

Honey Leveen, Your LTC Specialist Houston, TX



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Honey Leveen, LUTCF, CLTC, LTCP

Houston's Queen of LTC Insurance
(by self-proclamation)



Queen (by self-proclamation) of Long-Term Care Insurance

A Well-Known Financial Columnist has this to say:



“What’s the greatest risk in your financial plan? We’ve seen how a stock market crash can devastate retirement plans. But the greatest risk is not the longevity of this bear market, or even another bear market. It’s the devastating cost of long-term care.”

Terry Savage, *Chicago Sun-Times*
Financial Columnist

Author of “*The New Savage
Number. How Much Money Do You
Need To Retire?*”

AAll Speaker

CURRENT AGING DEMOGRAPHICS: ESTABLISHING NEED

<https://www.morningstar.com/articles/1013929/100-must-know-statistics-about-long-term-care-pandemic-edition>

<https://www.alz.org/alzheimers-dementia/facts-figures>

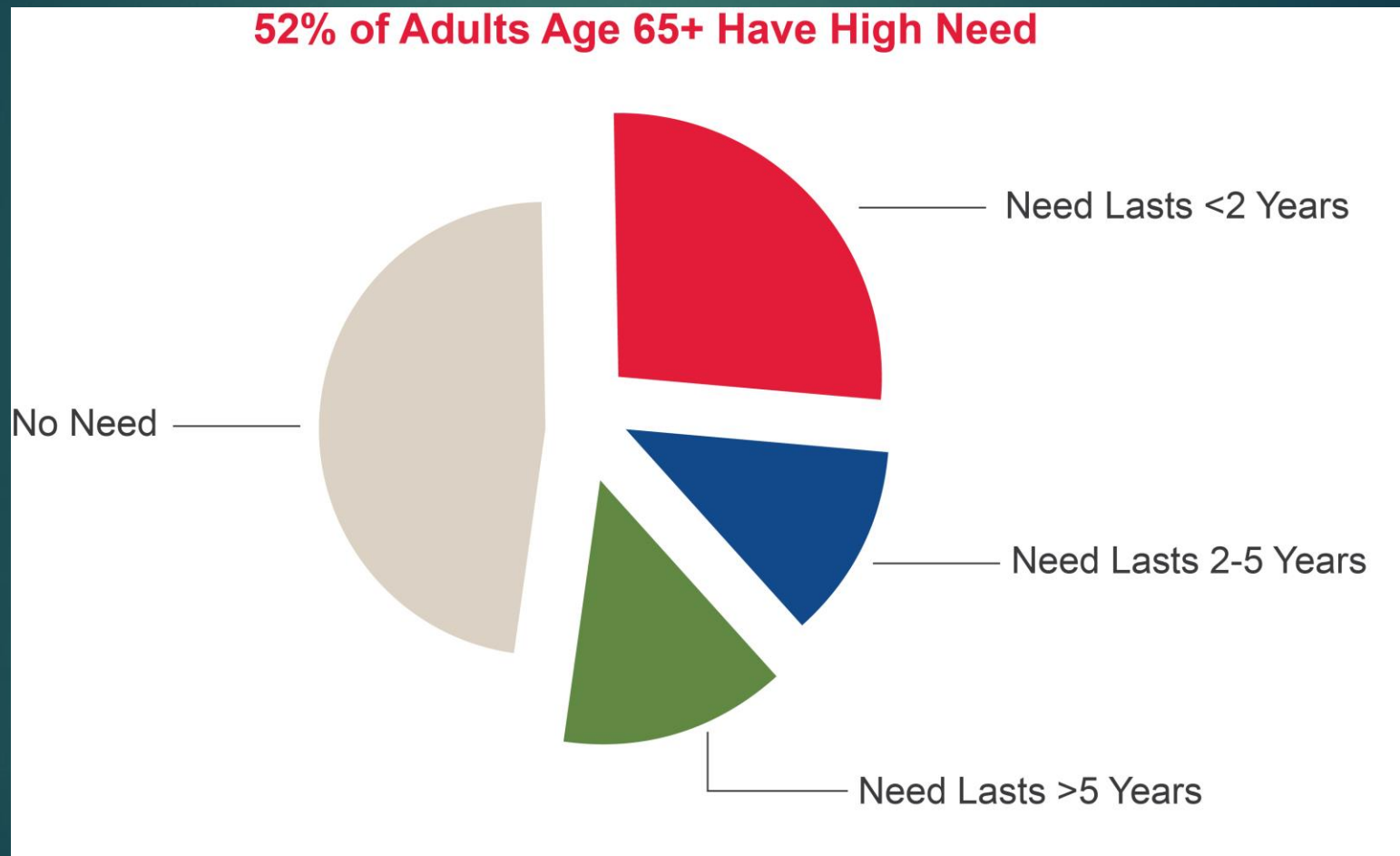
A Risk We All Face (SCAN Foundation)



