



# LONGTERM CONFIDENT STRATEGY

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## **MISSION**

**TO HELP PEOPLE FROM ALL WALKS OF LIFE BUILD A BETTER FUTURE**

### **CONSIDER THESE THREE QUESTIONS:**

***Do you know someone who could benefit from this message?***

***Can this information help you, your family and your friends financially?***

***Are you intrigued by this business?***

# STRENGTH

World Financial Group, Inc. (WFG) is a part of the Aegon Group. Aegon is a global financial services organization that:

- Provides life insurance, pension solutions and asset management products in more than 25 markets across the globe.<sup>1</sup>
- Has a market capitalization of \$17 billion as of March 31, 2015.<sup>1</sup>
- Operates under the Transamerica brand in the United States, where Transamerica is among the top 10 largest providers of variable annuities, individual universal life, individual term life and equity-indexed universal life insurance.<sup>1</sup>



<sup>1</sup> Aegon, Fact Sheet: Americas, May 2015, <http://www.aegon.com/Documents/aegon-com/Media/Fact-sheets/Fact-sheet-Americas.pdf>.



# STRENGTH IN SELECTION

- Fixed Annuities
  - Life Insurance
  - Index Universal Life
  - Long Term Care
- And much more...



<sup>2</sup> Providers maintain current selling agreement (s) with World Financial Group Insurance Agency, Inc. (WFGIA) or its affiliated subsidiaries and/or Transamerica Financial Advisors, Inc. (TFA). Associates must be properly licensed and appointed to sell products from all providers listed.

<sup>3</sup> Transamerica Premier Life Insurance Company, Transamerica Life Insurance Company, World Financial Group, Inc. World Financial Group Insurance Agency, Inc. and its subsidiaries are affiliated companies. The full names, city and locations of these entities are: Transamerica Premier Life Insurance Company, Cedar Rapids, Iowa; Transamerica Life Insurance Company, Cedar Rapids, Iowa; Pacific Life Insurance Company, Newport Beach, California; Voya Insuranc Annuity Company, Des Moines, Iowa; Nationwide Life Insurance Company, Columbus, Ohio

# WHAT IS YOUR LTC PLAN?

- ❑ In the year 2000, almost **10 million** people needed some form of long-term care in the United States.
- ❑ Of this population, 3.6 million (**37%**) were **under age 65** and 6 million (**63%**) were **over age 65** - Roger & Komisar, 2003.
- ❑ Recent research suggests that most Americans turning **age 65** will have almost a **70%** chance of needing some type of long-term care services and supports in their remaining years. - 2020 U.S. Department of Health and Human Services (<https://acl.gov/ltc/basic-needs/how-much-care-will-you-need> opens in new window). Site accessed 04/19/21.
- ❑ Women in their 60s are more than **TWICE AS LIKELY** to develop Alzheimer's disease over the rest of their lives as they are to develop breast cancer. -<https://www.alz.org/alzheimers-dementia/what-is-alzheimers/women-and-alzheimer-s>

- Long-term care is a **range of services and supports** you may need to meet your personal care needs.
- Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life, sometimes called **Activities of Daily Living (ADLs)**
- **Home health care** needed if you suffer a **cognitive disorder** or can't perform **2 out of 6 of Activities of Daily Living**.

# ACTIVITIES OF DAILY LIVING (ADL)



**BATHING**



**DRESSING**



**USING THE TOILET**



**TRANSFERRING**

to or from bed or chair



**INCONTINENCE**

inability to maintain control  
bowel and bladder function



**EATING**

# WHO NEED LONG TERM CARE?



## AGE

The older you are, the more likely you will need long-term care



## GENDER

Women outlive men by about five years on average, so they are more likely to live at home alone when they are older



## DISABILITY

- Having an accident or chronic illness that causes a disability is another reason for needing long-term care
- 69 percent of people age 90 or more have a disability



## HEALTH STATUS

- Chronic conditions such as diabetes and high blood pressure make you more likely to need care.
- Your family history such as whether your parents or grandparents had chronic conditions, cognitive disorder (Alzheimer, Dementia, Parkinson,) may increase your likelihood.



