



A University of Hawai'i Cooperative Extension Service Project

www.ctahr.hawaii.edu/tcym

Course Objectives



- Increase your knowledge about financial planning
- Improve your ability to make informed decisions



Insurance & Long Term Care

Presenter



First Hawaiian Bank.



Cindy Suzuki,
CLU, ChFC

Insurance & Wealth Advisor

First Hawaiian Bank
Wealth Advisory Division

Lesson Objectives



- Understand the importance of Long Term Care
- Understand the options
- Make the right selection for you and your family

Is Long Term
Care A
Coming
Storm with
Choppy
Waves?



Or A Calm
Morning
Sunrise?



Potential Threats to One's Retirement



4

- Market downturns

3

- Income taxes

2

- A long term care event

1

- End of life care expenses

What Is Long Term Care?



A variety of services that help meet the medical & non-medical needs of people that cannot care for themselves for at least 90 days.

ADLS



- Activities of Daily Living (ADLs):
 - Bathing
 - Eating
 - Toileting
 - Maintaining Continence
 - Transferring
 - Dressing

Or



- Due to Cognitive Impairment
 - One becomes a threat to themselves
 - Or to others
 - And need substantial supervision

Will I Need Long Term Care?



- About 70 percent of individuals over age 65 will require at least some type of long-term care services during their lifetime
- Over 40 percent will need care in a nursing home for some period of time
- Average length of time is three years

How Much Does it Cost In Hawai'i



Type of Care	Monthly	Annually	20 Year Projected Monthly*	20 Year Projected Annually
Semi-Private Nursing Home	\$10,631	\$127,572	\$30,320	\$363,840
Private Room Nursing Home	\$12,106	\$145,272	\$35,322	\$423,864
Assisted Living Facility	\$4,200	\$50,400	\$12,776	\$153,312
Homemaker Services	\$4,481	\$53,772	\$11,057	\$132,684
Home Health Aide	\$4,767	\$57,204	\$10,545	\$126,540
Adult Day Health Care	\$683	\$8,232	\$3,575	\$42,900

Different Types of Care



Home Care: Provides medical or non-medical care services at home to assist in Activities of Daily Living or substantial supervision due to cognitive impairment

Adult Day Care: Provides social and other related support services during the day in a community or group setting

Different Types of Care – continued



Nursing Home: (Also called Long Term Care Facilities or Convalescent Care Facilities) Licensed facility that provides general nursing care to those who are chronically ill or unable to take care of daily living needs

A Large Portfolio Can Diminish Quickly



Assets	Today	Tomorrow ?
LTC Year 1	\$127,572	
LTC Year 2	\$131,400	
LTC Year 3	\$135,342	
LTC Year 4	\$139,402	
LTC Year 5	\$143,584	
LTC Year 6	\$147,892	
LTC Year 7	\$152,328	

How Would A Long Term Care Event Impact Your Family



Which Bucket Will Fund LTC



Trust Assets
Insurance



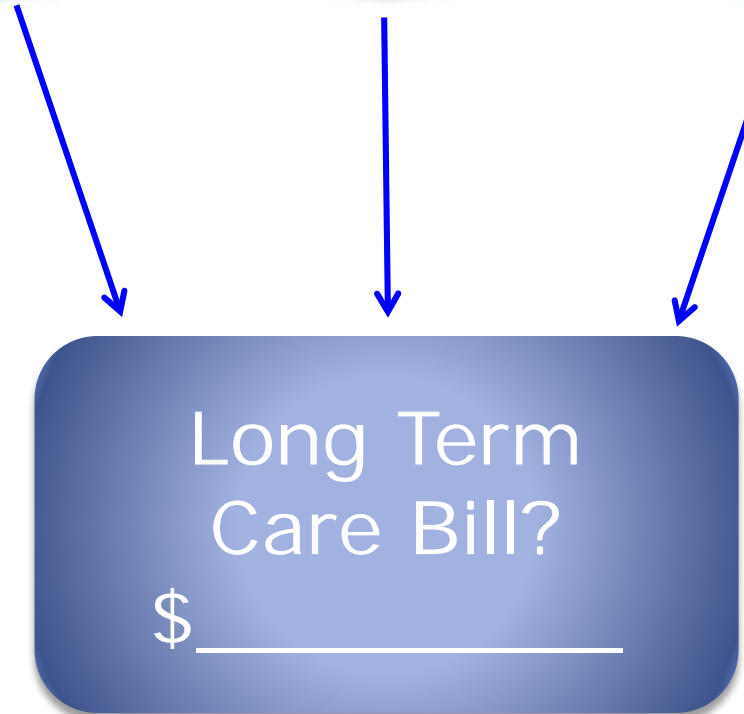
Liquid
Assets



Income
Sources



Long Term
Care



- \$ _____
Month Or
Day?
- How
Soon?
- How
Long?
- Inflation?
- Other
Features?

