



## Preparing for Long Term Care



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# Is Long Term Care in Your Future?

Perfect Storm...

- **Less Social Security**
- **Reduce Pension**
- **TSP-Tax Deferred**

**Statistically,  
70% of  
people over  
age 65 will  
need long-  
term care**

**70%**



# What is Long Term Care?

- Ongoing services and support needed because of chronic health condition or disability
  - Three levels of care: skilled, intermediate, and personal care
  - Care can be provided in a variety of settings



# Where Can You Receive Care?

Home



Assisted  
Living



Adult  
Day Care

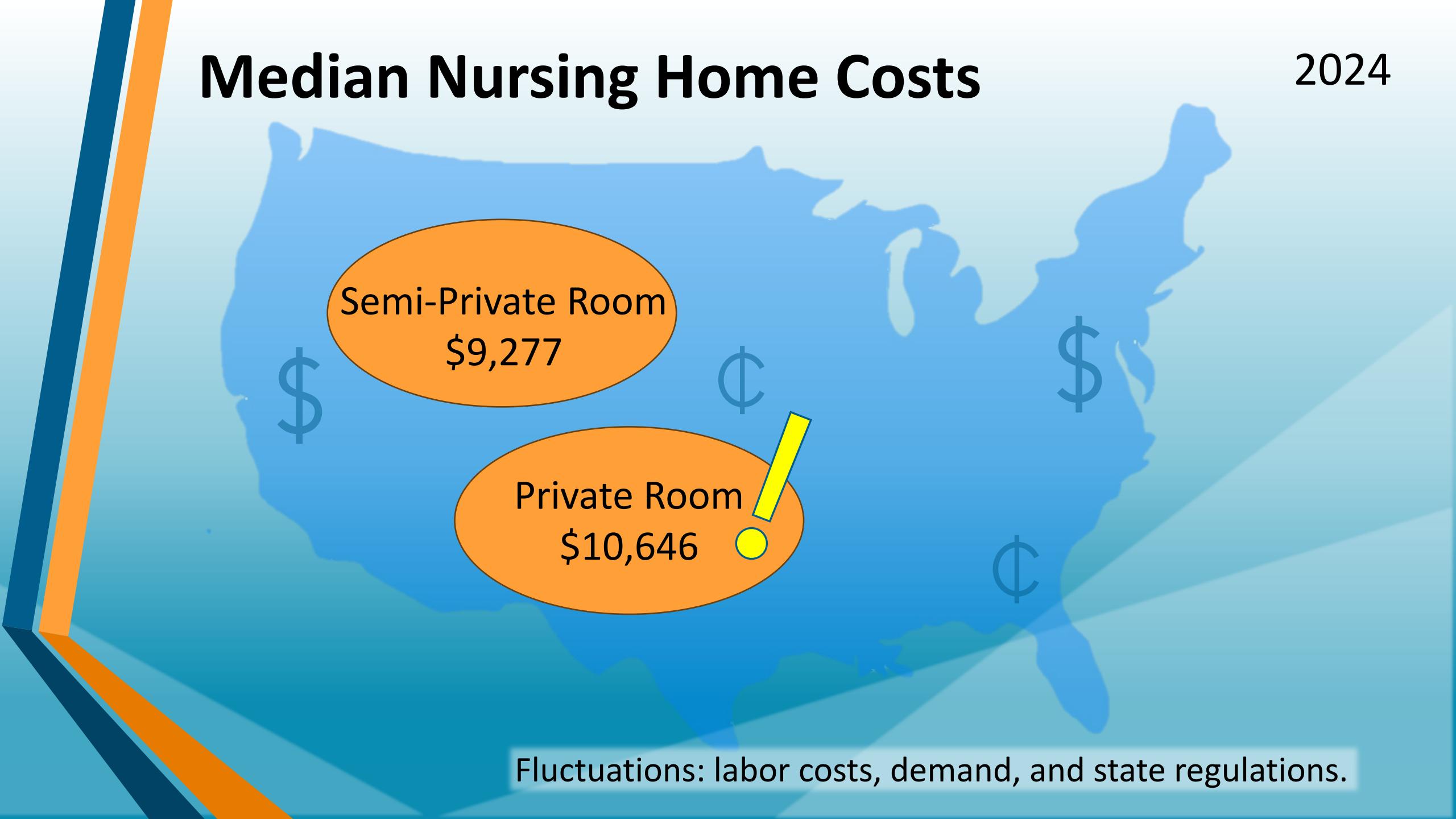


Nursing  
Home



# Median Nursing Home Costs

2024



Semi-Private Room  
\$9,277

Private Room  
\$10,646

Fluctuations: labor costs, demand, and state regulations.