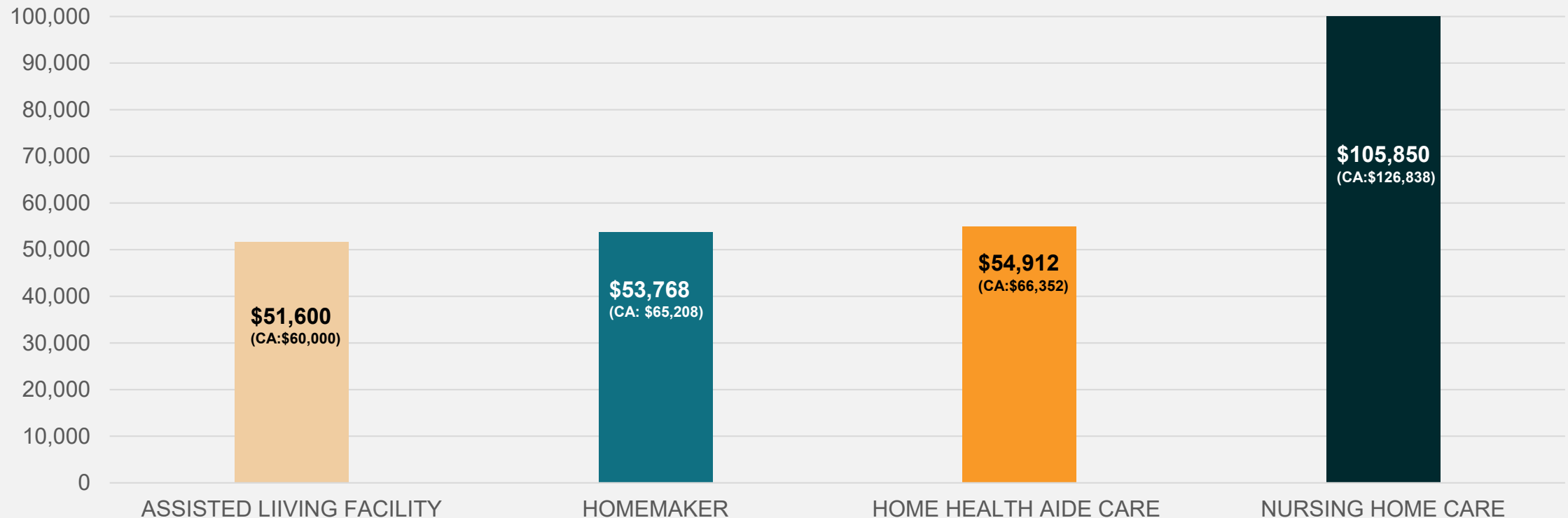
## LIVING SITUATION

- If you live alone, you're more likely to need paid care than if you're married.



# 2020 ANNUAL LONG TERM CARE COST

ANNUAL COST  
across the United States



**Genworth Cost of Care Survey 2004-2020, Conducted by CareScout®**

1 Assisted living facility Based on 12 months of care, private, **one bedroom**

2. Homemaker services and home health aide Based on 44 hours per week by 52 weeks

3. home health aide Based on 6 hours per day

4 Nursing Home care Based on 365 days of care in private room. Semiprivate \$93,075

# WHO WILL PROVIDE YOU CARE?



## Home caregiver or Homemaker Services

About 80 percent of care at home is provided by family caregivers. On average, caregivers spend 40 hours a week giving care. Homemaker services provide assistance to persons with the inability to perform one or more of the following activities of daily living: preparing meals, shopping for personal items, managing money, using the telephone or doing light housework



## Home Health Care Agencies

**Home health aide** providing basic personal care, such as bathing, dressing, and grooming. Performing light housekeeping duties. Replacing sterile dressings and monitoring wound healing. Assisting the patient in an out of bed and/or transferring to or from a wheelchair.

