

Long Term Care

PRESENTED BY: MATT BECK SR. FINANCIAL PLANNER & CPO
DEANNE BELCHER, RN, SR. DIR OF BIZ DEV, THEKEY



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Joining Us Today



Matt Beck

Sr. Financial Planner
Brio Financial Group



Deanne Belcher, RN

Sr. Dir of Bus Dev.
TheKey

Introducing our hosts!

Deanne's passionate about coordinating home care services for seniors, educating the community on TheKey's innovative approach to in-home care, and working with other elder care professionals to assist seniors in Palo Alto and the greater Peninsula. She has over 34 years of clinical experience as a highly acclaimed home health and home care expert. Deanne is committed to delivering an exceptional care experience to clients and referral partners alike.



Agenda

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Populations Shifts

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What is Long Term Care

03

Long Term Care Settings

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Key Concerns in Choosing Care

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Cost Comparisons

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Long Term Care Insurance

Quiz Time

Source: National Association of Insurance Commissioners/The Center for Insurance Policy and Research

Match the correct answer to its correct statement

3%

8%

70%

A

Percent of Americans over 65 who will need Long-Term Care

B

Percent of Americans who think it is “very likely” they will need Long-Term Care at some point in their lives

C

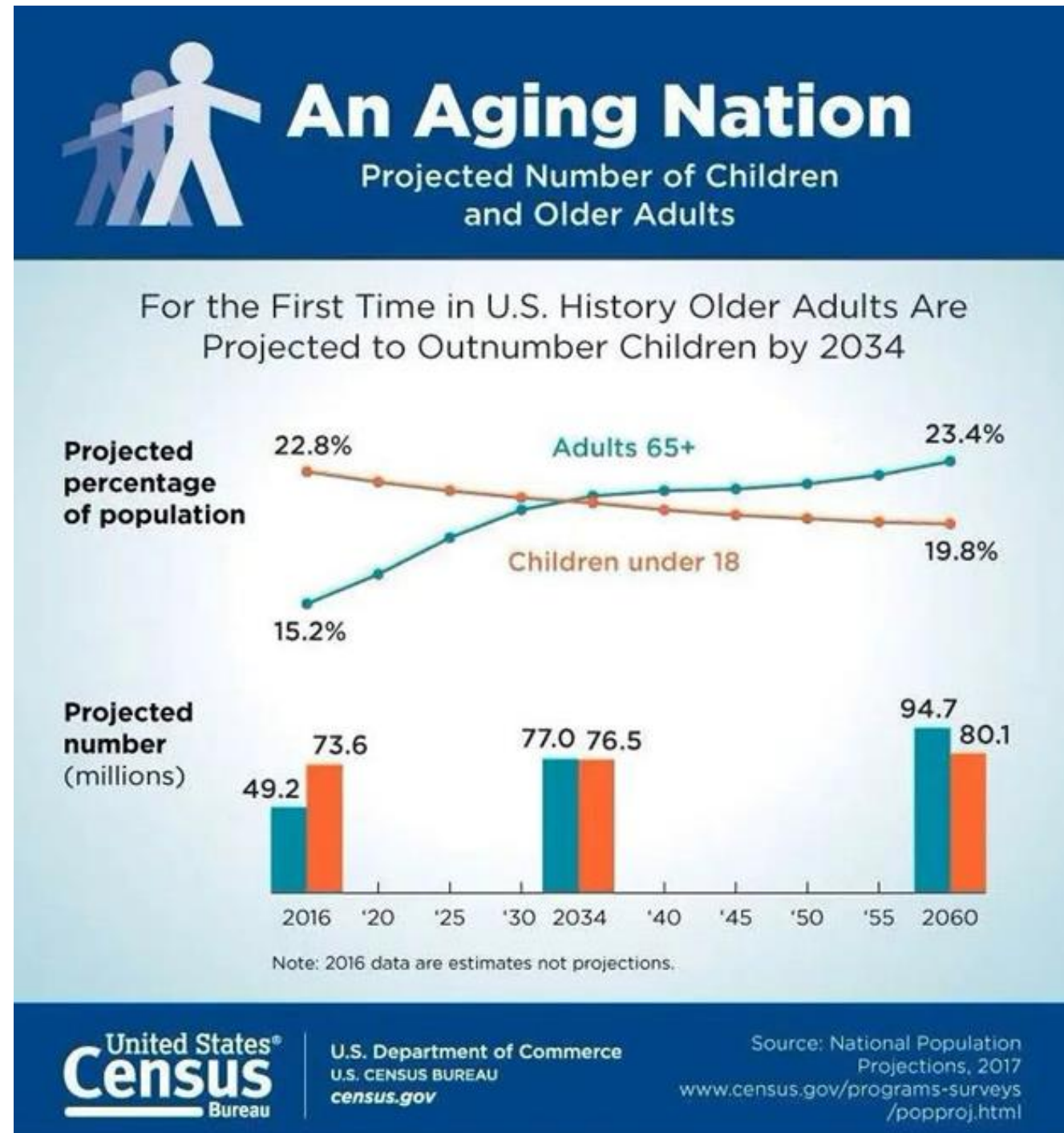
Percent of Americans who have Long-Term Care insurance

