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# **Why planning for long-term care is a critical component in retirement and estate planning**



**This presentation is intended for  
lawyers & CPA's**

# Please customize this presentation...

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- ❑ Carefully review the slides and rehearse the presentation on a regular basis
- ❑ Remember you are not at the seminar to sell LTCi. You are positioning yourself as a professional in the field of long-term care planning
- ❑ Look at slide 50. Customize it for your use to reflect your strengths

# The agenda...

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- Part 1: Why long-term care is the future
- Part 2: Why professionals are reluctant to talk about the subject
- Part 3: Long-term care may have severe financial consequences for your client
- Part 4: Failure to talk about long-term care may be a liability issue
- Part 5: How I can help you protect your clients

# My goals are to...


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- ❑ To give you compelling reasons why the subject of long-term care has to be discussed with clients
- ❑ Give you the confidence and competence to engage your client in the subject matter
- ❑ Have you look at LTCi as a professional tool that can protect those plans


# Part 1

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**Long-term care is the  
subject of the future  
because...**



People don't die...



...of the types of illnesses that most likely  
would have killed them in the  
“good old days”

# What happened if you had...

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A heart attack?

Cancer?

Or a stroke?



That's correct



Think about  
your chances of surviving these death  
sentences today...

# “Advances begin to tame cancer...”

A July 7th, 2004 New York Times article 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

# “Taking on a Monster”

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Forbes reports in their November 15, 2005 issue that two new drugs targeting hitherto fatal brain cancer are in the final stages of testing...

- David Herbert was diagnosed with a glioblastoma multiform brain tumor. He was told to get his affairs in order in 2000.
- He’s still alive because a new class of drugs “dock” with cancer cells and infuse them with deadly chemicals. The drug does not affect healthy cells.

# Even you don't take care of yourself something will come along that does...

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- A January 12th, 2005 story in the Boston Globe reports that the Joslin Clinic in Boston has found the trigger for diabetes
- It is believed that in the near future the disease may be able to be treated with a variant of commonly used anti-inflammatory drugs

# When you don't die...

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- You live...
- When you live you get old...
- When you get old you get sick...
- When you get sick you need care



**Living a long life is a near  
certainty. Planning for it is now a  
necessity**

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**Failure to talk about the consequences of requiring long-term care risks your client's emotional and physical wellbeing as well as their best thought out retirement plan**



**Just ask someone who  
has been through it**

# Long-term care requires primarily custodial not skilled care...

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- 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)<sup>1</sup> or supervision caused by a severe cognitive impairment

<sup>1</sup> toileting, bathing, dressing, eating, transferring and continence.

## Part 2

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**Why professionals are  
reluctant to talk about  
the subject of long-term care**

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Many confuse long-term care with long-term care insurance a product professionals may or not believe is appropriate for clients

# The bigger issue however is long-term care

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- ❑ Ironically, the person needing care is not the problem. He'll be provided for. Rather it's the consequences providing care will have on his family and retirement portfolio
- ❑ Taking care of chronically ill people makes healthy people chronically ill
- ❑ Long-term care rarely brings families together - it tears them apart

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**In other words long-term care is a family issue. That includes doing anything possible to keep their loved one at home**

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**People don't go to a nursing home when they should. They go when caregivers get so sick the decision is taken out of their hands**

## ...because making a placement breaks your heart...

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The tears have finally arrived. I feel like he's being drugged and locked away and I am powerless. I guess I must be in denial but, I just can't see him in the Alzheimer's ward. It's just so heart wrenching.

When I left the nursing home he came out of his room and asked if he could come with me. I had to lie to my dad. It's affected my relationship with my sister and my whole life. I never thought it would come to this. I'm just so sad.

