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A Solution for Every Client: Case Studies in Extended Care Planning



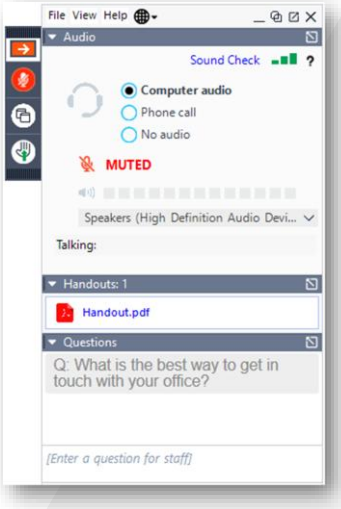
Presented by
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Questions & Handouts

- Download **today's handouts** from the GoToWebinar toolbar.
- Don't forget to **complete the survey** at the end of the presentation!



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About Us

Krause Agency is a national wholesaler of insurance products tailored to the senior market. With a focus on asset preservation solutions, we provide products, training, and support to agents and advisors helping clients plan for retirement and long-term care.



30+
Years of Experience

400+
Clients Helped Monthly

1,300+
Active Agents

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Today's Goals

1. Discuss when to consider hybrid vs. traditional LTCI for certain client situations.
2. Identify how short-term care insurance can help your clients.
3. Explore group LTCI benefits for both the employees and business owner.



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Traditional LTCI Case Study

Meet Allison

Allison, age 55, is interested in long-term care insurance. She is divorced with two adult children that live in other states. Her insurance advisor has presented her with a traditional long-term care insurance policy with a premium of $256 per month that she decides to purchase.



Monthly Benefit: $4,000	**Benefit Pool:** $120,000
Inflation Rider: 3% compound	**Elimination Period:** 90 days

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Traditional LTCI Case Study



25 Years Later

At age 80, Allison moves into an assisted living facility that costs $11,516 per month. Allison's LTCI policy will pay $8,375 per month, and her Social Security benefit is $3,000 per month, which leaves a balance of $141 per month that Allison can cover using her savings. Allison needs care for 25 months before she passes away.

Monthly Benefit: $8,375	**Total Benefit:** $251,253	**Total Benefits Used:** $209,375	**Amount Saved:** $129,050

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Asset-Based LTCI Case Study

Meet Ruby

Ruby is a 63-year-old, non-smoking, married woman who wants to secure her financial future as she plans for retirement. Ruby's husband, Don, has been diagnosed with Parkinson's Disease and does not qualify for long-term care insurance. Ruby purchases an asset-based LTCI policy for a lump sum premium of $100,000, part of which is funded with an existing annuity.



Monthly Benefit: $4,121	**Maximum Benefit:** $257,067 or 4 years
Inflation Rider: 3% compound	**Death Benefit:** $122,892 / $24,578

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Asset-Based LTCI Case Study



17 Years Later

Ruby, now an 80-year-old widow, moves into an assisted living facility that costs $9,705 per month. Ruby requires care for 40 months, resulting in $338,520 in total benefits used. She saved herself and her family over $185,000 in long-term care costs. Upon her death, Ruby also leaves a residual death benefit of $24,578 to her beneficiaries.

Monthly Benefit: $8,463	**Maximum Benefit:** $424,893 or 4 Years
Total Benefits Used: $338,520	**Amount Saved:** $188,840

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Short-Term Care Insurance Case Study



- Sally, age 68, needs a hip replacement.
- She has a **Medicare Advantage Plan** with the following benefits:
  - *$100/day hospital co-pay (days 1-5)*
  - *$0 (1-20 days) and $217/day skilled nursing facility co-pay (21-100 days)*
  - *14 meals delivered to her home after a hospital stay*

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Short-Term Care Insurance Case Study

- Sally does not have anyone at home to assist her during her recovery, so she elects to go to a SNF.
- While her plan will **pay for the first 20 days**, she will encounter a large co-pay for her recovery on day 21.
- With an STC plan she can elect to **cover over $200/day** for her care and even choose to have coverage for her hospital stay.
- Even if Sally has an LTCI policy, having an STC policy will **help her greatly for a short-term care event** since she most likely would not be able to go on claim with her LTC policy.

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Short-Term Care Insurance Case Study

- In the event she does return home and needs some additional short-term care, Sally will be able to **access her STC benefits**.



