

Deepali Shah

Insurance Agent, Bankers Life
Financial Advisor, Bankers Life Securities and
Bankers Life Advisory Services

Grew up in Conroe, Texas

Bachelor's degree from University of Texas and Master's degree from University of Houston

Taught middle school science in Katy and Sugar Land

Working with Bankers Life since September 2012

Elite Agent in Medicare Advantage since I began insurance

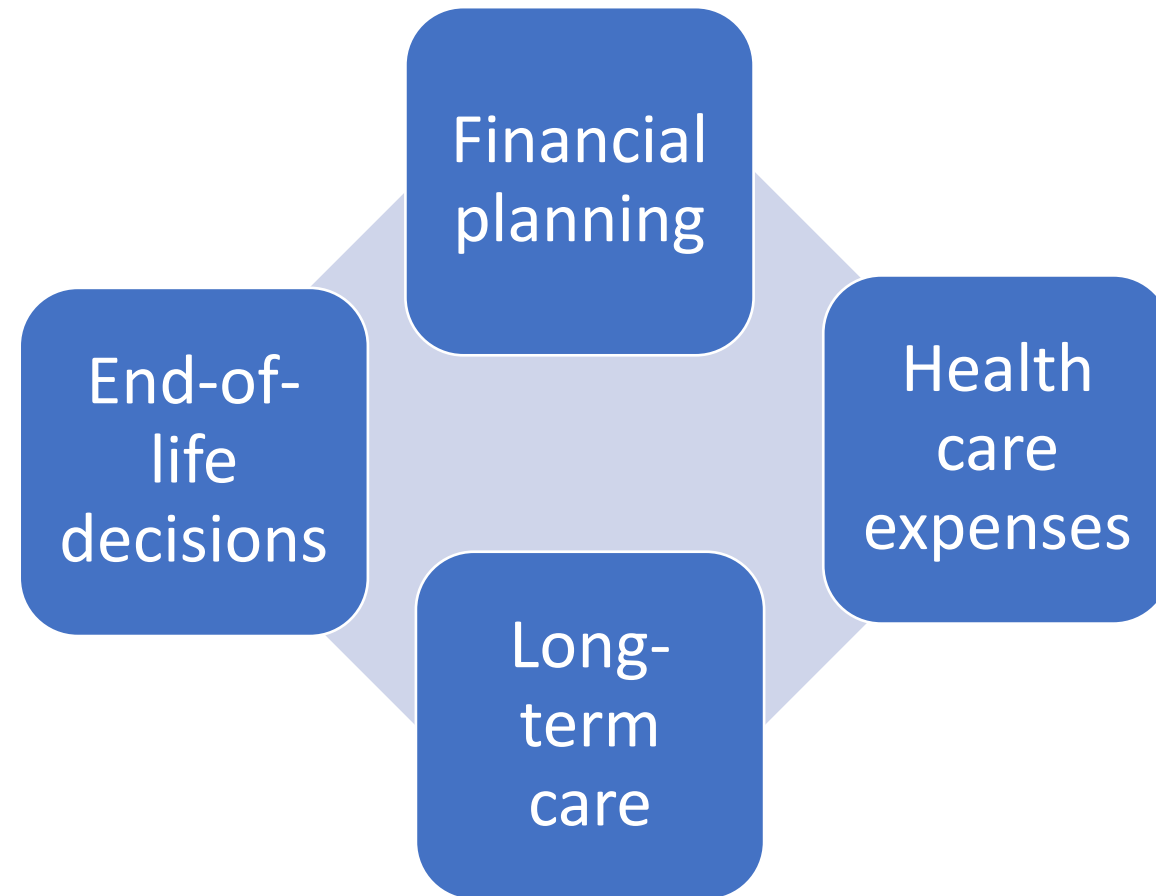
Certifications in Long-Term Care, Social Security, and Life Insurance

Top 30 agents in renewals in our company territory

Series 6, 7, 63, and 65 securities licenses

Invited to review personal finance curriculum by Texas Education Agency

Four main areas of retirement needs





Long Term Care

What is Long-Term Care?

