



# Planning for Long-Term Care

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Educational Webinar for American Bar Association Members

Please Note: This webinar is for informational purposes only. Opinions shared by the panel do not reflect the official position of the ABA.



Welcome



The ABA Insurance Program has worked with LTCR (Long-Term Care Resources), a national leading long-term care specialist, to offer ABA members and their families the opportunity to attend this complimentary live online webinar.

[www.ABAinsurance.com](http://www.ABAinsurance.com)

# Introduction

## Dominique Lautiero, LTC Funding Specialist

My knowledge and expertise helps you filter through all the variables included to determine how much coverage is appropriate for you and your family. With a goal to educate individuals and families on the importance of planning for future long-term care needs, I seek to provide an understanding of what long-term care involves, review planning options, and help you design a long-term care plan to fit your individual needs. By showing the value that long-term care insurance can bring to protecting your retirement income and lifestyle, together we develop a plan that will preserve personal freedom and allow your loved ones to care about you – not for you.



# Agenda

- What is Long-Term Care?
- When to Begin Planning?
- When Can it Happen?
- How Do I Qualify to Receive Benefits?
- Cost of Care / Probability of Needing Care
- Plan Design / Benefit Options
- Paying For Care
- *LTCRplus*: LTC Funding, LTC Navigation, LTC Care Audit
- Closing Remarks
- Questions / Answers

# What is Long-Term Care?

## What is Long-Term Care?

Long-term care is the assistance or supervision you may need when you are unable to do some of the basic activities of daily living (ADLs) or because of a severe cognitive impairment that can be caused by Alzheimer's disease or other cognitive impairments.

## Where Can I Receive My Care?

### HOME and COMMUNITY CARE:

- Personal care services to assist with ADL's, Homemaker services to provide help with grocery shopping, meal prep, housekeeping, etc. Professional services of a registered nurse, home health aide or therapist, adult day care program.

### FACILITY CARE:

- Assisted Living Facility, Skilled Nursing Facility

# When to Begin Planning?

Rates are based primarily on:

- Age, Gender, Health, Marital Status
  - Health must qualify for coverage
  - The younger you are, the less costly your premiums will be.
  - Couples Discounts
  - The younger you are, the more likely to qualify for a Preferred Health Discount.
- There is no financial advantage to waiting. Premiums are based on age and how much coverage you purchase.
- The greatest risk you face is that your health can change at any time and you may not be able to get coverage in the future.

# When Can It Happen?

A need for long-term care may result from:

- Accidents / Injuries
- Illness
- Advanced Age
- Strokes
- Other Chronic Conditions

## Chronically ill individual

Any individual who has been certified by a licensed health care practitioner within the preceding 12-month period as “chronically ill,” which includes:

- being unable to perform, without substantial assistance from another person, at least two Activities of Daily Living (ADL) due to a loss of functional capacity for a period of at least 90 days; or
- requiring substantial supervision to protect the insured from threats to health and safety due to severe cognitive impairment.



## ADL impairments

The Activities of Daily Living (ADL) refer to basic functional abilities that measure an individual's ability for self-care and ability to live independently without substantial assistance from another individual.

The six activities of daily living include:

- Eating                      You may have trouble preparing meals, following adequate diet, or even feeding yourself without assistance.
- Bathing                     You may struggle to thoroughly bathe yourself.
- Dressing                    You may need help dressing and undressing completely and may struggle to fasten garments or tie shoes.
- Toileting                    You may require assistance moving to and from the restroom.
- Continence                 You may need assistance monitoring these functions.
- Transferring                You may need help standing or moving in and out of beds and chairs.

## IADL impairments

Instrumental Activities of Daily Living (IADL) are activities related to independent living and are valuable for evaluating persons with early-stage disease. It's important to note IADLs are not considered when determining if a person is chronically ill. IADL impairments include:

- Shopping
- Laundry
- Housekeeping
- Transportation
- Managing finances
- Meal preparation
- Using the phone
- Taking medications, including setup
- Walking...

# How Do I Qualify to Receive Benefits?

## When Will I Receive My Care?

Your policy will start paying when:

You are unable to perform at least two ADLs for at least 90 days (certification period) due to a loss of functional capacity.

ADLs include: Eating, Bathing, Dressing, Toileting, Continence, Transferring

Or,

You require substantial supervision to protect yourself from threats to health and safety due to a severe cognitive impairment, such as Alzheimer's, Dementia or a brain injury.

