



What's Your Plan?

Why living a long-life requires
more than good luck.

What I won't do today...

- Use numbers, charts and statistics to tell you what you already know:
 - ⇒ It's likely you are going to live a long life.
 - That the chances of needing care are a probable consequence of living a long life.
- Spend a lot of time talking about what's going to happen *to you* if you need long-term care.
- Try and sell you long-term care insurance.

What I will do today...

- Speak to the consequences living a long life will have on your best thought out retirement plan.
- Give you insight into what a long-term illness does to a family.
- Discuss the options for financing your care should you need it.
- Listen.

My goals...

- To have you think differently about living a long life.
- To have you consider putting together a *new plan*, one that provides for your care financially and otherwise.
- To have you look at ways to protect that plan.

Agenda...

- You most likely are going to live a long life.
- Who is most impacted by long-term care.
- What pays for your care.
- A different view of your retirement plan.
- Starting to think about a plan that provides for your care, your family, and how it will be paid for.
- What will protect that plan.

A photograph of a vast blue ocean under a bright blue sky with wispy white clouds. The sun is visible on the left side, creating a shimmering reflection on the water's surface.


You know what was good
about the good old days?

Not a whole lot if you got sick...

Think for a moment about what happened if you had:

- A stroke; or
- A heart attack; or
- Cancer.

Your chance of surviving was far less than it is today.



Every day medical science
creates more and more ways to
live longer. That's the good
news.

“Advances begin to tame cancer...”

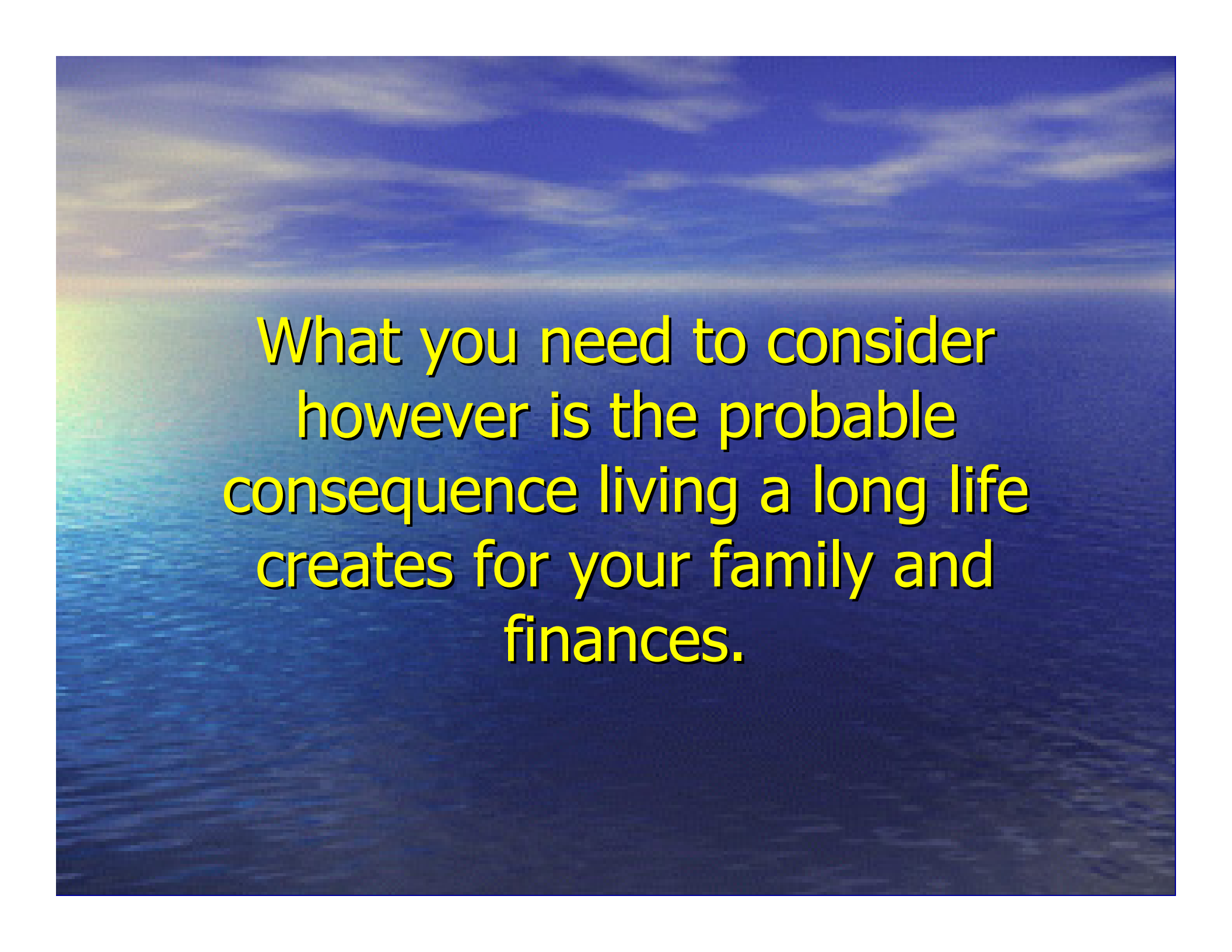
A June 6th, 2003 Boston Globe story reported that...

