

Long Term Care Insurance Alternatives

Presented By:

GOVERNMENT EMPLOYEES' BENEFIT ASSOCIATION

G ≡ B A

Wealth
Management

What is GEBA?

- Nonprofit association started by NSA employees in 1957
- Offers wide variety of insurance and financial services to all federal employees and retirees, military, and contractors assigned to NSA-W
- Offers educational materials and events
- Offers customized solutions to help members secure their financial future
- Securities offered through Cape Securities, Inc.
Member FINRA, SIPC
Advisory services offered through Cape Investment Advisory, Inc.

How Can GEBA Help You?

- Lower rates
- Strength of providers
- Unique insurance and investment products¹
- Scholarships for full-time students²
- Member Educational Award Program³
- Access to a variety of experts (CFP, ChFC, ChFEBC, Long-Term Care Specialists)
- Sponsored Family Member Program



¹ Most insurance plans cover dependents up to age 26

² Once a member for 3 years, you can sponsor yourself, your spouse, children, and/or grandchildren

³ For employees working full time and going to school part time or members with student debt in their name stemming from their own education.

Insurance and Financial Review

GEBA offers plans and programs to help you insure, plan, and invest.

☐ Insurance

- Auto/Home Insurance
- Dental
- Emergency Travel
- Group Long-Term Disability*
- Group Term Life Insurance*
- Individual Life Insurance
- Long-Term Care
- Pet Insurance
- Professional Liability*
- Vision

☐ GEBA Wealth Management

- Asset Allocations
- College Savings/Planning
- Financial Planning
- Individual Investments
- Investment Planning
- Legacy Planning
- Pension Maximization
- Retirement Planning
- Social Security Analysis
- Tax-Advantaged Investing

* These insurance products are not available to Sponsored Family Members.

Your Interconnected Financial Plan



Your Retirement Plan is Not Complete Until you Have a Plan for Your Long Term Care Risk

- High Probability: 50-70% of people age 65 will need Long Term Care
- High Duration: The amount on claim is lengthy
 - Males: 2.5 years*
 - Females: 4 years*
- High Expense**: In Washington DC the average cost of a semi-private long term care facility is more than \$137,604/year.

How do we mitigate this risk?

*Average length of claim when the claims last at least one year.

**Genworth 2019 Study

How Much Can Long Term Care Cost?

	Male*	Female*
Total Claims Paid	\$2,276,000	\$2,636,000
Years of Premium Paid Before Claim Began	14 years 2 months	15 years 4 months

*Largest Claims Still Being Paid as of 12/31/2018

Source: [www. AALTCI.org/LTCFacts](http://www.AALTCI.org/LTCFacts)

How Much Do You Need To Set Aside For the Average Cost of Long Term Care – Washington DC Metro?

Current Age	55	Total Cost of Care at Target Age	(\$1,336,000)
Target Age	85	Single Investment Payment	\$309,121
Current Cost of Care	137,604	Annual Investment Payment	\$20,109
Number of Years of Care	4	Monthly Investment Payment	\$1,605.28
Assumed Increase in Cost of Care	3%	Rate of Return on Investment	5%

Note:

The total cost of care at the target age is shown in red. Single, Annual, and Monthly Investment payments are also shown.

The Annual or Monthly Investment Payment would have to be made through the target age to achieve an amount equivalent to the cost of care for the number of years indicated.

How will you pay for care?

- Self Insurance
 - Pension
 - Thrift Savings Plan
 - Savings
 - Real Estate

Is this enough or better for yourself and your family to package the risk you can't self insure and transfer it to an insurance company?

**MARYLAND
PLAN NOW Starter Kit
WHAT'S YOUR FAMILY'S PLAN?**

Learn your options

Take the time, it's important!

