



LifeSecure OM™



One-for-many™ LTC



Individual Long Term Care Insurance

presented to
ABC Company

This is an insurance solicitation.

Top priorities for employers



- **Attract quality employees**
- **Retain employees**
- **Increase employee productivity**
- **Improve job satisfaction**

What is Long Term Care?

“Care” versus “Cure”

□ Types of Long Term Care (LTC)

- Custodial care
- Supervisory care
- Skilled care

□ Where LTC services are provided

- At home
- In the community (adult day care, hospice care)
- Assisted living facility
- Nursing home facility

86% of the individuals receiving long term care do so in their home or in the community.¹ The average time in a nursing home is 2.4 years.²

¹ Georgetown University, Long-Term Care Financing Project, Long-Term Care Financing: Policy Options for the Future, Judith Feder, Harriet L. Komisar, Robert B. Friedland, June 2007

² Center for Disease Control, National Health Statistics Reports, Number 9, October 2008.

Why be concerned about Long Term Care (LTC)?



- **More than 60% of all Americans turning 65 will need long term care at some point in their lives.³**
- **Growing demands on the “Sandwich Generation”⁴**
- **Void in our benefit plans**
- **Long term care services are expensive.**

³ Georgetown University, Long-Term Care Financing Project, *Long-Term Care Financing: Policy Options for the Future*, Judith Feder, Harriet L. Komisar, Robert B. Friedland, June 2007

⁴ US Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. September 2006

When is LTC needed?



□ Long term care is needed when:

- A person is no longer able to care for him/herself independently
- Ongoing assistance is required to perform Activities of Daily Living (ADLs)
- A person is chronically ill
- A person needs substantial supervision due to a severe cognitive impairment such as Alzheimer's Disease.

The need for long term care can happen at *any* age.

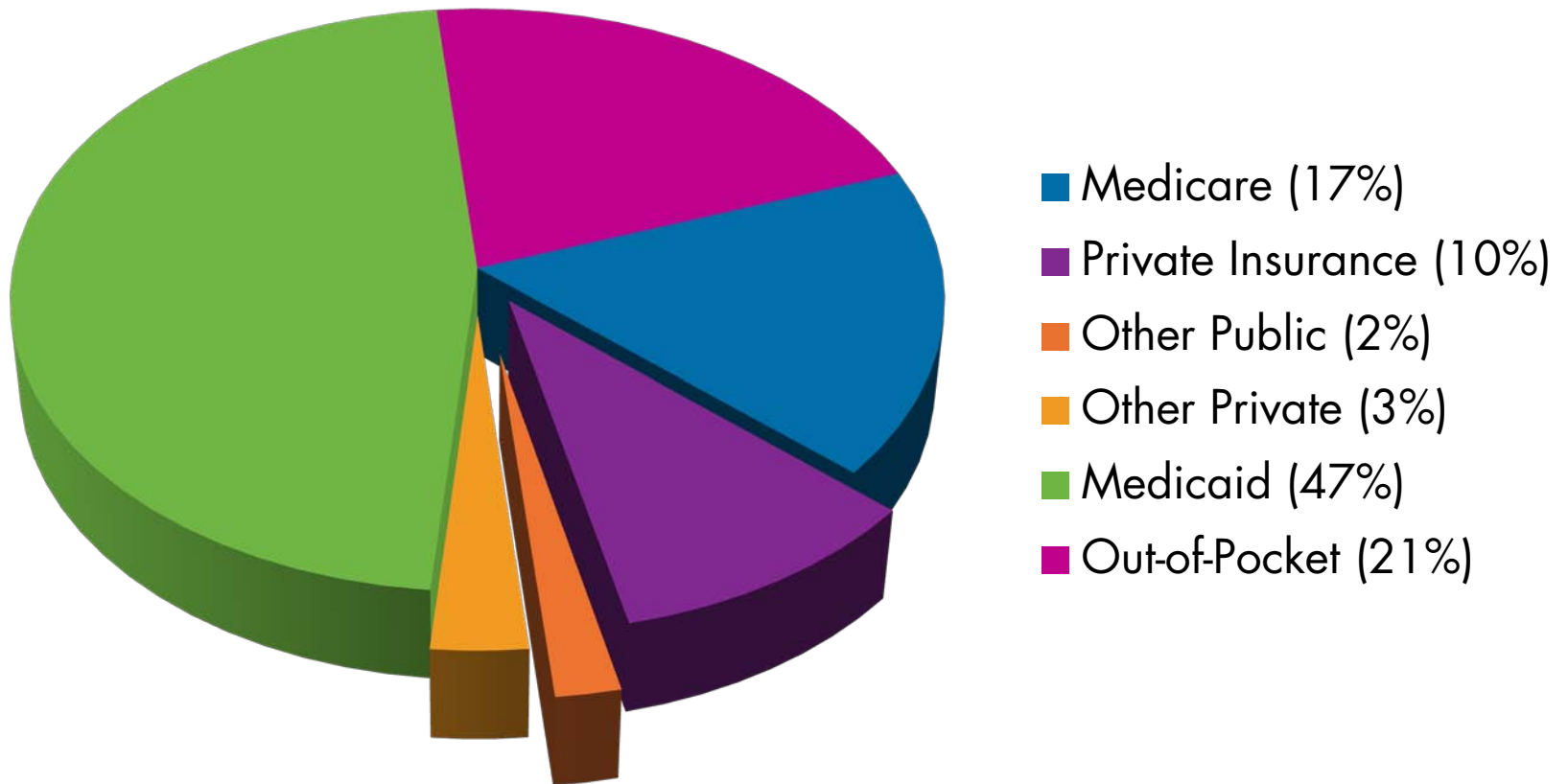
What is the cost of LTC?



