

LTC SOLUTIONS



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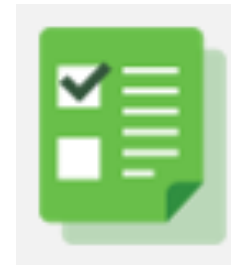
Agenda

- WA Cares Fund - What is it?
- Who is next? **CALIFORNIA**, Illinois, Michigan and Minnesota
- Long-term Care
- The importance of having a solid LTC strategy.
- LTC Strategies



What is the WA Cares Fund?

- 1st publicly funded program created to provide a basic level of LTC benefits
- Bill name – Long-Term Services and Supports Trust Program
 - Public name – The Washington Long-Term Care Trust Act
 - New public name – **the WA Cares Fund**
- Program is funded by Washington workers who pay a premium tax through payroll deduction
- The program became effective on payroll deductions January 1, 2022



The following information is intended only as a summation of the Washington Long-Term Care Trust Act and in no way is a complete description. For further information, you can refer to the State of Washington Second Substitute House Bill 1087 and Substitute Senate Bill 6267 and Substitute House Bill 1323. Please note that Nationwide does not give tax advice; please consult a tax professional with any questions.

Who is included in the program?

- W-2 employees aged 18 and older are automatically included and will pay a payroll tax
 - Employees who own “long-term care insurance” have a short window to opt out of the program and not pay the tax
- Self-employed persons are not included in the program
 - They may choose to opt into the program



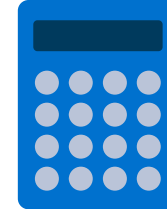
Cost of the Program

- Premium cost (tax) deducted is 0.58% of wages
 - \$0.58 for each \$100 earned
- There is no cap on wages to be taxed (unlike Social Security)
 - Employee making \$100,000 annually is taxed \$580 a year
 - Employee making \$500,000 annually is taxed \$2,900 a year
 - Employee making \$1,000,000 annually is taxed \$5,800 a year



How Benefits are Received

- Benefits are allocated in units of **\$100**
- Maximum lifetime benefit = **\$36,500** (adjusted annually)
(Thus $\$100 \times 365 \text{ units} = \$36,500$)
 - Qualified individuals may take less to stretch out their benefits
- Units can be combined if daily expenses exceed one unit
- Benefits can be used in a variety of ways including:
 - pay for home modifications, adaptive equipment and technology
 - home-delivered meals, in-home personal care.
 - benefits can also be used for training/certifying and compensating qualified family caregivers.
 - assisted living, adult day care, nursing home services
- Benefits are paid by direct reimbursement to care providers
Care providers must be state approved



Summary.....

- WA Cares Fund Cost - \$.58 for every \$100 earned
- Will \$36,500 be enough?
- Who is next? **CALIFORNIA**, Illinois, Michigan and Minnesota



LONG TERM CARE

- EVERYBODY NEEDS A PLAN
- NOT ALL PLANS INVOLVE INSURANCE

5 RISKS OF RETIREMENT

- Longevity
- Health
- Sequence of Returns
- Inflation
- Taxes



**AN LTC PLAN CAN HELP
ADDRESS THESE RISKS!**

LONG TERM CARE INSURANCE OPTIONS

- SELF INSURE
- TRADITIONAL LTC
- ASSET BASED LTC
 - Individual and Joint
- LIFE INSURANCE WITH LTC RIDER
 - Individual and Joint
- LTC WITHOUT UNDERWRITING

SELF-INSURING

What are the risks of self-insuring?

Self-insurance can provide cost savings, flexibility, control, and improved cash flow. However, it also carries financial risk, administrative burden, resource challenges, and the possibility of unforeseen (or catastrophic) losses.

TRADITIONAL LTC

- Annual premiums
- LTC pool of benefits
- Non-Guaranteed Benefits
- Cost or Benefit amount may change in the future

A Traditional Long-Term Care Insurance policy functions a lot like your homeowner's policy. You pay your premiums each year and if you have a claim, you file the claim. But if you never have a claim, you never collect any benefits from the policy.

ASSET BASED LTC

- Leveraged Dollars for Long Term Care
- Phone Interview Underwriting – no medical exams/labs
- 1, 5, 10 pay – Paid-to-65 or Life Pay Options
- Indemnity vs. Reimbursement Benefits
- Return of Premium/Liquidity
- Built-in Death Benefit + Residual Death Benefit

ASSET BASED LTC

HYPOTHETICAL EXAMPLE:

- Female, age 65
- \$100,000 Single Premium
- \$513,147 LTC Benefit Pool at age 80
- IRR age 80 – 9.56% (after tax)
- \$6,611 of monthly LTC Benefit (CASH Indemnity) FOR 72 Months
- Compare to SELF INSURE