A Massachusetts attorney reflecting on her dad

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# Part 3

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Long-term care may have a devastating impact on your client's retirement portfolio

# Life savings don't pay for care retirement portfolios do...

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- ❑ Clients believe that life savings can be used for any number of things including paying for long-term care. Their only concern may be...
- ❑ “Do you think there is enough?”
- ❑ Clients believe that retirement assets are allocated for just that, retirement, which includes keeping commitments to their family and community. When told that the only way their care will be paid for is from these assets, the response most likely will be...
- ❑ “No way”

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**During working years the  
portfolio is protected by life  
and other forms of  
insurance...**

## Asset & Income portfolio

## Asset & Income protection portfolio

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Car	⇒	Auto insurance
Home	⇒	Homeowners
Family & kids	⇒	Life & health insurance
Wealth	⇒	More life insurance
Salary	⇒	DI insurance

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**What has your client allocated  
from the retirement portfolio to pay  
for long-term care?**

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**Not discussing what will pay for long-term care forces your client to rely on a federal or state insurance program or pay out of pocket**

# Funding options...

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

# Medicare is health insurance, not custodial care insurance...

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- ❑ Skilled care is defined as inherently complex medical procedures provided under a plan of care put together by a doctor and executed by a skilled nursing staff
- ❑ Rehabilitative services attempt to place the patient back into the community

# Will Medicaid pay for custodial care?

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- Home care: Very limited<sup>1</sup>
- Adult day care: Very limited<sup>1</sup>
- Assisted care living: Very limited<sup>1</sup>
- Skilled nursing home: Yes

<sup>1</sup> Most states have a *Home & Community Based Program* that makes limited funds available to keep people in the community. Services are limited and accompanied by long waits.

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# Assessment...

Medicaid will pay for custodial care but almost exclusively in the one place your client doesn't want to go and is not likely to need, a skilled nursing home

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

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- The VA is a health care program. Benefits are primarily allocated for those with severe service related illnesses under their *Priority Group* system
- Payment for custodial care is generally reserved for those injuries that require it
- The federal government through the Office of Personnel Management has entered into an agreement with MetLife & John Hancock to offer LTCi to federal employees including retired military

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**“My client has more than  
enough to cover the cost of  
long-term care”**

# Is it appropriate to assume the client wants to self-insure the expense?

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Consider why wealthy people purchase the product...

- They understand that living a long life increases the risk of needing care
- They believe that although the risk of needing care may be low, the cost, both financially and emotionally, to their family could be catastrophic
- LTCi is seen as a reasonable expense to help protect their family and assets

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**And speaking about second  
marriages...**

# Client's in second marriages...

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- Rarely hold assets together
- Many have pre-marital agreements setting forth how money is to be held during the marriage and distributed at either a divorce or death
- What arrangements have they made to pay for care?
- What if the spouse needing care does not have sufficient funds?
- What if the individual has to apply for Medicaid?

## **LTCi acts as a firewall...**

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**It allows the couple's  
plan for retirement and  
asset distribution upon  
death to execute properly**

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**In the final analysis LTCi, like any other type of insurance protects a family. In this case it allows your client's retirement plan to execute for the purpose for which it was intended...**

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**Supporting a post-retirement  
lifestyle while keeping prior  
commitments to his family and  
community**

Part 4...

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**Long-term care  
is now a professional  
liability issue...**

# “Due diligence”

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“The care that a reasonable person exercises under the circumstances to avoid harm to other persons or their property.”

Merriam & Webster’s Collegiate Dictionary

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“I got a call from a very good client’s son who happens to be an attorney”:

*‘I just want to tell you my dad is in a nursing home and going through his lifesavings paying for it. You have 15 minutes to produce a document that shows me you offered him long-term care insurance.’*

“I was stunned.”

SG

A top insurance producer

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**Query? Would the liability be any less for a lawyer or accounting professional if he or she failed to discuss the subject or dismissed the option of LTCi?**



# The criteria?

# Failure to talk about planning for long-term care...

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- ❑ Exposes your client's retirement portfolio to the greatest risk of all - not dying. In turn, that leads to an almost certainty of needing long-term care
- ❑ Since no federal or state program pays for custodial care where the client wants it (at home) he or she is forced to reallocate income and assets otherwise allocated for retirement to pay for it

# About my company...

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- ❑ The XYZ Company specializes in working with you to protect your client's family and retirement portfolio from the risk of needing long-term care.
- ❑ We concentrate on planning not product. We believe that LTCi should only be used to protect a plan
- ❑ We would like the opportunity to meet with you to discuss how we create a partnership based on the same goal: protecting families