

# Welcome to...

## Long Term Healthcare: What You Need to Know in a COVID World

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### Speakers:

**Steve Cain, Director, Sales and Business Development Leader, LTCI**

**Paul King, King Wealth Planning CEO and LPL Registered Principal**

- All attendee mics are muted for optimal sound quality
- Questions will be answered at the end of the session
- Email your questions to: [Shannon@kingwealth.com](mailto:Shannon@kingwealth.com)
- Session is being recorded



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# Nobody Likes to Talk About Long-Term Care

Which Is Exactly We Should Talk About Long-Term Care (LTC)

70%

Percentage of people over 65 who will require some care at some point in their lives.<sup>1</sup>

\$1.9+  
million

Projected national average cost – \$1,914,006 – for five years of LTC, 30 years from now.<sup>2</sup>

1. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, [www.longtermcare.gov](http://www.longtermcare.gov), August 2018.
2. <http://jhinsurancewebsitedev.azurewebsites.net/long-term-care/cost-of-long-term-care-calculator/index.aspx> Based on five years of private room nursing home care during the years 2046 to 2050, and assumes a hypothetical 4.1% annual inflation rate, October 2016.



# Risks to Your Financial Future

Are you prepared for the potential financial risks and the future consequences that might happen down the line?



Unexpected Health Event



Outliving Your Income



Passing Away  
Financially Unprepared



# What Is Long-Term Care (LTC)?

Personal care or supervision needed by persons of all ages for an extended period of time. LTC is associated with the effects of aging, but may be needed at any time, due to an accident or illness.

Some conditions that may require LTC:

- Head Injury
- Stroke
- Cancer
- Parkinson's Disease
- Heart Disease
- Multiple Sclerosis
- Alzheimer's Disease / Dementia