# How Will You Pay for LTC?

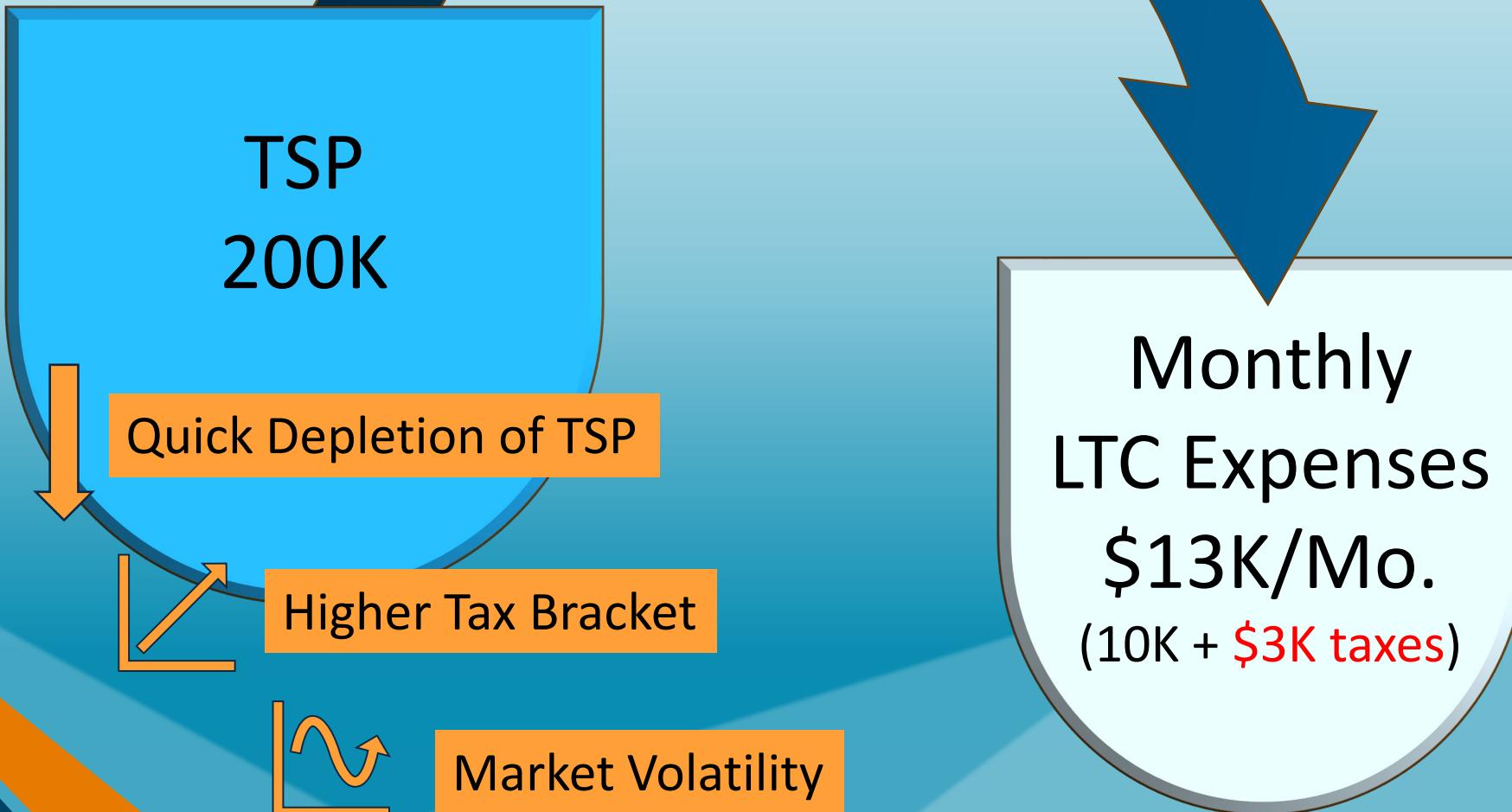
- Pay out-of-pocket - Self Insure
- Rely on government programs such as Medicare or ~~Med~~icaid
- Buy long-term care insurance
- Life Insurance with LTC Rider/or Hybrid Policy
- Elder Care Planning

# Paying for LTC Out-of-Pocket



- ✓ More freedom to choose care
- ✓ Ideal if you can afford to pay for care indefinitely
  
- ? You must be willing to liquidate assets if necessary
- ? May impact ability to pass on assets to family
- ? If you run out of money, you will need to rely on family members or the government

# Paying for LTC: TSP



# Continuing Care Retirement Communities (CCRC's)

## Age in Place

Independent Living → Assisted Living → Memory Care → Skilled Nursing Care

These communities typically offer ...

- Independent and assisted living options
  - On-site healthcare services
  - 24/7 access to doctors and nurses

### Buy-in Structure

(Up Front Costs)

- Entry Fee
  - Equity
  - Rental

And

### Monthly Payment Structure

- Fee-for-Service
  - Modified
  - Life Care

# CCRC Contract Options

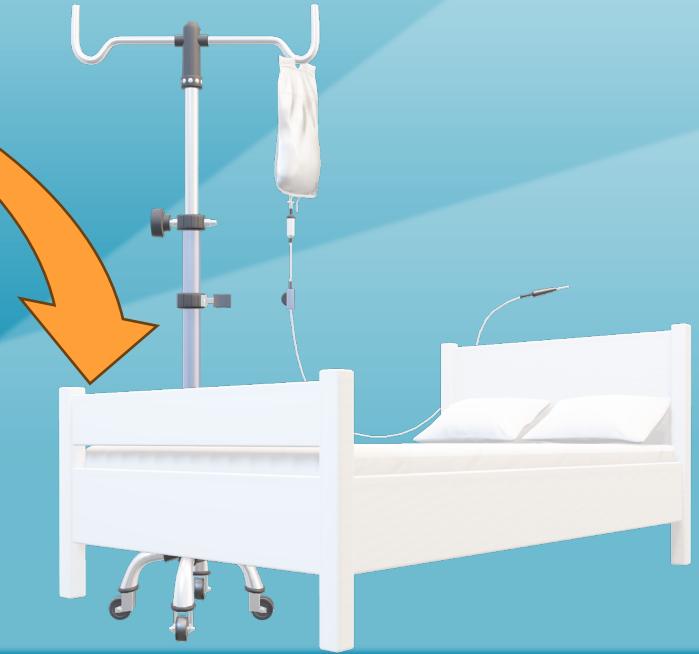
	Entry Fee	Equity	No Buy-in (Rental)
Type A – Life Care	Option	N/A	N/A
Type B - Modified	Option	Option	N/A
Type C – Fee-for-Service	Option	Option	Option

# Pay LTC Out-of-Pocket: Reverse Mortgage

- ✓ Live at home for as long as you are able
- ✓ No mortgage payments to make
- ✓ Loan is repaid when you vacate the home



\$



# Medicare

A federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with end-stage renal disease.