Type of Care	National Average Median Annual Costs ⁵
Home Health Aide Services Non-Medicare Certified, Licensed (based on 20 hours per week)	\$19,760
Assisted Living Facility Private One Bedroom	\$38,220
Nursing Home Private Room	\$75,190

⁵ Based on information from the Genworth 2010 Cost of Care Survey – April 2010.

Who pays for long term care?



Source: Long-Term Care Financing: Policy Options for the Future, Georgetown University LTC Financing Project; Feder, Komisar, & Friedland, June 2007

Who are the caregivers?



- **Nearly six in ten caregivers (59% of the workforce) are currently employed⁶**
- **Almost four in ten (39%) of caregivers are men, and 60% of them work full-time⁷**
- **More than half of working caregivers have had to make adjustments to their work life, from reporting late to work to taking time off⁸**
- **Nine percent (9%) of employed caregivers leave their jobs due to caregiving responsibilities⁹**

How does caregiving impact business?



- **American businesses stand to lose as much as \$34 billion each year due to employees' need to care for loved ones 50 years of age and older.¹⁰**

Financial losses are a direct result of:

- Replacing employees
- Absenteeism
- Partial absenteeism
- Workday interruptions
- Eldercare crises
- Supervisor time
- Presenteeism

¹⁰ *The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business, MetLife Mature Market Institute, July 2006*

How can LifeSecure Long Term Care Insurance (LTCI) help?



- **Support for today**
- **Protection for the future**

LifeSecure Care Advisor Services

- Delivered by an RN or Social Worker specializing in LTC
- Support, educate and advocate
- Access to an extensive provider service network (up to a 20% discount)

Care Advisor services are optional and provided at no additional cost. They are available from day one, not just at claim time. Use extends to family members of policyholder.

How does the LifeSecure insurance plan work?



Create a plan.

□ Choose a Benefit Bank

Any amount between \$75,000 and \$1,000,000

□ Choose a Monthly Benefit Access Limit

1%, 2% or 3%* of Benefit Bank

Benefit Bank		Access Limit		Monthly Benefit
\$300,000	X	1%	=	\$3,000

For example, a \$300,000 Benefit Bank and a 1% Monthly Benefit Access Limit would give you access to \$3,000 per month.

NOTES:

- 3% Monthly Benefit Access Limit not available for Benefit Bank amounts greater than \$500,000.
- In **IN**: minimum Benefit Bank is \$140,000.
- In **WI**: Benefit Bank amounts less than \$180,000 require either 2% or 3% Monthly Benefit Access Limit.

How does the plan pay out?



□ Benefit Payout Structure

- Defined long term care services are reimbursed up to the full Monthly Benefit Access Limit each month
- **Flexible Benefit** – up to 50% of the policyholder's un-used Monthly Benefit is available to support informal care and services, such as payment for care provided by family members, home modifications, and leased equipment; may be used without simultaneous use of licensed services

	Example 1	Example 2
Available Monthly Benefit	\$3,000	\$3,000
Licensed Care Expenses (reimbursable)	\$2,000	\$0
Un-used Monthly Benefit	\$1,000 x 50%	\$3,000 x 50%
Available Flexible Benefit	\$500	\$1,500

How can the Flexible Benefit be used?