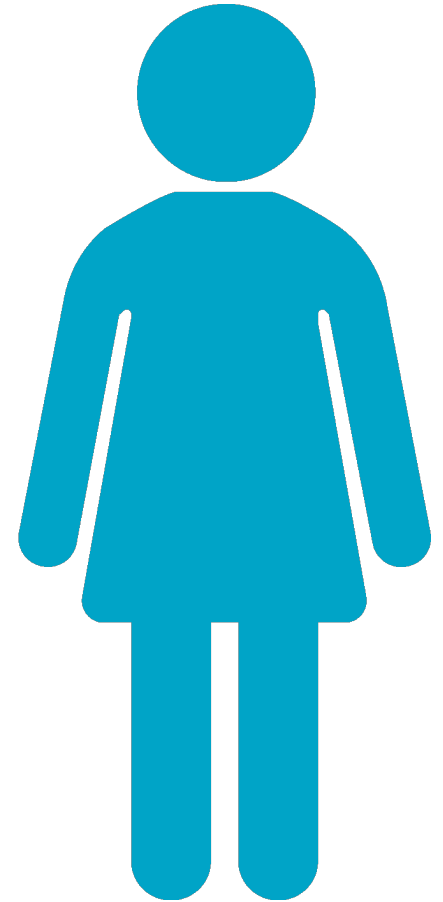
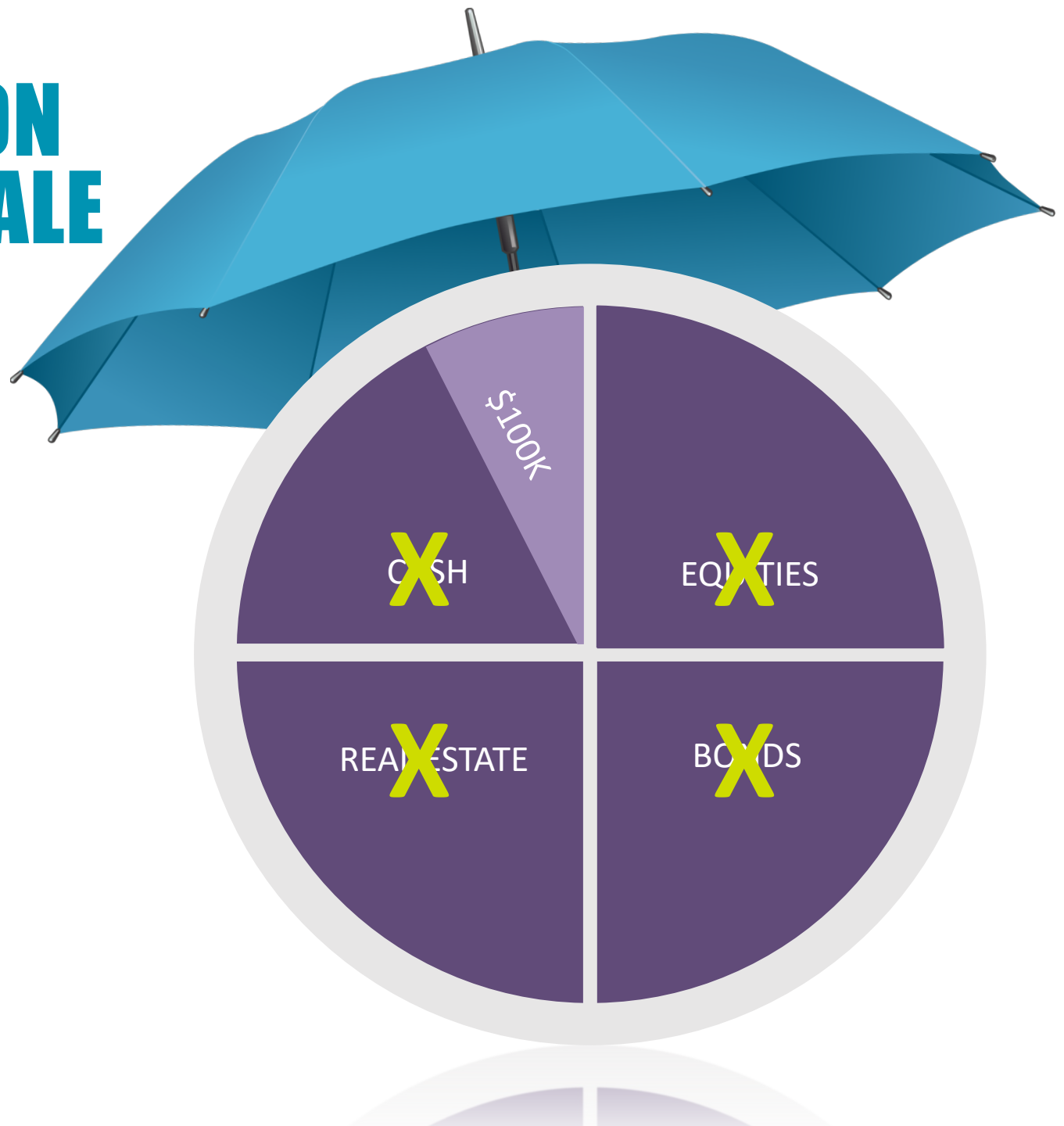


ILLUSTRATION: Securian SecureCare Universal Life, Individual Life and Long-Term Care Insurance. Female age 65, Non-Tobacco Couple's Discount.