# Who Will Need LTC?

1 out of every 7 people ages 65+ will need LTC for more than five years.\*

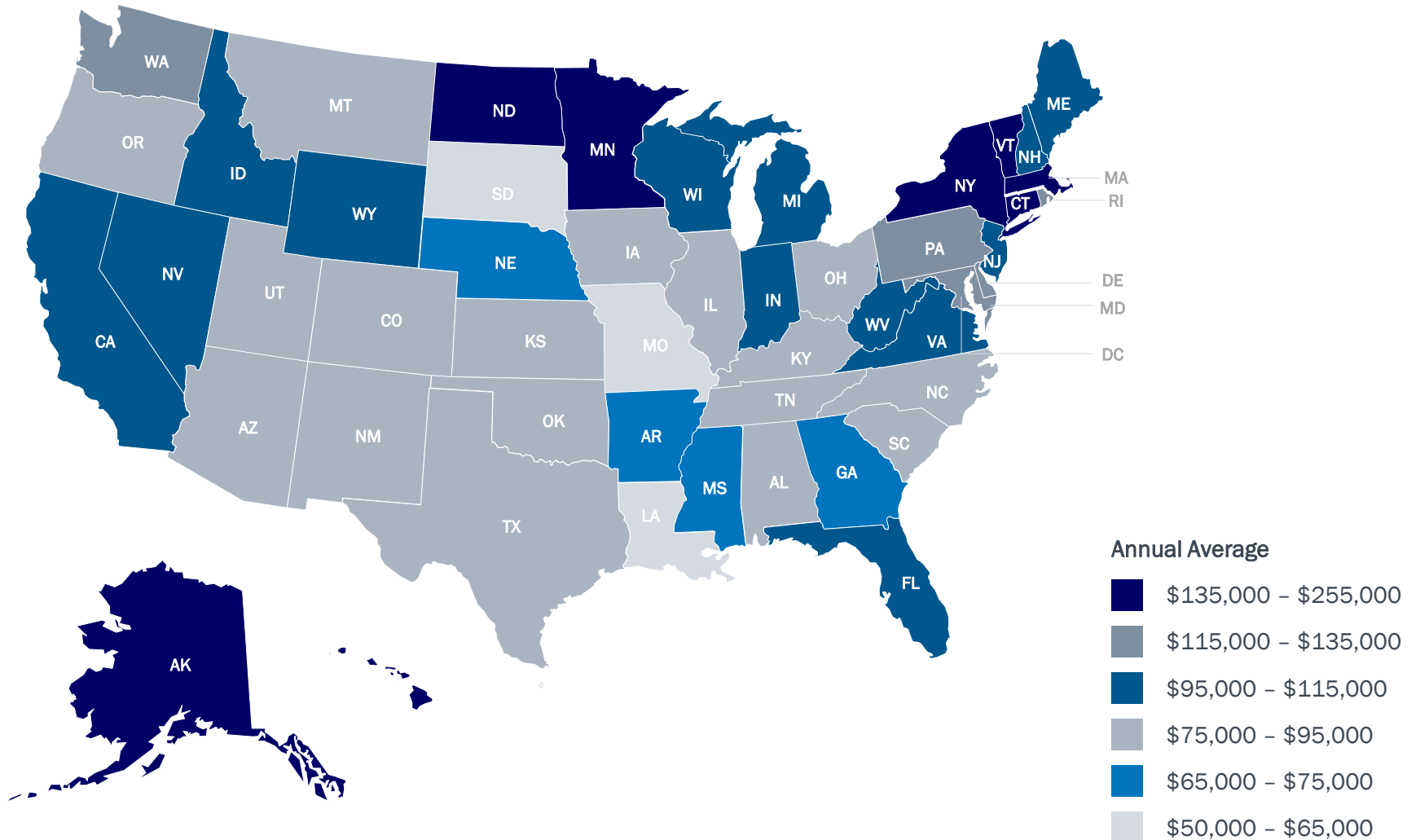


\* Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief, Judith Dey, February 2016.

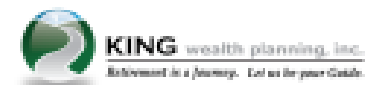


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# The Costs of LTC Across the U.S.



Source: John Hancock Insurance 2016 Cost of Care Calculator. Based on national average costs for a private room in a nursing home



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# Future LTC Costs

LTC costs have soared in recent years and are expected to rise even higher. Here's what a person can expect to pay\* for private room nursing home care.

|                      | Today     | In 15 Years | In 30 Years |
|----------------------|-----------|-------------|-------------|
| One Year of Care:    | \$105,645 | \$193,023   | \$352,672   |
| Three Years of Care: | \$330,107 | \$603,136   | \$1,101,987 |
| Five Years of Care:  | \$573,352 | \$1,047,568 | \$1,914,006 |

Figures shown according to the John Hancock Insurance's Cost of Care Calculator and assume a 4.1% annual increase in costs.\* Costs shown are for one individual only. For a couple, costs could be double.



\* Assumed rate of inflation is hypothetical, based on a 4.1% average annual increase in the Consumer Price Index for All-Urban Consumers (CPI-U) for the 50-year period ending 12/31/15. CPI-related data obtained from the Bureau of Labor Statistics of the U.S Department of Labor at [www.bls.gov](http://www.bls.gov), October 2016



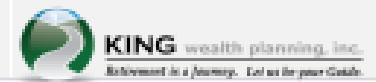
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# Paying for LTC

## Who pays for LTC? Will medical insurance cover it?

It's a common misconception that Medicare or Medicaid will cover all expenses. The truth is you'll need to be able to cover much of the costs yourself in the form of either cash or private insurance.