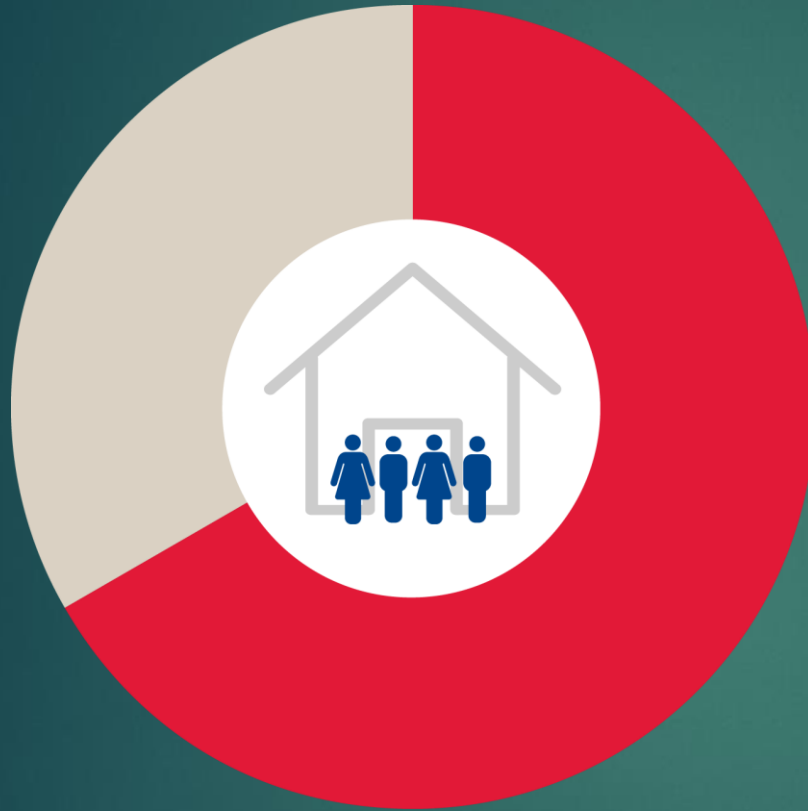
**Half of Adults Age 65+ Will Need a
High Level of Care at Some Point**

Favreault & Dey, Table 1 **1**

Older Adults Risk Many Years of High Need



Americans Rely on Unpaid Caregivers



Nearly 2/3
of Older Adults with
LTC Needs Living at
Home Receive All
Help from Unpaid
Family and Friends

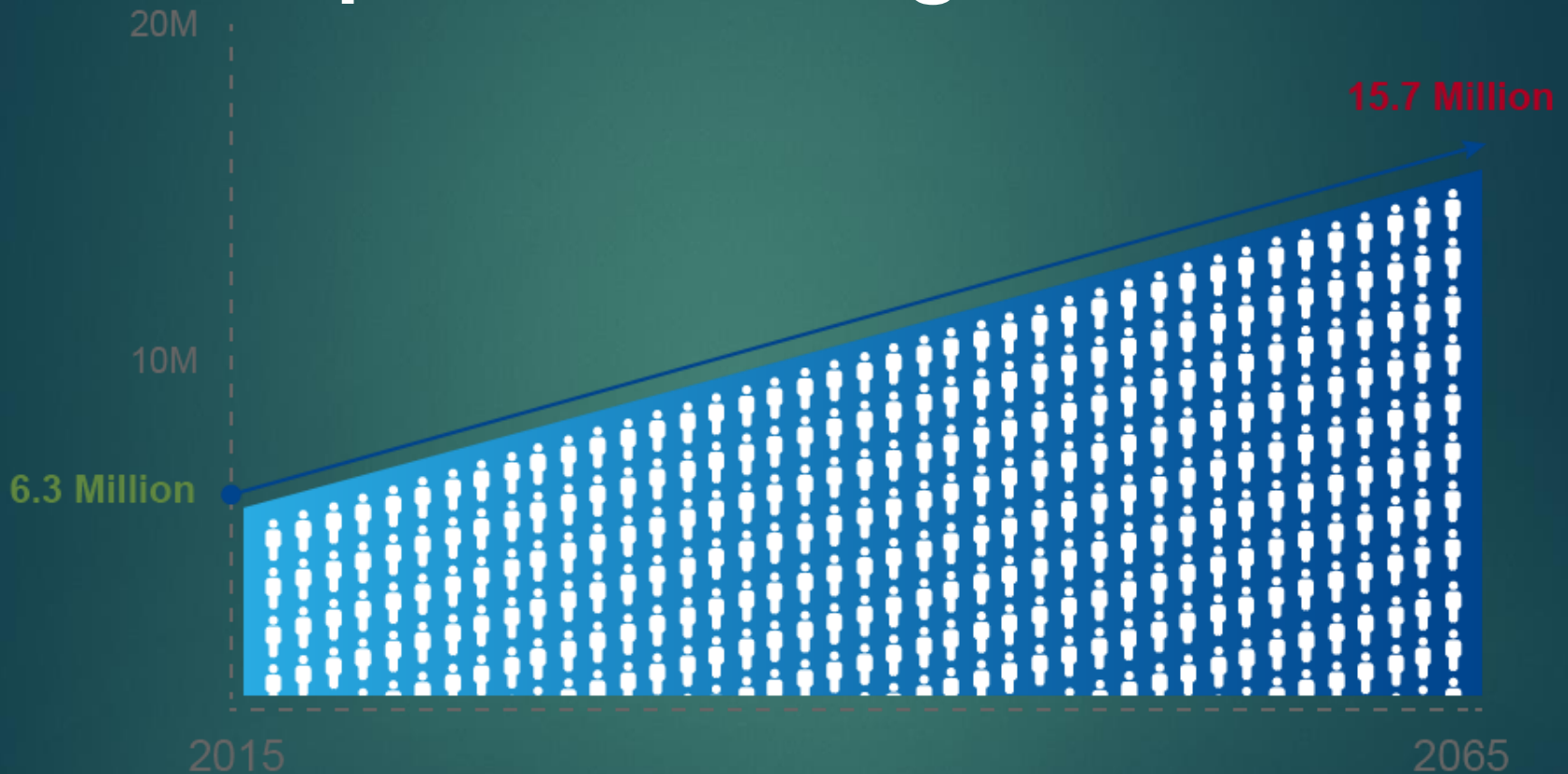
Note: Excludes individuals living in nursing homes
Freedman & Spillman

