

**LifeSecure Insurance Company**

# **Long Term Care Insurance**

Solutions for the Worksite – **California**



# Help your employees protect what they've worked so hard to build.

**Long Term Care Insurance – Individually underwritten by LifeSecure Insurance Company**



As an employer, you have the ability to provide your employees with important tools to plan their financial futures. One way to help protect their savings and retirement is to include long term care insurance (LTCi) in your company's benefit package.

Traditional benefits like healthcare, life insurance and disability insurance are essential components of a strong benefits package – but these benefits may not be enough anymore. By offering LTCi, you can give your employees an opportunity to help protect their assets, so they'll have access to a pool of money to help pay for long term care (LTC) services if the need arises – tomorrow or years down the road.

## ***Why Long Term Care Insurance?***

Let's face it – no one likes to think about growing old or needing assistance with activities like eating, dressing and bathing. We all hope to live long, healthy, independent lives. And many of us will – thanks to advances in medicine and an increased awareness of healthy lifestyle choices. But living longer also increases the chances of needing assistance with personal care, which can be very expensive.

Research shows that 7 in 10 working age adults are concerned they may need LTC services in the future. Most adults have already had an indirect experience with someone who required care – perhaps a parent, other family member or friend. And more importantly, many agreed that they should know more about long term care insurance than they currently do.<sup>1</sup>



Everyone agrees that planning ahead is important. So, what can you do to help protect your employees from unforeseen long term care expenses – which could easily wipe out their retirement savings? A long term care insurance policy can help provide employees with peace of mind – reducing stress on family members and providing the ability to choose where personal care is received, if needed – at home, in the community, an assisted living facility, or a nursing home.

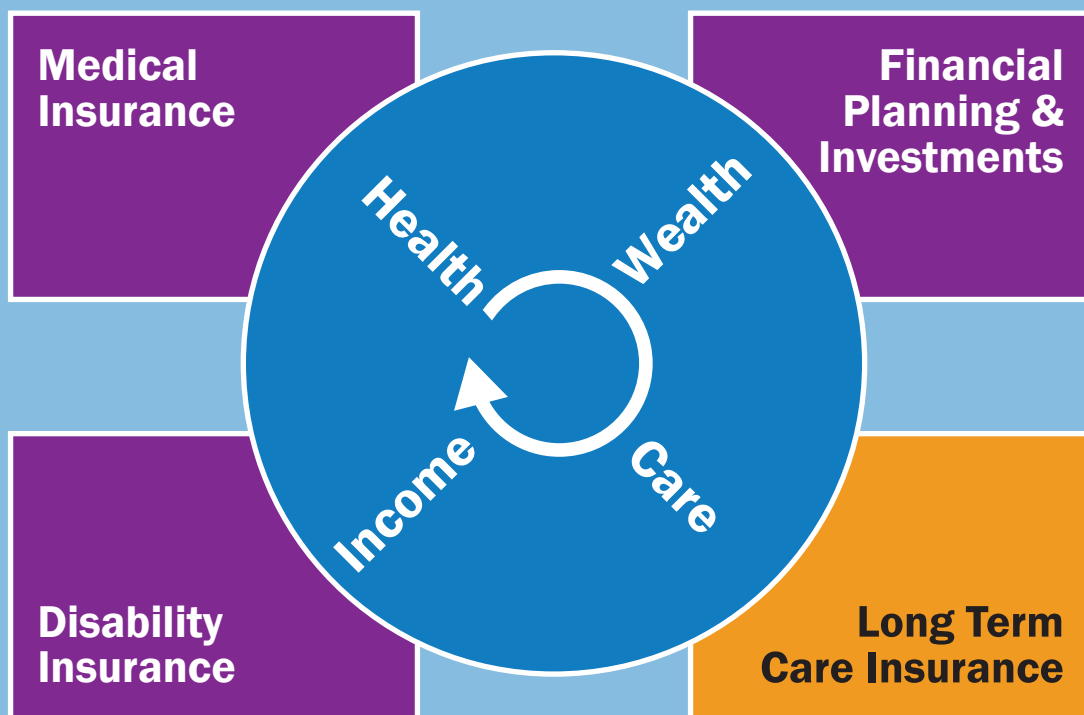
<sup>1</sup> *Long-Term Care Cost Study, Prudential Research Report, 2010.*