Our Population is Changing

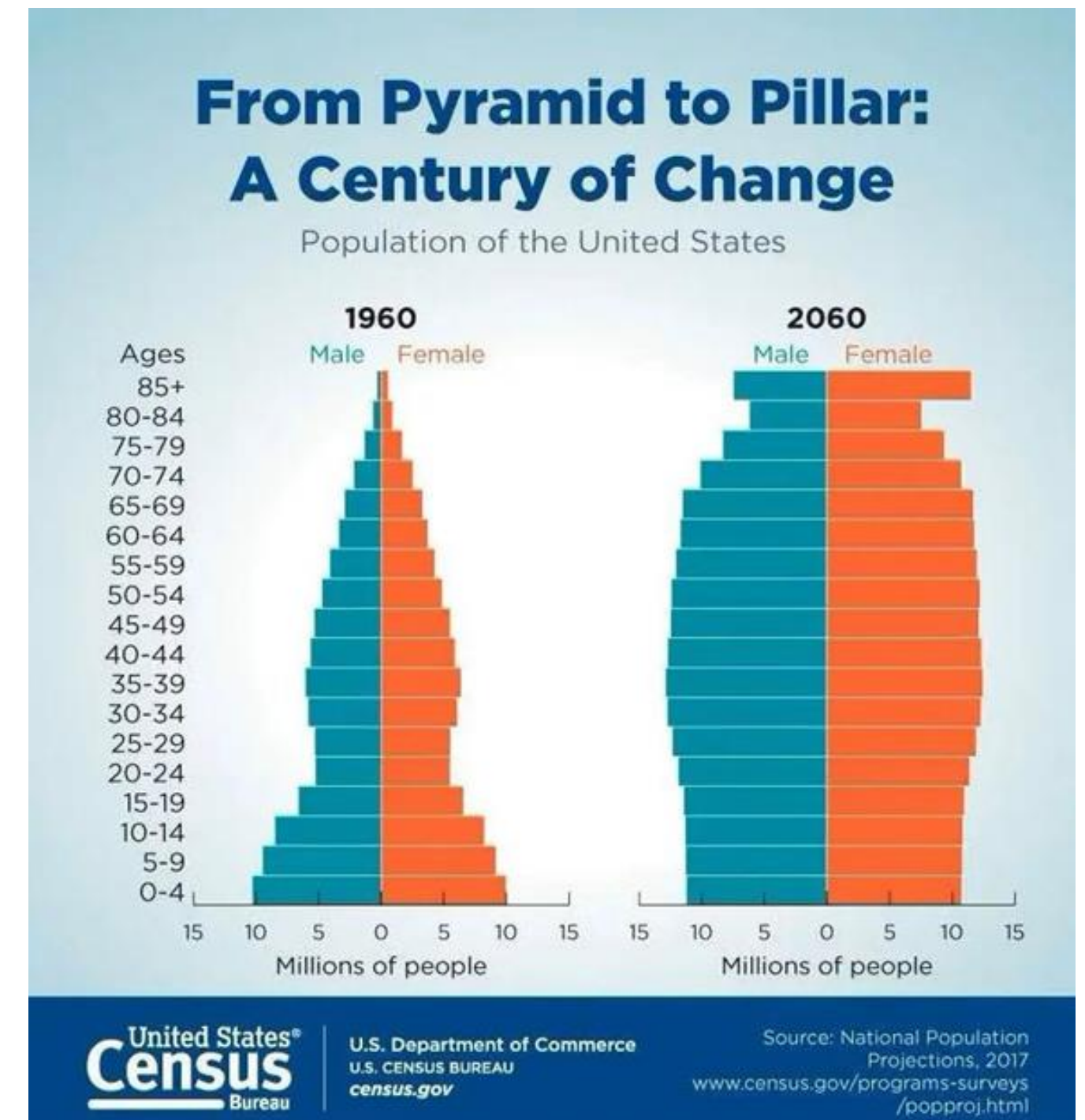
The ratio of older adults to working-age adults is projected to rise

For the first time in U.S. history, older adults are projected to outnumber children under 18 by 2034

By 2060, there will be about 19 million more adults over 65 than children



*Source: 2017 National Population Projection by U.S. Census Bureau



What is Long Term Care?

Long-term care is a range of services designed to help people with health and personal care needs.



Let's Talk ADLs

A variety of services designed to support people who need help with Activities of Daily Living (ADL)



Bathing



Dressing



Eating



Transferring



Toileting



Incontinence



Hands-On vs. Stand-By Care

Long Term Care Settings

A variety of services designed to support people who need help with Activities of Daily Living (ADL)



At Home Care



Community Based Care



Independent Living



Assisted Living



Nursing Home

Why aren't people planning for LTC?



Seems remote, far off

False sense of security

Don't want to think about it

Think Medicare or Medicaid will cover it

Don't think they'll need it

Family will take care of them

Too expensive

Plan to pay out of pocket



What Factors to Consider?



Age



Marital Status



Health



Location



Military Service



Family History



Assets



Retirement and other Financial Planning



Legacy and Estate Plans

Three Big Questions of LTC

**Who will provide
the care?**

**Where do you
want the care?**

**How will you pay
for the care?**

The Current Aging Care Experience

Who: The typical family caregiver is a 49-year old female caring for a 69-year-old female relative.

What: She has on average been providing care for 4 years, spending 18 hours a week caregiving. She is the primary, unpaid care provider.

Care Recipient: The senior typically has a long-term physical condition. They likely live with the caregiver or very close by to them

The Adult Children

- Almost 50% of adult children live 100+ miles away from their parent, so they desire peace of mind knowing their parent is safe
- The adult children and senior both require resources and expertise

The Seniors

- Fear the loss of their independence as they age
- They desire a sense of security

Source: Holistiplan



Common Concerns When Choosing Care

Let's talk through it!



Financial

Emotional

Quality of Care

Parental Resistance

Logistics and Planning

Personal Impact

Understanding Practical Needs When Choosing Care

1.