## Pros

May pay up to 100 days of medically necessary care in a skilled nursing facility per benefit period and the first 20 days are paid at 100%, however, a qualifying hospitalization must occur to activate this benefit.



## Cons

- Days 21-100 require a co-payment.
- Medicare does not provide coverage for LTC with respect to any of the activities of daily living.
- Benefits do not include care or assistance that can help you remain in your home.



## Things to Consider



- Once Medicare stops paying, any Medicare supplemental insurance policy will also stop paying.
- Medicare pays for acute care, but not for long-term residency.

# Paying for LTC: Medicare

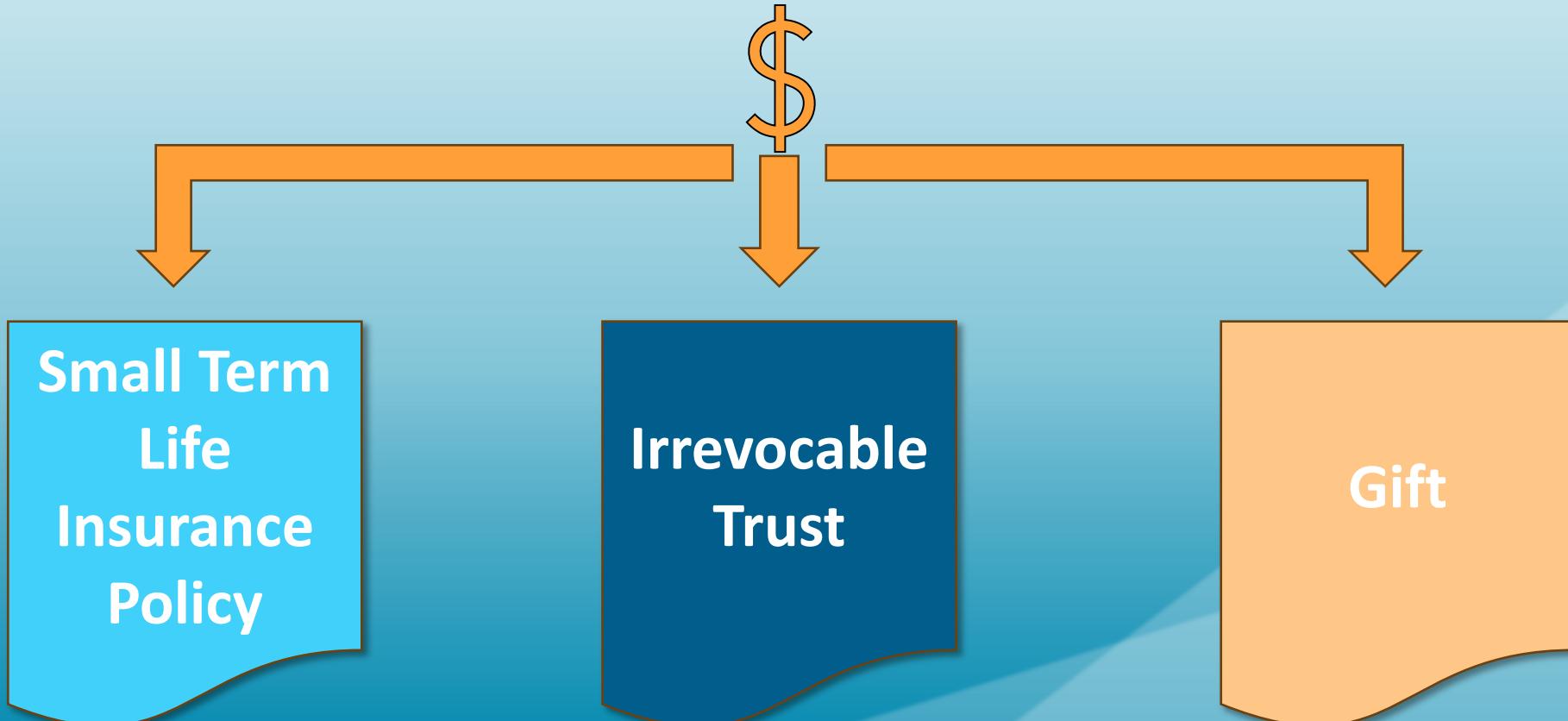
Medicare is federal health insurance that provides **limited** coverage for long-term care services

## Medicare Covers:

- ✓ **Care in a long-term care hospital**
- ✓ **Skilled nursing care in a skilled nursing facility**
- ✓ **Eligible home health services**
- ✓ **Hospice & respite care**

# Medicaid Planning

Distribute/Protect Your Assets



# How Will You Pay for LTC?

- Pay out-of-pocket - Self Insure
- Rely on government programs such as Medicare or ~~Med~~icaid
- Buy long-term care insurance
- Life Insurance with LTC Rider/or Hybrid Policy
- Elder Care Planning

# Federal Long Term Care Insurance Program

**Not currently Available**

*As of Dec. 19, 2024, another 24 months extension of the freeze (which started in Dec of 2022) has been put into effect.*