Definitions

Long-term care covers a variety of services that help you with health and personal care needs over an extended period. - Texas

Department of Health and
Human Services and The
National Institute on Aging

Long-term care (also called “custodial care” or “long-term services and support”) includes medical and non-medical care for people who have a chronic illness or disability. - Medicare

Custodial Care

Activities of Daily Living (ADLs)

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

Corollary activities, such as driving, cooking, and laundry

Long-term care v. short-term care

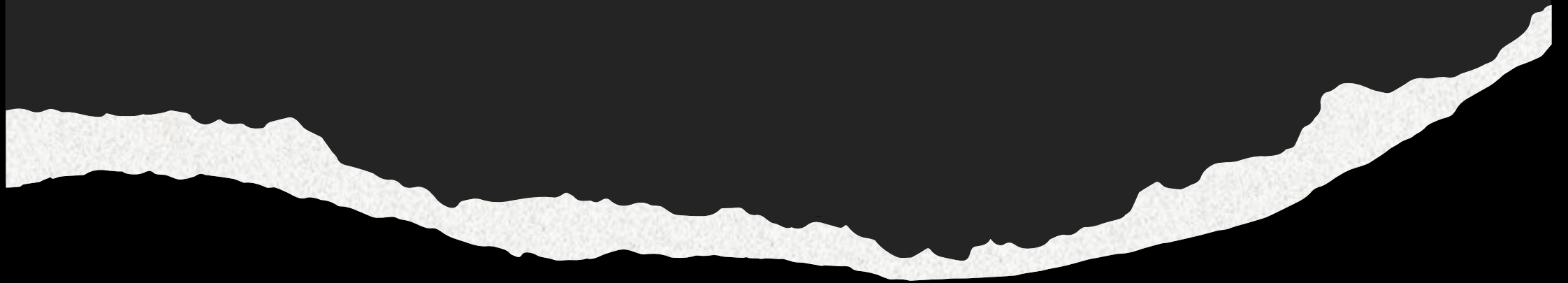
You need help with at least two of the ADLs.

Or a diagnosis of cognitive impairment, such as Alzheimer's or dementia.

The need is expected to last at least 90 days.

The patient's doctor determines the need.

Who will need long-term
care?



Why do people need long-term care?

Conditions may be temporary or permanent.



PROLONGED ILLNESS



INJURY OR DISABILITY



COGNITIVE IMPAIRMENT



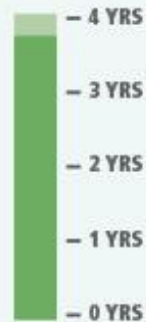
FRAILTIES OF AGING

You may need long-term care temporarily while you recover from an illness or injury or permanently as the result of a chronic disease or aging.

On average, women need long-term care twice as long as men do.



NEED MORE THAN 2 YEARS



NEED NEARLY 4 YEARS



Women outlive men by about 5 years and are more likely to live at home alone when they are older.

Who will need long-term care?

PEOPLE OVER 65

Of people 65 and over, 70% will need some form of long-term care.



LONG-TERM CARE PATIENTS

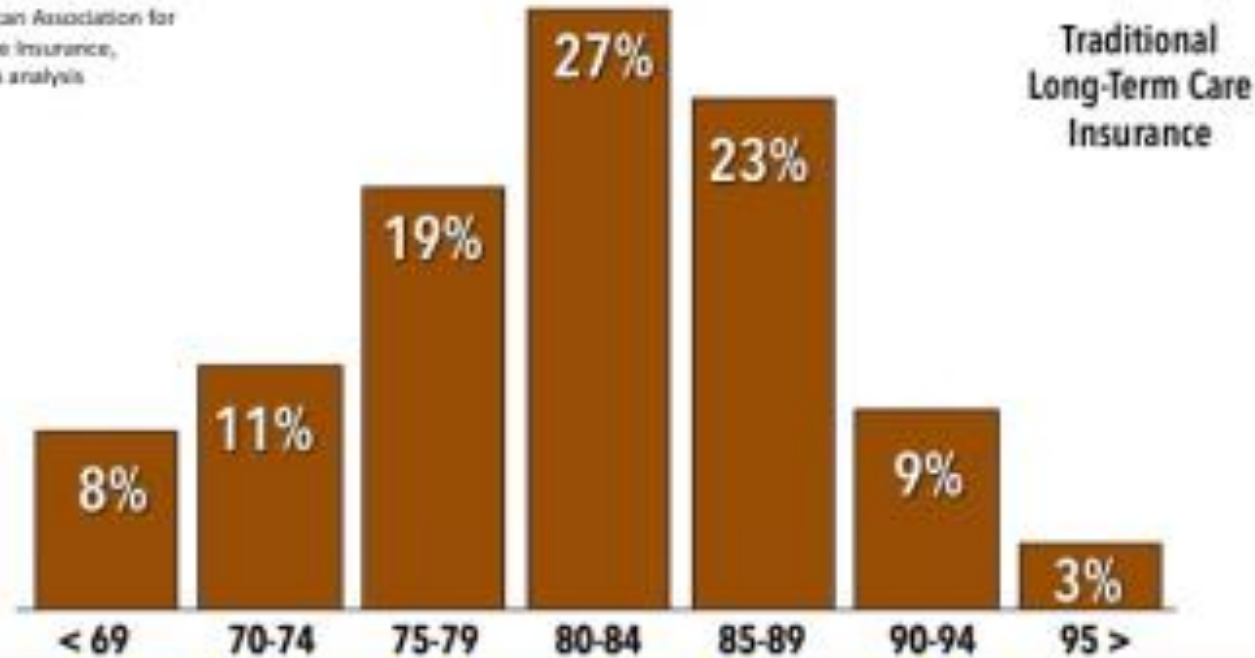
Of long-term care patients, 40% are under 65.