- Rapid advances in treating cancer have dramatically increased life expectancy for cancer patients.
- This is particularly true with deadlier forms of cancer such as pancreatic and brain tumors.
- “By 2015 cancer will be seen as a chronic disease,” states Dr. Andrew C. von Eschenbach, Director of the National Cancer Institute.



It gives you unprecedented opportunities...

- Another whole life is available in retirement.
- Your grandchildren have you longer.
- You are able to continue your commitment to the community; and
- To live healthier while you live.



What you need to consider
however is the probable
consequence living a long life
creates for your family and
finances.

Reasonable people.....

- Understand they are likely to live a long life.
- Understand that the chances of needing care increase proportionately.
- Are willing to consider the risk living a long life will have on their best thought out retirement plan.




That's why you are here.

Some definitions...

- Long-term care is generally described as providing care and services when a person is unable to perform activities of daily living (toileting, bathing, dressing, eating, transferring and continence) or has a severe cognitive impairment.
- It requires primarily custodial, not skilled care.

A photograph of a sunset over the ocean. The sky is a deep blue with wispy white clouds. The sun is low on the horizon, creating a bright glow and a rainbow on the left side of the image. The water is dark blue with gentle ripples.

**Who is most impacted by
long-term care.**



**Long-term care is not about
you. It's about your family.**

A photograph of a vast blue ocean under a blue sky with wispy white clouds. The sun is visible on the left side, creating a bright glow and a rainbow-like spectrum of colors on the water's surface.

**Old thinking versus new
thinking.**

A photograph of a sunset or sunrise over a vast, deep blue ocean. The sky is a mix of deep blue and purple, with wispy white clouds. A bright rainbow is visible on the left side of the image, partially obscured by the text. The text is centered in the lower half of the image.

Old thinking about long-term
care...

Previous seminars may have told you facts backed by statistics...

- The chances of needing care in a nursing home are 43%.
- The impact a chronic illness can have on you not your family.



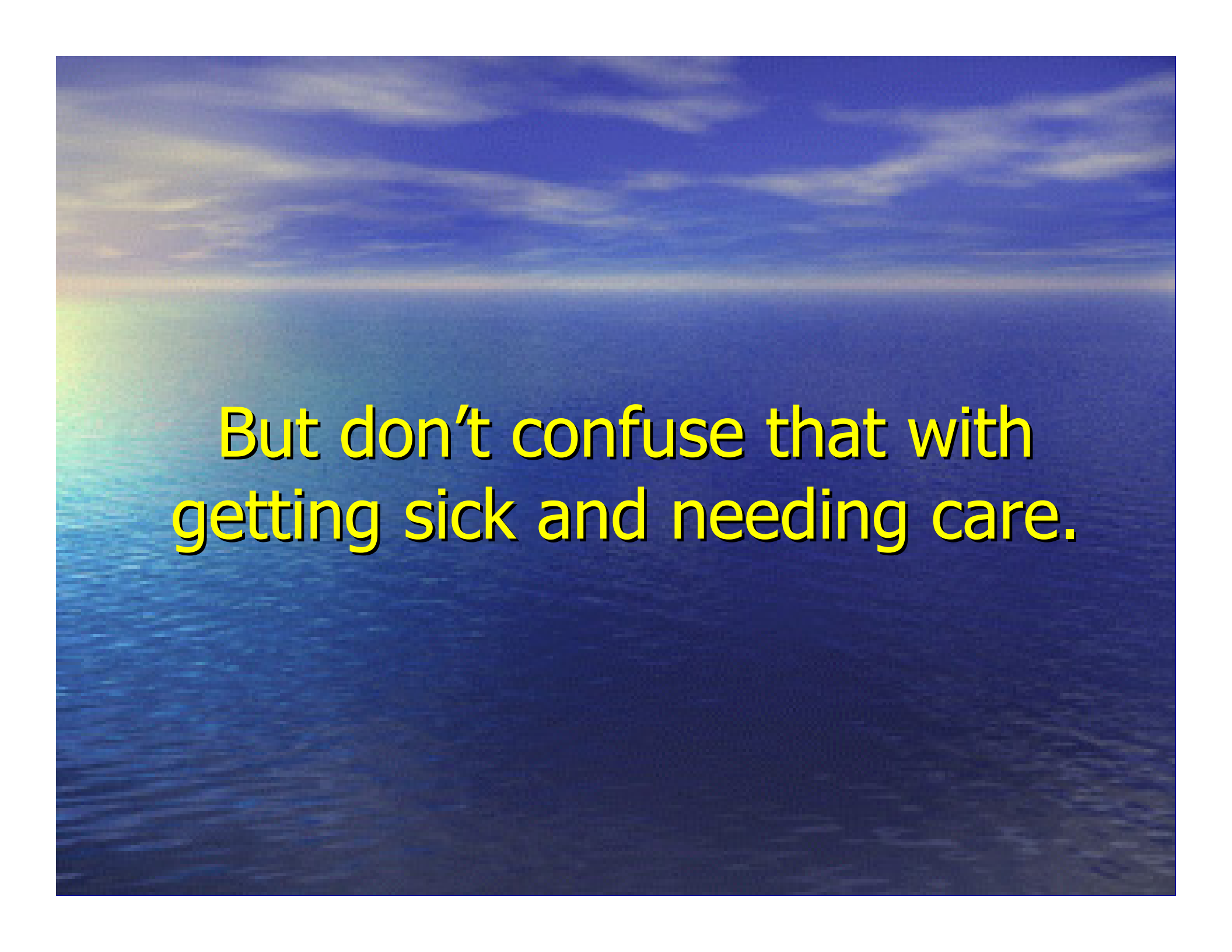
New thinking.