Create a plan for you and your family

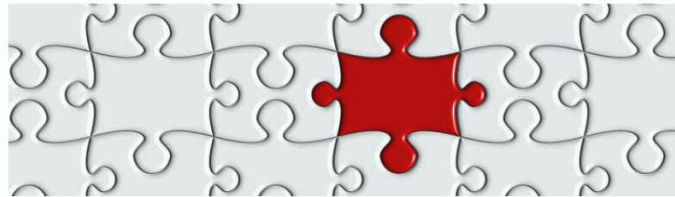
Put the "pieces" in place

Look to Public/Private Resources for Assistance

Action is key

Now is the time!

Every Piece Of Information Helps!



**A failure to plan is
a plan to fail**

<https://www.baygroupinsurance.com/resources>

When to Apply for Traditional LTCI?

- Traditional long term care insurance applicants must meet health requirements.
- As your age increases and your health declines it can become harder to obtain traditional long term care insurance.

Uninsurable rate (%)

Below 50	16%
Ages 50-59	21%
Ages 60-64	24%
Ages 65-69	32.5%
Ages 70-74	44%

Source: American Association for Long Term Care Insurance (www.aaltci.org), based on study of data from leading insurers, December 2019.

The Moving Parts of a LTC Policy

The 5 Key Elements that Affect the Cost

- Daily or monthly benefit amount
- Benefit period
- Elimination or waiting period
- Inflation method
- Shared Care



Annual Cost of Insurance – Singles – MD & VA (1/10/2020)

- \$200 daily benefit
- 3% compound inflation
- 90 days elimination period
- Best health rate

Age Benefit Pd. >	Male 3 years	Male 4 years	Female 3 years	Female 4 years
55	\$1,890 *	\$2,180	\$2,900	\$3,300

* At age 80, only 170 days of care at the full daily benefit amount, premiums will be recovered.

**Quotes for additional ages are available in the appendix

Annual Cost of Insurance per Couple w Partner Discounts – (MD, VA 1/10/2020)

\$200 daily benefit, 3% compound inflation, 90 days elimination period, est health rate

Age Benefit Pd.>	Indiv. Policies 3 years	Indiv. Policies 4 years	Shared Plan 3 years	Shared Plan 4 years
55	\$2,900	\$3,240	\$3,020	\$3,510

* At age 80, only 260 days of care together for both spouses at the full daily benefit amount, premiums will be recovered

**Quotes for additional ages are available in the appendix

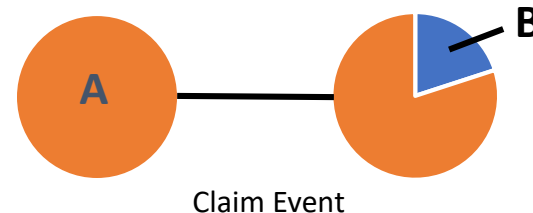
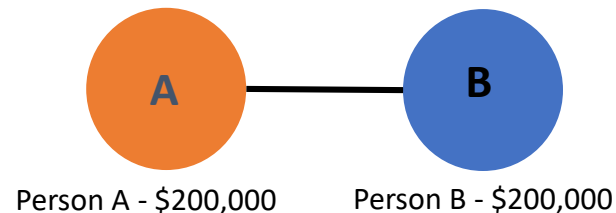
Shared Care

- Partners access other's benefit, if needed
- Upon death, remaining benefit passes to survivor
- Contracts vary as to how much of a living spouse's pool can be accessed. i.e. 12 months.

How Shared Coverage Works

\$400,000 total shared benefit pool of money at time of initial purchase

Person A uses his/her entire pool of money for covered LTC expenses and the majority of **Person B's** benefit pool of money without exhausting it.