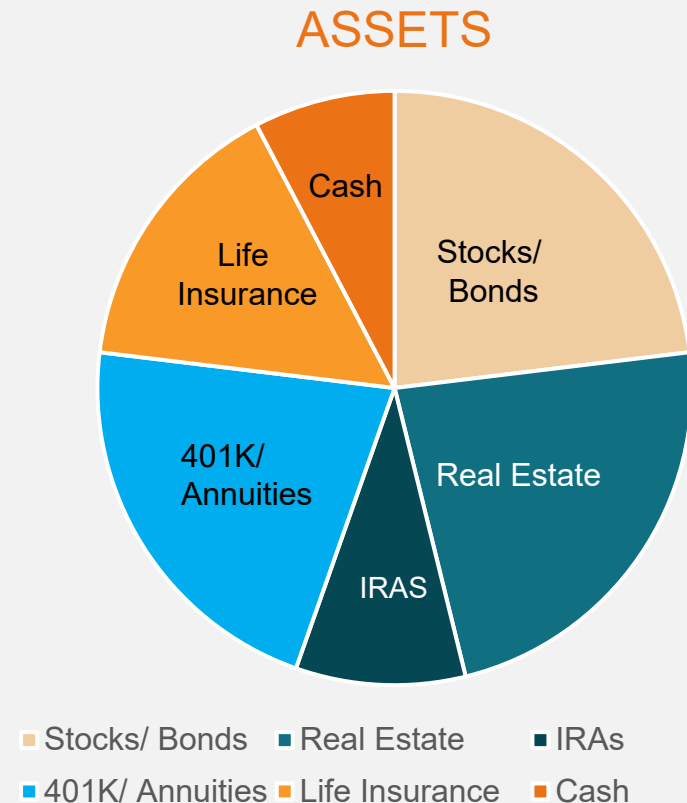


## Facility-based programs

- **Assisted living facility, board and care homes, and continuing care retirement communities.** With these providers, the level of choice over who delivers your care varies by the type of facility. You may not get to choose who will deliver services, and you may have limited say in when they arrive.
- **Nursing home Care** provide the most comprehensive range of services, including nursing care and 24-hour supervision

# HOW WOULD YOU PAY FOR YOUR NEEDS?

- Two-third of today's 65 year-olds may need long-term care support from 3-4 years, but 20 percent will need it for longer than 5 years.
- **\$66,532/year for 5 years is approximately \$350,000 .**
- **Which assets would you use first to pay for long term care needs?**
- **Considering :**
  - 1. Liquidity**
  - 2. Tax Liabilities**
  - 3. Market Timing**
  - 4. Loss of Future Income**



- With limited resources to fund a long-term care plan for a loved one, families often find themselves choosing between a **nursing home they do not mind** and a **nursing home that is just ok**. By choosing the right long-term care insurance, families can find the appropriate facility that is **the right “fit” for their loved one.**

# SOURCE OF FUNDING

- Medicare

- Federal health insurance, Age 65 + , within 30 days hospital stay, skilled care/nursing facility
- Only Covers days 1-20 100%, 21-100 after daily co-pay \$176 per day. (not cover after 100 days)



- Medicaid

- Federal/state Funded, Financial eligibility, need spend down your assets,
- 5-yr lookback estate recovery

- VA Benefit

- Priority group system-illnesses related to service, financial eligibility.



- Personal Income and Assets

- Long Term Care Insurance



# DEFINING EXTENDED CARE

A long-term care insurance policy pays benefits when a licensed health care

✓ You are unable to perform at least two activities of daily living for **90 days** or longer:

Eating • Bathing • Dressing •  
Continence • Transferring • Toileting

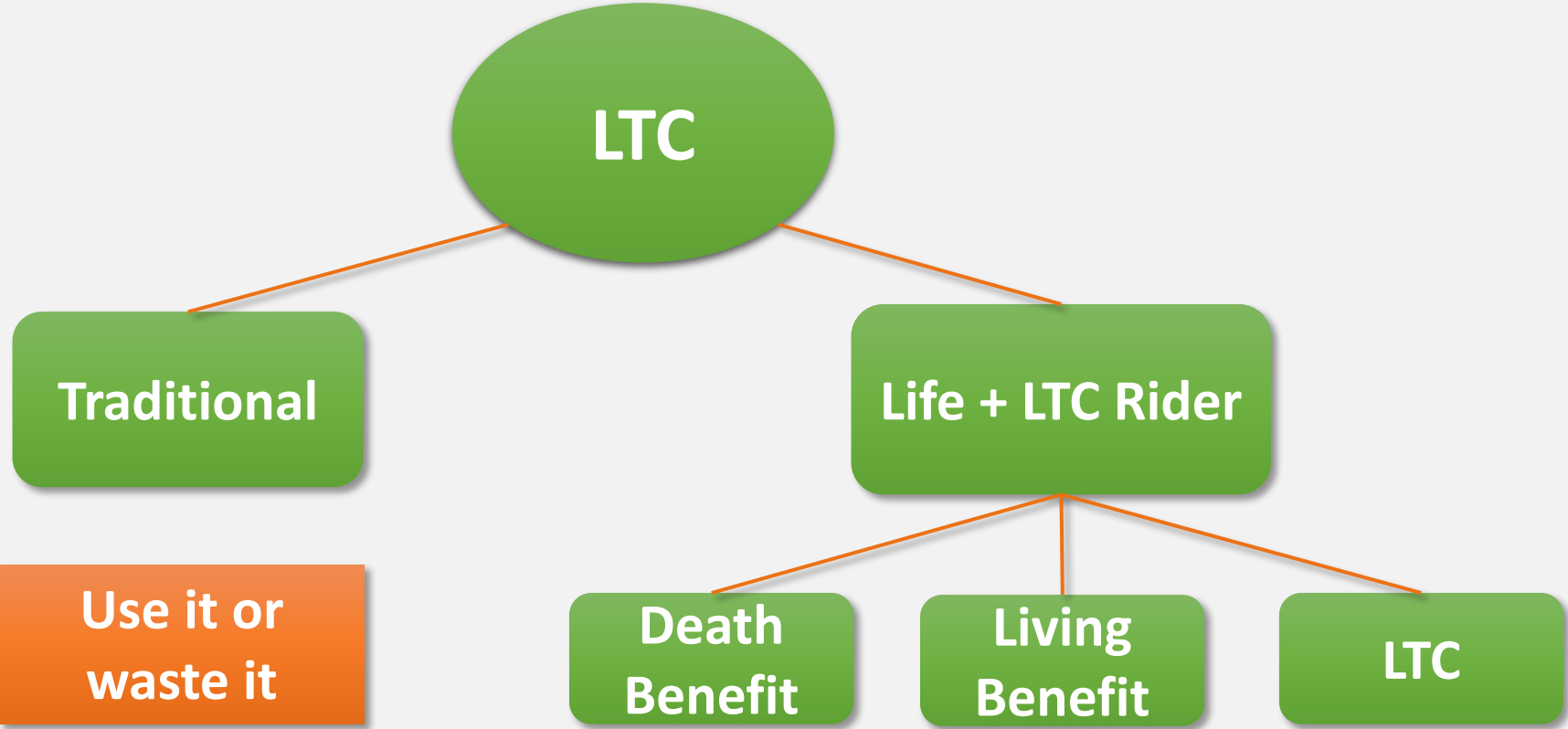
✓ You need continual supervision due to a **severe** cognitive impairment



# LTC CORE COMPONENTS

- Benefit amount (\$1,500 – \$12,000 per month)
  - ❖ Cost of care you need, Buy 80%-20%
- Benefit period (2, 3, 4, 5, 6 or unlimited) pool of money  $\$5,000 \times 48 = \$240,000$ 
  - ❖ Family history
- Elimination period (0, 30, 60, 90 days)
- Inflation protection (1-5% Simple or Compound) 3% compound: age 75 & younger
- Popular optional riders (traditional plans)
  - ❖ Shared coverage : share pool with spouse, add 14% premium
  - ❖ Waiver of elimination period for home health care (HHC)- 0 day

# LTC – HOW TO PREPARE



# TRADITIONAL LONGTERM CARE

- ❖ Less expensive
- ❖ 'Use it or lose it' (ROP is available)
- ❖ State partnership program qualified (N/A in all states)
- ❖ Potential tax deductibility (federal and state)
- ❖ Can be funded with HSA dollars
- ❖ Multi-life discounts available
- ❖ Premiums are not guaranteed
- ❖ Premiums are paid until you go on claim or pass away  
(National Guardian Life offers\*: Single pay, 10-pay, 1035 opportunities,  
guarantee premium-wont go up)