## ***What makes long term care insurance so important?***

Long term care is not just for the elderly. It is care that many of your employees and their spouses\* will require at some point during their lives – and possibly when it's least expected. While aging is the most common factor for needing care, a chronic condition, sudden illness or unexpected accident could also cause a person to require supervision or assistance with activities of daily living.

The costs of receiving long term care services are quite high and continue to rise each year. Few individuals have the assets or means to cover the costs when it's needed. While traditional benefits like healthcare, life insurance, and disability insurance are essential components of a strong benefits package, they don't typically pay for long term care services. Employees need a better plan for protecting the assets they've worked so hard to accumulate.

\* The definition of spouse includes Registered Domestic Partners (RDP).



### ***Who pays for long term care when it's needed?***

There are many misperceptions about who pays for long term care services. While many people believe that health insurance or supplemental insurance will pay, these sources actually cover very little or none of such costs.<sup>2</sup> And Medicaid (also called Medi-Cal), a government program, generally pays only for individuals who meet state-specific poverty guidelines. Others believe they would be able to afford to pay for services from their own savings, assets, investments or income – unaware of how costly care may be.

### ***Why offer Long Term Care Insurance?***

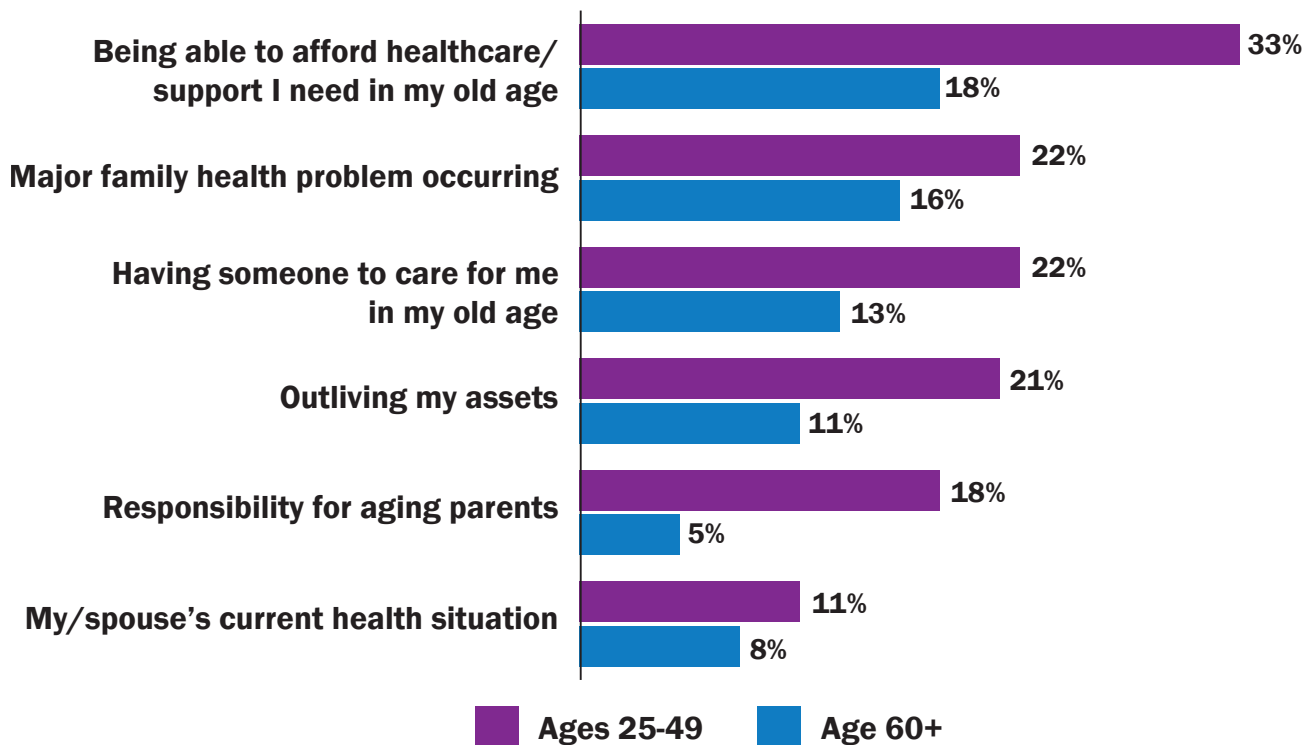
Long term care is increasingly becoming a concern for everyone. Even younger people ages 25-49 have more concerns about long term care than retirement as they witness first-hand the effects aging has on their parents and older loved ones.<sup>3</sup>