Increased frailty

2.

Incidence of dementia
increases with age

3.

Chronic conditions
generally require more
personal assistance

4.

Safety of the home

5.

Potential lack of
support systems

6.

Vulnerability to
fiduciary abuse

7.

Increased reliance on
legal and financial
professionals

Some
considerations



Senior Care Options

Home Care: Privately Hired	Assisted Living Communities	Home Care: Agency
<p>Employer is family of client</p> <ul style="list-style-type: none">• Increased liability• Scheduling responsibilities• No background checks, workers' comp coverage, etc.• Out of pocket or LTC Insurance	<p>Facility with employed caregivers</p> <ul style="list-style-type: none">• Caregivers assist with activities of daily living• Provides socialization with other residents• Provides homelike community• Average caregiver to resident ratio is 13:1• Out of Pocket or LTC Insurance	<p>Agency is employer</p> <ul style="list-style-type: none">• Agency assumes caregiver liability• Agency schedules caregiver and provides oversight• Completed background checks, workers' comp, etc.• Out of Pocket or LTC Insurance



Costs of Long Term Care



Cost of Non-LTC Medical Care in retirement for a couple:

\$300,000

average retirement costs for couple for medical expenses excluding LTC

Source: Fidelity, Genworth



Cost of LTC per year, national median for one person:

\$51,600

TO

\$105,852

national median, annual cost for LTC for one person



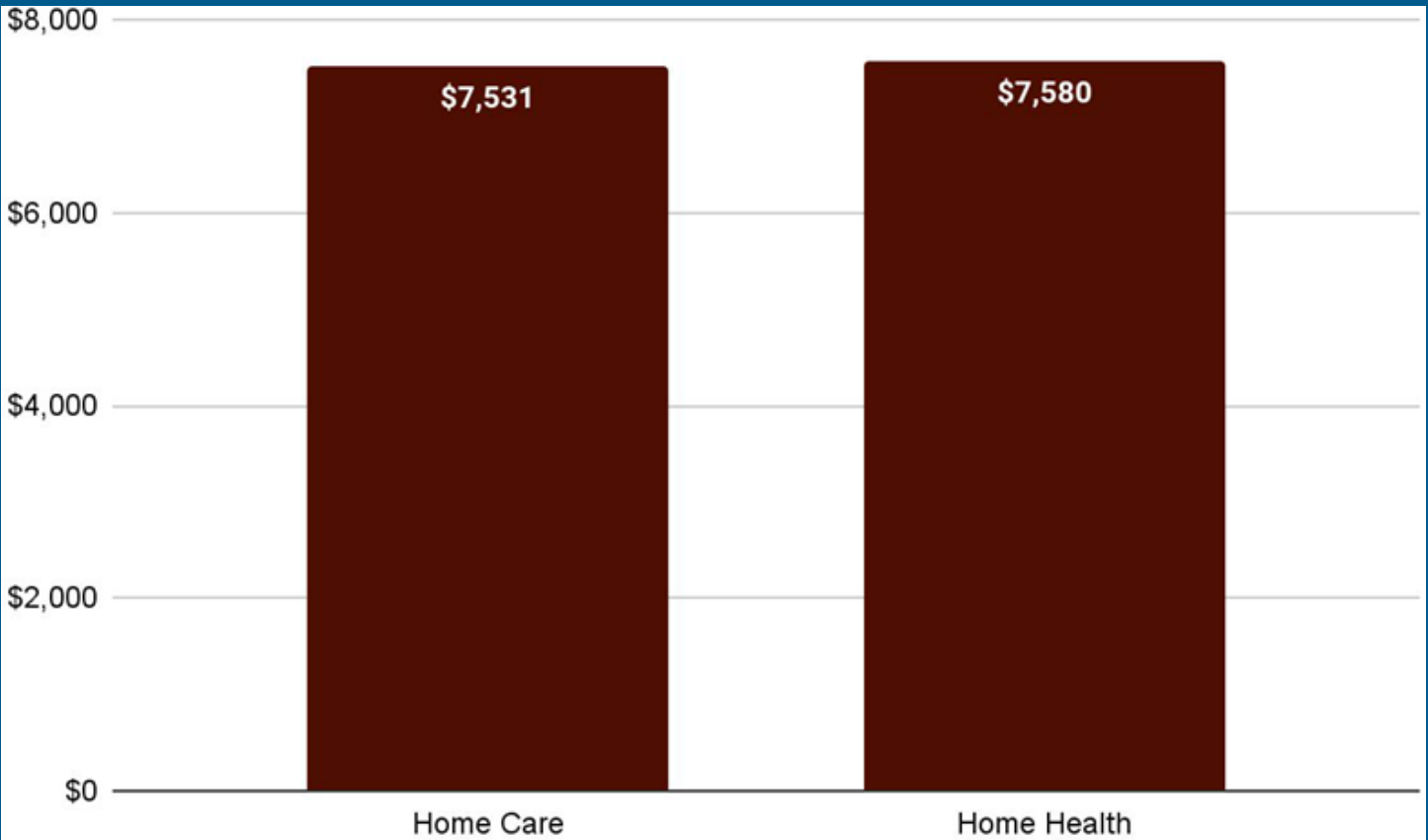
SF Bay Area LTC per year, median annual cost for one person:

\$71,892

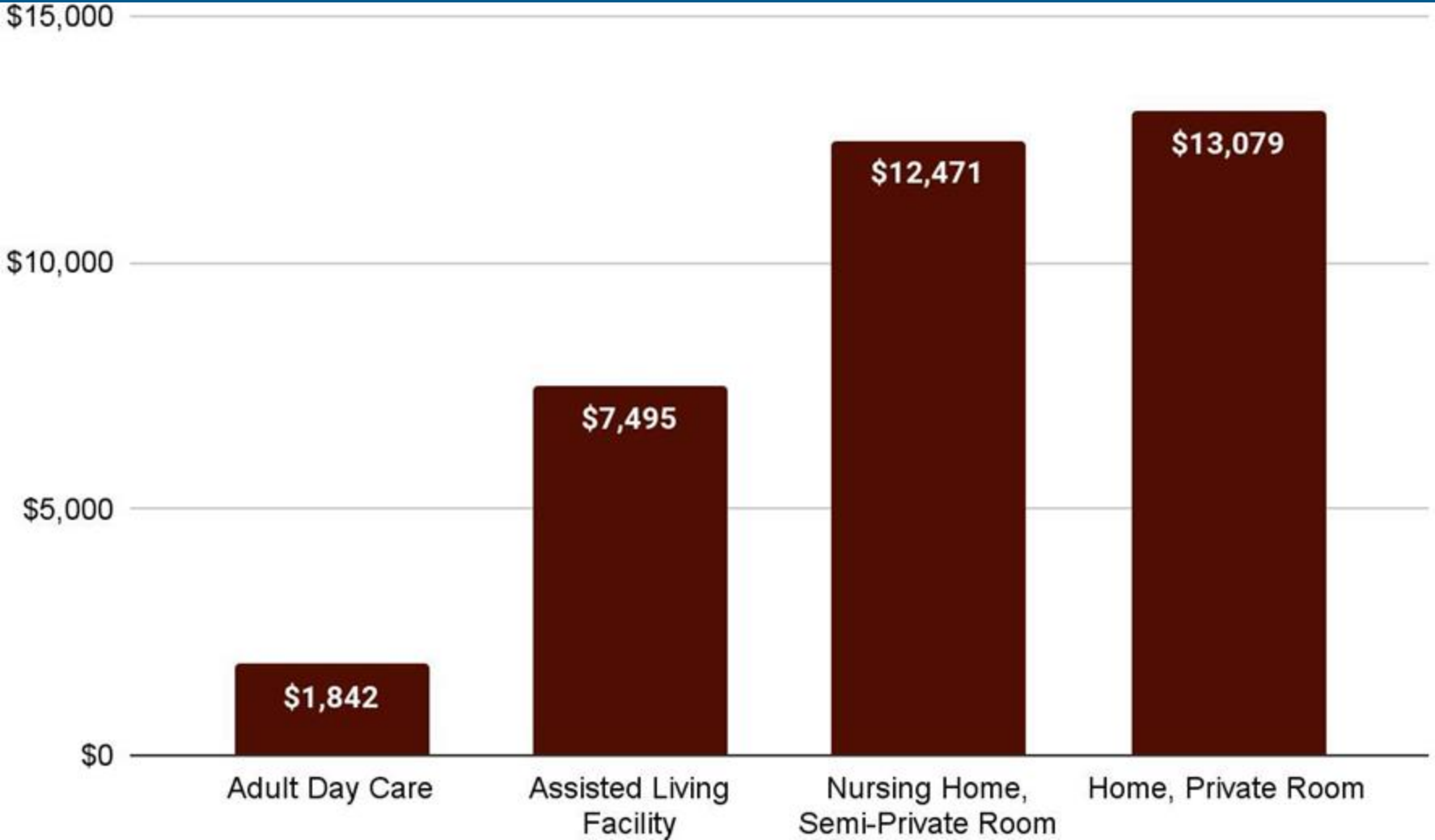
TO

\$155,124

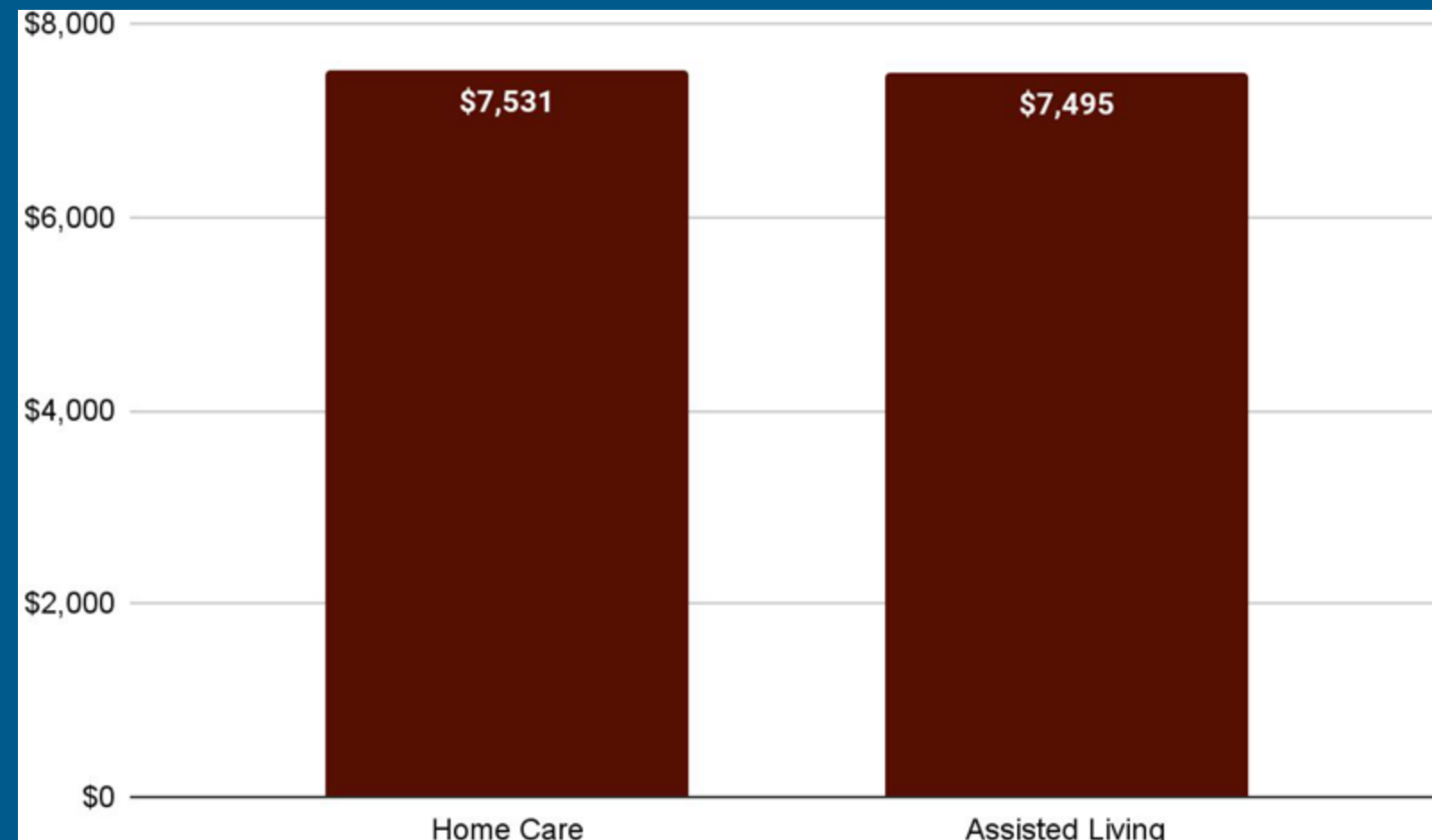
Cost Comparison



Genworth Cost of Care Survey, December 2023
Data Pulled by Location: San Francisco CA. Monthly median cost.
Based on annual rate divided by 12 months (assumes 44 hours per week)



Cost Comparison



Genworth Cost of Care Survey, December 2023
Data Pulled by Location: San Francisco CA. Monthly median cost.