American Association for Long-Term Care Insurance

Age When LTC Insurance Claims Begin

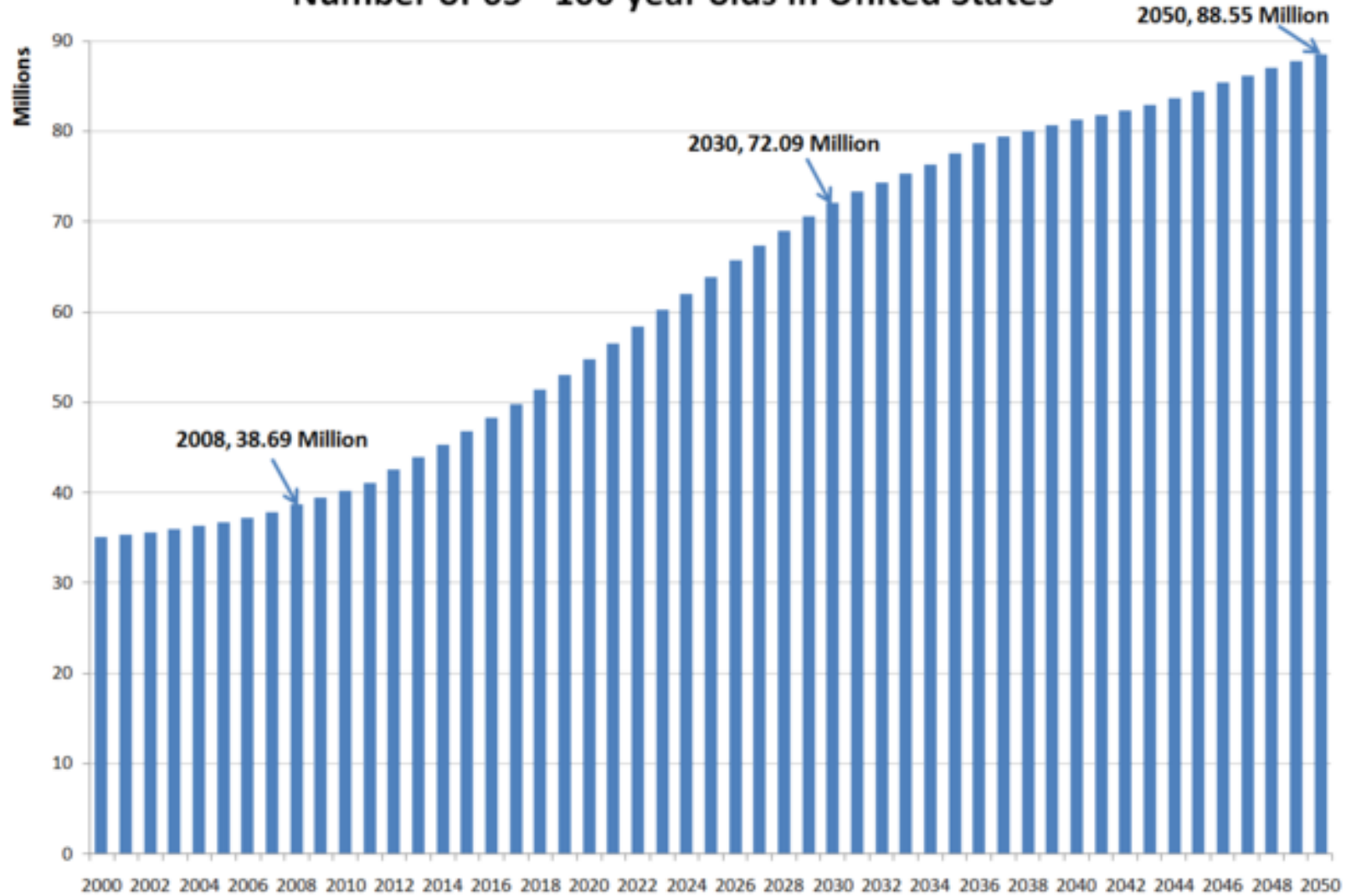
Source: American Association for
Long-Term Care Insurance,
Nov. 2021 data analysis



