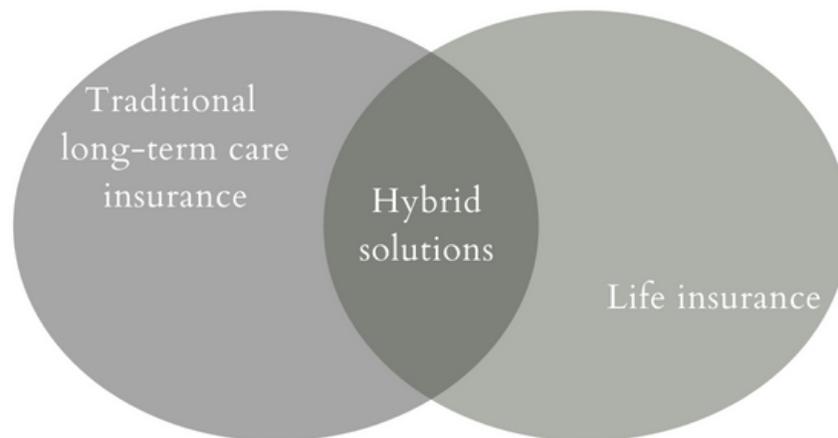
STEP SEVEN: TYPES OF LONG-TERM CARE SOLUTIONS - TRADITIONAL LTC



Tax-qualified long-term care insurance (aka TQLTC, Traditional LTC, or Standalone LTC) is tax-advantaged and perhaps the most effective LTC solution on a dollar-for-dollar basis. Regular annual premiums are paid to secure an exponentially larger amount of benefit to be used for long-term care supports and services. The benefit pool is typically purchased to include a guaranteed inflation rider to ensure that benefits are meaningful at the time of claim.

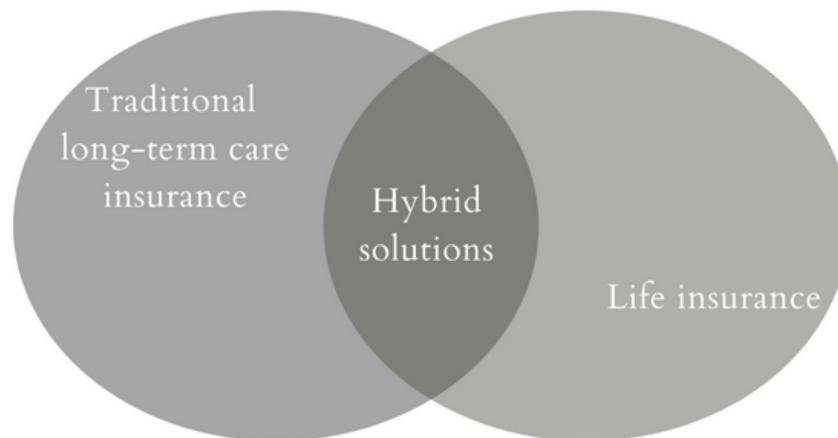
This solution is great for a couple in good health and within the age range of 55 and 70. They have retirement savings of \$500,000+ and would like to protect a chunk of their hard-earned assets. They have no need for a life insurance product anymore but would like to have coverage for any potential need for long-term care services down the line. They do not want to spend down their assets to qualify for MediCal/Medicaid and end up in a nursing home.

STEP SEVEN: TYPES OF LONG-TERM CARE SOLUTIONS - ACCELERATED DEATH BENEFITS



Accelerated death benefits may be accessible on a life insurance policy which allows for earlier access to the death benefit (before death) in the event of a terminal illness. This is not considered a long-term care solution. However, some newer policies are using benefit eligibility criteria that may include chronic illness. It is very important to check the definitions in these types of policies because there is such a wide variety.

STEP SEVEN: TYPES OF LONG-TERM CARE SOLUTIONS - LINKED BENEFIT / HYBRIDS



Linked-benefit long-term care insurance (aka Asset-Based Life/LTC, or Hybrid LTC) may be a solution for those clients who have the means to secure a single-premium solution usually in the six-figure range. One payment with a Linked Benefit plan can secure a strong long-term care policy in addition to a modest life insurance death benefit if the long-term care coverage is never needed. Return of premium is generally a feature as well. Life pay options are available, and when compared to traditional LTC, you will clearly see the additional cost to having guaranteed premiums and a return of premium less claims at death.

STEP EIGHT: REVIEWING QUOTES



It's time to finally present a solution to your client!
To help you, we created an interactive LTC
planning worksheet.

LONG-TERM CARE PLANNING WORKSHEET

Name: _____ DOB: _____ Marital Status: _____

INTRODUCTION

If you got sick tomorrow and needed care where would you want to receive those services?

Which asset will you liquidate first to pay for that care?

If there was a better way to pay, is this something we should take a look at?

EXPERIENCE

Why is the topic of long-term care of interest to you?

Did any family members have any care needs?

If so, what was the cause of those needs?

What was the duration?

What was the approximate cost?

Do you have any caregiving experience?



PLANNING

Where do you currently live?

Do you plan on living there forever?

If not, where do you plan to retire?

Do you know the cost of care in your area?

Are friends and family part of your caregiving plan?



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By gathering this information throughout communication with your client, you can better paint a picture of how long-term care insurance will help their specific future plans. At this point, the client should have a good idea of the importance of LTCi and you'll be able to review the illustrations together to pare down exact benefit structures and premiums that work for them.



We are here to help along the way.

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Contact us:

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