Based on annual rate divided by 12 months (assumes 44 hours per week)

What about Medicare?

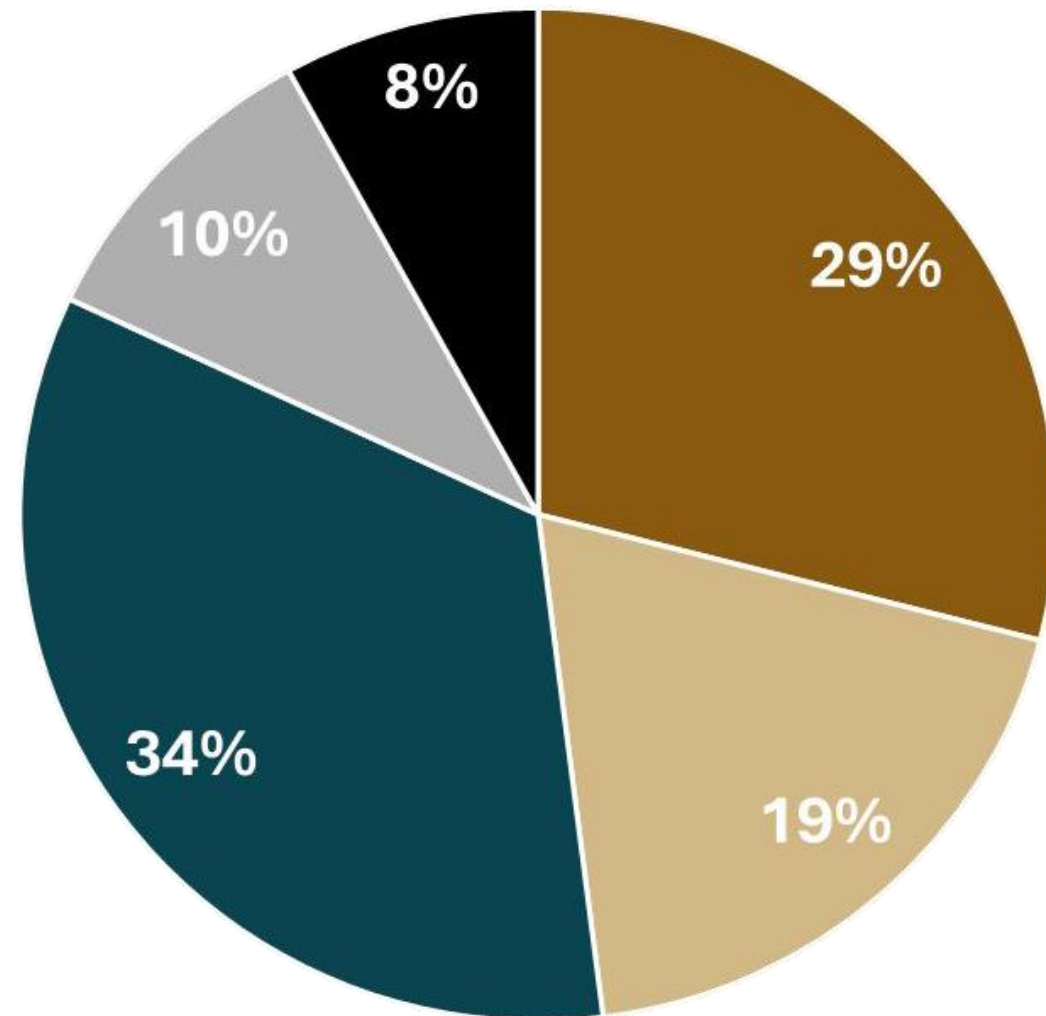
- Medicare does not cover “**non-skilled**” home care services
- Traditional health insurance does not cover home care, but Long-Term Care (LTC) insurance does
- A reputable home care agency may be able to process LTC insurance claims on the **client’s** behalf
- Some military veterans may be entitled to certain pension **benefits** that cover home care services