You were right. Your chances of needing nursing home care are far less...

- The statistic often used of 43% is misleading. _ It states that past the age of 65, 43% may spend some time in a nursing home.
- The actual chance of spending your remaining days is far less: 1% between 65-74. 6% between 75-84.

_ New England Journal of Medicine, 1991

_ A Profile of Older Americans; 1996 DHHS, Administration on Aging



But don't confuse that with getting sick and needing care.



Old thinking:
Long-term care is about you.

A photograph of a vast, deep blue ocean stretching to the horizon under a clear blue sky with wispy white clouds. The text "New thinking." is centered in the lower half of the image in a bold, yellow, sans-serif font.

New thinking.

Long-term care has little to do
with you...

The question is not who will
take care of you but rather what
providing that care will do to your
family.

Long-term care is a family issue...

You will be taken care of by your family:

- Over 70% of care is provided by families._
 - Of that, 67% is provided by children and their spouses and grandchildren._
 - Long-term care rarely brings families together, it tears them apart because the responsibility is not shared equally.
-
- "Understanding Alzheimer's" - Alzheimer's Association, 1999
 - "Family Caregiving in US., 1997"; National Alliance for Caregiving & AARP

“I don’t want my kids to take care of me.”

They will and they don’t...

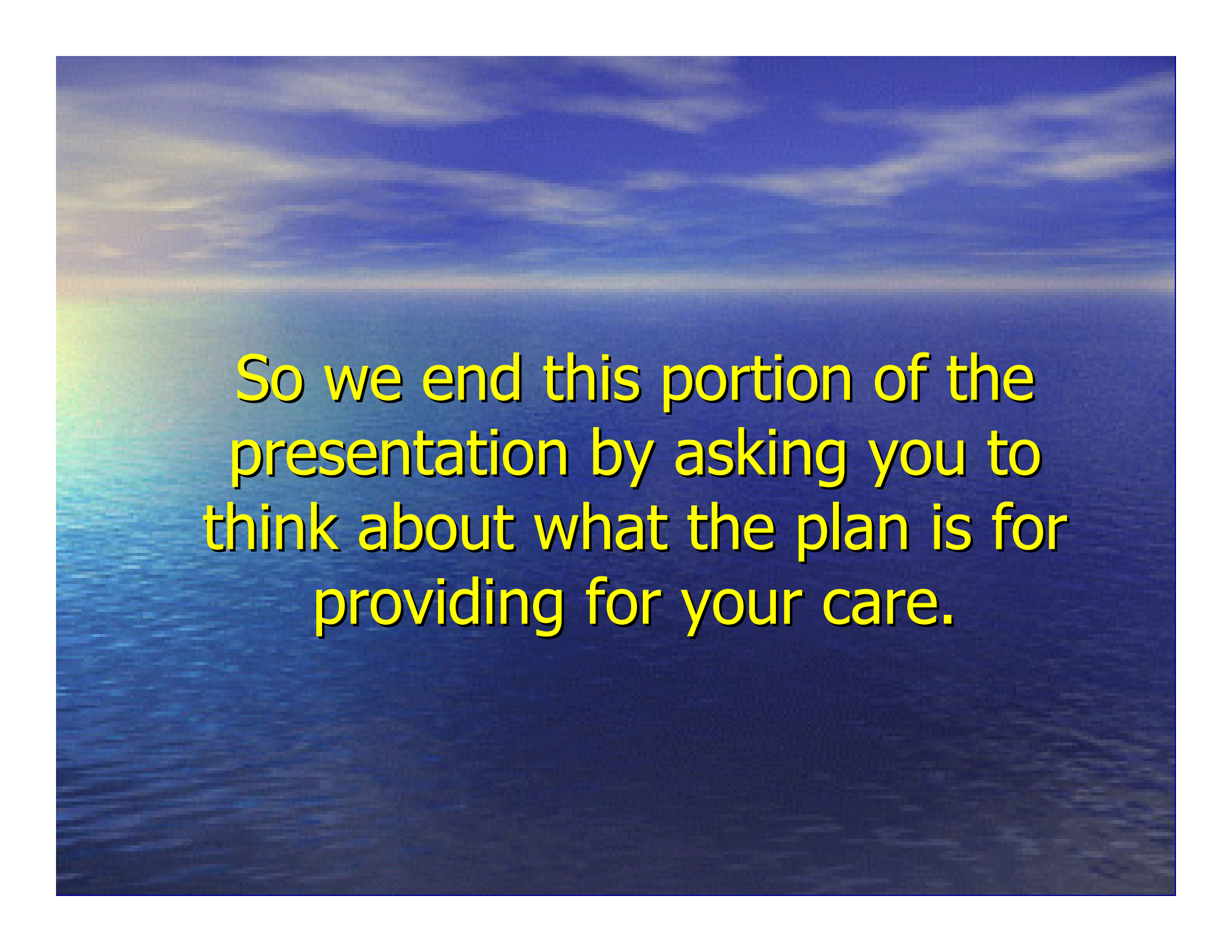
- They don’t want to take care of you.