More Than Half of Spending on LTC Is Out of Pocket

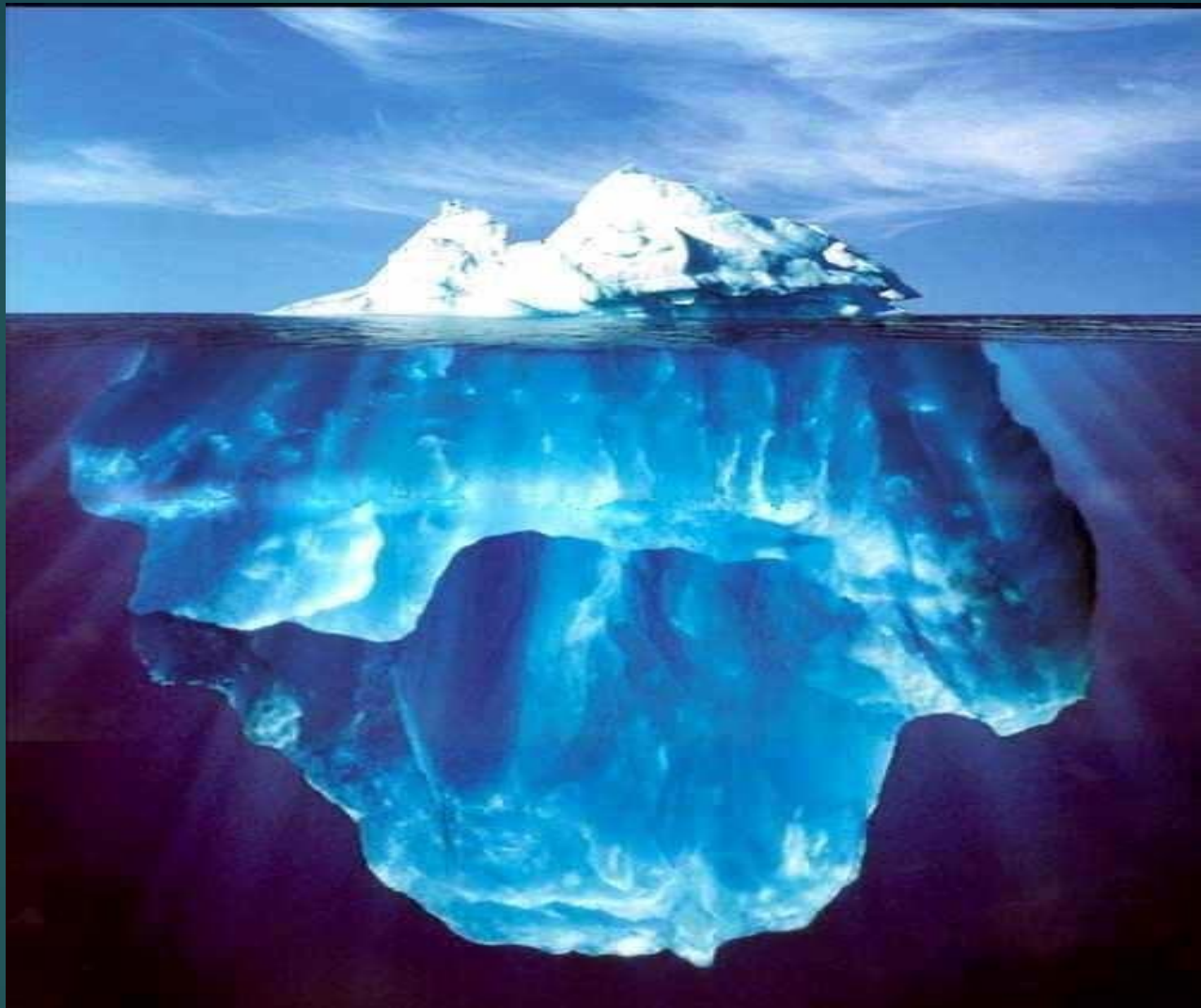


● Out of Pocket (53%) ● Medicaid (42%) ● Private LTC Insurance (5%)