Risk Management

	Mitigation Strategies
Privately-Hired Care:	<ul style="list-style-type: none">• Use a payroll service to manage taxes and compliance.• Perform rigorous background checks and verify references.• Draft a formal contract outlining expectations and responsibilities.
Senior Living Communities:	<ul style="list-style-type: none">• Visit multiple facilities to compare services, staff engagement, and resident satisfaction.• Review contracts carefully for hidden fees and conditions.• Ensure the community offers appropriate levels of care for future needs.
Professional Home Care Agencies:	<ul style="list-style-type: none">• Research agency credentials, reviews, and state licensing records.• Request caregiver bios and confirm matching criteria.• Clarify service agreements, including backup caregiver policies and communication channels.

Financing Long Term Care



- 37% of long term care recipients are under 65.
- Knowledge of insurance and payment methods the older adult has will inform the most viable long-term care option.

■ Medicaid ■ Out of Pocket ■ Medicare ■ LTC/Private Insurance ■ Other

Source: National Bureau of Economic Research. © 2023

Financial Strategies

Equity in Your Home



Reverse Mortgage



HELOC

Existing Life Insurance Policies



Life Settlement



Accelerated Benefits

IRAs



Traditional IRAs



Roth IRAs

Health Savings Accounts



HSAs

Self-Funding



Are your assets under 300K or over 5 million?

New Approaches to Planning for Long Term Care

There's a wide range of flexible options for people at all stages of financial planning and health.

Improved Long-Term Care Insurance (LTCI)

Include new consumer protections

Benefits are limited to LTC, but details of benefits vary by policy

Often have protections for rising costs of long-term care

Life Insurance and Annuities with Long-Term Care Benefits



Life insurance with
LTC benefits



Annuities with LTC
benefits

Regulatory Reform in Response to Original LTCI Challenges

- ▶ Coverage of dementia, including Alzheimer's
- ▶ No hospitalization requirement
- ▶ No skilled nursing requirement
- ▶ Clarified terms of what is covered and when
- ▶ All upfront underwriting
- ▶ Cannot be cancelled (except for nonpayment)
- ▶ Regulation of premium increases

LTC OVERVIEW

What is the average monthly cost for a policy?

A really good resource for this information is <https://www.carescout.com/cost-of-care> you can put in a location to get the average cost in that area.

Does the cost go up annually?

The cost for the insurance? No, premiums are level, however on traditional LTC the insurance carrier has the right to increase premiums in the future

At what age should folks seek it out?

Early to mid 50's

What is the average age of someone making a claim?

Early 80's

What is the average duration of a claim?

For males 2 year, females 3-4 yrs and cognitive claims 6-10 yrs

LTC OPTIONS

Traditional LTC -Mutual of Omaha

Male Sample Age 55 Male

Rate Class: Select
Policy Limit: \$288,000/4 Years
Maximum Monthly Benefit: \$6,000
Residential Care Facility: 100%
Home Care: 100%
Cash Benefit - 25% of Home Care: \$1,500
Calendar Day Elimination Period: 90 Days

Premium Summary

Base Policy Benefits	\$1,646.08
Inflation Protection Benefit	\$2,459.24
Waiver of Home Care Elimination	\$615.80
Total Annual Premium	\$4,721.12

LTC OPTIONS

Hybrid LTC -10 year pay- 4 and 6 year benefit

<div>Male Sample</div> <div>Male • 55 • California • Standard Non-Tobacco</div> <div>10-Pay • Annual • 4 Years 6 Years • 3% Compound • Max LTC</div> <div>dpl financial partners</div>							
Carrier & Product ^	Initial Death Benefit	Initial Annual Premium	Premium Pay Years	Benefit Period	Total LTC Balance/Benefit Age 85	Monthly LTC Benefit Age 85	Illustration
Lincoln Financial Group MoneyGuard II (2020) - 07/15/24	\$144,000	\$11,143	10	6 years	\$1,130,438	\$14,564	PDF
Lincoln Financial Group MoneyGuard II (2020) - 07/15/24	\$144,000	\$10,757	10	4 years	\$731,143	\$14,564	PDF
Nationwide Nationwide CareMatters II	\$144,000	\$11,723	10	6 years	\$1,130,440	\$14,564	PDF
Nationwide Nationwide CareMatters II	\$144,000	\$11,164	10	4 years	\$731,144	\$14,564	PDF
Securian Financial SecureCare UL (Life-LTC hybrid)	\$144,000	\$14,522	10	4 years	\$731,143	\$14,564	PDF
Securian Financial SecureCare UL (Life-LTC hybrid)	\$144,000	\$16,031	10	6 years	\$1,130,438	\$14,564	PDF

