UNDERSTANDING TODAY'S LONG-TERM CARE MARKET

MIKE JOHNSON
ASSET-BASED LTC

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET

A BIT OF HISTORY

- **Late 70s**: Introduction of Traditional Long-Term Care Products
- **1988**: Introduction of Asset-Based Long-Term Care Products
- **2000**: Traditional LTC: 700,000 New Policies Sold
- **2000s**: Traditional LTC:
  - Misjudged Lapse Rate Assumptions
  - Premium Increases Begin

  Asset-Based LTC:
  - Sales Begin to Grow
- **2010**: Asset-Based LTC:
  - Premiums rise by 79% YOY
- **2010s**: Traditional LTC:
  - Higher Claim Frequency
  - Higher Cost of Care
- **2019**: WA Cares Act Passed
- **2023**: Premium Collection Under the WA Cares Act Begins
- **2022-Present**: Additional States Consider Legislation Similar to WA
- **2024**: Washington Residents Vote "No" on Proposal to Make WA Cares Act Voluntary

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
WHAT'S DRIVING SALES GROWTH?

Over age 65 population to grow from 16.5% to 21.6% of total U.S. population by 2040

Nursing Home Costs up 3.82%/year

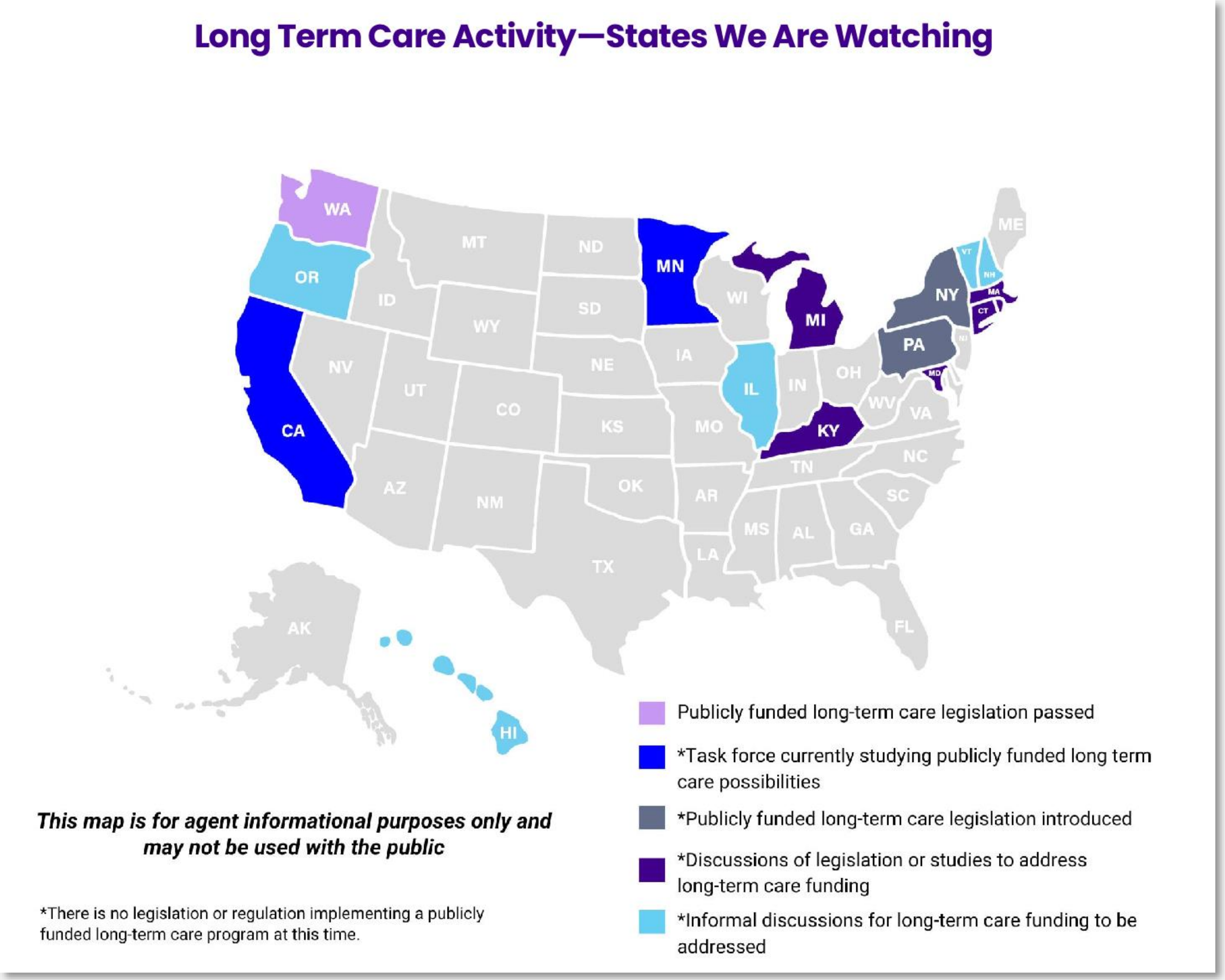
Home Health Care Costs up 3.3%/year

Incidence of Dementia

Younger Generations Providing Care

Legislation

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
WHAT'S DRIVING SALES GROWTH?



Source: https://www.finseca.org/wp-content/uploads/2025/01/ltc-map-2.jpg

A BIT OF HISTORY

WHAT'S DRIVING SALES GROWTH?