See Latest LTC Data – Facts – Costs

www.AALTCI.org / LTCFacts-2022

Number of 65 - 100 year olds in United States



CDC's National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP)

CHRONIC DISEASES IN AMERICA

6 IN 10

Adults in the US
have a **chronic disease**



4 IN 10

Adults in the US
have **two or more**

THE LEADING CAUSES OF DEATH AND DISABILITY
and Leading Drivers of the Nation's **\$4.1 Trillion** in Annual Health Care Costs



HEART DISEASE



CANCER



CHRONIC LUNG
DISEASE



STROKE



ALZHEIMER'S
DISEASE



DIABETES



CHRONIC
KIDNEY DISEASE



Alzheimer's/Dementia



Nearly **7 million Americans** are living with Alzheimer's. By 2050, this number is projected to rise to nearly 13 million.



Health and long-term care costs for people living with dementia are projected to reach **\$360 billion** in 2024 and nearly \$1 trillion in 2050.

DIABETES

A US REPORT CARD



DIABETES



About 38 million
people **have diabetes**



That's about **1 in every**
10 people



1 in 5 people **don't**
know they have it

Who pays for long-term
care?

But doesn't Medicare pay for long-term care?

Skilled (professional) care vs. non-skilled (custodial) care

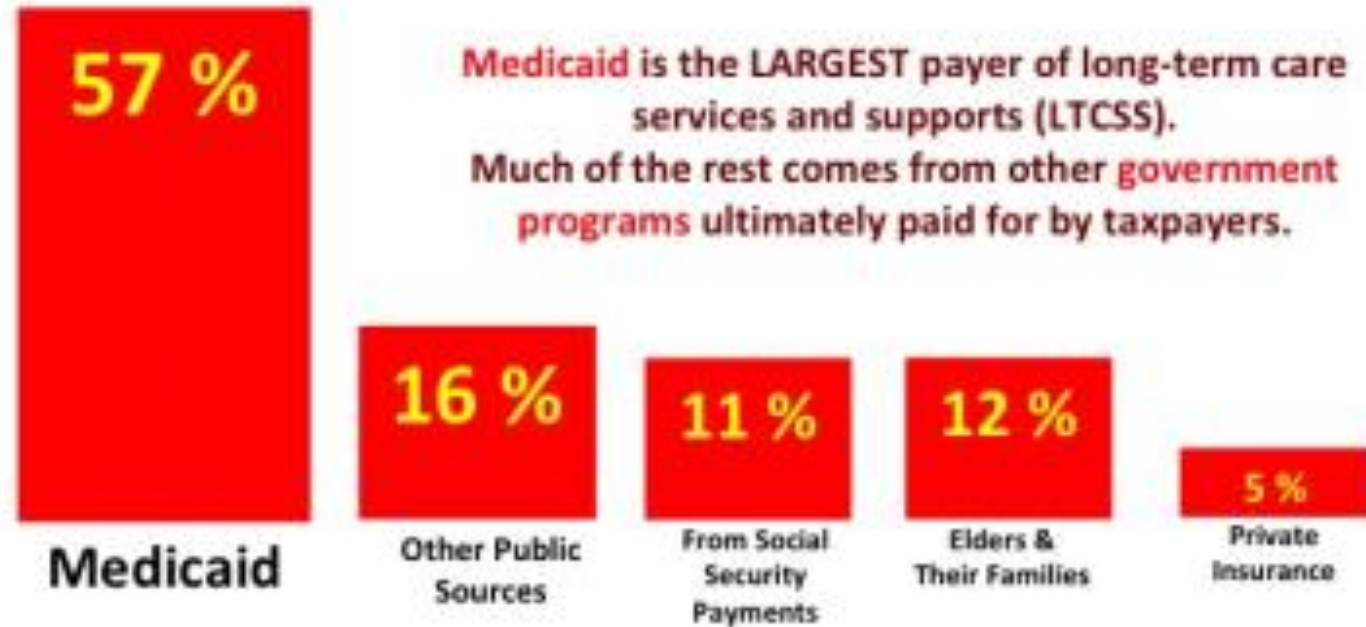
- Nurses
- Physical therapy
- Occupational therapy
- Speech therapy

Up to 100 days in Skilled Nursing Facility

Home Health Care approval is case-by-case

American Association for Long-Term Care Insurance

WHO PAYS for Long-Term Care Services ?



Source: Learning from New State Initiatives in Financing Long-Term Care Services and Supports, July 2020 & Center for LTC Reform

See Latest LTC Data – Facts – Costs
www.AALTCI.org / LTCFacts-2020

States with LTCi laws in force and coming...



Effect of LTCi laws

75,162: Number of individual long-term-care insurance policies sold, 2021.