*(See chart on the following page for a list of personal financial concerns, by age)*

<sup>2</sup> [www.longtermcare.gov](http://www.longtermcare.gov) – August 13, 2013

<sup>3</sup> UBS Investor Watch, 1Q 2013

## Personal Finance Concerns by Age (percentage extremely/very worried)<sup>3</sup>



## Why should you offer LifeSecure Long Term Care Insurance?

When you include long term care insurance in your company's benefit package, you can help attract new talent while retaining key employees. LifeSecure gives both you and your employees choices. You can offer long term care insurance in variety of ways, using the approach that best fits your company's unique situation.

### Advantages for Employers

- Help attract and Retain Key Employees
- Easy Online Group Administration
- Agent supported Marketing and Enrollment Assistance
- Possible Tax Advantages

### Advantages for Employees

- Straight-forward Plan Design Choices
- Individual Policy (Portable)
- Automatic Payroll Deductions
- Online Application
- Possible Tax Advantages

Insurance plans can be complicated... but not with LifeSecure! We offer straightforward plan designs and a comprehensive long term care insurance solution to help round out your company's benefit package – including an online quote calculator and application for your employees, and an online, easy-to-use administration tool for you.

## ***Multi-life Program Qualification Guidelines***

LifeSecure offers **Simplified Issue** – a form of underwriting that uses an abbreviated application with few health questions. Simplified Issue is only offered one time during your initial enrollment period (maximum 90 days) or for new hire employees within 90 days of their benefits eligibility date. Employees who apply outside this timeframe must complete all sections of the application and will be fully underwritten.

**LifeSecure OM<sup>II</sup> – One-for-Many<sup>TM</sup> LTC** – Designed to address the unique choices of many individuals. As you know, one size does not always fit all, so LifeSecure offers two multi-life programs within our OM<sup>II</sup> program:

- LifeSecure OM<sup>II</sup> – Defined Advantage LTC Program
- LifeSecure OM<sup>II</sup> – Employee Solutions LTC Program

## ***LifeSecure's OM<sup>II</sup>LTC Multi-life Programs***

### ***Defined Advantage Program***

Simplified issue underwriting available to groups with **<10 eligible employees** (*with 5 approved applications*)

### ***Employee Solutions Program***

Simplified issue underwriting available to groups with **10 or more eligible employees**

## ***Employer Participation Options***

### ***For Executives & Key Employees***

You may choose to offer LTCi to select employees in one of the following ways:

- A defined benefit plan design. Employees can “buy-up” to a richer plan design if they want more coverage than you are offering.
- Employer contribution, up to 100% of the LTCi premium.
- Employer contribution of a specific dollar amount towards the LTCi premium.