# TRADITIONAL LTCI CLIENT PROFILE

Singles

Widows

Couples

## CLIENT OBJECTIONS:

Address impact of long term care needs

More flexible contract

Annual pay, 10-pay, and single pay options

Leverage their money

May be interested in state partnership protection

May be interested in limited premium spend

**\$2300**  
**x 40y**  
**= \$92K**

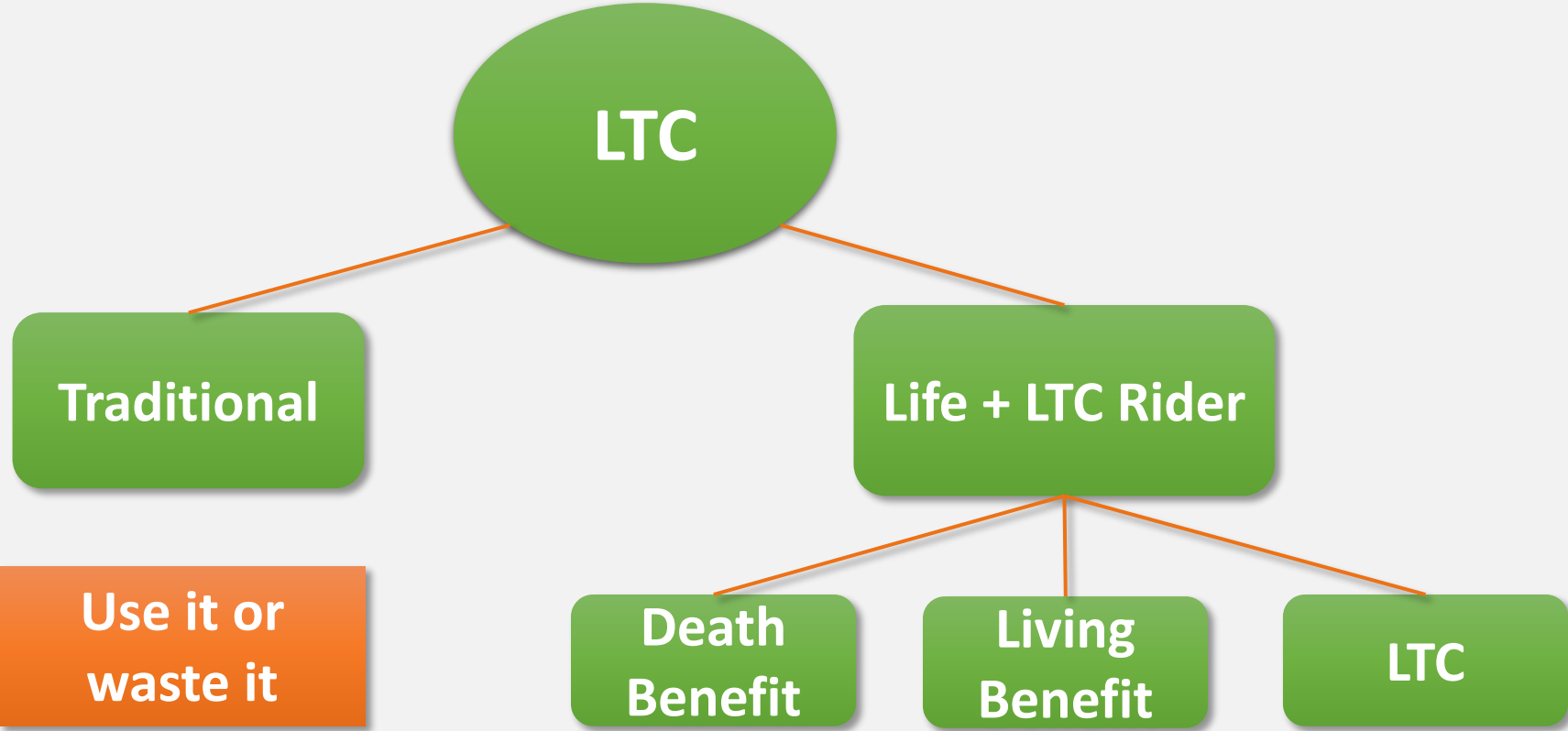
**Client**

Benefit Amount Period	Daily
Benefit Amount	200
Benefit Period	4 Years
Elimination Period	90 Days
Inflation Option	CPI Compound
Risk Class	Select
Payment Type	Standard Pay (Paid-up at Age 95)
Waiver of HHC EP Rider	No
Additional Cash Benefit Rider	No
Nonforfeiture Rider	No