*Individuals not already enrolled, may not apply for coverage.*

*And current FLTCIP enrollees may not apply to increase their coverage.*

# How Does LTC Insurance Work?

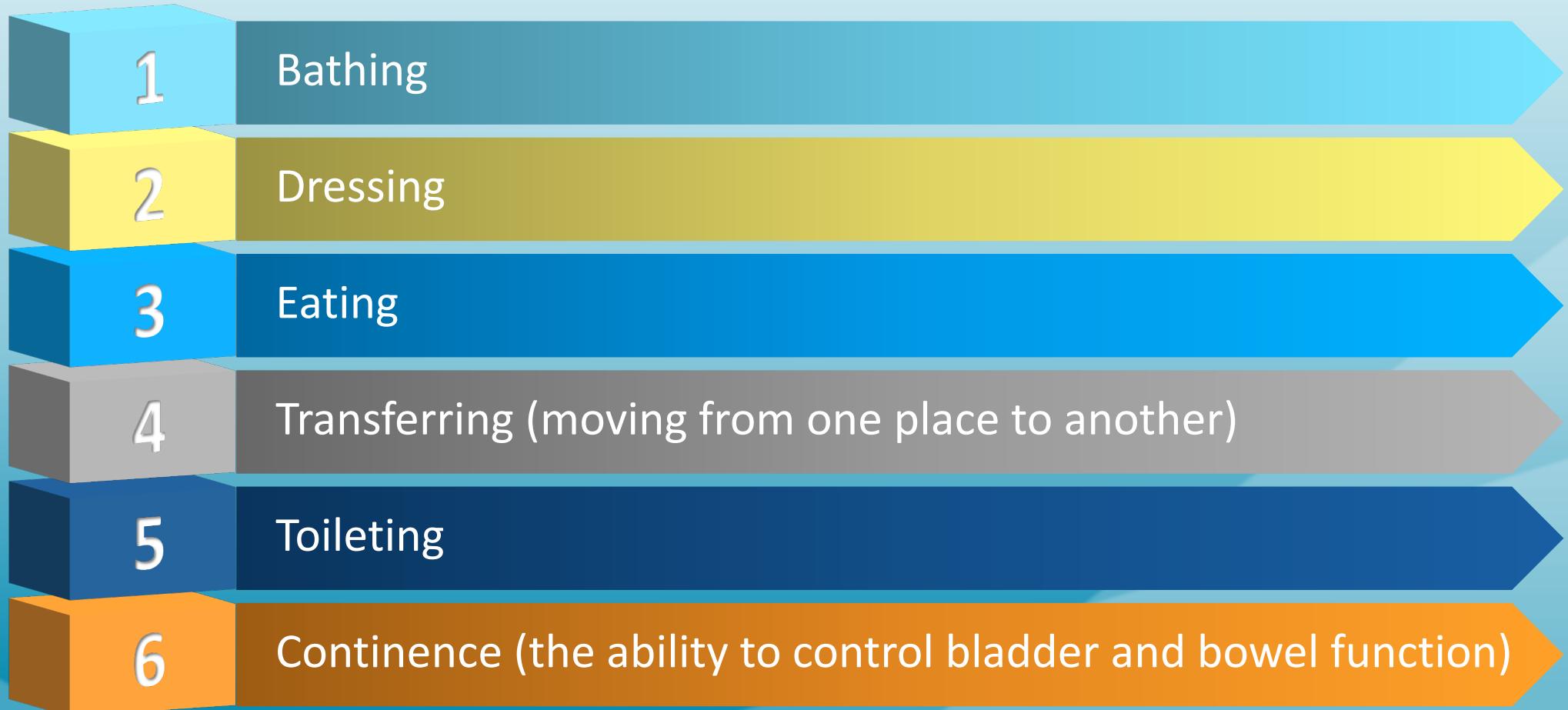
You must be in reasonably good health to buy a policy

Premium is based on your age and features/benefits you choose

Benefit is typically triggered when you become chronically ill or cognitively impaired and need help with 2/6 ADL's

Once waiting period is satisfied, benefits paid as long as necessary until policy limits are reached

# 6 Activities of Daily Living (ADL's)



- 1 Bathing
- 2 Dressing
- 3 Eating
- 4 Transferring (moving from one place to another)
- 5 Toileting
- 6 Continence (the ability to control bladder and bowel function)

# Existing Policies Premium Rate Increases

State	Filer	Calculated premium change (\$M)	Written premium (\$M)	Approved rate change (%) <sup>*</sup>	Number of policyholders affected	Renewal business effective date
VA	Genworth Life Insurance Co. <sup>1</sup>	9.7	26.9	36.1	10,228	04/21/22
OH	Genworth Life Insurance Co.	9.7	14.8	65.4	6,713	03/31/22
PA	John Hancock Life Insurance Co.	7.5	12.7	59.1	4,760	05/09/22
TN	Genworth Life Insurance Co.	5.5	9.2	59.5	4,431	04/27/22
KY	Genworth Life Insurance Co.	5.1	12.7	39.9	4,617	03/31/22
IA	Ability Insurance Co.	5.0	10.6	47.4	2,612	02/18/22
NE	Ability Insurance Co.	4.9	4.6	107.1	2,383	01/01/22
AL	Genworth Life Insurance Co.	4.7	31.0	15.0	8,321	03/14/22
TX	Ability Insurance Co.	4.6	7.5	62.2	2,821	01/29/22
NE	Ability Insurance Co. <sup>2</sup>	4.6	8.1	56.7	2,024	01/13/22

**11%**  
**Annual  
Increase!**

Date compiled Aug 4, 2022

LTC = long-term care

Information collected on a best-effort basis. Rate filling information is sourced from the System for Electronic Rate and Form Filing documents.

