

This Month in LTC Planning

**How to sell Linked Benefit
Products**

May 17th, 2018

Today's Hosts



Steve Cain
VP and Account Manager



Tom Riekse, Jr., ChFC, CEBS
Managing Director

Today's Guest – Pat Bradley, CLU, ChFC



Pat joined LTCI Partners in 1997. Pat has held numerous sales positions and is currently an account manager. He also heads up internal training for LTCI Partners Associates. He is a certified trainer for the Financial Services Specialist programs that cover insurance products, financial sales training, and key industry products and services.

LTC In the News

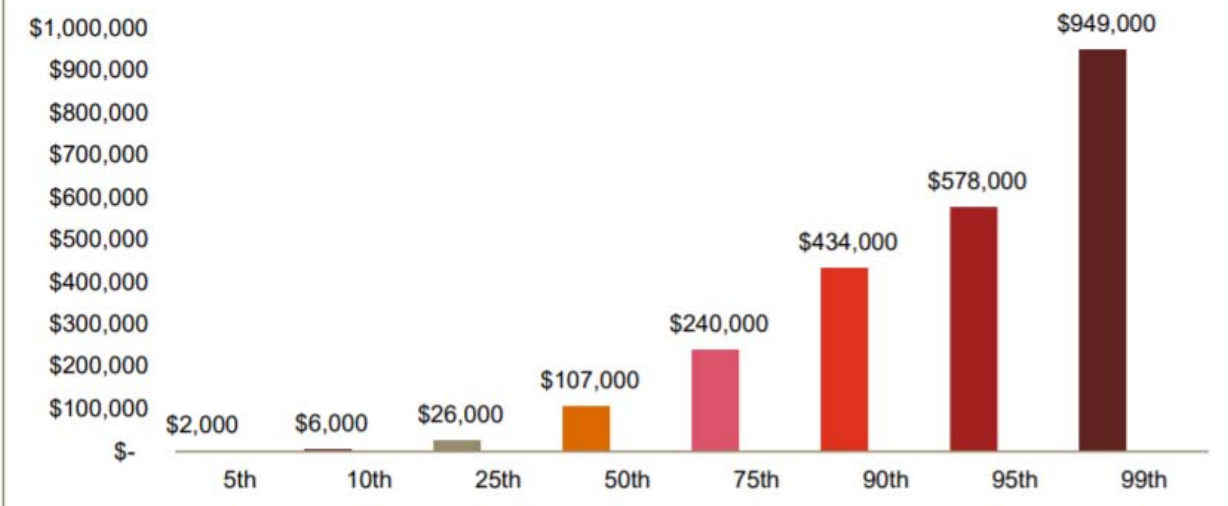
- Medicare Advantage Plans can include LTC Benefits – what does that mean?
- Rising Interest rates could increase interest in Annuity/LTC plans

LTC In the News – latest study on LTC Claims

We estimate that the current average lifetime cost of formal long-term care is
\$172,000

Analyzed claim data from 200,000 LTC Insurance claimants and 22 participating companies

Figure 1 - Estimated Lifetime Costs of Care by Percentile



Product Portfolio – look for the “Care” in their name

Whether you call them Asset-based, Hybrid, Combo, Reverse-Combo, or Linked, there is a great portfolio of products!