Traditional Long Term Care/ Shared Care Example

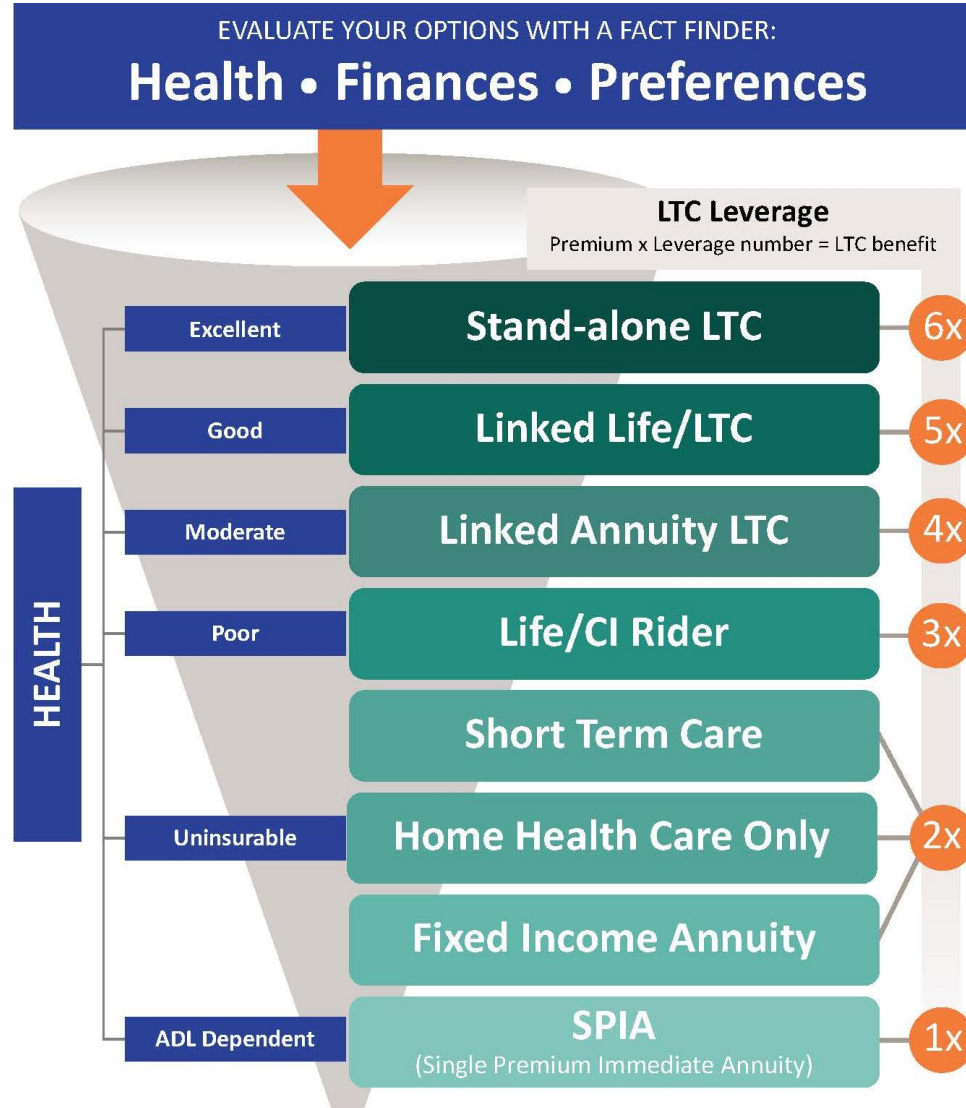
- Policy Purchased 1/29/2007 (male 57, female 48)
 - \$4,500 monthly benefit for each person
 - Premium: \$3,161/annually
 - 4 years of coverage for each person
 - 5% compound inflation for life
 - Benefit pool of **\$432,000**
- Benefit with inflation as of 1/29/2020
 - \$8,485 monthly benefit for each person
 - Premium today: \$3,934/annually
 - \$8,485 x 96 months (4 years x 2 people)
 - Benefit Pool = **\$814,560**
- *Either person can use the benefit!*
- *90 days elimination period for facility (assisted living or nursing home)*
- *0 day elimination period for care in the home*
- *Survivorship benefit, no premium for survivor, if policy was in force 10 years.*

Traditional Long Term Care Insurance Alternatives To Fund a LTC Plan

- Life Insurance or Annuity with Long Term Care Rider
 - No use it or lose it
 - If you change your mind, you may be entitled to a refund.
 - If you die, a death benefit is paid, if not used for LTC.
 - If you need care, you will have long term care coverage.
- Short Term Care Policy
- Home Health Care Only Coverage
- Reverse Mortgage
- Continuing Care Retirement Community (CCRC)