Reflects individual long-term care rate filings for Type of Insurance LTC021, LTC031, LTC041 and LTC051 with renewal business effective dates between Jan. 1 and June 30, 2022. Excludes pending, disapproved and withdrawn fillings; fillings where rate change was zero; fillings where data on the premium impacted was unavailable; fillings where the disposition table was unavailable, notably in the state of Florida.

Written premium, calculated premium change, approved rate change and number of policyholders affected are based on disposition section of rate filings. Approved rate change reflects the calculated premium change divided by written premium.

Top 10 fillings shown are based on calculated premium change.

<sup>\*</sup>Approved rate change shown may be the ultimate increase as some states cap the amount an insurer can raise rates in a given year.

<sup>1</sup> Adjustments made to values shown due to discrepancies between disposition table and correspondence from the state insurance regulators within the filing.

<sup>2</sup> Include LTC premium changes for policies of medico Insurance Co. that have been novated over to Ability Insurance Co.

Source: S&P Global Market Intelligence

# Stress Test Your LTC Premiums

<u>Beginning Balance</u>	<u>Gross Level ROR</u>
\$3,930	11.00
<u>Annual Additions or Withdrawals</u>	<u># of Years</u>
\$0	20
<u>Ord. Inc. Tax Rate%</u>	
0.00	
Federal + State	

Can you afford this?

<u>Year</u>	<u>Beginning Balance</u>
1	3,930
2	4,272
3	4,643
4	5,046
5	5,485
6	5,961
7	6,479
8	7,042
9	7,654
10	8,320
11	9,042
12	9,828
13	10,682
14	11,611
15	12,620
16	13,716
17	14,908
18	16,204
19	17,612
20	19,142

# LTC Insurance – 5 Key Features

## Benefit

What is the amount of the benefit payable?

## Benefit Period

How long will benefits last?

## Elimination Period

How long will you wait before benefits begin?

## Location of Care

Does the policy cover care in different settings?

## Inflation Protection

Will your benefits keep up with rising costs?

# Other Insurance Options

## Combination Policies

- Combines life insurance or annuities with LTC Rider.

# Hybrid Product

All Values and Benefits Guaranteed

Guaranteed 1.00% Interest Rate

Product			Guaranteed Benefit Table						Total Benefit**		
End of Year	Age	Scheduled Premium	Cash Value	Total Received on Surrender	Net Death Benefit	Total LTC Benefit (Excludes Inflation)	Max Monthly LTC Benefit* (Excludes Inflation)	Max Monthly Inflation Rider Benefit*	Total Monthly Benefit	Total LTC Benefit Plus Inflation)	
1	58	10,000	6,044	6,044	97,595	292,786	4,066	0	4,066	315,644	
2	59	10,000	10,479	10,479	97,595	292,786	4,066	122	4,188	325,113	
3	60	10,000	15,072	15,072	97,595	292,786	4,066	248	4,314	334,867	
4	61	10,000	19,825	19,825	97,595	292,786	4,066	377	4,444	344,913	
5	62	10,000	24,738	24,738	97,595	292,786	4,066	510	4,577	355,260	
<b>Total</b>		<b>50,000</b>									
6	63	10,000	29,818	29,818	97,595	292,786	4,066	648	4,714	365,918	
7	64	10,000	35,073	35,073	97,595	292,786	4,066	789	4,856	376,895	
8	65	10,000	40,513	40,513	97,595	292,786	4,066	935	5,001	388,202	
9	66	10,000	46,153	46,153	97,595	292,786	4,066	1,085	5,151	399,848	
10	67	10,000	52,008	52,008	100,000	292,786	4,066	1,239	5,306	411,844	
<b>Total</b>		<b>100,000</b>									
11	68	0	53,489	53,489	100,000	292,786	4,066	1,399	5,465	424,199	
12	69	0	54,993	54,993	100,000	292,786	4,066	1,562	5,629	436,925	
13	70	0	56,518	56,518	100,000	292,786	4,066	1,731	5,798	450,033	
14	71	0	58,058	58,058	100,000	292,786	4,066	1,905	5,972	463,534	
15	72	0	59,609	59,609	100,000	292,786	4,066	2,084	6,151	477,440	
<b>Total</b>		<b>100,000</b>									
16	73	0	61,163	61,163	100,000	292,786	4,066	2,269	6,335	491,763	
17	74	0	62,718	62,718	100,000	292,786	4,066	2,459	6,526	506,516	
18	75	0	64,267	64,267	100,000	292,786	4,066	2,655	6,721	521,711	
19	76	0	65,811	65,811	100,000	292,786	4,066	2,856	6,923	537,363	
20	77	0	67,350	67,350	100,000	292,786	4,066	3,064	7,131	553,484	
<b>Total</b>		<b>100,000</b>									