THE THREE PRODUCT TYPES

A DEEPER LOOK AT ASSET-BASED PRODUCTS

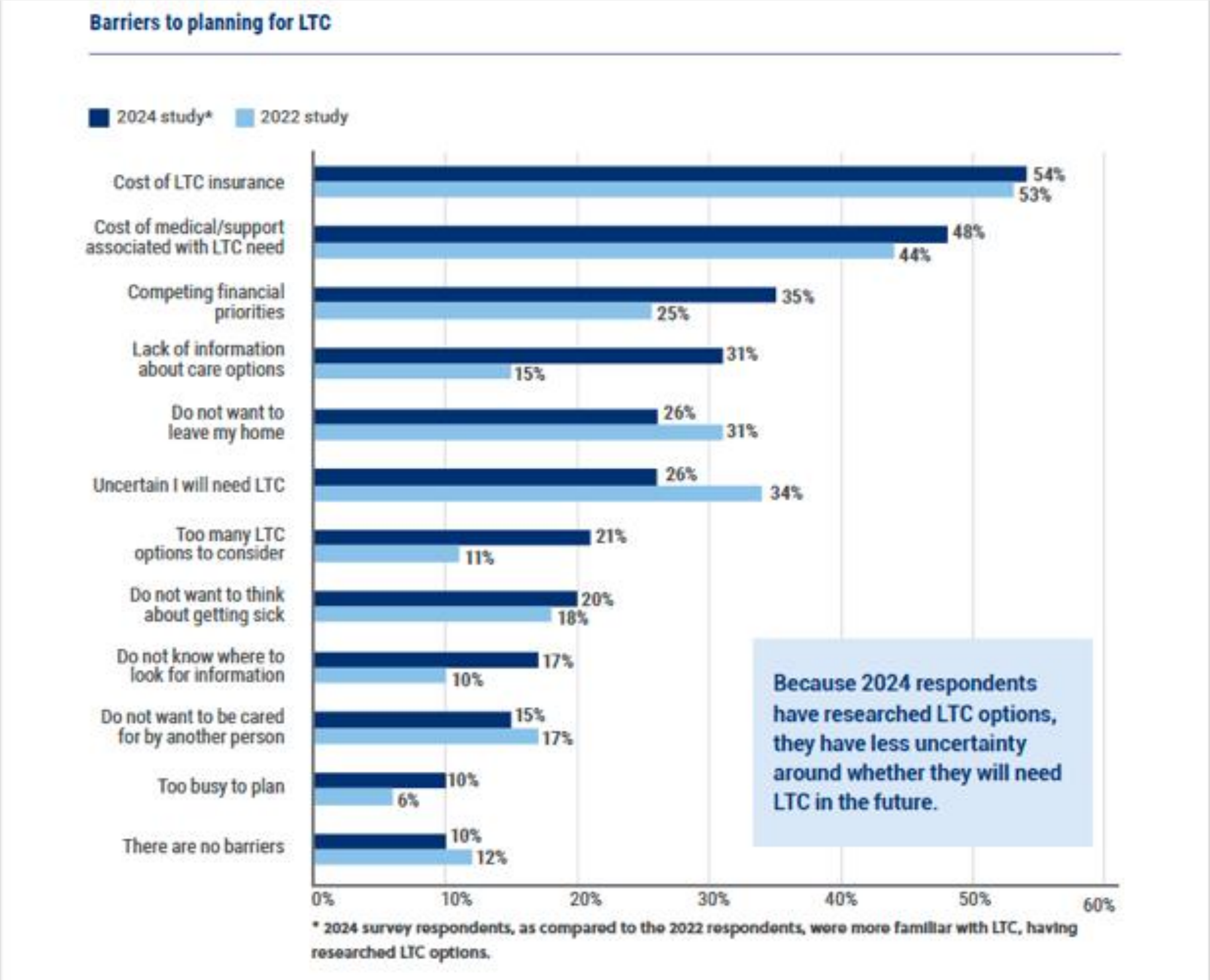
BENEFIT TYPES

WAYS TO PAY: PREMIUM STRUCTURES

WAYS TO PAY: SOURCES OF PREMIUM

ADDITIONAL LTC FUNDING OPTIONS

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
WHAT'S DRIVING SALES GROWTH?



UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
THE THREE PRODUCT TYPES

LONG-TERM CARE EMPHASIS

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DEATH BENEFIT EMPHASIS

TRADTIONAL LTC

Primary Focus:	LTC Funding
Premium:	Not Guaranteed
LTC Benefits:	Guaranteed
Liquidity:	None/Non-Forfeiture
Inflation Protection:	Yes

ASSET-BASED LTC

Primary Focus:	LTC Funding
Premium:	Guaranteed
LTC Benefits:	Guaranteed
Liquidity:	Guaranteed
Inflation Protection:	Yes

LIFE WITH LTC RIDER

Primary Focus:	Death Benefit
Premium:	May Not Be Guaranteed
LTC Benefits:	May Not Be Guaranteed
Liquidity:	Not Guaranteed
Inflation Protection:	No*

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET

A DEEPER LOOK AT ASSET-BASED PRODUCTS

Life Product Chassis

Mortality & Morbidity Underwriting

Annuity Product Chassis

Morbidity Only Underwriting

Also Available:

Variable & Indexed Products

Market-Based Benefits

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
BENEFIT TYPES

Indemnity

Monthly Cash Payment

Reimbursement

For Qualifying Expenses

WAYS TO PAY: PREMIUM STRUCTURES

- Single Pay
- Limited Pay
- Lifetime Pay

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
WAYS TO PAY: SOURCES OF PREMIUM

- Current Cash Flow
- Liquid Accounts/ Lazy Assets
- Investment Accounts
- Qualified Accounts
- 1035 Exchange: Life & Annuity

Important: The true cost of LTC coverage includes any taxes paid on the sale of the asset used to pay LTC premiums!

UNDERSTANDING TODAY'S LONG-TERM CARE MARKET