However...

- They will because they love you and are worried you may not be safe. Simply put, it’s the right thing to do.

“My spouse will take care of me...”

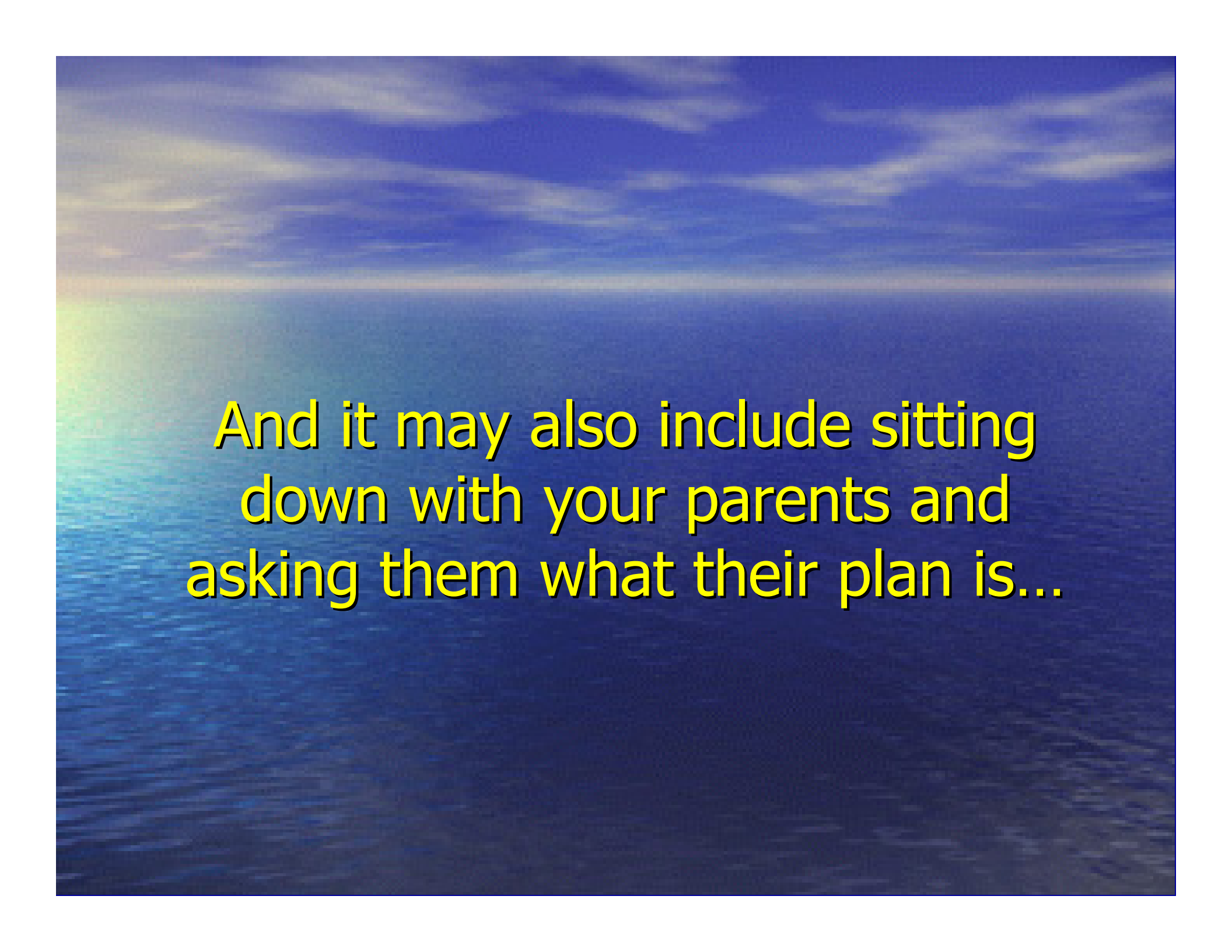
- He or she will. Please understand that providing care for a chronically ill person in many instances makes the care giver sick.
- Your spouse may be sick or frail.
- Once again the children are brought into the picture because they need to know their parents are safe.