### ***For All Employees***

In addition to offering LTCi coverage to executive and key employees, you can also provide other employee classes with the opportunity to apply for coverage – with or without an employer contribution. Or, you can extend an offer to apply for coverage to all employees on a 100% voluntary employee-pay-all basis (only available with our Employee Solutions program).

Whether you're a large employer considering a new employee benefit or a small business owner looking for asset protection, a long term care insurance plan from LifeSecure just might be the right fit.

# LifeSecure OM<sup>II</sup>

## *Defined Advantage LTC Program*

### **Minimum Participation Requirement**

Three eligible W-2 employees, K-1 business owners and/or board members meeting the employer contribution requirement; and a minimum of five approved applications (inclusive of spouses).

### **Employer Contribution Requirement**

100% of premium or defined plan design is required.

A voluntary offering to remaining employees is not available with this program.

### **Employer Contribution Discount**

5% discount, applicable only to individuals receiving the employer contribution, as defined above





## ***Defined Advantage – Individual Eligibility for Simplified Issue***

- A W-2 Employee, K-1 Business Owner, and/or Board Member receiving employer contribution and who is Actively-at-work\* OR
- A Spouse who is Actively-at-work\* and whose related W-2 Employee, K-1 Business Owner, or Board Member also applies for coverage
- Ages 18 through 65
- Must apply for the Lifetime Benefit Amount and Maximum Monthly Benefit established by the Employer, with a maximum Lifetime Benefit Amount of \$300,000 (or \$200,000 if choosing the Shared Care Benefit Rider).

### Notes:

- *Individuals may apply outside of these guidelines and will be required to complete all sections of the application.*
- *Individuals may not apply for a Maximum Monthly Benefit or Lifetime Benefit Amount less than the pre-defined amounts established by the employer.*

### *\* Actively-at-work means that he/she:*

- *is a W-2 employee (i.e., not a contractor), receiving a regular wage or salary, and*
- *is regularly scheduled to work 20 or more hours per week, and*
- *was working at his/her usual place of employment on the last regularly scheduled work day before signing the application*
- *For Spouse/RDP applicants only: has not been absent from work due to illness or injury for more than 5 days during the 30 days prior to signing the application or during the time he/she has been employed by his/her employer, if less than 30 days.*

### **Recognition of a K-1 Business Owner as an Employee:**

LifeSecure will also recognize owners of small businesses who are K-1 partners/shareholders with at least 20% ownership and who meet the definition of Actively-at-work outlined above.



# LifeSecure OM<sup>II</sup>

## Employee Solutions LTC Program

### Minimum Participation Requirement

- Businesses with **10–499** eligible employees\*: Minimum of 10 submitted applications (inclusive of spouses)
- Businesses with **500 or more** eligible employees\*: Minimum of 25 submitted applications (inclusive of spouses)

### Employer Contribution Requirement for Simplified Issue

- Businesses with **10–74** eligible employees\*: Employer contribution required
  - $\geq \$25$  per month or  $\geq 25\%$  of monthly premium, or 100% of a defined plan design
- Businesses with **75 or more** employees: Offering may be made on a voluntary basis (employer contribution not required)

### Employer Contribution Discount

5% discount, applicable only to individuals receiving the employer contribution, as defined above

\* *Employees include W-2 Employees, K-1 Business Owners, and/or Board Members*





## ***Employee Solutions – Individual Eligibility for Simplified Issue***

- Ages 18 through 65
- Lifetime Benefit Amount amount up to \$400,000 (or \$300,000 if choosing the Shared Care Benefit Rider)

### **10 to 74 Eligible Employees**

- W-2 Employee, K-1 Business Owner, or Board Member receiving employer contribution and who is Actively-at-work\*

OR

- Spouse/RDP who is Actively-at-work\* and whose related W-2 Employee, K-1 Business Owner, or Board Member is receiving employer contribution and also applies for coverage

### **75 or more Employees**

- W-2 Employee, K-1 Business Owner, or Board Member who is Actively-at-work\*

OR

- Spouse who is Actively-at-work\* and whose related W-2 Employee, K-1 Business Owner, or Board Member also applies for coverage

#### **\* Actively-at-work means that he/she:**

- is a W-2 employee (i.e., not a contractor), receiving a regular wage or salary, and
- is regularly scheduled to work 20 or more hours per week, and
- was working at his/her usual place of employment on the last regularly scheduled work day before signing the application
- For Spouse/RDP applicants only: has not been absent from work due to illness or injury for more than 5 days during the 30 days prior to signing the application or during the time he/she has been employed by his/her employer, if less than 30 days.

