Course Objectives

- Increase your knowledge about financial planning
- Improve your ability to make informed decisions
Take Charge of Your Money

Insurance & Long Term Care
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

1. Market downturns
2. Income taxes
3. A long term care event
4. 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.
• Activities of Daily Living (ADLs):
  • Bathing
  • Eating
  • Toileting
  • Maintaining Continence
  • Transferring
  • Dressing
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

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

1. How Soon?
2. How Long?
3. Inflation?
4. Other Features?

Long Term Care Bill?

$____________
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

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%

Female Age 67 Preferred Qualification

$4,600 / Year

Pool of Money $180,000
3 Year Benefit

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

$120,000 Single Premium

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

Continuation of Benefits (optional)

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!

- **$139,700 Single Premium**
- **Life Insurance $180,000**
- **Continuation of Benefits (optional)**

*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

$3,000 / Year

Life Insurance $125,000

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
Take Charge of Your Money

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  • 355
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- University of Hawai'i
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  - Information Technology Services-Academic Technologies

- First Hawaiian Bank
  - Wealth Advisory Division