Long Term Care Insurance

presented to

SE Missouri State University
What is Long Term Care?

“Care” versus “Cure”

This is not

“Nursing Home” care only

86% of the individuals receiving long term care do so in their home or in the community.¹

¹ Georgetown University, Long-Term Care Financing Project, Long-Term Care Financing: Policy Options for the Future, Judith Feder, Harriet L. Komisar, Robert B. Friedland, June 2007
What is Long Term Care?

“Care” versus “Cure”

- Where LTC services are provided
  - At home
  - In the community (adult day care, hospice care)
  - Assisted living facility
  - Nursing home facility

- Types of Long Term Care (LTC)
  - Custodial care
  - Supervisory care
  - Skilled care

The average time in a nursing home is 2.4 years.²

² Center for Disease Control, National Health Statistics Reports, Number 9, October 2008.
Why be concerned about LTC?

- More than 60% of all Americans turning 65 will need long term care at some point in their lives.\(^3\)

- Growing demands on the “Sandwich Generation”\(^4\)

- You cherish you family

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You Cherish Your Family

What is your plan should you need LTC?

- Live at home
- Maintain sense of order in family
- Freedom from financial burdens
- No burden on family members/caregivers

The Reality is...

78% of adults receiving long term care at home rely exclusively on unpaid assistance from family members, friends and volunteers.³

³ Thompson, Lee, “Long-Term Care: Support for Family Caregivers,” Georgetown University Health Policy Institute Issue Brief, March 2004
Why be concerned about LTC?

- More than 60% of all Americans turning 65 will need long term care at some point in their lives.³
- Growing demands on the “Sandwich Generation”⁴
- You cherish your family
- Void in our benefit plans
- Your health can change at any time, at any age
  - Automobile or Sporting Accident
  - Brain Tumor, Stroke & Spinal Cord Injury
  - Disabling Diseases – MS, Parkinson’s Disease & Arthritis
- Long term care services are expensive.

What is the cost of LTC?

<table>
<thead>
<tr>
<th>Type of Care</th>
<th>Missouri Average Median Annual Costs(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Health Aide Services</td>
<td></td>
</tr>
<tr>
<td>Non-Medicare Certified, Licensed</td>
<td>$19,760</td>
</tr>
<tr>
<td>(based on 20 hours per week)</td>
<td></td>
</tr>
<tr>
<td>Assisted Living Facility</td>
<td></td>
</tr>
<tr>
<td>Private One Bedroom</td>
<td>$29,040</td>
</tr>
<tr>
<td>Nursing Home</td>
<td></td>
</tr>
<tr>
<td>Private Room</td>
<td>$52,925</td>
</tr>
</tbody>
</table>

\(^5\) Based on information from Genworth’s 2011 Cost of Care Survey
How does the LifeSecure insurance plan work?

You determine your need.

- Care support
- Cost of care in your area
- Family health history
- What can you afford

HSA Friendly
How does the LifeSecure insurance plan work?

You determine your need
You select your plan.

- **Choose a Benefit Bank**
  Any amount between $75,000 and $1,000,000

- **Choose a Monthly Benefit Access Limit**
  1%, 2% or 3%* of Benefit Bank

<table>
<thead>
<tr>
<th>Benefit Bank</th>
<th>Access Limit</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$300,000</td>
<td>1%</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

For example, a $300,000 Benefit Bank and a 1% Monthly Benefit Access Limit would give you access to $3,000 per month.

- **Create your own affordable plan – Budget Point Pricing**

  * 3% Monthly Benefit Access Limit not available for Benefit Banks over $500,000.
How can the Flexible Benefit be used?

- The **Flexible Benefit** is designed to provide greater flexibility in the type of care or services you receive – beyond traditional licensed services. (Reimbursement)

- Up to 50% of your un-used Monthly Benefit is available to support informal care and services. (Cash)
  
  - Training for an informal caregiver
  - Informal care provided by family members or friends
  - Home modifications (i.e. wheelchair ramp or grab bars)
  - Care-related products or personal supplies
  - Durable medical equipment or other home medical technology

<table>
<thead>
<tr>
<th>Monthly Benefit</th>
<th>Licensed Care (reimbursable)</th>
<th>Unused Monthly Benefit</th>
<th>Available Flexible Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>$1,000</td>
<td>$2,000 × 50%</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
What else does the LifeSecure insurance plan include?

- **Standard Features**
  - Flexible Benefit
  - Guaranteed Future Purchase Offers
  - Waiver of Premium

- **Optional Benefits** (available for additional premium)
  - Automatic Compound Inflation Protection (3% or 5%)
    
    **Example: 5% Automatic Compound Inflation Protection**
    
    - Initial Benefit Bank = $200,000
    - After 10 years, Benefit Bank = $325,880
    - After 20 years, Benefit Bank = $530,660

  - Lapse Protection Benefit
  - Money-Back Promise Option

* Definition abbreviated for ease of presentation
How does the claim process work?

