



2021 Crump Affluent Markets
Virtual Fall Symposium



Staying Ahead of the Changes in the LTC Market

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Staying Ahead of the Changes in the LTC Market

- What other states are considering a program?
- Learning from WA Cares Fund
- Why Discuss LTC with Clients Today?
- Why plan with private LTC insurance?

Learning from WA Cares Fund

- Low-income families can't afford a few hundred dollars in tax
 - And would likely qualify for LTC services under a Medicaid waiver
- Self-employed are not required to participate (but can choose to)
 - WA program allows self-employed to opt into the program and pay the tax. Why do self-employed get to choose whether to participate or not?
- Cognitive impairment is not treated as separate qualifier
 - Requires 3 out of 10 WA ADL/IADLs impaired to qualify for benefits
 - Some dementia patients may fail to receive benefits
- WA employees living out-of-state may pay tax, but get no benefits
 - Residents working out-of-state paying PFML will also pay tax
 - Must be resident of state to get benefits. Why should they have to pay?
- Vesting requirement leaves out retired and nearly retired people on a permanent basis

Why Discuss LTC with Clients Today?

- 30% of U.S. states are discussing a state mandated LTC program
- Any opt-out opportunity may require a policy purchase date to be prior to a governor signing a bill into state law
 - No guarantee that there will be an opt-out for state programs
- Avoid a potential rush and retain choice of policies and benefits
 - The mad rush in WA forced most insurance companies to cease accepting new applications for policies way prior to the deadline
- Insurance companies may increase minimum policy requirements
 - To help control number of applications and/or risk of intentional lapse
- More affordable now than tomorrow
 - Price goes up with age - most people's health does not improve with time
- Non-working spouses unable to vest not covered in WA - could be same in other states
- Clients are more likely to work with you now on a realistic LTC plan, not just a policy for tax avoidance

Why plan with private LTC insurance?

- Ability to plan a coverage amount that fits individual's situation
 - State programs are “one-size fits all” - same benefits regardless of the amount of tax you paid
 - Potential for means testing - high income individuals could receive the least
- Ability to choose LTC product with a guaranteed premium
 - State program's tax may be subject to tax increases
- Flexible premium choices
 - WA W-2 employees are subject to tax every year they are working
- Guaranteed inflation (if you choose the option)
 - WA inflation not guaranteed
 - Inflation based on general CPI, not health care specific CPI increase

Private LTC insurance may provide better coverage

- More leverage of dollars for many
 - Higher earners could pay more than they would receive
- No “use it or lose it” risk
 - Linked benefit policies and LTC riders are generally designed to return at least the amount of premium not used for LTC benefits as a death benefit
 - State programs do not refund at death any unused tax/premium paid
- Portable between states
 - WA benefit not portable - must be WA resident to receive LTC benefits
- Choose a policy that pairs with other financial strategies
 - Life insurance paired with a LTC Rider - life insurance now, LTC coverage later
 - Linked benefit coverage - i.e., 10-year payment provides short term life leverage
- Choose policy with benefit payment model that suits your needs
 - WA program pays by direct reimbursement for care, to approved providers
 - Private LTC insurance offers more options for using benefits for care expenses, whether cash indemnity or reimbursement benefits.