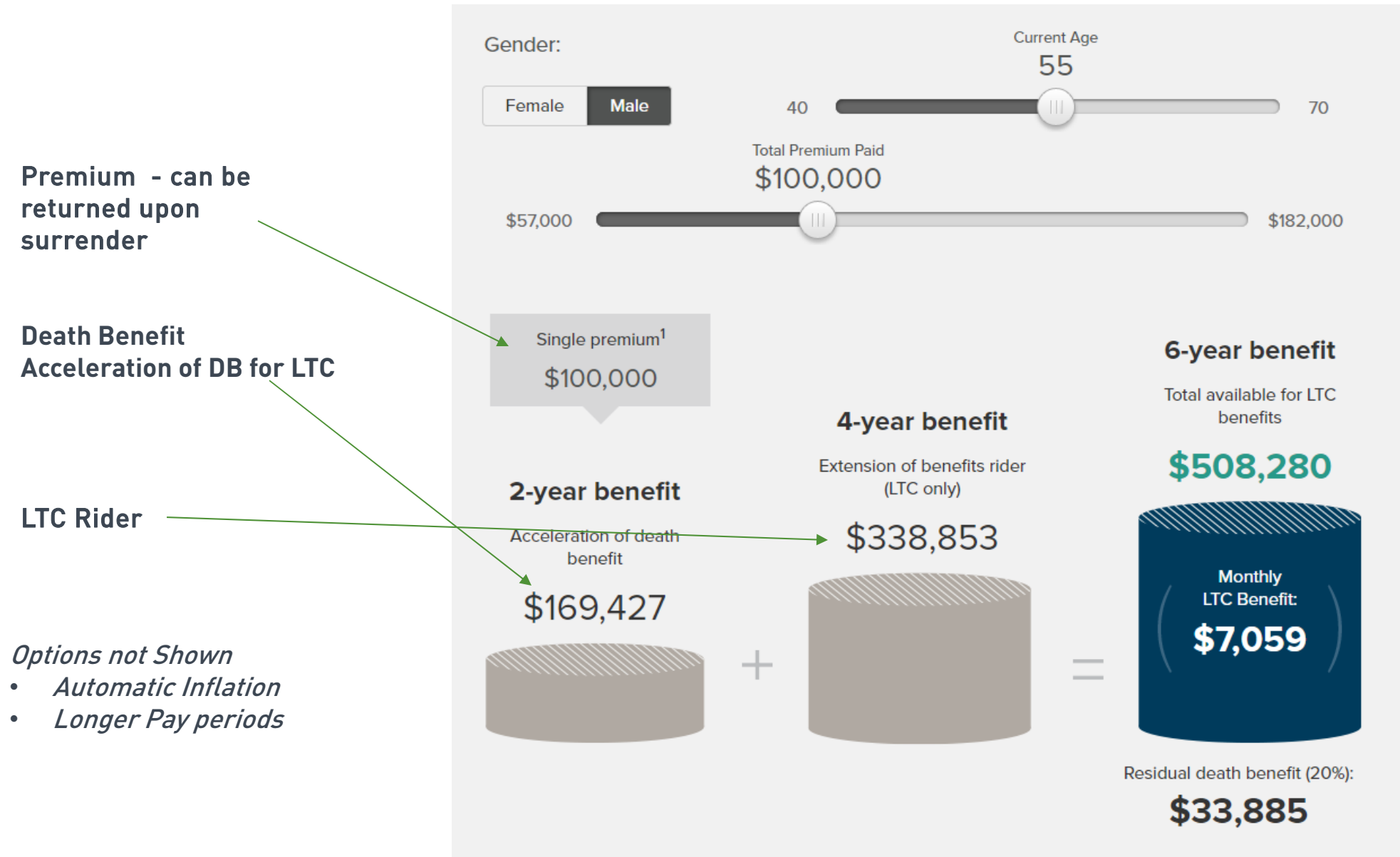


Typical Features
distinct from
Traditional Products:

- Self-Insurance
- Death Benefit (a/k/a ROP)
- Surrender Option
- Guaranteed Premiums/Benefits