- **Eligibility for benefits**
  - Inability to perform 2 of 6 activities of daily living (bathing, dressing, transferring, toileting, continence, eating)
  - Or, diagnosis of a severe cognitive impairment
  - Plan of care prescribed by a licensed health care practitioner

- **Payment of benefits**
  - Single lifetime 90 calendar day benefit wait period
  - Benefit payments will begin after the 90 day wait
  - Benefits paid for services received on a monthly basis
Why purchase now?

- Apply with a shorter/simplified application – limited time only
- Cost based on your age when you apply
- Health is an important consideration
- Important benefit at all ages
- Fully portable coverage
- Premium discounts are available
- Convenience of payroll deduction
- Family members may apply for coverage

To learn more, call 800-728-9620
or visit www.YourLifeSecure.com

To apply online, visit www.YourLifeSecure.com . Click on “Groups & Associations”

Enter “00260v”. Then do you research on quotes, the product and when ready … start your application.
www.yourlifesecure.com
www.yourlifeseecure.com
### Quote Calculator

Please enter the following information so we can provide you a quote for our Long Term Care Insurance coverage. Items marked by an asterisk (*) are required. You can click on words that are underlined for more information.

<table>
<thead>
<tr>
<th></th>
<th>Choice 1</th>
<th>Choice 2</th>
<th>Choice 3</th>
<th>Choice 1</th>
<th>Choice 2</th>
<th>Choice 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Craig, age 55</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State: Missouri</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target Monthly Premium:</strong></td>
<td>$50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefit Bank Amount</strong></td>
<td>$283,389</td>
<td>$162,012</td>
<td>$123,746</td>
<td>$305,009</td>
<td>$173,941</td>
<td>$132,653</td>
</tr>
<tr>
<td><strong>Monthly Benefit Access Limit</strong></td>
<td>$2,834 (1%)</td>
<td>$3,240 (2%)</td>
<td>$3,712 (3%)</td>
<td>$3,050 (1%)</td>
<td>$3,479 (2%)</td>
<td>$3,980 (3%)</td>
</tr>
<tr>
<td><strong>Monthly Premium</strong></td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
<td>$50.00</td>
</tr>
<tr>
<td><strong>Benefit Wait Period</strong></td>
<td>90 (calendar) Days</td>
<td>90 (calendar) Days</td>
<td>90 (calendar) Days</td>
<td>90 (calendar) Days</td>
<td>90 (calendar) Days</td>
<td>90 (calendar) Days</td>
</tr>
<tr>
<td><strong>Other Benefits Included</strong></td>
<td>Guaranteed Future Purchase Offers</td>
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</tr>
</tbody>
</table>
Comparing Costs
Life’s Options vs. LTCi

Monthly Premium

- 65 His $34.46
- 65 Hers $34.44

$100,000

Water or soft drink every work day = $1 = $21 a month
A light beer = $2 = $24 a month
Netlix = $22 a month
Starbuck’s Coffee = $3.50 per day = $73.50 a month
Cigarettes = $5 a day = $150 a month
Landline Phone = $35 a month
Premium cable stations, Candy from vending machines, Netflix subscriptions, Magazine subscriptions, Movie theater and popcorn, Online gaming, Speeding in car, On-line gaming, Apps, etc, etc,

How old would a 35 year old be, saving $9.46 a month at a 5% rate of return, before having $100,000?

111 years old

* With Guaranteed Purchase Option
Comparing Costs
Life’s Options vs. LTCi

<table>
<thead>
<tr>
<th>Monthly Premium*</th>
<th>Total Paid at 85</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 - $9.46</td>
<td>$5,676</td>
</tr>
<tr>
<td>45 - $12.43</td>
<td>$5,966</td>
</tr>
<tr>
<td>55 - $17.64</td>
<td>$6,350</td>
</tr>
<tr>
<td>65 - $34.44</td>
<td>$8,265</td>
</tr>
</tbody>
</table>

*$100,000 benefit bank, with lifetime payment, and both partners taking a policy.
Long Term Care Insurance

presented to

SE Misssouri State University

To learn more, call 800-728-9620
or visit www.YourLifeSecure.com
Limitations and Exclusions

No benefits, including the Flexible Benefit, will be payable under the Policy for:

- a loss that occurs while this Policy is not in force; or
- an illness, treatment or medical condition that is due to war or act of war, whether declared or undeclared (In OK: while serving in the military or an auxiliary unit attached to a military unit, or working in an area of war whether voluntarily or as required by an employer); or
- an illness, treatment or medical condition that results from an attempt at suicide (while sane or insane) or an intentionally self-inflicted injury; or
- expenses for treatment or rehabilitation related to alcoholism or drug addictions; or
- expenses for services or items to the extent that such expenses are reimbursable under Title XVIII of the Social Security Act (Medicare), or would be so reimbursable but for the application of a deductible or coinsurance amount; or
- care or services, unless otherwise required by law, for which benefits are duplicated or provided under a governmental program (except Medicaid), any state or federal workers’ compensation, employer’s liability or occupational disease law, or any motor vehicle no-fault law; or
- care or services provided outside the United States of America, its territories or possessions, or Canada.