Premiums	Client	Annual1
Annual Base Premium	2,300.00	
Premium For Elected Riders	.00	
Discount	.00	
Total Premium	2,300.00	2,300.00
Semi-Annual Premium	1,196.00	2,392.00
Quarterly Premium	621.00	2,484.00
Monthly Premium	207.00	2,484.00

# LTC – HOW TO PREPARE



# LIFE INSURANCE + LTC RIDER (HYBRID SOLUTION)

## Highlights:

- Guaranteed premiums (2-4% of life insurance death benefit)
- Flexible payout (cash indemnity pay out / Reimbursement Payout )
- Use it or Pass down
- International coverage

## Funding Options:

- 1035 exchanges
- Non-qualified money

# CLINET PROFILE: IUL+ LTC RIDER

- Asset accumulation
- Family history no evident show
- Want to leave legacy to next generation
- Old life insurance policy w/cash value that can be 1035 exchanged
- Inflation protection

## Client Objectives

- Address the potential impact of long term care
- Want a live, die, quit product solutions
- Want guaranteed premium
- Companies looking to implement an executive bonus plan

End of Year	Age	Annualized Premium Outlay	Loans/ Partial Surrenders	Accumulated Value	Net Surrender Value	Net Death Benefit	Benefit for LTC
1	41	6,514	0	4,615	0	500,000	500,000
2	42	6,514	0	9,536	0	500,000	500,000
3	43	6,514	0	14,744	5,666	500,000	500,000
4	44	6,514	0	20,250	11,683	500,000	500,000
5	45	6,514	0	26,104	18,073	500,000	500,000
<b>Total</b>		<b>32,570</b>	<b>0</b>				
6	46	6,514	0	32,360	24,892	500,000	500,000
7	47	6,514	0	39,037	32,159	500,000	500,000
8	48	6,514	0	46,144	39,887	500,000	500,000
9	49	6,514	0	53,712	48,106	500,000	500,000
10	50	6,514	0	61,794	56,872	500,000	500,000
<b>Total</b>		<b>65,140</b>	<b>0</b>				
11	51	0	0	64,309	60,107	500,000	500,000
12	52	0	0	66,942	63,496	500,000	500,000
13	53	0	0	69,718	67,068	500,000	500,000
14	54	0	0	72,644	70,831	500,000	500,000
15	55	0	0	75,735	74,805	500,000	500,000
<b>Total</b>		<b>65,140</b>	<b>0</b>				



# TAX ADVENTAGES

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# TAX CONSIDERATIONS:

Qualified long term care insurance contracts are generally treated as accident and health insurance contracts. Individuals can include unreimbursed qualified long term care expenses as medical expenses, and within certain limits, premiums they pay for qualified long term care insurance.



# RULES FOR C-CORPORATION:

- ❖ 100% deductibility of tax-qualified long term care insurance premium as a business expense (similar to traditional health insurance premiums)\*
- ❖ 100% deductibility for spouse long term care insurance premium when paid by company
- ❖ Employer paid premiums are not included as part of employee's gross income (not reported on W-2 statement; no payroll tax on premiums paid)
- ❖ Benefits paid are generally tax-free to the individual
- ❖ Portability

\*Accident and health insurance premiums paid by an employer for employees and certain dependents are generally currently deductible. Limitations on the amount of the deduction may be imposed under the tax l

# FEDERAL TAX INCENTIVES FOR PASSTHROUGH ENTITLES & SELF EMPLOYED

- ❖ Partners and more than 2% of shareholders of S-corporations are considered self-employed owners
- ❖ Premiums paid are tax deductible to the corporation and pass through as taxable income to the business owner
- ❖ Premiums paid for LTC Insurance for employees, their spouses and eligible dependents can be deducted

# THANK YOU

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