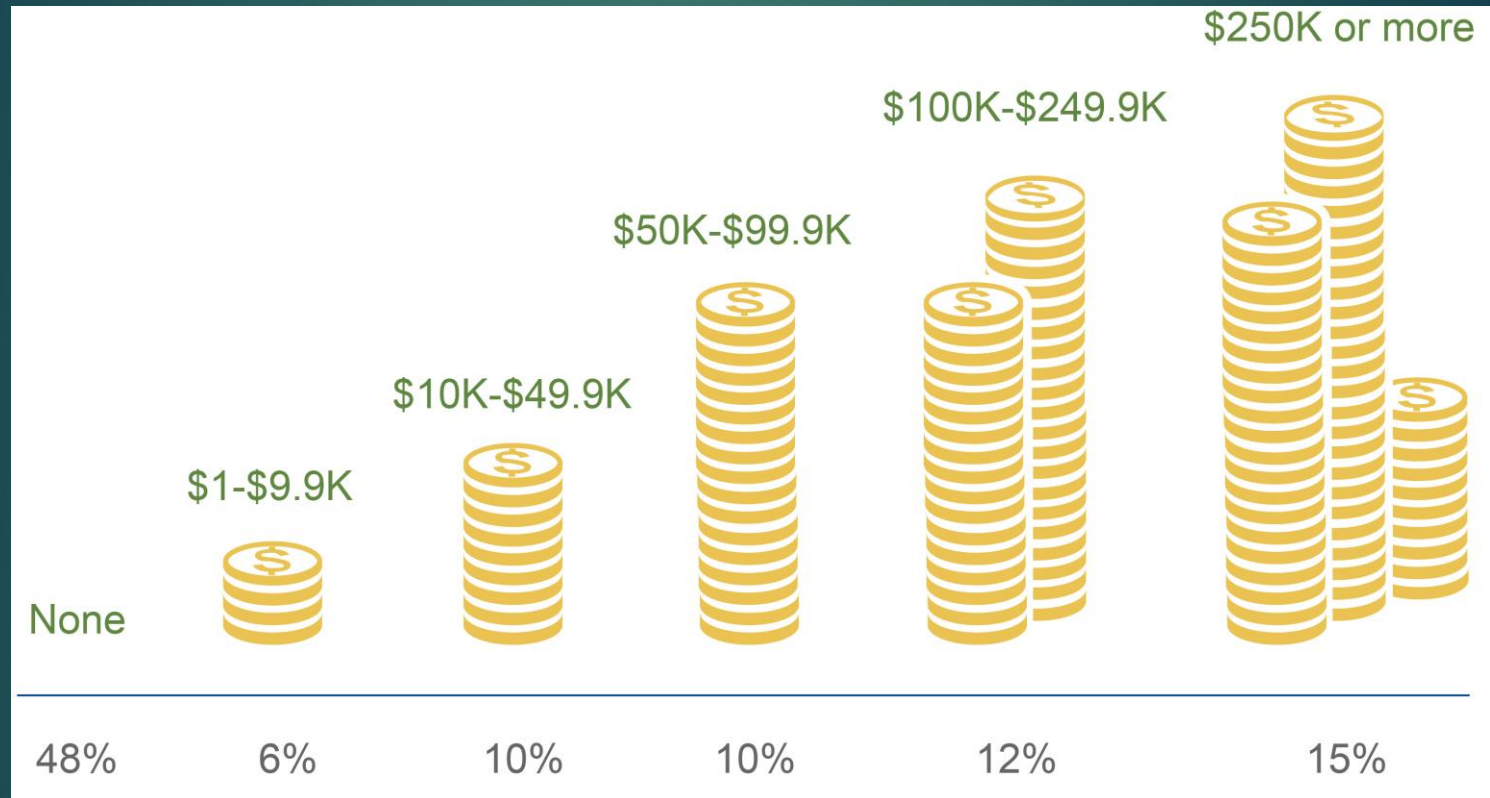
High Need Older Adult Population Rising Fast