ADDITIONAL LTC FUNDING OPTIONS

Premium Charge Chronic Illness Riders

A Distinction Without a Difference?

What About the "Free" Chronic Illness Riders?

These can be Expensive!

Challenges with LTC Legislation

Section 7702B vs. 101(g)

Carrier Products

OneAmerica

AssetCare
AnnuityCare

Can be funded with Non-Qualified or Qualified dollars

Unlimited Benefits = LTC benefits you can't outlive

Individual or Joint Coverage

Securian

SecureCare

Flexibility with multiple pay designs (20 Pay recently added)

Several varieties of ROP to choose from – with Cash Indemnity benefits

100% international benefits

Nationwide

CareMatters
CareMatters Together
CareMatters Annuity

Variety of pay design options – with Cash Indemnity Benefits

Retroactive 90 Day Elimination Period

Joint and individual coverage, with strong international benefits

Carrier Products

Lincoln

MoneyGuard

Fixed and Variable options to suit client risk tolerance, well rounded benefits

80% cash indemnity benefit now available

No elimination period

New York Life

Asset Flex

Top ranked carrier in most scenarios, with majority of applicants approved at Preferred rates

Built in 80% return of premium

Financial ratings strength and industry / brand recognition

Global Atlantic

ForeCare

Single Premium
Annuity Chassis
PPA Compliant

Lenient underwriting – ideal for older clients or those with significant underwriting impairments

Speedy approval process

Carrier Products

John Hancock

LifeCare

IUL Chassis, offering unique growth opportunity for LTC pool and death benefit growth

Annual Benefit Lock Guarantee: locks in death benefit and LTC benefit based on market performance

Vitality participation will offer even stronger growth of LTC pool and death benefit – with 100% International Benefits