- **The Flexible Benefit is designed to provide greater flexibility in the type of care or services policyholders may receive – beyond traditional licensed services.**
 - Informal care provided by family members or friends
 - Training for an informal caregiver
 - Home modifications (i.e. wheelchair ramp or grab bars)
 - Care-related products or personal supplies
 - Durable medical equipment or other home medical technology

Multi-life LTC Program



Qualification Guidelines for Simplified Issue Underwriting

- **Employer Contribution**
 - ≥ 3 employer-paid employees, or
 - ≥ 10 employer-paid employees and spouses/partners*
- **Voluntary**
 - ≥ 75 eligible employees
- **Benefit Bank**
 - $\leq \$400,000$
- **Ages 18-68**
- **Actively-at-work ≥ 20 hrs/wk**
(not applicable to employer-paid spouses/partners*)

* In DC: spouse or domestic/legal partner; In MT: cohabitants

Multi-life LTC Program



- **Flexible plan contributions**
 - Fully-paid offering
 - Partially-paid offering (with buy-up option)
 - Voluntary basis (employee-pay-all)
- **Employer contribution discount available**
- **Discounts for couples**
- **Easy payroll deduction**
 - Group list bills for employee/spouse* and separation of employer-paid vs. payroll deducted premiums
- **Additional family members eligible for coverage**

* In DC: spouse or domestic/legal partner; In MT: cohabitants

Multi-life LTC Program



- **Potential tax deductions for employer premium contributions**
- **Fully portable**

LifeSecure and its agents do not offer tax or legal advice. You should consult an independent tax or legal advisor to confirm the tax status of long term care premiums.

S-Corps: Tax Advantages for LTCi Premiums



- Premium paid for an owner is included in individual gross income
- A self-employed health insurance deduction can be taken for LTCi premiums paid (subject to the IRS age-based limits)

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C-Corps: Tax Advantages for LTCi Premiums



- ❑ **100% deductible as business expense**
- ❑ **Not included as part of the employee's gross income**
- ❑ **Coverage can be offered to spouses/partners/retirees**
- ❑ **Payroll taxes not required**
- ❑ **Executive carve-outs for key individuals**

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Tax Advantages for LTCi Premiums



Age Before End of 2012	Maximum Amount Per Individual	Maximum Amount Per Couple
40 or less	\$350	\$700
More than 40 but not more than 50	\$660	\$1,320
More than 50 but not more than 60	\$1,310	\$2,620
More than 60 but not more than 70	\$3,500	\$7,000
More than 70	\$4,370	\$8,740

Source: IRS Revenue Procedure 2011-52, Section 213 (2012 Limits)

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Limitations and Exclusions



This policy includes a one-time 90 day Benefit Wait Period before benefits are paid.

No benefits, including the Flexible Benefit, will be payable under the Policy for:

- a loss that occurs while this Policy is not in force; or
- an illness, treatment or medical condition that is due to war or act of war, whether declared or undeclared (**In OK:** while serving in the military or an auxiliary unit attached to a military unit, or working in an area of war whether voluntarily or as required by an employer); or
- an illness, treatment or medical condition that results from an attempt at suicide while sane or insane (**In CO & MO:** while sane) or an intentionally self-inflicted injury; or
- expenses for treatment or rehabilitation related to alcoholism or drug addictions; or
- expenses for services or items to the extent that such expenses are reimbursable under Title XVIII of the Social Security Act (Medicare), or would be so reimbursable but for the application of a deductible or coinsurance amount; or
- care or services, unless otherwise required by law, for which benefits are duplicated or provided under a governmental program (except Medicaid), any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law (**In MD:** exclusion for motor vehicle no-fault law is not applicable); or
- care or services provided outside the United States of America, its territories or possessions, or Canada.
- **In MD:** payment of any claim, bill or other demand or request for payment for healthcare services that the appropriate regulatory board determines were provided as a result of prohibited referral.

The following two exclusions do not apply to the Flexible Benefit:

- care or services provided by a family member unless:
 - he or she is a regular employee of an organization which is providing the treatment, service or care; and
 - the organization receives the payment for the treatment, service or care; and
 - he or she receives no compensation other than the normal compensation for employees in his or her job category; or
- care or services for which no charge is made in the absence of insurance.

Availability of benefits, amounts, options and discounts, as well as plan limitations and exclusions, may vary by state.