# Cost of Care / Probability of Needing Care

## 7-in-10

Nearly 70% of Americans who reach age 65 will use some form of long-term care services during their lives. (U.S. Department of Health & Human Services)

### Annual Median Costs: *National (2020 vs. 2045)*

In-Home Care <span>(i)</span>		Community and Assisted Living <span>(i)</span>		Nursing Home Facility <span>(i)</span>	
<b>Homemaker Services<sup>1</sup></b>	<b>\$53,768</b>	<b>Adult Day Health Care<sup>2</sup></b>	<b>\$19,240</b>	<b>Semi-Private Room<sup>4</sup></b>	<b>\$93,075</b>
2045* Cost	<b>\$112,578</b>	2045* Cost	<b>\$40,284</b>	2045* Cost	<b>\$194,878</b>
<b>Home Health Aide<sup>1</sup></b>	<b>\$54,912</b>	<b>Assisted Living Facility<sup>3</sup></b>	<b>\$51,600</b>	<b>Private Room<sup>4</sup></b>	<b>\$105,850</b>
2045* Cost	<b>\$114,974</b>	2045* Cost	<b>\$108,039</b>	2045* Cost	<b>\$221,626</b>

Genworth Cost of Care Survey, conducted by CareScout®, August 2020

<sup>1</sup> Based on 44 hours per week by 52 weeks

<sup>2</sup> Based on 5 days per week by 52 weeks

<sup>3</sup> Based on 12 months of care, private, one bedroom

<sup>4</sup> Based on 365 days of care

\* Estimates on how much care might cost in future years based on 3% annual inflation.

# 4 Core Policy Features

- How much do you want your policy to pay?

Daily / Monthly Benefit

- How long do you want your policy to pay once you start needing care?

Benefit Duration “Pool of Money”

- How soon do you want your policy to start paying?

Elimination Period (deductible) 30, 60, 90, 180, 365

- How fast do you want your benefit to grow?

Inflation Option

# Traditional vs. Hybrid

## Traditional LTC Policy:

Paying an annual premium to have access to a Pool of Money to pay for your care in the future.

- Lower Annual Premiums with greater leverage of LTC benefits.
- Discounts available for joint policies.
- Lifetime premiums are subject to future rate increases.

Additional Options: Shared LTC Benefit, Return of Premium, Joint Waiver of Premium, Survivorship.

## Hybrid LTC Policy:

Buying a life policy or annuity policy combined with LTC benefits if you need care, death benefits if you don't and cash surrender value if you change your mind in the future.

- Flexible premium options are available.
- Premiums are guaranteed never to change.
- Funding Sources can vary.

Reposition Assets: Older annuities to reduce future tax consequences, non-qualified 1035 exchanges, RMD management, wealth transfer.

# Paying For Care

There are THREE different ways to pay for care: Rely on the Government, Self-Insure, Transfer the Risk

## Government:

- Medicare, Medicaid, Veterans Benefits

## Self-Insure:

- This is actually “Self Funding”

## Transferring the Risk:

- Purchasing an Insurance Product to cover the expenses associated with needing care.

# LTC Funding

The solutions for LTC funding are constantly changing. New options combine life insurance or annuities with LTC benefits and pay a benefit even if you don't need long-term care. Numerous tax-advantaged plans are also now available.

With *LTCRplus*, you'll have access to current, cost-effective funding solutions, plus you can qualify for group-rated association protection and discounts which are not available to the general public.

The lifetime savings can be substantial!



# LTC Navigation

Finding quality care – whether it's provided in the home or elsewhere – for family members can be a difficult and confusing task. It's hard to even know where to start! But LTCR*plus* can help. We consult with you and/or your family member and consider all factors, including: the type of care needed, the available budget, geographic limitations or desires, the quality ratings, reputations and much more.

And if you or a family member already owns LTC insurance, LTCR*plus* can provide *Claims Concierge Service*. The legal claims paperwork can be complicated and knowing what is in the policy is crucial. Our service makes this process much easier and more importantly enables you to maximize coverage payments.

# LTC Care Audit

If you have a family member who is already receiving care, it may be problematic or nearly impossible to monitor care... especially if you live far away from your loved one. Accessing the LTC*Rplus* CareAudit service provides a detailed assessment and regular auditing of care by a health care professional, to assure that your family member is receiving optimal care.

This benefit\* can significantly reduce daily stress and worries for you and your family.

\*There is an extra charge for this service.

# Closing Remarks

Thank you for attending today's webinar, I hope that you found it informative.

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## Questions / Answers