So we end this portion of the presentation by asking you to think about what the plan is for providing for your care.

It might include...

- The children, if for no other reason than to tell them you are thinking about it and asking for their input.
- Depending on your age, starting to look at support systems either at home or where you plan to live after retirement.
- Determining if you have sufficient resources to pay for the plan.



And it may also include sitting
down with your parents and
asking them what their plan is...

It works both ways...

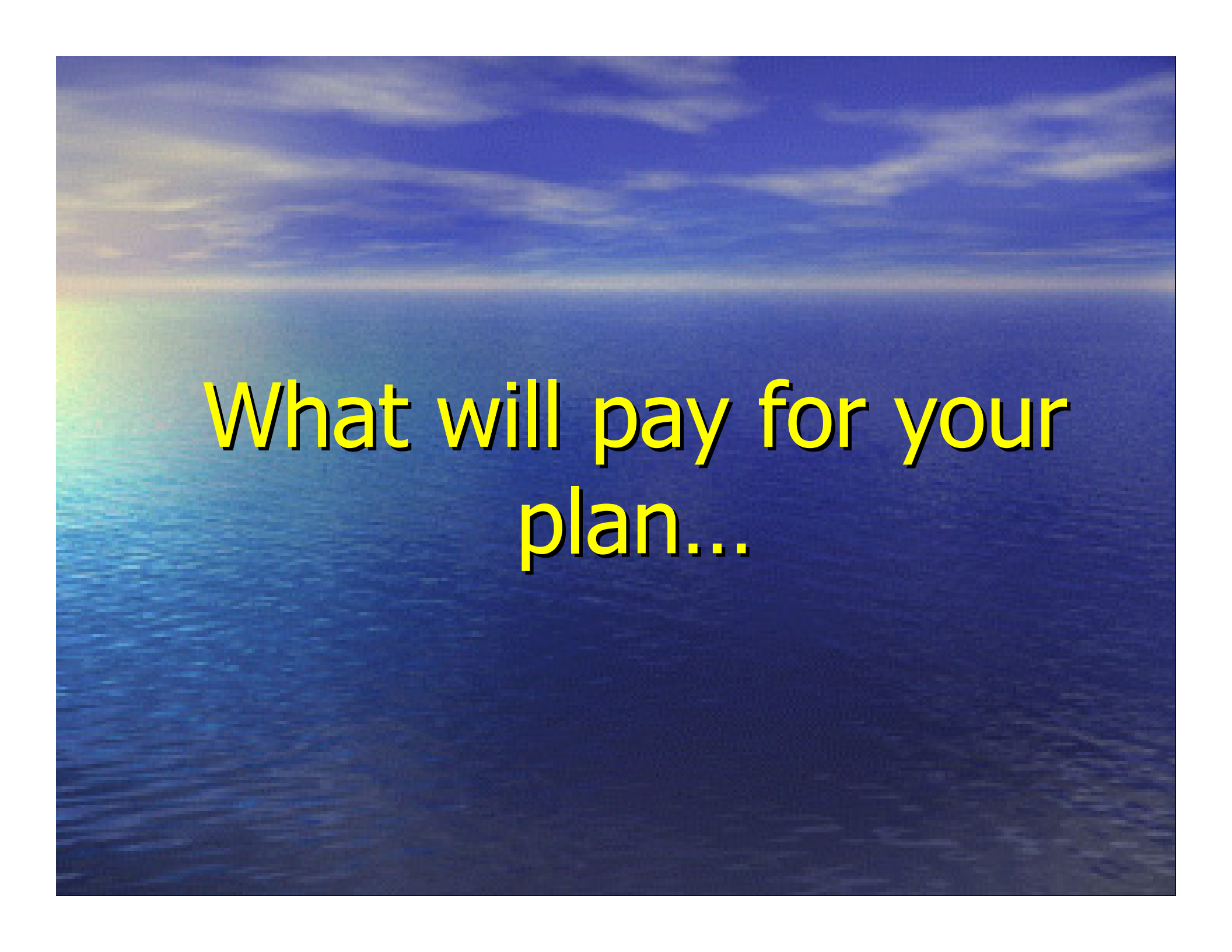
- Do you want to take care of your parents?
- Will you?
- Are there things you can do now that allow you to honor your commitment to your parents while still having a life when they get sick?