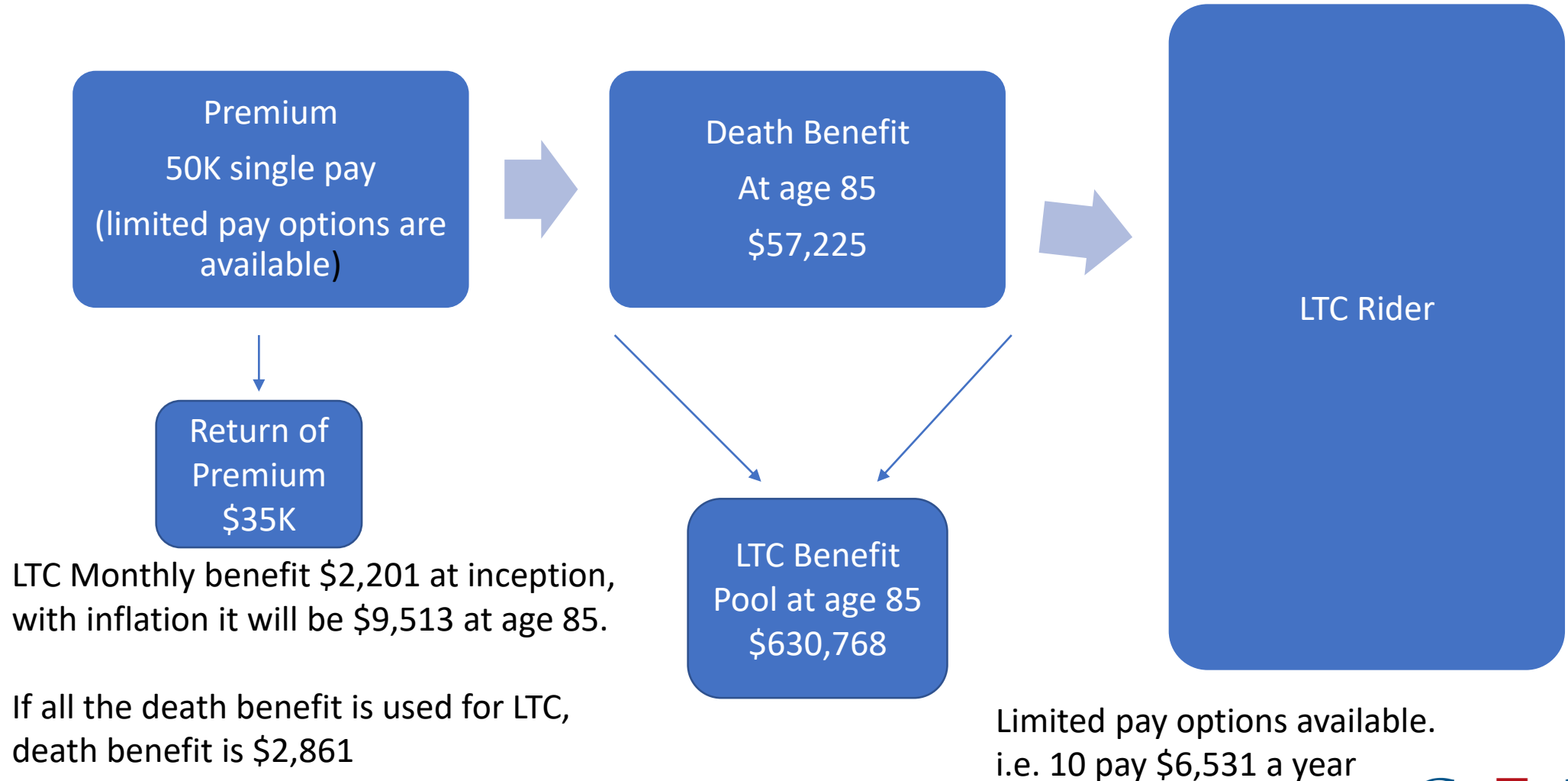
Long Term Care Planning Funnel...