The following two exclusions do not apply to the Flexible Benefit:

- care or services provided by a family member unless:
  - he or she is a regular employee of an organization which is providing the treatment, service or care; and
  - the organization receives the payment for the treatment, service or care; and
  - he or she receives no compensation other than the normal compensation for employees in his or her job category; or
- care or services for which no charge is made in the absence of insurance.

Availability of benefits, amounts, options and discounts, as well as plan limitations and exclusions, may vary by state.
1. Within the *past 12 months*, have you resided in or been advised by a healthcare professional to enter a Nursing Home, Assisted Living Facility or any other type of Long Term Care Facility? Or, within the past 12 months, have you used or been advised by a healthcare professional to use Home Health Care or Adult Day Care services?

2. Do you *currently* use any of the following:
   - Wheelchair
   - Walker
   - Quad Cane
   - Motorized scooter
   - Hospital bed
   - Oxygen equipment
   - Dialysis

3. Do you *currently* require human assistance in order to perform any of the following activities: bathing, dressing, eating, getting in or out of a bed or chair, walking, using the toilet, managing bowel or bladder control?
4. Do you have or have you ever been diagnosed or treated by a healthcare professional as having any of the following:

- Amyotrophic Lateral Sclerosis (ALS, also called Lou Gehrig’s Disease)
- Systemic Lupus Disease
- Alzheimer’s Disease
- Dementia/Senility
- Mental Retardation
- Psychosis
- Stroke (CVA) within past 5 years
- Multiple Sclerosis (MS)
- Muscular Dystrophy
- Parkinson’s Disease
- Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), or positive HIV test
- Metastatic Cancer
- Type I (Juvenile) Diabetes
- Diabetes – treated/controlled with insulin for greater than 15 years or currently treated/controlled with greater than 49 units of insulin per day
- A Transient Ischemic Attack (TIA) within past 2 years, or multiple TIAs within past 5 years
- Chronic Kidney/Renal Disease
- Huntington’s Chorea
- Cirrhosis of the Liver
- Organ Transplant
- Amputation due to Disease (not accident)
5. Are you *currently* receiving Social Security Disability benefits?

- an **employee** who regularly works 20 or more hours per week for the employer named above. I am actively-at-work, which means I was working at my usual place of employment on the last regularly scheduled workday before I completed this application.

  My date of hire was:  
  month/day/year

- a **spouse or domestic partner** of an eligible employee of the employer named above.

  His/her date of hire was:  
  month/day/year

- a **family member** of an eligible employee, or a **retiree/spouse**, or a **part-time employee/spouse** (who regularly works less than 20 hours per week), of the employer named above.
# Financial Risk Explored

## Financial Risks: Annual Likelihood

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Likelihood</th>
<th>Transferred Away</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of House 3</td>
<td>1.3%</td>
<td>Home Insurance</td>
<td>3 National Fire Protection Association 2005 report</td>
</tr>
</tbody>
</table>

An estimated 10 million Americans currently need long term care.¹
That number is expected to double by 2030.²

The probability that an employee will one day face a nursing home stay is greater than:
• the probability of disability
• the probability of premature death while employed³

And even more people need LTC outside of a nursing home setting.
What more can you expect?

- **Personal LifeSecure Web Portal**
  - Stay informed and connected
    - Assessment tools
    - Care Provider directory and search tools
    - Caregiver education programs
    - Planning tools for caregivers
  - Update and manage your plan
    - Edit personal profile (address changes, beneficiaries, etc.)
    - Review Benefit Bank balances, premium amounts and other policy details

Your personal LifeSecure Web Portal makes it easy for you to stay connected, whenever it’s convenient for you.
Are there any optional benefits?