Think about...

- Discussing the issue of their getting older and needing care.
- What the impact would be on you and your siblings.
- Asking if they have a plan for being taken care of and see if it is realistic.
- Will there be funds to provide for that plan?



Next...

A photograph of a vast blue ocean under a bright blue sky with wispy white clouds. The sun is visible on the left side, creating a shimmering reflection on the water's surface.

**What will pay for your
plan...**

A long-term illness requires primarily custodial not skilled care...

- Skilled care is that which is so complicated that it can only be administered under a plan of care put together by a doctor and executed by a skilled nursing staff.
- Custodial care is assistance with your activities of daily living (ADL's) or supervision caused by a severe cognitive impairment.

__ toileting, bathing, dressing, eating, transferring and continence.

The services you may require...

- Home care.
- Adult day care.
- Assisted care living.
- Skilled nursing home care.

Lets look at five funding options...

- Medicare.
- Medicaid.
- The Veterans Administration.
- Self funding.
- Long-term care insurance.

Medicare is health insurance. Health insurance pays for skilled, not custodial care...

- Home care: Only for skilled or rehabilitative services.
- Adult day care: Nothing.
- Assisted care living: Nothing
- Skilled nursing home: Pays for no more than 100 days of care only if skilled and or rehabilitative services are required.

Assessment? Medicare pays nothing for custodial care.

Medicaid is a federal and state program for those in financial need...

- Home care: Pays for primarily skilled or rehabilitative services._
- Adult day care: Very limited_
- Assisted care living: Pays very little._
- Skilled nursing home: Pays for custodial as well as skilled and rehabilitative services.

_ Most states have a *Home & Community Based Program* that makes limited funds available to keep people, who would otherwise be in nursing homes, in the community. Services are generally limited and accompanied by long waits.

_ Approximately 10% of beds in Assisted Care Living facilities are paid for by Medicaid.



Let's spend a moment looking at
how you qualify for Medicaid...

Qualifying for Medicaid:

What's at risk...

Assets for an individual:

- Generally, no more than \$2,000, a funeral, a home, a car and personal items.

Income:

- All income must go to the facility. If it exceeds the actual monthly cost, Medicaid will not pay.
- Some states “cap” the amount of you can have. Currently it is \$1,635.

— Most states require either that the house be sold or a minimum a lien is placed on it.

Assets for a couple...

