

**Sample 7** - explanation on how to use this during the personal consultation is on p. 88

### *Post-Employee Education Presentation*

Without proper planning, long-term care can be one of the most traumatic experiences a family will ever face. We're not just talking about nursing home costs. In fact, most people will never be in a nursing home as over 85% of long-term care is at home or in the community like assisted living or adult day care. Did you realize that less than 15% of long-term care is in a nursing home, *[employee name]*?

Another huge misunderstanding about long-term care is that it doesn't just happen to older people. Over 40% of people needing it today are under age 65 - many due to accidents-perhaps automobile, motorcycles, horseback riding, boating, snow skiing, water skiing – and conditions like MS, brain tumors, Lou Gehrig's disease, and 1/4 of the people who have strokes in the US are under 65!

Long-term care is very expensive and runs from \$36,000 a year for 5 hours of home care a day or care in an assisted living facility up to \$70,000 for nursing home care. This cost is projected to triple in the next 20 years! If you and your spouse both need care, you can see how these numbers explode.

Unfortunately, most expenses of this type are paid for out of people's pockets -- out of their savings they are accumulating or have accumulated to enjoy their retirement.

Why? Because extended, chronic care isn't covered by Medicare and other familiar forms of insurance like group or individual health insurance, Medicare supplements, Medicare Advantage plans, retiree health plans, HMOs, VA plans or disability income insurance.

And, to get help from the government program called Medicaid, you either have to spend down to \$\_\_\_\_\_ in assets or buy a Long-Term Care Partnership policy that allows you to protect more assets equal to what the policy pays out in benefits, and that is the kind of policy your employer is offering you. This policy helps make sure that Medicaid pays last, not first, because your choices for care when Medicaid is paying are so limited that it will be difficult for you to make your own decisions anymore.

*(Alternate if you are not selling a Partnership policy)* And, you have to be really poor to get help from the government program called Medicaid. You have to be down to \$\_\_\_\_\_ in assets before Medicaid will pay. Did you realize how limited the option for Medicaid or any type of government assistance is now, *[employee name]*? There are penalties for just giving your assets away which means you lose control of them, and even if you did qualify, choices are so limited you can't make your own decisions anymore.

On top of all this, if you don't have a need at a younger age, the odds for needing long-term care at age 65 are greater than 50%, much higher than losing a house by fire or being in a car accident and often at a far greater cost than losing our whole house. This won't be nursing home care for most of us, but home care can cost just as much or more than nursing home care.

In other words, *[employee name]*, you don't look out your bedroom window and see 1 out of 2 houses burning, and yet you wouldn't think of not having a homeowners' policy, even if your mortgage is

paid off, would you? Or of not having car insurance even if you weren't legally required to? [*employee name*], what we are talking about here is something that is very expensive, very likely to happen, and is not going to be paid by anything else until most of your resources are spent down. Do you see any reason why you wouldn't want to protect yourself and your family if you can find an affordable way to do so? (*Employee answers "no"*). Do you have any questions so far? (*The employee will most likely ask the cost of a plan.*) Well, let's look at the four sample plans and figure out which one fits your budget.

### KEY POINTS to help you learn this presentation:

1. Long-term care can be one of the most traumatic experiences a family will ever face without proper planning. (*Establish definition of long-term care – Most people think of it as just nursing home – is that what you think of?*)
2. More than 85% of LTC – mostly at home. Less than 15% of this type of care is in a nursing home – mostly at home. Did you know?
3. Over 40% of people needing LTC are under age 65 - give examples.
4. Costs average \$ \_\_\_\_\_/year (*Customize for area.*) Did you know?
5. Costs projected to triple in 20 years.
6. Most long-term care expenses out-of-pocket expense or paid by Medicaid (means-tested)
7. Not covered by Medicare or health insurance.
8. You have to be poor to get government help. Must spend down assets to \$ \_\_\_\_\_. (*Customize for state.*) Or you must buy a Long-Term Care Partnership policy that allows you to keep additional assets. This is the type of policy your employer is offering you. (*Only mention the Partnership if you are selling a Partnership policy.*)
9. Odds of needing long-term care are greater than 50% at age 65 (probably will be home care, not nursing home).
10. Don't see 1 out of 2 house burning or 1 out of 2 cars having accidents. (*Get agreement.*)
11. We're talking about something that is:
  - very expensive
  - very likely to happen
  - won't be paid by anything else

*Do you see any reason why you wouldn't want to protect yourself and your family from such a great risk if you can find an affordable way to do so?*

**Sources by Key Point:**

1. Terry Savage, Syndicated Financial Columnist and author of **The Savage Number: How Much Money Do You Need to Retire?** John Wiley & Sons, Inc, 2005
- 2,3. “Medicaid and Long-Term Care Services and Supports”, Kaiser Commission on Medicaid Facts, Kaiser Family Foundation, 12/07 (Less than 15% of LTC is in a nursing home and 42% of people who need LTC are under 65)
4. “Research Report 2008 Long-Term Care Cost Study”, Prudential Insurance Company of America, 7/08
5. Tripling in 20 years based on average compound growth of 6% between 1987 (\$56) to 2008 (\$187) as documented by the Medical Expenditure Panel Survey Chartbook #6, “Nursing Home Expenses 1987-1996”, Agency for Healthcare Research and Quality and “Research Report 2008 Long-Term Care Cost Study”, Prudential Insurance Company of America, 7/08
6. 2006 statistics, Centers for Medicare and Medicaid Services, 1/08
7. “The Cost of Long-Term Care: Public Perceptions vs. Reality in 2006”, AARP, 12/06
9. Kemper et al. “Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?” *Inquiry* 42: Winter 2005/2006, p. 342.