60.0%: Percentage of stand-alone long-term-care and combination life/long-term-care policies sold nationally in 2021 that were accounted for by Washington state's WA Cares Fund.

Where is long-term
care provided?



Settings

Home

Adult day care

Assisted living
facility

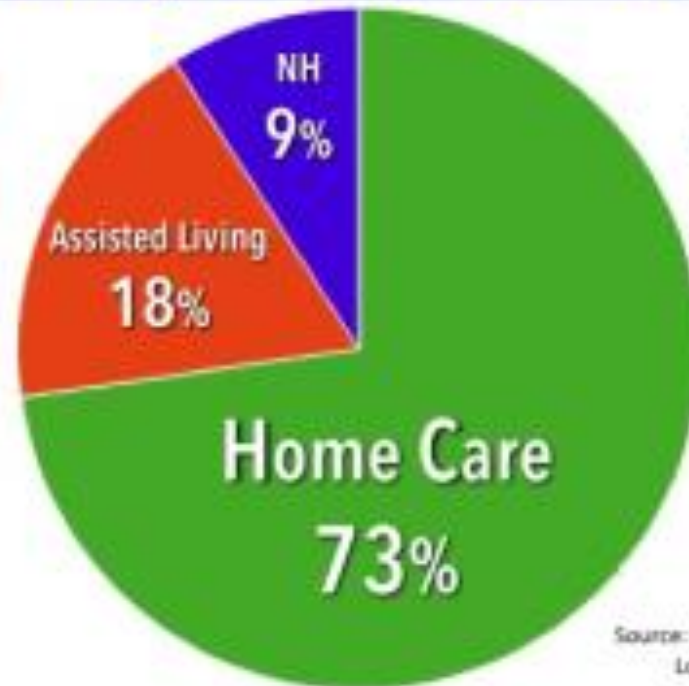
Nursing home

Memory-care
unit

Continuing-
care
community

American Association for Long-Term Care Insurance
LTCi Policy Usage: First Benefit

**Where
Claims
Begin**



Traditional
Long-Term Care
Insurance
(Reimbursement
policies)

Source: American Association for
Long-Term Care Insurance,
Nov. 2021 data analysis

See Latest LTC Data – Facts – Costs
www.AALTCI.org / LTCFacts-2022

What are my choices?

Medicaid



Medicaid (Texas)



Income:

Single- under \$2,829/month

Married- under \$5,658/month



Assets- under \$2,000 (single) or \$3,000 (married)



Medical need- must need nursing home level care

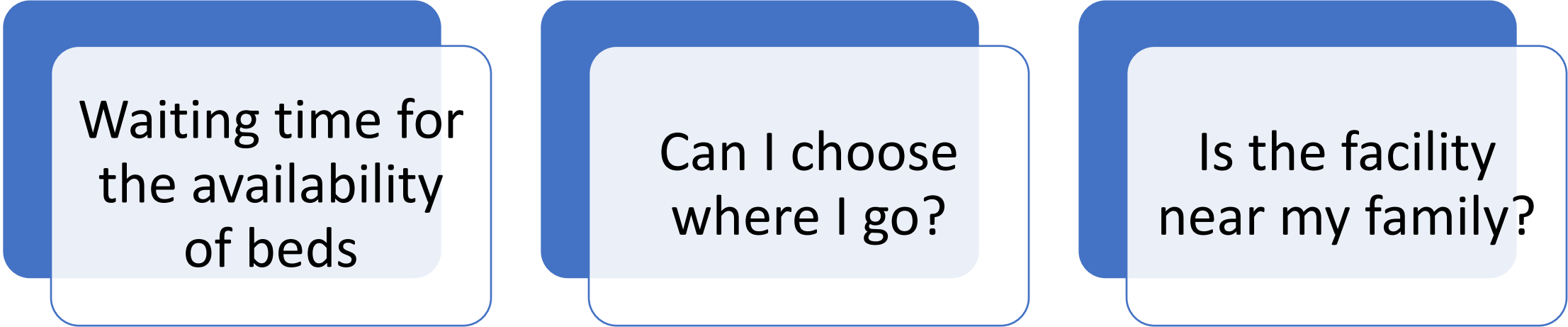


US Citizen or legal resident



Usually in long-term care facility, but can be assisted living or home care in certain circumstances

Medicaid- choices



Waiting time for
the availability
of beds

Can I choose
where I go?

Is the facility
near my family?

Medicaid Spend-down

What can I spend money on?

- Medical bills or equipment
- Debt such as mortgage or credit card
- Home improvement for medical needs
- Transportation costs for medical needs

How does the spend-down affect my family?

Can't I just transfer everything to my kids' names?

What are my choices?