Finding the Perfect Solution



Life Insurance Policy with LTC Rider

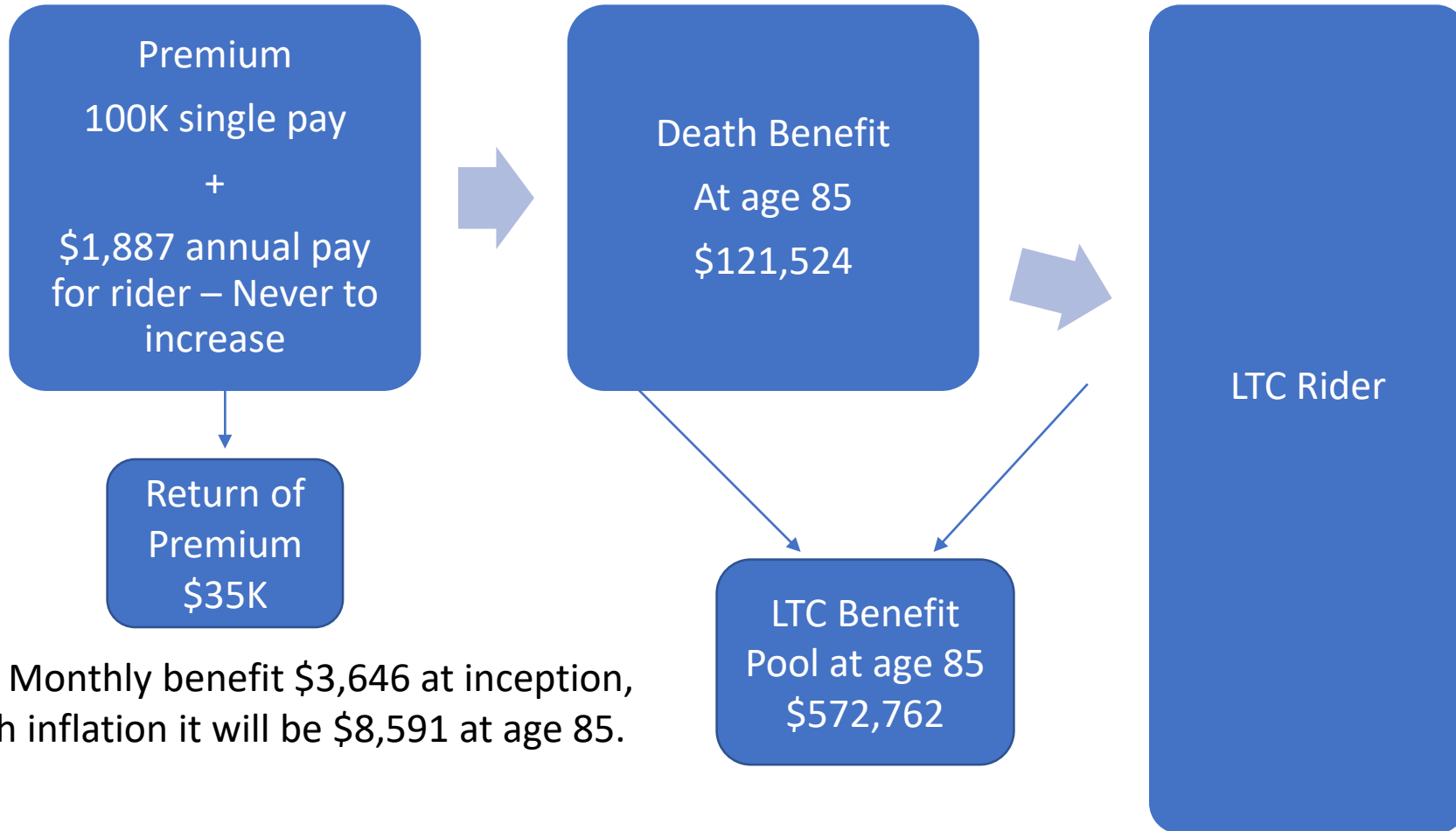
Male, age 55, married, best health, 5% compound inflation,
5 years benefit period