Long Term Care Funding Options



Self Insure

- Income
- Assets
- Family

Government

Programs

- Medicare
- Medicaid

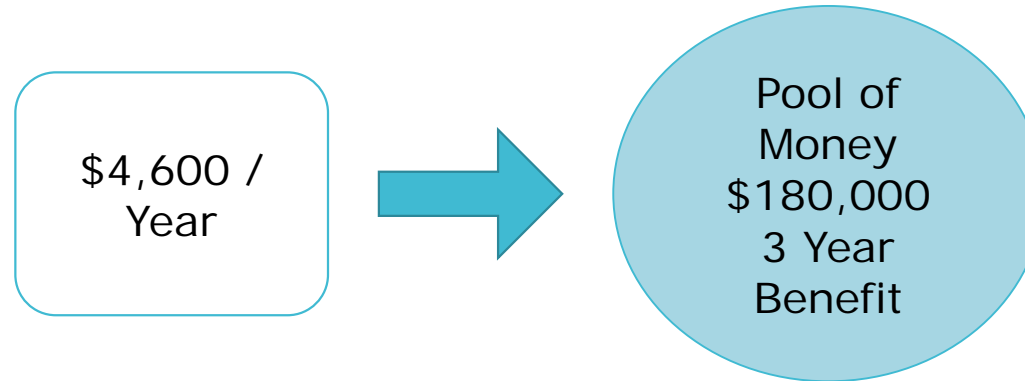
Insured Options

1. Traditional LTC
2. Asset Based
 - Annuity
 - Life Insurance
3. Hybrid Life Insurance
 - Qualified LTC
 - Chronic Illness

Traditional LTC Insurance



Female Age 67 Preferred Qualification



Need it for LTC?
\$5,000/Month
Inflating at 5%
Annual
Compound

If you die?
You receive nothing

If you quit or
stop premiums?
You receive \$0

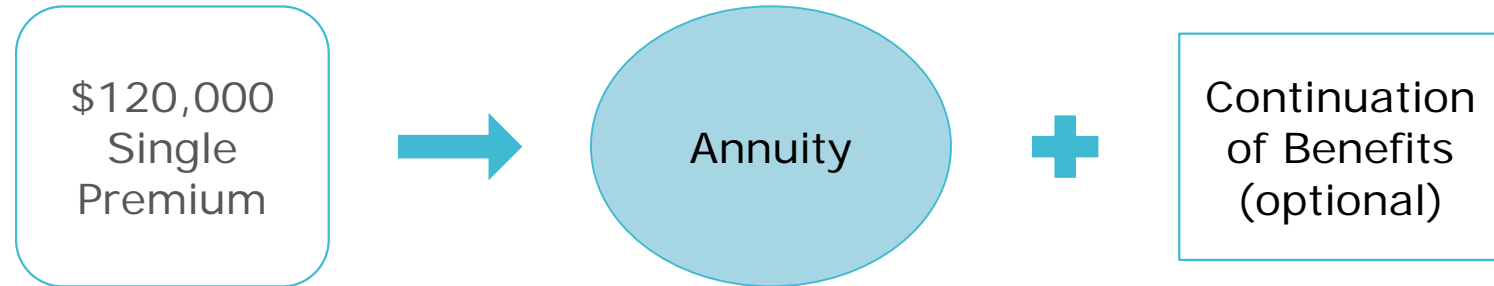
**Biggest Bang for your
LTC Dollar. Chance of
needing care is 70%**

20 years later:
Available LTC Monthly Benefit: \$12,635
Total Available for LTC: \$454,851

Asset Based Annuity With LTC Benefits



Female Age 67 Preferred Qualification



Need it for LTC?
\$6,193/Month for 25 Months

If you die?
Beneficiary will receive Accumulated Value of Annuity less Benefits Received