Why Linked Life/LTC plans? - Poll

Basics of a Linked Life/LTC Plan



LINKED LTC PRODUCT PORTFOLIO

CARRIER & PRODUCT	FUNDING OPTIONS	RETURN OF PREMIUM	ISSUE AGES	KEY FEATURES	INFLATION OPTIONS	UNDERWRITING
Nationwide CareMatters	Single Pay, 5 Pay, 10 Pay	100% after 5 year vesting	40 to 75	Indemnity benefit, 20% residual death benefit, Calendar Day elimination	3% Simple or 5% Compound	Simplified
Securian SecureCare	Single Pay, 5 Pay, 7 Pay, 10 Pay, 15 Pay	100% after 5 year vesting.	40 to 75	Indemnity benefit, Calendar Day elimination	3% and 5% Simple, 3% and 5% Compound	Simplified
Pacific Life PremierCare	Single Pay, 5 Pay, 7 Pay, 10 Pay	Return of Premium from Day 1.	30-75	0 day Elimination for Home Care, Full ROP from day 1.	3% Simple, 5% Simple, 5% Compound	Simplified
Lincoln Moneyguard II	Single to 10 Pay. Pay to 65.	80% from Day 1 or 100% after 6 year vested	40-79	No Elimination period, no penalty for smokers.	3% Compound or 5% Compound	Simplified
OneAmerica Asset-Care I	Single Pay	Full ROP on base plan only.	35 - 80	Lifetime benefits. Joint survivorship whole life product.	3% Cpd or 5% Cpd on base. 3% Simple or 5% Simple on base. 2,3,4,5% Cpd on rider. Varies by state.	Simplified or full based on health history or amount at risk.
OneAmerica Asset-Care II	Non qualified annuity 1035	Full ROP on base plan only after 9 year vesting.	59 1/2 to 80, Joint age starts at 40 but annuitant must be 59 1/2	Can fund with non-qualified annuity. Lifetime benefits available. Joint survivorship whole life product.	3% Cpd or 5% Cpd on base. 3% Simple or 5% Simple on base. 2,3,4,5% Cpd on rider. Varies by state.	Simplified or full based on health history or amount at risk.
OneAmerica Asset-Care III	Qualified money only	Full ROP on base plan only after 9 year vesting.	59 1/2 to 80, Joint age starts at 40 but annuitant must be 59 1/2	Qualified money only. Lifetime benefits available. Joint survivorship whole life product.	3% Cpd or 5% Cpd on base. 3% Simple or 5% Simple on base. 2,3,4,5% Cpd on rider. Varies by state.	Simplified or full based on health history or amount at risk.
OneAmerica Asset-Care IV	10 to 20 Pay and Annual Pay	Full ROP on base plan only.	20 to 80	Lifetime benefits available. Joint survivorship whole life product. Annual premiums guaranteed.	3% Cpd or 5% Cpd on base. 3% Simple or 5% Simple on base. 2,3,4,5% Cpd on rider. Varies by state.	Simplified or full based on health history or amount at risk.

Funding Options

Product	Pay Options
Nationwide CareMatters	Single Pay, 5-pay, 10-pay
Securian SecureCare	Single Pay, 5-pay, 7-pay, 10-pay, 15-pay
Pacific Life Premier Care	Single Pay, 5-pay, 7-pay, 10-pay
Lincoln MoneyGuard II	Single to 10-pay, pay to age 65
OneAmerica	Many Pay options for both base (acceleration benefit) and rider benefit, including lifetime pay
National Guardian Life (LTC)	Single Pay, 10-Pay, lifetime pay

- For one carrier, \$95,000 single pay = \$131,957 in total payments over 15 years (no waiver of premium available)
- Premiums Guaranteed
- Stop paying premiums? Get a reduced paid up benefit.
- Tax-free 1035 exchanges available

Return of Premium – Surrender Options

Product	Return of Premium Feature
Nationwide CareMatters	100% after 5-year vesting
Securian SecureCare	100% after 5 year vesting
Pacific Life Premier Care	100% after day 1
Lincoln MoneyGuard II	80% from Day 1 or 100% after 6 year vesting
OneAmerica	100% on base-plan only
National Guardian Life (LTC)	80% of premium less claims paid upon surrender is an option

- Not many policyholders will surrender despite the Interest rate risk – money will be locked in because surrendering policy gives up LTC benefits

Key Product Features and Benefits

Product	Key Product Features
Nationwide CareMatters	Cash Indemnity, calendar day elimination
Securian SecureCare	Cash Indemnity, calendar day elimination
Pacific Life Premier Care	0 Day Elimination for Home Care
Lincoln MoneyGuard II	No Elimination Period
OneAmerica	Lifetime benefit option, extension rider tax benefits, joint life policy
National Guardian Life (LTC)	Lifetime benefit option, full return of premium option

- Most people would decrease the death benefit to increase the LTC benefit
- How much would you pay for cash/informal care benefits?
- International Coverage -

Inflation Options

Product	Key Product Features
Nationwide CareMatters	3% simple or 5% compound
Securian SecureCare	3% and 5% simple, 3% and 5% compound
Pacific Life Premier Care	3% simple, 5% simple, 5% compound
Lincoln MoneyGuard II	3% compound or 5% compound
OneAmerica	3% or 5% simple/compound on base 5% simple rider or 2-5%
National Guardian Life (LTC)	3% or 5% compound, 3% or 5% step-rated

Automatic Inflation – helpful at younger ages

Proposed insured	Valued Client, Male, age 56, Non-Tobacco Couples Discount
Premiums	<p>\$131,957 premium paid over 15 years</p> <p>Annual premium: \$8,797</p> <p>Face amount: \$3,651</p> <p>Acceleration for Long-Term Care Benefit: \$598</p> <p>Extension of Long-Term Care Benefits: \$434</p> <p>Inflation Protection: \$4,115</p>