Favreault & Dey, Figure 1



Many Adults Face VERY High LTC Costs Over Lifetime

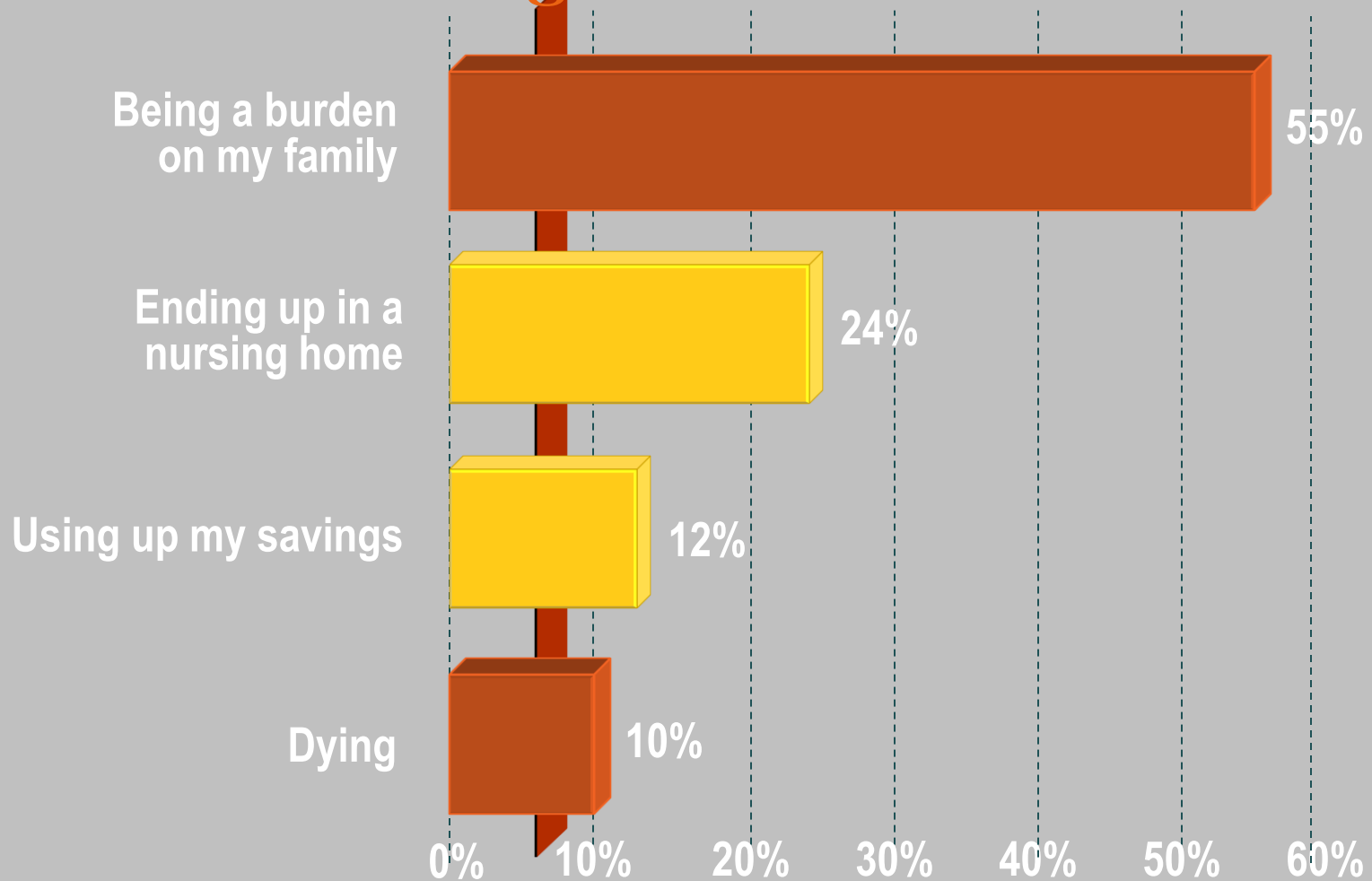


Favreault & Dey, Table 5



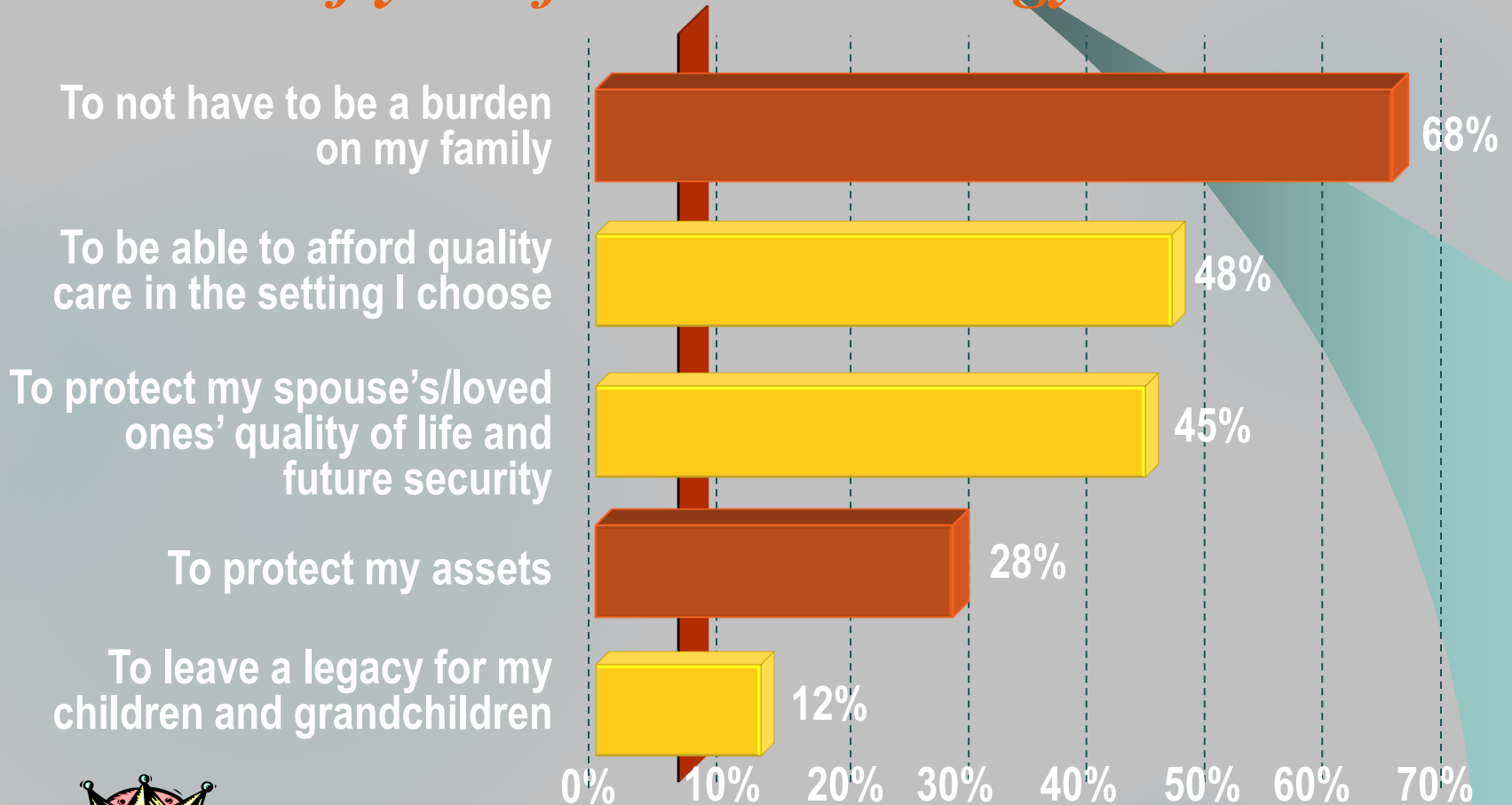
People are over five times more worried about
being a burden on their family than dying.

*“What is your greatest fear regarding having
a long term illness?”*



“To not be a burden on my family” is more than twice as important as “protecting my assets” when planning for long term care.