|   | MEDICARE   | PRIVATE MEDIGAP INSURANCE  | MEDICAID   | YOU PAY ON YOUR OWN  |
|---|--|--|--|--|
| Nursing Home Care                                       | Days 0 – 20 – Pays in full if you're hospitalized for at least three consecutive days before entering a Medicare-approved skilled nursing facility.<br>Days 21 – 100 – May pay for the difference between the total daily cost and a significant copayment if you continue to need skilled nursing care.<br>Days 100+ – Does not pay | Days 21 – 80 – May cover a significant copayment if your nursing home stay meets all other Medicare requirements | Medicaid will pay for nursing home care. However, most individuals will not qualify for Medicaid in most states unless he or she has less than \$2,000 in countable assets | If you need only personal or supervisory care in a nursing home and/or have not had a prior hospital stay, or if you choose a nursing home that does not participate in Medicaid or is not Medicare certified. Also, if you need care beyond the 100 days Medicare is willing to pay |
| Assisted Living Facility (and similar facility options) | Does not pay   | Does not pay   | In some states, may pay care-related costs, but not room and board   | You pay on your own except as noted under Medicaid, if eligible  |
| Continuing Care Retirement Community                    | Does not pay   | Does not pay   | Does not pay   | You pay on your own  |
| Adult Day Services                                      | Not covered  | Not covered  | Varies by state, financial and functional eligibility required   | You pay on your own except as noted under Medicaid, if eligible  |
| Home Health Care  | Limited to reasonable, necessary part-time or intermittent skilled nursing care and home health aide services, and some therapies that are ordered by your doctor and provided by Medicare-certified home health agency. Does not pay for ongoing personal care or custodial care needs (help) with activities of daily living       | Not covered  | Pays for, but states have option to limit some services, such as therapy   | You pay on your own for personal or custodial care, except as noted under Medicaid, if eligible  |



Source: LongTermCare.gov (Medicare and Medicaid), 2020



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# Important LTC Questions

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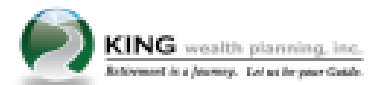
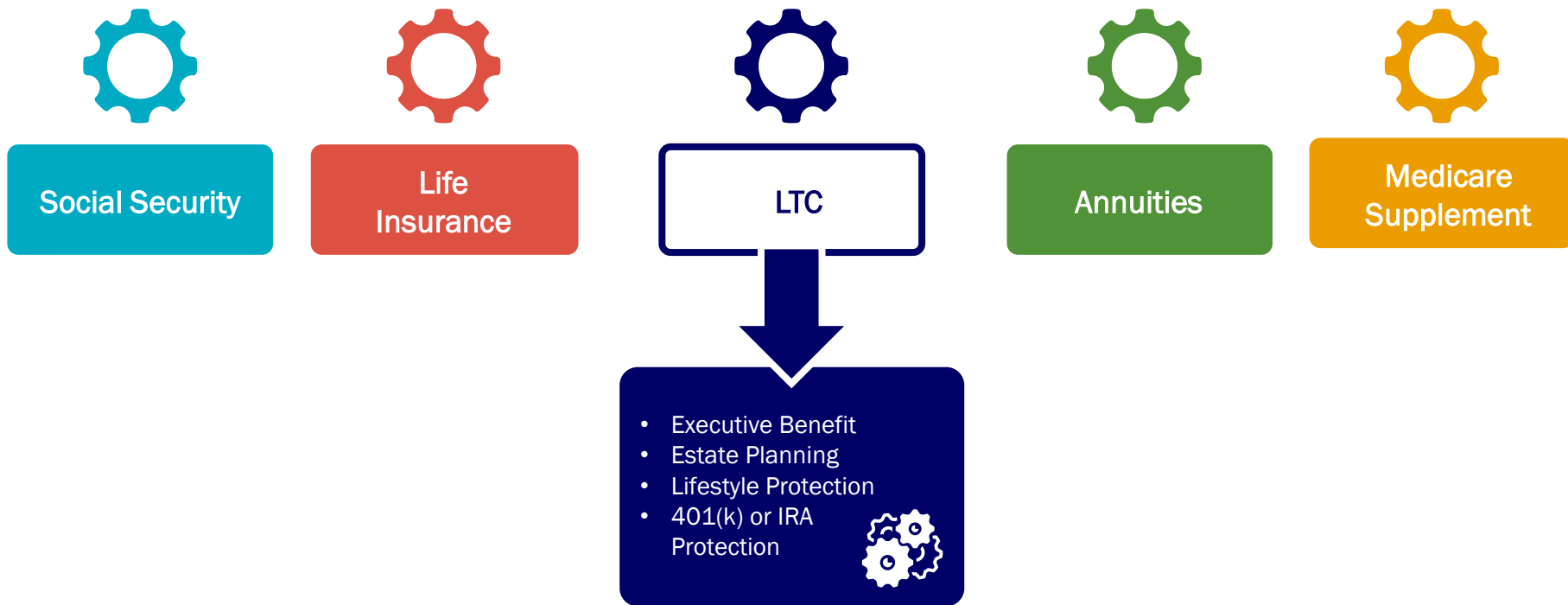
- Where are the LTC services provided?
- What effect could LTC have on my family and retirement strategy?
- What could LTC cost?
- What are my options if I need to pay for LTC?