All quotes are for illustration purposes; actual premiums and coverage will be based on age, health history, certain underwriting criteria, location, sex and tobacco usage.

EXAMPLE BASED ON 65 YEAR OLD FEMALE

\$100K IN CASH =
\$500K +
LTC BENEFIT



TRADITIONAL LIFE WITH LTC RIDER

- Annual premiums
- Death Benefit = LTC pool of benefits
- LTC monthly benefit can be 2%, 3% or 4% of Death Benefit
- Policy can be Guaranteed
- Flexibility on funding

A long-term care life insurance rider is a policy addition that slightly changes how your life insurance works, allowing you to use part or all of the policy's death benefit for long-term care while you're alive.

TRADITIONAL LIFE WITH LTC RIDER

HYPOTHETICAL EXAMPLE:

- Male, age 60
- \$400,000 annual W2 income
- .58% Tax = \$2,320 a year

Or opt Out

- \$2,441.00 premium = \$100,000 Death Benefit
- \$100,000 LTC Benefits
- \$3,000 monthly LTC Benefit (Indemnity)

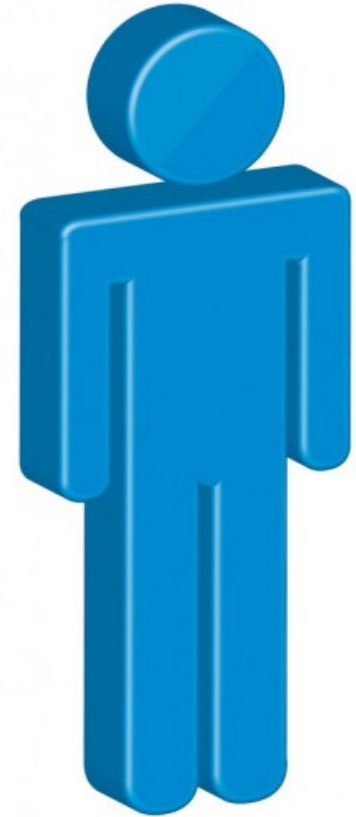


ILLUSTRATION: Nationwide New Heights IUL Indexed Universal Life Insurance. male age 60, Preferred Non-Nicotine.

All quotes are for illustration purposes; actual premiums and coverage will be based on age, health history, certain underwriting criteria, location, sex and tobacco usage.

TRADITIONAL LIFE WITH LTC RIDER

HYPOTHETICAL EXAMPLE:

- Male and Female, age 50
- \$300,000 Household W2 income
- .58% Tax = \$1,740 a year

Or opt Out

- \$1,776.00 premium = \$150,000 Death Benefit
- \$150,000 LTC Benefits
- \$3,000 monthly LTC Benefit (Indemnity)

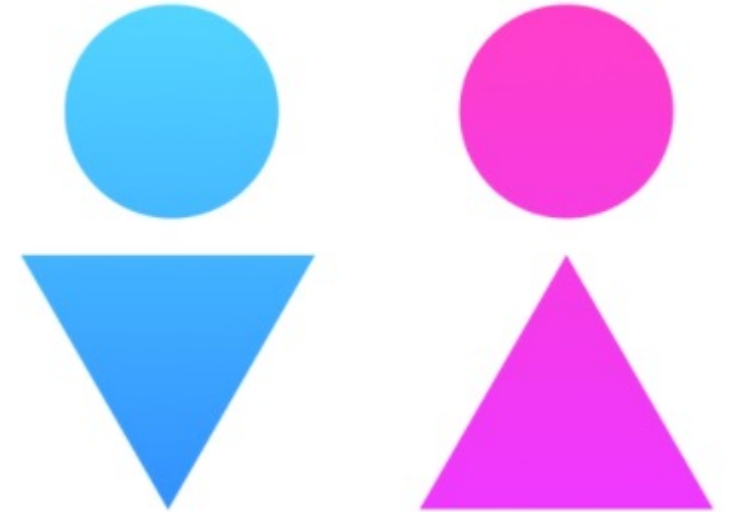


ILLUSTRATION: Nationwide Survivorship Indexed Universal Life Insurance. male and female age 50, Preferred Non-Nicotine.

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ANNUITIES WITH CHRONIC ILLNESS RIDERS

- Leverage Annuity Performance Growth
- Death Benefit and Chronic Illness
- Liquidity
- Typically, easier qualification



Where do we go
from here?

YOUR LONG-TERM CARE PLAN

- EVERYONE IS *DIFFERENT*
 - Health
 - Age
 - Marital status
 - Goals and Objectives
 - Portfolio

LONG TERM CARE

- CARRIER RATINGS
- TRANSPARENCY – RETURNS - COSTS
- GUARANTEES
- INDEMNITY VS REIMBURSEMENT BENEFITS
- LTC BENEFITS VS CHRONIC ILLNESS BENEFITS
- UNDERWRITING

COMING SOON



THANK YOU

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