# Life Insurance with LTC Rider

Year	Age End Year	Contract Prem for Grid Values	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Contract Premium	Net Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1	60	10,000	0	229,197	10,000	1,494	1,494	1,494	3,482	232,679	3,481
2	61	10,379	676	229,197	10,000	1,680	3,221	3,897	7,277	236,474	8,805
3	62	10,379	6,310	229,197	10,000	1,772	5,092	11,402	11,160	240,357	24,988
4	63	10,379	12,037	229,197	10,000	1,963	7,211	19,249	15,334	244,531	40,931
5	64	10,379	17,848	229,197	10,000	2,197	9,626	27,474	19,870	249,067	56,712
6	65	10,379	23,816	229,197	10,000	2,386	12,297	36,113	24,654	253,851	72,398
7	66	10,379	29,890	229,197	10,000	2,633	15,289	45,179	29,782	258,979	88,004
8	67	10,379	36,053	229,197	10,000	2,912	18,641	54,694	35,296	264,493	103,559
9	68	10,379	42,312	229,197	10,000	3,204	22,373	64,685	41,194	270,391	119,099
10	69	10,379	48,665	229,197	10,000	3,472	26,472	75,138	47,413	276,610	134,575
11	70	10,379	55,110	229,197	10,000	3,837	31,039	86,149	54,100	283,297	150,156
12	71	10,379	61,639	229,197	10,000	4,197	36,078	97,706	61,223	290,419	165,803
13	72	10,379	68,191	229,197	10,000	4,597	41,633	109,823	68,821	298,018	181,544
14	73	10,379	74,778	229,197	10,000	5,060	47,772	123,550	78,975	306,172	197,463
15	74	10,379	81,365	229,197	10,000	5,558	54,534	135,899	85,711	314,908	213,590
16	75	10,379	87,034	229,197	10,000	6,016	61,884	140,818	94,940	324,137	229,845
17	76	10,379	94,484	229,197	10,000	6,432	69,786	164,370	104,580	333,777	246,171
18	77	10,379	101,023	229,197	10,000	6,857	78,253	179,276	114,624	343,821	262,602
19	78	10,379	107,560	229,197	10,000	7,258	87,268	194,828	125,022	354,219	279,115
20	79	10,379	114,106	229,197	10,000	7,633	96,811	210,917	135,723	364,920	295,692
21	80	10,379	120,207	229,197	10,000	8,113	106,986	227,193	146,860	376,057	311,868
22	81	10,379	126,255	229,197	10,000	8,348	117,548	243,803	158,088	387,285	327,886
23	82	10,379	132,233	229,197	10,000	8,645	128,547	260,780	169,487	398,684	343,832
24	83	10,379	138,139	229,197	10,000	9,033	140,073	278,213	181,170	410,367	359,838
25	84	10,379	143,894	229,197	10,000	9,512	152,184	296,078	193,249	422,446	375,972
26	85	10,379	149,469	229,197	10,000	10,052	164,920	314,388	205,792	434,989	392,303
27	86	10,379	154,820	229,197	10,000	10,568	178,231	333,051	218,763	447,960	408,792
28	87	10,379	159,906	229,197	10,000	11,109	193,112	352,018	232,190	461,387	425,456
29	88	10,379	164,694	229,197	10,000	11,642	206,524	371,218	246,061	475,258	442,284
30	89	10,379	169,154	229,197	10,000	12,192	221,447	390,602	260,398	489,595	459,304

# Life Insurance with LTC Rider

Year	Age End Year	LTCR Current Premium	LTCR Maximum Premium*	LTCR Base Benefit Pool Beg Year*	LTCR Dividends Benefit Pool Beg Year	LTCR Total Benefit Pool Beg Year	LTCR Maximum Monthly Benefit Beg Year	LTCR Min Payout Period (in months) Beg Year
1	60	379	758	204,197	0	204,197	4,254	46
2	61	379	758	204,197	3,482	207,679	4,254	46
3	62	379	758	204,197	7,277	211,474	4,424	45
4	63	379	758	204,197	11,160	215,357	4,594	44
5	64	379	758	204,197	15,334	219,531	4,765	43
6	65	379	758	204,197	19,870	224,067	4,935	43
7	66	379	758	204,197	24,654	228,851	5,105	42
8	67	379	758	204,197	29,782	233,979	5,275	42
9	68	379	758	204,197	35,296	239,493	5,445	42
10	69	379	758	204,197	41,194	245,391	5,615	42
11	70	379	758	204,197	47,413	251,610	5,786	41
12	71	379	758	204,197	54,100	258,297	5,956	41
13	72	379	758	204,197	61,222	265,419	6,126	41
14	73	379	758	204,197	68,821	273,018	6,296	41
15	74	379	758	204,197	76,975	281,172	6,466	42
16	75	379	758	204,197	85,711	289,908	6,636	42
17	76	379	758	204,197	94,940	299,137	6,807	42
18	77	379	758	204,197	104,580	308,777	6,977	42
19	78	379	758	204,197	114,624	318,821	7,147	43
20	79	379	758	204,197	125,022	329,219	7,317	43

# Cash Flow and an Insurance Product Combination: *2 Options*

## One Dimensional Strategy

A LTC Insurance Plan

- Protects for Long Term Care

## Multi-Dimensional Strategy

Whole Life Insurance w/ a LTC Rider

- Long Term Care Protection
- Income Replacement
- Tax Shelter
- Wealth Transfer

TAXED

\$

RMD

TSP  
\$

INCOME

SURPLUS

TAX

TAX

INVESTMENT

\$

TAX

TAX

Purpose of  
Account?

# Purpose of Surplus

Emergency !