# Retirement Planning and LTC

LTC is a significant component of retirement planning.

Preparation now can help ensure a smoother lifestyle transition for the future.



# Risk Management and LTC

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

Why not help protect the retirement lifestyle you have worked your entire life to create?



# LTC Planning

## LTC Planning: A Three-Step Process

Living a long life is a near certainty in this day and age. Planning for it is a necessity.

### 1 Understand

Understand the Need or Risk

- Personal experiences
- Consequences of living a long life

### 2 Develop

Develop a Strategy to Offset the Risk

- LTC is a family issue
- There is risk to the family if there is no strategy
- Develop a strategy

### 3 Implement

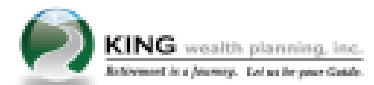
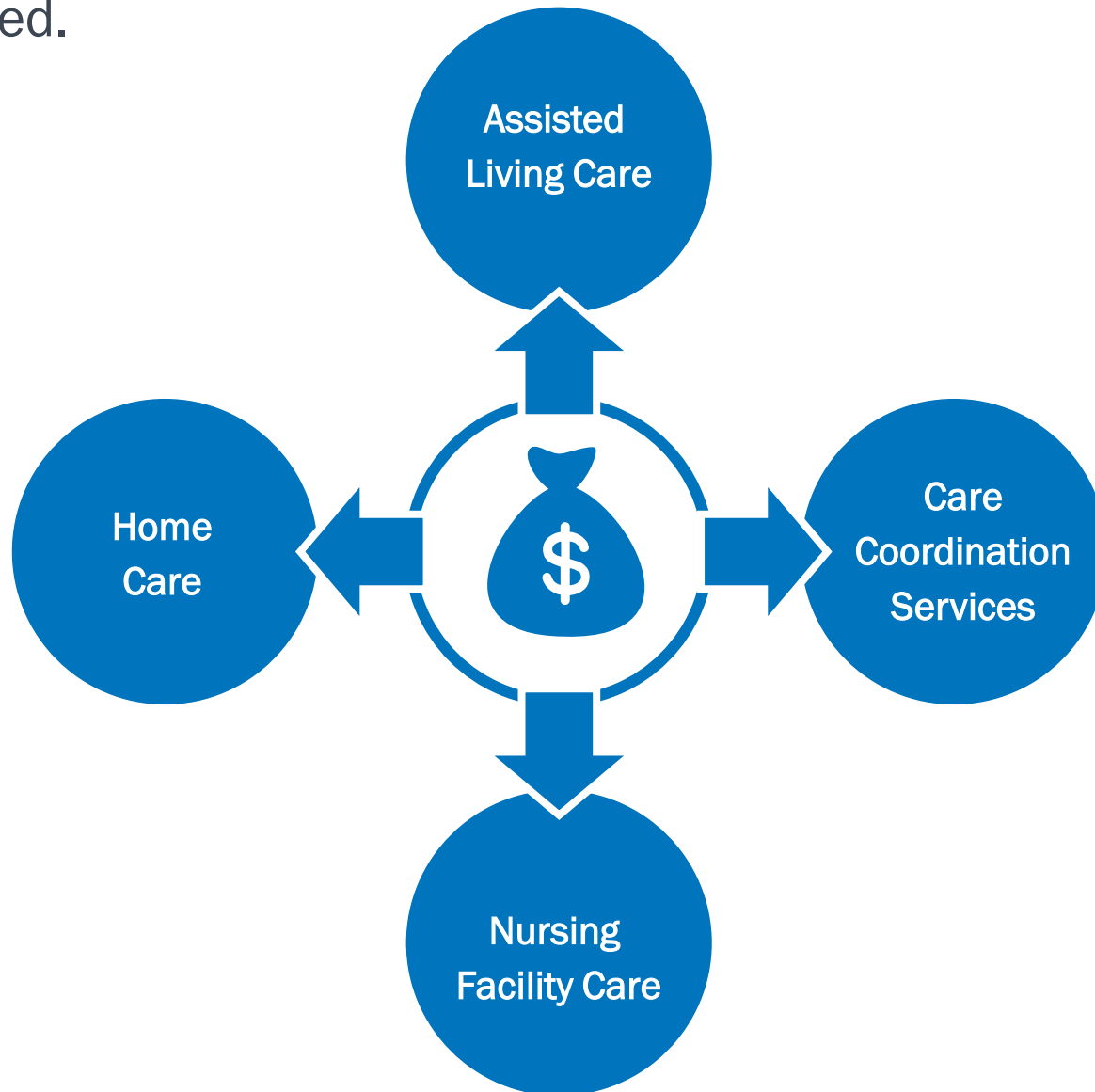
Implement the Strategy