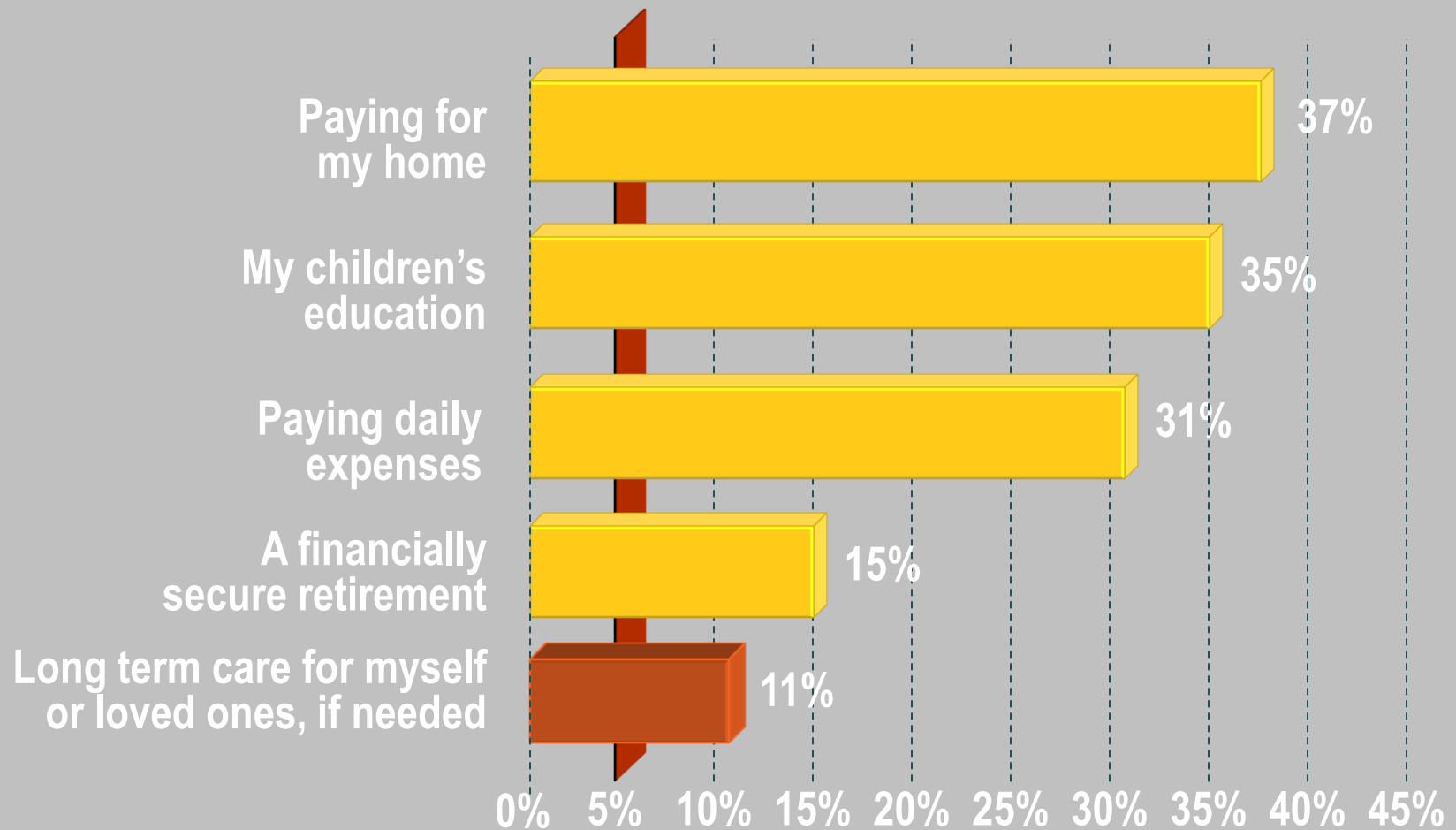
“What do you think are the most important reasons to include long term care planning as part of your financial strategy?”



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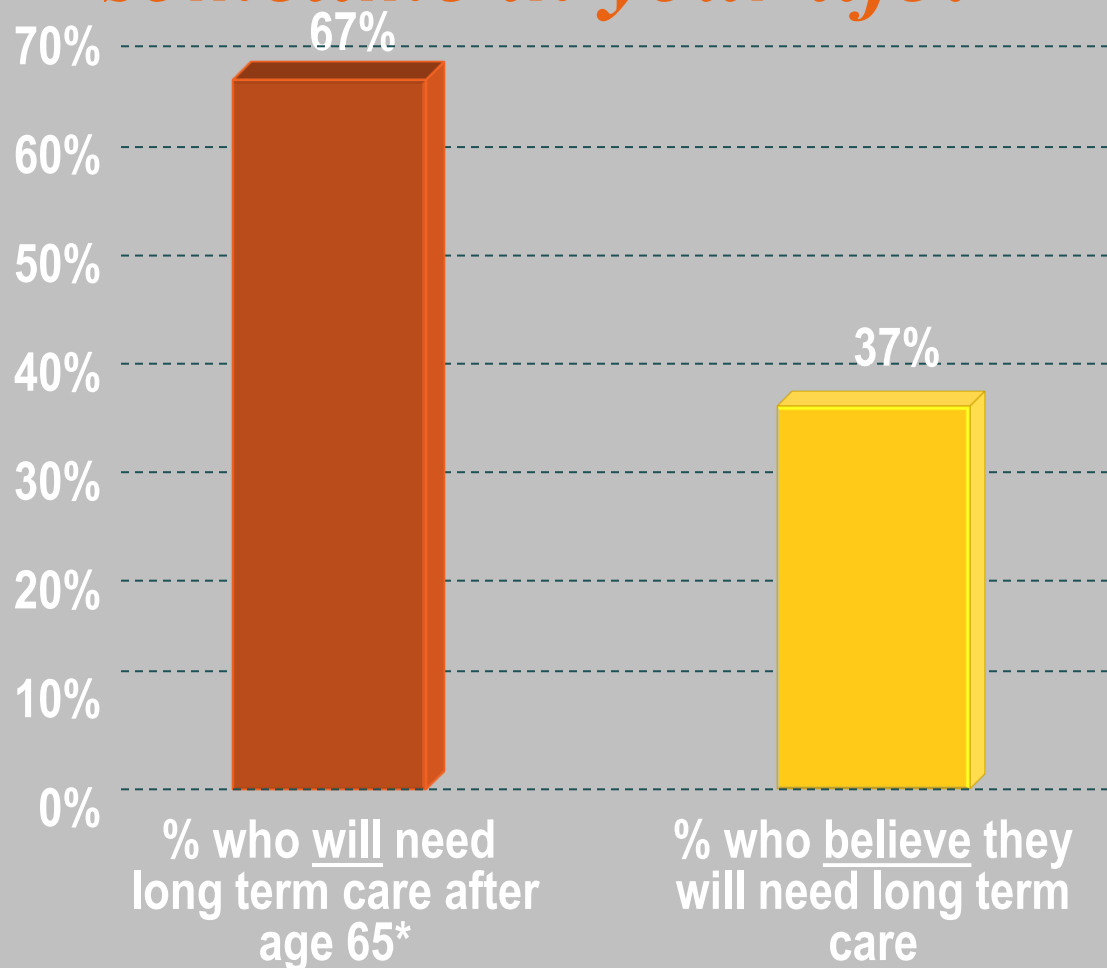
Nearly 90% of all people are NOT “very confident” they’ll be able to pay for long term care.