#### **Recognition of a K-1 Business Owner as an Employee:**

LifeSecure will also recognize owners of small businesses who are K-1 partners/shareholders with at least 20% ownership and who meet the definition of Actively-at-work outlined above.



# Tax Advantages for You, Your Company and Your Employees

Certain tax advantages related to the purchase of LTC insurance are offered by the federal government and certain state governments which may benefit you, your company and your employees. Below are descriptions of tax advantages that are associated with the payment of LTC insurance premiums.

***C-Corps can benefit from complete (100%) deductibility of the tax-qualified long term care insurance premiums as a business expense. LTC insurance can be purchased for employees and owners.***

- Premiums are not included as part of an employee's gross income
- Payroll taxes are not required for premiums paid
- Carve-outs may be established to pay all or a portion of the premium for key employees

***S-Corps Partners, More Than 2% Shareholders or Sole Proprietors***

- Premiums paid for an owner are included in individual gross income
- A self-employed health insurance deduction can be taken for tax-qualified LTC insurance premiums paid. Premiums are treated as a medical expense and are subject to the IRS age-based limits, which change annually.

## ***Health Savings Accounts (HSA)***

LTC insurance premiums can be reimbursed through an HSA – *tax-free* – up to the IRS age-based limits. This is a way for employees to use pre-tax dollars to pay for LTC insurance coverage.

## ***Cafeteria Plans***

LTC insurance cannot be purchased using pre-tax dollars under an employer-provided cafeteria plan. However, as mentioned above, funds from an HSA may be used to reimburse the account holder for LTC insurance premiums, up to IRS age-based limits.

## ***Individuals Who Itemize Income Tax Deductions on Federal Returns***

Individuals may deduct their medical expenses (including LTC insurance premiums) to the extent that the total exceeds the required percentage of their Adjusted Gross Income (AGI), subject to IRS age-based limits.



## ***Employee Communication Ideas for New Benefit Rollout***

- Employer Endorsement
- Educational Meeting for Executives
- Information in Company Communication Pieces
- Email Messages
- Flyers/Posters
- Payroll Stuffers
- On Site Meeting
- Webinars

### **Notes**

*LTCi premiums may be directly deductible for state income tax purposes.*

*LifeSecure and its agents/producers 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. Check applicable state(s) for current tax incentive information.*

***Talk to your agent today to learn more about LifeSecure's LTC insurance solution for your company.***

## **About LifeSecure**

Founded in 2006, LifeSecure Insurance Company is a wholly-owned subsidiary of an \$13 billion health insurance corporation that serves over 5 million members. LifeSecure is dedicated to providing uncomplicated insurance solutions to help people protect themselves from unforeseen health-related risks and expenses. Our guiding business philosophy is focused on delivering “easi”: expertise, accessibility, simplicity and innovation to our customers.



[www.YourLifeSecure.com](http://www.YourLifeSecure.com)

**Talk to your agent today or visit us at [www.YourLifeSecure.com](http://www.YourLifeSecure.com)**

This long term care insurance policy has exclusions and limitations. A sample policy is available upon request. Refer also to the Outline of Coverage. Terms, availability of benefits, amounts, options, discounts, and application process may vary by state. This is an insurance solicitation. A licensed LifeSecure agent/producer may be contacting you.

LifeSecure Insurance Company – Brighton, MI

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