*Quotes for additional ages are available in the appendix

Life Insurance Policy with LTC Rider

Male and Female, age 55, married, best health, 3% compound inflation, 66 months benefit period

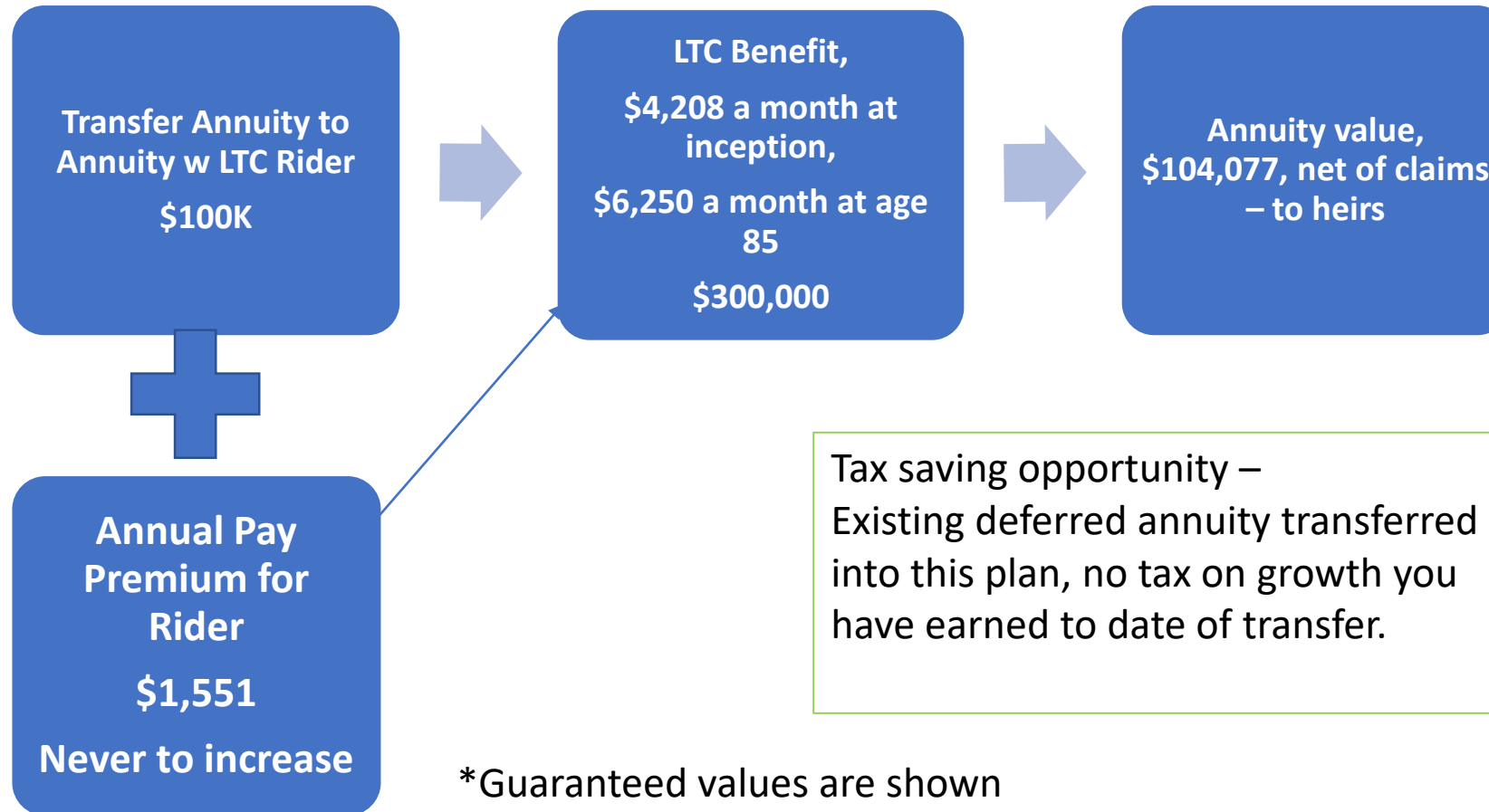


LTC Monthly benefit \$3,646 at inception,
with inflation it will be \$8,591 at age 85.