Personal Assets



How much is enough?

Cost of care in the Houston area

Service	Average Cost/Month in 2024	Projected Cost/Month in 2034
Homemaker Services	\$4,471	\$5,837
Adult Day Care	\$1,586	\$2,070
Assisted Living	\$4,717	\$6,157
Semi-Private Nursing Home	\$5,745	\$7,499
Private Room Nursing Home	\$8,203	\$10,707

The hidden cost of using assets

Fewer assets for loved-ones

- Spousal lifestyle
- Legacy for children and grandchildren

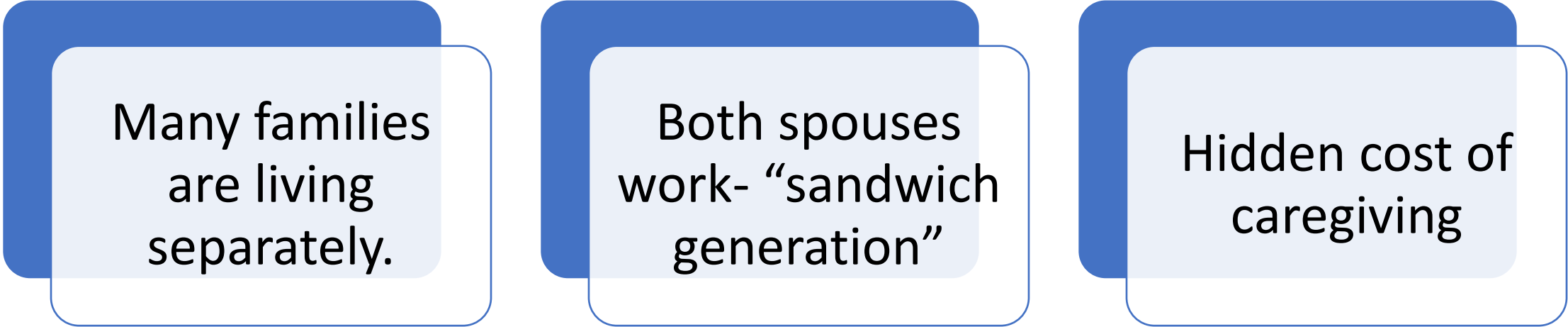
Selling investments to pay for care

- Tax consequences
- Making quick decisions
- Future value of the investment

What are my choices?

Family or Other Coverage

Family



Many families
are living
separately.

Both spouses
work- “sandwich
generation”

Hidden cost of
caregiving

Veterans Administration

All of these must be true:

- You're signed up for VA health care, **and**
- The VA concludes that you need a specific service to help with your ongoing treatment and personal care, **and**
- The service (or space in the care setting) is available near you

Veterans Administration

They may also consider other factors, like your service-connected disability status, income, or insurance coverage.

Each setting has different eligibility requirements.

VA does NOT pay for room and board.

Current VA status for long-term care

There are only 10 State Veterans Homes in Texas.

- Must be 70% or more disabled to live here for free.