LTC OPTIONS

Advisory VUL with LTC rider-1M DB

Insured:		Death Benefit:	
Name	Male Client	Specified amount	\$1,000,000
Age	55	Death benefit Option	Option 1 (Level)
Rate Class	Preferred Nontobacco	Protection period	To Age 65
Premium:		Policy Owner Income:	
Initial Premium	\$14,331.00		
Mode	Annual		
Duration	20		
Lump Sum			
1035			
Elected Riders:		Automatically included Benefits:	
Long-Term Care	\$1,000,000	Accelerated Death Benefit for Terminal Illness Rider	
		Overloan Lapse Protection Rider II	

LTC OPTIONS

Advisory VUL with LTC rider-500K DB

Insured:

Name	Male Client
Age	55
Rate Class	Preferred Nontobacco

Death Benefit:

Specified amount	\$1,000,000
Death benefit Option	Option 1 (Level)
Protection period	To Age 65

Premium:

Initial Premium	\$13,608.00
Mode	Annual
Duration	20
Lump Sum	
1035	

Policy Owner Income:

Elected Riders:

Long-Term Care	\$500,000
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Automatically included Benefits:

Accelerated Death Benefit for Terminal Illness Rider
Overloan Lapse Protection Rider II

LTC OPTIONS

Fixed Annuity with LTC benefits

Premium:	\$200,000	LTC Rider Monthly Charge (per \$1 of Contract Value):	\$0.00078
Withdrawal Charge Period:	9 Year	LTC Inflation Rider:	Not Included
Guaranteed Rate Period:	1 Year	LTC Nonforfeiture Rider:	Not Included

Interest Rate Guarantee	
Guaranteed Rate Period	1 Year
Contract Year 1 Total Annual Interest Rate	6.00%
Minimum Guaranteed Rate (years 2-9)	1.00%
Minimum Guaranteed Rate (years 10+)	0.10%

Coverage Summary	
LTC Coverage	Joint Life - Premier (3X contract value)
Scheduled Accelerated Benefit Period ¹	30 months
Scheduled Extended Benefit Period ¹	60 months
Total Scheduled Benefit Period ¹	90 months

Withdrawal Charge Schedule									
1	2	3	4	5	6	7	8	9	10+
8%	8%	7%	6%	5%	4%	3%	2%	1%	0%

LTC OPTIONS

Fixed Annuity with LTC benefits

Hypothetical Illustration: Guaranteed Assumptions							LTC Coverage ³			
Contract Year	Insured Age	Interest Rate	Interest Credit	Rider Charges ¹	Contract Value / Death Benefit	Contract Withdrawal Value ²	Accelerated Benefit / Contract Value	Maximum Extended Benefit	Total LTC Benefit	Maximum Monthly Benefit (per Insured)
1	55-56/52-53	6.00%	\$11,939	\$1,915	\$210,024	\$194,822	\$210,024	\$400,000	\$610,024	\$6,667
2	56-57/53-54	1.00%	\$2,090	\$1,966	\$210,147	\$195,016	\$210,147	\$400,000	\$610,147	\$6,667
3	57-58/54-55	1.00%	\$2,091	\$1,968	\$210,271	\$197,023	\$210,271	\$400,000	\$610,271	\$6,667
4	58-59/55-56	1.00%	\$2,092	\$1,969	\$210,394	\$199,032	\$210,394	\$400,000	\$610,394	\$6,667
5	59-60/56-57	1.00%	\$2,093	\$1,970	\$210,518	\$201,044	\$210,518	\$400,000	\$610,518	\$6,667
6	60-61/57-58	1.00%	\$2,095	\$1,971	\$210,641	\$203,058	\$210,641	\$400,000	\$610,641	\$6,667
7	61-62/58-59	1.00%	\$2,096	\$1,972	\$210,765	\$205,074	\$210,765	\$400,000	\$610,765	\$6,667
8	62-63/59-60	1.00%	\$2,097	\$1,973	\$210,888	\$207,092	\$210,888	\$400,000	\$610,888	\$6,667
9	63-64/60-61	1.00%	\$2,098	\$1,974	\$211,012	\$209,113	\$211,012	\$400,000	\$611,012	\$6,667
10	64-65/61-62	0.10%	\$211	\$1,975	\$211,012	\$211,012	\$211,012	\$400,000	\$611,012	\$6,667
11	65-66/62-63	0.10%	\$211	\$1,975	\$211,012	\$211,012	\$211,012	\$400,000	\$611,012	\$6,667
12	66-67/63-64	0.10%	\$211	\$1,975	\$211,012	\$215,964	\$211,012	\$400,000	\$611,012	\$6,667
13	67-68/64-65	0.10%	\$211	\$1,975	\$211,012	\$221,361	\$211,012	\$400,000	\$611,012	\$6,667
14	68-69/65-66	0.10%	\$211	\$1,975	\$211,012	\$226,899	\$211,012	\$400,000	\$611,012	\$6,667
15	69-70/66-67	0.10%	\$211	\$1,975	\$211,012	\$232,581	\$211,012	\$400,000	\$611,012	\$6,667
16	70-71/67-68	0.10%	\$211	\$1,975	\$211,012	\$238,411	\$211,012	\$400,000	\$611,012	\$6,667
17	71-72/68-69	0.10%	\$211	\$1,975	\$211,012	\$244,392	\$211,012	\$400,000	\$611,012	\$6,667
18	72-73/69-70	0.10%	\$211	\$1,975	\$211,012	\$250,528	\$211,012	\$400,000	\$611,012	\$6,667
19	73-74/70-71	0.10%	\$211	\$1,975	\$211,012	\$256,825	\$211,012	\$400,000	\$611,012	\$6,667
20	74-75/71-72	0.10%	\$211	\$1,975	\$211,012	\$263,285	\$211,012	\$400,000	\$611,012	\$6,667
25	79-80/76-77	0.10%	\$211	\$1,975	\$211,012	\$298,192	\$211,012	\$400,000	\$611,012	\$6,667
30	84-85/81-82	0.10%	\$211	\$1,975	\$211,012	\$337,881	\$211,012	\$400,000	\$611,012	\$6,667
35	89-90/86-87	0.10%	\$211	\$1,975	\$211,012	\$383,004	\$211,012	\$400,000	\$611,012	\$6,667
40	94-95/91-92	0.10%	\$211	\$1,975	\$211,012	\$434,306	\$211,012	\$400,000	\$611,012	\$6,667
45	99-100/96-97	0.10%	\$211	\$1,975	\$211,012	\$492,633	\$211,012	\$400,000	\$611,012	\$6,667