Limited pay options available.
i.e. 10 pay \$6,531 a year

*Quotes for additional ages are available in the appendix

Annuity with LTC Rider, Male Age 65, non-smoker, 3% compound inflation



Life Insurance with Chronic Illness Rider Annual Premiums

Guaranteed Universal Life with Chronic Illness Rider \$250,000 Death Benefit \$10,000 Monthly Payout for Long Term Care		
	Male	Female
Age 55	\$3,722	\$3,388

Return of Premium – if you surrender policy at end of year:

- 20, receive 50% premiums paid
- 25, receive 100% premiums paid

*Quotes for additional ages are available in the appendix

Short Term Care Policy

- Fewer health questions than long term care insurance
- Plan benefits for up to 365 days
- Indemnity payments – cash not reimbursement

Nursing Home/Assisted Living	\$200 day	100 day wait	360 day benefit period
Daily Hospital Indemnity Benefit	\$10 day		
Home Care	\$1,200 week		52 weeks
		Total Annual Premium	\$1,425.50

Home Health Care Only Policy

- Limited Health Questions
 - Do you live in a NH or AL or receive HHC services?
 - Are you physically unable to perform your Activities of Daily Living (ADL)?
- Benefits to use now – Rx, annual physical, vision
- Affordable Premiums
- Ages 41-85

NOT Long Term Care Insurance

Home Health Care Only Policy – Age 65, Maryland

	Home Health Care Base Policy	Home Health Care with Extra Benefits
Annual Premium	\$ 232.95	\$321.80
Benefits before needing HHC:		
• Prescription Drug – 12 Rx \$25 ea	-\$300	-\$300
• Annual Physical		-\$150
• Vision Exam		-\$40
Premiums are less than claims!	-\$67.05	-\$168.20

When Home Health Care is needed with 2 policies:

- Skilled home health care – up to \$300 a day for up to 180 days
- Non-medical home health care aide - \$80 a day

Claim forms are required

Guarantee Product... Home Health Care Service Contract

- <http://safeyoutube.net/w/sfeb>
- Your choice –
 - Home health care agency
 - Friend of neighbor
- Guaranteed acceptance
- No health questions
- No claim forms
- No deductible
- No co-pays
- No age limits

HHC service hours	Max lifetime – HHC hours	Value – using \$20/hr. HHC	Annual cost – individual membership
600	6,000	\$120,000	\$3,363

How do you select a plan?

- Where will you receive care – US or international?
- What plans do you health qualify for?
- What are your preferences in type of product, plan design?
- Review the numbers, considering benefit may be different

The solution need not be only 1 product. Consider layering plans.

Reverse Mortgage Example

- Couple (age 68) has a \$500K (appraised) home with no mortgage and cannot qualify for long term care insurance
- Funds available - \$239,774
- Reserve - \$240,530
- Cost - \$19,726



Continuing Care Retirement Community (CCRC)

- Independent living through nursing home. You must health qualify to enter CCRC.
- Entrance fee – depends on level of care needed at time of entry, type of housing chosen, and agreement type
- Types of agreement/contract
- Amount you will pay for LTC will vary based on your contract

District of Columbia – CCRC
Entrance Fees starting at \$485,000
Mo. Fees \$2,415-\$2,975

Which Solution is Best for You?

- Pay the full costs of care yourself (self-funding)
- Use Long Term Care Insurance to pay part or all of these costs
- Alternatives like Life Insurance or an annuity with Long Term Care rider
- Rely on Medicare, Medicaid and in some cases VA Benefits
- Take advantage of a combination of multiple options listed above.

GEBA is Here to Help

- Phone: (800) 826-1126
(301) 688-7912
- Internet: www.geba.com
- Email: geba@geba.com
- In person: A location that is convenient for you.

Phone appointments available.

* IC Badge required to entry.