Does not always cover spouse

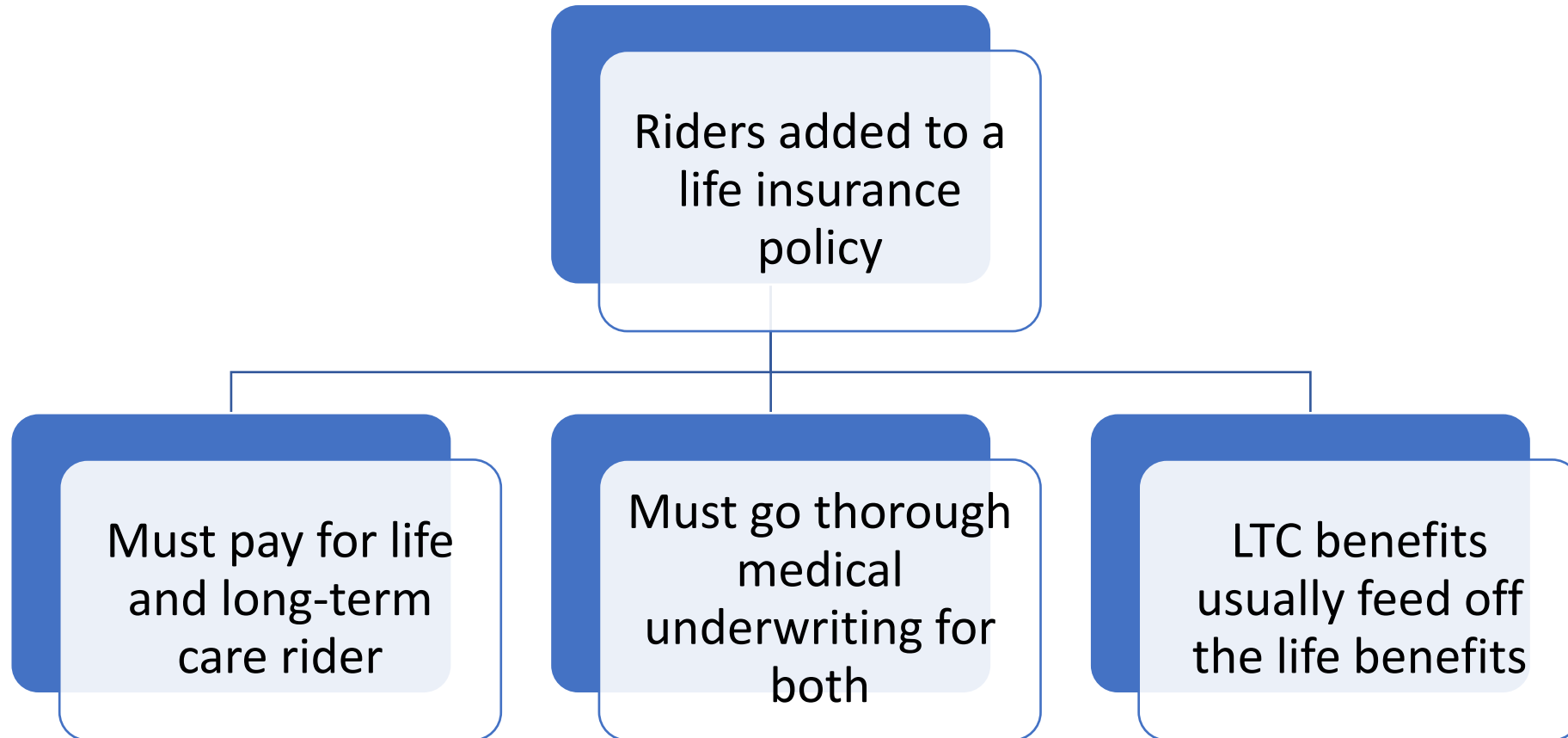
Wait list could be weeks, months, or years.

If a bed becomes available, and you choose not to take it, you may lose your spot in line.

What are my choices?

Life Insurance and Annuities

Life Insurance



Life Insurance- Pros and Cons

Pros:

- Might be able to pay a family caregiver
- Flexible payment options
- Less chance for rate increase
- Builds cash value

Cons:

- Usually longer waiting periods for payout
- Fewer tax benefits
- Cannot qualify for Medicaid

Annuities



Usually, a single-premium purchase to help fund retirement needs.



Rider can be added or may already be included.



Funds set aside for retirement can be used for long-term care needs if necessary.



Must still qualify for long-term care

Annuities- Pros and Cons

Pros

- Cash can be used for any needs, not just long-term care
- In fixed or indexed annuities, money is safe from market fluctuations.
- Benefit grows over time
- Beneficiary friendly
- No premium increase

Cons

- Affects Medicaid eligibility
- Tax implications can be complicated
- Must have lump sum to put into the contract

1035 Exchange

Using cash value of life insurance or NTQ annuity to pay for long-term care insurance with no tax consequences

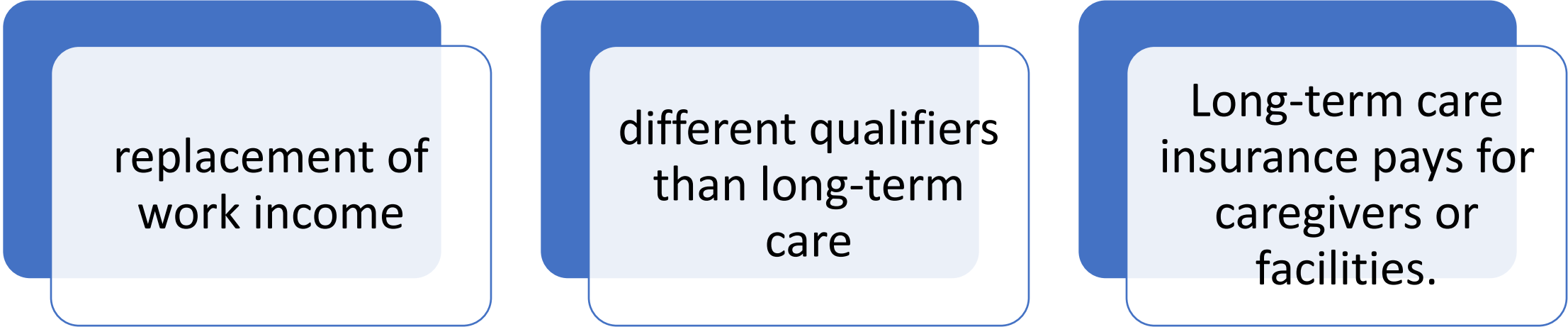
May not need that level of coverage anymore

Policy may not be performing as well as in the past

What are my choices?