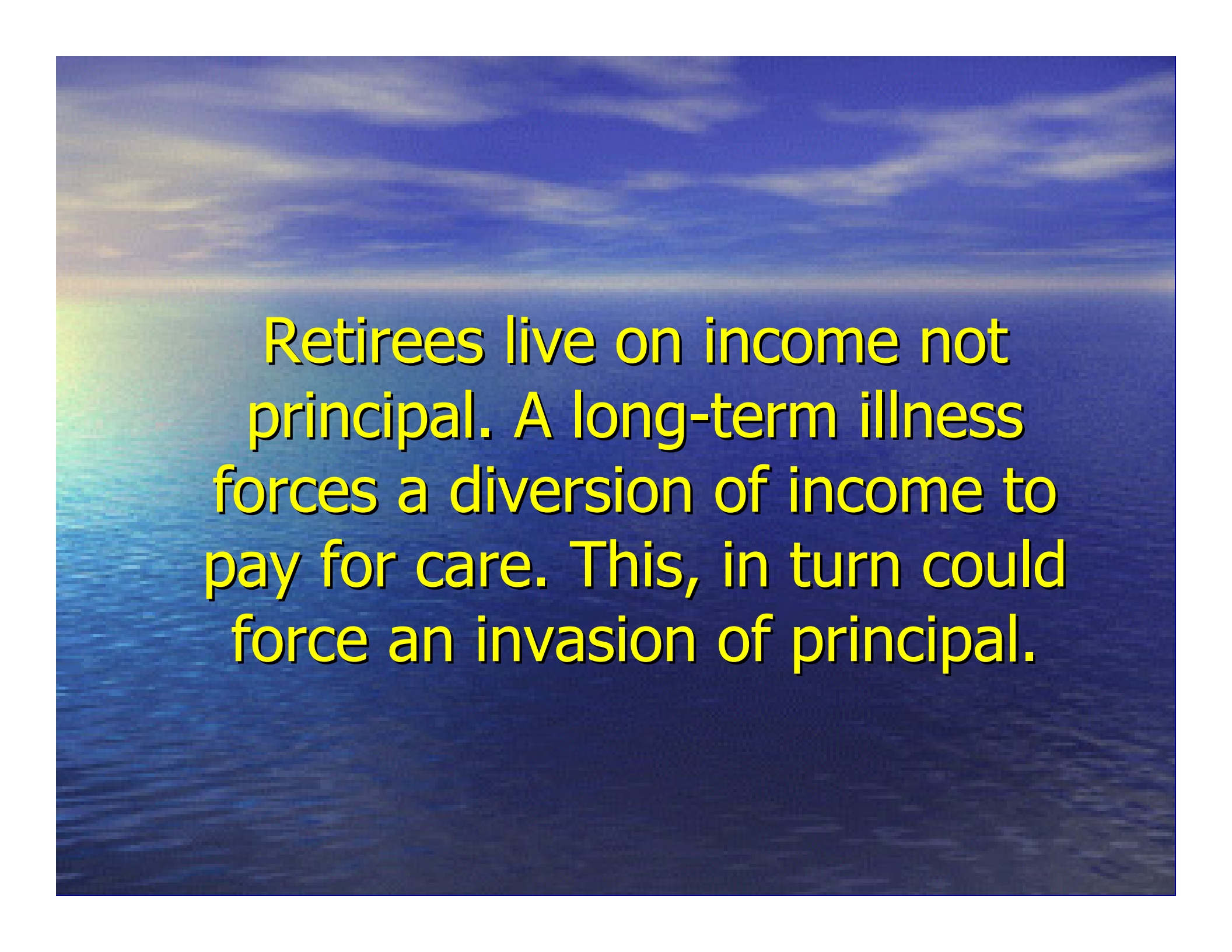
- Lifesavings are added together regardless of whose name they are in. The stay at home spouse keeps no more than \$90,660.
- Premarital agreements do not protect assets.
- Assets include, in most states, the stay at home spouse's qualified funds.

Income for a couple...

- Generally, the stay at home spouse's income is not used in determining eligibility.
- The institutionalized spouse's income is available to be spent on his or her care.

Two critical things to remember about Medicaid...

- Medicaid pays for the one thing you never wanted...skilled nursing home care.
- Even if you take steps to qualify for benefits through Medicaid planning, the plan can never protect income.



Retirees live on income not principal. A long-term illness forces a diversion of income to pay for care. This, in turn could force an invasion of principal.

“I’m a veteran. The government will pay for my care...”

- The VA is a health care program. Benefits are primarily allocated for those with severe service related illnesses.
- A recent report by the GAO made clear that even though the *Veterans Millennium Health Care Act* guaranteed access to long-term care benefits, almost none of the 139 VA facilities surveyed offered comprehensive coverage. What coverage there was, was rationed based on funding.
- Even if services are available the VA will look at the veterans ability to contribute to the cost of care.

1. GAO report: VA Long-Term Care: Service Gaps and Facility Restrictions Limit Veterans' Access to Noninstitutional Care, May 9, 2003.

“I can self fund the cost of long-term care...”

- First let me ask you a question: What is your retirement plan?
- Fair enough. Obviously you have allocated assets and income to pay for post-retirement needs.
- Right now those assets are covered by forms of insurance...