Long-Term Care (LTC) Benefit Period	Inflation Option	Face Amount	Day 1: Maximum LTC Monthly Benefit	Day 1: Total LTC Benefit	Age 80: Maximum LTC Monthly Benefit	Age 80: Total LTC Benefit	Total LTC Crossover Age ^a
6 years	None	\$175,953	\$7,331	\$527,858	\$7,331	\$527,858	N/A
6 years	3% Simple	\$148,503	\$6,188	\$478,921	\$10,643	\$799,687	60
6 years	3% Compound	\$135,980	\$5,666	\$439,787	\$11,517	\$893,997	63
6 years	5% Simple	\$127,903	\$5,329	\$431,674	\$11,724	\$892,126	62
6 years	5% Compound	\$90,576	\$3,774	\$308,045	\$12,172	\$993,476	68

Finding the right premium

Starting the conversation with ‘*Target Budget*’

- Finding an “Anchor Plan”
 - Anchor becomes the starter plan
 - What do you pay for “insurance?” (Life, Auto, Home, DI)
 - Generally \$1k-\$2k
 - DI approach: 2%-5% of income to protect asset
 - 401k “match” approach
 - Quote monthly
 - Start with lifetime premium before showing 10-pay

Age 60 Female	Single Pay Linked	10-Pay Linked	Annual Pay Linked	<i>Standalone Comparison</i>
Premium	\$100,000	\$10,000	\$3,000	<i>\$3,176</i>
Monthly Benefit	\$6,159	\$5,249	\$2,839	<i>\$8,000</i>
Total Benefit	\$307,958	\$262,470	\$141,960	<i>\$384,000</i>

Conclusion – Both Traditional and Linked Plans are here to stay

Traditional LTC Coverage	Linked Life/LTC Plans
<ul style="list-style-type: none">• Uses standardized benefit triggers for tax-free benefits• Pays for care at home, assisted living, nursing home• Automatic benefit inflation options <ul style="list-style-type: none">• Provides most leverage per premium \$\$• Can provide immediate benefits with small out of pocket costs• Current products have low chance of premium increase• Tax advantages for business• Pay premiums pre-tax from Health Savings Accounts	<ul style="list-style-type: none">• Uses standardized benefit triggers for tax-free benefits• Pays for care at home, assisted living, nursing home• Automatic benefit inflation options <ul style="list-style-type: none">• Combines self-insurance with LTC coverage• Life Insurance Benefit if LTC not used• Can surrender policy to get premiums back• Premiums and benefits guaranteed• True Cash Indemnity plans available• Faster (not more liberal) underwriting

Running Illustrations



3 ways to generate comparative quotes for standalone or linked LTC plans...



WinflexWeb

Create your user profile on Winflex web to get access to online quote software for Linked Life/LTC plans from Lincoln Financial, Nationwide, Pacific Life and Securion. Simply type LTCI Partners, LLC in the Company Name field.

[Next](#)



Stratecision

Stratecision allows for quick side by side comparisons of standalone LTC products such as Genworth, Mutual of Omaha, Transamerica and NGL.

[Next](#)



VitalLTC

VitalLTC is a long-term care insurance comparison system from Ebi that creates side by side comparisons of standalone products. LTCI Partners offers a special "blueprint" report that compares self-insuring to LTC Insurance!

[Next](#)

Comparative Illustrations



OneAmerica

Innovative Alternatives to Long-Term Care Insurance. You want to live out the last days of your life as comfortably and with as much dignity as possible.

Whether you prefer home health care or living in a nursing home, preparation can reduce the expense and burden of long-term care on your loved ones.

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Carrier Resources


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Alzheimer's disease is relentless. So are we. Join our team for the Alzheimer's Association Walk to End Alzheimer's®, the world's largest event to raise awareness and funds for Alzheimer's care, support and research.

Between 2000 and 2015 deaths from heart disease have decreased

11% 

while deaths from Alzheimer's disease have increased

 123%



1 IN 3
seniors dies with Alzheimer's or another dementia

It kills more than breast cancer and prostate cancer
COMBINED

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Questions & Answers

Please Use the Q&A Chat Feature

Please type your questions. Presenters will address each question in the order they are received.

Otherwise, for questions that are not answered today or for more information about LTCI Partners, begin a one-on-one discussion with a member of our sales team.

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