LTC OPTIONS

Fixed Annuity with LTC benefits

Hypothetical Illustration: Non-Guaranteed Assumptions							LTC Coverage ³			
Contract Year	Insured Age	Interest Rate	Interest Credit	Rider Charges ¹	Contract Value / Death Benefit	Contract Withdrawal Value ²	Accelerated Benefit / Contract Value	Maximum Extended Benefit	Total LTC Benefit	Maximum Monthly Benefit (per Insured)
1	55-56/52-53	6.00%	\$11,939	\$1,915	\$210,024	\$194,822	\$210,024	\$400,000	\$610,024	\$6,667
2	56-57/53-54	6.00%	\$12,537	\$2,011	\$220,551	\$204,587	\$220,551	\$400,000	\$620,551	\$6,667
3	57-58/54-55	6.00%	\$13,166	\$2,111	\$231,605	\$216,936	\$231,605	\$400,000	\$631,605	\$6,667
4	58-59/55-56	6.00%	\$13,825	\$2,217	\$243,213	\$230,010	\$243,213	\$400,000	\$643,213	\$6,667
5	59-60/56-57	6.00%	\$14,518	\$2,328	\$255,403	\$243,849	\$255,403	\$400,000	\$655,403	\$6,667
6	60-61/57-58	6.00%	\$15,246	\$2,445	\$268,204	\$258,498	\$268,204	\$400,000	\$668,204	\$6,667
7	61-62/58-59	6.00%	\$16,010	\$2,568	\$281,647	\$274,002	\$281,647	\$400,000	\$681,647	\$6,667
8	62-63/59-60	6.00%	\$16,813	\$2,696	\$295,763	\$290,411	\$295,763	\$400,000	\$695,763	\$6,667
9	63-64/60-61	6.00%	\$17,655	\$2,831	\$310,587	\$307,777	\$310,587	\$400,000	\$710,587	\$6,667
10	64-65/61-62	6.00%	\$18,540	\$2,973	\$326,154	\$326,154	\$326,154	\$400,000	\$726,154	\$6,667
11	65-66/62-63	6.00%	\$19,469	\$3,122	\$342,501	\$342,501	\$342,501	\$400,000	\$742,501	\$6,667
12	66-67/63-64	6.00%	\$20,445	\$3,279	\$359,668	\$359,668	\$359,668	\$400,000	\$759,668	\$6,667
13	67-68/64-65	6.00%	\$21,470	\$3,443	\$377,695	\$377,695	\$377,695	\$400,000	\$777,695	\$6,667
14	68-69/65-66	6.00%	\$22,546	\$3,616	\$396,625	\$396,625	\$396,625	\$400,000	\$796,625	\$6,667
15	69-70/66-67	6.00%	\$23,676	\$3,797	\$416,504	\$416,504	\$416,504	\$400,000	\$816,504	\$6,667
16	70-71/67-68	6.00%	\$24,863	\$3,987	\$437,380	\$437,380	\$437,380	\$400,000	\$837,380	\$6,667
17	71-72/68-69	6.00%	\$26,109	\$4,187	\$459,301	\$459,301	\$459,301	\$400,000	\$859,301	\$6,667
18	72-73/69-70	6.00%	\$27,418	\$4,397	\$482,322	\$482,322	\$482,322	\$400,000	\$882,322	\$6,667
19	73-74/70-71	6.00%	\$28,792	\$4,617	\$506,496	\$506,496	\$506,496	\$400,000	\$906,496	\$6,667
20	74-75/71-72	6.00%	\$30,235	\$4,849	\$531,882	\$531,882	\$531,882	\$400,000	\$931,882	\$6,667
25	79-80/76-77	6.00%	\$38,610	\$6,192	\$679,223	\$679,223	\$679,223	\$400,000	\$1,079,223	\$6,667
30	84-85/81-82	6.00%	\$49,306	\$7,907	\$867,378	\$867,378	\$867,378	\$400,000	\$1,267,378	\$6,667
35	89-90/86-87	6.00%	\$62,965	\$10,098	\$1,107,656	\$1,107,656	\$1,107,656	\$400,000	\$1,507,656	\$6,667
40	94-95/91-92	6.00%	\$80,407	\$12,895	\$1,414,495	\$1,414,495	\$1,414,495	\$400,000	\$1,814,495	\$6,667
45	99-100/96-97	6.00%	\$102,681	\$16,467	\$1,806,333	\$1,806,333	\$1,806,333	\$400,000	\$2,206,333	\$6,667

Resources

LTC Funding Strategies
LTC Planning Reference Card

We have recommended resources for:

Adult Day Health

Placement Agent

Home Health Agency

Hospice

Care Manager

Non Urgent Transport

Home Modifications

Elder Law/Trust Attorney

Fiduciary Services

TheKey - Deanne Belcher

(650) 656-5218

dbelcher@thekey.com

Final Thoughts & Questions



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*Thank
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