- **Optional Benefits** (available for additional premium)
  - Automatic Compound Inflation Protection (3% or 5%)
  - Lapse Protection Benefit
  - Money-Back Promise Option

**Example: 5% Automatic Compound Inflation Protection**

- Initial Benefit Bank = $200,000
- After 10 years, Benefit Bank = $325,880
- After 20 years, Benefit Bank = $530,660

- If policy in force for 5 or more years a percentage of premiums are returned –
  - 5-9 years – 25%
  - 10-14 years – 50%
  - 15+ years 75%

*Definition abbreviated for ease of presentation*
Partnership Program

Helps balance individual responsibility with state assistance

Medicaid / Title 19
- Federal and State Government
- Limit on Income and Assets
- Estate Recovery Possible - DHS

$2,000 or $200,000

Partnership Program
- Every dollar your LTC partnership policy pays out - allows you to protect dollar for dollar those assets.
- Can Still Qualify for Medicaid
- Pay Outs of LTCi are not taxable
- Transferrable to a Reciprocal State
- Policies have certain requirements
Steps in the application process

• Review simplified underwriting questions to ensure you initially qualify
• Complete employee questionnaire or meet with enroller
• Determine benefit bank/monthly amount or budget premium
• Complete application with enroller or on-line
• Underwriting
  • Review questions on application (24-48 hours)
  • Verify medication usage on Data Bank Drug Review (72 hours)
    If questions arise applicant will be contacted to verify information
  • If warranted, additional medical issues will be addressed (7 days)
• Policy approved
  • Policy sent to applicant. Delivery receipt signed and returned
  • When approved by 15\textsuperscript{th} of month then deductions start first of month
<table>
<thead>
<tr>
<th>Benefit Bank Amount</th>
<th>Monthly Benefit Access Limit</th>
<th>Monthly Premium</th>
<th>Benefit Wait Period</th>
<th>Other Benefits Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$1,000 (1%)</td>
<td>$14.72</td>
<td>90(calendar) Days</td>
<td>Guaranteed Future Purchase Options</td>
</tr>
<tr>
<td>$100,000</td>
<td>$2,000 (2%)</td>
<td>$25.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$100,000</td>
<td></td>
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</tbody>
</table>

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<td>$1,000 (1%)</td>
<td>$100,000</td>
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<tr>
<td>$100,000</td>
<td>$2,000 (2%)</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$100,000</td>
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<td>$1,000 (1%)</td>
<td>$100,000</td>
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<td>$2,000 (2%)</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Age</td>
<td>State</td>
<td>Benefit Bank Amount: $100,000</td>
<td>Monthly Benefit Access Limit</td>
</tr>
<tr>
<td>-----------</td>
<td>-----</td>
<td>------------</td>
<td>--------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Bill, age 35</td>
<td>35</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$2,000 (3%)</td>
</tr>
<tr>
<td>Betty, age 35</td>
<td>35</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$2,000 (3%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>State</th>
<th>Benefit Bank Amount: $100,000</th>
<th>Monthly Benefit Access Limit</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill, age 45</td>
<td>45</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$2,000 (3%)</td>
<td>$21.97</td>
</tr>
<tr>
<td>Betty, age 45</td>
<td>45</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$2,000 (3%)</td>
<td>$21.97</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>State</th>
<th>Benefit Bank Amount: $100,000</th>
<th>Monthly Benefit Access Limit</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill, age 55</td>
<td>55</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$30.06</td>
</tr>
<tr>
<td>Betty, age 55</td>
<td>55</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$30.06</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>State</th>
<th>Benefit Bank Amount: $100,000</th>
<th>Monthly Benefit Access Limit</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill, age 65</td>
<td>65</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$37.81</td>
</tr>
<tr>
<td>Betty, age 65</td>
<td>65</td>
<td>Missouri</td>
<td>$100,000</td>
<td>$3,000 (3%)</td>
<td>$37.81</td>
</tr>
</tbody>
</table>
## Cost of Waiting

1. Health changes so fail to qualify.
2. Premiums go up.
3. Need more coverage due to inflation.

<table>
<thead>
<tr>
<th>Issue Age</th>
<th>Benefit At Issue</th>
<th>Monthly Rates</th>
<th>Value of Benefit At Age 80 / Monthly</th>
<th>Savings at 5% Compounding</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>150k / $1,500</td>
<td>$45.04</td>
<td>$550,718 / $5,507</td>
<td>$49,574</td>
</tr>
<tr>
<td>45</td>
<td>150k / $1,500</td>
<td>$54.61</td>
<td>$409,785 / $4,097</td>
<td>$40,811</td>
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<tr>
<td>55</td>
<td>150k / $1,500</td>
<td>$69.57</td>
<td>$304,919 / $3,049</td>
<td>$31,351</td>
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<tr>
<td>65</td>
<td>150k / $1,500</td>
<td>$115.88</td>
<td>$226,888 / $2,268</td>
<td>$26,638</td>
</tr>
</tbody>
</table>

$150,000 Initial Cash Benefit Account, $1,500 Monthly Cash Benefit, 90 Day Elimination Period, 3% Compound Inflation, SEMSU rates