- LTC insurance planning
- Self-funding
- Caregiving plan



# How LTC Insurance Works

LTC provides a “pool of benefit dollars” for LTC to be used when and where it may be needed.



# A Comparative Glance at Preparing for LTC

|                | LTC Insurance   | Life / LTC Hybrid  | Life Insurance with Riders  | Fixed or Indexed Annuities  |
|----------------|---|--|---|---|
| What is it?    | Help protect your clients' assets from costs incurred due to LTC and/or healthcare needs.   | Help protect your clients' assets from costs incurred due to LTC care and/or home healthcare needs while retaining maximum flexibility.  | Maximizes the death benefit while retaining moderate flexibility.   | LTC options late in life for those with potential health concerns.  |
| Benefits       | <ul style="list-style-type: none"> <li>• Inflation Protection</li> <li>• Care coordination benefit (“concierge healthcare”)</li> <li>• Tax deductible for business owners</li> <li>• Benefit usually not taxable</li> </ul> | <ul style="list-style-type: none"> <li>• Standardized benefit trigger</li> <li>• Increases flexibility and provides benefits for an LTC event</li> <li>• Flexible payment options</li> <li>• Return of premium options (may be taxable)</li> <li>• Guaranteed premiums</li> <li>• Includes both life and LTC benefits</li> </ul> | <ul style="list-style-type: none"> <li>• Potentially larger death benefits</li> <li>• Comparatively low premium cost for rider</li> <li>• Better suited to pay for benefits on a monthly basis, if needed</li> </ul>  | <ul style="list-style-type: none"> <li>• Limited or no medical underwriting</li> <li>• 1035 exchange of existing annuity could turn tax-deferred growth into tax-free LTC payments</li> </ul>                       |
| Considerations | <ul style="list-style-type: none"> <li>• Premiums may not be guaranteed</li> <li>• “Use it or lose it” premium (no cash value or return on premium)</li> </ul>  | <ul style="list-style-type: none"> <li>• Opportunity cost (if single premium option is selected)</li> <li>• Not the same tax advantages for business owners</li> <li>• Generally costs more than traditional LTC</li> </ul>  | <ul style="list-style-type: none"> <li>• If LTC is needed, reduction of death benefit</li> <li>• Typically no return of premium</li> <li>• Benefit triggers not standardized</li> <li>• Benefits typically determined at claim time</li> <li>• No inflation protection</li> <li>• Benefit may be taxable</li> </ul> | <ul style="list-style-type: none"> <li>• Limited or no inflation protection</li> <li>• Typically no care coordination</li> <li>• No tax advantages for business owners</li> <li>• Benefit may be taxable</li> </ul> |



# Next Steps

Take the time now to plan for your long-term needs.

Contact King Wealth Planning today to learn more.

Paul King, CFP®

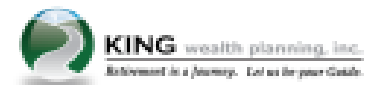
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## Q & A

Email your questions to: [Shannon@kingwealth.com](mailto:Shannon@kingwealth.com)





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