*“How confident are you about being able to afford each of the following?”
(% very confident)*



People significantly underestimate the likelihood
that they will need long term care.

*“Do you think you will need long term care
sometime in your life?”*



*Source: AARP Public Policy Institute (2007) "Long Term Care Trends."

How is LTC paid for?

- Medicare
- Health insurance
- Medicaid*
- Savings
- Children
- LTCi

**Medicare forces divestment of net worth & Social Security income*

I'll Just Self-insure for LTCi

- At what income level do people self-insure for a house fire?
- Do wealthy people depend on assets for income?
 - For example, \$2.5 million in wealth @5% = \$125,000 annual income



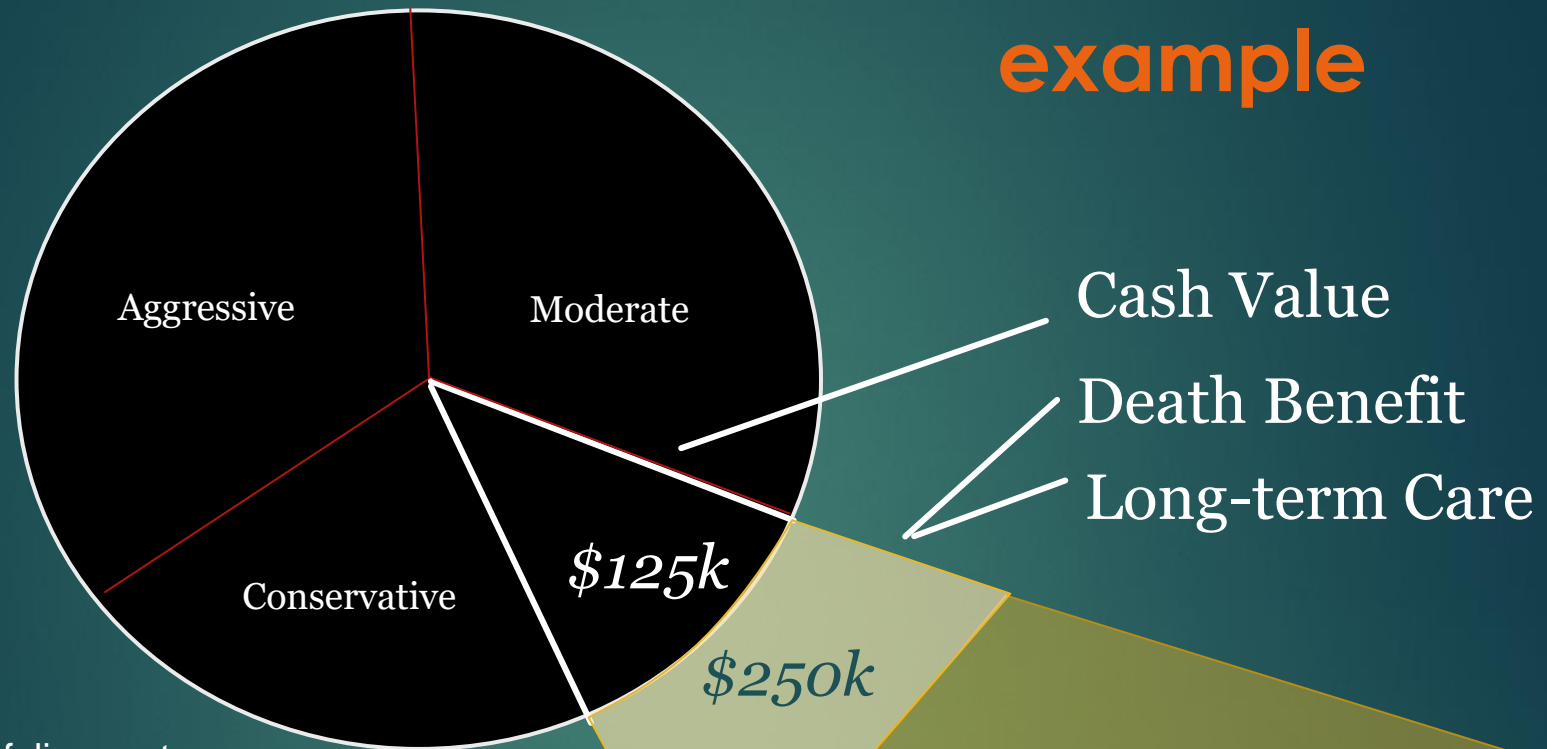
What Has Changed with LTCi ?

