



Long Term Care: How to protect your assets

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Agenda

- What is Long Term Care
- What are the costs associated with it.
- Resources for Long Term Care
- Products in the Marketplace



Is Long Term Care in Your Future?

Statistically, 70% of people over age 65...

...7 out of 10 people turning 65
will need some form of
Long Term Care.

Source: U.S. Department of Health and Human Services



What is Long Term Care?



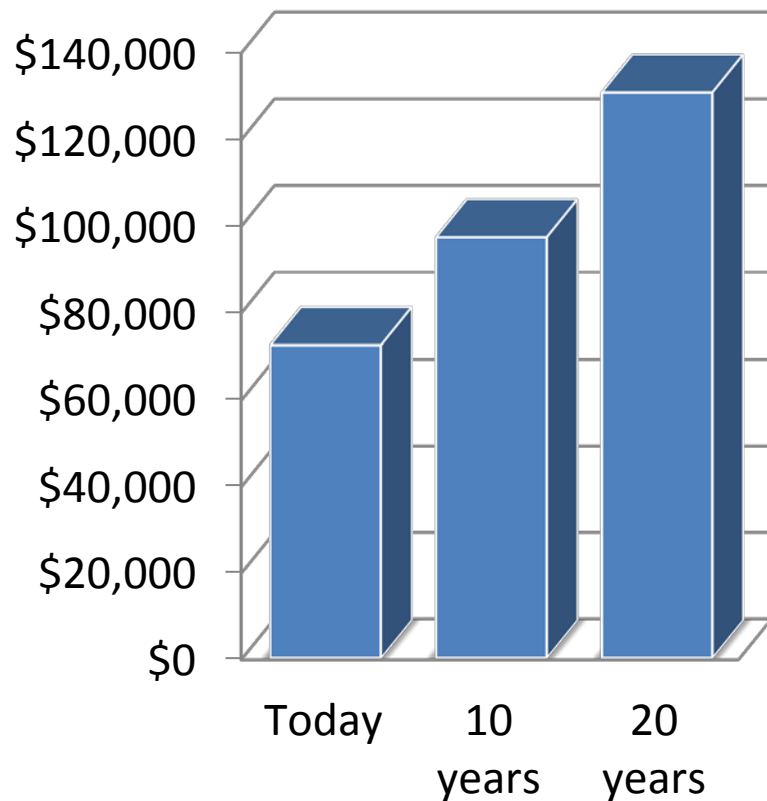
- Ongoing services and support needed because of chronic health condition or disability
- Three levels of care: skilled, intermediate, and personal care
- Care can be provided in a variety of settings

Where Can You Receive Long Term Care?

- At home
- At an assisted-living facility
- At an adult day-care center
- At a skilled nursing facility



Annual Cost of Nursing Home Care



- Average nationwide cost of nursing home care is \$74,820 per year*
- If costs rise at an average rate of 3% per year, in 20 years the average cost of nursing home care will be approximately \$135,133 per year

*Source: U.S. Department of Health and Human Services, December 31, 2015



How Will You Pay for Long Term Care?

- Out of Pocket
- Rely on government programs such as Medicare or Medicaid
- **Buy Long Term Care Insurance**



Paying for Long-Term Care: Out-of-Pocket

- More freedom to choose care
- May be ideal if you can afford to pay for care indefinitely



But...

- You must be willing to liquidate assets if necessary
- May impact ability to pass on assets to family
- If you run out of money, relying on family members or the government may be your only options

Paying for Long-Term Care: Medicare

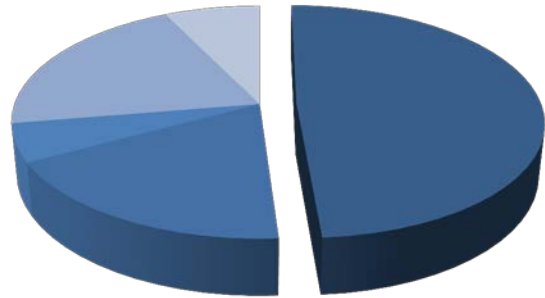
Medicare is federal health insurance that provides only limited coverage for long-term care services.

- Pays costs only after 3-day hospitalization
- Pays full cost of skilled nursing care for only 20 days
- Pays partial cost from day 21 to day 100
- Pays nothing after 100 days
- Does not pay for personal or custodial care
- Home health benefits are limited



Paying for Long-Term Care: Medicaid

Nursing home care expenditures



- Medicaid
- Out-of-Pocket
- Other Public/Private
- Medicare
- LTC Insurance

- Medicaid, not Medicare, is the joint federal-state program that pays for long-term care expenses
- Medicaid is the largest public payer of long-term care services

But...