Long-Term Care Insurance

I don't need long-term care because I have disability insurance.



replacement of
work income

different qualifiers
than long-term
care

Long-term care
insurance pays for
caregivers or
facilities.

Long-term care insurance



Over 100 companies used to sell this 25 years ago; my company is one of about a dozen that still does so today.



Underwriting

many require cognitive testing
health questions
prescription drug history
medical records check or MIB

Build-your-own plan options



Elimination Period- waiting period before the insurance company will pay benefits



Daily Benefit- dollars per day the insurance pays for care



Benefit Multiplier- number used to determine how much total coverage is available

Ex: daily benefit= \$200, benefit multiplier= 730, total coverage is \$146,000



Each company decides the variation in each of these three.

Features and Benefits

Guaranteed renewable:

- all policies must have this
- You can keep your policy as written, despite changes in health, as long as you pay premiums

Optional Riders:

- Inflation protection
- Non-forfeiture benefit
- Waiver of premium
- Restoration of benefits
- Shared spousal benefits
- Return of premium benefit

Texas Long-Term Care Partnership

Tax-qualified plans

- Deduct premiums if you itemize your deductions
- Benefits are not taxable as income

Can also allow you to qualify for Medicaid

- Dollar-for-dollar protection above normal limit
- Protection moves with you if you relocate out of state

Inflation protection

- Must offer to 60 and younger
- Must purchase if 61-76 and keep until age 76

Pros and Cons

Pros

- Can possibly still qualify for Medicaid
- Payout waiting period can be as little as 15 days
- Protects your assets
- Design policies to suit your needs
- Might provide tax benefit

Cons

- Some companies raise premiums each year
- Can only be used for long-term care needs
- May not cover all your needs-fixed benefits

American Association for Long-Term Care Insurance

Cost Of Waiting To Apply

How Much The Price Increases If You Wait

Issue Age	5 Years	10 Years	15 Years	20 Years
55	16.5 %	49.9 %	100.8 %	187.6 %
60	28.7 %	72.4 %	147.0 %	
65	34.0 %	91.9 %		
70	43.2 %			

Source: AALTCI 2021 LTCI Price Index
Couple, both buying \$175,000 initial benefit
growing at 2% compounded annually. State: IL
January 2021

See Latest LTC Data – Facts – Costs

www.AALTCI.org / LTCFacts-2021

What is the best
plan for me and my
family?

Everyone is different!

There is never a one-size-fits all solution.

Talk to your family.

- Do you want to live at home?
- Who will be available to take care of you? Is that what you want?

Discuss with a professional

- Are your current assets protected?
- What do you have in place already that can cover this need?

Spouses don't have to have the same plan!

Protect each other



80.6%: Percentage of healthy spouses who buy a long-term-care policy if one spouse is declined coverage.



Sometimes the unhealthy spouse can use the benefits also.

What if I don't need it?

- There is a 70% chance you will.- *Medicare and You* handbook
- Return of premium rider
- Other options that can still be used for other purposes
 - Life insurance
 - Annuities
 - Personal assets
 - Discuss with a professional how to set money aside for this purpose
 - MUST be protected from market risk!

How long is the need?

3.7 years: Average duration of long-term-care need for women who require long-term care.

2.2 years: Average duration of long-term-care need for men who require long-term care.

Self fund- Need and Buy

	DIDN'T NEED IT	DID NEED IT
DIDN'T BUY IT	Good Decision	Paid out of pocket -\$197,520
BOUGHT IT	Paid premiums for 10 yrs. - \$54,840 without ROP With ROP, to beneficiary	Good Decision

Private Room Nursing Home

\$8,203

X 2 years= \$197,520

Make a plan!

“If you fail to plan,
you plan to fail.” –
Benjamin Franklin

This should be a
business decision.

- Homeowners- 6% chance of claim- *Insurance Information Institute*
- Car- once every 18 years- *Fox Business*
- Long-term care- 70% chance of needing care- *Medicare and You handbook*

Resources

- Texas Medicaid
 - hhs.texas.gov
 - Dial 211
- Local Area Agencies on the Aging- services for those who are aging or disabled and their caregivers
 - dads.state.tx.us/contact/aaa.cfm
 - 800-252-9240
- Texas Department of Insurance
 - tdi.state.tx.us
 - 800-252-3439
- National long term care information
 - longtermcare.gov

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Questions?