Appendix: Providing Additional Rates for Varying Ages

Annual Cost of Insurance – Singles – MD & VA (1//10/2020)
 per \$200 daily benefit, 3% compound inflation, 90 days
 elimination period, best health rate

Age Benefit Pd. >	Male 3 years	Male 4 years	Female 3 years	Female 4 years
45	\$1,530	\$1,760	\$2,340	\$2,690
50	\$1,670	\$1,920	\$2,555	\$2,940
55	\$1,890	\$2,180	\$2,900	\$3,300
60 (3% comp.)	\$2,135	\$2,455	\$3,280	\$3,775
60 (3% comp. 20 yrs. max)	\$1,975	\$2,270	\$3,050	\$3,685

Annual Cost of Insurance per Couple w Partner Discounts – (MD, VA 1/10/2020)
 per \$200 daily benefit, 3% compound inflation,
 90 days elimination period, best health rate

Age Benefit Pd.>	Indiv. Policies 3 years	Indiv. Policies 4 years	Shared Plan 3 years	Shared Plan 4 years
45	\$2,340	\$2,690	\$2,430	\$2,830
50	\$2,555	\$2,940	\$2,660	\$3,090
55	\$2,900	\$3,240	\$3,020	\$3,510
60	\$3,280	\$3,775	\$3,410	\$3,970

Life Insurance with Chronic Illness Rider Annual Premiums – 1/10/2020

Guaranteed Universal Life with Chronic Illness Rider \$250,000 Death Benefit \$10,000 Monthly Payout for Care		
	Female	Male
Age 45	\$2,084	\$2,321
Age 55	\$3,388	\$3,391
Age 65	\$6,007	\$6,611

How Do I Get More Information on Long-Term Care Protection?

- GEBA will email you an information form to you.
- Complete the form and email it to geba@geba.com or fax it to (301) 688-6674.



Melissa Barnickel or a GEBA representative will contact you to discuss the information you have provided. You will be given additional details regarding benefit options, and quotes to meet your individual needs.

We look forward to working with you.

Thank You!

It is never too early to get the facts you need to make an informed decision.

GEBA Phone: (800) 826-1126 or (301) 688-7912

Internet: www.geba.com

Email: geba@geba.com

Ft. Meade Office: OPS 2A – VCC (2nd Floor)

Mailing Address: PO Box 206, Annapolis Junction, MD 20701

Glossary of Terms

- Partnership Qualified – Protects additional assets from spend-down requirements under your state’s Medicaid
- Home Care Daily Benefit – Daily benefit for home care (may be stated as 50%, 75% or 100% of facility daily benefit)
- Benefit Pool – Maximum total benefit. Equals the number of years X 365 days X daily benefit OR number of months X monthly benefit.
- Inflation Protection Options
 - No inflation – benefit level stays the same through the life of the policy
 - Guaranteed Purchase Option (GPO)/Future Purchase Option (FPO) – insured is offered the right to buy additional coverage every 1, 2, or 3 years with no underwriting as long as they have not been on claim within the past year
 - 5% Simple Inflation – benefit is increased each year by 5% of original benefit amount
 - CPI Compound Inflation – benefit is increased each year by change in prior years’ Consumer Price Index
 - 3% Compound Inflation – benefit is increased each year by 3% of the prior years’ benefit amount
 - 5% Compound Inflation – benefit is increased each year by 5% of the prior years’ benefit amount
- Waiver of Home Care (HHC) Elimination Period – Rider starts covering home and community care immediately for qualified care days for which home care is received count towards the one time facility elimination period
- Restoration of Benefits – Rider restoring benefits previously used if the insured requires no care for 180 days or more
- Survivorship – Converts the policy of a surviving spouse to paid-up status at the death of a co-insured spouse if the policy has been in force for 10 years and no claims have been paid
- Marital Discount – Discount if both spouses purchase coverage. Some policies offer a lower discount if only one spouse purchases coverage
- Group Discount – Varies from 5% to 15% depending upon the insurance carrier

Note: above definitions and available options may vary by insurance carrier