Premium: $212.93/mo. for 0-day elimination	**Facility Care:** $250/day for 360 days
Home Care: $300/day for 360 days	**Hospital Stay:** $100/day for 6 days
Prescription Drug Benefit: $300/year	**Restoration of Benefits rider**

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Annuity Hybrid Case Study



Meet Jan

Jan is a 65-year-old woman who wants to secure her financial future as she plans for retirement. She qualified for Preferred Rate class and is able to reposition $100,000 into a hybrid annuity with an initial benefit base of $315,000.

	Guaranteed LTC Benefit at 82	Projected LTC Benefit at 82
Monthly Benefit	$8,677	$9,590
Benefit Pool (60 months)	$520,620	$575,383
Cash Value/Death Benefit		$307,573

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Annuity Hybrid Case Study

If Jan is unable to qualify for Preferred or Standard Rate, Secure rates are available.

Contribution: **$100,000** | Initial Benefit Base: **$140,000**

	Guaranteed LTC Benefit at 82	Projected LTC Benefit at 82
Monthly Benefit	$3,857	$5,484
Benefit Pool (60 months)	$231,420	$329,040
Cash Value/Death Benefit		$329,049

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Life Insurance with LTC Rider Case Study

Meet Mary

Mary, age 50, is concerned about leaving a legacy to her three daughters and ensuring she has a plan in place to supplement extended care costs should her health change down the road. Mary qualifies for Preferred Plus rate class and is looking for a $600,000 guaranteed death benefit with an LTC rider. Since her policy is on an indexed chassis, it's also accumulating cash value. Should Mary decide to surrender the contract in 20 years, there is approximately $100,000 in net surrender value.



Monthly Benefit: $6,000	**Maximum Benefit:** $300,000 or 50 months
Inflation Rider: 2%	**Guaranteed Premium:** $5,130

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Group LTCI Case Study

The Entity

A small non-profit organization with 27 employees where the average age is 40 years old and the average income is $67,294 is looking to offer an LTCI benefit for employees. They opt to offer a basic guaranteed issue term to 100 life product with an LTC rider for all staff except for three executive staff members who will get a more robust plan.



	Basic Plan	Executive Plan
Benefit Pool	$50,000 ($1,500/mo.)	$150,000 ($4,500/mo.)
Death Benefit	$50,000	$150,000
Average Monthly Premium	$33/person	$33/person + $109/Exe
Annual Premium	$10,553*	$14,447*

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**The premium amount is fully tax-deductible for the company.*

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Group LTCI Case Study

- All premiums paid by the company for employees are **tax-deductible for the company** regardless of type of entity.
- All employees and spouses will qualify to buy up additional coverage.
  - *Simplified underwriting may be required in certain cases.*

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Questions

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To learn about this webinar topic and more, scan the QR code and schedule a call with our team!



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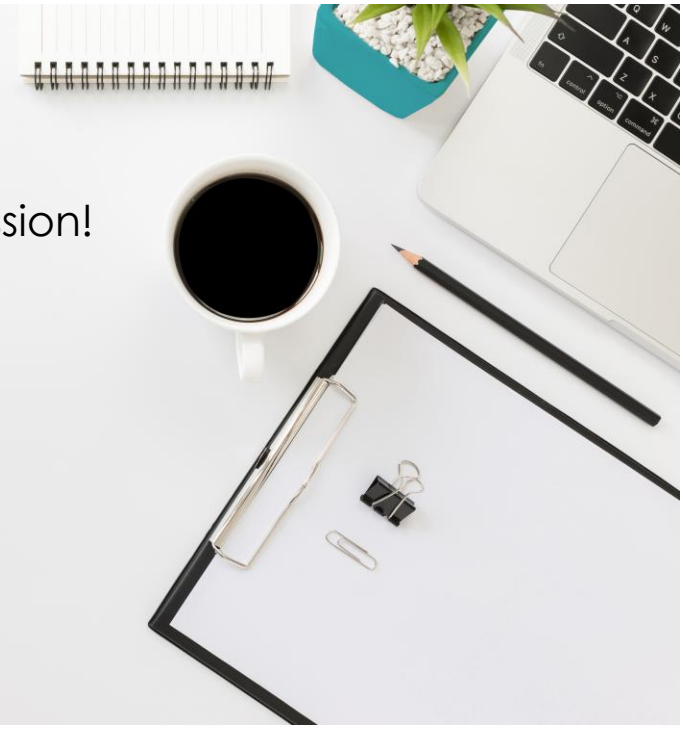
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Thank you

for attending today's session!

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