- Cost of LTCi has gone up a lot
- Consumers are buying smaller policies
- Underwriting is tighter
- Cost of medical care & accommodation
have risen
- Better information on utilization
- Policies are better crafted

Today's LTCi pricing

- Based on claims data, it is much more extensive
- Priced to insulate against future rate hikes
- Competitor prices are much closer to each other
- Priced with much lower policy lapse-rate assumptions
- Based on today's very low investment performance
- Required to assume claim rates that are at least 10% higher than expected

Asset-based LTC example



Typical portfolio assets:

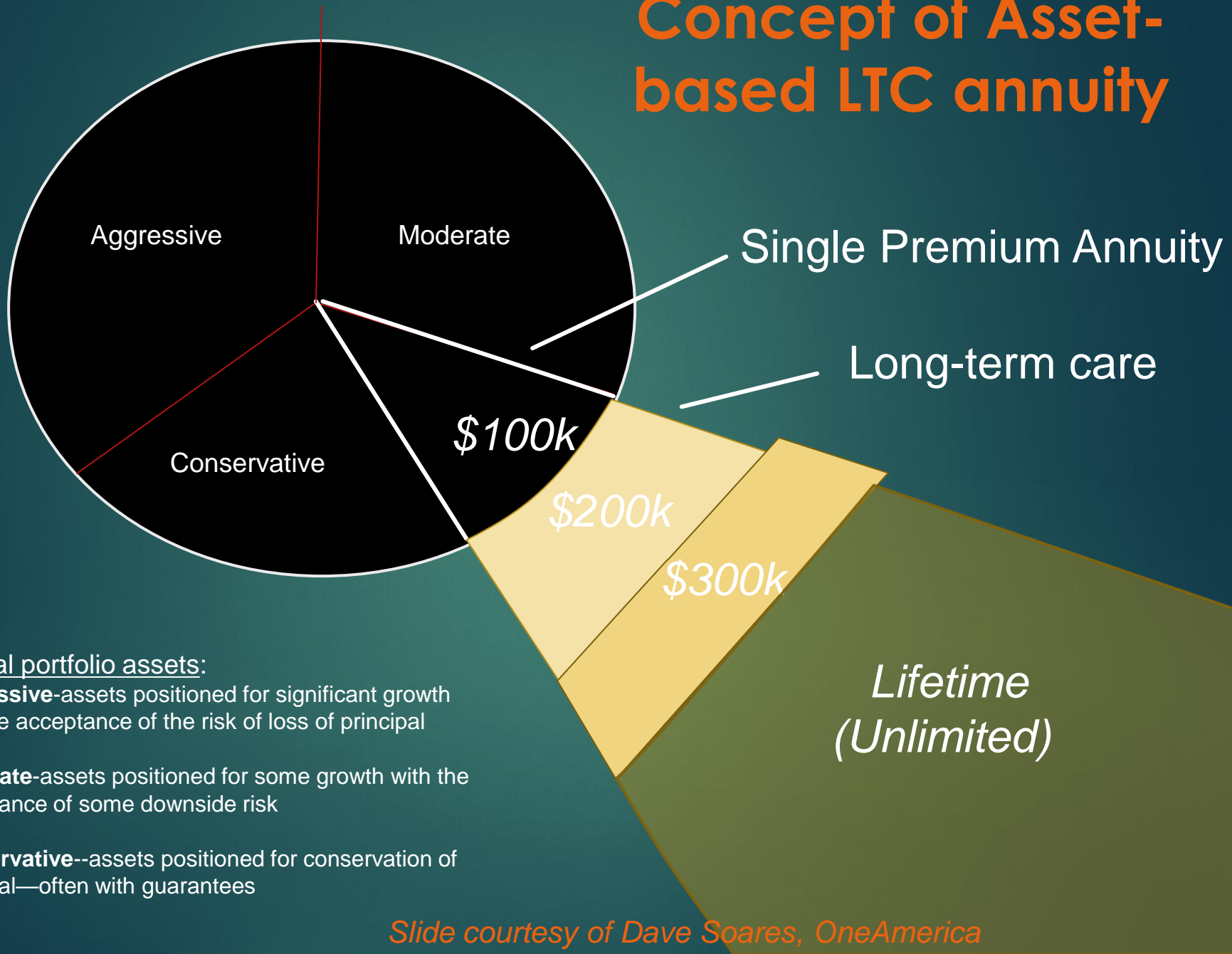
Aggressive—assets positioned for significant growth with the acceptance of the risk of loss of principal

Moderate—assets positioned for some growth with the acceptance of some downside risk

Conservative—assets positioned for conservation of principal—often with guarantees

Slide compliments of Dave Soares, OneAmerica

Concept of Asset-based LTC annuity



Slide courtesy of Dave Soares, OneAmerica

USING EXISTING LIFE INSURANCE TO FUND LTC

- Regular Life Insurance with an LTC rider?
- A lazy cop out, in my opinion

LTCi Design

Start with a selected pool of \$ distributed as:

- \$50 to \$500 per day or
- \$1,500 to \$15,000 per month or



Additional Features

- Elimination Period
- Inflation Protection
- Waiver of Premium
- Shared Care
- Survivorship

Activities of Daily Living

Measures used to assess a person's need for long-term care:

- Bathing
- Dressing
- Toileting
- Continence
- Transferring
- Eating



Cognitive Impairment

Caused by

- Dementia
- Senility
- Organic brain disease
- Alzheimer's Disease
- Car accident
- Brain tumor

Two Questions every Financial Pro should ask Clients:

1. You may never need care, but if you did, how would it affect your family?
 - Spouse
 - Adult children
 - Family dynamics
 - Finances
2. If you did need care, how will you pay for it?
 - Government
 - LTC Insurance
 - Self-funding

“Here’s a news-flash. Long-term care isn’t a bump in the road. It’s an EARTHQUAKE. The resulting crater will swallow the best-laid retirement plan.”

Phyllis Shelton, LTC Consultants, 2010

Odds of Needing Care

- 70% of individuals will require some type of LTC during their lifetimes
- Average need is 3 years (women: 3.7 years. Men: 2.2 years)
- 20% will need care for 5 years or more

www.longtermcare.gov

US Dept of Health and Human Services

Thank You for Your Interest!

I Welcome Your Comments & Questions

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