Asset Portfolio

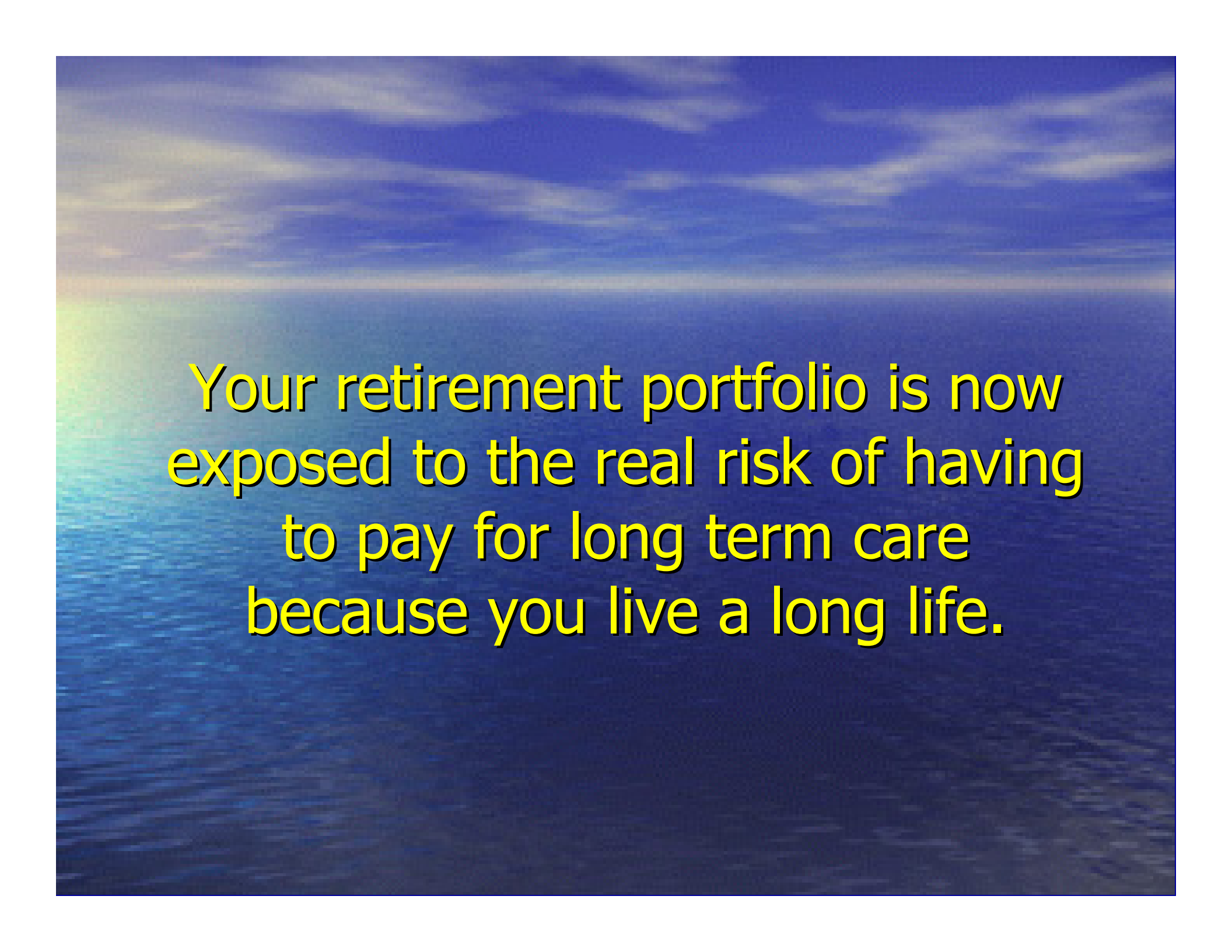
- Car ⇒
- House ⇒
- Family ⇒
- Income (ultimately
generates assets) ⇒
- Wealth ⇒
- Portfolio at
retirement ⇒

Asset Protection Portfolio

- Car insurance
- Property insurance
- Life insurance*
- Disability insurance
- More life insurance
- ?

At retirement...

- What happens to your term insurance?
- Disability income insurance?



Your retirement portfolio is now exposed to the real risk of having to pay for long term care because you live a long life.

Long-term care insurance (LTCI)...

- Unlike health insurance that only pays for skilled care, LTCI pays for custodial care.
- Benefits are paid for the continuum of care already discussed:
 - Home care
 - Adult day care
 - Assisted living
 - Skilled nursing home care

Long-term care insurance (LTCI) protects your family...

- LTCI doesn't simply protect assets. It protects the plan you put together to take care of you and your family if you need long-term care.
- LTCI doesn't replace the need for care that your family will give you. Rather it builds on it, allowing the caregiver to take care of you longer and better.

Long-term care insurance (LTCI) protects your retirement portfolio...

- Life and other forms of insurance protected your assets during working years.
- LTCI protects your retirement portfolio so it can execute for the purpose for which it was intended, retirement. Otherwise you may have to divert retirement income and eventually invade principal to pay for your care.

A photograph of a vast blue ocean under a bright blue sky with wispy white clouds. The horizon line is visible in the distance. The text "What do I look for in a policy?" is overlaid in the center in a yellow font with a black outline.

What do I look for in a policy?

The first question should be what should you look for in the person selling the policy...

- Is he or she trying to sell me insurance or help me solve my long-term care needs by asking appropriate questions and listening?
- What are the person's credentials? What steps has the person taken to approach the subject professionally?
- What carrier is the person representing?

“Why is the insurance carrier important?”

- You need to make sure the company will be around to pay the claim.
- Some carriers have a history of raising premiums just when the insured may need coverage.

“What should be covered in the policy?”

Please fill in this slide to meet your particular needs.

Need more information?

*Please fill in this slide to meet
your particular needs.*