Long Term Care of Health

Legacy

TAXED

\$

RMD

INCOME

SURPLUS

TSP  
\$

Tax Free  
\$

Tax Free  
Transfer/LTC

# Life Insurance with LTC Rider

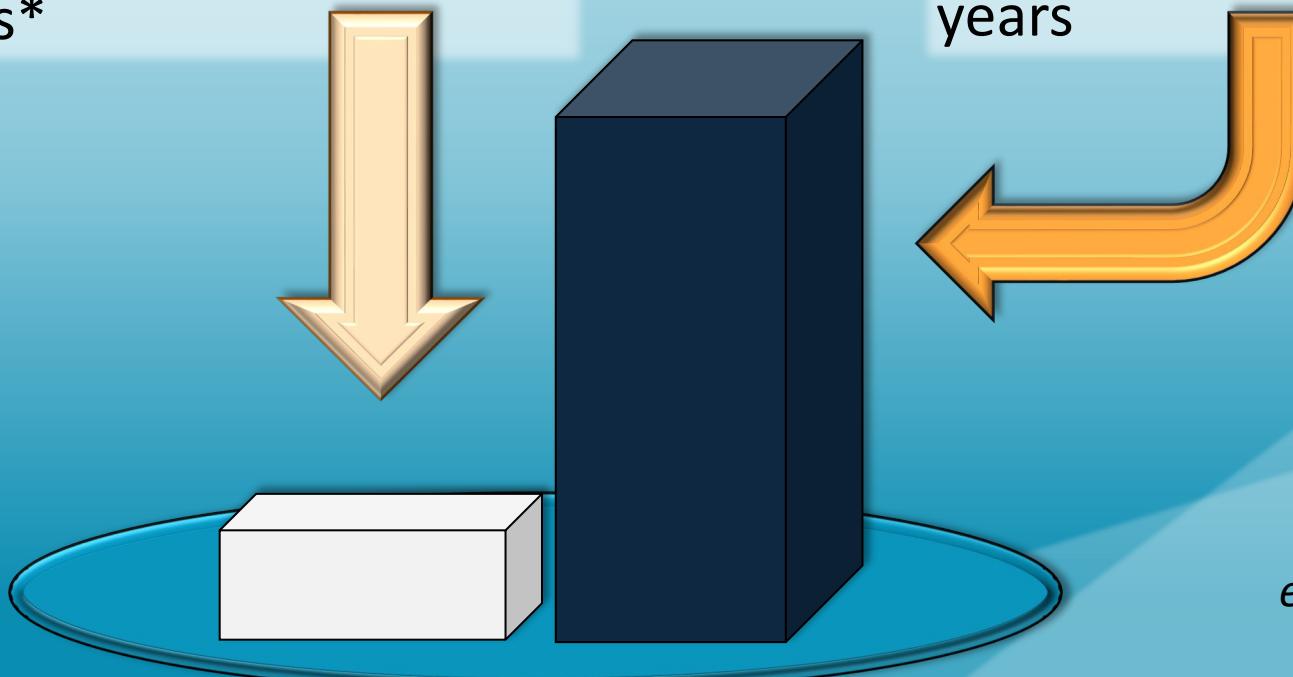
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1	60	10,000	0	229,197	10,000	1,494	1,494	1,494	3,482	232,679	3,481
2	61	10,379	676	229,197	10,000	1,680	3,221	3,897	7,277	236,474	8,805
3	62	10,379	6,310	229,197	10,000	1,772	5,092	11,402	11,160	240,357	24,988
4	63	10,379	12,037	229,197	10,000	1,963	7,211	19,249	15,334	244,531	40,931
5	64	10,379	17,848	229,197	10,000	2,197	9,626	27,474	19,870	249,067	56,712
6	65	10,379	23,816	229,197	10,000	2,386	12,297	36,113	24,654	253,851	72,398
7	66	10,379	29,890	229,197	10,000	2,633	15,289	45,179	29,782	258,979	88,004
8	67	10,379	36,053	229,197	10,000	2,912	18,641	54,694	35,296	264,493	103,559
9	68	10,379	42,312	229,197	10,000	3,204	22,373	64,685	41,194	270,391	119,099
10	69	10,379	48,665	229,197	10,000	3,472	26,472	75,138	47,413	276,610	134,575
11	70	10,379	55,110	229,197	10,000	3,837	31,039	86,149	54,100	283,297	150,156
12	71	10,379	61,639	229,197	10,000	4,197	36,078	97,706	61,223	290,419	165,803
13	72	10,379	68,191	229,197	10,000	4,597	41,633	109,823	68,821	298,018	181,544
14	73	10,379	74,778	229,197	10,000	5,060	47,772	123,550	78,975	306,172	197,463
15	74	10,379	81,365	229,197	10,000	5,558	54,534	135,899	85,711	314,908	213,590
16	75	10,379	87,034	229,197	10,000	6,016	61,884	149,818	94,940	324,137	229,845
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19	78	10,379	107,560	229,197	10,000	7,258	87,268	194,828	125,022	354,219	279,115
20	79	10,379	114,106	229,197	10,000	7,633	96,811	210,917	135,723	364,920	295,692
21	80	10,379	120,207	229,197	10,000	8,113	106,986	227,193	146,860	376,057	311,868
22	81	10,379	126,255	229,197	10,000	8,348	117,548	243,803	158,088	387,285	327,886
23	82	10,379	132,233	229,197	10,000	8,645	128,547	260,780	169,487	398,684	343,832
24	83	10,379	138,139	229,197	10,000	9,033	140,073	278,213	181,170	410,367	359,838
25	84	10,379	143,894	229,197	10,000	9,512	152,184	296,078	193,249	422,446	375,972
26	85	10,379	149,469	229,197	10,000	10,052	164,920	314,388	205,792	434,989	392,303
27	86	10,379	154,820	229,197	10,000	10,568	178,231	333,051	218,763	447,960	408,792
28	87	10,379	159,906	229,197	10,000	11,109	193,112	352,018	232,190	461,387	425,456
29	88	10,379	164,694	229,197	10,000	11,642	206,524	371,218	246,061	475,258	442,284
30	89	10,379	169,154	229,197	10,000	12,192	221,447	390,602	260,398	489,595	459,304