If you quit or stop premiums?
You receive cash surrender value

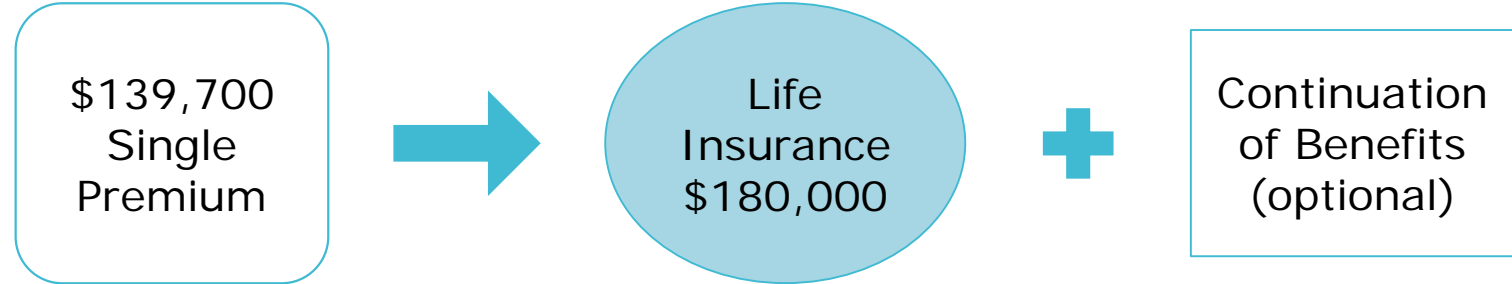
Easiest qualification!

20 years later:
Available for LTC Monthly Benefit: \$6,193
Total Available for LTC: \$371,567

Asset Based Life With LTC Benefits



Female Age 67 Preferred Qualification



Need it for LTC?
\$5,000/Month
for 3 Years

If you die?
Beneficiary will
receive death benefit
less LTC Benefits
Received

If you quit, or
stop premiums?
You receive
premiums paid or
cash surrender
value

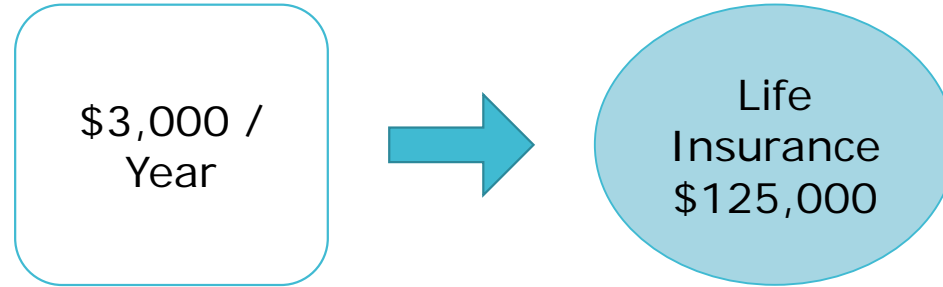
Someone will receive
a benefit!

20 years later:
Available for LTC Monthly Benefit: \$12,635
Total Available for LTC: \$477,973

Life Insurance With LTC Benefits



Female Age 67 Preferred Qualification



Need it for LTC?
*\$5,000/Month
for 25 Months*

If you die?
Beneficiary will receive
death benefit
(\$125,000) less LTC
Benefits Received

If you quit or stop
premiums?
You receive cash
surrender value.

**Someone will receive
a benefit!**

20 years later:
Available for LTC Monthly Benefit: \$5,000
Total Available for LTC: \$125,000

Which Funding Method Is Best For You?



1. Best to coordinate decision with financial and retirement plan
2. Family dynamics
3. Personal preference



Who Needs to Plan for LTC?



- Anyone with assets to protect or preserve for loved ones
- LTC is not just for the elderly
Nearly 41% of LTC is provided to people under the age of 65
- Those that do not want to burden their family

Website & TV Channels



Take Charge of Your Money₄

- Visit Us

www.ctahr.hawaii.edu/tcym

- TV channels

- 354

- 355

Credits



We would like to thank the following groups for their support:

- University of Hawai'i
 - College of Tropical Agriculture & Human Resources, Cooperative Extension Service, Department of Family & Consumer Sciences
 - Information Technology Services-Academic Technologies
- First Hawaiian Bank
 - Wealth Advisory Division