- Medicaid is means-based
- Medicaid limits where you can receive care

Paying for Long-Term Care: Long-Term Care Insurance

- Pays benefits when you need extended care
- Especially valuable for middle income Americans who want to preserve financial independence and quality of life
- Freedom to choose care
- Can help preserve assets



How Does Long-Term Care Insurance Work?

- You must be in reasonably good health to buy policy
- Premium is based on your age, and the features and benefits you choose
- Benefit is typically triggered when you become chronically ill or cognitively impaired and need help with 2 out of 6 activities of daily living (ADLs)
- Once elimination period (waiting period) is satisfied, benefits paid as long as necessary until policy limits are reached





5 Key Features

Benefit

What is the amount of the benefit payable?

Benefit period

How long will benefits last?

Elimination period

How long will you wait before benefits begin?

Location of care

Does the policy cover care in different settings?

Inflation protection

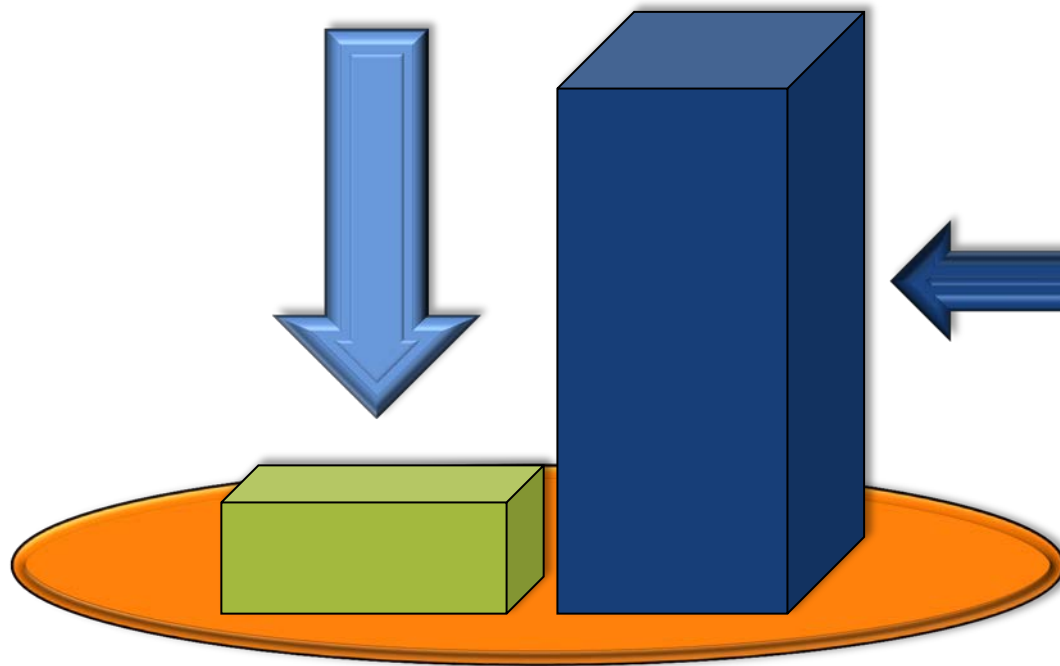
Will your benefits keep up with rising costs?



Should You Invest Instead?

Investing \$3,042 annually at 5% after-tax rate of return: \$105,616 accumulated after 20 years*

Paying \$3,042 annual premium for a 3-year LTC policy with a \$150 daily benefit and 5% compound inflation protection: \$435,804 benefit after 20 years



*This is a hypothetical example and doesn't reflect the return of any specific investment.



Managing the Cost

- The younger you are when you buy a long-term care policy, the less expensive the premium
- Make sure you can afford the premium now and in the future
- Buy from a reputable company
- Choose features and benefits wisely





Hybrid Policies

An Alternative to “Traditional” “Stand Alone” Long Term Care Insurance

- Hybrid policies generally link life insurance with long term care insurance.
- You can pay premiums on a periodic basis or fund with a one-time lump sum.
- The benefit pool can be used for long term care expenses or used as death benefit proceeds.
- Hybrid policies are designed for people who are:
 - Looking to “get something back”
 - Able to reposition some of their assets



Who is Buying Long Term Care Insurance?

People who:

- are “planners”
- are ages 45 to 65
- are high wage earners
- have assets to protect
- don’t want to be a burden to their family
- want to leave a legacy
- value peace of mind



Thank you!



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