# Comparison

	LTC Insurance	LIFE W LTCR
FIXED COST for premiums	NO	YES
Pay premiums for your lifetime	YES	YES/or Paid-Up Option is available
Accumulates value	NO	YES
Has Death Benefit	NO	YES
Death Benefit increases in value over time	NO	YES
Death Benefit is TAX FREE to your heirs  <b>Does my Estate get my Premiums or Death Benefit back after I Die</b>	YES  NO	YES  YES

# LTC Insurance vs. Investing

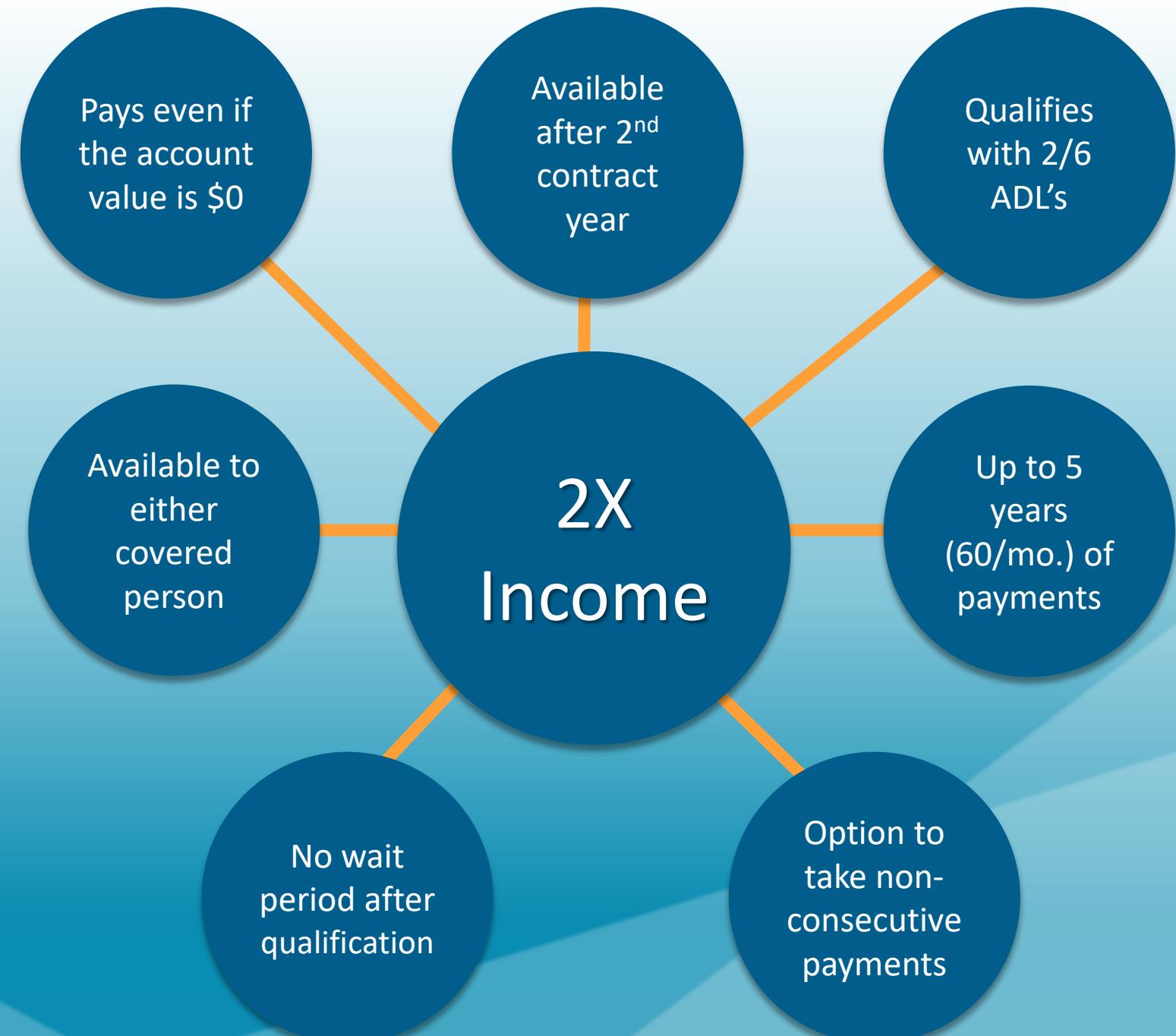
Investing \$3,042 annually  
at 5% after-tax rate of  
return: \$105,616  
accumulated after 20  
years\*



Paying \$3,042 annual premium for a  
3-year LTC policy with a \$150 daily  
benefit and 5% compound inflation  
protection: \$435,804 benefit after 20  
years

*\*This is a hypothetical  
example and doesn't reflect  
the return of any specific  
investment.*

## 2X Income



# Begin Planning Today



While you're healthy enough  
to take advantage of all options



While you have time enough to plan



To relieve your family of the burden  
of making decisions

# LTC Planning Checklist

- Explore services and costs in your area
- Assess your finances
- Talk to your family about your plans
- Compare options with the help of a qualified financial professional
- Prepare health-care directives



Thank you for your time today. Kindly fill out our feedback survey:  
<https://www.surveymonkey.com/r/DCSOFASURVEY>



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